

Report of Audit

on the

Financial Statements

of the

Somerset County Park Commission

for the

Year Ended
December 31, 2016

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, 2016



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

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, 2016 and 2015, 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, 2016, 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, 2016 and 2015, 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, 2016.

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, 2016 and 2015, 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, 2016 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 September 6, 2017 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. 439

September 6, 2017



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

**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, 2016, 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 September 6, 2017. 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. 439

September 6, 2017

CURRENT FUND

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
<u>ASSETS</u>			
Current Fund:			
Cash	A-4	\$ 1,077,327.17	\$ 1,054,929.62
Change Funds	A-5	8,050.00	8,050.00
Petty Cash Funds	A-6	2,400.00	2,400.00
		<u>\$ 1,087,777.17</u>	<u>\$ 1,065,379.62</u>
Receivables and Other Assets with Full Reserves:			
Inventory		\$ 37,495.19	\$ 39,014.17
	A	<u>\$ 37,495.19</u>	<u>\$ 39,014.17</u>
	A	<u>\$ 1,125,272.36</u>	<u>\$ 1,104,393.79</u>
Grant Fund:			
Cash	A-4	\$ 8,057,324.74	\$ 8,519,146.89
	A	<u>\$ 8,057,324.74</u>	<u>\$ 8,519,146.89</u>
	A	<u>\$ 9,182,597.10</u>	<u>\$ 9,623,540.68</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, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Accounts Payable	A-14	\$ 141.00	\$ 12,687.12
Appropriation Reserves	A-3:A-9	194,807.73	100,766.71
Encumbrances Payable	A-10	419,479.51	442,927.92
		<u>\$ 614,428.24</u>	<u>\$ 556,381.75</u>
Reserve for Receivables and Other Assets	A	\$ 37,495.19	\$ 39,014.17
Fund Balance	A-1	473,348.93	508,997.87
	A	<u>\$ 1,125,272.36</u>	<u>\$ 1,104,393.79</u>
Grant Fund:			
Encumbrances Payable	A-11	\$ 2,248,921.02	\$ 2,160,102.60
Reserve for County Grant Appropriated	A-13	5,808,403.72	6,359,044.29
	A	<u>\$ 8,057,324.74</u>	<u>\$ 8,519,146.89</u>
	A	<u>\$ 9,182,597.10</u>	<u>\$ 9,623,540.68</u>

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

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-1:A-2	\$ 502,527.00	\$ 275,024.00
Miscellaneous Revenue Anticipated:			
County of Somerset	A-2	9,466,598.00	9,350,598.00
Other Revenues	A-2	9,007,882.92	9,412,831.70
Miscellaneous Revenues Not Anticipated	A-2	3,121.05	93,787.23
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	33,891.51	43,188.20
Canceled Accounts Payable	A-14	12,662.20	6,470.94
County of Somerset Contribution of Pension Costs	A-1	1,099,570.00	1,020,349.00
<u>Total Income</u>		<u>\$ 20,126,252.68</u>	<u>\$ 20,202,249.07</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations	A-3	\$ 18,559,804.62	\$ 18,672,902.41
Employers' Share of Pension Costs	A-1	1,099,570.00	1,020,349.00
<u>Total Expenditures</u>		<u>\$ 19,659,374.62</u>	<u>\$ 19,693,251.41</u>
Excess in Revenue		\$ 466,878.06	\$ 508,997.66
<u>Fund Balance</u>			
Balance, January 1	A	508,997.87	275,024.21
		<u>\$ 975,875.93</u>	<u>\$ 784,021.87</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	502,527.00	275,024.00
Balance, December 31	A	<u>\$ 473,348.93</u>	<u>\$ 508,997.87</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, 2016

	REF.	ANTICIPATED BUDGET	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A-1	\$ 502,527.00	\$ 502,527.00	\$
Miscellaneous Revenues:				
County	A-1:A-7	\$ 9,466,598.00	\$ 9,466,598.00	\$
Other Revenues:				
Green Knoll Golf Course/ Pitch and Putt	A-2	\$ 1,262,000.00	\$ 1,181,852.70	\$ (80,147.30)
Neshanic Valley Golf Course	A-2	2,393,800.00	2,377,675.49	(16,124.51)
Quail Brook Golf Course	A-2	1,037,300.00	1,006,069.13	(31,230.87)
Spooky Brook Golf Course	A-2	1,128,700.00	1,098,581.94	(30,118.06)
Warrenbrook Golf Course	A-2	783,600.00	615,138.66	(168,461.34)
Neshanic Valley Performance/ Learning Center	A-2	905,000.00	703,499.21	(201,500.79)
		\$ 7,510,400.00	\$ 6,982,817.13	\$ (527,582.87)
Colonial Park Paddleboats/ Putting Course	A-2	54,800.00	37,729.00	(17,071.00)
Colonial Park / Green Knoll Tennis Center	A-2	63,300.00	58,702.26	(4,597.74)
Environmental Science	A-2	208,000.00	191,848.32	(16,151.68)
Lord Stirling Stables	A-2	740,227.00	775,689.16	35,462.16
Warrenbrook Pool	A-2	164,200.00	160,706.21	(3,493.79)
Therapeutic Recreation	A-2	101,200.00	97,293.77	(3,906.23)
Concessions	A-7	58,100.00	53,918.55	(4,181.45)
Licenses, Leases and Rents	A-7	295,668.00	273,503.48	(22,164.52)
Interest Earned	A-7	36,290.00	40,182.11	3,892.11
Medical Reimbursements	A-7	22,800.00	36,238.08	13,438.08
Miscellaneous	A-2	97,000.00	71,212.65	(25,787.35)
Reservations	A-2	246,335.00	228,042.20	(18,292.80)
<u>Other Revenues</u>	A-1	\$ 9,598,320.00	\$ 9,007,882.92	\$ (590,437.08)
<u>Budget Totals</u>		\$ 19,567,445.00	\$ 18,977,007.92	\$ (590,437.08)
Non-Budget Revenue	A-1:A-4		3,121.05	3,121.05
	A-3	\$ 19,567,445.00	\$ 18,980,128.97	\$ (587,316.03)

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, 2016

	<u>REF.</u>		
Green Knoll Golf Course/ Pitch & Putt	A-7		\$ 1,237,489.15
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 39,083.76	
Sales Tax	A-8	<u>16,552.69</u>	
			<u>55,636.45</u>
	A-2		<u>\$ 1,181,852.70</u>
 Neshanic Valley Golf Course	 A-7		 \$ 2,584,702.48
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 200,984.79	
Sales Tax	A-8	<u>6,042.20</u>	
			<u>207,026.99</u>
	A-2		<u>\$ 2,377,675.49</u>
 Quail Brook Golf Course	 A-7		 \$ 1,108,246.90
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 84,006.68	
Sales Tax	A-8	<u>18,171.09</u>	
			<u>102,177.77</u>
	A-2		<u>\$ 1,006,069.13</u>
 Spooky Brook Golf Course	 A-7		 \$ 1,199,273.23
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 84,302.66	
Sales Tax	A-8	<u>16,388.63</u>	
			<u>100,691.29</u>
	A-2		<u>\$ 1,098,581.94</u>
 Warrenbrook Golf Course	 A-7		 \$ 650,448.02
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 23,558.40	
Sales Tax	A-8	<u>11,750.96</u>	
			<u>35,309.36</u>
	A-2		<u>\$ 615,138.66</u>
 Neshanic Valley Performance/ Learning Center	 A-7		 \$ 1,110,907.88
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 388,578.09	
Sales Tax	A-8	<u>18,830.58</u>	
			<u>407,408.67</u>
	A-2		<u>\$ 703,499.21</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, 2016

	<u>REF.</u>		
Colonial Park Paddleboats/Putting Course	A-7	\$	38,406.83
Less:			
Sales Tax	A-8		<u>677.83</u>
	A-2	\$	<u><u>37,729.00</u></u>
Colonial Park / Green Knoll Tennis Center	A-7	\$	58,850.10
Less:			
Refunds	A-4	\$	147.00
Sales Tax	A-8		<u>0.84</u>
			<u>147.84</u>
	A-2	\$	<u><u>58,702.26</u></u>
Environmental Science Center	A-7	\$	196,274.55
Less:			
Refunds	A-4	\$	3,981.00
Sales Tax	A-8		<u>445.23</u>
			<u>4,426.23</u>
	A-2	\$	<u><u>191,848.32</u></u>
Lord Stirling Stable	A-7	\$	784,699.31
Less:			
Refunds	A-4	\$	1,502.68
Sales Tax	A-8		<u>7,507.47</u>
			<u>9,010.15</u>
	A-2	\$	<u><u>775,689.16</u></u>
Warrenbrook Pool	A-7	\$	160,836.21
Less:			
Refunds	A-4		<u>130.00</u>
	A-2	\$	<u><u>160,706.21</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, 2016

	<u>REF.</u>		
Therapeutic Recreation	A-7	\$	97,668.77
Less:			
Refunds	A-4		375.00
	A-2	\$	97,293.77
Miscellaneous	A-7	\$	73,137.36
Less:			
Re-Sales, Incentives and Professionals	A-4		1,924.71
	A-2	\$	71,212.65
Reservations	A-7	\$	280,723.00
Less:			
Refunds		\$	25,410.00
Credit Card Fees			970.96
Re-Sales, Incentives and Professionals			26,299.84
	A-4		52,680.80
	A-2	\$	228,042.20

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, 2016

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Administrative and Executive:					
Salaries and Wages	\$ 376,217.00	\$ 436,217.00	\$ 431,888.51	\$ 328.49	\$ 4,000.00
Other Expenses	5,343,676.00	5,259,808.60	4,752,329.36	194,479.24	313,000.00
Information Management:					
Salaries and Wages	296,757.00	296,757.00	280,541.90		16,215.10
Other Expenses	298,232.00	298,232.00	209,763.08		88,468.92
Human Resources:					
Salaries and Wages	170,814.00	170,814.00	153,702.44		17,111.56
Other Expenses	59,800.00	59,800.00	42,095.27		17,704.73
Park Rangers:					
Salaries and Wages	731,062.00	731,062.00	713,840.47		17,221.53
Other Expenses	62,190.00	62,190.00	61,356.43		833.57
Golf Operations Office:					
Other Expenses	39,560.00	39,560.00	32,870.93		6,689.07
Golf Operations Green Knoll:					
Salaries and Wages	167,554.00	167,554.00	157,005.00		10,549.00
Other Expenses	97,616.00	97,616.00	97,010.58		605.42
Golf Operations Spooky Brook:					
Salaries and Wages	176,063.00	168,063.00	159,982.97		8,080.03
Other Expenses	111,039.00	111,039.00	95,475.66		15,563.34
Golf Operations Warrenbrook:					
Salaries and Wages	128,062.00	136,062.00	117,428.48		18,633.52
Other Expenses	104,716.00	104,716.00	104,670.54		45.46
Golf Operations Quail Brook:					
Salaries and Wages	166,401.00	177,901.00	173,238.41		4,662.59
Other Expenses	92,616.00	92,616.00	84,047.64		8,568.36
Golf Operations Neshanic Valley:					
Salaries and Wages	259,322.00	288,322.00	275,969.39		12,352.61
Other Expenses	154,248.00	154,248.00	154,248.00		
Golf Operations Neshanic Valley Learning Center:					
Salaries and Wages	193,092.00	207,092.00	193,387.07		13,704.93
Other Expenses	71,586.00	57,586.00	20,593.69		36,992.31
Golf Maintenance Office:					
Salaries and Wages	248,679.00	237,179.00	233,086.27		4,092.73
Other Expenses	365,650.00	365,650.00	362,503.17		3,146.83
Golf Maintenance Green Knoll:					
Salaries and Wages	333,194.00	304,194.00	288,275.91		15,918.09
Other Expenses	157,485.00	157,485.00	146,520.52		10,964.48
Golf Maintenance Spooky Brook:					
Salaries and Wages	309,635.00	309,635.00	280,996.32		28,638.68
Other Expenses	133,985.00	133,985.00	127,836.98		6,148.02
Golf Maintenance WarrenBrook:					
Salaries and Wages	245,413.00	245,413.00	228,347.85		17,065.15
Other Expenses	116,585.00	116,585.00	106,400.10		10,184.90
Golf Maintenance Quail Brook:					
Salaries and Wages	312,253.00	312,253.00	304,449.37		7,803.63
Other Expenses	143,565.00	143,565.00	136,793.08		6,771.92
Golf Maintenance Special Projects:					
Salaries and Wages	125,613.00	125,613.00	121,214.93		4,398.07
Other Expenses	1,325.00	1,325.00	870.21		454.79
Golf Maintenance Neshanic Valley:					
Salaries and Wages	748,976.00	745,976.00	718,823.51		27,152.49
Other Expenses	379,480.00	379,480.00	376,995.11		2,484.89
Golf Management Office:					
Salaries and Wages	450,126.00	453,126.00	452,642.00		484.00

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, 2016

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Park Maintenance Duke Island Park:					
Salaries and Wages	\$ 175,409.00	\$ 164,309.00	\$ 148,495.60	\$	\$ 15,813.40
Other Expenses	43,565.00	43,565.00	43,565.00		
Park Maintenance Colonial Park:					
Salaries and Wages	233,928.00	233,928.00	230,067.52		3,860.48
Other Expenses	106,413.00	106,413.00	106,413.00		
Park Maintenance North Branch Park:					
Salaries and Wages	128,398.00	171,398.00	167,831.36		3,566.64
Other Expenses	157,913.00	157,913.00	157,913.00		
Park Maintenance Sellers Park:					
Salaries and Wages	173,044.00	173,044.00	168,696.00		4,348.00
Other Expenses	130,613.00	130,613.00	130,613.00		
Park Maintenance Torpey Park:					
Salaries and Wages	137,265.00	138,365.00	133,408.16		4,956.84
Other Expenses	93,890.00	93,890.00	93,890.00		
Park Maintenance Natirar Park:					
Salaries and Wages	119,305.00	119,305.00	102,116.66		17,188.34
Other Expenses	50,013.00	50,013.00	50,013.00		
Horticulture:					
Salaries and Wages	394,280.00	369,280.00	359,211.20		10,068.80
Other Expenses	58,750.00	58,750.00	56,818.61		1,931.39
Special Projects - Park Maintenance:					
Salaries and Wages	210,613.00	210,613.00	209,505.89		1,107.11
Other Expenses	40,325.00	40,325.00	35,827.66		4,497.34
Maintenance:					
Salaries and Wages	162,690.00	163,808.00	163,808.00		
Other Expenses	8,350.00	7,850.00	7,568.00		282.00
Park Maintenance-Roving Crew:					
Salaries and Wages	124,378.00	112,378.00	91,812.47		20,565.53
Other Expenses	9,300.00	9,300.00	9,300.00		
Park Maintenance- MountainView:					
Salaries and Wages	45,500.00	37,500.00	36,322.52		1,177.48
Other Expenses	70,500.00	70,500.00	54,214.34		16,285.66
Park Maintenance-Skillman Park:					
Salaries and Wages	133,800.00	145,800.00	144,784.00		1,016.00
Other Expenses	20,390.00	20,390.00	20,390.00		
Buck Garden:					
Salaries and Wages	342,940.00	342,940.00	340,095.54		2,844.46
Other Expenses	97,180.00	97,180.00	97,084.58		95.42
Environmental Education Center:					
Salaries and Wages	547,673.00	547,673.00	527,823.39		19,849.61
Other Expenses	108,665.00	108,665.00	98,240.07		10,424.93
Stable:					
Salaries and Wages	720,779.00	720,785.12	720,785.12		
Other Expenses	488,845.00	488,845.00	440,917.42		47,927.58
Warrenbrook Pool:					
Salaries and Wages	68,000.00	72,500.00	71,472.48		1,027.52
Other Expenses	31,850.00	31,850.00	31,205.26		644.74
Green Knoll Tennis:					
Salaries and Wages	62,400.00	73,400.00	58,935.38		14,464.62
Other Expenses	19,785.00	19,785.00	19,785.00		
Putting Course/Paddle Boats:					
Salaries and Wages	35,500.00	43,000.00	42,759.04		240.96
Other Expenses	12,650.00	12,650.00	9,517.45		3,132.55
Therapeutic Recreation:					
Salaries and Wages	252,488.00	245,488.00	230,248.28		15,239.72
Other Expenses	9,990.00	9,990.00	7,437.18		2,552.82
Therapeutic Camp:					
Other Expenses	7,150.00	7,150.00	4,367.05		2,782.95

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, 2016

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Recreation Administration:					
Salaries and Wages	\$ 77,081.00	\$ 82,324.28	\$ 82,324.28	\$	\$
Other Expenses	31,100.00	31,100.00	31,082.77		17.23
Recreation Maintenance:					
Salaries and Wages	379,314.00	379,314.00	365,799.26		13,514.74
Ross & East County Reserve:					
Other Expenses	36,300.00	36,300.00	30,068.11		6,231.89
Leisure Services:					
Salaries and Wages	219,236.00	221,236.00	220,062.00		1,174.00
Other Expenses	17,300.00	17,300.00	15,201.09		2,098.91
TOTAL GENERAL APPROPRIATIONS	\$ 19,567,445.00	\$ 19,567,445.00	\$ 18,364,996.89	\$ 194,807.73	\$ 1,007,640.38
	REF.	A-2	A-1	A:A-1	
Encumbrances Payable	A-10		\$ 419,479.51		
Disbursements	A-4		17,945,517.38		
			<u>\$ 18,364,996.89</u>		

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

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TRUST FUND

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SOMERSET COUNTY PARK COMMISSION

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
<u>ASSETS</u>			
Cash	B-1	\$ <u>676,347.84</u>	\$ <u>590,042.22</u>
		\$ <u>676,347.84</u>	\$ <u>590,042.22</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Encumbrances Payable	B-2	\$ 24,561.63	\$ 21,947.29
Reserves for Dedicated Park Deposits	B-3	<u>651,786.21</u>	<u>568,094.87</u>
		\$ <u>676,347.84</u>	\$ <u>590,042.16</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, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
<u>ASSETS</u>			
Current Fund:			
Cash	C-2:C-3	\$ <u>3,685,107.54</u>	\$ <u>2,787,995.28</u>
		\$ <u>3,685,107.54</u>	\$ <u>2,787,995.28</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Encumbrances Payable	C-5	\$ 835,411.24	\$ 509,209.57
Improvement Authorizations:			
Funded	C-6	2,711,749.92	2,140,839.33
Fund Balance	C-1	<u>137,946.38</u>	<u>137,946.38</u>
		\$ <u>3,685,107.54</u>	\$ <u>2,787,995.28</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, 2016

	<u>REF.</u>	
Balance, December 31, 2015 and December 31, 2016	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, 2016</u>	BALANCE DECEMBER <u>31, 2015</u>
<u>FIXED ASSETS:</u>		
Buildings and Building Improvements	\$ 36,099,547.00	\$ 38,831,027.00
Machinery, Equipment and Vehicles	<u>13,558,747.00</u>	<u>12,978,717.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 49,658,294.00</u>	<u>\$ 51,809,744.00</u>
 <u>RESERVE</u>		
Investment in Fixed Assets	<u>\$ 49,658,294.00</u>	<u>\$ 51,809,744.00</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, 2016 AND 2015

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, 2016:

	Change Fund/Petty Cash	Cash in Bank	Deletions	Reconciled Balance
Current Fund	\$10,450.00	\$1,360,391.16	\$283,063.99	\$1,077,327.17
Grant Fund		8,057,324.74		8,057,324.74
Trust Other Fund		676,347.84		676,347.84
General Capital Fund		3,685,107.54		3,685,107.54
	<u>\$10,450.00</u>	<u>\$13,779,171.28</u>	<u>\$283,063.99</u>	<u>\$13,496,107.29</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, 2016, 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 \$13,529,171.28 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 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.

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, 2016 which was appropriated and included as anticipated revenue in the Commission budget for the year ending December 31, 2017 was as follows:

Current Fund	\$ <u>473,349.00</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/annrprts.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 \$1,099,570.00 for 2016, \$1,020,349.00 for 2015 and \$888,214.00 for 2014. The Park Commission's share for DCRP, paid by the County of Somerset, amounted to \$3,021.61 for 2016, \$6,866.70 for 2015 and \$2,780.49 for 2014.

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, 2016, the State reported a net pension liability of \$36,494,200.00 for the Somerset County Park Commission's proportionate share of the total net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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, 2016, the Commission's proportion was 0.1232199013 percent, which was an decrease of 0.0046769608 percent from its proportion measured as of June 30, 2015.

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, 2016, the State recognized an actuarially determined pension expense of \$3,609,608.00 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, 2016 billing was \$1,099,570.00.

At June 30, 2016, 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		\$678,682.00
Changes of assumptions		7,559,649.00
Net difference between projected and actual earnings on pension plan investments		1,391,557.00
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>\$762,187.00</u>	<u>1,044,085.00</u>
	<u>\$762,187.00</u>	<u>\$10,673,085.00</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:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$2,297,450.00
2018	2,297,450.00
2019	2,642,138.00
2020	2,111,138.00
2021	<u>563,047.00</u>
	<u>\$9,911,786.00</u>

NOTE 5: 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, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. These actuarial valuations used the following assumptions:

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Inflation	3.04 Percent	3.08 Percent
Salary Increases (based on age)		
Though 2026	2.15-4.40 Percent	1.65-4.15 Percent
Thereafter	3.15-5.40 Percent	2.65-5.15 Percent
Investment Rate of Return	7.90 Percent	7.65 percent

Pre-retirement 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. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA.

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

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

NOTE 5: 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 (7.65% 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<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 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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, 2016 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, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
Park's proportionate share of the pension liability	\$44,719,383.00	\$36,494,200.00	\$29,703,599.00

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: 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, 2016 that the accumulated cost of such unpaid compensation would approximate \$1,095,664.60 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, 2016.

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 2016 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 2016 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2016 the Park Commission does not believe that any material liabilities will result from such audits.

NOTE 10: COUNTY SUPPORT

During 2016, the County of Somerset provided the Park Commission with the following funding:

Operating Fund	\$9,466,598.00
Grant Fund	\$2,000,000.00
Capital Fund	\$2,000,000.00

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 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Results of Valuation

Actuarial Accrued Liability

The Actuarial Accrued Liability (“AAL”) as of December 31, 2016 is \$24,364,399 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2016.

Annual Required Contribution

The Annual Required Contribution (“ARC”) is the measure of annual cost on an accrual basis. It is comprised of the “Normal Cost” which is the portion of future liabilities attributable to the measurement year, plus 30 year amortization of the Unfunded Actuarial Accrued Liability (“UAAL”). As of the measurement date, the plan had no assets to offset any portion of the AAL, so the UAAL and AAL are equal.

The ARC as of December 31, 2016 is \$2,458,498 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2016. The breakdown of the ARC is as follows:

(1) Normal Cost	\$ 962,730
(2) Actuarial Accrued Liability	\$24,364,399
(3) Assets	\$0
(4) UAAL = (2)-(3)	\$24,364,399
(5) 30 Year Amortization of UAAL at Discount Rate	\$ 1,495,768
(6) ARC = (1)+(5)	\$ 2,458,498

Basis of Valuation

This valuation has been conducted as of December 31, 2016 based upon census, plan design and claims information provided by The Fund. Census includes 38 participants currently receiving retiree benefits, and 156 active participants of whom 115 are eligible to retire as of the valuation date. The average age of the active population is 47 and the average age of the retiree population is 70.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2016 report from Conduent. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2015 report from Aon Consultants.

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Key Actuarial Assumptions

<i>Mortality</i>	<i>RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after completing 25 years of service</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>4.50%</i>
<i>Trend</i>	<i>Medical: 6.0% in 2016, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 11.0% in 2016, reducing by 0.5% per annum to 2021 and 1.0% per annum thereafter, leveling at 5% per annum in 2026</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2016 medical premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (47) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of medical costs. At age 65, \$50 per month is added for Medicare Part B reimbursement.
- Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the Commission increased annually by the rate of medical trend. 2016 employer contributions for retiree benefits as reported by the Commission are \$499 thousand.
- “Cadillac Tax” – In prior valuations, the Commission included in the liabilities a recognition of the 40% non deductible excise tax and a 35% tax obligation gross up to account for the “High Cost Plan” provision of the Affordable Care Act. Including this additional liability commencing in 2020 would signify that the Commission (i) intends to pay the excise tax rather than pass it along to the retirees, and/or (ii) does not intend to segregate the retirees into a different, separate plan from the actives. For consistency, this valuation is based on application of the excise tax in the same manner.
- Actuarial valuation method – Projected Unit Credit Funding Method.

NOTE 12: SUBSEQUENT EVENTS

The Park Commission has evaluated subsequent events occurring after the financial statement date through September 6, 2017 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, 2016

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF CASH - TREASURER

REF.		CURRENT FUND	GRANT FUND
A	Balance, December 31, 2015	\$ 1,054,929.62	\$ 8,519,146.89
	Increased by Receipts:		
A-7	Revenue Accounts Receivable	\$ 19,452,104.01	\$
A-2	Miscellaneous Revenue Not Anticipated	3,121.05	
A-13	Grants Appropriated - Refunds		42,720.50
A-12	Grants Receivable		2,000,000.00
		\$ 19,455,225.06	\$ 2,042,720.50
		20,510,154.68	10,561,867.39
	Decreased by Disbursements:		
A-3	2016 Appropriations	\$ 17,945,517.38	\$
A-9	2015 Appropriation Reserves	509,662.12	
A-8	Due to State of New Jersey- Sales and Use Tax	96,367.52	
A-14	Accounts Payable	24.92	
A-13	Grants Appropriated		2,504,542.65
	Miscellaneous Revenue Anticipated -		
A-2	Resales, Credit Card Fees and Refunds -		
A-2	Green Knoll Golf Course/Pitch & Putt	39,083.76	
A-2	Neshanic Valley Golf Course	200,984.79	
A-2	Quail Brook Golf Course	84,006.68	
A-2	Spooky Brook Golf Course	84,302.66	
A-2	Warrenbrook Golf Course	23,558.40	
A-2	Neshanic Valley Performance/Learning Center	388,578.09	
A-2	Colonial Park Green Knoll/ Tennis Center	147.00	
A-2	Environmental Science Center	3,981.00	
A-2	Lord Stirling Stables	1,502.68	
A-2	Warrenbrook Pools	130.00	
A-2	Therapeutic Recreation	375.00	
A-2	Park Reservations	52,680.80	
A-2	Miscellaneous	1,924.71	
		19,432,827.51	2,504,542.65
A	Balance, December 31, 2016	\$ 1,077,327.17	\$ 8,057,324.74

"A-5"

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

BALANCE
DECEMBER 31,
2015 AND 2016

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/>
	\$	<u>8,050.00</u>

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SCHEDULE OF PETTY CASH

BALANCE
DECEMBER 31,
2015 AND 2016

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/>
	\$	<u>2,400.00</u>

REF.

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SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>ACCRUED IN 2016</u>	<u>COLLECTED</u>
County	A-2	\$ 9,466,598.00	\$ 9,466,598.00
Green Knoll Golf Course and Pitch and Putt	A-2	1,237,489.15	1,237,489.15
Neshanic Valley Golf Course	A-2	2,584,702.48	2,584,702.48
Quail Brook Golf Course	A-2	1,108,246.90	1,108,246.90
Spooky Brook Golf Course	A-2	1,199,273.23	1,199,273.23
Warrenbrook Golf Course	A-2	650,448.02	650,448.02
Neshanic Valley Performance/ Learning Center	A-2	1,110,907.88	1,110,907.88
Sub-Total -Golf Courses, Pitch & Putt and Learning Center		\$ 7,891,067.66	\$ 7,891,067.66
Colonial Park Paddleboats/Putting Course	A-2	38,406.83	38,406.83
Colonial Park/ Green Knoll Tennis Center	A-2	58,850.10	58,850.10
Environmental Science Center	A-2	200,274.55	200,274.55
Lord Stirling Stables	A-2	784,699.31	784,699.31
Warrenbrook Pool	A-2	160,836.21	160,836.21
Therapeutic Recreation	A-2	97,668.77	97,668.77
Concessions	A-2	53,918.55	53,918.55
Licenses, Leases and Rents	A-2	273,503.48	273,503.48
Interest Earned	A-2	40,182.11	40,182.11
Medical Reimbursements	A-2	36,238.08	36,238.08
Miscellaneous	A-2	69,137.36	69,137.36
Reservations	A-2	280,723.00	280,723.00
Sub-Total - Other Miscellaneous Revenue		\$ 2,094,438.35	\$ 2,094,438.35
		\$ 19,452,104.01	\$ 19,452,104.01

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	\$	96,367.52
Decreased by:			
Disbursements	A-4	\$	<u>96,367.52</u>

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF 2015 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2015	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES</u>				
Administration	\$ 733.11	\$ 733.11	\$ 63.90	\$ 669.21
 <u>OTHER EXPENSES:</u>				
Administration	\$	\$ 341,731.06	\$ 333,109.46	\$ 8,621.60
Information Management	25,000.00	5,928.22	5,928.22	
Human Resources	20,000.00	5,655.51	5,655.51	
Park Rangers	2,000.00	2,374.73	2,341.77	32.96
Golf Operations: Office	5,000.00	3,899.04	2,744.25	1,154.79
Golf Operations: Green Knoll	5,000.00	609.00	609.00	
Golf Operations: Spooky Brook	5,000.00	402.00	402.00	
Golf Operations: Warrenbrook	5,000.00	408.00	408.00	
Golf Operations: Quail Brook	5,000.00	609.00	609.00	
Golf Operations: Neshanic Valley		176.57		176.57
Golf Operations: Neshanic Valley Learning Center		42,309.98	42,297.97	12.01
Golf Maintenance: Office		2,355.26	1,688.45	666.81
Golf Maintenance: Green Knoll		13,153.77	13,153.77	
Golf Maintenance: Spooky Brook		15,897.30	15,894.30	3.00
Golf Maintenance: Warrenbrook	5,000.00	10,069.31	9,804.31	265.00
Golf Maintenance: Quail Brook		1,313.04	1,313.04	
Golf Maintenance: Neshanic Valley	17,000.00	19,864.62	15,294.65	4,569.97
Park Maintenance: Colonial Park		1,995.81	1,995.81	
Park Maintenance: Sellars Park		1,690.20	1,689.57	0.63
Park Maintenance: Natirar Park		239.15	239.15	
Horticulture		12,155.64	11,358.07	797.57
Special Projects - Park Maintenance	33.60	3,922.35	3,922.35	
Maintenance		1,150.79	1,150.79	
Buck Garden		7,683.50	4,963.95	2,719.55
Environmental Education Center		4,009.99	3,841.00	168.99
Stable	5,000.00	41,377.70	27,344.85	14,032.85
Therapeutic Recreation		494.88	494.88	
Therapeutic Camp		87.77	87.77	
Recreation Administration		806.44	806.44	
Ross & East Country Reserve	1,000.00	512.66	512.66	
Leisure Services		78.23	78.23	
	<u>\$ 100,766.71</u>	<u>\$ 543,694.63</u>	<u>\$ 509,803.12</u>	<u>\$ 33,891.51</u>
<u>REF.</u>	A			A-1
Balance, December 31, 2015	A-9	\$ 100,766.71		
Encumbrances Payable	A-10	<u>442,927.92</u>		
		<u>\$ 543,694.63</u>		
Disbursements	A-4		\$ 509,662.12	
Accounts Payable	A-14		<u>141.00</u>	
			<u>\$ 509,803.12</u>	

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2015	A	\$ 442,927.92
Increased by:		
Appropriation Reserves	A-9	419,479.51
		<u>\$ 862,407.43</u>
Decreased by:		
Transfer to Appropriation Reserves	A-9	<u>442,927.92</u>
Balance, December 31, 2016	A	<u><u>\$ 419,479.51</u></u>

SOMERSET COUNTY PARK COMMISSION

GRANT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2015	A	\$ 2,160,102.60
Increased by:		
Grants Appropriated	A-13	<u>2,248,921.02</u>
		\$ <u>4,409,023.62</u>
Decreased by:		
Transfer to Reserve for Grants Appropriated	A-13	<u>2,160,102.60</u>
Balance, December 31, 2016	A	\$ <u><u>2,248,921.02</u></u>

SOMERSET COUNTY PARK COMMISSION

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Increased by: 2016 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, 2015	A		\$ 6,359,044.29
Increased by:			
2016 County Grant	A-12	\$ 2,000,000.00	
Receipts	A-4	42,720.50	
Transfer from Encumbrances Payable	A-11	<u>2,160,102.60</u>	
			<u>4,202,823.10</u>
			\$ <u>10,561,867.39</u>
Decreased by:			
Disbursements	A-4	\$ 2,504,542.65	
Encumbrances Payable	A-11	<u>2,248,921.02</u>	
			<u>4,753,463.67</u>
Balance, December 31, 2016	A		\$ <u><u>5,808,403.72</u></u>

Analysis of Balance

County of Somerset - Preservation Development			\$ <u><u>5,808,403.72</u></u>
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SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	12,687.12
Increased by:			
Appropriation Reserves	A-9		141.00
		\$	<u>12,828.12</u>
Decreased by:			
Disbursements	A-4	\$	24.92
Canceled	A-1		12,662.20
			<u>12,687.12</u>
Balance, December 31, 2016	A	\$	<u><u>141.00</u></u>

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

SCHEDULE OF TRUST CASH-TREASURER

	<u>REF.</u>	
Balance, December 31, 2015	B	\$ 590,042.16
Increased by Receipts:		
Reserves for Dedicated Park Deposits	B-3	<u>890,721.71</u>
		\$ <u>1,480,763.87</u>
Decreased by Disbursements:		
Reserves for Dedicated Park Deposits	B-3	<u>804,416.03</u>
Balance, December 31, 2016	B	\$ <u><u>676,347.84</u></u>

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2015	B	\$ 21,947.29
Increased by:		
Reserves for Dedicated Park Deposits	B-3	24,561.63
		\$ <u>46,508.92</u>
Decreased by:		
Transfer to Reserves for Dedicated Park Deposits	B-3	<u>21,947.29</u>
Balance, December 31, 2016	B	\$ <u><u>24,561.63</u></u>

SOMERSET COUNTY PARK COMMISSION
TRUST FUND
SCHEDULE OF RESERVES FOR DEDICATED PARK DEPOSITS

	BALANCE DECEMBER 31, 2015	INCREASES	DECREASES	ENCUMBRANCES	BALANCE DECEMBER 31, 2016
Human Resources - Safety Fair	\$ 1,217.07	\$ 1,000.00	\$ 1,116.93	\$	\$ 1,100.14
Flood	1,789.36	22,623.29	11,001.00	8,659.00	4,752.65
Colonial Park - Rose Garden Special	16,532.66	10,466.08	9,293.67	1,019.25	16,685.82
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	15,927.71	8,168.38	5,598.46	162.40	18,335.23
Lord Stirling Manor Brick Buildings	961.94				961.94
Vancamp Farmstead	58,288.70			(8,336.78)	66,625.48
Raritan River Complex	425.78				425.78
North Branch Lighting Improvement	15.96				15.96
Stable Special	15,484.09	19,537.10	20,425.14		14,596.05
Stable Friends of Lord Stirling Stables	2,363.06				2,363.06
Corporate Sponsorship	681.48	3,150.00	1,890.00		1,941.48
Recreation - Concert	7,996.84	2,600.00	7,441.00	241.00	2,914.84
Recreation - Cabin Fever Kids	4,839.50			3,912.30	927.20
Recreation - Yoga	20,410.15	14,528.00	13,811.20		21,126.95
Recreation - Tennis Center Grant	1,620.17				1,620.17
Therapeutic Recreation Activities	12,672.17	30,802.55	29,627.82	983.07	12,863.83
Therapeutic Recreation Grant	2,754.20	1,000.00	1,886.27	312.79	1,555.14
Therapeutic Recreation Overnight	2,719.44	7,975.37	8,446.14		2,248.67
Therapeutic Recreation Camp Okeesunokee	695.08	5,580.00	5,318.00		957.08
Environmental Education Center - Day Trips	1,833.53	7,977.90	6,919.35	334.20	2,557.88
Environmental Education Center - Overnight Trips	3,496.04	7,470.42	9,635.41	(1,035.00)	2,366.05
Environmental Education Center - Extreme Adventur		8,796.55	7,243.63		1,552.92
Environmental Education Center - Grant	30.95	1,439.00	1,439.00	(30.00)	60.95
Warren Township Reserve	150.78				150.78
Environmental Education Center - Donations	13,536.61	4,843.13	8,180.74	1,785.76	8,413.24
Buck Garden - North American Rock Garden Society	10,168.51	4,752.16	6,682.22	610.95	7,627.50
Howe Farm	322,460.03			(7,052.87)	329,512.90
Golf Shop	22,434.66	727,071.78	648,457.54	1,048.27	100,000.63
Support River Friendly Golf	796.92				796.92
Mary Marker	8,000.00				8,000.00
Women's Amateur Public Links	13,337.42				13,337.42
Sugarland Smack Down		940.00	2.51		937.49
	<u>\$ 568,094.87</u>	<u>\$ 890,721.71</u>	<u>\$ 804,416.03</u>	<u>\$ 2,614.34</u>	<u>\$ 651,786.21</u>
REF	B	B-1	B-1		B
Encumbrances	B-2			\$ 24,561.63	
Less: Prior Year Encumbrances	B-2			<u>(21,947.29)</u>	
				<u>\$ 2,614.34</u>	

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH-TREASURER

	<u>REF.</u>	
Balance, December 31, 2015	C	\$ 2,787,995.28
Increased by Receipts:		
Due From County of Somerset		
- Improvement Authorization	C-4	<u>2,000,000.00</u>
		\$ <u>4,787,995.28</u>
Decreased by Disbursements:		
Encumbrances Payable	C-5	<u>1,102,887.74</u>
Balance, December 31, 2016	C	\$ <u><u>3,685,107.54</u></u>

"C-3"

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

		BALANCE DECEMBER <u>31, 2016</u>
Fund Balance	\$	137,946.38
Encumbrances Payable		835,411.24
Funded Improvements as Set Forth on "C-6"		<u>2,711,749.92</u>
	\$	<u><u>3,685,107.54</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	\$	2,000,000.00
Decreased by:			
Improvement Authorization	C-6	\$	<u>2,000,000.00</u>

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2015	C		\$ 509,209.57
Increased by:			
Improvement Authorizations	C-6		<u>1,432,479.37</u>
			\$ <u>1,941,688.94</u>
Decreased by:			
Disbursements	C-2	\$ 1,102,887.74	
Encumbrances Canceled	C-6	<u>3,389.96</u>	
			<u>1,106,277.70</u>
Balance, December 31, 2016	C		\$ <u><u>835,411.24</u></u>

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>IMPROVEMENT DESCRIPTION</u>	<u>APPROPRIATION</u>	<u>DECEMBER 31, 2015 FUNDED</u>	<u>2016 AUTHORIZATIONS</u>	<u>PAID OR CHARGED</u>	<u>CANCELLED ENCUMBRANCES</u>	<u>DECEMBER 31, 2016 FUNDED</u>
2014 Park Capital Projects	\$ 2,054,000.00	\$ 731,079.06	\$	\$ 105,096.27	(1,564.00)	\$ 624,418.79
2014 Park Capital Projects - reallocated	800,492.42	415,963.54		414,621.54	(1,342.00)	
2015 Park Capital Projects	1,300,000.00	993,795.82		559,621.71	6,247.39	440,421.50
2015 Park Capital Projects - reallocated	435,512.94	0.91			48.57	49.48
2016 Park Capital Projects	2,000,000.00		2,000,000.00	353,139.85		1,646,860.15
		<u>\$ 2,140,839.33</u>	<u>\$ 2,000,000.00</u>	<u>\$ 1,432,479.37</u>	<u>\$ 3,389.96</u>	<u>\$ 2,711,749.92</u>

REF.

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, 2016

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>
2016	\$13,466,598.00	\$9,466,598.00	\$2,000,000.00	\$2,000,000.00
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

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as of December 31, 2016:

<u>NAME</u>	<u>TITLE</u>
<u>MEMBERS OF THE BOARD</u>	
Donald DiFrancesco	President
William Crosby	Vice President
Helen Haines	Commissioner
D.J. Hunsinger	Commissioner
Jim Leonard	Commissioner
Doug Ludwig	Commissioner
Kevin McCallen	Commissioner
Dorothy Paluck	Commissioner
Scott Ross	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>	
Mark Caliguire	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

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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
- Purchase of four John Deere Compact Utility Tractors
- Purchase of two Toro Workman Utility Vehicles
- Purchase of a Toro 7210 Groundmaster
- Purchase of Kentucky Bluegrass, Sheeps Fine Fescue and Sod
- Irrigation Repair Parts
- Electrical and Plumbing Services
- Painting and Staining
- Fabricated and Prefabricated Structures: Portable Sanitation
- Maintenance and Repair of HVAC Systems and Boiler
- Purchase of a Warmblood Horse Trailer
- Purchase of a Generator for Colonial Park
- Uniforms
- Four Case Systems Solar Wireless Emergency Phones
- Feed and Supplements
- Fall 2016 Tree Planting

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
Public Relations Consultant
Entertainment Consultant for Summer Concerts

RECOMMENDATION

None

