

Report of Audit

on the

Financial Statements

of the

*Somerset County Park
Commission*

for the

*Year Ended
December 31, 2021*

SOMERSET COUNTY PARK COMMISSION

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COUNTY OF SOMERSET

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SOMERSET COUNTY PARK COMMISSION

PART I

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
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FINANCIAL STATEMENTS – REGULATORY BASIS – ALL FUNDS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2021



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Adverse and unmodified Opinions

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, 2021 and 2020, 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, 2021, 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" 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 Park Commission as of December 31, 2021 and 2020, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2021.

Unmodified 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, 2021 and 2020, 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, 2021 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Park Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Park Commission on the basis of the financial reporting provisions prescribed by the Division, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Park Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the regulatory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Park Commission's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Park Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Park Commission's regulatory financial statements. The supplementary information, and data listed in the table of contents as required by the Division are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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, as required by the Division are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2022 on our consideration of the 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 solely 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 the effectiveness of the Park Commission's 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 Park Commission's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 14, 2022



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Somerset County Park Commission, as of and for the year ended December 31, 2021, 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 June 14, 2022. 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

June 14, 2022

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CURRENT FUND

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2021</u>	<u>BALANCE DECEMBER 31, 2020</u>
<u>ASSETS</u>			
Current Fund:			
Cash	A-4	\$ 5,991,502.64	\$ 3,518,064.25
Change Funds	A-5	8,350.00	8,000.00
		<u>\$ 5,999,852.64</u>	<u>\$ 3,526,064.25</u>
Receivables and Other Assets with Full Reserves:			
Inventory		\$ 41,007.63	\$ 68,568.96
	A	<u>\$ 41,007.63</u>	<u>\$ 68,568.96</u>
	A	<u>\$ 6,040,860.27</u>	<u>\$ 3,594,633.21</u>
Grant Fund:			
Cash	A-4	\$ 4,518,062.59	\$ 22,199.55
Grant Receivable - County		<u>4,000,000.00</u>	<u>8,000,000.00</u>
	A	<u>\$ 8,518,062.59</u>	<u>\$ 8,022,199.55</u>
	A	<u>\$ 14,558,922.86</u>	<u>\$ 11,616,832.76</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, 2021</u>	<u>BALANCE DECEMBER 31, 2020</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Accounts Payable	A-14	\$ 7,716.44	\$ 11,474.42
Appropriation Reserves	A-3:A-9	1,791,854.98	940,524.87
Encumbrances Payable	A-10	394,012.80	708,743.39
		<u>\$ 2,193,584.22</u>	<u>\$ 1,660,742.68</u>
Reserve for Receivables and Other Assets	A	\$ 41,007.63	\$ 68,568.96
Fund Balance	A-1	3,806,268.42	1,865,321.57
	A	<u>\$ 6,040,860.27</u>	<u>\$ 3,594,633.21</u>
Grant Fund:			
Encumbrances Payable	A-11	\$ 1,083,541.42	\$ 2,991,563.16
Reserve for County Grant Appropriated	A-13	7,434,521.17	5,030,636.39
	A	<u>\$ 8,518,062.59</u>	<u>\$ 8,022,199.55</u>
	A	<u>\$ 14,558,922.86</u>	<u>\$ 11,616,832.76</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 2021</u>	<u>YEAR 2020</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-1:A-2	\$ 903,397.00	\$ 58,801.00
Miscellaneous Revenue Anticipated:			
County of Somerset	A-2	11,442,150.00	11,412,150.00
Other Revenues	A-2	9,709,201.92	8,223,453.58
Miscellaneous Revenues Not Anticipated	A-2	26,222.10	3,730.62
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	1,017,049.83	405,822.09
County of Somerset Contribution of Pension Costs	A-1	1,340,018.48	1,287,662.50
<u>Total Income</u>		<u>\$ 24,438,039.33</u>	<u>\$ 21,391,619.79</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations	A-3	\$ 20,253,677.00	\$ 18,650,145.00
Employers' Share of Pension Costs	A-1	1,340,018.48	1,287,662.50
<u>Total Expenditures</u>		<u>\$ 21,593,695.48</u>	<u>\$ 19,937,807.50</u>
Excess in Revenue		\$ 2,844,343.85	\$ 1,453,812.29
<u>Fund Balance</u>			
Balance, January 1	A	1,865,321.57	470,310.28
		<u>\$ 4,709,665.42</u>	<u>\$ 1,924,122.57</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	903,397.00	58,801.00
Balance, December 31	A	<u>\$ 3,806,268.42</u>	<u>\$ 1,865,321.57</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, 2021

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 903,397.00	\$ 903,397.00	\$
Miscellaneous Revenues: County	A-1:A-7	\$ 11,442,150.00	\$ 11,442,150.00	\$
Other Revenues:				
Green Knoll Golf Course/Pitch and Putt	A-2	\$ 1,054,000.00	\$ 1,096,710.25	\$ 42,710.25
Neshanic Valley Golf Course	A-2	2,403,000.00	2,779,138.13	376,138.13
Quail Brook Golf Course	A-2	933,780.00	1,314,633.67	380,853.67
Spooky Brook Golf Course	A-2	1,134,000.00	1,337,677.01	203,677.01
Warrenbrook Golf Course	A-2	579,200.00	862,300.29	283,100.29
Neshanic Valley Performance/Learning Center	A-2	617,000.00	804,280.08	187,280.08
		\$ 6,720,980.00	\$ 8,194,739.43	\$ 1,473,759.43
Environmental Education Center	A-2	50,000.00	82,093.91	32,093.91
Lord Stirling Stables	A-2	265,000.00	249,216.40	(15,783.60)
Warrenbrook Pool	A-2	141,000.00	177,868.66	36,868.66
Tennis Center	A-2	58,000.00	87,519.22	29,519.22
Colonial Park Paddleboats/ Putting Course	A-2	70,000.00	96,252.73	26,252.73
Therapeutic Recreation	A-7	55,000.00	66,523.33	11,523.33
Licenses, Leases and Rents	A-7	87,000.00	250,894.10	163,894.10
Concessions	A-7	29,700.00	30,000.00	300.00
Interest Earned	A-7	22,800.00	8,322.60	(14,477.40)
Medical Reimbursements	A-7	2,300.00	2,234.06	(65.94)
Miscellaneous	A-2	81,350.00	59,917.14	(21,432.86)
Reservations	A-7	225,000.00	403,620.34	178,620.34
<u>Other Revenues</u>	A-1	\$ 7,808,130.00	\$ 9,709,201.92	\$ 1,901,071.92
<u>Budget Totals</u>		\$ 20,153,677.00	\$ 22,054,748.92	\$ 1,901,071.92
Non-Budget Revenue	A-1:A-2		26,222.10	26,222.10
	A-3	\$ 20,153,677.00	\$ 22,080,971.02	\$ 1,927,294.02

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, 2021

	<u>REF.</u>	
Green Knoll Golf Course/Pitch and Putt	A-7	\$ 1,126,019.01
Less:		
Re-Sales, Incentives and Professionals	A-4	<u>29,308.76</u>
	A-2	<u>\$ 1,096,710.25</u>
 Neshanic Valley Golf Course	 A-7	 \$ 2,937,193.07
Less:		
Re-Sales, Incentives and Professionals	A-4	<u>158,054.94</u>
	A-2	<u>\$ 2,779,138.13</u>
 Quail Brook Golf Course	 A-7	 \$ 1,430,387.46
Less:		
Re-Sales, Incentives and Professionals	A-4	<u>115,753.79</u>
	A-2	<u>\$ 1,314,633.67</u>
 Spooky Brook Golf Course	 A-7	 \$ 1,446,621.40
Less:		
Re-Sales, Incentives and Professionals	A-4	<u>108,944.39</u>
	A-2	<u>\$ 1,337,677.01</u>
 Warrenbrook Golf Course	 A-7	 \$ 892,686.32
Less:		
Re-Sales, Incentives and Professionals	A-4	<u>30,386.03</u>
	A-2	<u>\$ 862,300.29</u>
 Neshanic Valley Performance/Learning Center	 A-7	 \$ 1,274,757.61
Less:		
Re-Sales, Incentives and Professionals	A-4	<u>470,477.53</u>
	A-2	<u>\$ 804,280.08</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, 2021

	<u>REF.</u>	
Tennis Center	A-7	\$ 89,119.22
Less:		
Refunds	A-4	<u>1,600.00</u>
	A-2	<u>\$ 87,519.22</u>
 Environmental Education Center	 A-7	 \$ 82,523.91
Less:		
Refunds	A-4	<u>430.00</u>
	A-2	<u>\$ 82,093.91</u>
 Lord Stirling Stable	 A-7	 \$ 250,118.93
Less:		
Refunds	A-4	<u>902.53</u>
	A-2	<u>\$ 249,216.40</u>
 Warrenbrook Pool	 A-7	 \$ 178,083.66
Less:		
Refunds	A-4	<u>215.00</u>
	A-2	<u>\$ 177,868.66</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, 2021

	<u>REF.</u>	
Miscellaneous	A-7	\$ 60,401.80
Less:		
Refunds	A-4	<u>484.66</u>
	A-2	<u>\$ 59,917.14</u>
 <u>UNANTICIPATED REVENUE</u>		
Somerset County Auction		\$ 22,309.17
Recycling		192.00
Miscellaneous		<u>3,720.93</u>
	A-2	<u>\$ 26,222.10</u>

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

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2021

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
Administrative and Executive:				
Salaries and Wages	\$ 400,582.00	\$ 405,582.00	\$ 399,568.08	\$ 6,013.92
Other Expenses	204,500.00	204,500.00	114,088.51	90,411.49
Information Management:				
Salaries and Wages	178,894.00	164,894.00	156,598.73	8,295.27
Other Expenses	432,986.00	437,986.00	429,149.15	8,836.85
Human Resources:				
Salaries and Wages	184,287.00	205,287.00	195,683.01	9,603.99
Other Expenses	9,967.00	9,967.00	4,545.77	5,421.23
Park Rangers:				
Salaries and Wages	770,443.00	770,443.00	736,875.96	33,567.04
Other Expenses	56,140.00	56,140.00	31,676.26	24,463.74
Golf Operations Office:				
Salaries and Wages	1,358,228.00	1,358,228.00	1,316,477.57	41,750.43
Other Expenses	397,600.00	397,600.00	361,766.15	35,833.85
Golf Maintenance Office:				
Salaries and Wages	2,268,777.00	2,268,777.00	2,244,216.02	24,560.98
Other Expenses	894,100.00	894,100.00	893,318.13	781.87
Park Operations				
Other Expenses	1,097,130.00	1,097,130.00	992,150.47	104,979.53
Fleet And Property Management				
Salaries and Wages	498,161.00	498,161.00	436,989.69	61,171.31
Other Expenses	157,800.00	157,800.00	148,337.88	9,462.12
Horticulture:				
Salaries and Wages	423,301.00	466,301.00	465,483.34	817.66
Other Expenses	36,150.00	36,150.00	32,687.88	3,462.12
Special Projects				
Salaries and Wages	238,921.00	238,921.00	234,171.12	4,749.88
Other Expenses	329,050.00	329,050.00	149,688.55	179,361.45
Park Maintenance:				
Salaries and Wages	1,342,350.00	1,292,350.00	1,189,610.56	102,739.44
Other Expenses	309,620.00	309,620.00	303,234.88	6,385.12
Buck Garden:				
Salaries and Wages	370,872.00	335,872.00	283,817.53	52,054.47
Other Expenses	107,685.00	137,685.00	127,751.17	9,933.83
Environmental Education Center:				
Salaries and Wages	555,176.00	555,176.00	517,296.20	37,879.80
Other Expenses	55,110.00	55,110.00	39,435.82	15,674.18
Stable:				
Salaries and Wages	500,707.00	475,707.00	396,229.16	79,477.84
Other Expenses	281,773.00	281,773.00	95,102.91	186,670.09
Therapeutic Recreation:				
Salaries and Wages	249,493.00	249,493.00	210,668.51	38,824.49
Other Expenses	15,690.00	15,690.00	10,621.85	5,068.15

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, 2021

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
Recreation Administration:				
Salaries and Wages	\$ 364,621.00	\$ 364,621.00	\$ 300,885.12	\$ 63,735.88
Other Expenses	133,565.00	133,565.00	104,090.08	29,474.92
Leisure Services:				
Salaries and Wages	517,867.00	517,867.00	460,597.31	57,269.69
Other Expenses	6,100.00	6,100.00	514.00	5,586.00
Health Insurance	3,550,112.00	3,550,112.00	3,359,161.16	190,950.84
Other Insurance	1,655,919.00	1,675,919.00	1,639,333.49	36,585.51
Salary Adjustments	100,000.00	100,000.00		100,000.00
Accumulated leave Reserve	200,000.00	200,000.00	80,000.00	120,000.00
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 20,253,677.00</u>	<u>\$ 20,253,677.00</u>	<u>\$ 18,461,822.02</u>	<u>\$ 1,791,854.98</u>

REF.

A-2

A-1

A:A-1

Encumbrances Payable	A-10	\$ 394,012.80
Disbursements	A-4	18,739,813.89
		<u>\$ 19,133,826.69</u>
Less: Refunds	A-4	672,004.67
		<u>\$ 18,461,822.02</u>

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

TRUST FUND

"B"

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2021</u>	<u>BALANCE DECEMBER 31, 2020</u>
<u>ASSETS</u>			
Cash	B-1	\$ <u>1,492,686.31</u>	\$ <u>996,080.00</u>
		\$ <u><u>1,492,686.31</u></u>	\$ <u><u>996,080.00</u></u>
<u>LIABILITIES AND FUND BALANCE</u>			
Encumbrances Payable	B-2	\$ 222,710.62	\$ 293,768.35
Reserves for Dedicated Park Deposits	B-3	<u>1,269,975.69</u>	<u>702,311.65</u>
		\$ <u><u>1,492,686.31</u></u>	\$ <u><u>996,080.00</u></u>

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

GENERAL CAPITAL FUND

"C"

COUNTY OF SOMERSET PARK COMMISSION

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2021</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2020</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 270,487.44	\$ 780,923.89
Accounts Reveivavle- Due County of Somerset	C-4	<u>2,000,000.00</u>	<u>1,000,000.00</u>
		<u>\$ 2,270,487.44</u>	<u>\$ 1,780,923.89</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Encumbrances Payable	C-5	\$ 1,492,038.45	\$ 1,252,729.03
Improvement Authorizations:			
Funded	C-6	778,448.99	527,248.48
Fund Balance	C-1	<u>946.38</u>	<u>946.38</u>
		<u>\$ 2,270,487.44</u>	<u>\$ 1,780,923.89</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

	<u>REF.</u>		
Balance, December 31, 2020	C	\$	946.38
Decreased by			
Disbursement- Current Fund Unanticipated Revenue	C-2		<u>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, 2021</u>	BALANCE DECEMBER <u>31, 2020</u>
<u>FIXED ASSETS:</u>		
Buildings and Building Improvements	\$ 50,717,814.00	\$ 50,717,814.00
Machinery, Equipment and Vehicles	<u>16,492,212.00</u>	<u>15,634,995.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 67,210,026.00</u>	<u>\$ 66,352,809.00</u>

RESERVE

Investment in Fixed Assets	<u>\$ 67,210,026.00</u>	<u>\$ 66,352,809.00</u>
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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, 2021 AND 2020

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 building's 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 is 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 - 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.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (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 Position area of the balance sheet.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

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.

In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pensions & Benefits' reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2021 was not available, therefore the information dated June 30, 2020 is disclosed.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions.

It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position 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 OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

The Somerset County Park Commission had the following cash and cash equivalents at December 31, 2021:

	<u>Change Fund</u>	<u>Cash in Bank</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reconciled Balance</u>
Current Fund	\$8,350.00	\$6,192,668.06	\$1,948.37	\$203,113.79	\$5,999,852.64
Grant Fund		4,518,062.59			4,518,062.59
Trust Other Fund		1,465,575.76	27,110.55		1,492,686.31
General Capital Fund		270,487.44			270,487.44
	<u>\$8,350.00</u>	<u>\$12,446,793.85</u>	<u>\$29,058.92</u>	<u>\$203,113.79</u>	<u>\$12,281,088.98</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, 2021, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$12,196,793.85 was covered by NJ GUDPA. The Park Commission has no foreign currency exposure.

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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
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

There was \$903,397.00 appropriated and included as anticipated revenue in the Commission budget for the year ending December 31, 2021.

NOTE 5: PENSION PLANS

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

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.

NOTE 5: PENSIONS (CONTINUED)

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 for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2021, PERS provides for employee contributions of 7.50% of employees' base salary.

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 \$1,321,649.00 for 2021, \$1,276,559.00 for 2020 and \$1,234,928.00 for 2019.

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.

NOTE 5: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2020. 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, 2020.

Public Employees Retirement System (PERS)

At June 30, 2020, the State reported a net pension liability of \$19,029,509.00 for the Somerset County Park Commission's proportionate share of the total net pension liability. The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the Commission's proportion was 0.1166925828 percent, which was a decrease of 0.0005253290 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the State recognized an actuarially determined pension expense of \$181,651.00 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, 2021 billing was \$1,276,558.00.

NOTE 5: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 346,496.00	\$ 67,297.00
Changes of assumptions	617,339.00	7,967,835.00
Net difference between projected and actual earnings on pension plan investments	650,444.00	
Changes in proportion and differences between Commission contributions and proportionate share of contributions	<u>950,016.00</u>	<u>1,634,302.00</u>
	\$ <u>2,564,295.00</u>	\$ <u>9,669,434.00</u>

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

Year Ended <u>June 30,</u>	<u>Amount</u>
2021	(\$2,524,712.20)
2022	(2,313,855.20)
2023	(1,380,956.20)
2024	(639,950.20)
2025	<u>(245,665.20)</u>
	<u>(\$7,105,139.00)</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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. These actuarial valuations used the following assumptions:

	<u>June 30, 2020</u>
Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.00-6.00%
Thereafter	3.00-7.00%
	Based on
	Years of Service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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 (7.00% at both June 30, 2020 and June 30, 2019) 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, 2020 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasury's	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and June 30, 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

NOTE 5: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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, 2020, 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, 2020		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Commission's proportionate share of the pension liability	\$23,954,977.00	\$19,029,509.00	\$14,850,114.00

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, 2021, that the accumulated cost of such unpaid compensation would approximate \$1,057,371.75 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, 2021.

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. There were no state and federal grants received and expended in 2021.

NOTE 10: COUNTY SUPPORT

During 2021, the County of Somerset provided the Park Commission with the following funding:

Operating Fund	\$11,442,150.00
Grant Fund	\$ 4,000,000.00
Capital Fund	\$ 1,000,000.00

NOTE 11: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Commission's defined benefit OPEB plan, Somerset County Park Commission Retiree Medical Plan (the Plan), provides OPEB for all eligible employees of the Commission in accordance with the terms of their labor agreements. The Plan is a single-employer defined benefit OPEB plan administered by the Commission. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Summary of Benefits

The Plan provides retirees and their eligible dependents medical benefits provided that they have meet the eligibility requirement contained in the Commission' various labor agreements.

Employees Covered by Benefits Terms

Inactive employees or beneficiaries currently receiving benefits payments	52
Active employees entitled to but not currently receiving benefits payments	18
Active employees	<u>133</u>
	<u>203</u>

Contributions

The contribution requirements of the Commission and Plan members are established and maybe be amended by the Commission's governing body.

Retirees and their dependents are required to contribute toward the cost of the postretirement medical, prescription drug, dental and vision coverage in accordance with the provisions set forth under Chapter 78. An employee who retires after satisfying the eligibility requirements who had less than 20 years of PERS or PFRS service as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits. The retirement contributions are based on a percentage of the postretirement healthcare cost and vary based on coverage tier and amount of PERS or PFRS pension amounts based on tables presented in the Commission's plan document, ranging from 3.5% to 35%.

NOTE 11: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Net OPEB Liability

The Commission's total OPEB liability of \$44,259,109 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	2.5%

Healthcare cost trend rates

- Medical - 5.5 percent decreasing to an ultimate rate of 4.5 percent in 2026.
- Drug - 7.0 percent decreasing to an ultimate rate of 5 percent in 2026.

Mortality rates were based on the RP-2000 Combined Health Male Mortality Rates Set Forward One Year and adjusted for Generational Improvement.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2020–December 31, 2020.

Discount Rate

The discount rate under GASB 75 should be the single rate that reflects (a) the long-term expected rate of return on plan investments that are expected to be used to finance the benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the assets are expected to be invested using a strategy to achieve that return and (b) a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale) to the extent that the conditions in (a) are not met. The discount rates used for determining the Total OPEB liabilities at December 31, 2020 and December 31, 2021, based on the Bond Buyers 20 Index, were 2.12% and 2.06% respectively.

NOTE 11: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/20	\$46,258,876
Changes for the year:	
Service Cost	837,663
Interest Cost	991,474
Changes in assumptions or other inputs	(3,171,149)
Benefit payments	(657,756)
Net change in OPEB liability	(1,999,768)
Balance at 12/31/21	<u>\$44,259,108</u>

Sensitivity of the Total OPEB liability to changes in the discount rate and healthcare cost trend rates

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

	June 30, 2021		
	1.00%	At Discount	1.00%
	<u>Decrease (1.06%)</u>	<u>Rate (2.06%)</u>	<u>Increase (3.06%)</u>
Net OPEB Liability	\$52,107,903	\$44,259,108	\$38,579,537

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	June 30, 2021		
	1.00%	Healthcare Cost	1.00%
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
Net OPEB Liability	\$39,341,638	\$44,259,108	\$51,018,414

NOTE 11: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021 the actuarially determined OPEB expense reflected in the Plan report was \$1,842,006.00 The OPEB expense recognized in the Commission's financial statement based on actual billing was \$637,956.00.

At December 31, 2021, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes of assumptions	<u>\$2,921,488</u>	<u>(\$2,852,376)</u>
	<u><u>\$2,921,488</u></u>	<u><u>(\$2,852,376)</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2022	\$12,869
2023	12,869
2024	12,969
2025	12,869
2026	12,869
Total Thereafter	<u>4,767</u>
	<u><u>\$69,112</u></u>

NOTE 12: SUBSEQUENT EVENTS

The Park Commission has evaluated subsequent events occurring after the financial statement date through June 14, 2022 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, 2021

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF CASH - TREASURER

REF.	CURRENT FUND		GRANT FUND	
A	Balance, December 31, 2020	\$ 3,518,064.25	\$	22,199.55
	Increased by Receipts:			
A-7	Revenue Accounts Receivable	\$ 22,067,909.55	\$	
A-2	Miscellaneous Revenue Not Anticipated	26,222.10		
A-3	Appropriation Refunds	672,004.67		
A-8	Due to State of New Jersey - Sales and Use Tax	133,300.34		
A-6	Petty Cash	2,600.00		
A-13	Grants Appropriated - Refunds		6,436.80	
A-12	Grants Receivable		8,000,000.00	
		<u>22,902,036.66</u>	<u>8,006,436.80</u>	
		\$ 26,420,100.91	\$	8,028,636.35
	Decreased by Disbursements:			
A-3	2021 Appropriations	\$ 18,739,813.89	\$	
A-9	2020 Appropriation Reserves	630,775.91		
A-5	Change Fund	350.00		
A-6	Petty Cash	2,600.00		
A-8	Due to State of New Jersey - Sales and Use Tax	133,300.34		
A-14	Accounts Payable	5,200.50		
A-13	Grants Appropriated		3,510,573.76	
	Miscellaneous Revenue Anticipated -			
	Resales, Credit Card Fees and Refunds:			
A-2	Green Knoll Golf Course/Pitch and Putt	29,308.76		
A-2	Neshanic Valley Golf Course	158,054.94		
A-2	Quail Brook Golf Course	115,753.79		
A-2	Spooky Brook Golf Course	108,944.39		
A-2	Warrenbrook Golf Course	30,386.03		
A-2	Neshanic Valley Performance/Learning Center	470,477.53		
A-2	Environmental Education Center	430.00		
A-2	Lord Stirling Stables	902.53		
A-2	Warrenbrook Pools	215.00		
A-2	Tennis Center	1,600.00		
A-2	Miscellaneous	484.66		
		<u>20,428,598.27</u>	<u>3,510,573.76</u>	
A	Balance, December 31, 2021	\$ 5,991,502.64	\$	4,518,062.59

"A-5"

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

	BALANCE DECEMBER 31, 2020	INCREASED BY:	BALANCE DECEMBER 31, 2019 AND 2020
Green Knoll Golf Shop	\$ 1,300.00	\$	\$ 1,300.00
Green Knoll Pitch & Putt	200.00		200.00
Quail Brook Golf Shop	1,300.00		1,300.00
Spooky Brook Golf Shop	1,500.00		1,500.00
Warrenbrook Golf Shop	1,100.00		1,100.00
Neshanic Valley Golf Shop	1,100.00		1,100.00
Neshanic Valley Learning Center	1,000.00		1,000.00
Colonial Park Putting Course/ Paddleboats	100.00	100.00	200.00
Colonial Park Tennis Center		100.00	100.00
Green Knoll Tennis Center	50.00		50.00
Warrenbrook Pool	100.00	50.00	150.00
Warrenbrook Pool Concession		100.00	100.00
Environmental Education Center	150.00		150.00
Lord Stirling Stable	100.00		100.00
	<u>8,000.00</u>	<u>350.00</u>	<u>\$ 8,350.00</u>

REF.

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A-4

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"A-6"

SCHEDULE OF PETTY CASH

	ADVANCED	RETURNED
Park Headquarters	\$ 450.00	\$ 450.00
Golf Operations	200.00	200.00
Golf Maintenance	100.00	100.00
Green Knoll Golf Maintenance	50.00	50.00
Quailbrook Golf Maintenance	50.00	50.00
Spooky Brook Golf Maintenance	50.00	50.00
Warrenbrook Golf Maintenance	50.00	50.00
Neshanic Valley Golf Maintenance	50.00	50.00
Environmental Science	150.00	150.00
Environmental Science - Special Revenue	100.00	100.00
Lord Stirling Stable	150.00	150.00
Therapeutic Recreation	250.00	250.00
Park Maintenance	250.00	250.00
Park Rangers	100.00	100.00
Horticulture	100.00	100.00
Buck Garden	100.00	100.00
Special Projects	200.00	200.00
Fleet Maintenance	200.00	200.00
	<u>\$ 2,600.00</u>	<u>\$ 2,600.00</u>

REF.

A-4

A-4

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>ACCRUED IN 2021</u>	<u>COLLECTED</u>
County	A-2	\$ 11,442,150.00	\$ 11,442,150.00
Green Knoll Golf Course and Pitch and Putt	A-2	\$ 1,126,019.01	\$ 1,126,019.01
Neshanic Valley Golf Course	A-2	2,937,193.07	2,937,193.07
Quail Brook Golf Course	A-2	1,430,387.46	1,430,387.46
Spooky Brook Golf Course	A-2	1,446,621.40	1,446,621.40
Warrenbrook Golf Course	A-2	892,686.32	892,686.32
Neshanic Valley Performance/Learning Center	A-2	1,274,757.61	1,274,757.61
Sub-Total - Golf Courses, Pitch and Putt and Learning Center		\$ 9,107,664.87	\$ 9,107,664.87
Environmental Education Center	A-2	\$ 82,523.91	\$ 82,523.91
Lord Stirling Stables	A-2	250,118.93	250,118.93
Warrenbrook Pool	A-2	178,083.66	178,083.66
Tennis Center	A-2	89,119.22	89,119.22
Colonial Park Paddleboats/Putting Course	A-2	96,252.73	96,252.73
Therapeutic Recreation	A-2	66,523.33	66,523.33
Sub-Total - Recreation		762,621.78	762,621.78
Licenses, Bids, Residences and Rents	A-2	250,894.10	250,894.10
Concessions	A-2	30,000.00	30,000.00
Interest Earned	A-2	8,322.60	8,322.60
Medical Reimbursements	A-2	2,234.06	2,234.06
Miscellaneous	A-2	60,401.80	60,401.80
Reservations	A-2	403,620.34	403,620.34
Sub-Total - Other Miscellaneous Revenue		\$ 755,472.90	\$ 755,472.90
		\$ 22,067,909.55	\$ 22,067,909.55

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-4	\$	133,300.34
Decreased by:			
Disbursements	A-4		<u>133,300.34</u>

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF 2020 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2020	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES:</u>				
Administration	\$ 127,278.85	\$ 127,278.85	\$	\$ 127,278.85
Information Management	46,831.60	46,831.60		46,831.60
Human Resources	829.15	829.15		829.15
Park Rangers	12,392.87	12,392.87		12,392.87
Golf Operations: Office	53,008.07	53,008.07		53,008.07
Golf Maintenance: Office	15,946.94	15,946.94		15,946.94
Fleet and Property Management	28,432.65	28,432.65		28,432.65
Horticulture	12,954.30	12,954.30		12,954.30
Special Projects	6,602.42	6,602.42		6,602.42
Park Maintenance	23,947.50	23,947.50		23,947.50
Environmental Education Center	20,228.19	20,228.19		20,228.19
Stable	57,009.72	57,009.72		57,009.72
Recreation Administration	1.08	1.08		1.08
Leisure Services	20,352.83	20,352.83		20,352.83
Therapeutic Recreation	0.55	0.55		0.55
<u>OTHER EXPENSES:</u>				
Administration	316.24	13,089.15	5,871.83	7,217.32
Information Management	33,993.85	67,382.19	33,917.59	33,464.60
Human Resources	11,700.42	13,559.85	1,009.43	12,550.42
Park Rangers	6,418.27	12,656.70	6,067.85	6,588.85
Golf Operations: Office	58,645.87	93,525.07	28,331.66	65,193.41
Golf Maintenance: Office	3,696.93	116,759.37	81,099.29	35,660.08
Park Operations	58,248.18	101,924.09	78,008.33	23,915.76
Fleet and Property Management	986.09	47,119.50	12,915.58	34,203.92
Horticulture	4,866.96	7,375.85	1,065.82	6,310.03
Special Projects	13,909.71	40,381.74	6,063.52	34,318.22
Park Maintenance	45,095.17	64,672.25	9,492.78	55,179.47
Buck Garden	833.29	19,215.01	15,156.75	4,058.26
Environmental Education Center	13,206.51	14,049.03	205.97	13,843.06
Stable	65,732.48	118,272.09	2,632.12	115,639.97
Therapeutic Recreation	62.80	62.80		62.80
Recreation Administration	20.67	2,799.87	1,598.44	1,201.43
Leisure Services	503.36	503.36		503.36
Health Insurance	116,763.36	410,395.63	348,781.47	61,614.16
Other Insurance	79,707.99	79,707.99		79,707.99
	<u>\$ 940,524.87</u>	<u>\$ 1,649,268.26</u>	<u>\$ 632,218.43</u>	<u>\$ 1,017,049.83</u>

REF. A A-1

Balance, December 31, 2020	A-9	\$ 940,524.87	
Accounts Payable	A-10	<u>708,743.39</u>	
		<u>\$ 1,649,268.26</u>	
Disbursements	A-4		\$ 630,775.91
Encumbrances Payable	A-10		<u>1,442.52</u>
			<u>\$ 632,218.43</u>

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2020	A	\$ 708,743.39
Increased by:		
Appropriations	A-3	<u>394,012.80</u>
		\$ 1,102,756.19
Decreased by:		
Transfer to Appropriation Reserves	A-9	<u>708,743.39</u>
Balance, December 31, 2021	A	<u><u>\$ 394,012.80</u></u>

"A-11"

SOMERSET COUNTY PARK COMMISSION

GRANT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2020	A	\$ 2,991,563.16
Increased by:		
Grants Appropriated	A-13	<u>1,083,541.42</u>
		\$ <u>4,075,104.58</u>
Decreased by:		
Transfer to Reserve for Grants Appropriated	A-13	<u>2,991,563.16</u>
Balance, December 31, 2021	A	\$ <u><u>1,083,541.42</u></u>

SOMERSET COUNTY PARK COMMISSION

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2020	A	\$ 8,000,000.00
Increased by:		
2021 County Grant	A-13	4,000,000.00
		<u>\$ 12,000,000.00</u>
Decreased by:		
Receipts	A-4	<u>8,000,000.00</u>
Balance, December 31, 2021	A	<u><u>\$ 4,000,000.00</u></u>

SOMERSET COUNTY PARK COMMISSION

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

Balance, December 31, 2020	A		\$	5,030,636.39
Increased by:				
2021 County Grant	A-12	\$	4,000,000.00	
Receipts	A-4		6,436.80	
Transfer from Encumbrances Payable	A-11		<u>2,991,563.16</u>	
				6,997,999.96
			\$	<u>12,028,636.35</u>
Decreased by:				
Disbursements	A-4	\$	3,510,573.76	
Encumbrances Payable	A-11		<u>1,083,541.42</u>	
				4,594,115.18
Balance, December 31, 2021	A		\$	<u><u>7,434,521.17</u></u>

Analysis of Balance

County of Somerset - Preservation Development	7,242,891.26
Unallocated Reserve for Future Use	<u>191,629.91</u>
	\$ <u><u>7,434,521.17</u></u>

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2020	A	\$ 11,474.42
Increased by:		
Appropriation Reserves	A-9	1,442.52
		<u>\$ 12,916.94</u>
Decreased by:		
Disbursements	A-4	<u>5,200.50</u>
Balance, December 31, 2021	A	<u><u>\$ 7,716.44</u></u>

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	
Balance, December 31, 2020	B	\$ 996,080.00
Increased by Receipts:		
Reserves for Dedicated Park Deposits	B-3	911,291.27
		<u>\$ 1,907,371.27</u>
Decreased by Disbursements:		
Reserves for Dedicated Park Deposits	B-3	414,684.96
		<u>414,684.96</u>
Balance, December 31, 2021	B	<u><u>\$ 1,492,686.31</u></u>

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2020	B	\$	293,768.35
Increased by:			
Reserves for Dedicated Park Deposits	B-3		<u>222,710.62</u>
		\$	<u>516,478.97</u>
Decreased by:			
Transfer to Reserves for Dedicated Park Deposits	B-3		<u>293,768.35</u>
Balance, December 31, 2021	B	\$	<u><u>222,710.62</u></u>

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

SCHEDULE OF RESERVES FOR DEDICATED PARK DEPOSITS

	BALANCE DECEMBER 31, 2020	INCREASES	DECREASES	ENCUMBRANCES	BALANCE DECEMBER 31, 2021
Human Resources - Safety Fair	\$ 1,246.47	\$ 500.00	\$ 989.20	\$ 510.80	\$ 246.47
Colonial Park - Rose Garden Special	2,930.45	2,304.50	630.00	1,070.75	3,534.20
Buck Gardens - Special	25,112.02	9,217.99	6,910.53	1,491.11	25,928.37
Lord Stirling Manor Brick Buildings	961.94				961.94
Vancamp Farmstead	66,625.48				66,625.48
Stable Special	14,738.02	21,145.00	3,333.75		32,549.27
Corporate Sponsorship	253.73				253.73
Recreation - Concert	8,398.70				8,398.70
Recreation - Yoga	8,679.00				8,679.00
Therapeutic Recreation Activities	10,161.89	80.00		(50.00)	10,291.89
Therapeutic Recreation Overnight	1,751.14				1,751.14
Therapeutic Recreation Camp Okeesunokee	1,583.74				1,583.74
Environmental Education Center - Day Trips	5,087.84				5,087.84
Environmental Education Center - Overnight Trips	19,623.18				19,623.18
Environmental Education Center - Extreme Adventure	3,523.82				3,523.82
Environmental Education Center - Grant		2,500.00	2,479.83		20.17
Environmental Education Center - Donations	23,220.34	7,757.94	1,988.88	661.81	28,327.59
Buck Garden - North American Rock Garden Society	13,510.65		135.35		13,375.30
Howe Farm	315,970.90		6,100.00	1,000.00	308,870.90
Golf Shop	160,232.22	798,781.44	376,648.09	(75,742.20)	658,107.77
Mary Marker	5,000.00				5,000.00
Women's Amateur Public Links	100.86				100.86
Sugarland Smack Down	1,005.73				1,005.73
WB Pool Concessions	11,618.38	20,818.40	11,673.32		20,763.46
Lifeguard Training	975.15	48,186.00	3,797.01		45,364.14
	<u>\$ 702,311.65</u>	<u>\$ 911,291.27</u>	<u>\$ 414,685.96</u>	<u>\$ (71,057.73)</u>	<u>\$ 1,269,974.69</u>
REF.	B	B-1	B-1		B

Encumbrances	B-2		\$ 222,710.62
Less: Prior Year Encumbrances	B-2		<u>293,768.35</u>
			<u>\$ (71,057.73)</u>

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2020	C		\$ 780,923.89
Increased by Receipts:			
Due From County of Somerset			
- Improvement Authorization	C-4		<u>1,000,000.00</u>
			\$ <u>1,780,923.89</u>
Decreased by Disbursements:			
Fund Balance	C-1	\$ 946.38	
Encumbrances Payable	C-5	<u>1,509,490.07</u>	
			<u>1,510,436.45</u>
Balance, December 31, 2021	C		\$ <u><u>270,487.44</u></u>

"C-3"

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

	BALANCE DECEMBER <u>31, 2021</u>
Accounts Receivable- Due from County of Somerset	\$ (2,000,000.00)
Encumbrances Payable	1,492,038.45
Funded Improvements as Set Forth on "C-6"	<u>778,448.99</u>
	<u>\$ 270,487.44</u>

REF.

C

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF DUE FROM COUNTY OF SOMERSET

	<u>REF.</u>	
Balance, December 31, 2020	C	\$ 1,000,000.00
Increased by:		
Improvement Authorization	C-6	<u>2,000,000.00</u>
		\$ <u>3,000,000.00</u>
Decreased by:		
Receipts	C-2	<u>1,000,000.00</u>
Balance, December 31, 2021	C	\$ <u><u>2,000,000.00</u></u>

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2020	C	\$ 1,252,729.03
Increased by:		
Improvement Authorizations	C-6	<u>1,748,799.49</u>
		\$ <u>3,001,528.52</u>
Decreased by:		
Disbursements	C-2	<u>1,509,490.07</u>
Balance, December 31, 2021	C	\$ <u><u>1,492,038.45</u></u>

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>IMPROVEMENT DESCRIPTION</u>	<u>APPROPRIATION</u>	<u>DECEMBER 31, 2020</u> <u>FUNDED</u>	<u>2021</u> <u>AUTHORIZATIONS</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>DECEMBER 31, 2021</u> <u>FUNDED</u>
2018 Park Capital Projects	\$ 2,793,610.78	\$ 183,622.86	\$	41,565.82	142,057.04
2019 Park Capital Projects	1,863,000.00	236,503.18		218,412.15	18,091.03
2020 Park Capital Projects	1,350,000.00	107,122.44		107,122.44	
2021 Park Capital Projects	2,000,000.00		2,000,000.00	1,381,699.08	618,300.92
	\$	<u>527,248.48</u>	<u>\$ 2,000,000.00</u>	<u>1,748,799.49</u>	<u>\$ 778,448.99</u>
<u>REF.</u>		C	C-4	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, 2021

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

	YEAR 2021		YEAR 2020	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 903,397.00	3.70%	\$ 58,801.00	0.27%
Miscellaneous Revenue Anticipated	21,151,351.92	86.55%	19,635,603.58	91.79%
Miscellaneous Revenues - Other	<u>2,383,290.41</u>	<u>9.75%</u>	<u>1,697,215.21</u>	<u>7.94%</u>
Total Income	\$ 24,438,039.33	100.00%	\$ 21,391,619.79	100.00%
EXPENDITURES				
Budget Expenditures:				
Operations	\$ 20,253,677.00	93.79%	\$ 18,650,145.00	93.54%
Other Expenditures	<u>1,340,018.48</u>	<u>6.21%</u>	<u>1,287,662.50</u>	<u>6.46%</u>
Total Expenditures	\$ 21,593,695.48	100.00%	\$ 19,937,807.50	100.00%
Excess in Revenue	\$ 2,844,343.85		\$ 1,453,812.29	
Fund Balance, January 1	<u>1,865,321.57</u>		<u>470,310.28</u>	
	\$ 4,709,665.42		\$ 1,924,122.57	
Less: Utilization as Anticipated Revenue	<u>903,397.00</u>		<u>58,801.00</u>	
Fund Balance, December 31	\$ 3,806,268.42		\$ 1,865,321.57	

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>
2021	\$16,442,150.00	\$11,442,150.00	\$4,000,000.00	\$1,000,000.00
2020	16,412,150.00	11,412,150.00	4,000,000.00	1,000,000.00
2019	17,051,382.00	11,188,382.00	4,000,000.00	1,863,000.00
2018	14,751,382.00	10,751,382.00	2,000,000.00	2,000,000.00
2017	14,026,958.00	10,026,958.00	2,000,000.00	2,000,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as of December 31, 2021:

NAME

TITLE

MEMBERS OF THE BOARD

Mark Caliguire	President
D.J. Hunsinger	Vice President
William Foelsch	Commissioner
Helen Haines	Commissioner
Ron Jordon	Commissioner
Joseph Kempe	Commissioner
Doug Ludwig	Commissioner
Kevin McCallen	Commissioner
Dorothy Paluck	Commissioner

OTHER OFFICIALS

Geoffrey D. Soriano	Secretary-Director
Nicola Trasente	CFO
Eric Bernstein, Esq.	Counsel

COUNTY LIASONS

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

COMMENTS AND RECOMMENDATION

GENERAL COMMENTS

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

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

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$44,000.00 if the Park Commission has a Qualified Purchasing Agent. On September 17, 2020, the Commission elected to increase its bid threshold to \$44,000.00 by resolution of the Commission.

The Commission has the responsibility of determining whether the expenditures in any category will exceed \$44,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Commission 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:

- Surface Turf Mats
- Tournament XL 7000 Ultra-Wide Greensroller
- 2021 Ford F150 Supercab
- Vehicle Service Lifts and Accessories
- Lease of Electric/Gas Powered Golf Carts
- Furnish and Deliver Mobile Stage
- Microsoft Office 365 Subscription Licenses
- 2022 Ford F350
- Grounds Equipment
- Class 4- 8 Trucks: White Western Star 47X
- 2022 Ford Ranger
- Palfinger Hooklift

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 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 \$44,000.00 "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.A. 40A:11-5:"

Auditing Services
Health Benefits Consulting Services
Legal Services
Labor Counsel
Promotional Services

RECOMMENDATION

None

