

*Report of Audit*

*on the*

*Financial Statements*

*of the*

*Township of Bridgewater*

*in the*

*County of Somerset*  
*New Jersey*

*for the*

*Year Ended*  
*December 31, 2016*

# TOWNSHIP OF BRIDGEWATER

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TOWNSHIP OF BRIDGEWATER

PART I

INDEPENDENT AUDITOR'S REPORT ON  
AUDIT OF FINANCIAL STATEMENTS  
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FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

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YEAR ENDED DECEMBER 31, 2016 AND 2015

## SUPLEE, CLOONEY & COMPANY

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 Township of Bridgewater'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 Township of Bridgewater'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 Township of Bridgewater 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 Township of Bridgewater 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 balance 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.

CURRENT FUND

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriations Reserves	A-3:A-14	\$ 2,157,531.96	\$ 1,685,685.48
Prepaid Taxes	A-18	1,496,445.59	1,064,143.08
Accounts Payable	A-11	1,009,544.99	1,338,485.08
Tax Overpayments	A-17	139,316.73	272,891.29
Interfunds Payable	A-12	1,118,189.13	105,055.20
Reserve For:			
Sale of Municipal Assets	A-19	261.03	261.03
Marriage/Civil Union Licenses - Due State of NJ	A-27	1,050.00	925.00
Construction Code DCA - Due State of New Jersey	A-16	69,018.00	27,443.00
Insurance Damage	A-32	7,147.71	7,147.71
County Taxes Payable	A-20	44,547.21	94,113.08
Regional School Taxes Payable	A-21	214,704.84	
Tax Appeals	A-15	647,543.08	647,543.08
Storm Damage - FEMA	A-26	213,497.28	275,800.28
State Library	A-31	4,885.00	3,117.00
		\$ 7,123,682.55	\$ 5,522,610.31
Reserve for Receivables and Other Assets	A	2,662,994.45	1,862,771.00
Fund Balance	A-1	5,984,484.79	5,420,190.26
	A	\$ 15,771,161.79	\$ 12,805,571.57
Grant Fund:			
Reserve for Grants - Unappropriated	A-24	\$ 0.73	\$ 15,000.00
Reserve for Grants - Appropriated	A-23	429,115.15	218,787.46
Due Current Fund	A-29	3,850.00	
Due Other Trust Fund	A-30	2,500.00	
Accounts Payable	A-28	114,767.23	178,438.46
	A	\$ 550,233.11	\$ 412,225.92
	A	\$ 16,321,394.90	\$ 13,217,797.49

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



TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2016

REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	ANTICIPATED BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 3,441,276.97	\$ 3,441,276.97	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-13	\$ 86,000.00	\$ 88,752.00	\$ 2,752.00
Other	A-2	33,000.00	31,455.53	(1,544.47)
Fees and Permits:				
Construction Code Official	A-2	1,600,000.00	2,065,185.00	465,185.00
Other	A-2	365,000.00	407,506.00	42,506.00
Municipal Court:				
Fines and Costs	A-13	580,000.00	354,980.27	(225,019.73)
Interest and Costs on Taxes	A-13	260,000.00	313,333.48	53,333.48
Interest on Investments and Deposits	A-13	40,000.00	134,640.13	94,640.13
Recreation Fees	A-2	170,000.00	191,451.13	21,451.13
Consolidated Municipal Property Tax Relief Aid	A-13	70,290.00	70,290.00	
Energy Receipts Tax	A-13	5,829,889.00	5,829,889.00	
Garden State Trust Fund	A-13	4,082.00	4,082.00	
Joint Services with County Library	A-13	304,059.67	304,059.00	(0.67)
Public Assistance Services with County	A-13	45,840.00	45,840.00	
Shared Municipal Court	A-13	186,000.00	190,211.96	4,211.96
Shared Resource Officer BOE	A-13	139,000.00	108,219.53	(30,780.47)
Recycling Tonnage Grant	A-25	114,698.00	114,698.00	
Safe & Secure Communities	A-25		60,000.00	60,000.00
Emergency Management	A-25		5,000.00	5,000.00
Clean Communities Program	A-25		114,384.48	114,384.48
Municipal Alliance on Alcoholism and Drug Use	A-25		36,208.25	36,208.25
Youth Services Program	A-25		5,000.00	5,000.00
Body Armor Replacement Fund	A-25		6,274.30	6,274.30
Bulletproof Vest	A-25		9,388.00	9,388.00
Alcohol Education Rehabilitation Program	A-25		3,928.04	3,928.04
Regional Center Challenge	A-25		17,500.00	17,500.00
Life Hazard Use Fees	A-13	125,000.00	138,633.83	13,633.83
Suburban Cablevision Franchise Fee	A-13	550,000.00	596,382.23	46,382.23
Payment in Lieu of Taxes - Centerbridge I	A-13	95,000.00	102,048.39	7,048.39
Payment in Lieu of Taxes - Centerbridge II	A-13	85,000.00	146,916.58	61,916.58
BridgeWater Commons Rent and Royalty - In Lieu of Taxes	A-13	2,000,000.00	2,143,521.44	143,521.44
Host Benefit Fees	A-13	215,000.00	251,092.15	36,092.15
Capital Surplus	A-13	314,870.00	314,870.00	
Hotel and Motel Tax	A-13	850,000.00	932,705.61	82,705.61
Storm Reimbursement	A-26	62,303.00	62,303.00	
Reliable Recycling	A-13	50,000.00	50,100.00	100.00
Debt Service Reimbursement - Open Space Trust Fund	A-13	40,000.00	64,974.73	24,974.73
<u>Total Miscellaneous Revenues</u>	A-1	\$ 14,215,031.67	\$ 257,683.07	\$ 15,315,824.06
Receipts From Delinquent Taxes	A-1	\$ 1,000,000.00	\$ 1,066,421.79	\$ 66,421.79
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2	\$ 21,757,362.29	\$ 23,625,638.53	\$ 1,868,276.24
<u>BUDGET TOTALS</u>		\$ 40,413,670.93	\$ 257,683.07	\$ 43,449,161.35
Non-Budget Revenues	A-2		606,634.10	606,634.10
		\$ 40,413,670.93	\$ 257,683.07	\$ 44,055,795.45
REF.	A-3		A-3	

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

TOWNSHIP OF BRIDGEWATER  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	<u>REF.</u>	
Uniform Construction Code Fees	A-13	\$ 2,074,810.00
Less: Refunds	A-4	<u>9,625.00</u>
	A-2	<u>\$ 2,065,185.00</u>

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Engineering- Road Openings/Bid Specs	\$ 2,380.00	
Animal Shelter Contribution	5,603.00	
JIF Award	61,824.81	
Refund of Prior Year Expenses	20,414.39	
Bad Check Fees	225.00	
Police Outside Overtime Administrative Fees	156,715.42	
Police Outside Overtime Car Usage	78,460.00	
Senior Citizens & Veterans Administrative Fees	5,455.15	
Refuse Revenue	132.50	
DMV Inspection Fines	9,062.64	
Homestead Rebate Mailing Reimbursement	1,887.00	
Tax Collector	32,659.72	
Miscellaneous	<u>224,435.97</u>	
	A-4	599,255.60
Excess Reserve for Animal Expenditures	A-12	<u>7,378.50</u>
<u>Total Non-Budget Revenue</u>	A-1:A-2	<u>\$ 606,634.10</u>

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

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
VEHICLE MAINTENANCE:					
Salaries and Wages	\$ 374,762.03	\$ 374,762.03	\$ 316,083.03	\$ 58,679.00	\$
Other Expenses	158,600.00	158,600.00	152,696.12	5,903.88	
RECYCLING:					
Other Expenses	301,000.00	301,000.00	286,148.95	14,851.05	
SNOW REMOVAL:					
Salaries and Wages	67,712.96	67,712.96	13,299.84	54,413.12	
Other Expenses	413,060.76	413,060.76	91,793.74	321,267.02	
CONTRACT WITH REGIONAL BOARD OF EDUCATION FOR TRANSPORTATION OF LOCAL PUPILS (N.J.S. 18a:39-1.2)	244,852.10	244,852.10	244,852.00	0.10	
PARK MAINTENANCE:					
Salaries and Wages	760,616.00	760,616.00	696,898.42	63,717.58	
Other Expenses	67,500.00	67,500.00	67,045.14	454.86	
MUNICIPAL SERVICES REIMBURSEMENT-CONDOMINIUMS	75,000.00	75,000.00	35,415.29	39,584.71	
Other Expenses					
PUBLIC BUILDINGS AND GROUNDS:					
Salaries and Wages	367,047.00	367,047.00	355,799.07	11,247.93	
Other Expenses	230,424.39	230,424.39	230,267.99	156.40	
DIRECTOR'S OFFICE:					
Salaries and Wages	104,384.00	104,384.00	104,383.74	0.26	
Other Expenses	585.00	585.00	385.00	200.00	
DIVISION OF HEALTH:					
Salaries and Wages	202,986.00	197,986.00	195,356.91	2,629.09	
Other Expenses	10,175.00	10,175.00	9,613.02	561.98	
ADMINISTRATION OF PUBLIC ASSISTANCE:					
Salaries and Wages	22,639.00	22,639.00	22,618.02	20.98	
Other Expenses	600.00	600.00	377.99	222.01	
VISITING NURSES SERVICES - CONTRIBUTION	17,000.00	17,000.00	15,728.88	1,271.14	
CONTRIBUTION TO SOMERSET REGIONAL CENTER PARTNERSHIP	20,000.00	10,900.00	10,890.00	10.00	
ENVIRONMENTAL COMMISSION (N.J.S. 40:56a-1 et seq):					
Other Expenses	4,440.00	4,440.00	935.64	3,504.36	
SENIOR CITIZEN SERVICES:					
Salaries and Wages	101,267.00	96,267.00	86,348.34	9,918.66	
Other Expenses	26,135.00	26,135.00	16,673.07	9,461.93	
DIVISION OF RECREATION:					
Salaries and Wages	457,168.00	442,168.00	412,280.37	29,887.63	
Other Expenses	93,480.00	93,480.00	76,877.47	16,602.53	
BRANCH LIBRARY:					
Salaries and Wages	80,993.00	80,993.00	56,037.92	24,955.08	
Other Expenses	206,810.13	206,810.13	206,680.74	129.39	
GREEN BROOK FLOOD CONTROL:					
Other Expenses	2,000.00	2,000.00	1,249.28	750.72	
STATE UNIFORM CONSTRUCTION CODE CODE OFFICIAL:					
Salaries and Wages	856,713.00	826,713.00	826,712.24	0.76	
Other Expenses	124,650.00	124,650.00	113,234.69	11,415.31	
STREET LIGHTING	370,000.00	370,000.00	278,672.46	91,327.54	
TELEPHONE SERVICE	150,000.00	150,000.00	106,921.33	43,078.67	
CENTRAL OFFICE SUPPLY	18,500.00	18,500.00	18,482.21	17.79	
UTILITIES	850,000.00	800,000.00	490,141.68	309,858.32	
POSTAGE	45,000.00	45,000.00	30,212.04	14,787.96	
SALARY SETTLEMENTS	250,000.00	250,000.00	250,000.00		
SALARY ADJUSTMENTS	100,000.00				
TOTAL OPERATIONS WITHIN "CAPS"	\$ 26,762,343.05	\$ 26,728,690.63	\$ 24,807,097.36	\$ 1,921,593.27	\$
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	\$ 26,762,343.05	\$ 26,728,690.63	\$ 24,807,097.36	\$ 1,921,593.27	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"					
CONTRIBUTION TO:					
Public Employees' Retirement System of NJ	\$ 967,057.00	\$ 969,025.13	\$ 969,025.13	\$	\$
Social Security System (O.A.S.I.)	1,237,063.07	1,237,063.07	1,237,063.07		
Pension Firemen's Widows	6,000.00	6,000.00	5,000.00	1,000.00	
DCRIP	7,000.00	7,000.00	4,376.38	2,623.62	
Police & Firemen's Retirement System of NJ	1,886,339.00	1,887,023.29	1,887,023.29		
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00		
TOTAL DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 4,113,459.07	\$ 4,116,111.49	\$ 4,112,487.87	\$ 3,623.62	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 30,875,802.12	\$ 30,844,802.12	\$ 28,919,585.23	\$ 1,925,216.89	\$

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$	\$
Court Improvements	5,000.00	5,000.00		5,000.00	
Computer Equipment	40,000.00	40,000.00	30,848.39	9,151.61	
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	\$ 295,000.00	\$ 295,000.00	\$ 280,848.39	\$ 14,151.61	\$
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 2,530,000.00	\$ 2,530,000.00	\$ 2,530,000.00	\$	\$ 266,581.00
Payment of Note Principal	267,000.00	267,000.00			961.01
Interest on Bonds	1,485,645.00	1,516,645.00	1,515,683.99		1,082.50
Interest on Notes	389,694.02	389,694.02	388,611.52		0.08
Green Acres Loan Principal	87,185.91	87,185.91	87,185.83		0.02
Green Acres Loan Interest	10,308.76	10,308.76	10,308.74		
Payment of NJEIT Principal	56,323.49	56,323.49	56,323.49		
Payment of NJEIT Interest	10,550.00	10,550.00	9,995.88		554.12
Improvement Authority	180,000.00	180,000.00	157,433.38		22,566.62
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	\$ 5,016,707.18	\$ 5,047,707.18	\$ 4,755,961.83	\$	\$ 291,745.35
DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM CAPS					
Special Emergency Authorizations - 5 Years (N.J.S.A.40A:4-55)	\$ 26,400.00	\$ 26,400.00	\$ 26,400.00	\$	\$
ORD 03-05	19,047.60	19,047.60	19,047.60		
ORD 05-35	51.76	51.76	51.76		
ORD 05-48	59,850.69	59,850.69	59,850.69		
ORD 05-50	51,329.63	51,329.63	51,329.63		
TOTAL DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM CAPS	\$ 156,679.68	\$ 156,679.68	\$ 156,679.68	\$	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 6,887,868.81	\$ 7,176,551.88	\$ 6,652,491.46	\$ 232,315.07	\$ 291,745.35
SUBTOTAL GENERAL APPROPRIATIONS	\$ 37,763,670.93	\$ 38,021,354.00	\$ 35,572,076.69	\$ 2,157,531.96	\$ 291,745.35
RESERVE FOR UNCOLLECTED TAXES	\$ 2,650,000.00	\$ 2,650,000.00	\$ 2,650,000.00	\$	\$
TOTAL GENERAL APPROPRIATIONS	\$ 40,413,670.93	\$ 40,671,354.00	\$ 38,222,076.69	\$ 2,157,531.96	\$ 291,745.35
	REF.	A-2:A-3	A-3	A-1:A-3	A:A-1
Budget	A-3	\$ 40,413,670.93			
Appropriation by 40A:4-87	A-2	257,683.07			
	A-3	\$ 40,671,354.00			
Reserve for Accounts Payable	A-11		\$ 897,563.68		
Reserve for Grants Appropriated	A-23		372,381.07		
Deferred Charges	A-33		26,400.00		
Reserve for Uncollected Taxes	A-2		2,650,000.00		
Disbursements (net of refunds)	A-4		34,275,731.94		
	A-3		\$ 38,222,076.69		

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

TRUST FUND

TOWNSHIP OF BRIDGEWATER

TRUST FUND

SCHEDULE OF ASSESSMENT TRUST FUND BALANCE - REGULATORY BASIS

REF.

Balance, December 31, 2015  
and December 31, 2016

B

\$ 47,130.81

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

GENERAL CAPITAL FUND

TOWNSHIP OF BRIDGEWATER

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2015 and December 31, 2016	C	\$ <u>168,239.98</u>

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



SEWER UTILITY FUND

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY 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>			
OPERATING FUND:			
Liabilities:			
Interfund Accounts Payable	D-10	\$ 1,118,386.14	\$ 548.97
Appropriation Reserves	D-5:D-19	1,390,899.32	2,762,994.27
Accounts Payable	D-18	329,377.43	210,473.74
Sewer Overpayments	D-21	75,212.06	97,216.20
Sewer Connection Overpayment	D-12	550.00	550.00
Prepaid Sewer Charges	D-25	1,784.12	1,606.72
Accrued Interest on Bonds	D-11	42,811.41	42,811.46
Accrued Interest on Loans	D-31	3,805.29	3,302.84
		<u>\$ 2,962,825.77</u>	<u>\$ 3,119,504.20</u>
Reserve for Receivables	D	413,463.45	345,800.25
Fund Balance	D-1	<u>7,146,392.63</u>	<u>6,313,683.93</u>
<u>TOTAL OPERATING FUND</u>	D	<u>\$ 10,522,681.85</u>	<u>\$ 9,778,988.38</u>
ASSESSMENT TRUST FUND:			
Reserve for Assessments and Liens	D-14	\$ 995,438.44	\$ 995,438.44
		<u>\$ 995,438.44</u>	<u>\$ 995,438.44</u>
Fund Balance	D-2	<u>11,392.66</u>	<u>11,392.66</u>
<u>TOTAL ASSESSMENT TRUST FUND</u>	D	<u>\$ 1,006,831.10</u>	<u>\$ 1,006,831.10</u>

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

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance	D-1:D-4	\$ 2,634,141.34	\$ 1,546,183.07
Sewer Use Charges	D-4	9,910,817.00	9,735,870.91
Connection Fees			44,904.22
Township of Branchburg - Operating Costs	D-4:D-6	20,000.00	20,000.00
Township of Warren - Debt Service	D-4:D-6	66,015.31	73,350.34
Miscellaneous Revenue Not Anticipated	D-4:D-6	169,595.87	130,488.46
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-19	2,583,045.66	1,267,660.63
Sewer Overpayments Canceled	D-21	93.05	334.53
Amount Due Warren Township Municipal Utilities Authority			24,188.06
Accounts Payable Canceled	D-18	7,283.15	13,280.00
<u>TOTAL INCOME</u>		<u>\$ 15,390,991.38</u>	<u>\$ 12,856,260.22</u>
<u>EXPENDITURES</u>			
Operating	D-5	\$ 9,871,638.00	\$ 10,497,904.07
Capital Improvements	D-5	1,700,000.00	
Debt Service	D-5	201,694.53	205,438.28
Deferred Charges and Statutory Expenditures	D-5	150,808.81	152,840.00
<u>TOTAL EXPENDITURES</u>		<u>\$ 11,924,141.34</u>	<u>\$ 10,856,182.35</u>
Excess in Revenue		\$ 3,466,850.04	\$ 2,000,077.87
Balance, January 1	D	6,313,683.93	5,859,789.13
		<u>\$ 9,780,533.97</u>	<u>\$ 7,859,867.00</u>
Decreased by:			
Utilization by Sewer Operating Budget	D-1	2,634,141.34	1,546,183.07
Fund Balance, December 31	D	<u>\$ 7,146,392.63</u>	<u>\$ 6,313,683.93</u>

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

TOWNSHIP OF BRIDGEWATER  
SEWER UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE-REGULATORY BASIS

REF.

Balance, December 31, 2015  
and December 31, 2016

D

\$ 76,361.34

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

## TOWNSHIP OF BRIDGEWATER

## SEWER UTILITY FUND

## STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATING:					
Salaries and Wages	\$ 1,840,638.00	\$ 1,840,638.00	\$ 1,587,144.78	\$ 253,493.22	\$
Other Expenses	3,006,000.00	3,006,000.00	2,546,562.15	459,437.85	
Somerset Raritan Valley Sewerage Authority	5,000,000.00	5,000,000.00	4,462,840.56	537,159.44	
Salary Adjustments	25,000.00	25,000.00	25,000.00		
<u>TOTAL OPERATING</u>	<u>\$ 9,871,638.00</u>	<u>\$ 9,871,638.00</u>	<u>\$ 8,621,547.49</u>	<u>\$ 1,250,090.51</u>	<u>\$</u>
CAPITAL IMPROVEMENTS:					
Capital Improvement Fund	\$ 1,700,000.00	\$ 1,700,000.00	\$ 1,700,000.00		\$
<u>TOTAL CAPITAL IMPROVEMENTS</u>	<u>\$ 1,700,000.00</u>	<u>\$ 1,700,000.00</u>	<u>\$ 1,700,000.00</u>		<u>\$</u>
DEBT SERVICE:					
Payment of Bond Principal	\$ 120,000.00	\$ 120,000.00	\$ 120,000.00		\$
Interest on Bonds	37,221.25	37,221.25	37,221.25		
NJEITF Principal	37,398.28	37,398.28	37,398.28		
NJEITF Interest	7,075.00	7,075.00	7,075.00		
<u>TOTAL DEBT SERVICE</u>	<u>\$ 201,694.53</u>	<u>\$ 201,694.53</u>	<u>\$ 201,694.53</u>		<u>\$</u>
STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Social Security	\$ 140,808.81	\$ 140,808.81		\$ 140,808.81	\$
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00		
<u>TOTAL STATUTORY EXPENDITURES</u>	<u>\$ 150,808.81</u>	<u>\$ 150,808.81</u>	<u>\$ 10,000.00</u>	<u>\$ 140,808.81</u>	<u>\$</u>
	<u>\$ 11,924,141.34</u>	<u>\$ 11,924,141.34</u>	<u>\$ 10,533,242.02</u>	<u>\$ 1,390,899.32</u>	<u>\$</u>
REF.	D-4		D-1	D:D-1	
Disbursements	D-6		\$ 10,204,837.63		
Accrued Interest on Bonds	D-11		37,221.25		
Accrued Interest on Loans	D-31		7,075.00		
Accounts Payable	D-18		284,108.14		
			<u>\$ 10,533,242.02</u>		

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

PUBLIC ASSISTANCE TRUST FUND

GENERAL FIXED ASSETS ACCOUNT GROUP

NOTES TO FINANCIAL STATEMENTS



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

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

Public Assistance Fund – receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

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

C. Basis of Accounting

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

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township 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)

General Fixed Assets (Continued)

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

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

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

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

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

Fixed Capital - Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Township of Bridgewater had the following cash and cash equivalents at December 31, 2016:

	<u>Change</u> <u>Fund</u>	<u>Cash in</u> <u>Bank</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reconciled</u> <u>Balance</u>
Current Fund	\$410.00	\$13,034,533.56	\$121,723.56	\$270,829.77	\$12,885,427.35
Grant Fund		345,659.10		10,995.78	334,663.32
Assessment Fund		47,962.05		28.51	47,933.54
Animal Control Fund		33,031.12		75.94	32,955.18
Trust Other Fund		18,049,774.32	1,137.90	110,442.26	17,940,469.96
General Capital Fund		9,772,053.38		5,906.68	9,766,146.70
Sewer Operating Fund	100.00	8,988,906.93	6,947.69	4,925.35	8,990,929.27
Sewer Assessment Fund		11,392.66			11,392.66
Sewer Capital Fund		6,677,281.42		308,174.11	6,369,107.31
Public Assistance Fund		117,097.97	294.00	13,356.50	104,035.47
	<u>\$510.00</u>	<u>\$57,077,692.51</u>	<u>\$130,103.15</u>	<u>\$724,734.90</u>	<u>\$56,483,060.76</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 Township 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 on balance in the bank \$1,366,886.18 was covered by Federal Depository Insurance and \$55,710,806.33 was covered by NJ GUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Bridgewater's investment activities during the year were in accordance with the above New Jersey Statute.

NOTE 3: LONG-TERM DEBT

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

SUMMARY OF STATUTORY DEBT CONDITION  
ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.743%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 28,674,151.24	\$ 28,674,151.24	\$
Sewer Utility Debt	8,807,000.67	8,807,000.67	
General Debt	<u>68,555,110.73</u>	<u>511,199.75</u>	<u>68,043,910.98</u>
	<u>\$ 106,036,262.64</u>	<u>\$ 37,992,351.66</u>	<u>\$ 68,043,910.98</u>

Net debt of \$68,043,910.98 divided by equalized valuation basis per N.J.S.40A:2-2, as amended, of \$9,156,565,019.00 equals 0.743%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance		\$ 12,544,958.34
Deductions:		
Operating and Maintenance Cost	\$ 8,631,547.49	
Debt Service	<u>201,694.53</u>	
Total Deductions		<u>8,833,242.02</u>
Excess in Revenue - Self Liquidating		<u>\$ 3,711,716.32</u>

Long-Term Debt Obligations:

General Serial Bonds:

\$7,992,000.00 General Obligation Bonds of 2007 due in annual installments of \$375,000.00 to \$700,000.00 through 2022 at a variable interest rate	\$3,942,000.00
\$16,642,000.00 General Obligation Bonds of 2012 due in annual installments of \$510,000.00 to \$1,012,000.00 through 2032 at a variable interest rate	14,542,000.00
\$5,655,000.00 General Obligation Refunding Bonds of 2012 due in annual installments of \$600,000.00 to \$640,000.00 through 2022 at a variable interest rate	3,675,000.00
\$22,500,000.00 County Guaranteed Governmental Loan Revenue Bonds of 2010 due in annual installments of \$100,000.00 to \$1,100,000.00 through 2035 at a variable interest rate	18,625,000.00
\$8,439,000.00 General Obligation Bonds of 2016 due in annual installments of \$250,000.00 to \$500,000.00 through 2036 at a variable interest rate	<u>8,439,000.00</u>
	<u>\$49,133,000.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

Long-Term Debt Obligations (Continued):

New Jersey Environmental Infrastructure Loans:

\$528,286.00 2001A Fund Loan Agreement of 2001 due in semi-annual installments of \$616.70 to \$27,199.86 through 2021	\$124,811.87
\$515,000.00 2001A Trust Loan Agreement of 2001 due in annual installments of \$20,000.00 to \$40,000.00 through 2021 at a variable interest rate	<u>185,000.00</u>
	<u>\$366,135.36</u>

Green Trust Loans:

\$500,000.00 Prince Rodgers Park Loan of 2002 due in semi-annual installments of \$11,306.52 to \$15,391.88 through 2021 at an interest rate of 2.00%	\$147,238.98
\$363,642.00 Prince Rodgers Park Loan of 2005 due in semi-annual installments of \$9,543.62 to \$12,863.36 through 2021 at an interest rate of 2.00%	111,289.68
\$400,000.00 Alfred S. Brown Park Loan of 2002 due in semi-annual installments of \$9,045.22 to \$12,313.50 through 2021 at an interest rate of 2.00%	117,791.18
\$250,000.00 YMCA Land Acquisition Loan of 2002 due in semi-annual installment of \$5,653.26 to \$7,695.94 through 2021 at an interest rate of 2.00%	<u>73,619.63</u>
	<u>\$449,939.47</u>

Bonds and Notes Authorized but not Issued:

There is \$2,185,955.23 General Capital and \$1,585,962.87 Sewer Capital Bonds and Notes Authorized but not Issued at December 31, 2016.

NOTE 3: LONG TERM DEBT (CONTINUED)

SCHEDULE OF GREEN TRUST LOANS ISSUED AND OUTSTANDING AT DECEMBER 31, 2016.

Prince Rodgers Park Loans:

<u>Year</u>	<u>2002 Loan</u>		<u>2005 Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$28,287.55	\$2,804.05	\$23,876.99	\$2,107.01	\$57,075.60
2018	28,856.13	2,235.46	24,356.92	1,627.08	57,075.59
2019	29,436.13	1,655.45	24,846.49	1,137.50	57,075.57
2020	30,027.81	1,063.79	25,345.90	638.08	57,075.58
2021	30,631.36	460.23	12,863.38	128.62	44,083.59
	<u>\$147,238.98</u>	<u>\$8,218.98</u>	<u>\$111,289.68</u>	<u>\$5,638.29</u>	<u>\$272,385.93</u>

Alfred S. Brown Park Loan:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$22,630.04	\$2,243.23	\$24,873.27
2018	23,084.91	1,788.37	24,873.28
2019	23,548.91	1,324.36	24,873.27
2020	24,022.24	851.03	24,873.27
2021	24,505.08	368.20	24,873.28
	<u>\$117,791.18</u>	<u>\$6,575.19</u>	<u>\$124,366.37</u>

YMCA Land Acquisition Loan:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4/16/17	\$7,036.71	\$736.19	\$7,772.90
10/16/17	7,107.07	665.83	7,772.90
4/16/18	7,178.14	594.76	7,772.90
10/16/18	7,249.92	522.98	7,772.90
4/16/19	7,322.42	450.48	7,772.90
10/16/19	7,395.65	377.25	7,772.90
4/16/20	7,469.60	303.30	7,772.90
10/16/20	7,544.30	228.60	7,772.90
4/16/21	7,619.74	153.16	7,772.90
10/16/21	7,696.08	76.82	7,772.90
	<u>\$73,619.63</u>	<u>\$4,109.37</u>	<u>\$77,729.00</u>

NOTE 4: SHORT-TERM DEBT

The Township had the following short-term debt:

Bond Anticipation Notes:

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
General Capital Fund	2.00%	08/15/17	\$15,891,457.00
Sewer Capital Fund	2.00%	08/15/17	<u>5,740,860.00</u>
			<u>\$21,632,317.00</u>

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2016, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017, as introduced were as follows:

Current Fund	\$4,126,020.57
Sewer Utility Fund	\$3,479,191.16

NOTE 6: PROPERTY TAXES

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

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

	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
Prepaid Taxes	<u>\$1,496,445.59</u>	<u>\$1,064,143.08</u>



NOTE 8: 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.

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

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 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.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2012, members contributed at a uniform rate of 10.00% of base salary.

NOTE 8: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of \$25,250,307.00 for the Township of Bridgewater's proportionate share of the total net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's proportion was 0.1124835670 percent, which was a decrease of 0.0000610997 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$1,604,948.00 for the Township of Bridgewater's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2016 billing was \$967,057.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$602,384.00
Changes of assumptions		2,711,681.00
Net difference between projected and actual earnings on pension plan investments	\$405,976.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>229,103.00</u>	
	<u>\$635,079.00</u>	<u>\$3,314,065.00</u>

NOTE 8: 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, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions:

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

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

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

NOTE 8: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Township's proportionate share of the pension liability	\$31,383,042.00	\$25,250,307.00	\$20,108,666.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 8: PENSION PLANS (CONTINUED)

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

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

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

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2016	\$810,784.00
2017	\$810,784.00
2018	\$810,784.00
2019	\$1,545,151.00
2020	\$708,459.00

**Additional Information**

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

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$3,527,123,787	\$456,706,121
Collective deferred inflows of resources	466,113,435	1,283,652,103
Collective net pension liability - local	16,656,514,197	12,579,072,492
Township's Proportion	0.2320645927%	0.2288368424%

NOTE 8: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bonds			1.00%	2.49%
Intermediate- Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
US Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 9: LITIGATION

The Township is involved in several pending legal proceedings, the impact on the financial statements of which, either individually or in the aggregate, in the opinion of the Township's legal counsel would not be material.

NOTE 10: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2016, the Township does not believe that any material liabilities will result from such audits.

NOTE 11: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2016 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Township has established a reserve for this purpose in the Current Fund, the balance of which is \$647,543.08 at December 31, 2016.

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,128,388.44	\$ 1,118,189.13
Grant Fund		6,350.00
Animal Control Fund		7,378.50
Trust Other Fund	1,120,886.14	1,117,159.94
Sewer Utility Operating Fund	<u>1,118,189.13</u>	<u>1,118,386.14</u>
	\$ <u>3,367,463.71</u>	\$ <u>3,367,463.71</u>

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

NOTE 15: DEFERRED COMPENSATION PLAN

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

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

The Plan is administered by the 'Nationwide Retirement Solutions', 'Mass Mutual' and 'AXA-Equitable.'

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



NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL METHODS

Calculation Of Actuarial Accrued Liability

The plan's benefit obligations, currently, are in two parts:

1. the present value of the benefits yet to be paid for those who are currently covered as retirees; and
2. the present value of the benefits to be paid for those active participants once they become eligible for retiree benefits.

Included in each present value is a cost for administering the retiree claims.

The determination of the benefit obligation for those who are retired and covered involves estimating the survival and future claims for them and then discounting those future claims to the present time.

With regard to the active group, a further estimate must be made regarding who will actually survive, in active employment, to retire and be covered after employment.

Assumptions For Valuation

1. Mortality. The mortality table employed in this valuation is the 1994 sex distinct Group Annuity Mortality Table.
2. Discount Rate. Future costs are discounted at the rate of 5.00% compounded annually.
3. Turnover. It is assumed that terminations of employment other than for death or retirement will occur in the future in accordance with The U.S. Office of Personnel Management regarding the experience of the employee group covered by the Federal Employees Retirement System some excerpts from which are:

<u>Age %</u>	<u>Terminating</u>
20	70.4%
40	15.9%
50	0.0%

4. Disability. It is assumed no terminations of employment due to disability. Retirees resulting from a disability were factored into our determination of age at retirement.
5. Age at Retirement. It is assumed that the active participants, on average, will receive their benefits when eligible but no earlier than age 55.
6. Final Average Salary. It is assumed that the final average salary for retirees age 55 and over is \$57,499. Future retirees are assumed to contribute toward retiree health premiums pursuant to Chapter 78, P.L. 2011.
7. Spousal Coverage. It is assumed that married employees will remain married.

NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

VALUATION RESULTS

Benefit Obligations

At 12/31/2015, it is estimated that the actuarial accrued liability of benefit obligations of the Township of Bridgewater for other post-employment benefits to be:

	<u>12/31/2015</u>
1. For covered retired employees .....	\$24,208,367.
2. For active or terminated vested participants who have satisfied the requirements (except for actually retiring) for retiree coverage .....	2,053,707.
3. For other active participants .....	<u>16,952,357.</u>
4. Total .....	43,214,431.
5. Assets .....	<u>0.</u>
6. Unfunded Actuarial Accrued Liability (5.) - (4.) .....	\$43,214,431.

Annual Required Contribution (ARC)

At 12/31/2015, it is estimated that the ARC of the plan for post-employment benefits to be:

	<u>12/31/2015</u>
1. Annual Amount Toward Unfunded Actuarial Accrued Liability .....	\$ 2,677,296.
2. Normal Cost for OPEB .....	<u>1,229,062.</u>
3. Total (1.) + (2.) .....	\$3,906,358.

Benefit Payment Comparison

At 12/31/2015, the OPEB was funded on a pay-as-you-go basis:

1. Pay-As-You-Go Retiree Medical Costs .....	\$1,615,242. *
2. Annual Required Contribution (ARC) .....	<u>3,906,358.</u>
3. Net Increase (Decrease) (2.) - (1.) .....	2,291,116.

\* Estimated costs.

TOWNSHIP OF BRIDGEWATER  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2016

"A-5"

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

SCHEDULE OF PETTY CASH

<u>OFFICE</u>	<u>RECEIVED FROM TREASURER</u>	<u>RETURNED TO TREASURER</u>
Police Department	\$ 500.00	\$ 500.00
Finance Department	500.00	500.00
	<u>\$ 1,000.00</u>	<u>\$ 1,000.00</u>
<u>REF.</u>	A-4	A-4

"A-6"

SCHEDULE OF CHANGE FUNDS

Balance, December 31, 2015 and December 31, 2016	A	\$ <u>410.00</u>
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DETAIL

Tax Collector	\$ 200.00
Police	50.00
Township Clerk	50.00
Municipal Court	110.00
	<u>\$ 410.00</u>

"A-8"

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>2016 LEVY</u>	<u>ADDED TAXES</u>	<u>COLLECTIONS BY CASH</u>	<u>CANCELED</u>	<u>OVERPAYMENTS APPLIED</u>	<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>BALANCE DECEMBER 31, 2016</u>
	\$	\$	\$	2015	2016			
2015	1,235,117.03		48,365.52		1,054,088.29		12,566.55	\$
	\$	\$	48,365.52		1,054,088.29		12,566.55	\$
2016		178,059,177.02		1,064,143.08	175,962,757.57	88.23	29,047.43	902,724.34
	\$	\$	48,365.52	1,064,143.08	177,016,845.86	88.23	41,613.98	902,724.34
<u>REF.</u>	<u>A</u>	<u>A-8</u>		<u>A-2-A-18</u>	<u>A-2-A-8</u>	<u>A-2-A-17</u>	<u>A-9</u>	<u>A</u>

ANALYSIS OF 2016 PROPERTY TAX LEVY

<u>TAX YIELD</u>	<u>REF.</u>
General Property Tax	A-4
Added Taxes (54.4-63.1 et seq.)	A-7
Special Fire District Tax	A-8
	A-22
	A-8
	A-2-A-21
	A-2-A-20
	A-2-A-22
	A-8

  

Collector	\$	176,736,795.86
Senior Citizens and Veterans Deductions		280,050.00
	\$	177,016,845.86

  

Regional School District Tax (Abstract)	\$	175,429,633.77
County Tax (Abstract)		225,027.25
County Library Tax (Abstract)		2,404,516.00
County Open Space (Abstract)		
	\$	178,059,177.02

  

Due County for Added Taxes (54.4-63.1 et seq.)	\$	35,288,395.14
<u>Total County Taxes</u>		<u>44,547.21</u>

  

Special Fire District Tax		35,332,942.35
Local Tax for Municipal Purposes (Abstract)		2,404,516.00
Add: Additional Tax Levied	\$	21,757,362.29
Local Tax for Municipal Purposes Levied		250,464.38
	\$	22,007,826.67
	\$	178,059,177.02

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2015	A		\$ 1,338,485.08
Increased by:			
2016 Budget Appropriations	A-3	\$ 897,563.68	
Appropriation Reserves	A-14	<u>82,586.91</u>	
			<u>980,150.59</u>
			\$ 2,318,635.67
Decreased by:			
Disbursements	A-4	\$ 8,103.87	
Transferred to Appropriation Reserves	A-14	1,256,359.38	
Canceled	A-1	<u>44,627.43</u>	
			<u>1,309,090.68</u>
Balance, December 31, 2016	A		\$ <u>1,009,544.99</u>

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>ACCOUNTS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>ACCRUED IN 2016</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2016</u>
Licenses:					
Alcoholic Beverages	A-2	\$	\$ 88,752.00	\$ 88,752.00	\$
Other	A-2		31,455.53	31,455.53	
Fees and Permits	A-2		407,541.00	407,541.00	
Municipal Court:					
Fines and Costs	A-2	44,557.32	329,597.68	354,980.27	19,174.73
Interest and Costs on Taxes	A-2		313,333.48	313,333.48	
Interest on Investments and Deposits	A-2		134,640.13	134,640.13	
Recreation Fees	A-2		194,465.13	194,465.13	
Consolidated Municipal Property Tax Relief Aid	A-2		70,290.00	70,290.00	
Energy Receipts Tax	A-2		5,829,889.00	5,829,889.00	
Garden State Trust Fund	A-2		4,082.00	4,082.00	
Uniform Construction Code Fees	A-2		2,074,810.00	2,074,810.00	
Joint Services with County Library	A-2		304,059.00	304,059.00	
Public Assistance Services with County	A-2		45,840.00	45,840.00	
Shared Municipal Court	A-2		190,211.96	190,211.96	
Shared Resource Officer BOE	A-2		108,219.53	108,219.53	
Life Hazard Use Fees	A-2		138,633.83	138,633.83	
Suburban Cablevision - Franchise Fee	A-2		596,382.23	596,382.23	
Payment in Lieu of Taxes-Centerbridge I	A-2		102,048.39	102,048.39	
Payment in Lieu of Taxes-Centerbridge II	A-2		146,916.58	146,916.58	
Bridgewater Commons - Rent / Royalty / In Lieu Of	A-2		2,143,521.44	2,143,521.44	
Host Benefit Fees	A-2		251,092.15	251,092.15	
Capital Fund Surplus	A-2		314,870.00	314,870.00	
Hotel/Motel Tax	A-2		932,705.61	932,705.61	
Debt Service Reimbursement - Open Space Trust Fund	A-2		64,974.73	64,974.73	
Reliable Recycling	A-2		50,100.00	50,100.00	
		\$ 44,557.32	\$ 14,818,331.40	\$ 14,893,813.99	\$ 19,174.73
<u>REF.</u>		A		A-4	A

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

SCHEDULE OF 2015 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2015	TRANSFERRED FROM ACCOUNTS PAYABLE	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED)</u>					
Park Maintenance	\$ 27,047.91	\$ 20,627.38	\$ 47,675.29	\$ 11,530.68	\$ 36,144.61
Municipal Services Reimbursements: Condominiums	54,379.42		54,379.42	54,379.42	
Public Buildings and Grounds	36,205.70	77,554.91	113,760.61	29,347.93	84,412.68
Director's Office	10.00	250.00	260.00	250.00	10.00
Division of Health	46.73	4,381.05	4,427.78	4,291.21	136.57
Administration of Public Assistance	485.00		485.00	413.00	72.00
Contribution to Somerset Regional Center Partnership	9,110.00		9,110.00		9,110.00
Environmental Commission	63.68	207.80	271.48	207.80	63.68
Visiting Nurses	951.25	5,676.00	6,627.25	5,938.30	688.95
Senior Citizen Services		8,374.23	8,374.23	6,485.68	1,888.55
Division of Recreation and Parks	11,831.60	17,944.44	29,776.04	16,982.70	12,793.34
Branch Library	40,608.58	7,106.33	47,714.91	11,580.70	36,134.21
Green Brook Flood Control	2,000.00		2,000.00		2,000.00
Construction Code Official	5,796.29	19,914.67	25,710.96	19,826.42	5,884.54
Street Lighting	4,981.86	60,000.00	64,981.86	29,452.91	35,528.95
Telephone Service	0.39	37,812.23	37,812.62	14,924.03	22,888.59
Central Office Supply	2,486.56	4,402.97	6,889.53	3,614.71	3,274.82
Utilities	12,887.46	310,775.98	323,663.44	80,929.18	242,734.26
Postage	3,635.91	21.50	3,657.41	21.50	3,635.91
Pension Firemen's Widow	1,000.00		1,000.00		1,000.00
Defined Contribution Retirement Plan (DCRP)	5,533.48		5,533.48	693.28	4,840.20
Length of Service Awards Program	25,361.78	1,210.48	26,572.26	1,210.48	25,361.78
Branch Library - Interlocal	68.23	4,066.48	4,134.71	2,959.18	1,175.53
Branch Library - Employee Group Insurance	32,899.58		32,899.58	22,851.04	10,048.54
Police Radios	6,000.00	23,000.00	29,000.00	29,000.00	
Computer Equipment		13,829.37	13,829.37	13,365.25	464.12
	<u>\$ 1,685,685.48</u>	<u>\$ 1,256,359.38</u>	<u>\$ 2,942,044.86</u>	<u>\$ 1,577,969.24</u>	<u>\$ 1,364,075.62</u>
REF.	A	A-11			A-1
Disbursements	A-4			\$ 1,495,382.33	
Reserve for Accounts Payable	A-11			<u>82,586.91</u>	
				<u>\$ 1,577,969.24</u>	



"A-17"

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	272,891.29
Increased by:			
Overpayments in 2016	A-4		86,250.82
		\$	<u>359,142.11</u>
Decreased by:			
Refunded	A-4	\$	175,768.35
Canceled			43,224.04
Applied to Taxes	A-8		88.23
Applied to Sewer	A-12		744.76
			<u>219,825.38</u>
Balance, December 31, 2016	A	\$	<u><u>139,316.73</u></u>

"A-18"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2015	A	\$	1,064,143.08
Increased by:			
Collection of 2017 Taxes	A-4		1,501,638.18
		\$	<u>2,565,781.26</u>
Decreased by:			
Refunded	A-4	\$	5,192.59
Applied to 2016 Taxes	A-8		1,064,143.08
			<u>1,069,335.67</u>
Balance, December 31, 2016	A	\$	<u><u>1,496,445.59</u></u>

"A-21"

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE

	<u>REF.</u>	
Increased by:		
School Levy	A-1:A-8	\$ 118,313,892.00
Decreased by:		
Payments	A-4	<u>118,099,187.16</u>
Balance, December 31, 2016	A	\$ <u><u>214,704.84</u></u>

"A-22"

SCHEDULE OF SPECIAL FIRE DISTRICT TAXES PAYABLE

Increased by:		
2016 Special District Tax Levy	A-1:A-8	\$ 2,404,516.00
Decreased by:		
Payments	A-4	\$ <u>2,404,516.00</u>

TOWNSHIP OF BRIDGEWATER

GRANT FUND

SCHEDULE OF GRANTS UNAPPROPRIATED

	BALANCE DECEMBER 31, 2015	RECEIPTS	APPLIED TO RECEIVABLE	BALANCE DECEMBER 31, 2016
Recycling Tonnage Grant	\$	\$ 0.73	\$	\$ 0.73
Emergency Management	5,000.00		5,000.00	
Regional Center Partnership	10,000.00		10,000.00	
	<u>\$ 15,000.00</u>	<u>\$ 0.73</u>	<u>\$ 15,000.00</u>	<u>\$ 0.73</u>
<u>REF.</u>	A	A-4	A-25	A

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

SCHEDULE OF RESERVE FOR STORM DAMAGE - FEMA

	<u>REF.</u>	
Balance, December 31, 2015	A	\$ 275,800.28
Decreased by:		
Applied to Revenue	A-2	<u>62,303.00</u>
Balance, December 31, 2016	A	\$ <u><u>213,497.28</u></u>

"A-29"

TOWNSHIP OF BRIDGEWATER

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

REF.

Increased by:		
Grants Receivable Canceled	A-25	\$ 1,191.33
Decreased by:		
Grants Appropriated Canceled	A-23	<u>5,041.33</u>
Balance, December 31, 2016 (Due To)	A	\$ <u><u>3,850.00</u></u>

"A-30"

GRANT FUND

SCHEDULE OF DUE OTHER TRUST FUND

Increased by:		
Receipts	A-4	\$ <u>2,500.00</u>
Balance, December 31, 2016 (Due To)	A	\$ <u><u>2,500.00</u></u>

"A-33"

TOWNSHIP OF BRIDGEWATER

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES - SPECIAL EMERGENCY

	<u>REF.</u>	
Balance, December 31, 2015	A	\$ 26,400.00
Decreased by:		
Paid by Budget		
N.J.S.A. 40A:4-55 Police Cars - Flood	A-3	\$ <u>26,400.00</u>

TOWNSHIP OF BRIDGEWATER

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF CONFIRMATION</u>	<u>INSTALLMENT</u>	<u>DUE DATES</u>	<u>BALANCE DECEMBER 31, 2015 AND 2016</u>	<u>BALANCE PLEGGED TO RESERVE</u>
79-19A	Middlebrook Sewers Contract 144A/B	8/15/94	10	9/15/94 - 2003	\$ 65,585.92	\$ 65,585.92
87-20A	Ethicon Lawns	2/02/98	10	4/03/98 - 2007	17,403.56	17,403.56
					<u>\$ 82,989.48</u>	<u>\$ 82,989.48</u>

REF.

B

"B-5"

TOWNSHIP OF BRIDGEWATER

TRUST FUND

ANALYSIS OF ASSESSMENT FUND CASH

BALANCE  
DECEMBER 31,  
2015 AND 2016

Assessment Serial Bonds:

Middlebrook 79-19

Ethicon 87-20/88-7/88-24/89-30/90-10

Assessment Fund Balance

Assessment Overpayments

\$	0.18
	(197.45)
	47,130.81
	<u>1,000.00</u>
\$	<u>47,933.54</u>

REF.

B



TOWNSHIP OF BRIDGEWATER

TRUST FUND

SCHEDULE OF DUE SEWER UTILITY OPERATING FUND - OTHER TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2015 (Due To)	B	\$	16.96
Decreased by:			
Disbursements	B-2		<u>1,118,403.10</u>
Balance, December 31, 2016 (Due From)	B	\$	<u><u>1,118,386.14</u></u>

TOWNSHIP OF BRIDGEWATER

TRUST FUND

SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE TRUST DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2015	B	\$ 7,488,171.14
Increased by:		
Receipts	B-2	<u>55,872.40</u>
		\$ 7,544,043.54
Decreased by:		
Disbursements	B-2	<u>745,794.41</u>
Balance, December 31, 2016	B	\$ <u>6,798,249.13</u>

TOWNSHIP OF BRIDGEWATER

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2015	B	\$	24,824.20
Increased by:			
Cat License Fees Collected		\$	536.00
Dog License Fees Collected			10,456.80
Late Fees			1,303.00
Kennel/Pet Shop Licenses			75.00
	B-2		<u>12,370.80</u>
		\$	<u>37,195.00</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-2	\$	4,238.82
Accounts Payable	B-14		688.28
Excess Reserve for Expenditures Due Current Fund	B-15		<u>7,378.50</u>
			<u>12,305.60</u>
Balance, December 31, 2016	B	\$	<u><u>24,889.40</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2015	\$ 12,295.80
2014	<u>12,593.60</u>
	<u><u>\$ 24,889.40</u></u>

"B-15"

TOWNSHIP OF BRIDGEWATER

TRUST FUND

SCHEDULE OF DUE CURRENT FUND - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2015 (Due To)	B	\$ 9,488.54
Increased by:		
Excess Reserve for Animal Control Expenditures	B-12	7,378.50
		\$ <u>16,867.04</u>
Decreased by:		
Disbursements	B-2	9,488.54
Balance, December 31, 2016 (Due To)	B	\$ <u><u>7,378.50</u></u>

"B-16"

SCHEDULE OF DUE CURRENT FUND - OTHER TRUST FUND

Balance, December 31, 2015 (Due From)	B	\$ 105,055.20
Increased by:		
Disbursements	B-2	3,299,118.31
		\$ <u>3,404,173.51</u>
Decreased by:		
Receipts	B-2	4,521,333.45
Balance, December 31, 2016 (Due To)	B	\$ <u><u>1,117,159.94</u></u>

TOWNSHIP OF BRIDGEWATER

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2015	C	\$	6,849,905.38
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-7	\$	250,000.00
Deferred Unfunded	C-6		130,279.68
Bond Sale	C-10		8,349,000.00
Bond Anticipation Notes	C-11		15,891,457.00
Reserve for Debt Service	C-13		511,199.38
			<u>25,131,936.06</u>
		\$	<u>31,981,841.44</u>
Decreased by Disbursements:			
Contracts Payable	C-15	\$	2,401,439.80
Improvement Authority	C-8		15,102.94
Reserve for Debt Service	C-13		314,870.00
Bond Anticipation Notes	C-11		19,484,282.00
			<u>22,215,694.74</u>
Balance, December 31, 2016	C	\$	<u><u>9,766,146.70</u></u>

"C-4"

TOWNSHIP OF BRIDGEWATER

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CAPITAL PROJECTS

REF.

Balance, December 31, 2015 and December 31, 2016	C	\$ <u>1,756,354.75</u>
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"C-5"

SCHEDULE OF DEFERRED CHARGES  
TO FUTURE TAXATION - FUNDED

Balance, December 31, 2015	C	\$ 44,689,459.80
Increased by:		
Bond Sale	C-6	\$ 8,349,000.00
Improvement Authority Loans	C-16	<u>280,641.95</u>
		8,629,641.95
		\$ <u>53,319,101.75</u>
Decreased by:		
Improvement Authority Loans Paid by Budget	C-16	\$ 167,893.85
Green Acres Loans Paid by Budget	C-14	87,185.91
Infrastructure Loans Paid by Budget	C-12	56,323.49
Bonds Paid by Budget	C-10	<u>2,530,000.00</u>
		2,841,403.25
Balance, December 31, 2016	C	\$ <u>50,477,698.50</u>

"C-7"

TOWNSHIP OF BRIDGEWATER  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2015	C	\$ 46,467.30
Increased by:		
2016 Budget Appropriation	C-2	250,000.00
		<u>\$ 296,467.30</u>
Decreased by:		
Appropriated to Finance Improvements	C-9	250,325.00
		<u>250,325.00</u>
Balance, December 31, 2016	C	<u><u>\$ 46,142.30</u></u>

"C-8"

SCHEDULE OF IMPROVEMENT AUTHORITY RECEIVABLE

Increased by:		
Disbursements	C-2	\$ 15,102.94
		<u>\$ 15,102.94</u>
December 31, 2016	C	<u><u>\$ 15,102.94</u></u>

"C-10"

TOWNSHIP OF BRIDGEWATER

GENERAL CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2016		INTEREST RATE	BALANCE DECEMBER 31, 2015	INCREASED	DECREASED	BALANCE DECEMBER 31, 2016
			DATE	AMOUNT					
General Improvements	7/15/07	\$ 7,992,000.00	07/15/2017	\$ 575,000.00	4.125%	\$	\$	\$	
			07/15/2018	600,000.00	4.125%				
			07/15/2019	675,000.00	4.125%				
			07/15/2020	700,000.00	4.125%				
			07/15/2021	700,000.00	4.125%				
General Improvements	9/1/10	22,500,000.00	07/15/2022	692,000.00	4.125%	4,492,000.00		550,000.00	3,942,000.00
			09/01/2017	850,000.00	3.000%				
			09/01/2018	900,000.00	3.000%				
			09/01/2019	925,000.00	3.250%				
			09/01/2020	975,000.00	3.250%				
			9/1/21-2022	975,000.00	3.500%				
			9/1/23-2025	975,000.00	4.000%				
			9/1/26-2034	1,000,000.00	4.000%				
			09/01/2035	1,100,000.00	4.125%	19,425,000.00		800,000.00	18,625,000.00
			04/01/2017	575,000.00	2.000%				
General Improvement Refunding Bonds	10/1/12	5,655,000.00	04/01/2018	585,000.00	2.000%				
			04/01/2019	625,000.00	2.000%				
			04/01/2020	750,000.00	2.500%				
			04/01/2021	895,000.00	3.000%				
			4/1/2022-2026	1,010,000.00	3.000%				
			04/01/2027	1,010,000.00	3.125%				
			4/1/2028-2029	1,010,000.00	3.250%				
			04/01/2030	1,010,000.00	3.375%				
			04/01/2031	1,010,000.00	3.500%				
			04/01/2032	1,012,000.00	3.500%	15,092,000.00		550,000.00	14,542,000.00
General Improvements	8/1/2016	8,349,000.00	10/01/2017	625,000.00	3.000%				
			10/1/2018-2019	615,000.00	4.000%				
			10/1/2020-2021	610,000.00	4.000%				
			10/01/2022	600,000.00	4.000%	4,305,000.00		630,000.00	3,675,000.00
			08/01/2017	250,000.00	2.000%				
			08/01/2018	250,000.00	3.000%				
			08/01/2019-2022	250,000.00	4.000%				
			08/01/2023	455,000.00	4.000%				
			08/01/2024	460,000.00	4.000%				
			08/01/2025	470,000.00	4.000%				
			08/01/2026	480,000.00	2.000%				
			08/01/2027	485,000.00	2.000%				
			08/01/2028-2029	500,000.00	2.000%				
			08/01/2030-2031	500,000.00	2.125%				
			08/01/2032-2034	500,000.00	2.250%				
			08/01/2035	500,000.00	2.375%				
			08/01/2036	499,000.00	2.500%				
						\$ 43,314,000.00	\$ 8,349,000.00	\$ 2,530,000.00	\$ 49,133,000.00
						C	C-2	C-5	C

REF.

REF.



"C-12"

TOWNSHIP OF BRIDGEWATER

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR INFRASTRUCTURE LOAN PAYABLE

	<u>REF.</u>	
Balance, December 31, 2015	C	\$ 366,135.36
Decreased by:		
Payment on Loan	C-5	<u>56,323.49</u>
Balance, December 31, 2016	C	\$ <u>309,811.87</u>

"C-13"

SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE

Balance, December 31, 2015	C	\$ 314,870.37
Increased by:		
Receipts	C-2	<u>511,199.38</u>
		\$ <u>826,069.75</u>
Decreased by:		
Disbursements	C-2	<u>314,870.00</u>
Balance, December 31, 2016	C	\$ <u>511,199.75</u>

"C-16"

TOWNSHIP OF BRIDGEWATER

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORITY LOANS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2015	C	\$ 472,199.06
Increased by:		
Improvement Authority Loans	C-5	280,641.95
		\$ <u>752,841.01</u>
Decreased by:		
Payment on Loans	C-5	<u>167,893.85</u>
Balance, December 31, 2016	C	\$ <u><u>584,947.16</u></u>

"C-17"

SCHEDULE OF RESERVE FOR PRELIMINARY EXPENSES

Balance, December 31, 2015 and December 31, 2016	C	\$ <u><u>5,000.00</u></u>
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TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

SCHEDULE OF CASH - COLLECTOR-TREASURER

	<u>REF.</u>	<u>OPERATING</u>	<u>ASSESSMENT TRUST</u>	<u>CAPITAL</u>
Balance, December 31, 2015	D	\$ 9,433,071.17	\$ 11,392.66	\$ 979,376.34
Increased by Receipts:				
Sewer Charges Receivable	D-13	\$ 9,886,461.38	\$	\$
Miscellaneous Revenue Not Anticipated	D-1:D-4	169,595.87		
Interfunds	D-10	1,138,833.22		
Sewer Overpayments	D-21	976.20		
Bond Anticipation Notes	D-29			5,740,860.00
Capital Improvement Fund	D-30			1,700,000.00
Branchburg Share of Operating Costs	D-1:D-4	20,000.00		
Township of Warren - Debt Service	D-1:D-4	66,015.31		
Prepaid Sewer Charges	D-25	1,784.12		
		\$ 11,283,666.10	\$	\$ 7,440,860.00
		\$ 20,716,737.27	\$ 11,392.66	\$ 8,420,236.34
Decreased by Disbursements:				
2016 Budget Appropriations	D-5	\$ 10,204,837.63	\$	\$
2015 Appropriation Reserves	D-19	309,153.36		
Interfunds	D-10	1,138,423.46		
Sewer Overpayments	D-21	883.15		
Accrued Interest on Bonds	D-11	37,221.30		
Accrued Interest on Loans	D-31	6,572.55		
Accounts Payable	D-18	28,716.55		
Contracts Payable	D-24			2,051,129.03
		\$ 11,725,808.00	\$	\$ 2,051,129.03
Balance, December 31, 2016	D:D-7:D-8	\$ 8,990,929.27	\$ 11,392.66	\$ 6,369,107.31

"D-8"

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

ANALYSIS OF SEWER UTILITY CAPITAL CASH

BALANCE  
DECEMBER  
31, 2016

SEWER:

Fund Balance	\$ 76,361.34
Contracts Payable	627,949.96
Improvement Authorizations - Funded:	
Ord. # 01-19 and 04-01 Design and Upgrade to Gillbride Pump Station	39,615.00
Ord. # 01-34 Infiltration and Inflow Program in Finderne Section	89,825.93
Ord. # 09-10 Improvements to Sanitary Sewer System	644,267.14
Ord. # 12-06 Various Sewer Utility Improvements	778,296.06
Ord. # 16-12 Various Sewer Utility Improvements	1,470,377.54
Authorized but not Issued	(1,585,962.87)
Unfunded Improvements Expended	<u>4,228,377.21</u>
	<u>\$ 6,369,107.31</u>

REF.

D:D-6

"D-10"

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>TRUST FUND</u>	<u>CURRENT FUND</u>
Balance, December 31, 2015				
Due To	D	\$ 548.97	\$	\$ 548.97
Due From	D	16.96	16.96	
Receipts	D-6	\$ 1,138,833.22	\$ 1,118,403.10	\$ 20,430.12
Disbursements	D-6	1,138,423.46		1,138,423.46
Transfer to Tax Overpayments	D-13	744.76		744.76
Balance, December 31, 2016				
Due To	D	\$ 1,118,386.14	\$ 1,118,386.14	\$
Due From	D	1,118,189.13		1,118,189.13

"D-13"

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

SCHEDULE OF SEWER USE CHARGES RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2015	D	\$	345,800.25
Increased by:			
Sewer Charges Levied (Net)			<u>10,004,881.12</u>
		\$	<u>10,350,681.37</u>
Decreased By:			
Collections	D-6	\$	9,886,461.38
Prepaid Applied	D-25		1,606.72
Sewer Overpayments Applied	D-21		22,004.14
Apply to Tax Overpayments	D-10		744.76
Canceled			<u>26,400.92</u>
			<u>9,937,217.92</u>
Balance, December 31, 2016	D	\$	<u><u>413,463.45</u></u>

"D-14"

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

Balance, December 31, 2015 and December 31, 2016	D	\$	<u><u>995,438.44</u></u>
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TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF CONFIRMATION	INSTALLMENTS	DUE DATES	BALANCE DECEMBER 31, 2015 & 2016	BALANCE PLEDGED TO RESERVE
76-13	Sunset Lake Section II Sewer	02/24/83	10	3/24/83-92	\$ 845.99	\$ 845.99
76-3	Miltown Road Sewer	05/21/84	10	6/21/84-93	7,948.00	7,948.00
80-17	Crossing #4 Sewer	08/11/86	10	9/11/86-95	29,386.11	29,386.11
79-19	Middle Brook Collector	02/22/90	10	3/22/90-99	15,795.76	15,795.76
					<u>\$ 53,975.86</u>	<u>\$ 53,975.86</u>

REF. D

"D-19"

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

SCHEDULE OF 2015 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2015	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operating:				
Salaries and Wages	\$ 150,182.00	\$ 150,182.00	\$ 67,814.91	\$ 82,367.09
Other Expenses	808,140.96	970,615.00	180,796.82	789,818.18
Somerset Raritan Valley Sewerage Authority	1,668,654.45	1,668,654.45	93,299.40	1,575,355.05
Statutory Expenditures:				
Contribution to Social Security System	136,016.86	136,016.86	511.52	135,505.34
	<u>\$ 2,762,994.27</u>	<u>\$ 2,925,468.31</u>	<u>\$ 342,422.65</u>	<u>\$ 2,583,045.66</u>
REF.	D			D-1
Balance, December 31, 2015	\$ 2,762,994.27	\$ 2,762,994.27		
Transfer of Accounts Payable		162,474.04		
	<u>\$ 2,925,468.31</u>	<u>\$ 2,925,468.31</u>		
Disbursements			\$ 309,153.36	
Accounts Payable			33,269.29	
			<u>\$ 342,422.65</u>	



TOWNSHIP OF BRIDGEWATER

SEWER UTILITY FUND

SCHEDULE OF SEWER USE CHARGE OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2015	D	\$	97,216.20
Increased by:			
Receipts	D-6		976.20
		\$	<u>98,192.40</u>
Decreased by:			
Overpayments Canceled	D-1	\$	93.05
Overpayments Applied	D-13		22,004.14
Refunded	D-6		<u>883.15</u>
			<u>22,980.34</u>
Balance, December 31, 2016	D	\$	<u><u>75,212.06</u></u>

"D-23"

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>		
Balance, December 31, 2015 (as restated)	D		\$ 12,993,255.05
Increased by:			
EIT Loan Payable Paid by Operating Budget	D-28	\$ 37,398.28	
Serial Bonds Paid by Operating Budget	D-27	<u>120,000.00</u>	
			<u>157,398.28</u>
Balance, December 31, 2016	D		\$ <u>13,150,653.33</u>

"D-24"

SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2015	D		\$ 939,851.74
Increased by:			
Charges to Improvement Authorizations	D-26		<u>1,743,547.25</u>
			\$ <u>2,683,398.99</u>
Decreased by:			
Disbursements	D-6	\$ 2,051,129.03	
Contracts Payable Canceled	D-26	<u>4,320.00</u>	
			<u>2,055,449.03</u>
Balance, December 31, 2016	D		\$ <u>627,949.96</u>

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE	IMPROVEMENT DESCRIPTION	ORDINANCE AMOUNT	BALANCE, DECEMBER 31, 2015		2016 AUTHORIZATIONS	CONTRACTS PAYABLE CANCELED	DECREASED	BALANCE, DECEMBER 31, 2016	
			FUNDED	UNFUNDED				FUNDED	UNFUNDED
01-19 and 04-01	Design and Upgrade to Gilbride Pump Station	\$ 729,000.00	\$ 39,615.00	\$ 1,275.00	\$	\$	\$	\$ 39,615.00	\$ 1,275.00
01-34	Infiltration/Inflow Program in Finnerne Section	100,000.00	89,825.93					89,825.93	
09-10	Improvements to the Sanitary Sewer System	1,300,000.00	644,267.14	167.00				644,267.14	167.00
12-06	Various Sewer Utility Improvements	2,075,000.00	773,976.06					778,296.06	
13-05	Various Sewer Utility Improvements	1,800,000.00		1,410,569.00		1,207.08			1,409,361.92
14-06	Various Sewer Utility Improvements	2,440,000.00		2,083,081.00		1,015,337.55			1,067,743.45
15-07	Various Sewer Utility Improvements	1,560,000.00		722,210.00		497,380.16			224,829.84
16-12	Various Sewer Utility Improvements	3,225,000.00			3,225,000.00	229,622.46		1,470,377.54	1,525,000.00
			\$ 1,547,684.13	\$ 4,217,302.00	\$ 3,225,000.00	\$ 1,743,547.25	\$ 3,022,381.67	\$ 4,228,377.21	
REF.			D	D	D-15	D-24	D	D	D

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY CAPITAL FUND

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

	<u>REF.</u>	
Balance, December 31, 2015	D	\$ 528,576.08
Decreased by:		
Loans Paid by Budget	D-23	<u>37,398.28</u>
Balance, December 31, 2016	D	<u>\$ 491,177.80</u>

"D-30"

TOWNSHIP OF BRIDGEWATER

SEWER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

REF.

Increased by:		
2016 Budget Appropriation	D-6	\$ 1,700,000.00
Decreased by:		
Appropriated to Finance Improvements	D-22	\$ <u>1,700,000.00</u>

TOWNSHIP OF BRIDGEWATER

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH

	<u>REF.</u>	<u>PUBLIC ASSISTANCE TRUST FUND 1</u>	<u>PUBLIC ASSISTANCE TRUST FUND 2</u>
Balance, December 31, 2015	E	\$ 1,631.56	\$ 99,103.36
Increased by Receipts:			
State Aid for Public Assistance and Other Receipts	E-4	315.00	237,717.43
		\$ 1,946.56	\$ 336,820.79
Decreased by Disbursements:			
Reserve For:			
Public Assistance	E-5	1,245.93	233,485.95
Balance, December 31, 2016	E	\$ 700.63	\$ 103,334.84

TOWNSHIP OF BRIDGEWATER

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND  
RECONCILIATION AS OF DECEMBER 31, 2016

Balance, December 31, 2015	\$	100,734.92
Increased by:		
Receipts		238,032.43
	\$	<u>338,767.35</u>
Decreased by:		
Disbursements		234,731.88
Balance, December 31, 2016	\$	<u><u>104,035.47</u></u>

RECONCILIATION - DECEMBER 31, 2016	P.A.T.F. I ACCOUNT	P.A.T.F. II ACCOUNT	TOTAL
Balance on Deposit Per Statement of TD Banknorth:			
Account #398-3034572	\$ 211.79	\$	\$ 211.79
PNC Bank:			
Account #80-3235-8177		116,397.34	116,397.34
Account #81-0395-2342	488.84		488.84
	<u>\$ 700.63</u>	<u>\$ 116,397.34</u>	<u>\$ 117,097.97</u>
Add: Deposit in Transit (including prepayments)		294.00	294.00
Less: Outstanding Checks (Per List on File)		(13,356.50)	(13,356.50)
Balance, December 31, 2016	<u><u>\$ 700.63</u></u>	<u><u>\$ 103,334.84</u></u>	<u><u>\$ 104,035.47</u></u>

TOWNSHIP OF BRIDGEWATER

PART II

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

SCHEDULES OF EXPENDITURES OF FEDERAL  
AWARDS AND STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE



## SUPLEE, CLOONEY & COMPANY

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 Township'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

March 13, 2017

## TOWNSHIP OF BRIDGEWATER

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2016

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2016 RECEIPTS	2016 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2016
		FROM	TO				
<u>Department of Environmental Protection</u>							
Clean Communities Program							
2015	4900-765-042-4900-004-VCWC-6020	01/01/15	12/31/15	\$ 100,034.35	\$	\$ 72,737.90	\$ 100,034.35
2016	4900-765-042-4900-004-VCWC-6020	01/01/16	12/31/16	114,384.48	114,384.48	31,350.78	31,350.78
Recycling Tonnage Program							
2016	4900-752-042-4900-001-V42Y-6020	Continuous		114,698.00	114,698.00	114,698.00	114,698.00
				\$	229,082.48	218,786.68	246,083.13
<u>Department of Law and Public Safety</u>							
Safe and Secure Communities Program							
2016	1020-100-066-232-YCJF-6120	01/01/16	12/31/16	60,000.00	60,000.00	\$	\$
Drunk Driving Enforcement Fund							
2015	6400-100-078-6400-YYYY	Continuous		13,688.13		2,018.00	4,479.10
2016	6400-100-078-6400-YYYY	Continuous		11,537.24			
Alcohol Education Rehabilitation Fund							
2012	9735-760-098-Y900-001-X100-6020	Continuous		4,532.90		396.38	4,532.90
2014	9735-760-098-Y900-001-X100-6020	Continuous		1,772.40		772.40	1,772.40
2015	9735-760-098-Y900-001-X100-6020	Continuous		3,064.52		331.22	331.22
2016	9735-760-098-Y900-001-X100-6020	Continuous		3,928.04	3,928.04		
Body Armor Replacement Fund							
2010	1020-718-066-1020-001-YCJF-0120	Continuous		8,872.55		7,069.22	8,872.55
2015	1020-718-066-1020-001-YCJF-0120	Continuous		6,730.37		741.53	5,978.78
2016	1020-718-066-1020-001-YCJF-0120	Continuous		6,274.30	6,274.30		
				\$	70,202.34	11,328.75	25,966.95
<u>Pass Through from County of Somerset</u>							
Municipal Alliance on Alcoholism and Drug Abuse							
2015	SC-ALL-10-03	07/01/15	06/30/16	35,761.00	23,451.87	25,541.00	35,761.00
2016	SC-ALL-14-03	07/01/16	06/30/17	36,208.25	21,221.36	10,309.18	10,309.18
				\$	44,673.23	35,850.18	46,070.18
<u>Department of Human Services</u>							
Public Assistance-State Share							
Public Assistance-State Share							
2015	7550-150-054-7550-121-LLL-6020	01/01/15	12/31/15	163,582.07	96,000.00	\$	163,582.07
2016	7550-150-054-7550-121-LLL-6020	01/01/16	12/31/16	211,364.91	37,400.00	211,364.91	211,364.91
				\$	133,400.00	211,364.91	374,946.98
<u>Department of Transportation</u>							
Municipal Aid - Country Club Road - Phase IV							
Municipal Aid - Country Club Road - Phase V							
Municipal Aid - Country Club Road - Phase VI							
2015	13-480-078-6320-ALL-6010	Continuous		200,000.00	49,500.00	\$	200,000.00
2016	14-480-078-6320-ALW-6010	Continuous		170,000.00	500.00		170,000.00
	15-480-078-6320-AL5-6010	Continuous		162,000.00		(13,942.67)	148,057.33
				\$	50,000.00	(13,942.67)	518,057.33
				\$	527,358.05	463,387.85	1,211,124.57

TOTAL STATE AID AND STATE GRANT FINANCIAL ASSISTANCE

#### NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's regulatory basis financial statements. These amounts are reported in either the Current Fund, Grant Fund or Public Assistance Trust Fund.

##### Receipts:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 10,113.18	\$ 393,958.05	\$ 27,612.97	\$ 431,684.20
Public Assistance Trust Fund	<u>                    </u>	<u>133,400.00</u>	<u>                    </u>	<u>133,400.00</u>
	<u>\$ 10,113.18</u>	<u>\$ 527,358.05</u>	<u>\$ 27,612.97</u>	<u>\$ 565,084.20</u>

##### Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 10,310.75	\$ 252,022.94	\$ 15,549.36	\$ 277,883.05
Public Assistance Trust Fund	<u>                    </u>	<u>211,364.91</u>	<u>                    </u>	<u>211,364.91</u>
	<u>\$ 10,310.75</u>	<u>\$ 463,387.85</u>	<u>\$ 15,549.36</u>	<u>\$ 489,247.96</u>

#### NOTE 5. OTHER

Matching contributions expended by the Township in accordance with terms of the various grants are not reported in the accompanying schedules.

PART III

TOWNSHIP OF BRIDGEWATER

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

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

	YEAR 2016		YEAR 2015	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 2,634,141.34	17.11%	\$ 1,546,183.07	12.03%
Collection of Sewer Use Charges	9,910,817.00	64.39%	9,735,870.91	75.73%
Miscellaneous	2,846,033.04	18.50%	1,574,206.24	12.24%
<u>Total Revenue</u>	<u>\$ 15,390,991.38</u>	<u>100.00%</u>	<u>\$ 12,856,260.22</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 9,871,638.00	82.79%	\$ 10,497,904.07	96.70%
Capital Improvements	1,700,000.00	14.26%		
Deferred Charges and Statutory Expenditures	150,808.81	1.26%	152,840.00	1.41%
Debt Service	201,694.53	1.69%	205,438.28	1.89%
<u>Total Expenditures</u>	<u>\$ 11,924,141.34</u>	<u>100.00%</u>	<u>\$ 10,856,182.35</u>	<u>100.00%</u>
Excess in Revenue	\$ 3,466,850.04		\$ 2,000,077.87	
Fund Balance, January 1	6,313,683.93		5,859,789.13	
	<u>\$ 9,780,533.97</u>		<u>\$ 7,859,867.00</u>	
Less: Utilization as Anticipated Revenue	2,634,141.34		1,546,183.07	
Fund Balance, December 31	<u>\$ 7,146,392.63</u>		<u>\$ 6,313,683.93</u>	

## DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>DECEMBER 31, YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2016	\$190,406.94	\$902,724.34	\$1,093,131.28	0.61%
2015	150,759.14	1,235,117.03	1,385,876.17	0.79%
2014	143,744.83	1,059,141.00	1,202,885.83	0.70%

## PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>YEAR</u>	<u>AMOUNT</u>
2016	\$422,300.00
2015	422,300.00
2014	422,300.00

## OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
Daniel J. Hayes Jr.	Mayor		
Filipe Pedroso	Council Member - President		
Allen Kurdyla	Council Member		
Matthew Moench	Council Member		
Howard Norgalis	Council Member		
Christine Henderson Rose	Council Member		
James Naples	Director of Administration	*	
Linda Doyle	Municipal Clerk, Assessment Search Officer	\$25,000.00	Penn National Insurance
Grace Karanja	Deputy Municipal Clerk	*	
Natasha Turchan	Director of Finance, Chief Financial Officer	\$250,000.00	Penn National Insurance
Rose Witt	Qualified Purchasing Agent	*	
Gary Howarth	Human Resources Officer	*	
Darrow Murdock	Tax Collector, Tax Search Officer, Sewer Collector	\$650,000.00	Penn National Insurance
Anthony DiRado	Tax Assessor	*	
Willam Savo	Township Attorney	*	
Scarlett Doyle	Township Planner	*	
Steve Rodzinak	Construction Code Official	*	
Robert Bogart	Director of Municipal Services, Township Engineer (to 2/29/16)	*	
Dave Battaglia	Director of Municipal Services, Township Engineer (from 4/25/16)	*	
Thomas Forsythe	Deputy Director of Municipal Services Superintendent of Public Works	*	

COMMENTS AND RECOMMENDATIONS



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 or 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 examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000.00 for the performance of any work or the furnishing or hiring of any 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.

COLLECTION OF INTEREST ON DELINQUENT  
TAXES AND ASSESSMENTS

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

The Governing Body on January 1, 2016 adopted the following resolution pursuant to the provisions of R.S. 54:4-67 fixing the rate of delinquent taxes and assessments at 8% per annum on the first \$1,500.00 and a rate of 18% per annum on any amount in excess of \$1,500.00 becoming delinquent after the due date and if the delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31<sup>st</sup>, an additional penalty of 6% shall be charged if payment of any installment is made within ten days after the date upon which the same becomes payable. Sanitary Sewer Charges are fixed at a delinquent rate of 18% per annum on all delinquent charges after the due date.

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on October 21, 2016 and was complete.

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

## RECOMMENDATIONS

None

