

MORRIS COUNTY PARK COMMISSION

COUNTY OF MORRIS

REPORT OF AUDIT

2005

MORRIS COUNTY PARK COMMISSION
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YEAR ENDED DECEMBER 31, 2005

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MORRIS COUNTY PARK COMMISSION

PART I

YEAR ENDED DECEMBER 31, 2005



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March 3, 2006

Independent Auditors' Report

The Honorable Members
of the Park Commission
Morris County Park Commission
Morristown, New Jersey

We have audited the financial statements of the various funds of the Morris County Park Commission, (the "Commission"), a component unit of the County of Morris, as of and for the years ended December 31, 2005 and 2004, as listed in the foregoing table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audits.

Except as discussed in the fourth paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and *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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Our audits of the financial statements did not include the general fixed assets account group (stated at \$113,932,606.17 and \$113,538,806.15, respectively) for 2005 and 2004. This account group was not audited since there was not sufficient evidential matter to support the value of general fixed assets.

In our opinion, because the Commission prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2005 and 2004, and the results of its operation for the years then ended.


The Honorable Members
of the Park Commission
Morris County Park Commission
Page 2
March 3, 2006

However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed assets account group been audited, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Morris County Park Commission at December 31, 2005 and 2004, and the results of operations and changes in fund balances, where applicable, of such funds, thereof for the years then ended, in accordance with accounting principles prescribed by the Division, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2006 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis and are required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJ OMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and are not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1 to the financial statements and Note 2 to the schedules of expenditures of federal and state awards.


NISIVOCCIA & COMPANY LLP


David H. Evans
Certified Public Accountant
Registered Municipal Accountant
No. 98

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2005
CURRENT FUND

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2005	2004
<u>ASSETS</u>			
Cash and Cash Equivalents	A-4	\$ 7,285,339.27	\$ 6,289,896.53
Change Funds	A-5	1,150.00	1,250.00
Total Current Assets		<u>7,286,489.27</u>	<u>6,291,146.53</u>
Receivables and Other Assets With Full Reserves:			
Golf Course Inventory	A-6	76,550.92	66,014.11
Accounts Receivable		1,648.00	16,861.51
Due from:			
Park Trust Fund	C	2,856.05	
Park Improvement Trust Fund	C		2,979.50
Park Police Trust Fund	C		281.85
Total Receivables and Other Assets		<u>81,054.97</u>	<u>86,136.97</u>
<u>TOTAL ASSETS</u>		<u>\$ 7,367,544.24</u>	<u>\$ 6,377,283.50</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	A-3,8	\$ 2,900,533.27	\$ 2,782,832.82
Encumbered	A-3,8	125,249.69	716,729.66
Construction Account Encumbrances	A-10		15,252.05
Amount Due to State of NJ - Sales Tax		731.34	560.15
Accounts Payable - William G. Mennen Sports Arena			76,941.88
Prepaid Revenue		59,213.86	75,965.24
Deferred Revenue - Gift Certificates		35,830.00	
Reserve for Construction Accounts	A-10	254,395.55	200,217.87
Reserve for Performance Bond Deposit		73,351.10	70,254.10
Reserve for Medical Insurance		152,234.00	152,234.00
Appropriated Reserves	A-9		789.70
		<u>3,601,538.81</u>	<u>4,091,777.47</u>
Reserve for Receivables and Other Assets		81,054.97	86,136.97
Fund Balance	A-1	<u>3,684,950.46</u>	<u>2,199,369.06</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,367,544.24</u>	<u>\$ 6,377,283.50</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	Year Ended December 31,	
		2005	2004
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,010,000.00	\$ 499,000.00
Golf Revenue		6,975,264.13	6,435,358.71
Other Revenue		4,622,992.24	3,694,629.74
County Appropriation		12,919,396.00	12,344,396.00
Rents		429,563.07	388,916.37
Interest Earned on Investments		358,405.94	168,540.69
Interfunds Cancelled			2.20
Construction Accounts Cancelled			72,924.61
Appropriated Reserve Cancelled		484.10	
State Unemployment Insurance Due County Cancelled			80.00
Other Credits to Income:			
Prior Year Interfund Liquidated		2,979.50	
Prior Year Encumbrances Cancelled		210,962.53	
Unexpended Balance of Appropriation			
Reserves Lapsed		1,995,537.87	2,355,417.34
		<u>28,525,585.38</u>	<u>25,959,265.66</u>
<u>Expenditures</u>			
Budget Appropriations		26,015,295.00	23,762,978.00
Interfunds Advanced		2,856.05	2,979.50
Refund of Prior Year Revenue		10,104.93	
Adjustment for Golf Inventory			66,014.11
Adjustment for Accounts Receivable		1,648.00	16,861.51
Miscellaneous Adjustments			51,140.95
Change Fund Cancelled		100.00	
Total Expenditures		<u>26,030,003.98</u>	<u>23,899,974.07</u>
Excess in Revenue		2,495,581.40	2,059,291.59
<u>Fund Balance</u>			
Balance January 1		2,199,369.06	639,077.47
		<u>4,694,950.46</u>	<u>2,698,369.06</u>
Decreased by:			
Utilized as Anticipated Revenue		1,010,000.00	499,000.00
Balance December 31	A	<u>\$ 3,684,950.46</u>	<u>\$ 2,199,369.06</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 1,010,000.00	\$ 1,010,000.00	
Flanders Valley Golf Course	2,550,077.00	2,464,786.44	\$ 85,290.56 *
Sunset Valley Golf Course	1,519,021.00	1,588,157.19	69,136.19
Pinch Brook Golf Course	1,491,136.00	1,484,504.01	6,631.99 *
Berkshire Valley Golf Course	1,456,111.00	1,437,816.49	18,294.51 *
Total Golf Course	<u>7,016,345.00</u>	<u>6,975,264.13</u>	<u>41,080.87 *</u>
William G. Mennen Sports Arena	3,820,780.00	3,554,606.68	266,173.32 *
Lake Recreation	41,400.00	39,130.00	2,270.00 *
Lee's Park Marina	196,575.00	208,808.00	12,233.00
Craigmear Recreation Area		9,076.39	9,076.39
Recreation	22,000.00	27,350.50	5,350.50
Camping	45,000.00	38,372.00	6,628.00 *
Picnics	135,000.00	122,594.00	12,406.00 *
Education Programs	65,000.00	57,459.42	7,540.58 *
Historic Sites	73,250.00	78,410.05	5,160.05
Visitor Services	119,000.00	127,886.50	8,886.50
Historic Speedwell	17,000.00	12,020.00	4,980.00 *
Miscellaneous Revenue	50,000.00	273,519.89	223,519.89
Police Grants	30,483.00	27,116.82	3,366.18 *
Horticulture Grants	66,004.00	36,541.62	29,462.38 *
Historic Trust Grants	12,462.00	10,100.37	2,361.63 *
	<u>4,693,954.00</u>	<u>4,622,992.24</u>	<u>70,961.76 *</u>
County Appropriation	12,919,396.00	12,919,396.00	
Rents	375,600.00	429,563.07	53,963.07
Interest Earned on Investments		358,405.94	358,405.94
	<u>13,294,996.00</u>	<u>13,707,365.01</u>	<u>412,369.01</u>
	<u>\$ 26,015,295.00</u>	<u>\$ 26,315,621.38</u>	<u>\$ 300,326.38</u>

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2005
(CONTINUED)

<u>Analysis of Golf Course Revenue</u>	<u>Total</u>	<u>Flanders Valley</u>	<u>Sunset Valley</u>	<u>Pinch Brook</u>	<u>Berkshire Valley</u>
Greens Fees:					
Resident Play	\$ 1,946,868.00	\$ 766,816.00	\$ 391,393.50	\$ 317,456.00	\$ 471,202.50
Non Resident Play	911,750.00	260,961.00	209,479.00	118,582.00	322,728.00
Weekends Before 10 AM:					
Resident	483,225.00	257,092.50	115,728.50	110,404.00	
Non-Resident	102,696.00	48,654.00	34,935.00	19,107.00	
Starting Times	383,022.50	129,487.50	87,057.50	92,537.50	73,940.00
Senior/Junior Play	296,065.00	129,240.50	44,639.00	97,741.00	24,444.50
High School	21,799.50	9,792.00	5,700.00	5,587.50	720.00
Nine Hole Play	211,529.50	36,573.00	76,480.50	98,476.00	
5 p.m. Resident Play	602,983.20	238,713.50	134,767.20	171,841.50	57,661.00
Guest Card:					
Weekday	11,375.00	4,875.00	2,875.00	3,625.00	
Weekend	17,600.00	6,400.00	5,280.00	5,920.00	
Driving Range	23,944.32				23,944.32
Replay Fee	1,835.50				1,835.50
Hand Cart Rentals	39,693.57	15,086.72	6,707.10	17,746.93	152.82
Registration:					
Resident	406,910.00	129,450.00	82,960.00	169,405.00	25,095.00
Non Resident	207,925.00	35,245.00	96,990.00	56,765.00	18,925.00
Senior Citizens	43,280.00	11,400.00	7,740.00	23,080.00	1,060.00
Sale of Merchandise	144,853.34	45,948.34	28,376.98	30,609.46	39,918.56
Golf Handicap Information Network	52,435.00	19,775.00	11,210.00	20,325.00	1,125.00
Rental of Golf Clubs	5,048.27	1,486.17	825.66	2,146.69	589.75
Miscellaneous	106,692.41	10,590.54	10,268.59	7,756.63	78,076.65
	6,021,531.11	2,157,586.77	1,353,413.53	1,369,112.21	1,141,418.60
Add: Golf Cart Fees	953,733.02	307,199.67	234,743.66	115,391.80	296,397.89
	<u>\$ 6,975,264.13</u>	<u>\$ 2,464,786.44</u>	<u>\$ 1,588,157.19</u>	<u>\$ 1,484,504.01</u>	<u>\$ 1,437,816.49</u>

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2005
(CONTINUED)

Analysis of Other Revenue:

Cash Received	\$ 4,621,344.24
Accounts Receivable	1,648.00
	\$ 4,622,992.24

Analysis of William G. Mennen Sports Arena Revenue

General Sessions	\$ 168,489.00
Skate Rentals	64,294.77
Figure Skating	1,242,646.64
Ice Time Rental	1,687,079.58
Non Ice Time Rental	67,589.00
Coupons & Locker Room	12,940.00
H.S. & College Hockey Spectators	105,673.00
Hockey School	35,700.00
Concessions	136,716.80
Party Package	29,210.00
Miscellaneous	4,267.89
	\$ 3,554,606.68

Analysis of Rental Income

Cash Collections	\$ 394,577.83
Prepaid Applied	34,985.24
	\$ 429,563.07

Analysis of Interest on Investments

Current Fund	\$ 304,008.14
Capital Fund	54,397.80
	\$ 358,405.94

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2005

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Salaries and Wages:	\$ 13,738,476.00	\$ 13,548,473.00	\$ 12,253,837.83	\$ 1,294,635.17
Other Expenses:				
Administration	5,137,365.00	5,015,168.00	4,271,026.25	744,141.75
Visitor Services	379,592.00	379,592.00	309,367.11	70,224.89
Morris County Visitor Center	15,577.00	15,577.00	15,385.53	191.47
Recreation	26,249.00	26,249.00	10,922.70	15,326.30
Development	11,300.00	49,300.00	38,825.20	10,474.80
Buildings and Construction	761,163.00	761,163.00	623,575.42	137,587.58
Engineering	34,385.00	34,385.00	9,961.18	24,423.82
Flanders Valley Golf Course	710,739.00	710,739.00	662,708.41	48,030.59
Historic Sites	152,374.00	152,374.00	135,563.89	16,810.11
Historic Speedwell	81,010.00	81,010.00	56,123.31	24,886.69
Lee's County Park Marina	78,924.00	71,924.00	48,478.96	23,445.04
Park Maintenance	871,801.00	863,301.00	833,768.51	29,532.49
Horticulture	314,256.00	314,256.00	273,529.75	40,726.25
William G. Mennen Sports Arena	2,005,597.00	2,220,797.00	2,026,744.91	194,052.09
Education and Interpretive Services	77,643.00	77,643.00	54,179.16	23,463.84
Park Police	310,676.00	310,676.00	225,871.79	84,804.21
Pinch Brook Golf Course	367,395.00	367,395.00	350,868.04	16,526.96
Lake Recreation Areas	34,070.00	31,570.00	24,014.06	7,555.94
Sunset Valley Golf Course	342,841.00	363,841.00	336,679.89	27,161.11
Berkshire Valley Golf Course	503,862.00	533,862.00	473,754.54	60,107.46
Construction Appropriation	60,000.00	60,000.00	60,000.00	
Craigmeur Recreation Area		26,000.00	19,575.29	6,424.71
	<u>12,276,819.00</u>	<u>12,466,822.00</u>	<u>10,860,923.90</u>	<u>1,605,898.10</u>
	<u>\$ 26,015,295.00</u>	<u>\$ 26,015,295.00</u>	<u>\$ 23,114,761.73</u>	<u>\$ 2,900,533.27</u>

Ref.

A

	Cash Disbursed	\$ 23,223,315.81
	Construction Appropriation	60,000.00
A	Encumbrances	125,249.69
		<u>23,348,565.50</u>
	Less: Refunds	293,803.77
		<u>\$ 23,054,761.73</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2005
GENERAL CAPITAL FUND

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2005	2004
<u>ASSETS</u>			
Cash and Cash Equivalents	B-2	\$ 1,448,307.54	\$ 1,542,074.53
Deferred Charges to Future Taxation:			
Funded		19,435,569.69	20,631,605.00
Unfunded	B-4	1,828,878.25	1,924,878.25
Amount Due From State of New Jersey - Green Acres		6,026,331.00	4,776,331.00
<u>TOTAL ASSETS</u>		<u>\$ 28,739,086.48</u>	<u>\$ 28,874,888.78</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	B-7	\$ 16,910,000.00	\$ 17,785,000.00
Green Acres Loans Payable	B-8	2,525,569.69	2,846,605.00
Improvement Authorizations:			
Funded	B-5	738,138.96	772,704.28
Unfunded	B-5	1,554,229.68	1,709,431.35
Reserve for Receivable - Green Acres		6,026,331.00	4,776,331.00
Fund Balance	B-1	984,817.15	984,817.15
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 28,739,086.48</u>	<u>\$ 28,874,888.78</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2004	B	<u>\$ 984,817.15</u>
Balance December 31, 2005	B	<u>\$ 984,817.15</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2005
TRUST FUNDS

MORRIS COUNTY PARK COMMISSION
TRUST AND OTHER RESTRICTED FUNDS
COMPARATIVE BALANCE SHEET

<u>ASSETS</u>	Ref.	December 31,	
		2005	2004
Park Improvement Trust Fund:			
Cash and Cash Equivalents	C-2	\$ 5,609,432.96	\$ 4,732,849.69
		<u>5,609,432.96</u>	<u>4,732,849.69</u>
Park Trust Fund:			
Cash and Cash Equivalents	C-2	957,271.09	861,482.38
		<u>957,271.09</u>	<u>861,482.38</u>
Restricted Trust Funds:			
Cash and Cash Equivalents	C-2	347,371.72	347,673.85
		<u>347,371.72</u>	<u>347,673.85</u>
<u>TOTAL ASSETS</u>		<u>\$ 6,914,075.77</u>	<u>\$ 5,942,005.92</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u> 			
Park Improvement Trust Fund:			
Due Current Fund	A		\$ 2,979.50
Reserve for Park Improvements	C-3	\$ 3,714,767.79	4,369,491.15
Reserve for Encumbrances	C-3	1,503,809.12	
Fund Balance	C-1	390,856.05	360,379.04
		<u>5,609,432.96</u>	<u>4,732,849.69</u>
Park Trust Fund:			
Due Current Fund	A	2,856.05	
Reserve for Park Trust Funds	C-4	911,081.17	861,482.38
Reserve for Encumbrances	C-4	43,333.87	
		<u>957,271.09</u>	<u>861,482.38</u>
Restricted Trust Funds:			
Due Current Fund	A		281.85
Reserve for Restricted Trust Funds	C-5	347,371.72	347,392.00
		<u>347,371.72</u>	<u>347,673.85</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 6,914,075.77</u>	<u>\$ 5,942,005.92</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS COUNTY PARK COMMISSION
PARK IMPROVEMENT TRUST FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2004	C	\$ 360,379.04
Increased by:		
2005 Tax Assessment		\$ 1,976,357.54
Correction of Prior Year Interfund		2,979.50
Interest Earned on Investments		<u>171,087.97</u>
		<u>2,150,425.01</u>
		2,510,804.05
Decreased by:		
Improvement Trust Accounts		2,110,000.00
Due Park Trust Fund		<u>9,948.00</u>
		<u>2,119,948.00</u>
Balance December 31, 2005	C	<u><u>\$ 390,856.05</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2005
GENERAL FIXED ASSETS

MORRIS COUNTY PARK COMMISSION
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET
(Unaudited)

	December 31,	
	2005	2004
General Fixed Assets:		
Land	\$ 42,238,304.95	\$ 42,238,304.95
Land Improvements	24,492,047.22	24,492,047.22
Buildings	40,562,015.92	40,553,820.67
Machinery and Equipment	6,640,238.08	6,254,633.31
	\$ 113,932,606.17	\$ 113,538,806.15
 Investments in General Fixed Assets	 \$ 113,932,606.17	 \$ 113,538,806.15

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Morris County Park Commission, (the "Commission") is a component unit of the government of the County of Morris. The members of the Commission are appointed by the Morris County Freeholders for staggered terms of five years.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Accordingly, the Commission is a component unit of the County of Morris under the provisions of GASB Codification Section 2100. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e, benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, and following an other comprehensive basis of accounting, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the 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 (the "Division"). 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 Commission accounts for its financial transactions through the following separate funds.

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

Trust Funds/Other Restricted Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each was created, some of which is for the acquisition, development, or improvement of Park lands and educational programs pursuant to N.J.S.A. 40:37-11.3.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

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

General Fixed Asset Account Group (unaudited) - These accounts were established with estimated values of land, land improvements, buildings and machinery and equipment of the Commission as discussed under the caption "Basis of Accounting."

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting policies of the Commission conform to the accounting principles applicable to municipalities which have been prescribed by the Division which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the Current and Trust Funds when it is received and in the Capital Fund when improvements are authorized.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled 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.

Deferred Charges to Future Taxation – The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A commission can eliminate an unfunded deferred charge by raising it in the budget, or collecting a grant. The unfunded deferred charge may also be funded by selling bonds.

Had the Commission's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves and Federal and State grants and assistance would be recognized when earned, not when awarded.

The cash basis of accounting is followed in the Trust and Capital Funds.

Other significant accounting policies include:

Interfunds - Interfund 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.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of the inventories are not included on the various balance sheets except for the golf course merchandise represents the total cost of inventory as taken by the Commission, and is represented on the current fund balance sheet. The cost of this inventory is included on the Current Fund balance sheet and is offset by a reserve.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

General Fixed Assets – Property and equipment purchased by the General and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Fixed Assets used in governmental operation (general fixed assets) are accounted for in the General Fixed Assets Account Group. 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.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Capital assets are reviewed for impairment.

Note 2: Long-Term Debt

Summary of Park Commission Debt

The Local Bond Law governs the issuance of bonds to finance general Commission capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the County on behalf of the Commission are general obligation bonds. The County of Morris’s full faith and credit and taxing power has been pledged to the payment of the general obligation principal and interest where such principal and interest is not funded by other sources.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Park Commission Debt (Cont'd)

<u>Issued</u>	<u>December 31,</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Serial Bonds	\$ 16,910,000.00	\$ 17,785,000.00	\$ 19,618,000.00
Green Acres Loans Payable	2,525,569.69	2,846,605.00	3,040,204.84
Bond and Notes Authorized But Not Issued	1,828,878.25	1,924,878.25	944,878.25
	<u>\$ 21,264,447.94</u>	<u>\$ 22,556,483.25</u>	<u>\$ 23,603,083.09</u>

Summary of Municipal Debt Outstanding - Current Year

	<u>Balance</u> <u>12/31/2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2005</u>
Serial Bonds:				
Park Capital Fund	\$ 17,785,000.00	\$ 1,471,000.00	\$ 2,346,000.00	\$ 16,910,000.00
Loans Payable:				
Park Capital Fund				
Green Trust Loans	2,846,605.00		321,035.00	2,525,570.00
Total	<u>\$ 20,631,605.00</u>	<u>\$ 1,471,000.00</u>	<u>\$ 2,667,035.00</u>	<u>\$ 19,435,570.00</u>

Summary of Municipal Debt Outstanding - Prior Year

	<u>Balance</u> <u>12/31/2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2004</u>
Serial Bonds:				
Park Capital Fund	\$ 19,618,000.00	\$ 545,000.00	\$ 2,378,000.00	\$ 17,785,000.00
Loans Payable:				
Park Capital Fund				
Green Trust Loans	3,040,205.00		193,600.00	2,846,605.00
Total	<u>\$ 22,658,205.00</u>	<u>\$ 545,000.00</u>	<u>\$ 2,571,600.00</u>	<u>\$ 20,631,605.00</u>

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 2: Long-Term Debt (Cont'd)

ANALYSIS OF DEBT ISSUED AND OUTSTANDING
AT DECEMBER 31, 2005

<u>Park Serial Bonds</u>			
<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Park Bonds 1991	6.250%	7/15/2006	\$ 354,000.00
Park Bonds 1993	5.125%	5/13/2006-2013	2,381,000.00
Park Bonds 1997	4.625%	8/15/2006-2008	280,000.00
Park Bonds 1999	5.125%	11/15/2006	919,000.00
	5.250%	11/15/2007-2009	300,000.00
			1,219,000.00
Park Bonds 2000	4.750%	9/15/2006-2012	2,780,000.00
	5.000%	9/15/2013-2015	756,000.00
			3,536,000.00
Park Bonds 2001	3.500%	9/1/2006-2007	410,000.00
	4.000%	9/1/2008-2011	820,000.00
	4.100%	9/1/2012	205,000.00
	4.200%	9/1/2013	205,000.00
	4.250%	9/1/2014	204,000.00
			1,844,000.00
Park Bonds 2002	3.300%	3/15/2006	200,000.00
	3.375%	3/15/2007-2008	400,000.00
	3.500%	3/15/2009	200,000.00
	3.750%	3/15/2010	200,000.00
	3.850%	3/15/2011	200,000.00
	4.000%	3/15/2012-2015	830,000.00
			2,030,000.00
Park Bonds 2003	2.375%	5/1/2006-2009	220,000.00
	2.400%	5/1/2010	55,000.00
	2.600%	5/1/2011	55,000.00
	2.750%	5/1/2012	55,000.00
	2.875%	5/1/2013	55,000.00
	3.000%	5/1/2014	55,000.00
	3.125%	5/1/2015	45,000.00
			540,000.00

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

(Continued)

Note 2: Long-Term Debt (Cont'd)

ANALYSIS OF DEBT ISSUED AND OUTSTANDING

AT DECEMBER 31, 2005

(Continued)

Park Serial Bonds

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Park Bonds 2003	4.000%	2/1/2006-2008	695,000.00
Refunding	5.000%	2/1/2009-2014	2,110,000.00
			<u>2,805,000.00</u>
Park Bonds 2004	3.125%	4/1/2006-2009	380,000.00
	3.250%	4/1/2010	70,000.00
			<u>450,000.00</u>
Park Bonds 2005	3.000%	2/1/2006-2010	1,471,000.00
		Total Serial Bonds	<u>\$ 16,910,000.00</u>

Green Acres Loans Payable

On January 16, 1985, the County became the first local unit in the State to be approved for the Green Acres Trust Program. The program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement of land for recreation.

Through December 31, 2005, the County has borrowed funds under four separate projects. The loan balance for each of the four projects as of the end of the year is as follows:

Hedden Park	\$ 176,271.21
Pyramid Mountain Park	1,648,762.63
Patriots Path/Schooley's Mountain	320,649.55
Turkey Mountain/Pyramid Mountain	379,886.30

Payments of principal and interest on the loans are required to be made once the funds earmarked for a specific project have been completely drawn down. Payments are to commence nine months after the final drawdown date and are to continue on a semi-annual basis over a period of 10 to 20 years. Interest, on the loans, is at the rate of 2% annually on the outstanding balance. The County has appropriated \$376,370.24 in its 2006 budget to fund principal and interest payments for the above projects.

Note 3: Fund Balance Appropriated

Fund balance of \$1,404,000.00 has been appropriated as revenue in the 2006 current fund budget.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

(Continued)

Note 4: Pension Plans

Commission employees are enrolled in one of two cost-sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Fireman's Retirement System (PFRS) of New Jersey. The State of New Jersey sponsors and administers these two plans which cover substantially all Commission employees. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

Employees who are members of PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal year's compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are based on percentages of 5.00% for PERS and 8.5% for PFRS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Commission contributions to the plans amounted to \$0, \$0 and \$0 for 2005, 2004 and 2003, respectively. For PFRS and PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PFRS for local employers for State fiscal years 2004-2007. The local employer PFRS normal and accrued liability contributions required for State fiscal years 2004-2007 are as follows:

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 4: Pension Plans (Cont'd)

20% for payments due in State fiscal year 2004
Not more than 40% for payments due in State fiscal year 2005
Not more than 60% for payments due in State fiscal year 2006
Not more than 80% for payments due in State fiscal year 2007

Note 5: Accrued Sick and Vacation Benefits

The Commission permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. Employees will be reimbursed for accumulated sick time between 20% to 50% of the present day value of accumulated sick time up to a maximum of between \$5,000 and \$12,000 in accordance with the respective contractual agreements of the various Commission employees.

Employees are also permitted to accumulate to the next calendar year any vacation period, annual vacation, or any portion thereof, which is not taken or granted by reason of the pressure of work. Accumulation after one calendar year shall not be permitted.

It is estimated that the current cost of such unpaid compensation would approximate \$908,201. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Commission's budget operating expenditures in the year in which it is used.

Note 6: Cash and Cash Equivalents

Cash and cash equivalents include change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Commission classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

The Commission implemented the provisions of *GASB Statement No. 40 Governmental Accounting Standards & Board Deposit and Investment Risk Disclosures*, for the year ended December 31, 2004. *GASB Statement No. 40* requires disclosure of the level of custodial credit risk assumed by the Commission in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Commission ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

(Continued)

Note 6: Cash and Cash Equivalents (Cont'd)

Credit Risk – The Commission limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Deposits:

New Jersey statutes permit the deposit of public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits or State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments:

New Jersey statutes permit the Commission to purchase the following types 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;
- (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 the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 6: Cash and Cash Equivalents (Cont'd)

- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (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 statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2005, cash and cash equivalents of the Morris County Park Commission consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Totals</u>
Current	\$ 1,150.00	\$ 7,285,339.27	\$ 7,286,489.27
Trust Funds		6,914,075.77	6,914,075.77
General Capital		1,448,307.54	1,448,307.54
	<u>\$ 1,150.00</u>	<u>\$ 15,647,722.58</u>	<u>\$ 15,648,872.58</u>

During the period ended December 31, 2005, the Commission did not hold any investments. The carrying amount of the Morris County Park Commission's cash and cash equivalents at December 31, 2005, was \$15,648,872.58 and the bank balance was \$15,903,097.67.

Note 7: Risk Management

The Commission manages its risks through a combination of insurance pool membership and self-insurance.

The Commission is a member of the Morris County Insurance Fund. The Fund provides its members with Liability, Property, and Automobile Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of governmental entities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum.

As a member of the Fund, the Commission could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 7: Risk Management (Cont'd)

The Fund can declare and distribute dividends to members upon approval of the Insurance Commissioners. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

Health Benefits Insurance

The County currently maintains medical and prescription health care insurance with Horizon Blue Cross Blue Shield of New Jersey. The County advances funds to Horizon to pay medical and prescription claims for County employees. The County earned approximately \$11,860 in interest income on these funds during 2004. In 2004, insurance premiums amounting to approximately \$14,477,474 along with the interest income were available to cover approximately \$14,667,537 of incurred claims and administration costs. The balance at December 31, 2004, of \$296,192, is on deposit as temporary investments with Horizon as a premium stabilization reserve account. In addition, the County had \$428,154 and \$375,693 as advance deposits for cash flow purposes with Horizon at December 31, 2005 and 2004, respectively. The County has \$2,979,982 in encumbrances payable on its Current Fund balance sheet at December 31, 2005 and 2004, which together with advance deposits, approximates the liability for incurred but not reported claims. For the year ended December 31, 2004, there was a total of \$699,267 written-off to the specific stop loss pool for five individuals who exceeded the \$150,000 attachment point.

Summarized, selected financial information for the year ended December 31, 2004 for the Fund is as follows:

Total Assets	\$ 9,660,475
Net Assets	\$ 4,649,822
Total Revenue	\$ 2,569,900
Total Expenses	\$ 670,857
Non Operating Revenue and Adjustments	\$ 123,195
Net Increase in Net Assets	\$ 2,022,238
Net Assets Distribution to Participating Members	\$ -0-

Note 8: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2005:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 2,856.05	
Trust Fund		2,856.05
	<u>\$ 2,856.05</u>	<u>\$ 2,856.05</u>

The interfund between Current Fund and Trust Fund is for Open Space disbursements paid in the Current Fund which are to be reimbursed from the Trust Fund.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

(Continued)

Note 9: Commitments and Contingencies

Various suits and claims arising in the ordinary course of the Commission's operations are pending against the Commission. The ultimate effect of such litigation cannot be ascertained at this time since they are currently in various stages of discovery. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Commission's financial position and operations as of December 31, 2005.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Commission as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Commission officials expect such amounts, if any, to be immaterial.

Note 10: Post-Retirement Medical Benefits

The County provides post-retirement benefits, as follows, to County employees who meet the following criteria:

1. The County of Morris hereby agrees to pay the entire cost of health care premiums for all employees and their eligible dependents who retire in good standing, on a disability pension from New Jersey administered retirement system;
2. The County of Morris hereby agrees to pay the entire cost of health care premiums for all employees and their eligible dependents who retire in good standing, with 25 years or more of service credit in a New Jersey state or locally administered retirement system, and with at least 15 years of service with the County of Morris at the time of retirement.
3. The County of Morris hereby agrees to pay the entire cost of health care premiums for all employees and their eligible dependents who retire in good standing at age sixty-two (62 or older) with least fifteen (15) years of service with the County of Morris

The County's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. During 2005 and 2004, the County had approximately \$5,565,747 and \$4,526,835, respectively.

Note 11: Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses were as follows:

	<u>2005</u>	<u>2004</u>
Mennen Sports Arena	<u>\$ -0-</u>	<u>\$ 76,941.88</u>

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 12: Deferred Compensation

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by Great-West, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan is not available to employees until termination, retirement, death or unforeseeable emergency.

Note 13: Open Space Trust Fund

On December 22, 1992, the Morris County Open Space and Farmland Preservation Trust Fund was created. Collection of funds for the Trust Fund commenced on July 1, 1993 with a tax equal to one-half cent per \$100 of total county equalized real property valuation. The County Freeholders review the tax rate annually and may set the tax anywhere from \$.00 to \$.05. The levy for 2005 was set at 4.5 cents.

20% of the Trust Fund is allocated into the Morris County Park Commission.

Note 14: Economic Dependency

The County receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the County's programs and activities.

Note 15: Green Acres Grant

During 2005, the County was awarded an additional \$1,250,000 for a Green Acres Incentive Grant.

The total Green Acres Grants Receivable balance at December 31, 2005 is 6,026,331 and is comprised of the following grants:

Planning Incentive Grants	\$ 5,850,706
ADA Improvements	50,625
Partiots Path/West Morris	125,000
	<u>\$ 6,026,331</u>

MORRIS COUNTY PARK COMMISSION

SUPPLEMENTARY DATA

MORRIS COUNTY PARK COMMISSION
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2005

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 Corporate or Personal Surety</u>
Nicholas A. Cameron	President		
Judith Schleicher	Vice-President		
Jack Kelly	Member		
Julie C. Baron	Member		
Tim Tweed	Member		
Betty Cass-Schmidt	Member		
Richard Seabury, III	Member		
John R. Sette	Member		
David R. Stivers	Member		
Glenn Roe	Treasurer	\$ 1,000,000.00	* Great American
David D. Helmer	Executive Director	1,000,000.00	* Great American
William Hugaboom	Deputy Executive/Director	1,000,000.00	* Great American
John Suminski	Park Counsel		

* The Morris County Park Commission maintains a blanket bond for coverage of all employees in the amount of \$1,000,000.

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2005
CURRENT FUND

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
SCHEDULE OF CASH

Ref.

Balance December 31, 2004	A		\$ 6,289,896.53
Increased by Receipts:			
Rents		\$ 394,577.83	
County Appropriation		12,919,396.00	
Golf Course Revenue		6,975,264.13	
Other Revenue		4,621,344.24	
Interest Earned on Investments		304,008.14	
Due From Park Capital Fund		54,397.80	
Due From Park Improvement Trust		2,979.50	
Due State of New Jersey - Sales Tax		71,584.94	
Appropriation Refunds 2005		293,803.77	
Appropriation Refunds 2004 Reserves		4,070.00	
Prepaid Revenue		54,063.86	
Performance Bonds Received		9,534.69	
		<hr/>	
			25,705,024.90
			<hr/>
			31,994,921.43
Decreased by Disbursements:			
2005 Appropriation Expenditures		23,223,315.81	
2004 Appropriation Reserve Expenditures		1,258,094.61	
2003 Appropriation Reserve Encumbrances - Park Police Salaries		39,037.47	
Due State of New Jersey - Sales Tax		71,413.75	
Refund of Prior Year Revenue		10,104.93	
Construction Account Expenditures		21,074.37	
Accounts Payable - William G. Mennen Sports Arena		76,941.88	
Appropriated Reserves Expended		305.60	
Refund of Performance Bonds		6,437.69	
Due Park Trust - Open Space		2,856.05	
		<hr/>	
			24,709,582.16
			<hr/>
Balance December 31, 2005	A		\$ 7,285,339.27
			<hr/>

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
SCHEDULE OF CHANGE FUNDS

Balance December 31, 2004	<u>Ref.</u> A	\$ 1,250.00
Cancellation of Change Fund		<u>100.00</u>
Balance December 31, 2005	A	<u>\$ 1,150.00</u>
 <u>Analysis of Balance December 31, 2005</u>		
William G. Mennen Sports Arena		\$ 700.00
Great Swamp Outdoor Education Center		200.00
Pyramid Mountain Outdoor Education Center		200.00
Mahlon Dickerson Reservation		<u>50.00</u>
		<u>\$ 1,150.00</u>

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
SCHEDULE OF GOLF MERCHANDISE INVENTORY

	<u>Ref.</u>		
Balance December 31, 2004	A		\$ 66,014.11
Increased by:			
Operations:			
Excess of Purchased Over Amount Sold, at cost		<u>\$ 10,536.81</u>	
			<u>10,536.81</u>
Balance December 31, 2005	A		<u>\$ 76,550.92</u>

Analysis of Balance December 31, 2005

Flanders Valley Golf Course	\$ 17,094.55	
Sunset Valley Golf Course	18,007.82	
Pinch Brook Golf Course	18,718.51	
Berkshire Valley Golf Course	<u>22,730.04</u>	
		<u>\$ 76,550.92</u>

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Total	Park Police Trust Fund	Park Capital Fund	Park Improvement Trust Fund	Park Trust Fund
Balance December 31, 2004	\$ 3,261.35	\$ 281.85		\$ 2,979.50	
Increased by:					
Interfund Advanced	2,856.05				\$ 2,856.05
Interest on Investments	54,397.80		\$ 54,397.80		
	60,515.20	281.85	54,397.80	2,979.50	2,856.05
Decreased by:					
Received in 2005	57,377.30		54,397.80	2,979.50	
Prior Year Interfund Receivable Cancelled	281.85	281.85			
Balance December 31, 2005	\$ 2,856.05	\$ -0-	\$ -0-	\$ -0-	\$ 2,856.05

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
SCHEDULE OF 2004 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2005

	Balance Dec. 31, 2004	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Salaries and Wages:	\$ 1,406,382.33	\$ 1,381,382.33	\$ 346,644.73	\$ 1,034,737.60
Other Expenses:				
Administration	628,175.87	628,175.87	124,757.49	503,418.38
Buildings and Construction	47,196.53	69,196.53	61,496.57	7,699.96
Engineering	30,217.67	30,217.67	2,413.00	27,804.67
Berkshire Valley Golf Course	138,940.84	138,940.84	112,915.03	26,025.81
Flanders Valley Golf Course	68,171.11	68,171.11	35,943.12	32,227.99
Historic Sites	20,541.17	20,541.17	15,714.96	4,826.21
Historic Speedwell	13,525.79	16,525.79	14,594.56	1,931.23
Lee's County Park Marina	42,073.61	42,073.61	9,849.46	32,224.15
Maintenance	213,258.29	213,258.29	141,738.09	71,520.20
Horticulture	78,808.63	78,808.63	73,519.81	5,288.82
William G. Mennen Sports Arena	233,603.15	233,603.15	173,110.62	60,492.53
Education and Interpretive Service	27,149.79	27,149.79	3,874.43	23,275.36
Park Police	95,168.50	95,168.50	25,026.11	70,142.39
Pinch Brook Golf Course	40,647.25	40,647.25	22,168.20	18,479.05
Lewis - Morris Sunrise Lake Recreation Area	15,157.28	15,157.28	606.90	14,550.38
Sunset Valley Golf Course	43,635.25	43,635.25	15,515.22	28,120.03
Development	16,704.99	15,704.99	1,144.86	14,560.13
Recreation	16,931.68	16,931.68	895.48	16,036.20
Morris County Visitor Center	2,791.09	2,791.09	1,303.73	1,487.36
Visitor Services	70,481.66	71,481.66	70,792.24	689.42
	<u>\$ 3,249,562.48</u>	<u>\$ 3,249,562.48</u>	<u>\$ 1,254,024.61</u>	<u>\$ 1,995,537.87</u>
	Ref.			
Encumbered	A	\$ 466,729.66		
Unencumbered	A	2,782,832.82		
		<u>\$ 3,249,562.48</u>		
			Cash Disbursed	\$ 1,258,094.61
			Less: Refunds	4,070.00
				<u>\$ 1,254,024.61</u>

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES

	<u>Ref.</u>	
Balance December 31, 2004	A	\$ 789.70
Less:		
Disbursements	\$ 305.60	
Balance Cancelled	484.10	
		<u>789.70</u>
Balance December 31, 2005	A	<u>\$ -0-</u>

MORRIS COUNTY PARK COMMISSION
CURRENT FUND - SCHEDULE OF RESERVE FOR CONSTRUCTION ACCOUNTS

Account Number	Account	Balance		Encumbrances		Disbursed	Balance Dec. 31, 2005
		Dec. 31, 2004	Additions	Returned			
T-175	Education Exhibits	\$ 1,024.09					\$ 1,024.09
T-184	Master Plan	5,000.00					5,000.00
T-192	Restoration of Potting Shed and Propagation Greenhouse	5,993.04					5,993.04
T-196	Flanders Valley Dedicated Fund Improvements	108,081.43					108,081.43
T-197	Sunset Valley Dedicated Fund Improvements	13,112.19		\$ 366.74	\$ 6,189.06		7,289.87
T-198	Pinch Brook Dedicated Fund Improvements		\$ 60,000.00	14,885.31			
T-205	Purchase of Vehicles and Equipment						60,000.00
T-206	Emergency Repairs - Mennen Sports Arena HVAC	65,000.00					65,000.00
T-207	Mennen Sports Arena Water Line	2,007.12					2,007.12
		<u>\$ 200,217.87</u>	<u>\$ 60,000.00</u>	<u>\$ 15,252.05</u>	<u>\$ 21,074.37</u>		<u>\$ 254,395.55</u>
		Ref.	A	A			A
		Appropriated From Fund Balance					\$ 60,000.00

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2005
GENERAL CAPITAL FUND

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2004	B	\$ 1,542,074.53
Increased by Receipts:		
Capital Improvement Fund		\$ 75,000.00
Serial Bond Proceeds		1,471,000.00
Interest on Investments		54,397.80
		1,600,397.80
		3,142,472.33
Decreased by Disbursements:		
Due to Current Fund:		
Interest Earned		54,397.80
Improvement Authorization Expenditures		1,639,766.99
		1,694,164.79
Balance December 31, 2005	B	\$ 1,448,307.54

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
ANALYSIS OF CAPITAL CASH

Ord. No.	Balance or (Deficit) Dec. 31, 2004	Receipts		Disbursements		Transfers		Balance or (Deficit) Dec. 31, 2005
		Serial Bonds	Miscellaneous	Improvement Authorizations	Miscellaneous	To	From	
	\$ 984,817.15		\$ 75,000.00				\$ 75,000.00	\$ 984,817.15
			54,397.80		\$ 54,397.80			(4,776,331.00)
	(4,776,331.00)							4,776,331.00
	4,776,331.00							
<u>Improvement Authorizations:</u>								
				\$				
172	(74,377.55)			300.00				(74,677.55)
185	44,277.00			7,500.00				36,777.00
191	475,661.65			469,068.30			6,593.35	
192	9,975.00			9,975.00				
193	170,896.41			377,460.78		\$ 6,593.35		(199,971.02)
195	12,195.11			7,947.00				4,248.11
196	(141,069.35)	\$ 150,000.00		346.07				8,584.58
197	59,699.11	750,000.00		739,535.62				70,163.49
198		71,000.00		21,007.62		4,000.00		53,992.38
199		500,000.00		6,626.60		71,000.00		564,373.40
	\$ 1,542,074.53	\$ 1,471,000.00	\$ 129,397.80	\$ 1,639,766.99	\$ 54,397.80	\$ 81,593.35	\$ 81,593.35	\$ 1,448,307.54

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2004	2005 Authorizations	Serial Bonds Issued in 2005	Balance Dec. 31, 2005	Analysis of Balance	
						Expended	Unexpended Improvement Authorizations
172	Improvements to the Morris County Parks Commission Linear Path System	\$ 262,878.25			\$ 262,878.25	\$ 74,677.55	\$ 188,200.70
193	Improvement of Land and Facilities of the Morris County Park Commission	332,000.00			332,000.00	199,971.02	132,028.98
196	Renovate and Replace at Mennen Arena, Restrooms and Dasherboard in Rink Two	190,000.00		\$ 150,000.00	40,000.00		40,000.00
197	Improvements to Lands	1,140,000.00		750,000.00	390,000.00		390,000.00
198	Improvements to County Cultural Center		\$ 71,000.00	71,000.00			
199	Various Park Improvements		1,304,000.00	500,000.00	804,000.00		804,000.00
		\$ 1,924,878.25	\$ 1,375,000.00	\$ 1,471,000.00	\$ 1,828,878.25	\$ 274,648.57	\$ 1,554,229.68

Ref.

B

B

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

No.	Resolution or Ordinance		Balance, December 31, 2004		Reclassification of Prior Year Expenditures	Authorized	Balance, December 31, 2005	
	Date	Appropriation	Funded	Unfunded			Expended	Funded
172	06/26/96	\$ 715,000.00	\$ 44,277.00	\$ 188,500.70		\$ 300.00	\$ 36,777.00	\$ 188,200.70
185	12/09/98	70,000.00				7,500.00		
191	01/23/02	2,600,000.00	475,661.65		\$ (6,593.35)	469,068.30		
192	03/12/03	202,275.00	9,975.00			9,975.00		
193	04/09/03	1,400,000.00	170,896.41	332,000.00	6,593.35	377,460.78		132,028.98
195	03/24/04	205,200.00	12,195.11			7,947.00	4,248.11	
196	04/28/04	200,000.00	59,699.11	48,930.65		346.07	8,584.58	40,000.00
197	08/11/04	1,200,000.00		1,140,000.00		739,535.62	70,163.49	390,000.00
198	02/23/05	75,000.00				21,007.62	53,992.38	
199	04/27/05	1,375,000.00				6,626.60	564,373.40	804,000.00
					\$ -0-	\$ 1,639,766.99	\$ 738,138.96	\$ 1,534,229.68
			\$ 772,704.28	\$ 1,709,431.35	\$			

Ref.	B	B	B
		Capital Improvement Fund	\$ 75,000.00
		Deferred Charges to Future Taxation - Unfunded	1,375,000.00
			<u>\$ 1,450,000.00</u>

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

Increased by:

Received from County in 2005

\$ 75,000.00

Decreased by:

Appropriated to Finance Improvement Authorizations

\$ 75,000.00

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

	Date of Issue	Amount of Original Issue	Maturity of Bonds Outstanding		Interest Rate	Issued	Matured	Balance Dec. 31, 2005
			Date	Amount				
Park Bonds 1989	8/1/1989	\$ 1,465,000.00				\$ 85,000.00	\$ 85,000.00	
Park Bonds 1991	7/15/1991	5,422,000.00	7/15/2006	\$ 354,000.00	6.250%	716,000.00	362,000.00	\$ 354,000.00
Park Bonds 1993	5/13/1993	5,969,000.00	5/13/2006-2012 5/13/2013	299,000.00 288,000.00	5.125% 5.125%	2,680,000.00	299,000.00	2,381,000.00
Park Bonds 1995*	7/15/1995	3,771,000.00				270,000.00	270,000.00	
Park Bonds 1997*	7/31/1997	905,000.00	8/15/2006-2008 8/15/2009	75,000.00 55,000.00	4.625% 4.625%	355,000.00	75,000.00	280,000.00
Park Bonds 1999*	9/23/1999	4,519,000.00	11/15/2006 11/15/2007-2008 11/15/2009	319,000.00 300,000.00 300,000.00	5.125% 5.125% 5.250%	1,579,000.00	360,000.00	1,219,000.00
Park Bonds 2000*	9/15/2000	5,796,000.00	9/15/2006 9/15/2007-2010 9/15/2011-2012 9/15/2013 9/15/2014 9/15/2015	420,000.00 400,000.00 380,000.00 380,000.00 360,000.00 16,000.00	4.750% 4.750% 4.750% 5.000% 5.000% 5.000%	3,956,000.00	420,000.00	3,536,000.00
Park Bonds 2001*	9/1/2001	2,654,000.00	9/01/2006-2007 9/01/2008-2011 9/01/2012 9/01/2013 9/01/2014	205,000.00 205,000.00 205,000.00 205,000.00 204,000.00	3.500% 4.000% 4.100% 4.200% 4.250%	2,049,000.00	205,000.00	1,844,000.00

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

	Date of Issue	Amount of Original Issue	Maturity of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2004	Issued	Matured	Balance Dec. 31, 2005
			Date	Amount					
Park Bonds 2002*	6/27/2002	\$ 2,470,000.00	3/15/2006	\$ 200,000.00	3.300%	\$ 2,150,000.00	\$ 120,000.00	\$ 2,030,000.00	
			3/15/2007-2008	200,000.00	3.375%				
			3/15/2009	200,000.00	3.500%				
			3/15/2010	200,000.00	3.750%				
			3/15/2011	200,000.00	3.850%				
			3/15/2012-2014	200,000.00	4.000%				
			3/15/2015	230,000.00	4.000%				
Park Bonds 2003*	6/24/2003	650,000.00	5/01/2006-2009	55,000.00	2.375%	595,000.00	55,000.00	540,000.00	
			5/01/2010	55,000.00	2.400%				
			5/01/2011	55,000.00	2.600%				
			5/01/2012	55,000.00	2.750%				
			5/01/2013	55,000.00	2.875%				
			5/01/2014	55,000.00	3.000%				
			5/01/2015	45,000.00	3.125%				
Park Bonds 2003 Refunding	7/15/2003	2,805,000.00	2/01/2006	210,000.00	4.000%	2,805,000.00		2,805,000.00	
			2/01/2007	205,000.00	4.000%				
			2/01/2008	280,000.00	4.000%				
			2/01/2009	280,000.00	5.000%				
			2/01/2010	590,000.00	5.000%				
			2/01/2011-2014	310,000.00	5.000%				
Park Bonds 2004	6/22/2004	545,000.00	4/01/2006-2009	95,000.00	3.125%	545,000.00	95,000.00	450,000.00	
			4/01/2010	70,000.00	3.250%				
Park Bonds 2005	6/16/2005	1,471,000.00	2/1/2006	271,000.00	3.000%		\$ 1,471,000.00	1,471,000.00	
			2/1/2007-2010	300,000.00	3.000%				
						\$ 17,785,000.00	\$ 2,346,000.00	\$ 16,910,000.00	

* - Callable Bonds

Ref B B

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOANS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2004	B	\$ 2,846,605.00
Decreased by:		
Loan Repayments in 2005		321,035.31
Balance December 31, 2005	B	\$ 2,525,569.69

SCHEDULE OF PRINCIPAL PAYMENTS
OUTSTANDING DECEMBER 31, 2005

Hedden Park Department of Environmental Protection Loan:

<u>Payment Number</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
15	2/28/2006	2.00%	\$ 28,652.59
16	8/28/2006	2.00%	28,939.12
17	2/28/2007	2.00%	29,228.51
18	8/28/2007	2.00%	29,520.80
19	2/28/2008	2.00%	29,816.00
20	8/27/2008	2.00%	30,114.19
			\$ 176,271.21

Pyramid Mountain Park Department of Environmental Protection Loan:

<u>Payment Number</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
4	4/16/2006	2.00%	\$ 102,427.37
5	10/16/2006	2.00%	103,451.64
6	4/16/2007	2.00%	104,486.16
7	10/16/2007	2.00%	105,531.02
8	4/16/2008	2.00%	106,586.33
9	10/16/2008	2.00%	107,652.19
10	4/16/2009	2.00%	108,728.71
11	10/16/2009	2.00%	109,816.00
12	4/16/2010	2.00%	110,914.16
13	10/16/2010	2.00%	112,023.30
14	4/16/2011	2.00%	113,143.54
15	10/16/2011	2.00%	114,274.97
16	4/16/2012	2.00%	115,417.72
17	10/16/2012	2.00%	116,571.90
18	4/16/2013	2.00%	117,737.62
			\$ 1,648,762.63

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOANS PAYABLE
(CONTINUED)

Patriots Path/Schooley's Mountain Department of Environmental Protection Loan:

<u>Payment Number</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
7	1/24/2006	2.00%	\$ 8,249.49
8	7/24/2006	2.00%	8,331.99
9	1/24/2007	2.00%	8,415.31
10	7/24/2007	2.00%	8,499.46
11	1/24/2008	2.00%	8,584.45
12	7/24/2008	2.00%	8,670.30
13	1/24/2009	2.00%	8,757.00
14	7/24/2009	2.00%	8,844.57
15	1/24/2010	2.00%	8,933.02
16	7/24/2010	2.00%	9,022.35
17	1/24/2011	2.00%	9,112.57
18	7/24/2011	2.00%	9,203.70
19	1/24/2012	2.00%	9,295.73
20	7/24/2012	2.00%	9,388.69
21	1/24/2013	2.00%	9,482.58
22	7/24/2013	2.00%	9,577.40
23	1/24/2014	2.00%	9,673.18
24	7/24/2014	2.00%	9,769.91
25	1/24/2015	2.00%	9,867.61
26	7/24/2015	2.00%	9,966.28
27	1/24/2016	2.00%	10,065.95
28	7/24/2016	2.00%	10,166.61
29	1/24/2017	2.00%	10,268.27
30	7/24/2017	2.00%	10,370.95
31	1/24/2018	2.00%	10,474.66
32	7/24/2018	2.00%	10,579.41
33	1/24/2019	2.00%	10,685.20
34	7/24/2019	2.00%	10,792.06
35	1/24/2020	2.00%	10,899.98
36	7/24/2020	2.00%	11,008.98
37	1/24/2021	2.00%	11,119.07
38	7/24/2021	2.00%	11,230.26
39	1/24/2022	2.00%	11,342.56
			\$ 320,649.55

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOANS PAYABLE
(CONTINUED)

Turkey Mountain/Pyramid Mountain Department of Environmental Protection Loan:

<u>Payment Number</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
4	3/3/2006	2.00%	\$ 23,599.97
5	9/3/2006	2.00%	23,835.97
6	3/3/2007	2.00%	24,074.33
7	9/3/2007	2.00%	24,315.08
8	3/3/2008	2.00%	24,558.23
9	9/3/2008	2.00%	24,803.81
10	3/3/2009	2.00%	25,051.85
11	9/3/2009	2.00%	25,302.37
12	3/3/2010	2.00%	25,555.39
13	9/3/2010	2.00%	25,810.94
14	3/3/2011	2.00%	26,069.05
15	9/3/2011	2.00%	26,329.74
16	3/3/2012	2.00%	26,593.04
17	9/3/2012	2.00%	26,858.97
18	3/3/2013	2.00%	27,127.56
			<u>\$ 379,886.30</u>

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULES OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec.31, 2004	Authorized	Serial Bonds Issued	Balance Dec. 31, 2005
172	Improvements to the Morris County Parks Commission Linear Path System	\$ 262,878.25			\$ 262,878.25
193	Improvement of Land and Facilities of the Morris County Park Commission	332,000.00			332,000.00
196	Renovate and Replace at Mennen Arena, Restrooms and Dasherboard in Rink Two	190,000.00		\$ 150,000.00	40,000.00
197	Improvements to Lands	1,140,000.00		750,000.00	390,000.00
198	Improvements to County Cultural Center		\$ 71,000.00	71,000.00	
199	Various Park Improvements		1,304,000.00	500,000.00	804,000.00
		<u>\$ 1,924,878.25</u>	<u>\$ 1,375,000.00</u>	<u>\$ 1,471,000.00</u>	<u>\$ 1,828,878.25</u>

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2005
TRUST FUNDS

MORRIS COUNTY PARK COMMISSION
PARK IMPROVEMENT TRUST FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2004	C	\$ 4,732,849.69
Increased by:		
2005 Tax Assessment		\$ 1,976,357.54
Interest Earned on Investments		171,087.97
State of New Jersey - Reimbursement		<u>17,368.40</u>
		<u>2,164,813.91</u>
		<u>6,897,663.60</u>
Decreased by:		
Reserve for Park Improvement Trust Account		1,275,303.14
Due Current Fund		2,979.50
Due Park Trust Fund - Prior Year Deposit		<u>9,948.00</u>
		<u>1,288,230.64</u>
Balance December 31, 2005	C	<u>\$ 5,609,432.96</u>

MORRIS COUNTY PARK COMMISSION
PARK TRUST FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2004	C	\$ 861,482.38
Receipts:		
New Jersey Historical Trust Bamboo Brook Grant	\$	20,362.11
Bamboo Brook Restoration Project		866.75
Willowwood (Henry Tubbs)		15,060.00
Frelinghuysen Arboretum		3,043.20
Scherer Garden Trust		35,765.00
Pyramid Mountain		165.21
New Jersey Historical Commission Friends/ Fosterfield Grant		4.10
Egers Memorial Garden		100.00
Clark Crescent Garden		100.00
Open Space Trust Fund		1,331,498.05
Due from Park Improvement Trust Fund - Open Space		9,948.00
Body Armor Fund		5,967.65
Dog Park		10,000.00
Memorial Donations		175.00
Park Trust Drunk Driving		4,738.94
New Jersey Historical Commission - 2005		17,661.65
New Jersey Historical Commission - 2006		73,600.00
Historic Speedwell		64,654.93
Braille Trail Fund		400.00
Willowwood		22,000.00
Interest on Investments		63,953.63
		<u>1,680,064.22</u>
Disbursements:		2,541,546.60
Bamboo Brook Restoration Project		14,171.66
Willowwood (Henry Tubbs)		22,679.99
Frelinghuysen Arboretum		42,043.50
Scherer Garden Trust		29,002.00
Pyramid Mountain		165.21
New Jersey Historical Commission Friends/ Fosterfield Grant		2,493.31
Egers Memorial Garden		600.80
Open Space Trust Fund		1,315,289.45
Body Armor Fund		5,662.06
Earth Day		240.00
Henderson Scholarship		602.24
Park Trust Drunk Driving		7,986.44
New Jersey Historical Commission - 2004		115,901.14
New Jersey Historical Commission - 2005		2,979.23
Historic Speedwell		5,144.00
Environmental Education Teacher Training Workshops		3,547.20
Albert Clark Memorial		100.00
Willowwood		15,667.28
		<u>1,584,275.51</u>
Balance December 31, 2005	C	<u>\$ 957,271.09</u>

MORRIS COUNTY PARK COMMISSION
RESTRICTED TRUST FUNDS
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2004	C	\$ 347,673.85
Receipts:		
Due From Current Fund		\$ 305.60
State of New Jersey - Park Police Reimbursement		1,359.39
Donations		3,810.33
Interest on Investments		9,430.21
		14,905.53
Disbursements:		
Maintenance of Fosterfields		7,767.25
Park Police		4,612.09
Improvements to Frelinghuysen Arboretum		2,828.32
		15,207.66
Balance December 31, 2005	C	\$ 347,371.72

MORRIS COUNTY PARK COMMISSION
PARK IMPROVEMENT TRUST FUND
SCHEDULE OF RESERVE FOR PARK IMPROVEMENTS

Account Number	Description	Balance				Balance Dec. 31, 2005	
		Dec. 31, 2004	Transfers	Additions	Disbursements		Encumbrances
Q-701	Restoration of Historic Cooper Mill Including the Flume, Waterwheel, Power System and Stone Wall	\$ 64,834.00		\$ 150,000.00	\$ 28,634.61	\$ 35,365.39	\$ 150,834.00
Q-702	Seek Design Proposal and Permits for Stream Stabilization to Protect Drakes Brook	15,280.59					15,280.59
Q-703	Construction of a Heated Restroom & Shower Facility in the Tent Camping Area at MDR	430,367.60			5,460.26	12,567.50	412,339.84
Q-704	Restore the Main Stable and Hayloft and Renovate Office/Residence of the Seaton Hackney Stables	883,629.15	\$ 450,000.00	375,000.00	227,605.13	1,016,463.82	464,560.20
Q-705	Bamboo Brook Garden Restoration	565,533.96		340,000.00	75,821.43	148,799.79	680,912.74
Q-706	Dam Safety at Silas Condict Park and Cooper Mill	10,000.00					10,000.00
Q-707	Improvements to Cultural Center at Lewis Morris Park	26,687.04		20,000.00	36,668.31	57,950.67	10,018.73
Q-708	Mennen Sports Arena Improvements to Existing Infrastructure	57,950.67			420,756.32	32,364.71	119,758.11
Q-710	Reconstruction of Park Roadways and Parking Areas	572,879.14			15,824.00	7,947.20	27,457.72
Q-711	Phase II Bridge Reconstruction at Flanders Valley Golf Course	27,457.72	(310,000.00)		19,129.62	15,635.00	6,564.72
Q-712	Improvement of Dams and Lake Desiltation	340,335.92			27,834.04		17,309.97
Q-713	Renovations to Carriage House at the Arboretum	150,000.00			83,899.45	19,617.70	22,840.75
Q-715	Playground Improvements at Various Parks	45,144.01		25,000.00	6,000.57		40,651.63
Q-716	Improvements at Mennen Sports Arena	101,357.90		15,000.00		7,910.06	371.82
Q-717	Recreation Trail Improvements	39,562.26		50,000.00		53,190.00	
Q-718	Utility Systems Upgrade	3,561.82		60,000.00			37,032.90
Q-719	Roof Repairs and Renovations	46,669.00		10,000.00	22,947.10	28,325.00	11,099.00
Q-720	Park System Sign Replacement Program	140,000.00	(140,000.00)		17,245.00		
Q-721	Fosterfields Barnyard Complex: Historic Structures Report	48,763.60			29,989.96	12,019.00	6,754.64
Q-722	Golf Shop Renovations	38,035.25				13,000.00	25,035.25
Q-723	Bunker Improvements at Flanders Valley Golf Course	31,974.68		25,000.00	5,159.20	1,800.00	50,015.48
Q-724	Water Well Improvements/Closures	26,229.24			11,258.09		14,971.15
Q-725	Lee's County Park Marina Boat Slip Renovation	18,859.00			2,449.00		16,410.00
Q-726	Snowmobile Renovations	54,505.00			1,260.00		53,245.00
Q-727	Pyramid Mountain Visitors Center	50,000.00					50,000.00
Q-728	Alternate Power Supply Installation	25,000.00		50,000.00	5,685.56	10,309.44	59,005.00
Q-729	Willowood Stone Cottage	215,121.00		350,000.00	25,200.00	8,030.00	531,891.00
Q-730	Sunset Valley Golf Course Bunker and Tee Improvements						

MORRIS COUNTY PARK COMMISSION
PARK IMPROVEMENT TRUST FUND
SCHEDULE OF RESERVE FOR PARK IMPROVEMENTS
(Continued)

Account Number	Description	Balance Dec. 31, 2004	Transfers	Additions	Disbursements	Encumbrances	Balance Dec. 31, 2005
Q-737	Golf Maintenance Facility Improvements			\$ 50,000.00			\$ 50,000.00
Q-738	Park Maintenance Facility Improvements			50,000.00			50,000.00
Q-739	Lewis Morris Maintenance Facility	\$ 89,805.00			\$ 16,122.16		73,682.84
Q-740	Lewis Morris Park - Sunrise Lake	1,026.00					1,026.00
Q-741	Fosterfields Renovations	179,663.50			57,492.35	\$ 22,088.88	100,082.27
Q-742	Great Swamp OES	30,000.00					30,000.00
Q-743	Frelinghuysen Arboretum Site and Garden Improvements	14,258.10		30,000.00	13,874.00		30,384.10
Q-744	Picnic Shelters	25,000.00		40,000.00			65,000.00
Q-745	Picnic Shelters			50,000.00	11,445.00		38,555.00
Q-746	Finch Brook Golf Course Improvements			50,000.00	42,216.64		7,783.36
Q-747	Berkshire Valley Golf Course Improvements			50,000.00	12,638.92		37,361.08
Q-748	Flanders Valley Golf Course Improvements			75,000.00	16,292.60		58,707.40
Q-749	Sunset Valley Golf Course Improvements			50,000.00			50,000.00
Q-750	Campground Improvements - MDR			10,000.00			10,000.00
Q-751	Kay Center Improvements			50,000.00	1,929.95		48,070.05
Q-752	Natural Resources Improvements			25,000.00	20,074.97	424.96	4,500.07
Q-753	Improvements to Craigmear			160,000.00			160,000.00
		\$ 4,369,491.15	\$ -0-	\$ 2,110,000.00	\$ 1,260,914.24	\$ 1,503,809.12	\$ 3,714,767.79
				Cash Disbursed	\$ 1,275,303.14		
				Correction of Prior Year Interfund	2,979.50		
				Less: Refunds	(17,368.40)		
					\$ 1,260,914.24		

Ref.

MORRIS COUNTY PARK COMMISSION
PARK TRUST FUND
SCHEDULE OF RESERVE FOR PARK TRUST

Park Trust Fund:	Balance Dec. 31, 2004	Transfers	Receipts	Paid or Charged	Balance Dec. 31, 2005
NJ Historical Trust Bamboo Brook Grant	\$ 213,960.46		\$ 20,362.11		\$ 234,322.57
Bamboo Brook Restoration Project	45,301.02		866.75	\$ 14,171.66	31,996.11
Willowood (Henry Tubbs)	27,654.43		15,060.00	25,179.99	17,534.44
Frelinghuysen Arboretum	272,862.25	\$ (602.24)	66,996.83	42,043.50	297,213.34
Hammond Wildflower Trail	2,220.00				2,220.00
Scherer Garden Trust	22,923.00		35,765.00	29,002.00	29,686.00
Cottage Gift Shop	7,950.66				7,950.66
Great Swamp Watershed	2,000.00				2,000.00
Pyramid Mountain	13,733.69		165.21	165.21	13,733.69
NJ Historical Commission Friends/Fosterfield Grant	3,000.00		4.10	2,493.31	510.79
Hyde Watson Foundation	202.90				202.90
Egers Memorial Garden	1,011.25		100.00	600.80	510.45
Ruth Gilbert Memorial Fund	8,340.33				8,340.33
Clark Crescent Garden	2,105.08		100.00		2,205.08
Open Space Trust Fund	12,292.00		1,341,446.05	1,318,145.50	35,592.55
Body Armor Fund	18,942.59	(13,600.00)	5,967.65	5,662.06	5,648.18
Dog Park			10,000.00		10,000.00
Columbia Gas Transmission	3,500.00				3,500.00
Butterfly Garden Fund	500.00				500.00
Earth Day	400.00			240.00	160.00
Henderson Scholarship	5,000.00	602.24		602.24	5,000.00
Memorial Donations	439.00		175.00		614.00
Park Trust Drunk Driving	3,247.50		4,738.94	7,986.44	
NJ Historical Commission - 2005	130,143.27	7,828.45	17,661.65	155,392.90	240.47
NJ Historical Commission - 2006			73,600.00	3,582.23	70,017.77
Historic Speedwell	12,677.45	5,771.55	64,654.93	5,144.00	77,959.93
Strategic Master Plan	2,464.50				2,464.50
Environmental Education Teacher Training Workshops	10,000.00			3,586.31	6,413.69
Braille Trail Fund	500.00		400.00		900.00
Restoration of The Willowood Conservatory	11,670.00				11,670.00
Albert Clark Memorial	100.00			100.00	
Willowood	26,341.00		22,000.00	16,367.28	31,973.72
	<u>\$ 861,482.38</u>	<u>\$ -0-</u>	<u>\$ 1,680,064.22</u>	<u>\$ 1,630,465.43</u>	<u>\$ 911,081.17</u>
Ref.	C		Cash Disbursed	\$ 1,584,275.51	C
			Encumbrances	43,333.87	
			Due Current Fund	2,856.05	
				<u>\$ 1,630,465.43</u>	

MORRIS COUNTY PARK COMMISSION
RESTRICTED TRUST FUND
SCHEDULE OF RESERVE FOR RESTRICTED TRUST FUNDS

Ref.	Total	Friends of The Frelinghuysen Arboretum	Joseph F. Haggerty Memorial Fund	Park Police Trust Fund	Caroline Foster Trust
Balance December 31, 2004	C \$ 347,392.00	\$ 68,018.69	\$ 8,729.91	\$ 5,137.71	\$ 265,505.69
Increased by:					
Donations	3,810.33	3,100.00			710.33
Interest	9,430.21	604.50	104.66	149.29	8,571.76
Park Trust Fund	1,664.99			1,664.99	
Prior Year Interfund Cancelled	281.85			281.85	
	<u>15,187.38</u>	<u>3,704.50</u>	<u>104.66</u>	<u>2,096.13</u>	<u>9,282.09</u>
Decreased by:					
Maintenance and Improvements	15,207.66	2,828.32		4,612.09	7,767.25
	<u>15,207.66</u>	<u>2,828.32</u>		<u>4,612.09</u>	<u>7,767.25</u>
Balance December 31, 2005	C \$ 347,371.72	\$ 68,894.87	\$ 8,834.57	\$ 2,621.75	\$ 267,020.53

MORRIS COUNTY PARK COMMISSION

PART II

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON

COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2005

MORRIS COUNTY PARK COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2005

Name of Federal Agency or Department	Name of Program	CFDA No.	Grant Award Amount	Grant Period		Current Year		Total Cumulative Expenditures
				From	To	Receipts	Expenditures	
U.S. Department of Justice	COPS Grant	16.710	\$ 30,483.00	1/1/2005	12/31/2005	\$ 27,116.82	\$ 22,391.53	\$ 22,391.53
U.S. Department of Transportation Passed Thru N.J.	Click It Or Ticket	20.604	4,000.00	5/1/2005	6/30/2005	4,000.00	4,000.00	4,000.00
Total Federal Awards			\$ 34,483.00			\$ 31,116.82	\$ 26,391.53	\$ 26,391.53

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MORRIS COUNTY PARK COMMISSION
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED DECEMBER 31, 2005

Name of State Agency or Department	Name of Program	Program Account No.	Grant Award Amount	Grant Period		Current Year		Total Cumulative Expenditures
				From	To	Receipts	Expenditures	
Law and Public Safety	2004 Body Armor Grant	1020-001- YCJS-6120	\$ 3,078.29	1/1/2004	12/31/2004	\$ 3,078.29	\$ 3,078.29	\$ 3,078.29
	2005 Body Armor Grant	1020-001- YCJS-6120	2,889.36	1/1/2005	12/31/2005	2,889.36	2,583.77	2,583.77
Total Law and Public Safety			<u>5,967.65</u>			<u>5,967.65</u>	<u>5,662.06</u>	<u>5,662.06</u>
Historical Trust	2004 NJ Historical Trust - Bamboo Brook	8049-001- F000-6110	213,960.46	1/1/2004	12/31/2004	17,661.65	155,392.90	155,392.90
	2005 NJ Historical Trust - Bamboo Brook	8049-001- F000-6110	20,362.11	1/1/2005	12/31/2005	73,600.00	3,582.23	3,582.23
Total Historical Trust			<u>234,322.57</u>			<u>91,261.65</u>	<u>158,975.13</u>	<u>158,975.13</u>
Total State Awards			<u>\$ 240,290.22</u>			<u>\$ 97,229.30</u>	<u>\$ 164,637.19</u>	<u>\$ 164,637.19</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MORRIS COUNTY PARK COMMISSION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2005

Note 1: GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state awards of the Morris County Park Commission. The Morris County Park Commission is defined in Note 1 to the Commission's financial statements. All federal and state financial awards received directly from federal and state agencies, as well as federal and state financial awards passed through other government agencies is included in the schedules of expenditures of federal and state awards.

Note 2: BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

Note 3: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 4: THRESHOLD FOR FEDERAL AND STATE ASSISTANCE

The threshold for distinguishing federal Type A and B programs was \$300,000. The threshold for distinguishing state Type A and B programs was \$300,000. The Morris County Park Commission qualifies as a "low risk" auditee under the provisions of Section 530 of the Circular.

Note 5: GREEN ACRES LOANS PAYABLE

At December 31, 2005, the County has \$2,525,570 of Green Acres Loans Payable outstanding which are recorded in the Park Capital Fund. The projects which relate to the loans are completed and there were no current year expenditures on any of the loans.



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Phone: 973-328-1825
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11 Lawrence Road
Newton, NJ 07860
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March 3, 2006

Independent Auditors' 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 Members
of the Park Commission
Morris County Park Commission
Morristown, New Jersey

We have audited the financial statements of the Morris County Park Commission (the "Commission"), a component unit of the County of Morris, as of, and for the years ended, December 31, 2005 and 2004 and have issued our report thereon dated March 3, 2006, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 scope of our audit did not include the general fixed assets account group.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.


The Honorable Members
of the Park Commission
Morris County Park Commission
Page 2
March 3, 2006

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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*. However, we noted certain matters that we reported to management in the comments and recommendations section of this report.

This report is intended solely for the information and use of management, the members of the Morris County Park Commission, and to meet the requirements for filing with the Division of Local Government Services, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.


NISIVOCCIA & COMPANY LLP



David H. Evans
Certified Public Accountant
Registered Municipal Accountant No. 98

MORRIS COUNTY PARK COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2005

Summary of Auditors' Results:

- A qualified report was issued on the Commission's financial statements prepared on an other comprehensive basis of accounting. The scope of our audit did not include an audit of the general fixed asset account group, since there was not sufficient evidential matter to support the value of the fixed assets.
- The audit did not disclose any material weaknesses in the internal controls of the Commission.
- The Commission was not subject to the single audit provisions of Federal OMB Circular A-133 and State Circular Letter OMB-04-04 "Single Audit Policy for Recipients of federal Grants and State Aid" for 2005 as grant expenditures were less than the single audit threshold of \$500,000 identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the threshold defined in the Circular.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the threshold defined in the Circular.

MORRIS COUNTY PARK COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2005

The Commission had no findings or questioned costs noted in the audit for the year ended December 31, 2004.

MORRIS COUNTY PARK COMMISSION
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000 (through June 30, 2005) and \$29,000 (effective July 1, 2005 and thereafter). Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.2002, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2005 the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$21,000, and with a qualified purchasing agent the threshold may be up to \$29,000.

The governing body of the Commission has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Commission Attorney's opinion should be sought before a commitment is made.

MORRIS COUNTY PARK COMMISSION
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

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. None were noted.

Technical Accounting Directives

The Division of Local Government Services has established three (3) technical accounting directives which are prescribed by the revision of 1987 draft "Requirements of Audit and Accounting". They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting and record system.

The Commission maintains an encumbrance, and general ledger accounting system. However, historical cost information for older fixed assets acquired were not available for review.

State and Federal grants are currently being recorded in both the Current Fund and Park Trust Fund. In order to be in compliance with New Jersey guidelines for grant accounting, all grants should be recognized in a "Federal and State Grant Fund", whereby all transactions relating to grants received and expended will be within one fund.

Recommendation:

It is recommended that all grants be recorded in the Federal and State Grant Fund in to ensure that all grant revenue and expenditures are properly accounted for.

Management's Response:

During 2006, the procedures for accounting for all grants will be recognized in funds specifically designated for Federal and State awards.

MORRIS COUNTY PARK COMMISSION
SUMMARY OF RECOMMENDATIONS

It is recommended that:

- 1) All grants be recognized for in a fund specifically designated for Federal and State awards to ensure that all the grants revenues and expenditures are properly accounted for.