

Report of Audit

on the

Financial Statements

of the

Somerset County Park Commission

for the

Year Ended
December 31, 2015

SOMERSET COUNTY PARK COMMISSION

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COUNTY OF SOMERSET

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COUNTY OF SOMERSET

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SOMERSET COUNTY PARK COMMISSION

PART I

INDEPENDENT AUDITOR'S REPORT ON
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FINANCIAL STATEMENTS – REGULATORY BASIS – ALL FUNDS

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YEAR ENDED DECEMBER 31, 2015



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Somerset County Park Commission
County of Somerset, New Jersey 08876

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Somerset County Park Commission, as of December 31, 2015 and 2014, 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, 2015, and the related notes to the financial statements, which collectively comprise the Park Commission'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 Somerset County Park Commission 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 Somerset County Park Commission as of December 31, 2015 and 2014, 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, 2015.

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 balances sheets of the various individual funds and account group as of December 31, 2015 and 2014, 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, 2015 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 Somerset County Park Commission's regulatory financial statements. The supplementary information, data and schedules of expenditures of federal awards and state financial assistance 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 schedules 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 and the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2016 on our consideration of the Somerset County Park Commission'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 Somerset County Park Commission's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 13, 2016



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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 President and Members
of the Somerset County Park Commission
County of Somerset, New Jersey 08876

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 Somerset County Park Commission, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Park Commission's regulatory financial statements, and have issued our report thereon dated July 13, 2016. Our report disclosed that, as described in Note 1 to the financial statements, the Somerset County Park Commission 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 Park Commission'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 Park Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Park Commission'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 Somerset County Park Commission'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Park Commission'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 Somerset County Park Commission'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 Somerset County Park Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 13, 2016

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2014</u>
<u>ASSETS</u>			
Current Fund:			
Cash	A-4	\$ 1,054,929.62	\$ 855,904.84
Change Funds	A-5	8,050.00	8,050.00
Petty Cash Funds	A-6	2,400.00	2,400.00
		<u>\$ 1,065,379.62</u>	<u>\$ 866,354.84</u>
Receivables and Other Assets with Full Reserves:			
Inventory		\$ 39,014.17	\$ 112,473.38
	A	<u>\$ 39,014.17</u>	<u>\$ 112,473.38</u>
	A	<u>\$ 1,104,393.79</u>	<u>\$ 978,828.22</u>
Grant Fund:			
Cash	A-4	\$ 8,519,146.89	\$ 8,062,840.71
	A	<u>\$ 8,519,146.89</u>	<u>\$ 8,062,840.71</u>
	A	<u>\$ 9,623,540.68</u>	<u>\$ 9,041,668.93</u>

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

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Reserve for Accounts Payable	A-14	\$ 12,687.12	\$ 8,235.06
Appropriation Reserves	A-3:A-9	100,766.71	129,591.04
Encumbrances Payable	A-10	<u>442,927.92</u>	<u>453,504.53</u>
		\$ 556,381.75	\$ 591,330.63
Reserve for Receivables and Other Assets	A	\$ 39,014.17	\$ 112,473.38
Fund Balance	A-1	<u>508,997.87</u>	<u>275,024.21</u>
	A	\$ 1,104,393.79	\$ 978,828.22
Grant Fund:			
Encumbrances Payable	A-11	\$ 2,160,102.60	\$ 1,118,594.12
Reserve for County Grant Appropriated	A-13	<u>6,359,044.29</u>	<u>6,944,246.59</u>
	A	\$ 8,519,146.89	\$ 8,062,840.71
	A	\$ <u>9,623,540.68</u>	\$ <u>9,041,668.93</u>

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

SOMERSET COUNTY PARK COMMISSIONCURRENT FUNDSTATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-1:A-2	\$ 275,024.00	\$ 1,063,342.67
Miscellaneous Revenue Anticipated:			
County of Somerset	A-2	9,350,598.00	8,600,598.00
Dedicated Trust - FEMA	A-2		107,537.33
Other Revenues	A-2	9,412,831.70	9,190,639.35
Miscellaneous Revenues Not Anticipated	A-2	93,787.23	122,421.73
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	43,188.20	63,804.01
Canceled Payables	A-14	6,470.94	
County of Somerset Contribution of Pension Costs	A-1	1,020,349.00	888,214.00
<u>Total Income</u>		<u>\$ 20,202,249.07</u>	<u>\$ 20,036,557.09</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations	A-3	\$ 18,672,902.41	\$ 18,873,198.46
Transfer to Due State of New Jersey	A-8		120.42
Employers' Share of Pension Costs	A-1	1,020,349.00	888,214.00
<u>Total Expenditures</u>		<u>\$ 19,693,251.41</u>	<u>\$ 19,761,532.88</u>
Excess in Revenue		\$ 508,997.66	\$ 275,024.21
<u>Fund Balance</u>			
Balance, January 1	A	275,024.21	1,063,342.67
		<u>\$ 784,021.87</u>	<u>\$ 1,338,366.88</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	275,024.00	1,063,342.67
Balance, December 31	A	<u>\$ 508,997.87</u>	<u>\$ 275,024.21</u>

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

SOMERSET COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 275,024.00	\$ 275,024.00	\$
Miscellaneous Revenues: County	A-1:A-7	\$ 9,350,598.00	\$ 9,350,598.00	\$
Other Revenues:				
Green Knoll Golf Course/ Pitch and Putt	A-2	\$ 1,337,800.00	\$ 1,253,090.14	\$ (84,709.86)
Neshanic Valley Golf Course	A-2	2,453,200.00	2,384,912.91	(68,287.09)
Quail Brook Golf Course	A-2	1,060,400.00	1,028,465.24	(31,934.76)
Spooky Brook Golf Course	A-2	1,151,770.00	1,119,864.48	(31,905.52)
Warrenbrook Golf Course	A-2	773,900.00	774,727.85	827.85
Neshanic Valley Performance/ Learning Center	A-2	818,500.00	870,084.22	51,584.22
		\$ 7,595,570.00	\$ 7,431,144.84	\$ (164,425.16)
Colonial Park Paddleboats/ Putting Course	A-2	56,580.00	54,854.75	(1,725.25)
Colonial Park / Green Knoll Tennis Center	A-2	58,220.00	63,351.19	5,131.19
Environmental Science	A-2	216,400.00	208,058.91	(8,341.09)
Lord Stirling Stables	A-2	630,200.00	720,421.03	90,221.03
Warrenbrook Pool	A-2	123,700.00	164,236.26	40,536.26
Therapeutic Recreation	A-2	110,500.00	101,219.74	(9,280.26)
Concessions	A-7	48,000.00	58,100.00	10,100.00
Licenses, Leases and Rents	A-7	273,500.00	313,555.43	40,055.43
Interest Earned	A-7	51,100.00	76,293.04	25,193.04
Medical Reimbursements	A-7	35,130.00	22,845.96	(12,284.04)
Miscellaneous	A-2	256,200.00	4,484.93	(251,715.07)
Reservations	A-2	169,700.00	194,265.62	24,565.62
<u>Other Revenues</u>	A-1	\$ 9,624,800.00	\$ 9,412,831.70	\$ (211,968.30)
<u>Budget Totals</u>		\$ 19,250,422.00	\$ 19,038,453.70	\$ (211,968.30)
Non-Budget Revenue	A-1:A-2		93,787.23	93,787.23
	A-3	\$ 19,250,422.00	\$ 19,132,240.93	\$ (118,181.07)

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

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>		
Green Knoll Golf Course/ Pitch & Putt	A-7		\$ 1,316,652.23
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 46,090.90	
Sales Tax	A-8	<u>17,471.19</u>	
			<u>63,562.09</u>
	A-2		\$ <u><u>1,253,090.14</u></u>
Neshanic Valley Golf Course	A-7		\$ 2,596,266.20
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 205,423.86	
Sales Tax	A-8	<u>5,929.43</u>	
			<u>211,353.29</u>
	A-2		\$ <u><u>2,384,912.91</u></u>
Quail Brook Golf Course	A-7		\$ 1,135,716.53
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 88,064.87	
Sales Tax	A-8	<u>19,186.42</u>	
			<u>107,251.29</u>
	A-2		\$ <u><u>1,028,465.24</u></u>
Spooky Brook Golf Course	A-7		\$ 1,222,933.82
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 86,945.17	
Sales Tax	A-8	<u>16,124.17</u>	
			<u>103,069.34</u>
	A-2		\$ <u><u>1,119,864.48</u></u>
Warrenbrook Golf Course	A-7		\$ 832,993.36
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 44,321.15	
Sales Tax	A-8	<u>13,944.36</u>	
			<u>58,265.51</u>
	A-2		\$ <u><u>774,727.85</u></u>
Neshanic Valley Performance/ Learning Center	A-7		\$ 1,246,192.71
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 358,274.79	
Sales Tax	A-8	<u>17,833.70</u>	
			<u>376,108.49</u>
	A-2		\$ <u><u>870,084.22</u></u>

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

SOMERSET COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>		
Colonial Park Paddleboats/Putting Course	A-7	\$	56,028.49
Less:			
Sales Tax	A-8		<u>1,173.74</u>
	A-2	\$	<u><u>54,854.75</u></u>
Colonial Park / Green Knoll Tennis Center	A-7	\$	63,970.79
Less:			
Re-Sales, Incentives and Professionals	A-4	\$	619.00
Sales Tax	A-8		<u>0.60</u>
			<u>619.60</u>
	A-2	\$	<u><u>63,351.19</u></u>
Environmental Science Center	A-7	\$	211,640.78
Less:			
Re-Sales, Incentives and Professionals	A-4	\$	2,931.25
Sales Tax	A-8		<u>650.62</u>
			<u>3,581.87</u>
	A-2	\$	<u><u>208,058.91</u></u>
Lord Stirling Stable	A-7	\$	729,142.38
Less:			
Re-Sales, Incentives and Professionals	A-4	\$	1,872.50
Sales Tax	A-8		<u>6,848.85</u>
			<u>8,721.35</u>
	A-2	\$	<u><u>720,421.03</u></u>
Warrenbrook Pool	A-7	\$	164,806.26
Less:			
Re-Sales, Incentives and Professionals	A-4		<u>570.00</u>
	A-2	\$	<u><u>164,236.26</u></u>

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

SOMERSET COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	
Therapeutic Recreation	A-7	\$ 101,732.74
Less:		
Re-Sales, Incentives and Professionals	A-4	<u>513.00</u>
	A-2	<u>\$ 101,219.74</u>
Miscellaneous	A-7	\$ 4,714.76
Less:		
Refunds	A-4	<u>229.83</u>
	A-2	<u>\$ 4,484.93</u>
Reservations	A-7	\$ 229,706.50
Less:		
Refunds, Re-Sales, Incentives and Professionals	A-4	<u>35,440.88</u>
	A-2	<u>\$ 194,265.62</u>
<u>MISCELLANEOUS REVENUE NOT ANTICIPATED</u>		
Worosila Reimbursements		\$ 2,700.00
Utilities		20,250.00
Miscellaneous		<u>70,867.36</u>
	A-4	\$ 93,817.36
Less: Refunds	A-4	<u>30.13</u>
	A-2	<u>\$ 93,787.23</u>

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

SOMERSET COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Administrative and Executive:					
Salaries and Wages	\$ 402,004.00	\$ 401,619.91	\$ 400,886.80	\$ 733.11	\$
Other Expenses	5,202,900.00	5,144,202.01	5,113,543.96		30,658.05
Human Resources:					
Salaries and Wages	136,418.00	150,586.17	150,113.49		472.68
Other Expenses	59,800.00	59,800.00	36,872.80	20,000.00	2,927.20
Information Management:					
Salaries and Wages	288,435.00	294,435.00	294,115.50		319.50
Other Expenses	298,232.00	298,232.00	226,802.23	25,000.00	46,429.77
Park Rangers:					
Salaries and Wages	717,700.00	717,700.00	696,822.71		20,877.29
Other Expenses	57,190.00	57,190.00	44,976.91	2,000.00	10,213.09
Golf Operations:					
Salaries and Wages	1,076,460.00	1,086,160.00	1,060,006.66		26,153.34
Other Expenses	726,015.00	726,015.00	602,482.72	25,000.00	98,532.28
Golf Maintenance:					
Salaries and Wages	2,409,218.00	2,409,218.00	2,290,688.67		118,529.33
Other Expenses	1,231,100.00	1,231,100.00	1,145,031.24	22,000.00	64,068.76
Golf Management:					
Salaries and Wages	441,300.00	442,300.00	441,493.92		806.08
Park Maintenance:					
Salaries and Wages	1,266,032.00	1,288,245.91	1,262,555.29		25,690.62
Other Expenses	612,097.00	612,097.00	612,097.00		
Maintenance:					
Salaries and Wages	159,500.00	161,500.00	161,322.71		177.29
Other Expenses	8,350.00	8,350.00	8,350.00		
Horticulture:					
Salaries and Wages	386,236.00	386,236.00	379,163.83		7,072.17
Other Expenses	58,750.00	58,750.00	58,740.03		9.97
Special Projects - Park Maintenance					
Salaries and Wages	206,542.00	206,542.00	206,416.10		125.90
Other Expenses	40,325.00	40,325.00	40,291.40	33.60	
Buck Garden:					
Salaries and Wages	305,737.00	305,737.00	304,590.44		1,146.56
Other Expenses	95,762.00	95,762.00	95,762.00		
Environmental Education Center					
Salaries and Wages	523,000.00	527,000.00	526,039.86		960.14
Other Expenses	109,589.00	109,589.00	96,513.51		13,075.49
Stable:					
Salaries and Wages	712,000.00	712,000.00	707,978.26		4,021.74
Other Expenses	480,179.00	480,179.00	422,967.96	5,000.00	52,211.04
Recreation Administration:					
Salaries and Wages	75,570.00	75,570.00	75,570.00		
Other Expenses	52,729.00	52,729.00	33,542.46	1,000.00	18,186.54
Recreation Maintenance:					
Salaries and Wages	389,259.00	385,484.00	370,689.79		14,794.21
Warrenbrook Pool:					
Salaries and Wages	68,000.00	73,300.00	72,640.05		659.95
Other Expenses	35,179.00	25,464.43	20,527.04		4,937.39
Tennis:					
Salaries and Wages	54,800.00	61,098.52	60,798.87		299.65
Other Expenses	21,229.00	18,805.10	18,805.10		
Putting Course/Paddle Boats:					
Salaries and Wages	28,000.00	38,714.95	38,197.23		517.72
Other Expenses	16,128.00	9,728.00	9,728.00		
Therapeutic Recreation:					
Salaries and Wages	248,980.00	248,980.00	243,260.37		5,719.63
Other Expenses	9,940.00	9,940.00	6,393.55		3,546.45
Therapeutic Camp:					
Other Expenses	6,900.00	6,900.00	5,081.25		1,818.75

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

SOMERSET COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF EXPENDITURES- REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
Leisure Services:					
Salaries and Wages	\$ 214,937.00	\$ 214,937.00	\$ 214,937.00		
Other Expenses	<u>17,900.00</u>	<u>17,900.00</u>	<u>15,338.99</u>		\$ 2,561.01
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 19,250,422.00</u>	<u>\$ 19,250,422.00</u>	<u>\$ 18,572,135.70</u>	<u>\$ 100,766.71</u>	<u>\$ 577,519.59</u>
	<u>REF.</u>	A-2	A-1	A:A-1	
Encumbrances Payable	A-10		\$ 442,927.92		
Disbursements	A-4		<u>18,129,207.78</u>		
			<u>\$ 18,572,135.70</u>		

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TRUST FUND

"B"

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2014</u>
<u>ASSETS</u>			
Cash	B-1	\$ <u>590,042.16</u>	\$ <u>680,071.59</u>
		\$ <u><u>590,042.16</u></u>	\$ <u><u>680,071.59</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Encumbrances Payable	B-2	\$ 21,947.29	\$ 255,980.53
Reserves for Dedicated Park Deposits	B-3	<u>568,094.87</u>	<u>424,091.06</u>
		\$ <u><u>590,042.16</u></u>	\$ <u><u>680,071.59</u></u>

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

GENERAL CAPITAL FUND

"C"

COUNTY OF SOMERSET PARK COMMISSION

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2014</u>
<u>ASSETS</u>			
Current Fund:			
Cash	C-2:C-3	\$ <u>2,787,995.28</u>	\$ <u>3,245,742.55</u>
		\$ <u><u>2,787,995.28</u></u>	\$ <u><u>3,245,742.55</u></u>
<u>LIABILITIES AND FUND BALANCE</u>			
Encumbrances Payable	C-5	\$ 509,209.57	\$ 1,025,755.46
Improvement Authorizations:			
Funded	C-6	2,140,839.33	2,082,040.71
Fund Balance	C-1	<u>137,946.38</u>	<u>137,946.38</u>
		\$ <u><u>2,787,995.28</u></u>	\$ <u><u>3,245,742.55</u></u>

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

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	
Balance, December 31, 2014 and December 31, 2015	C	\$ <u>137,946.38</u>

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

"D"

SOMERSET COUNTY PARK COMMISSION
GENERAL FIXED ASSETS ACCOUNT GROUP
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
<u>FIXED ASSETS:</u>		
Buildings and Building Improvements	\$ 38,831,027.00	\$ 36,149,111.00
Machinery, Equipment and Vehicles	<u>12,978,717.00</u>	<u>13,294,457.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 51,809,744.00</u>	<u>\$ 49,443,568.00</u>
 <u>RESERVE</u>		
Investment in Fixed Assets	<u>\$ 51,809,744.00</u>	<u>\$ 49,443,568.00</u>

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

NOTES TO FINANCIAL STATEMENTS

SOMERSET COUNTY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Somerset County Park Commission was created in 1956 for the purpose of providing specialized park areas and facilities of regional to financial accountability. Commissioners are appointed by the Board of Chosen Freeholders of Somerset County, New Jersey.

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 the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must 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 Somerset County Park Commission 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 Somerset County Park Commission 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 government activity. As required by the Division of Local Government Services the Commission accounts for its financial transactions through the following individual funds and account groups:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (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 disbursement of funds in accordance with the purpose for which each reserve was created.

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

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

C. Basis of Accounting

The accounting principles and practices prescribed for counties 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. Grants are realized as revenue when anticipated in the Commission's budget. Other amounts that are due the Commission, 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 Commission's statutory 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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash 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.

Interfunds - Interfunds 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.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Commission as part of its basic financial statements. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$2,500.00 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

The County Park Commission has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by the County. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for donated fixed assets which are valued at estimated market value at the time of donation.

Land values related to the Park Commission have been included within the buildings classification of the general fixed assets because the original purchase price for Park Commission properties did not allocate the costs between land and buildings. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund.

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

Inventories of Supplies - The cost of supplies are recorded as expenditures at the time the individual items are purchased. The cost of inventories for revenue producing activities is included at cost on the balance sheet and equally offset by a fund balance reserve.

Accounting and Financial Reporting for Pensions - In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

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

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C.5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

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 Commission presents the financial statements in accordance with 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 Commission considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund 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 Government 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 Somerset County Park Commission had the following cash and cash equivalents at December 31, 2015:

	Change Fund/Petty Cash	Cash in Bank	Additions	Deletions	Reconciled Balance
Current Fund	\$10,450.00	\$1,105,942.76	\$77.50	\$51,090.64	\$1,054,929.62
Grant Fund		8,519,146.89			8,519,146.89
Trust Other Fund		590,042.16			590,042.16
General Capital Fund		2,787,995.28			2,787,995.28
	<u>\$10,450.00</u>	<u>\$13,003,127.09</u>	<u>\$77.50</u>	<u>\$51,090.64</u>	<u>\$12,952,113.95</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 Commission 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, 2015, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$12,753,127.09 was covered by NJ GUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Commission 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 Investment of the Department of Treasury 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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - 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.

NOTE 3: LONG-TERM DEBT

Bonds are issued by the County of Somerset to fund capital projects of the Park Commission.

NOTE 4: FUND BALANCE APPROPRIATED

Fund Balance at December 31, 2015 which was appropriated and included as anticipated revenue in the Commission budget for the year ending December 31, 2016 was as follows:

Current Fund	\$ <u>502,527.00</u>
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NOTE 5: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS) 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. 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/annrpts.shtml.

NOTE 5: PENSIONS (CONTINUED)

Plan Descriptions

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.

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.

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 2012 PERS provides for employee contributions of 6.5% 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.

NOTE 5: PENSIONS (CONTINUED)

Funding Policy (Continued)

Certain portions of the costs are contributed by the employees. The Park Commission's share of PERS, paid by the County of Somerset, which is based upon the annual billings received from the state, amounted to \$1,020,349.00 for 2015, \$888,214.00 for 2014 and \$952,342.00 for 2013. The Park Commission's share for DCRP, paid by the County of Somerset, amounted to \$6,866.70 for 2015, \$2,780.49 for 2014 and \$2,695.39 for 2013.

All contributions were equal to the required contributions for each of the three years, respectively.

Park Commission employees are also covered by Federal Insurance Contribution Act.

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" and is effective for fiscal years beginning after June 15, 2014. This statement 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, 2015. 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, 2015.

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of \$28,710,283.00 for the Somerset County Park Commission's proportionate share of the total net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Commission's proportion was 0.1278968621 percent, which was an increase of 0.0041260165 percent from its proportion measured as of June 30, 2014.

NOTE 5: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$2,175,603.00 for the Somerset County Park Commission's proportionate share of the total pension expense. The pension expense recognized in the Commission's financial statement based on the April 1, 2015 billing was \$1,020,349.00.

At June 30, 2015, 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		\$684,926.00
Changes of assumptions		3,083,255.00
Net difference between projected and actual earnings on pension plan investments	\$461,606.00	
Changes in proportion and differences between Commission contributions and proportionate share of contributions		<u>1,336,296.00</u>
	<u>\$461,606.00</u>	<u>\$5,104,477.00</u>

Other local amounts reported by the State as the Commission'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:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2016	\$892,586.00
2017	\$892,586.00
2018	\$892,586.00
2019	\$1,237,837.00
2020	\$727,276.00

NOTE 5: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$5,086,138,484	\$1,032,618,058
Collective deferred inflows of resources	478,031,236	1,726,631,532
Collective net pension liability - local	22,447,996,119	18,722,735,003
Commission's Proportion	0.1278968621%	0.1237708456%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Inflation	3.01 Percent	3.04 Percent
Salary Increases (based on age)		
2012-2021	2.15-4.40 Percent	2.15-4.40 Percent
Thereafter	3.15-5.40 Percent	3.15-5.40 Percent
Investment Rate of Return	7.90 Percent	7.90 percent

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees

NOTE 5: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 and June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Returns	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
	<u>100.00%</u>		<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 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, 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 average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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, 2015 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, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Commission's proportionate share of the pension liability	\$35,683,368.00	\$28,710,283.00	\$22,864,098.00

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).

NOTE 6: COMPENSATED ABSENCES

The Park Commission has permitted employees to accumulate unused vacation and sick pay, which may be taken as time off or paid under certain circumstances. Management has estimated, at December 31, 2015 that the accumulated cost of such unpaid compensation would approximate \$1,055,405.40 for unused sick and vacation days. Under existing accounting principles and practices prescribed by the Division of Local Government Services, the amounts required to be paid in any fiscal year for the above mentioned compensation are raised in that year's budget and no liability is required to be accrued or reported in the financial statements at December 31, 2015.

NOTE 7: LITIGATION

The Park Commission counsel's letter did not indicate any litigation, claims or contingent liabilities which would materially affect the financial statements of the Commission.

NOTE 8: RISK MANAGEMENT

The Park Commission is exposed to various risks of losses related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Beginning in 1994, the County became a member of the Somerset County Joint Insurance Fund (the "Fund"), which was formed in accordance with P.L. 1983, C 372 entitled "An Act Concerning Joint Insurance Funds for Local Government Units of Government." The Fund provides insurance coverage covering each of the above-mentioned risks of loss. The County's contribution to the Fund is based on actuarial assumptions determined by the Fund's actuary. The Fund also purchases commercial insurance for claims in excess of coverage provided by the Fund. Workers' compensation claims incurred prior to January 1, 1994 are required to be financed by the Park Commission. The loss from these claims incurred, but not reported, has not been determined.

The Park Commission maintains the following types of insurance coverage:

- Worker's Compensation and Employee Liability
- Comprehensive General Liability
- Motor Vehicle Liability
- Property Damage
- Public Officials Legal Liability

NOTE 9: CONTINGENT LIABILITIES

The Park Commission may participate in various 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 expenditure of funds for eligible purposes. The state and federal grants received and expended in 2015 were subject to the Single Audit Act Amendment of 1996 and State of New Jersey OMB Circular 15-08 which mandates that grants revenues and expenditures be audited in conjunction with the Park Commission's annual audit. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II Single Audit Section of the 2015 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2015 the Park Commission does not believe that any material liabilities will result from such audits.

NOTE 10: COUNTY SUPPORT

During 2015, the County of Somerset provided the Park Commission with the following funding:

Operating Fund	\$9,350,598.00
Grant Fund	\$2,000,000.00
Capital Fund	\$1,300,000.00

NOTE 11: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement requires the municipality to disclose in the notes to the financial statements the present value of the estimated future cost of the other post employment benefits (OPEB). OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or required to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their balance sheets; however, OPEB obligations are required to be disclosed in the notes, commencing with the 2008 year.

NOTE 11: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description

The Somerset County Park Commission provides Post-Retirement Benefits to eligible employees in accordance with terms of their various labor agreements:

SUMMARY OF RETIREE BENEFITS

A. Plan Overview

Somerset County Park Commission (“Parks”) provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. As a result of offering such benefits, Parks will be required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (“GASB 45”).

Parks provides medical, dental and prescription drug benefits to retirees and their covered eligible dependents. Parks pays the entire cost for eligible retirees, spouses and dependents. All active employees who retire directly from Parks and meet the eligibility criteria may participate.

Employees who retire from Parks may be eligible for post-employment medical, dental and prescription benefits pursuant to the provisions below.

- ELIBIGILITY - 25 Years of Service in New Jersey Pension System
- 15 Years of Service with Parks immediately preceding retirement
- Must have worked at least 20 hours per week as an active employee

DEPENDENT ELIGIBILITY Yes

SUPERVISOR ELIGIBILITY Yes, see below

NOTE 11: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

A. Plan Overview (Continued)

BENEFITS

All Employees

- Retirees meeting the eligibility conditions are eligible to receive lifetime Parks paid medical, dental and prescription coverage for themselves and their covered dependents.
- Retirees are required to enroll in Medicare Part B upon reaching age of Medicare eligibility, at which point Park's plan becomes secondary. Parks reimburses the retiree \$50 per month for single coverage and \$100 per month for plus one coverage.
- Surviving spouses of retirees meeting the eligibility conditions may remain on Park's coverage and receive lifetime Parks paid medical and prescription coverage. Surviving spouses may elect to remain on Park's dental plan; however, the entire cost of such coverage is the responsibility of the surviving spouse.
- Retirees not meeting the eligibility conditions may elect to remain on Park's medical and dental plans, however, the entire cost of such coverage is the responsibility of the retiree.

NOTE 11: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

A. Plan Overview (Continued)

The summary below identifies the value of benefits at January 1, 2014 and costs for the 2014 Fiscal Year according to the accounting requirements of GASB 45 and summarizes the actuarial valuation results by Park's active and retired employee groups.

Note that implicit rate subsidies as required by GASB 45 are factored into all relevant values in this report.

Present Value of Future Benefits

Actives	\$31,092,433
Retirees	<u>4,855,421</u>
Total	\$35,947,865

Actuarial Accrued Liability

Actives	\$16,582,727
Retirees	<u>4,855,421</u>
Total	\$21,438,149

GASB 45 Measures

2014 FY

Annual Required Contribution (ARC)	\$ 1,810,116
Annual OPEB Cost	\$ 3,088,870
Employer Contributions (Pay-As-You-Go)	\$ 367,856
Average Annual Pay-As-You-Go Benefit per Employee	\$ 14,714

NOTE 11: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Liabilities and Normal Cost

The Actuarial Accrued Liability is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's Actuarial Accrued Liability (at January 1, 2014) is \$21,438,149. The Actuarial Accrued Liability represents approximately 58.28% of the present value of future benefits.

<u>Liabilities and Normal Cost</u>	<u>January 1, 2014</u>
Actuarial Accrued Liability	\$21,438,149
Plan Assets	<u>0</u>
Unfunded Actuarial Accrued Liability	\$21,438,149
Normal Cost	\$1,066,927

The Normal Cost for the plan is the amount that the liabilities are expected to increase during the year based on increased eligibility and service.

Normal Cost is the value of benefits expected to be earned during the year, again based on certain actuarial methods and assumptions. The 2014 Fiscal Year Normal Cost is \$1,066,927.

The results were calculated based upon plan provisions and census data, as provided by Parks, along with certain demographic and economic assumptions as recommended by Grant Thornton with guidance from the GASB statement and approved by Parks.

C. Demographic Information

Data was provided by Parks as of January 1, 2014.

<u>Participant Information</u>	<u>January 1, 2014</u>
Active Participants	179
Inactive Participants	<u>25</u>
Total	204

NOTE 11: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

D. Assets

As of the valuation date, Somerset does not set aside assets in trust to pay future benefits.

Assets

Market Value of Assets	\$0
Actuarial Value of Assets	\$0
Investment Return	N/A

According to GASB 45, an employer has made a contribution to pay for future benefits only if it meets one of these criteria:

The employer has made benefit payments directly to or on behalf of a retiree or beneficiary.

The employer has made premium payments to an insurer.

The employer has made contributions to an OPEB plan to fund payments of benefits as they come due in the future, and all the following apply:

The employer no longer has ownership or control of the assets.

The plan is effectively a legally separate entity under the stewardship of a board of trustees.

The plan assets provide benefits to retirees and their beneficiaries in accordance to the terms stated in the plan.

The plan assets are legally protected from creditors of the employer.

NOTE 12: SUBSEQUENT EVENTS

The Park Commission has evaluated subsequent events occurring after the financial statement date through July 13, 2016 which is the date the financial statements were available to be issued. No items were noted for disclosure or adjustment.

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COUNTY OF SOMERSET

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2015

SOMERSET COUNTY PARK COMMISSIONCURRENT FUNDSCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2014	A	\$ 855,904.84	\$ 8,062,840.71
Increased by Receipts:			
Revenue Accounts Receivable	A-7	\$ 19,733,889.98	\$
Miscellaneous Revenue Not Anticipated	A-2	93,817.36	
Encumbrances Payable - Payroll Liabilities	A-10	10,860,911.72	
Grants Appropriated - Refunds	A-13		7,166.48
Grants Receivable	A-12		2,000,000.00
		<u>30,688,619.06</u>	<u>2,007,166.48</u>
		\$ 31,544,523.90	\$ 10,070,007.19
Decreased by Disbursements:			
2015 Appropriations	A-3	\$ 18,129,207.78	\$
2014 Appropriation Reserves	A-9	528,984.37	
Due to State of New Jersey- Sales and Use Tax	A-8	99,163.08	
Encumbrances Payable - Payroll Liabilities	A-10	10,860,911.72	
Grants Appropriated	A-13		1,550,860.30
Miscellaneous Revenue Anticipated - Resales, Credit Card Fees and Refunds -			
Green Knoll Golf Course/ Pitch & Putt	A-2	46,090.90	
Neshanic Valley Golf Course	A-2	205,423.86	
Quail Brook Golf Course	A-2	88,064.87	
Spooky Brook Golf Course	A-2	86,945.17	
Warrenbrook Golf Course	A-2	44,321.15	
Neshanic Valley Performance/ Learning Center	A-2	358,274.79	
Colonial Park Green Knoll/ Tennis Center	A-2	619.00	
Environmental Science Center	A-2	2,931.25	
Lord Stirling Stables	A-2	1,872.50	
Warrenbrook Pools	A-2	570.00	
Therapeutic Recreation	A-2	513.00	
Park Reservations	A-2	35,440.88	
Miscellaneous	A-2	229.83	
Refunds of Miscellaneous Revenue Not Anticipated	A-2	30.13	
		<u>30,489,594.28</u>	<u>1,550,860.30</u>
Balance, December 31, 2015	A	\$ <u>1,054,929.62</u>	\$ <u>8,519,146.89</u>

"A-5"

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2014 & 2015</u>
Green Knoll Golf Shop	\$ 1,500.00
Quail Brook Golf Shop	1,300.00
Spooky Brook Golf Shop	1,500.00
Warrenbrook Golf Shop	1,100.00
Neshanic Valley Golf Shop	1,100.00
Neshanic Valley Learning Center	1,000.00
Colonial Park	100.00
Green Knoll Tennis Center	50.00
Warrenbrook Pool	150.00
Environmental Education Center	150.00
Lord Stirling Stable	100.00
	<hr/>
	\$ 8,050.00

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SCHEDULE OF PETTY CASH

	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2014 & 2015</u>
Finance Office	\$ 100.00
Park Headquarters	350.00
Golf Management	200.00
Golf Operations	200.00
Golf Maintenance	100.00
Green Knoll Golf Maintenance	50.00
Quailbrook Golf Maintenance	50.00
Spooky Brook Golf Maintenance	50.00
Warrenbrook Golf Maintenance	50.00
Neshanic Valley Golf Maintenance	50.00
Environmental Science	150.00
Environmental Science - Special Revenue	50.00
Lord Stirling Stable	150.00
Therapeutic Recreation	100.00
Park Maintenance	250.00
Park Rangers	100.00
Horticulture	100.00
Buck Garden	100.00
Special Projects	200.00
	<hr/>
	\$ 2,400.00

REF.

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SOMERSET COUNTY PARK COMMISSIONCURRENT FUNDSCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>ACCRUED</u> <u>IN 2015</u>	<u>COLLECTED</u>
County	A-2	\$ 9,350,598.00	\$ 9,350,598.00
Green Knoll Golf Course and Pitch and Putt	A-2	1,316,652.23	1,316,652.23
Neshanic Valley Golf Course	A-2	2,596,266.20	2,596,266.20
Quail Brook Golf Course	A-2	1,135,716.53	1,135,716.53
Spooky Brook Golf Course	A-2	1,222,933.82	1,222,933.82
Warrenbrook Golf Course	A-2	832,993.36	832,993.36
Neshanic Valley Performance/ Learning Center	A-2	1,246,192.71	1,246,192.71
Sub-Total -Golf Courses, Pitch and Putt and Learning Center		\$ 8,350,754.85	\$ 8,350,754.85
Colonial Park Paddleboats/ Putting Course	A-2	56,028.49	56,028.49
Colonial Park/ Green Knoll Tennis Center	A-2	63,970.79	63,970.79
Environmental Science Center	A-2	211,640.78	211,640.78
Lord Stirling Stables	A-2	729,142.38	729,142.38
Warrenbrook Pool	A-2	164,806.26	164,806.26
Therapeutic Recreation	A-2	101,732.74	101,732.74
Concessions	A-2	58,100.00	58,100.00
Licenses, Leases and Rents	A-2	313,555.43	313,555.43
Interest Earned	A-2	76,293.04	76,293.04
Medical Reimbursements	A-2	22,845.96	22,845.96
Miscellaneous	A-2	4,714.76	4,714.76
Reservations	A-2	229,706.50	229,706.50
Sub-Total - Other Miscellaneous Revenue		\$ 2,032,537.13	\$ 2,032,537.13
		\$ 19,733,889.98	\$ 19,733,889.98

REF.

A-4

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY - SALES AND USE TAX

	<u>REF.</u>		
Increased by:			
Sales Tax Charges	A-2	\$	99,163.08
Decreased by:			
Disbursements	A-4	\$	<u>99,163.08</u>

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES:</u>				
Administration	\$ 129,498.09	\$ 409,638.59	\$ 371,945.32	\$ 37,693.27
Information Management		8,203.91	7,819.51	384.40
Human Resources		5,435.46	3,647.43	1,788.03
Park Rangers		3,671.96	3,656.84	15.12
Property Management		537.02	537.02	
Golf Operations		5,491.38	5,491.38	
Golf Maintenance		66,507.60	64,816.45	1,691.15
Park Maintenance		7,321.54	7,189.78	131.76
Maintenance		5,365.69	5,365.69	
Horticulture		6,121.43	5,313.18	808.25
Buck Garden		504.15	418.94	85.21
Environmental Education Center	92.95	10,519.88	10,318.13	201.75
Stable		49,024.62	48,635.36	389.26
Warrenbrook Pool		1,507.74	1,507.74	
Putting Course/Paddle Boats		23.39	23.39	
Therapeutic Recreation		810.80	810.80	
Leisure Services		2,410.41	2,410.41	
	<u>\$ 129,591.04</u>	<u>\$ 583,095.57</u>	<u>\$ 539,907.37</u>	<u>\$ 43,188.20</u>
<u>REF.</u>	A			A-1
Balance, December 31, 2014	A-9	\$ 129,591.04		
Encumbrances Payable	A-10	<u>453,504.53</u>		
		<u>\$ 583,095.57</u>		
Disbursements	A-4		\$ 528,984.37	
Accounts Payable	A-14		<u>10,923.00</u>	
			<u>\$ 539,907.37</u>	

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	A		\$ 453,504.53
Increased by:			
Appropriations	A-3	\$ 442,927.92	
Receipts - Payroll Liabilities	A-4	<u>10,860,911.72</u>	
			<u>11,303,839.64</u>
			\$ <u>11,757,344.17</u>
Decreased by:			
Transfer to Appropriation Reserves	A-9	\$ 453,504.53	
Disbursements - Payroll Liabilities	A-4	<u>10,860,911.72</u>	
			<u>11,314,416.25</u>
Balance, December 31, 2015	A		\$ <u><u>442,927.92</u></u>

SOMERSET COUNTY PARK COMMISSION

GRANT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2014	A	\$ 1,118,594.12
Increased by:		
Grants Appropriated	A-13	<u>2,160,102.60</u>
		\$ <u>3,278,696.72</u>
Decreased by:		
Transfer to Reserve for Grants Appropriated	A-13	<u>1,118,594.12</u>
Balance, December 31, 2015	A	\$ <u><u>2,160,102.60</u></u>

SOMERSET COUNTY PARK COMMISSION

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Increased by:		
2015 County Grant	A-13	\$ 2,000,000.00
Decreased by:		
Receipts	A-4	\$ <u>2,000,000.00</u>

SOMERSET COUNTY PARK COMMISSION

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

Balance, December 31, 2014	A		\$ 6,944,246.59
Increased by:			
2015 County Grant	A-12	\$ 2,000,000.00	
Receipts	A-4	7,166.48	
Transfer from Encumbrances Payable	A-11	<u>1,118,594.12</u>	
			<u>3,125,760.60</u>
			\$ <u>10,070,007.19</u>
Decreased by:			
Disbursements	A-4	\$ 1,550,860.30	
Encumbrances Payable	A-11	<u>2,160,102.60</u>	
			<u>3,710,962.90</u>
Balance, December 31, 2015	A		\$ <u><u>6,359,044.29</u></u>

Analysis of Balance

County of Somerset - Preservation Development			\$ <u><u>6,359,044.29</u></u>
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SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2014	A	\$ 8,235.06
Increased by:		
Appropriation Reserves	A-9	10,923.00
		<u>\$ 19,158.06</u>
Decreased by:		
Canceled	A-1	<u>6,470.94</u>
Balance, December 31, 2015	A	<u><u>\$ 12,687.12</u></u>

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

SCHEDULE OF TRUST CASH-TREASURER

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 680,071.59
Increased by Receipts:		
Reserves for Dedicated Park Deposits	B-3	895,805.51
		<u>\$ 1,575,877.10</u>
Decreased by Disbursements:		
Reserves for Dedicated Park Deposits	B-3	<u>985,834.94</u>
Balance, December 31, 2015	B	<u>\$ 590,042.16</u>

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 255,980.53
Increased by:		
Reserves for Dedicated Park Deposits	B-3	21,947.29
		\$ <u>277,927.82</u>
Decreased by:		
Transfer to Reserves for Dedicated Park Deposits	B-3	<u>255,980.53</u>
Balance, December 31, 2015	B	\$ <u><u>21,947.29</u></u>

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

SCHEDULE OF RESERVES FOR DEDICATED PARK DEPOSITS

	BALANCE DECEMBER 31, 2014	INCREASES	DECREASES	ENCUMBRANCES	BALANCE DECEMBER 31, 2015
Human Resources - Safety Fair	\$ 2,479.05	\$	\$ 1,261.98	\$	\$ 1,217.07
Flood	3,082.36		40,645.71	(39,352.71)	1,789.36
Colonial Park - Rose Garden Special	14,929.17	9,987.10	8,383.61		16,532.66
Sillman Cemetery Restoration	1,166.93				1,166.93
Junior Golf Special	3,260.50				3,260.50
Sourland Mountain Special	26.63				26.63
Buck Gardens - Special	13,312.75	8,689.74	6,784.67	(709.89)	15,927.71
Lord Stirling Manor Brick Buildings	961.94				961.94
Vancamp Farmstead	58,288.70				58,288.70
Raritan River Complex	425.78				425.78
North Branch Lighting Improvement	15.96				15.96
Stable Special	5,716.80	14,503.91	4,736.62		15,484.09
Stable Friends of Lord Stirling Stables	2,363.06				2,363.06
Corporate Sponsorship	281.48	1,475.00	1,175.00	(100.00)	681.48
Recreation - Concert	7,796.84	5,569.50	5,369.50		7,996.84
Recreation - Cabin Fever Kids	4,839.50				4,839.50
Recreation - Yoga	24,889.35	12,112.00	16,591.20		20,410.15
Recreation - Tennis Center Grant	1,620.17				1,620.17
Therapeutic Recreation Activities	15,494.49	29,097.53	34,576.53	(2,656.68)	12,672.17
Therapeutic Recreation Grant	1,812.51	2,000.00	1,036.25	22.06	2,754.20
Therapeutic Recreation Overnight	1,914.66	5,980.46	5,175.68		2,719.44
Therapeutic Recreation Camp Okeesunokee	913.58	5,438.00	5,656.50		695.08
Environmental Education Center - Day Trips	7,407.72	11,188.23	17,817.87	(1,055.45)	1,833.53
Environmental Education Center - Overnight Trips	5,272.53	15,782.71	16,524.20	1,035.00	3,496.04
Environmental Education Center - Awesim Naturalist	3,902.23	24,048.07	27,950.30		
Environmental Education Center - Grant	1,901.27		1,870.32		30.95
Warren Township Reserve	150.78				150.78
Environmental Education Center - Donations	6,776.05	9,680.52	2,796.52	123.44	13,536.61
Buck Garden - North American Rock Garden Society	4,333.31	8,050.00	2,016.30	198.50	10,168.51
Howe Farm	197,100.14			(125,359.89)	322,460.03
Golf Shop	10,527.96	732,202.74	785,466.18	(65,170.14)	22,434.66
Support River Friendly Golf	796.92				796.92
Mary Marker	8,000.00				8,000.00
Women's Amateur Public Links	12,329.94			(1,007.48)	13,337.42
	<u>\$ 424,091.06</u>	<u>\$ 895,805.51</u>	<u>\$ 985,834.94</u>	<u>\$ (234,033.24)</u>	<u>\$ 568,094.87</u>
REF.	B	B-1	B-1		B
Encumbrances	B-2			\$ 21,947.29	
Less: Prior Year Encumbrances	B-2			(255,980.53)	
				<u>\$ (234,033.24)</u>	

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH-TREASURER

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 3,245,742.55
Increased by Receipts:		
Due From County of Somerset		
- Improvement Authorization	C-4	<u>1,300,000.00</u>
		\$ <u>4,545,742.55</u>
Decreased by Disbursements:		
Encumbrances Payable	C-5	<u>1,757,747.27</u>
Balance, December 31, 2015	C	\$ <u><u>2,787,995.28</u></u>

"C-3"

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

		BALANCE DECEMBER <u>31, 2015</u>
Fund Balance	\$	137,946.38
Encumbrances Payable		509,209.57
Funded Improvements as Set Forth on "C-6"		<u>2,140,839.33</u>
	\$	<u><u>2,787,995.28</u></u>
<u>REF.</u>		C

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF DUE FROM COUNTY OF SOMERSET

	<u>REF.</u>	
Increased by:		
Receipts	C-2	\$ 1,300,000.00
Decreased by:		
Improvement Authorization	C-6	\$ <u>1,300,000.00</u>

SOMERSET COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	C		\$ 1,025,755.46
Increased by:			
Improvement Authorizations	C-6		<u>1,574,053.35</u>
			\$ <u>2,599,808.81</u>
Decreased by:			
Disbursements	C-2	\$ 1,757,747.27	
Encumbrances Canceled	C-6	<u>332,851.97</u>	
			<u>2,090,599.24</u>
Balance, December 31, 2015	C		\$ <u><u>509,209.57</u></u>

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>IMPROVEMENT DESCRIPTION</u>	<u>APPROPRIATION</u>	<u>DECEMBER 31, 2014 FUNDED</u>	<u>2015 AUTHORIZATIONS</u>	<u>PAID OR CHARGED</u>	<u>CANCELLED ENCUMBRANCES</u>	<u>DECEMBER 31, 2015 FUNDED</u>
2006 Park Capital Projects	\$ 4,875,000.00	\$	\$ (51,320.52)	\$	\$ 51,320.52	\$
2007 Park Capital Projects	7,293,000.00		(46,851.77)		46,851.77	
2010 Park Capital Projects	2,073,000.00	28,000.00	(37,278.76)		9,278.76	
2011 Park Capital Projects	2,000,000.00		(6,273.44)		6,273.44	
2012 Park Capital Projects	2,000,000.00	4,673.83	(205,618.99)		200,945.16	
2013 Park Capital Projects	1,000,000.00	69,987.14	(88,169.46)		18,182.32	
2014 Park Capital Projects	2,054,000.00	1,423,554.82		692,475.76		731,079.06
2014 Park Capital Projects - reallocated	800,492.42	555,824.92		139,861.38		415,963.54
2015 Park Capital Projects	1,300,000.00		1,300,000.00	306,204.18		993,795.82
2015 Park Capital Projects - reallocated	435,512.94		435,512.94	435,512.03		0.91
		<u>\$ 2,082,040.71</u>	<u>\$ 1,300,000.00</u>	<u>\$ 1,574,053.35</u>	<u>\$ 332,851.97</u>	<u>\$ 2,140,839.33</u>
<u>REF.</u>		C	C-4	C-5	C-5	C:C-3

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PART II

COUNTY OF SOMERSET

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATION

YEAR ENDED DECEMBER 31, 2015

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

	<u>YEAR 2015</u>		<u>YEAR 2014</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 275,024.00	1.36%	\$ 1,063,342.67	5.31%
Miscellaneous Revenue Anticipated	18,763,429.70	92.88%	17,898,774.68	89.33%
Miscellaneous Revenues - Other	<u>1,163,795.37</u>	<u>5.76%</u>	<u>1,074,439.74</u>	<u>5.36%</u>
<u>Total Income</u>	<u>\$ 20,202,249.07</u>	<u>100.00%</u>	<u>\$ 20,036,557.09</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operations	\$ 18,672,902.41	94.82%	\$ 18,873,198.46	95.50%
Other Expenditures	<u>1,020,349.00</u>	<u>5.18%</u>	<u>888,334.42</u>	<u>4.50%</u>
<u>Total Expenditures</u>	<u>\$ 19,693,251.41</u>	<u>100.00%</u>	<u>\$ 19,761,532.88</u>	<u>100.00%</u>
Excess in Revenue	\$ 508,997.66		\$ 275,024.21	
Fund Balance, January 1	<u>275,024.21</u>		<u>1,063,342.67</u>	
	\$ 784,021.87		\$ 1,338,366.88	
Less: Utilization as Anticipated Revenue	<u>275,024.00</u>		<u>1,063,342.67</u>	
Fund Balance, December 31	<u>\$ 508,997.87</u>		<u>\$ 275,024.21</u>	

COMPARATIVE SCHEDULE OF COUNTY SUPPORT

Set forth below is the County support for the past five years:

<u>YEAR</u>	<u>TOTAL</u>	<u>CURRENT OPERATIONS</u>	<u>GRANT</u>	<u>CAPITAL</u>
2015	\$12,650,598.00	\$9,350,598.00	\$2,000,000.00	\$1,300,000.00
2014	13,154,598.00	8,600,598.00	2,500,000.00	2,054,000.00
2013	11,270,000.00	8,000,000.00	2,270,000.00	1,000,000.00
2012	13,068,000.00	8,068,000.00	3,000,000.00	2,000,000.00
2011	10,168,000.00	8,168,000.00		2,000,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as of December 31, 2015:

<u>NAME</u>	<u>TITLE</u>
<u>MEMBERS OF THE BOARD</u>	
Donald DiFrancesco	President
William Crosby	Vice President
Paul Consiglio	Commissioner
Jim Leonard	Commissioner
Helen Haines	Commissioner
Doug Ludwig	Commissioner
Kevin McCallen	Commissioner
Christopher Paladino	Commissioner
Dorothy Paluck	Commissioner
<u>OTHER OFFICIALS</u>	
Raymond A. Brown	Secretary- Director
Daniel Livak	Deputy Director, Business Administrator
Nicola Trasente	CFO
Elizabeth Flanagan, Esq.	Counsel
<u>COUNTY LIASONS</u>	
Patricia Walsh	Freeholder

*As per the Risk Management Plan, the Somerset County Joint Insurance Fund provides a Faithful Performance of Duty Crime Coverage to all Park Commission Employees in the amount of \$1,000,000.00

COMMENTS AND RECOMMENDATION

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is 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 of P.L. 1971, c. 198 (c.40A:11-3), except by contract or agreement".

Effective January 1, 2011 the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$36,000.00 with a qualified purchasing agent. However effective February 16, 2006 the bid threshold was set at \$17,500.00 by resolution of the Commissioners and this threshold has not been changed. The Commissioners of the Somerset County Park Commission have the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Somerset County Park Commission's Counsel's opinion should be sought before a commitment is made.

The records of the Department of Purchasing indicate that bids and co-operative bids were requested by public advertisement for:

- Leasing and Maintenance of Golf Cars
- Spring 2015 Tree Planting
- Purchase of two John Deere Mowers
- Purchase of one Lastec Pull Behind Mower
- Painting of Exterior Structures at Various Park Locations
- Purchase of Golf Simulators
- Furnish and Deliver Stable Bedding
- Purchase of a 2016 Ford F-550 Dump Truck
- Purchase of a 2015 Ford F-250 Pickup Truck
- Purchase of a 2015 Ford F-250
- Purchase of 2 Toro Groundmaster Mowers
- Purchase of 3 John Deere Mowers
- Purchase of a 2015 Ford F-550
- Purchase 4 newer Lastec Pull Behind Mowers

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

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 \$17,500.00 "for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6."

The minutes also indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for the following "Professional Services per N.J.S.40A:11-5."

General and Labor Counsel
Auditing Services

RECOMMENDATION

None

