

Report of Audit

on the

Financial Statements

of the

*Somerset County Park
Commission*

for the

*Year Ended
December 31, 2012*

SOMERSET COUNTY PARK COMMISSION

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SOMERSET COUNTY PARK COMMISSION

PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2012



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Somerset County Park Commission, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Park Commission's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the regulatory financial statements.

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Somerset County Park Commission as of December 31, 2012 and 2011, 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, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2012 and 2011, 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, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2013 on our consideration of the Somerset County Park Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Somerset County Park Commission's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 2, 2013



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

The Honorable President and Members
of the Somerset County Park Commission
County of Somerset, New Jersey 07090

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Somerset County Park Commission, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Park Commission's regulatory financial statements, and have issued our report thereon dated July 2, 2013. Our report disclosed that, as described in Note 1 to the financial statements, the Somerset County Park Commission prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory financial statements, we considered the Park Commission's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Park Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Park Commission's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

July 2, 2013

CURRENT FUND

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE DECEMBER 31, 2011</u>
<u>ASSETS</u>			
Current Fund:			
Cash	A-4	\$ 2,622,494.64	\$ 2,141,221.47
Change Funds	A-5	8,050.00	8,050.00
Petty Cash Funds	A-6	2,400.00	2,400.00
		<u>\$ 2,632,944.64</u>	<u>\$ 2,151,671.47</u>
Receivables and Other Assets with Full Reserves:			
Inventory		\$ 119,888.73	\$ 113,083.12
	A	<u>\$ 119,888.73</u>	<u>\$ 113,083.12</u>
	A	<u>\$ 2,752,833.37</u>	<u>\$ 2,264,754.59</u>
Grant Fund:			
Cash	A-4	\$ 6,196,137.28	\$ 5,096,175.14
Grants Receivable	A-12		5,330.00
	A	<u>\$ 6,196,137.28</u>	<u>\$ 5,101,505.14</u>
	A	<u>\$ 8,948,970.65</u>	<u>\$ 7,366,259.73</u>

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

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE DECEMBER 31, 2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Due Trust Fund	A-15	\$ 118,672.57	\$ 118,672.57
Appropriation Reserves	A-3:A-9	147,825.37	185,820.07
Encumbrances Payable	A-11	478,450.28	193,704.31
		<u>\$ 626,275.65</u>	<u>\$ 498,196.95</u>
Reserve for Receivables and Other Assets	A	\$ 119,888.73	\$ 113,083.12
Fund Balance	A-1	2,006,668.99	1,653,474.52
	A	<u>\$ 2,752,833.37</u>	<u>\$ 2,264,754.59</u>
Grant Fund:			
Due Trust Fund	A-14	\$ 25,000.00	\$ 25,000.00
Encumbrances Payable	A-11	359,606.11	1,598,469.06
Reserve for County Grant Appropriated	A-13	5,836,531.17	3,478,036.08
	A	<u>\$ 6,196,137.28</u>	<u>\$ 5,101,505.14</u>
	A	<u>\$ 8,948,970.65</u>	<u>\$ 7,366,259.73</u>

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

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR 2012</u>	<u>YEAR 2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-1:A-2	\$ 1,214,946.00	\$ 1,019,450.00
Miscellaneous Revenue Anticipated:			
County of Somerset	A-2	8,068,000.00	8,581,316.03
Other Revenues	A-2	10,154,497.30	9,207,424.66
Miscellaneous Revenues Not Anticipated	A-2	151,184.55	443,542.01
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	70,736.08	111,376.70
County of Somerset Contribution of Pension Costs	A-1	915,105.00	921,018.00
Interfunds Returned			5,849.03
Canceled Trust Reserves			243,155.69
Canceled Accounts Payable			29,159.28
<u>Total Income</u>		\$ <u>20,574,468.93</u>	\$ <u>20,562,291.40</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations	A-3	\$ 18,091,055.00	\$ 18,385,942.92
Transfer to Due State of New Jersey	A-8	168.46	79.21
Employers' Share of Pension Costs	A-1	915,105.00	921,018.00
Refund of Prior Year Revenue			5,849.03
Canceled Receivables			18,672.57
<u>Total Expenditures</u>		\$ <u>19,006,328.46</u>	\$ <u>19,331,561.73</u>
Excess in Revenue		\$ 1,568,140.47	\$ 1,230,729.67
<u>Fund Balance</u>			
Balance, January 1	A	1,653,474.52	1,442,194.85
		\$ <u>3,221,614.99</u>	\$ <u>2,672,924.52</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>1,214,946.00</u>	<u>1,019,450.00</u>
Balance, December 31	A	\$ <u><u>2,006,668.99</u></u>	\$ <u><u>1,653,474.52</u></u>

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

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 1,214,946.00	\$ 1,214,946.00	\$
Miscellaneous Revenues:				
County	A-2:A-7	\$ 8,068,000.00	\$ 8,068,000.00	\$
Other Revenues:				
Green Knoll Golf Course/ Pitch and Putt	A-2	\$ 1,100,000.00	\$ 1,219,069.94	\$ 119,069.94
Neshanic Valley Golf Course	A-2	2,476,904.00	2,691,081.30	214,177.30
Quail Brook Golf Course	A-2	1,137,852.00	1,230,314.67	92,462.67
Spooky Brook Golf Course	A-2	1,114,032.00	1,187,825.24	73,793.24
Warrenbrook Golf Course	A-2	775,000.00	927,223.46	152,223.46
Neshanic Valley Performance/ Learning Center	A-2	820,000.00	857,257.04	37,257.04
		\$ 7,423,788.00	\$ 8,112,771.65	\$ 688,983.65
Colonial Park Paddleboats/ Putting Course	A-2	34,550.00	39,949.91	5,399.91
Colonial Park / Green Knoll Tennis Center	A-2	90,924.00	76,219.04	(14,704.96)
Environmental Science	A-2	213,704.00	212,797.43	(906.57)
Lord Stirling Stables	A-2	700,114.00	682,936.39	(17,177.61)
Warrenbrook Pool	A-2	138,255.00	129,981.40	(8,273.60)
Therapeutic Recreation	A-2	116,459.00	116,393.22	(65.78)
Concessions	A-7	90,000.00	277,132.60	187,132.60
Licenses, Leases and Rents	A-7	271,617.00	254,098.48	(17,518.52)
Interest Earned	A-7	25,000.00	34,692.39	9,692.39
Medical Reimbursements	A-7	49,000.00	45,663.21	(3,336.79)
Miscellaneous	A-7	54,775.00	3,339.75	(51,435.25)
Reservations	A-2	155,108.00	168,521.83	13,413.83
<u>Other Revenues</u>	A-1	\$ 9,363,294.00	\$ 10,154,497.30	\$ 791,203.30
<u>Budget Totals</u>		\$ 18,646,240.00	\$ 19,437,443.30	\$ 791,203.30
Non-Budget Revenue	A-1:A-2		151,184.55	151,184.55
	A-3	\$ 18,646,240.00	\$ 19,588,627.85	\$ 942,387.85

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

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>		
Green Knoll Golf Course/ Pitch & Putt	A-7		\$ 1,277,057.27
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 40,124.87	
Sales Tax	A-8	<u>17,862.46</u>	
			<u>57,987.33</u>
	A-2		<u>\$ 1,219,069.94</u>
 Neshanic Valley Golf Course	 A-7		 \$ 2,930,827.59
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 233,442.78	
Sales Tax	A-8	<u>6,303.51</u>	
			<u>239,746.29</u>
	A-2		<u>\$ 2,691,081.30</u>
 Quail Brook Golf Course	 A-7		 \$ 1,364,661.99
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 110,967.20	
Sales Tax	A-8	<u>23,380.12</u>	
			<u>134,347.32</u>
	A-2		<u>\$ 1,230,314.67</u>
 Spooky Brook Golf Course	 A-7		 \$ 1,304,064.33
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 97,242.26	
Sales Tax	A-8	<u>18,996.83</u>	
			<u>116,239.09</u>
	A-2		<u>\$ 1,187,825.24</u>
 Warrenbrook Golf Course	 A-7		 \$ 981,752.31
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 37,991.91	
Sales Tax	A-8	<u>16,536.94</u>	
			<u>54,528.85</u>
	A-2		<u>\$ 927,223.46</u>
 Neshanic Valley Performance/ Learning Center	 A-7		 \$ 1,198,045.19
Less:			
Re-Sales, Incentives and Professionals	A-4	\$ 324,623.65	
Sales Tax	A-8	<u>16,164.50</u>	
			<u>340,788.15</u>
	A-2		<u>\$ 857,257.04</u>

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

SOMERSET COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>		
Colonial Park Paddleboats/Putting Course	A-7	\$	40,733.24
Less:			
Sales Tax	A-8		<u>783.33</u>
	A-2	\$	<u><u>39,949.91</u></u>
Colonial Park / Green Knoll Tennis Center	A-7	\$	76,852.00
Less:			
Re-Sales, Incentives and Professionals	A-4	\$	629.00
Sales Tax	A-8		<u>3.96</u>
	A-2		<u><u>76,219.04</u></u>
Environmental Science Center	A-7	\$	217,478.58
Less:			
Re-Sales, Incentives and Professionals	A-4	\$	3,308.32
Sales Tax	A-8		<u>1,372.83</u>
	A-2		<u><u>212,797.43</u></u>
Lord Stirling Stable	A-7	\$	687,700.35
Less:			
Re-Sales, Incentives and Professionals	A-4	\$	626.90
Sales Tax	A-8		<u>4,137.06</u>
	A-2		<u><u>682,936.39</u></u>
Warrenbrook Pool	A-7	\$	130,041.40
Less:			
Re-Sales, Incentives and Professionals	A-4		<u>60.00</u>
	A-2	\$	<u><u>129,981.40</u></u>

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

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	
Therapeutic Recreation	A-7	\$ 116,841.72
Less:		
Re-Sales, Incentives and Professionals	A-4	<u>448.50</u>
	A-2	<u>\$ 116,393.22</u>
Reservations	A-7	\$ 208,242.72
Less:		
Refunds	A-4	<u>39,720.89</u>
	A-2	<u>\$ 168,521.83</u>
<u>MISCELLANEOUS REVENUE NOT ANTICIPATED</u>		
Worosila Reimbursements		\$ 2,700.00
Utilities		20,400.00
Miscellaneous		<u>128,090.23</u>
	A-4	\$ 151,190.23
Less: Refunds	A-4	<u>5.68</u>
	A-2	<u>\$ 151,184.55</u>

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

SOMERSET COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Administrative and Executive:					
Salaries and Wages	\$ 554,107.00	\$ 499,994.00	\$ 395,201.31	\$ 100,792.69	\$ 4,000.00
Other Expenses	4,601,508.00	4,101,508.00	4,063,252.35	8,255.65	30,000.00
Human Resources:					
Salaries and Wages	126,757.00	130,957.00	130,874.60	82.40	
Other Expenses	59,700.00	39,700.00	34,472.53	227.47	5,000.00
Information Management:					
Salaries and Wages	196,198.00	198,998.00	198,949.00	49.00	
Other Expenses	310,550.00	310,550.00	272,875.72	674.28	37,000.00
Park Rangers:					
Salaries and Wages	687,178.00	687,178.00	671,857.94	320.06	15,000.00
Other Expenses	68,770.00	68,770.00	67,158.97	11.03	1,600.00
Property Management:					
Salaries and Wages	81,246.00	82,466.00	82,465.00	1.00	
Other Expenses	7,699.00	7,699.00	7,051.08	647.92	
Golf Operations:					
Salaries and Wages	1,116,702.00	1,140,802.00	1,127,773.28	721.72	12,307.00
Other Expenses	58,300.00	96,406.00	66,670.85	2,735.15	27,000.00
Golf Maintenance:					
Salaries and Wages	2,352,616.00	2,386,716.00	2,270,576.62	1,161.38	114,978.00
Other Expenses	1,055,885.00	1,220,673.00	1,220,670.94	2.06	
Golf Management:					
Salaries and Wages	360,304.00	385,304.00	385,224.03	79.97	
Other Expenses	683,230.00	690,187.00	581,801.88	5,385.12	103,000.00
Park Maintenance:					
Salaries and Wages	1,242,282.00	1,275,182.00	1,213,249.74	932.26	61,000.00
Other Expenses	709,625.00	941,367.00	926,712.50	2,654.50	12,000.00
Maintenance:					
Salaries and Wages	152,292.00	155,692.00	155,567.54	124.46	
Other Expenses	27,050.00	27,050.00	25,105.25	1,944.75	
Horticulture:					
Salaries and Wages	392,633.00	399,133.00	398,972.88	160.12	
Other Expenses	47,406.00	47,406.00	41,831.89	574.11	5,000.00
Special Projects - Park Maintenance					
Salaries and Wages	207,030.00	207,030.00	204,432.63	2,597.37	
Other Expenses	52,596.00	52,596.00	12,828.18	4,767.82	35,000.00
Buck Garden:					
Salaries and Wages	322,408.00	322,908.00	322,877.38	30.62	
Other Expenses	81,562.00	82,562.00	82,165.32	396.68	
Environmental Education Center					
Salaries and Wages	613,121.00	613,121.00	610,030.04	90.96	3,000.00
Other Expenses	124,670.00	124,670.00	101,737.26	932.74	22,000.00
Stable:					
Salaries and Wages	830,486.00	810,486.00	790,955.73	530.27	19,000.00
Other Expenses	457,922.00	457,922.00	434,905.38	16.62	23,000.00
Recreation Administration:					
Salaries and Wages	165,944.00	110,944.00	108,283.48	60.52	2,600.00
Other Expenses	103,635.00	103,635.00	92,887.96	47.04	10,700.00
Recreation Maintenance:					
Salaries and Wages	97,321.00	134,821.00	134,651.57	169.43	
Warrenbrook Pool:					
Salaries and Wages	46,410.00	69,410.00	69,149.88	260.12	
Other Expenses	38,450.00	38,450.00	26,343.55	106.45	12,000.00
Tennis:					
Salaries and Wages	61,162.00	64,162.00	63,989.35	172.65	
Other Expenses	22,220.00	22,220.00	22,179.92	40.08	
Putting Course/Paddle Boats:					
Salaries and Wages	28,938.00	32,238.00	32,213.48	24.52	
Other Expenses	14,020.00	14,020.00	10,135.84	3,884.16	
Therapeutic Recreation:					
Salaries and Wages	234,823.00	234,823.00	233,497.08	1,325.92	
Other Expenses	16,615.00	16,615.00	15,616.69	998.31	

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

SOMERSET COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF EXPENDITURES- REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Leisure Services:	\$	\$	\$	\$	\$
Salaries and Wages	195,019.00	200,019.00	199,475.02	543.98	
Other Expenses	39,850.00	39,850.00	36,557.99	3,292.01	
<u>TOTAL GENERAL APPROPRIATIONS</u>	\$ 18,646,240.00	\$ 18,646,240.00	\$ 17,943,229.63	\$ 147,825.37	\$ 555,185.00
<u>REF.</u>	A-2		A-1	A.A-1	
Encumbrances Payable	A-10		\$ 475,053.70		
Disbursements	A-4		17,805,900.10		
			\$ 18,280,953.80		
Less:					
Refunds	A-4		337,724.17		
			\$ 17,943,229.63		

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

TRUST FUND

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>
<u>ASSETS</u>			
Cash	B-1	\$ 2,943,410.45	\$ 3,493,874.64
Accounts Receivable	B-3		1,932.06
Due Current Fund	B-2		118,672.57
Due Grant Fund	B-5		25,000.00
		<u>\$ 2,943,410.45</u>	<u>\$ 3,639,479.27</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Encumbrances Payable	B-4	\$ 2,467,467.26	\$ 79,259.20
Reserves for Dedicated Park Deposits	B-6	<u>475,943.19</u>	<u>3,560,220.07</u>
		<u>\$ 2,943,410.45</u>	<u>\$ 3,639,479.27</u>

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

GENERAL CAPITAL FUND

COUNTY OF SOMERSET PARK COMMISSIONGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2012</u>	BALANCE DECEMBER <u>31, 2011</u>
<u>ASSETS</u>			
Current Fund:			
Cash		\$ 4,303,388.64	\$ 227,656.58
Investments			4,000,000.00
	C-2:C-3	\$ <u>4,303,388.64</u>	\$ <u>4,227,656.58</u>
		\$ <u><u>4,303,388.64</u></u>	\$ <u><u>4,227,656.58</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Encumbrances Payable	C-5	\$ 1,768,249.82	\$ 1,278,792.50
Improvement Authorizations:			
Funded	C-6	2,397,192.44	2,810,917.70
Fund Balance	C-1	<u>137,946.38</u>	<u>137,946.38</u>
		\$ <u><u>4,303,388.64</u></u>	\$ <u><u>4,227,656.58</u></u>

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

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	
Balance, December 31, 2011 and December 31, 2012	C	\$ <u>137,946.38</u>

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

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

	BALANCE DECEMBER <u>31, 2012</u>	BALANCE DECEMBER <u>31, 2011</u>
<u>FIXED ASSETS:</u>		
Buildings and Building Improvements	\$ 35,952,314.00	\$ 36,007,654.00
Machinery, Equipment and Vehicles	<u>11,451,637.00</u>	<u>11,245,355.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 47,403,951.00</u>	<u>\$ 47,253,009.00</u>
 <u>RESERVE</u>		
Investment in Fixed Assets	<u>\$ 47,403,951.00</u>	<u>\$ 47,253,009.00</u>

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

NOTES TO FINANCIAL STATEMENTS

SOMERSET COUNTY PARK COMMISSION

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

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

C. Basis of Accounting

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

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Grants are realized as revenue when anticipated in the Commission's budget. Other amounts that are due the Commission, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Commission's statutory Appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

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

Interfunds - Interfunds receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Commission as part of its basic financial statements. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$2,500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

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

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

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

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

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

The Commission considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Government Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits.

All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Somerset County Park Commission had the following cash and cash equivalents at December 31, 2012:

	Change Fund/Petty Cash	Cash in Bank	Additions	Deletions	Reconciled Balance
Current Fund	\$10,450.00	\$2,669,626.15		\$47,131.51	\$2,622,494.64
Grant Fund		6,196,137.28			6,196,137.28
Trust Other Fund		2,943,410.45			2,943,410.45
General Capital Fund		4,303,388.64			4,303,388.64
	<u>\$10,450.00</u>	<u>\$16,112,562.52</u>	<u>\$0.00</u>	<u>\$47,131.51</u>	<u>\$16,065,431.01</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Commission does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2011, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$15,862,562.52 was covered by NJ GUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Commission are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

NOTE 3: LONG-TERM DEBT

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

NOTE 4: FUND BALANCE APPROPRIATED

Fund Balance at December 31, 2012 which was appropriated and included as anticipated revenue in the Commission budget for the year ending December 31, 2013 was as follows:

Current Fund	\$ <u>1,532,388.00</u>
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NOTE 5: PENSIONS

Employees who are eligible for a pension plan, are enrolled in the Public Employees' Retirement System and Police and Firemen's Retirement System administered by the Division of Pensions, Treasury Department of the State of New Jersey. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employees. The Park Commission's share, paid by the County of Somerset, that includes the costs of the early retirement incentive program of pension costs, which is based upon the annual billings received from the State, amounted to \$915,105.00 for 2013, \$921,018.00 for 2011 and \$745,730.00 for 2010.

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

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

NOTE 6: COMPENSATED ABSENCES

The Park Commission has permitted employees to accumulate unused vacation and sick pay, which may be taken as time off or paid under certain circumstances. Management has estimated, at December 31, 2012 that the accumulated cost of such unpaid compensation would approximate \$931,426.36 for unused sick and vacation days. Under existing accounting principles and practices prescribed by the Division of Local Government Services, the amounts required to be paid in any fiscal year for the above mentioned compensation are raised in that year's budget and no liability is required to be accrued or reported in the financial statements at December 31, 2012.

NOTE 7: LITIGATION

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

NOTE 8: RISK MANAGEMENT

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

The Park Commission maintains the following types of insurance coverage:

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

NOTE 9: CONTINGENT LIABILITIES

The Park Commission may participate in various financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. The state and federal grants received and expended in 2012 were subject to the Single Audit Act Amendment of 1996 and State of New Jersey OMB Circular 04-04 which mandates that grants revenues and expenditures be audited in conjunction with the Park Commission's annual audit. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II Single Audit Section of the 2012 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2012 the Park Commission does not believe that any material liabilities will result from such audits.

NOTE 10: COUNTY SUPPORT

During 2012, the County of Somerset provided the Park Commission with the following funding:

Operating Fund	\$8,068,000.00
Grant Fund	\$3,000,000.00
Capital Fund	\$2,000,000.00

COUNTY OF SOMERSET

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2012

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF CASH - TREASURER

REF.	CURRENT FUND	GRANT FUND
A	\$ 2,141,221.47	\$ 5,096,175.14
A-7	\$ 19,217,225.12	\$
A-2	151,190.23	
A-3	337,724.17	
A-9	8,026.20	
A-10	11,693,179.52	
A-12		3,005,330.00
	<u>31,407,345.24</u>	<u>3,005,330.00</u>
	\$ 33,548,566.71	\$ 8,101,505.14
A-3	\$ 17,805,900.10	\$
A-9	314,551.94	
A-8	105,710.00	
A-10	11,692,045.50	
A-13		1,880,367.86
A-15:A-14	118,672.57	25,000.00
A-2	40,124.87	
A-2	233,442.78	
A-2	110,967.20	
A-2	97,242.26	
A-2	37,991.91	
A-2	324,623.65	
A-2	629.00	
A-2	3,308.32	
A-2	626.90	
A-2	60.00	
A-2	448.50	
A-2	39,720.89	
A-2	5.68	
	<u>30,926,072.07</u>	<u>1,905,367.86</u>
A	\$ 2,622,494.64	\$ 6,196,137.28

Balance, December 31, 2011

Increased by Receipts:

- Revenue Accounts Receivable
- Miscellaneous Revenue Not Anticipated
- Appropriation Refunds
- Appropriation Reserve Refunds
- Encumbrances Payable - Payroll Liabilities
- Grants Receivable

Decreased by Disbursements:

- 2012 Appropriations
- 2011 Appropriation Reserves
- Due to State of New Jersey- Sales and Use Tax
- Encumbrances Payable - Payroll Liabilities
- Grants Appropriated
- Due Trust Fund
- Miscellaneous Revenue Anticipated -
- Resales, Credit Card Fees and Refunds -
- Green Knoll Golf Course/ Pitch & Putt
- Neshanic Valley Golf Course
- Quail Brook Golf Course
- Spooky Brook Golf Course
- Warrenbrook Pools
- Neshanic Valley Performance/ Learning Center
- Colonial Park Green Knoll/ Tennis Center
- Environmental Science Center
- Lord Stirling Stables
- Warrenbrook Pools
- Therapeutic Recreation
- Park Reservations
- Refunds of Miscellaneous Revenue Anticipated

Balance, December 31, 2012

"A-5"

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

BALANCE
DECEMBER 31,
2011 AND 2012

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

REF.

A

"A-6"

SCHEDULE OF PETTY CASH

BALANCE
DECEMBER 31,
2011 AND 2012

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

REF.

A

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>ACCRUED IN 2012</u>	<u>COLLECTED</u>
County	A-2	\$ 8,068,000.00	\$ 8,068,000.00
Green Knoll Golf Course and Pitch and Putt	A-2	1,100,000.00	1,277,057.27
Neshanic Valley Golf Course	A-2	2,476,904.00	2,930,827.59
Quail Brook Golf Course	A-2	1,137,852.00	1,364,661.99
Spooky Brook Golf Course	A-2	1,114,032.00	1,304,064.33
Warrenbrook Golf Course	A-2	775,000.00	981,752.31
Neshanic Valley Performance/Learning Center	A-2	820,000.00	1,198,045.19
Sub-Total -Golf Courses, Pitch and Putt and Learning Center		\$ 7,423,788.00	\$ 9,056,408.68
Colonial Park Paddleboats/ Putting Course	A-2	34,550.00	40,733.24
Colonial Park/ Green Knoll Tennis Center	A-2	90,924.00	76,852.00
Environmental Science Center	A-2	213,704.00	217,478.58
Lord Stirling Stables	A-2	700,114.00	687,700.35
Warrenbrook Pool	A-2	138,255.00	130,041.40
Therapeutic Recreation	A-2	116,459.00	116,841.72
Concessions	A-2	90,000.00	277,132.60
Licenses, Leases and Rents	A-2	271,617.00	254,098.48
Interest Earned	A-2	25,000.00	34,692.39
Medical Reimbursements	A-2	49,000.00	45,663.21
Miscellaneous	A-2	54,775.00	3,339.75
Reservations	A-2	155,108.00	208,242.72
Sub-Total - Other Miscellaneous Revenue		\$ 1,939,506.00	\$ 2,092,816.44
		\$ <u>17,431,294.00</u>	\$ <u>19,217,225.12</u>
	<u>REF.</u>		A-4

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

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

	<u>REF.</u>		
Increased by:			
Sales Tax Charges	A-2	\$ 105,541.54	
Transfer from Reserve for Operations	A-1	<u>168.46</u>	
			\$ 105,710.00
Decreased by:			
Disbursements	A-4		\$ <u>105,710.00</u>

SOMERSET COUNTY PARK COMMISSIONCURRENT FUNDSCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES:</u>				
Administration		\$ 32,399.04	\$ 27,204.99	\$ 5,194.05
Human Resources		4,122.03	4,040.38	81.65
Information Management		15,407.48	6,688.66	8,718.82
Park Rangers		2,170.25	2,048.26	121.99
Golf Operations		580.14	580.14	
Golf Maintenance		41,741.05	32,118.41	9,622.64
Golf Management		11,505.58	9,224.55	2,281.03
Park Maintenance		13,736.58	9,570.17	4,166.41
Maintenance Division	\$ 185,820.07	188,556.63	178,035.73	10,520.90
Horticulture		4,383.05	1,829.88	2,553.17
Special Projects - Park Maintenance		844.63	492.45	352.18
Buck Garden		1,177.11	331.42	845.69
Environmental Education Center		4,969.94	3,540.33	1,429.61
Stable		51,353.13	26,512.99	24,840.14
Recreation		3,658.07	3,650.27	7.80
Therapeutic Recreation		657.11	657.11	
	\$ <u>185,820.07</u>	\$ <u>377,261.82</u>	\$ <u>306,525.74</u>	\$ <u>70,736.08</u>
	<u>REF.</u>	<u>A</u>		<u>A-1</u>
Balance, December 31, 2011	A-9	\$ 185,820.07		
Encumbrances Payable	A-10	<u>191,441.75</u>		
		\$ <u>377,261.82</u>		
Disbursements	A-4		\$ 314,551.94	
Less: Refunds	A-4		<u>8,026.20</u>	
			\$ <u>306,525.74</u>	

SOMERSET COUNTY PARK COMMISSION

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2011	A		\$ 193,704.31
Increased by:			
Appropriations	A-3	\$ 475,053.70	
Receipts - Payroll Liabilities	A-4	<u>11,693,179.52</u>	
			<u>12,168,233.22</u>
			\$ 12,361,937.53
Decreased by:			
Transfer to Appropriation Reserves	A-9	\$ 191,441.75	
Disbursements - Payroll Liabilities	A-4	<u>11,692,045.50</u>	
			<u>11,883,487.25</u>
Balance, December 31, 2012	A		\$ <u><u>478,450.28</u></u>

SOMERSET COUNTY PARK COMMISSION
GRANT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2011	A	\$ 1,598,469.06
Increased by:		
Grants Appropriated	A-13	<u>359,606.11</u>
		\$ 1,958,075.17
Decreased by:		
Transfer to Reserve for Grants Appropriated	A-13	<u>1,598,469.06</u>
Balance, December 31, 2012	A	<u>\$ 359,606.11</u>

SOMERSET COUNTY PARK COMMISSION

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2011	A		\$ 5,330.00
Increased by:			
2011 County Grant	A-13	\$ 1,000,000.00	
2012 County Grant	A-13	<u>2,000,000.00</u>	
			<u>3,000,000.00</u>
			\$ <u>3,005,330.00</u>
Decreased by:			
Receipts	A-4		\$ <u><u>3,005,330.00</u></u>

SOMERSET COUNTY PARK COMMISSION

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	<u>REF.</u>		
Balance, December 31, 2011	A		\$ 3,478,036.08
Increased by:			
2011 County Grant	A-12	\$ 1,000,000.00	
2012 County Grant	A-12	2,000,000.00	
Transfer from Encumbrances Payable	A-11	<u>1,598,469.06</u>	
			<u>4,598,469.06</u>
			\$ 8,076,505.14
Decreased by:			
Disbursements	A-4	\$ 1,880,367.86	
Encumbrances Payable	A-11	<u>359,606.11</u>	
			<u>2,239,973.97</u>
Balance, December 31, 2012	A		\$ <u><u>5,836,531.17</u></u>

Analysis of Balance

County of Somerset - Preservation Development	\$ 5,817,081.17
Local - Preservation, Rehab. and Restoration of Duderstadt Farmstead	<u>19,450.00</u>
	\$ <u><u>5,836,531.17</u></u>

"A-14"

SOMERSET COUNTY PARK COMMISSION

GRANT FUND

SCHEDULE OF DUE TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2011 (Due To)	A	\$ 25,000.00
Decreased by:		
Disbursements	A-4	\$ <u>25,000.00</u>

"A-15"

CURRENT FUND

SCHEDULE OF DUE TRUST FUND

Balance, December 31, 2011 (Due To)	A	\$ 118,672.57
Decreased by:		
Disbursements	A-4	\$ <u>118,672.57</u>

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

SCHEDULE OF TRUST CASH-TREASURER

	<u>REF.</u>		
Balance, December 31, 2011	B		\$ 3,493,874.64
Increased by Receipts:			
Reserves for Dedicated Park Deposits	B-6	\$ 1,109,214.60	
Due Current Fund	B-2	118,672.57	
Due Grant Fund	B-5	<u>25,000.00</u>	
			<u>1,252,887.17</u>
			\$ 4,746,761.81
Decreased by Disbursements:			
Reserves for Dedicated Park Deposits	B-6		<u>1,803,351.36</u>
Balance, December 31, 2012	B		\$ <u>2,943,410.45</u>

"B-2"

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2011 (Due From)	B	\$	118,672.57
Increased by:			
Receivables Canceled	B-3		<u>1,932.06</u>
		\$	<u>120,604.63</u>
Decreased by:			
Receipts	B-1	\$	118,672.57
Reserve for Dedicated Park Deposits Canceled	B-6		<u>1,932.06</u>
		\$	<u><u>120,604.63</u></u>

"B-3"

SCHEDULE OF ACCOUNTS RECEIVABLE

Balance, December 31, 2011	B	\$	1,932.06
Decreased by:			
Canceled	B-2	\$	<u><u>1,932.06</u></u>

"B-4"

SOMERSET COUNTY PARK COMMISSION
TRUST FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 79,259.20
Increased by:		
Reserves for Dedicated Park Deposits	B-6	<u>2,467,467.26</u>
		\$ <u>2,546,726.46</u>
Decreased by:		
Transfer to Reserves for Dedicated Park Deposits	B-6	<u>79,259.20</u>
Balance, December 31, 2012	B	\$ <u><u>2,467,467.26</u></u>

"B-5"

SCHEDULE OF DUE GRANT FUND

Balance, December 31, 2011 (Due From)	B	\$ 25,000.00
Decreased by:		
Receipt	B-1	\$ <u><u>25,000.00</u></u>

SOMERSET COUNTY PARK COMMISSION

TRUST FUND

SCHEDULE OF RESERVES FOR DEDICATED PARK DEPOSITS

	BALANCE DECEMBER 31, 2011	RECEIPTS	DISBURSEMENTS/ CANCELLED	ENCUMBRANCES	BALANCE DECEMBER 31, 2012
Human Resources - Safety Fair	\$ 729.05	\$	\$	\$	\$ 729.05
Flood	102,990.14	1,250.00	24,898.16	36,582.43	42,759.55
Colonial Park - Rose Garden Special	9,414.35	6,980.80	4,323.06		12,072.09
Junior Golf Special	3,260.50				3,260.50
Sourland Mountain Special	577.89				577.89
Buck Gardens - Special	7,375.70	5,308.35	6,815.39	(947.50)	6,816.16
Colonial Park - Power Mill Pond	1,575.62	70,000.00			71,575.62
Lord Stirling Manor Brick Buildings	961.94				961.94
Vancamp Farmstead	211,715.69		56,098.99	53,679.45	101,937.25
Raritan River Complex	18,100.36				18,100.36
Middlebrook Encampment	909.72				909.72
Washington Valley Park	2,422.51				2,422.51
North Branch Lighting Improvement	1,167.50				1,167.50
Stable Special	5,793.86	2,579.00	3,089.20	907.00	4,376.66
Stable Friends of Lord Stirling Stables	2,363.06				2,363.06
Corporate Sponsorship	6,046.48	3,200.00	8,540.93	(1,673.40)	2,378.95
Recreation - Concert	11,067.28	8,750.00	5,000.00		14,817.28
Recreation - Cabin Fever Kids	4,839.50				4,839.50
Recreation - Yoga	17,973.90	13,622.00	8,328.51		23,267.39
Recreation - Tennis Center Grant	1,531.14				1,531.14
Therapeutic Recreation Activities	15,763.62	15,157.05	11,604.06	430.72	18,885.89
Therapeutic Recreation Grant	1,927.51	2,000.00	1,831.30	92.51	2,003.70
Therapeutic Recreation Overnight	1,015.37	7,356.56	7,557.64		814.29
Therapeutic Recreation Camp Okeesunokee	3,198.25	837.59	1,712.21		2,323.63
Environmental Education Center - Day Trips	1,602.79	9,508.28	5,402.78	806.03	4,902.26
Environmental Education Center - Overnight Trips	4,080.26	12,927.14	11,528.62	407.64	5,071.14
Environmental Education Center - Awesim Naturalist	1,602.84	7,938.86	8,238.85		1,302.85
Environmental Education Center - Grant	7,095.47		2,461.60	(261.60)	4,895.47
Warren Township Reserve	4,841.35				4,841.35
Environmental Education Center - Donations	5,054.56	3,005.68	1,120.51	171.90	6,767.83
National Resource Restoration Fish and Wildlife	6,512.53	169.32	6,681.85		
Buck Garden - North American Rock Garden Society	4,698.80	5,068.03	7,537.31	(4,360.00)	6,589.52
Howe Trust Principal/ Interest	2,975,650.01	103,103.35	818,189.94	2,260,563.41	0.01
Hawk Watch Trail	25,000.00				25,000.00
Golf Shop	45,000.75	750,421.07	710,024.17	40,003.91	45,393.74
Support River Friendly Golf	796.92		2,336.00	(2,336.00)	796.92
Women's Amateur Public Links	45,562.85	80,031.52	91,962.34	4,141.56	29,490.47
	<u>\$ 3,560,220.07</u>	<u>\$ 1,109,214.60</u>	<u>\$ 1,805,283.42</u>	<u>\$ 2,388,208.06</u>	<u>\$ 475,943.19</u>

REF.	B	B-1	B
Disbursements	B-1		\$ 1,803,351.36
Canceled	B-2		1,932.06
			<u>\$ 1,805,283.42</u>
Encumbrances	B-4		\$ 2,467,467.26
Less: Prior Year Encumbrances	B-4		(79,259.20)
			<u>\$ 2,388,208.06</u>

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH-TREASURER

	<u>REF.</u>		
Balance, December 31, 2011	C		\$ 4,227,656.58
Increased by Receipts:			
Due From County of Somerset			
- Improvement Authorization	C-4	\$ 2,000,000.00	
Refund - Improvement Authorizations	C-6	<u>295,227.51</u>	
			<u>2,295,227.51</u>
			\$ <u>6,522,884.09</u>
Decreased by Disbursements:			
Encumbrances Payable	C-5		<u>2,219,495.45</u>
Balance, December 31, 2012	C		\$ <u><u>4,303,388.64</u></u>

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

		BALANCE DECEMBER 31, 2012
Fund Balance	\$	137,946.38
Encumbrances Payable		1,768,249.82
Funded Improvements as Set Forth on "C-6"		<u>2,397,192.44</u>
	\$	<u>4,303,388.64</u>
	<u>REF.</u>	C

SOMERSET COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM COUNTY OF SOMERSET

	<u>REF.</u>	
Increased by:		
Receipts	C-2	\$ 2,000,000.00
Decreased by:		
Improvement Authorization	C-6	\$ <u>2,000,000.00</u>

SOMERSET COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2011	C	\$ 1,278,792.50
Increased by:		
Improvement Authorizations	C-6	<u>2,708,952.77</u>
		\$ <u>3,987,745.27</u>
Decreased by:		
Disbursements	C-2	<u>2,219,495.45</u>
Balance, December 31, 2012	C	\$ <u><u>1,768,249.82</u></u>

SOMERSET COUNTY PARK COMMISSION

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>IMPROVEMENT DESCRIPTION</u>	<u>APPROPRIATION</u>	<u>DECEMBER 31, 2011 FUNDED</u>	<u>2012 AUTHORIZATIONS</u>	<u>PAID OR CHARGED</u>	<u>DECEMBER 31, 2012 FUNDED</u>
2006 Park Capital Projects	\$ 4,875,000.00	\$ 5,159.44	\$	\$ 5,159.03	\$ 0.41
2007 Park Capital Projects	7,293,000.00	601,162.29		169,941.67	431,220.62
2009 Park Capital Projects	3,851,000.00	224,396.86		55,588.59	168,808.27
2010 Park Capital Projects	2,073,000.00	595,447.38		485,654.46	109,792.92
2011 Park Capital Projects	2,000,000.00	1,384,751.73		910,609.28	474,142.45
2012 Park Capital Projects	2,000,000.00		2,000,000.00	786,772.23	1,213,227.77
		<u>\$ 2,810,917.70</u>	<u>\$ 2,000,000.00</u>	<u>\$ 2,413,725.26</u>	<u>\$ 2,397,192.44</u>

REF.

C

C-4

C:C-3

Encumbrances Payable
Less: Refunds

\$ 2,708,952.77
295,227.51
\$ 2,413,725.26

PART II

COUNTY OF SOMERSET

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATION

YEAR ENDED DECEMBER 31, 2012

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

	<u>YEAR 2012</u>		<u>YEAR 2011</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,214,946.00	5.91%	\$ 1,019,450.00	4.96%
Miscellaneous Revenue Anticipated	18,222,497.30	88.57%	17,788,740.69	86.51%
Miscellaneous Revenues - Other	<u>1,137,025.63</u>	<u>5.52%</u>	<u>1,754,100.71</u>	<u>8.53%</u>
<u>Total Income</u>	<u>\$ 20,574,468.93</u>	<u>100.00%</u>	<u>\$ 20,562,291.40</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operations	\$ 18,091,055.00	95.18%	\$ 18,385,942.92	95.11%
Other Expenditures	<u>915,273.46</u>	<u>4.82%</u>	<u>945,618.81</u>	<u>4.89%</u>
<u>Total Expenditures</u>	<u>\$ 19,006,328.46</u>	<u>100.00%</u>	<u>\$ 19,331,561.73</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,568,140.47		\$ 1,230,729.67	
Fund Balance, January 1	<u>1,653,474.52</u>		<u>1,442,194.85</u>	
	\$ 3,221,614.99		\$ 2,672,924.52	
Less: Utilization as Anticipated Revenue	<u>1,214,946.00</u>		<u>1,019,450.00</u>	
Fund Balance, December 31	<u>\$ 2,006,668.99</u>		<u>\$ 1,653,474.52</u>	

COMPARATIVE SCHEDULE OF COUNTY SUPPORT

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

<u>YEAR</u>	<u>TOTAL</u>	<u>CURRENT OPERATIONS</u>	<u>GRANT</u>	<u>CAPITAL</u>
2012	\$13,068,000.00	\$8,068,000.00	\$3,000,000.00	\$2,000,000.00
2011	10,168,000.00	8,168,000.00		2,000,000.00
2010	11,866,000.00	8,193,000.00	1,600,000.00	2,073,000.00
2009	16,017,000.00	8,193,000.00	3,973,000.00	3,851,000.00
2008	13,683,000.00	8,561,000.00	1,982,000.00	3,140,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as of December 31, 2012:

<u>NAME</u>	<u>TITLE</u>
<u>MEMBERS OF THE BOARD</u>	
Steven Fuerst	President
Joanne M. Jaeger	Vice President
Paul Consiglio	Commissioner
William Crosby	Commissioner
Dale Florio	Commissioner
Walter Hansen	Commissioner
Christopher Paladino	Commissioner
Dorothy Paluck	Commissioner
Gary Walsh	Commissioner
<u>OTHER OFFICIALS</u>	
Raymond A. Brown	Secretary- Director
Daniel Livak	Deputy Director, Business Administrator
Brian Newman	Treasurer
Stuart Lederman	Counsel
<u>COUNTY LIASONS</u>	
Patrick Scaglione	Freeholder

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

COMMENTS AND RECOMMENDATION

GENERAL COMMENTS

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

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

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

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

- Purchase of Various Toro Grounds Masters
- Electrical Services for all Park Locations
- Purchase of One 2012 Cashman Turf Trackster
- Purchase of One Casman Turbo Truckster
- Purchase of Toro Reelmaster 5410-D Fiveplex Fairway Mower
- Printing and Distribution of Seasonal Park Guides
- Irrigation Repair Parts
- Furnishing and Delivery of July 4th Pyrotechnics Display
- Replacement of Colonial Park Putting Course- Putting Green
- HVAC at all Park Locations
- Purchase of One Toro 2012 Workman HDX Utility Vehicle
- Painting & Staining of the exterior of Buck Garden Main Building & Garage
- Fabrication and Delivery of 43 High Density Signs
- Purchase of One 20 ton Deckover Trailer with Beavertail and Options
- Purchase of PVC Fence for green Knoll and Spooky Brook Golf Courses
- Furnishing and Delivery of Animal Feed and Supplements
- Testing and Monitoring of Fire Alarms and Security Systems
- Automatic Irrigation Control System
- Tree Pruning and Removal Services
- Purchase of One 2013 Dodge Ram 5500 Regular Cab and Chassis
- Purchase of One Gallon Mason Dump Truck Body with Options
- Effluent Services
- Construction of Athletic Fields at the Howe Farm

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6."

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

RECOMMENDATIONS

None

