

MORRIS COUNTY PARK COMMISSION

COUNTY OF MORRIS

REPORT OF AUDIT

2015

MORRIS COUNTY PARK COMMISSION
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YEAR ENDED DECEMBER 31, 2015

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MORRIS COUNTY PARK COMMISSION

PART I

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL

STATEMENTS AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2015



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* 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, 2015 and 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

The Honorable Members
of the Park Commission
Morris County Park Commission
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April 30, 2016

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

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

As described in Note 1, the financial statements are prepared by the Commission on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a 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 regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund and account group of the Commission as of December 31, 2015 and 2014, or the changes in financial position where applicable thereof for the years then ended.

Basis for Qualified Opinion

The Commission's general fixed assets account group is stated at historical cost or estimated historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects on the December 31, 2015 and 2014 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, 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 as of December 31, 2015 and 2014, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Emphasis of Matter

As discussed in Note 4 to the financial statements, the Commission implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

The Honorable Members
of the Park Commission
Morris County Park Commission
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April 30, 2016

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Commission's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required *by* Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

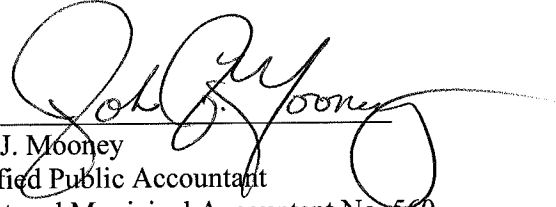
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2016 on our consideration of the Morris County Park Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Morris County Park Commission's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
April 30, 2016

NISIVOCCIA LLP



John J. Mooney
Certified Public Accountant
Registered Municipal Accountant No. 560

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2015
CURRENT FUND

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 10,240,553.47	\$ 8,202,230.65
Change Funds	A-5	9,600.00	9,600.00
		<u>10,250,153.47</u>	<u>8,211,830.65</u>
Receivables and Other Assets With			
Full Reserves:			
Other Receivables		111,180.43	26,064.49
Due from:			
Federal and State Grant Fund	A	4,000.00	
County of Morris		2,884.44	53,059.01
Caroline Foster Trust Fund	C		760.00
		<u>118,064.87</u>	<u>79,883.50</u>
Total Regular Fund		<u>10,368,218.34</u>	<u>8,291,714.15</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4a	8,791.63	64,753.68
Grants Receivable	A-8	792,504.50	90,066.50
Total Federal and State Grant Fund		<u>801,296.13</u>	<u>154,820.18</u>
<u>TOTAL ASSETS</u>		<u>\$ 11,169,514.47</u>	<u>\$ 8,446,534.33</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3,7	\$ 3,740,767.91	\$ 4,089,560.44
Encumbered	A-3,7	107,179.47	147,228.05
		<u>3,847,947.38</u>	<u>4,236,788.49</u>
Due to Billy Casper Golf - Sales Tax		428,340.73	
Due to State of NJ - Sales Tax		781.49	4,418.86
Due to Park Improvement Trust Fund	C	99,170.12	
Due to Park Trust Fund	C	2,005.30	
Accounts Payable - Vendor		4,940.33	9,848.00
Credit Card Refundable Deposits		450.00	50.00
Reservations - Refundable Deposits		18,247.84	20,597.84
Commission Liability		137,584.10	65,233.21
Deferred Revenue - VSI Holding Account		1,346.50	
Deferred Revenue - Golf Course Gift Cards		78,918.19	64,348.81
Deferred Revenue - Mennen Gift Cards		4,337.44	3,830.94
Reserve for Performance Bond Deposit		122,033.14	121,803.14
Reserve for Central Park Turf Replacement		143,852.70	
Reserve for Contracts & Settlements		150,000.00	
Reserve for Medical Insurance		152,234.00	152,234.00
		<u>5,192,189.26</u>	<u>4,679,153.29</u>
Reserve for Receivables and Other Assets		118,064.87	79,883.50
Fund Balance	A-1	5,057,964.21	3,532,677.36
Total Regular Fund:		<u>10,368,218.34</u>	<u>8,291,714.15</u>
Federal and State Grant Fund			
Appropriated Reserves	A-9	762,118.23	135,620.18
Unappropriated Reserves	A-10	3,025.82	
Reserve for Encumbrances	A-9	32,152.08	19,200.00
Due to Current Fund	A	4,000.00	
Total Federal and State Grant Fund		<u>801,296.13</u>	<u>154,820.18</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 11,169,514.47</u>	<u>\$ 8,446,534.33</u>

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

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

	Ref.	Year Ended December 31,	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 2,087,569.00	\$ 1,613,000.00
Golf Revenue		7,740,711.39	7,226,335.38
Other Revenue		6,631,653.90	5,833,216.06
County Appropriation		13,675,000.00	13,675,000.00
Rents		453,660.70	593,493.40
Interest Earned on Investments		8,017.33	8,210.95
Golf Course Advances Returned		14,071.06	
Interfunds and Other Receivables Returned		46,966.80	
Other Credits to Income:			
Inventory Sell Off			16,000.00
Appropriation Reserves Lapsed		2,682,337.47	2,816,081.13
		<u>33,339,987.65</u>	<u>31,781,336.92</u>
<u>Expenditures</u>			
Budget Appropriations		29,432,554.00	28,185,245.33
Golf Course Funds Advanced			26,064.49
Interfunds Advanced			37,689.18
Interfunds Cancelled		725.10	
Reserve for Central Park Turf Replacement		143,852.70	
Reserve for Contracts & Settlements		150,000.00	
Total Expenditures		<u>29,727,131.80</u>	<u>28,248,999.00</u>
Excess in Revenue		3,612,855.85	3,532,337.92
<u>Fund Balance</u>			
Balance January 1		3,532,677.36	1,613,339.44
		7,145,533.21	5,145,677.36
Decreased by:			
Utilized as Anticipated Revenue		2,087,569.00	1,613,000.00
Balance December 31	A	<u>\$ 5,057,964.21</u>	<u>\$ 3,532,677.36</u>

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

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	Budget After Modification	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 2,087,569.00	\$ 2,087,569.00	\$ -0-
Flanders Valley Golf Course	2,324,613.00	2,440,294.09	115,681.09
Sunset Valley Golf Course	1,683,208.00	1,884,879.60	201,671.60
Pinch Brook Golf Course	1,597,854.00	1,715,427.24	117,573.24
Berkshire Valley Golf Course	1,584,700.00	1,700,110.46	115,410.46
Total Golf Course	<u>7,190,375.00</u>	<u>7,740,711.39</u>	<u>550,336.39</u>
William G. Mennen Sports Arena	3,903,400.00	3,992,134.27	88,734.27
Lake Recreation	74,800.00	109,775.66	34,975.66
Lee's Park Marina	249,475.00	258,320.00	8,845.00
Recreation	77,000.00	134,044.75	57,044.75
Camping	35,000.00	52,441.32	17,441.32
Picnics	167,000.00		167,000.00 *
Central Park	266,000.00	409,852.70	143,852.70
Historic Sites	90,000.00	79,799.53	10,200.47 *
Visitor Services	152,000.00	297,591.14	145,591.14
Historic Speedwell	25,000.00	25,377.03	377.03
Horticulture	50,775.00	82,509.23	31,734.23
Miscellaneous Revenue	50,000.00	246,381.47	196,381.47
Park Police		5,693.05	5,693.05
Garden Club of NJ Grant - Somerset Hills	625.00	625.00	
Click It or Ticket	4,000.00	4,000.00	
Historic GOS Grant	68,215.00	68,215.00	
NJ DOT Transportation Alternative Program	669,000.00	669,000.00	
Natural Resource Education	105,000.00	153,573.75	48,573.75
New Jersey Historical Trust	42,320.00	42,320.00	
Total Other Revenue	<u>6,029,610.00</u>	<u>6,631,653.90</u>	<u>602,043.90</u>
County Appropriation	13,675,000.00	13,675,000.00	
Rents	450,000.00	453,660.70	3,660.70
Interest Earned on Investments		8,017.33	8,017.33
	<u>14,125,000.00</u>	<u>14,136,678.03</u>	<u>11,678.03</u>
	<u>\$ 29,432,554.00</u>	<u>\$ 30,596,612.32</u>	<u>\$ 1,164,058.32</u>

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
 (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	\$ 5,361,041.81	\$ 1,777,244.50	\$ 1,314,508.86	\$ 1,197,747.03	\$ 1,071,541.42
Cart Fees	1,764,821.06	505,083.62	424,536.10	294,042.48	541,158.86
Driving Range	28,895.00				28,895.00
Golf Cards/Passes	503,860.00	132,764.00	134,637.00	186,562.00	49,897.00
Other Golf Revenues	53,443.92	17,928.97	10,982.64	21,934.13	2,598.18
Clinic/School	28,649.60	7,273.00	215.00	15,141.60	6,020.00
	<u>\$ 7,740,711.39</u>	<u>\$ 2,440,294.09</u>	<u>\$ 1,884,879.60</u>	<u>\$ 1,715,427.24</u>	<u>\$ 1,700,110.46</u>

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MORRIS COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Analysis of Other Revenue:

Cash Received	\$ 6,630,386.40
Gift Cards Redeemed	1,267.50
	\$ 6,631,653.90

Analysis of William G. Mennen Sports Arena Revenue

General Sessions	\$ 193,520.00
Skate Rentals	64,039.29
Figure Skating	1,549,254.29
Ice Time Rental	1,832,998.60
Non Ice Time Rental	113,735.50
Coupons & Locker Room	12,490.00
High School and College Hockey Spectators	89,814.00
Hockey School	14,175.00
Concessions	94,571.98
Party Package	22,755.00
Miscellaneous	3,513.11
Gift Cards Redeemed	1,267.50
	\$ 3,992,134.27

Analysis of Golf Course Revenue

Cash Received	\$ 7,683,474.91
Gift Cards Redeemed	57,236.48
	\$ 7,740,711.39

Analysis of Rental Income

Cash Collections	\$ 453,660.70
	\$ 453,660.70

Analysis of Interest on Investments

Current Fund	\$ 7,829.98
Federal and State Grant Fund	87.61
General Capital Fund	99.74
	\$ 8,017.33

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

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Salaries and Wages:	\$ 11,620,373.00	\$ 11,620,373.00	\$ 10,316,018.08	\$ 1,304,354.92
Other Expenses:				
Administration	7,809,661.00	7,809,661.00	6,359,020.09	1,450,640.91
Visitor Services	69,275.00	69,275.00	31,097.91	38,177.09
Information Technology Services	156,078.00	156,078.00	137,593.52	18,484.48
Recreation	128,416.00	128,416.00	95,960.99	32,455.01
Development	12,595.00	12,595.00	3,081.16	9,513.84
Buildings and Construction	480,001.00	480,001.00	450,608.84	29,392.16
Engineering	14,046.00	14,046.00	9,337.63	4,708.37
Flanders Valley Golf Course/Shops	1,774,770.00	1,774,770.00	1,719,974.74	54,795.26
Historic Sites	154,604.00	154,604.00	119,255.47	35,348.53
Lee's County Park Marina	73,765.00	73,765.00	48,616.26	25,148.74
Park Maintenance	687,122.00	687,122.00	469,502.83	217,619.17
Horticulture	219,802.00	219,802.00	157,119.41	62,682.59
William G. Mennen Sports Arena	1,877,596.00	1,877,596.00	1,673,192.69	204,403.31
Education and Interpretive Services	63,003.00	63,003.00	46,747.00	16,256.00
Park Police	286,931.00	286,931.00	161,754.89	125,176.11
Pinch Brook Golf Course/Shops	942,115.00	942,115.00	915,232.05	26,882.95
Sunset Valley Golf Course/Shops	999,939.00	999,939.00	967,435.51	32,503.49
Berkshire Valley Golf Course/Shops	1,209,501.00	1,209,501.00	1,174,601.42	34,899.58
Natural Resource Education	68,801.00	68,801.00	51,475.60	17,325.40
Garden Club of NJ Grant - Somerset Hills		625.00	625.00	
Click It or Ticket		4,000.00	4,000.00	
NJ Historical Trust		42,320.00	42,320.00	
NJ DOT Transportation Alternative Program		669,000.00	669,000.00	
Historic GOS Grant		68,215.00	68,215.00	
	<u>17,028,021.00</u>	<u>17,812,181.00</u>	<u>15,375,768.01</u>	<u>2,436,412.99</u>
	<u>\$ 28,648,394.00</u>	<u>\$ 29,432,554.00</u>	<u>\$ 25,691,786.09</u>	<u>\$ 3,740,767.91</u>

Ref.

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Cash Disbursed	\$ 26,226,240.27
Encumbrances	107,179.47
	<u>26,333,419.74</u>
Less: Refunds	641,633.65
	<u>\$ 25,691,786.09</u>

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2015
GENERAL CAPITAL FUND

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2015	2014
Cash and Cash Equivalents	B-2	\$ 1,655,383.93	\$ 129,183.14
Deferred Charges to Future Taxation:			
Funded		9,347,003.96	9,178,837.85
Unfunded	B-4	1,385,000.00	1,385,000.00
<u>TOTAL ASSETS</u>		\$ 11,002,387.89	\$ 10,693,020.99
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	B-7	\$ 9,208,000.00	\$ 9,020,000.00
Green Acres Loans Payable	B-8	139,003.96	158,837.85
Improvement Authorizations:			
Funded	B-5	1,454,824.56	353,322.04
Unfunded	B-5	200,559.37	960,301.73
Fund Balance	B-1	200,559.37	200,559.37
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 11,002,387.89	\$ 10,693,020.99

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

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	B	<u>\$ 200,559.37</u>
Balance December 31, 2015	B	<u><u>\$ 200,559.37</u></u>

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

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2015
TRUST AND OTHER RESTRICTED FUNDS

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

<u>ASSETS</u>	Ref.	December 31,	
		2015	2014
Park Improvement Trust Fund:			
Cash and Cash Equivalents	C-2	\$ 5,052,961.96	\$ 5,776,555.40
Due Current Fund	A	99,170.12	
	C-2	<u>5,152,132.08</u>	<u>5,776,555.40</u>
Park Trust Fund:			
Cash and Cash Equivalents	C-2	1,116,842.93	966,257.26
Due Current Fund	A	2,005.30	
		<u>1,118,848.23</u>	<u>966,257.26</u>
Restricted Trust Funds:			
Cash and Cash Equivalents	C-2	253,397.82	232,902.16
		<u>253,397.82</u>	<u>232,902.16</u>
<u>TOTAL ASSETS</u>		<u>\$ 6,524,378.13</u>	<u>\$ 6,975,714.82</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Park Improvement Trust Fund:			
Reserve for Park Improvements	C-3	\$ 3,727,061.68	\$ 5,370,480.52
Reserve for Encumbrances	C-3	1,193,539.08	283,386.95
Fund Balance	C-1	231,531.32	122,687.93
		<u>5,152,132.08</u>	<u>5,776,555.40</u>
Park Trust Fund:			
Reserve for Park Trust Funds	C-4	1,085,994.98	935,428.31
Reserve for Encumbrances	C-4	32,853.25	30,828.95
		<u>1,118,848.23</u>	<u>966,257.26</u>
Restricted Trust Funds:			
Due Current Fund	A		760.00
Reserve for Restricted Trust Funds	C-5	253,397.82	232,142.16
		<u>253,397.82</u>	<u>232,902.16</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 6,524,378.13</u>	<u>\$ 6,975,714.82</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 - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 122,687.93
Increased by:		
2015 Tax Assessment		\$ 2,283,823.34
Interest Earned on Investments		<u>5,020.05</u>
		<u>2,288,843.39</u>
		2,411,531.32
Decreased by:		
Improvement Trust Authorizations		<u>2,180,000.00</u>
Balance December 31, 2015	C	<u><u>\$ 231,531.32</u></u>

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

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2015
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

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

	December 31,	
	2015	2014
Assets:		
Land	\$ 47,334,971.95	\$ 47,334,971.95
Land Improvements	24,492,047.22	24,492,047.22
Buildings	40,576,428.70	40,576,428.70
Machinery and Equipment	16,051,575.86	15,229,244.52
Total Assets	\$ 128,455,023.73	\$ 127,632,672.39
Reserves:		
Reserve for General Fixed Assets	\$ 128,455,023.73	\$ 127,632,672.39

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, 2015

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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 and a resulting financial benefit or burden relationship, 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. The members of the Commission are appointed by the Morris County Freeholders for staggered terms of five years. 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, the Commission is a component unit of the County of Morris (the "County") under the provisions of the Governmental Accounting Standards Board's Codification Section 2100.

B. Description of Funds

The accounting policies of the Commission conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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 Trust Funds - Receipt, custodianship and disbursement of funds in accordance with the purpose for which each was created, some of which are 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, 2015
(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 Assets Account Group (unaudited) – These accounts were established at cost or estimated historical cost 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 more significant accounting 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 Fund when it is budgeted, in the 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, 2015
(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 General 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, by loans or by capital leases.

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 and inventories would not be reflected as expenditures at the time of purchase and the Commission's net pension liability and related deferred inflows and outflows would be recorded.

The cash basis of accounting is followed in the General Capital Fund.

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.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(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.

Investments – Investments are stated at cost or amortized cost, which approximates market.

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 (Unaudited) – general fixed assets are recorded at cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. The total value recorded for general fixed assets is offset by a “Reserve for General Fixed Assets”. When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund and General Capital Fund. The values recorded in the General Fixed Assets Account Group and the Current Fund and the General Capital Fund may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructure. Fixed 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 have 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, 2015
(Continued)

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

Summary of Park Commission Debt (Cont'd)

	December 31,		
	2015	2014	2013
Serial Bonds Payable	\$ 9,208,000.00	\$ 9,020,000.00	\$ 11,778,000.00
Green Acres Loans Payable	139,003.96	158,837.85	178,280.94
Bonds and Notes Authorized But Not Issued		1,385,000.00	386,000.00
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 9,347,003.96</u>	<u>\$ 10,563,837.85</u>	<u>\$ 12,342,280.94</u>

Summary of Commission Debt Outstanding - Current Year

	Balance 12/31/2014	Additions	Retirements	Balance 12/31/2015
Serial Bonds:				
Park Capital Fund	\$ 9,020,000.00	\$ 3,020,000.00	\$ 2,832,000.00	\$ 9,208,000.00
Loans Payable:				
Park Capital Fund:				
Green Trust Loans	158,837.85		19,833.89	139,003.96
Total	<u>\$ 9,178,837.85</u>	<u>\$ 3,020,000.00</u>	<u>\$ 2,851,833.89</u>	<u>\$ 9,347,003.96</u>

Summary of Commission Debt Outstanding - Prior Year

	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
Serial Bonds:				
Park Capital Fund	\$ 11,778,000.00	\$ 485,000.00	\$ 3,243,000.00	\$ 9,020,000.00
Loans Payable:				
Park Capital Fund:				
Green Trust Loans	178,280.94		19,443.09	158,837.85
Total	<u>\$ 11,956,280.94</u>	<u>\$ 485,000.00</u>	<u>\$ 3,262,443.09</u>	<u>\$ 9,178,837.85</u>

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

ANALYSIS OF BONDED DEBT ISSUED AND OUTSTANDING
AT DECEMBER 31, 2015

<u>Park Serial Bonds</u>			
<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Park Bonds 2008	3.250%	4/15/2016	\$ 250,000.00
			<u>250,000.00</u>
Park Bonds 2009	2.500%	4/15/2016	250,000.00
	3.000%	4/15/2017	200,000.00
			<u>450,000.00</u>
Park Bonds 2010	5.000%	2/15/2016-17	460,000.00
	5.000%	2/15/18-19	600,000.00
			<u>1,060,000.00</u>
Park Bonds 2011	5.000%	9/15/2016-18	555,000.00
	5.000%	9/15/2019	200,000.00
			<u>755,000.00</u>
Park Bonds 2012	2.000%	12/15/2016-2022	2,005,000.00
			<u>2,005,000.00</u>
Park Bonds 2013	3.000%	6/15/2016-2017	380,000.00
	4.000%	6/15/2018	186,000.00
	3.000%	6/15/2019	151,000.00
			<u>717,000.00</u>
Park Bonds 2013B	2.000%	11/15/2016	157,000.00
	4.000%	11/15/2017-2018	314,000.00
			<u>471,000.00</u>
Park Bonds 2014	4.000%	8/15/2016	205,000.00
Refunding	4.000%	8/15/2017	275,000.00
			<u>480,000.00</u>
Park Bonds 2015	3.000%	5/1/2017	250,000.00
Refunding	3.000%	5/2/2018	265,000.00
	3.000%	5/3/2019	255,000.00
			<u>770,000.00</u>

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

ANALYSIS OF BONDED DEBT ISSUED AND OUTSTANDING
AT DECEMBER 31, 2015
(Continued)

Park Serial Bonds

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Park Bonds 2015A	2.000%	5/01/2016	\$ 165,000.00
	3.000%	5/01/2017-2019	465,000.00
	4.000%	5/01/2020	330,000.00
	4.000%	5/01/2021-2022	670,000.00
	5.000%	5/01/2023	340,000.00
	5.000%	5/01/2024	280,000.00
			<u>2,250,000.00</u>
		Total Serial Bonds	<u>\$ 9,208,000.00</u>

Schedule of Annual Debt Service for the Next Five Years and
Thereafter for Bonded Debt

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,922,000.00	\$ 285,158.48	\$ 2,207,158.48
2017	1,932,000.00	241,905.00	2,173,905.00
2018	1,538,000.00	174,380.00	1,712,380.00
2019	1,351,000.00	119,615.00	1,470,615.00
2020	620,000.00	81,300.00	701,300.00
2021-2024	1,845,000.00	134,700.00	1,979,700.00
	<u>\$ 9,208,000.00</u>	<u>\$ 1,037,058.48</u>	<u>\$ 10,245,058.48</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.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

Green Acres Loans Payable (Cont'd)

Through December 31, 2015, the County has borrowed funds under three separate projects, two of which were retired in 2013. The loan balance for the remaining project as of the end of the year is as follows:

Patriots Path/Schooley's Mountain	\$ 139,003.96
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Payments of principal and interest on the loan 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 loan, is at the rate of 2% annually on the outstanding balance. The County has appropriated \$22,915.00 in its 2016 budget to fund principal and interest payments for 2016 for the above project.

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$26,077,331 at June 30, 2015. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$10,736,554 at June 30, 2015. See Note 4 for further information on the PERS and PFRS.

Note 3: Fund Balance Appropriated

Fund balance of \$1,613,000.00 at December 31, 2015 has been appropriated as revenue in the 2016 Current Fund budget.

Note 4: Pension Plans

Commission employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 4: Pension Plans (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Commission contributions to PERS amounted to \$1,114,782.12 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2015, the Commission's liability was \$10,842,971 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Commission's proportion was 0.116%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Commission recognized actual pension expense in the amount of \$1,114,782.12.

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Commission's proportionate share of the Net Pension Liability	\$32,410,932	\$26,077,331	\$20,767,286

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. The June 30, 2015 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Commission contributions to PFRS amounted to \$514,501 for the year ended December 31, 2015. During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$45,061 to the PFRS for normal pension benefits on behalf of the Commission, which is less than the contractually required contribution of \$107,977.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2015, the Commission's liability for its proportionate share of the net pension liability was \$9,870,908. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Commission's proportion was 0.059%, which was a decrease of 0.008% from its proportion measured as of June 30, 2014.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense

Additionally, the State's proportionate share of the net pension liability attributable to the Commission is \$865,646 as of June 30, 2015. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the Commission was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the State's proportion was 0.059%, which was a decrease of 0.008% from its proportion measured as of June 30, 2014 which is the same proportion as the Commission's.

Commission's Proportionate Share of the Net Pension Liability	\$ 9,870,908
State's Proportionate Share of the Net Pension Liability Associated with the Commission	865,646
Total Net Pension Liability	\$ 10,736,554

For the year ended December 31, 2015, the Commission recognized total pension expense of \$514,501.

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.60% - 9.48% based on age
Thereafter	3.60% - 10.48% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the average of the last five years of contributions. Based on those assumptions, the pension plan's fiduciary net position was

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Discount Rate – PFRS (Cont'd)

projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Commission) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Commission) as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Commission's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Commission	\$ 14,154,187	\$ 10,736,554	\$ 7,949,780

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

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 into the next calendar year any unused earned annual vacation time which is not taken or granted by reason of the pressure of work. Accumulation after one calendar year shall not be permitted.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Accrued Sick and Vacation Benefits (Cont'd)

It is estimated that the current cost of such unpaid compensation would approximate \$439,785.71. 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 and Investments

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.

GASB Statement No. 40, Governmental Accounting Standards Board Deposit and Investment Risk Disclosures, 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.

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 two pages.

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 the 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.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

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;
- (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.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

Investments: (Cont'd)

As of December 31, 2015, 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 Fund	\$ 9,600.00	\$ 10,240,553.47	\$ 10,250,153.47
Federal and State Grant Fund		8,791.63	8,791.63
Trust Funds		6,423,202.71	6,423,202.71
General Capital Fund		1,655,383.93	1,655,383.93
	<u>\$ 9,600.00</u>	<u>\$ 18,327,931.74</u>	<u>\$ 18,337,531.74</u>

During the period ended December 31, 2015, the Commission did not hold any investments. The carrying amount of the Morris County Park Commission's cash and cash equivalents at December 31, 2015, was \$18,337,531.74 and the bank balance was \$18,980,075.76.

As of December 31, 2014, 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 Fund	\$ 9,600.00	\$ 8,202,230.65	\$ 8,211,830.65
Federal and State Grant Fund		64,753.68	64,753.68
Trust Funds		6,975,714.82	6,975,714.82
General Capital Fund		129,183.14	129,183.14
	<u>\$ 9,600.00</u>	<u>\$15,371,882.29</u>	<u>\$ 15,381,482.29</u>

During the period ended December 31, 2014, the Commission did not hold any investments other than certificates of deposit. The carrying amount of the Morris County Park Commission's cash and cash equivalents at December 31, 2014, was \$15,381,482.29 and the bank balance was \$16,137,890.03.

Note 7: Risk Management

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

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, 2015
(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.

The December 31, 2015 audit report for the Fund is not filed as of the date of this report. Summarized, selected financial information for the years ended December 31, 2014 and 2013 for the Fund is as follows on the following page:

	2014	2013
Total Assets	\$ 10,296,435	\$ 10,324,376
Net Position	\$ 4,723,569	\$ 4,721,389
Total Revenue	\$ 3,061,986	\$ 3,300,883
Total Expenses	\$ 3,081,987	\$ 2,228,561
Non Operating Revenue and Adjustments	\$ 22,181	\$ 13,896
Changes in Net Position	\$ 2,180	\$ 1,086,218
Members Dividends	\$ -0-	\$ -0-

Financial statements for the Fund are available at office of the Morris County Treasurer:

County of Morris
Administration & Records Building
4th Floor, CN 900
Morristown, NJ 07963

Note 8: Health Benefits Insurance

The County currently maintains medical and prescription health care insurance with Horizon Blue Cross Blue Shield of New Jersey. The County advanced funds to Horizon to pay medical and prescription claims for County employees during 2014 and 2015.

As of December 31, 2014, the 2012 and 2013 Minimum Premium Settlements have been paid to Horizon. In addition, as of January 1, 2014, the County was no longer insured through a minimum premium arrangement and started processing premiums through a fully insured arrangement. As a result of switching to a fully insured program the County had a liability to settle the run-off that was due as of December 31, 2013.

As of December 31, 2015, the County has \$2,788,957 to pay any additional run-off reserves or any issues that may arise after the payments of the 2012 and 2013 settlements.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 9: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet as of December 31, 2015.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 4,000.00	\$ 101,175.42
Federal and State Grant Fund		4,000.00
Trust Fund	101,175.42	
	<u>\$ 105,175.42</u>	<u>\$ 105,175.42</u>

During the year there were funds disbursed from the Current fund which were due from the Federal and State Grant Fund at year end, the excess funds were transferred to the Current fund from the Park Improvement Trust Fund for disbursements made in the Current Fund, and excess funds were transferred to the Current Fund from the Park Trust Fund for disbursements made in the Current Fund.

Note 10: 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, 2015.

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 11: Accounts Payable and Accrued Expenses:

Payables as of December 31, 2015 were:

	Current Fund
Vendors	<u>\$ 4,940.33</u>

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 are not available to employees until termination, retirement, death or unforeseeable emergency.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 13: Open Space Trust Fund

On December 22, 1992, the Morris County Open Space and Farmland Preservation Trust Fund (the "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 the 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 levies for 2015 and 2014 were respectively \$.01 and \$.01.

15% of the Trust Fund is allocated to the Morris County Park Commission.

Note 14: Economic Dependency

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

Note 15: Post-Retirement Medical Benefits

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

1. The Morris County Park Commission 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 a New Jersey administered retirement system;
2. The Morris County Park Commission 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 Morris County Park Commission at the time of retirement.
3. Morris County Park Commission 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 at least fifteen (15) years of service with the Morris County Park Commission and/or County of Morris, except employees hired after November 1, 2012 in a non-collective bargaining agreement or an expired collective bargaining agreement; and employees within a collection bargaining unit upon expiration of their agreement.

A surviving spouse is eligible for coverage if the retiree meets the eligibility criteria requirements detailed above for all employees hired prior to January 1, 2007. Employees hired after January 1, 2007 will receive health benefits for themselves only at retirement if the retiree meets the eligibility requirements detailed above.

For retirees over 65, the plan coverage under the County is secondary to Medicare. The Morris County Park Commission reimburses 100% of its eligible retirees' Medicare Part B premiums.

Employees hired after December 31, 2013 will not be eligible for health insurance coverage upon retirement.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 15: Post-Retirement Medical Benefits (Cont'd)

Funding Policy

The County is not required to nor does it contribute the annual required contribution (ARC) per N.J.S.A. 40A:4-1 et. seq. There is currently no provision under State statute for the County to accrue funds, create a trust or issue debt to finance their other post employment benefit ("OPEB") liability.

As per their agreement with Horizon Blue Cross Blue Shield of NJ, the Morris County Park Commission advances funds to this health care provider to pay medical and prescription claims and administrative costs for County employees.

Currently, there are no contribution requirements of plan members.

The Commission accounts for certain post-employment health care benefits provided in accordance with Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Employers that participate in *single-employer* or *agent multiple-employer defined benefit* OPEB plans (sole and agent employers) are required to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting. Annual OPEB cost is equal to the employer's annual required contribution to the plan (ARC), with certain adjustments if the employer has a net OPEB obligation for past under- or over contributions.

The ARC is defined as the employer's required contributions for the year, calculated in accordance with certain parameters, and includes (a) the normal cost for the year and (b) a component for amortization of the total unfunded actuarial accrued liability (or funding excess) of the plan over a period not to exceed thirty years. If the methods and assumptions used in determining a plan's funding requirements meet the parameters, the same methods and assumptions are required for financial reporting by both a plan and its participating employer(s). However, if a plan's method of financing does not meet the parameters (for example, the plan is financed on a pay-as-you-go basis), the parameters nevertheless apply for financial reporting purposes.

The Commission as a sole employer should recognize OPEB expense in an amount equal to annual OPEB cost. Net OPEB obligations, if any, should be displayed as liabilities (or assets) in the financial statements.

Plan Description

The provisions of Chapter 88, P.L. 1974, along with any Commission approved ordinances and resolutions, provide the authority for the Commission to offer the post-employment health care benefits as detailed below.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 15: Post-Retirement Medical Benefits (Cont'd)

Plan Description (Cont'd)

The Commission provides medical, prescription drug and Medicare Part B reimbursement to retirees and their covered dependents. All active employees who retire from the Commission and meet the eligibility criteria will receive these benefits. As of December 31, 2013, the valuation date, approximately 1,471 retirees and spouses, and 1,573 active members meet the eligibility requirements put forth in P.L. 1992, c 126. The Commission sponsors and participates in a single-employer defined benefit OPEB plan. The OPEB plan is administered by the Commission and does not issue a stand-alone financial statement.

Employees are eligible to receive postretirement health benefits through the County health plan by meeting either of the following criteria:

- Retires after 25 years or more of service credit in a New Jersey State retirement system and with at least 15 years of service with the County of Morris, or
- Retires at age 62 or older with at least 15 years of service with the County of Morris, except employees hired after November 1, 2012 in a non-collective bargaining agreement or an expired collective bargaining agreement; and employees within a collection bargaining unit upon expiration of their agreement

The County subsidizes 100% of the cost of coverage for current retirees meeting the requirements outlined above and future retirees who have at least 20 years of service as of July 1, 2011. Other retirees can apply for Direct Pay with Horizon and pay the full cost of benefits, i.e. no County subsidy.

Future retirees, who do not have at least 20 years of service as of July 1, 2011, will pay an amount equal to their Contribution Rate times the plans gross premiums. The Contribution Rate is based on type of coverage (single or family) and the Retirement Allowance. Retirement Allowance is assumed to be the annual annuity from the New Jersey pension plan. The annual annuity from the PERS pension plan is equal to the Final Average Earnings times service at retirement divided by 55. The annual annuity from the PFRS pension plan is equal to the Special Retirement Benefit which is equal to 2.6% times service at retirement times Final Average Earnings.

The County reimburses 100% of eligible retiree's Medicare Part B premiums. All County retirees are eligible.

Annual OPEB Cost and Net OPEB Obligation

The Commission's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer. The County has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years, with an assumption that payroll increases by 4% per year.

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 15: Post-Retirement Medical Benefits (Cont'd)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include economic assumptions; benefit assumptions and demographic assumptions. Economic assumptions include the discount and health care cost trend rates. Benefit assumptions encompass the initial per capita costs rates for medical coverage. Finally, demographic assumptions include probabilities concerning retirement, mortality and termination without being eligible for benefits, disability, participation rates and coverage levels were based on those used to value the New Jersey State Health Benefits Program. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the 2013, 2014 and 2015 actuarial valuations, the projected unit credit cost method was used. Under this method, the present value of benefits is allocated uniformly over an employee's expected working lifetime. The actuarial assumptions per the 2015 valuation include a 2.00% anticipated rate of return on investments. For medical benefits, the initial rate utilized is 7.25%, decreasing to a 5.0% long-term trend rate for all medical benefits after 7 years. For Post-Medicare medical benefits, this amount is 5.0%. For prescription drug benefits, the initial trend rate is 12.5%, decreasing to a 6.5% long-term trend rate after 7 years. For Medicare Part B reimbursements, the trend rate is 5.0%.

Annual OPEB Cost per Actuarial Valuation

The following table shows the components of the Commission's annual OPEB cost for the year, the amount actually contribution to the plan and the Commission's obligation to the Plan at December 31, 2013, 2014 and 2015:

	Valuation December 31,		
	2013	2014	2015
Actuarial accrued liability (AAL):			
Retired employees	\$ 42,539,300	\$ 42,199,000	\$ 69,788,640
Active employees	49,378,100	53,996,700	50,647,823
Unfunded actuarial accrued liability (UAAL)	\$ 91,917,400	\$ 96,195,700	\$ 120,436,463
Normal cost at beginning of year	\$ 3,592,600	\$ 3,664,500	\$ 3,289,975
Amortization factor based on 30 years	\$ 2,325,300	\$ 2,432,800	\$ 3,046,767
Annual covered payroll	\$ 11,256,600	N/A	\$ 9,053,097
UAAL as a percentage of covered payroll	816.56%	N/A	1330.30%
N/A - Not Available			

MORRIS COUNTY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 15: Post-Retirement Medical Benefits (Cont'd)

Annual OPEB Cost per Actuarial Valuation (Cont'd)

Level Dollar Amortization			
Calculation of ARC under Entry Age Method			
ARC normal cost with interest to end of year	\$ 3,664,500	\$ 3,737,700	\$ 3,375,394
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end	2,325,300	2,432,800	3,046,767
Annual Required Contribution (ARC)	<u>5,989,800</u>	<u>6,170,500</u>	<u>6,422,161</u>
Interest on net OPEB obligation	555,900	647,900	722,029
Adjustment to ARC	<u>(703,200)</u>	<u>(819,500)</u>	<u>(918,148)</u>
Annual OPEB cost (expense)	5,842,500	5,998,900	6,226,042
Pay as you go benefits	<u>(1,242,100)</u>	<u>(1,374,800)</u>	<u>(1,623,053)</u>
Net OPEB expense at June 30,:			
2013, 2014 and 2015, respectively	4,600,400	4,624,100	4,602,989
Prior year	<u>27,795,100</u>	<u>32,395,500</u>	<u>37,019,600</u>
Net OPEB obligation June 30,:			
2013, 2014 and 2015, respectively	<u>\$ 32,395,500</u>	<u>\$ 37,019,600</u>	<u>\$ 41,622,589</u>
Unfunded actuarial accrued liability (December 31, 2013)			<u>\$ 91,917,400</u>
Unfunded actuarial accrued liability (December 31, 2014)			<u>\$ 96,195,700</u>
Projected unfunded actuarial accrued liability (December 31, 2015)			<u>\$ 120,436,463</u>

Funding Status and Funding Progress

As of December 31, 2015, the actuarial accrued liability for benefits was \$120,436,463, all of which is unfunded.

MORRIS COUNTY PARK COMMISSION

SUPPLEMENTARY DATA

MORRIS COUNTY PARK COMMISSION
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2015

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>
Betty Cass-Schmidt	President		
Barbara Shepard	Vice-President		
Julie C. Baron	Member		
Dr. Philip Santiago	Member		
Richard Seabury, III	Member		
Stuart Lasser	Member		
Kim Wentworth	Member		
Edward McCarthy	Member		
Louis A. Valori, Jr., EdD	Member (10/14/2015 - present)		
Judith Schleicher	Member (1/1/2015 - 7/27/2015)		
Joseph Kovalcik, Jr.	Treasurer	\$ 1,000,000.00	* Great American
David D. Helmer	Executive Director	\$ 1,000,000.00	* Great American
Richard Vitale	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
2015
CURRENT FUND

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MORRIS COUNTY PARK COMMISSION
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 8,202,230.65
Increased by Receipts:		
Rents	\$ 453,660.70	
County Appropriation	13,675,000.00	
Golf Course Revenue	7,683,474.91	
Other Revenue	6,630,386.40	
Interest Earned on Investments	7,829.98	
Due From Park Capital Fund:		
Interest Earned	99.74	
Due From Federal and State Grant Fund:		
Interest Earned	87.61	
Due from Golf Courses	14,071.06	
Due County Open Space and Capital	1,007,927.62	
Due from Caroline Foster	760.00	
Due from Park Improvement Trust	99,170.12	
Due from Park Trust	2,014.65	
Due to Billy Casper Golf - Sales tax	428,340.73	
Due State of New Jersey - Sales Tax	4,684.45	
Appropriation Refunds	641,633.65	
Reservations - VSI Holding Account	1,346.50	
Reservations - Refundable Deposits	18,247.84	
Performance Bonds Received	230.00	
Gift Certificates Sold:		
Golf Course	71,805.86	
Mennen Arena	1,774.00	
Credit Card Refundable Deposits	2,640.00	
Commission Liability	137,584.10	
Petty Cash Funds Returned	22.88	
Change Funds Returned	500.00	
		<u>30,883,292.80</u>
		<u>39,085,523.45</u>
Decreased by Disbursements:		
2015 Appropriation Expenditures	26,226,240.27	
2014 Appropriation Reserve Expenditures	1,549,716.04	
Accounts Payable - Vendor	9,642.65	
Due State of New Jersey - Sales Tax	8,321.82	
Due County Open Space and Capital	958,478.15	
Due From Federal and State Grant Fund:		
Appropriated Reserves	4,000.00	
Commission Liability	65,233.21	
Credit Card Refundable Deposits Returned	2,240.00	
Change Fund	500.00	
Reservations - Refundable Deposits	20,597.84	
		<u>28,844,969.98</u>
Balance December 31, 2015	A	<u>\$ 10,240,553.47</u>

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MORRIS COUNTY PARK COMMISSION
FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 64,753.68
Increased by Receipts:		
Federal and State Grants Receivable		\$ 81,097.00
Unappropriated Federal and State Grants		3,650.82
Due Current Fund:		
Interest Earned		87.61
		84,835.43
		149,589.11
Decreased by Disbursements:		
Federal and State Grant Fund Expenditures		140,709.87
Due Current Fund:		
Interest Earned		87.61
		140,797.48
Balance December 31, 2015	A	\$ 8,791.63

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MORRIS COUNTY PARK COMMISSION
CURRENT FUND
SCHEDULE OF CHANGE FUNDS

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 9,600.00
Balance December 31, 2015	A	\$ 9,600.00
 <u>Analysis of Balance December 31, 2015</u>		
Berkshire Valley Golf Course		\$ 1,500.00
Cooper Grist Mill		200.00
Flanders Valley Golf Course		3,000.00
Fosterfields Living Historical Farm		500.00
Great Swamp Outdoor Education Center		200.00
Historic Speedwell		300.00
William G. Mennen Sports Arena		700.00
Pinch Brook Gold Course		1,500.00
Pyramid Mountain		200.00
Sunset Valley Golf Course		1,500.00
		<u>\$ 9,600.00</u>

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
SCHEDULE OF GOLF MERCHANDISE INVENTORY
YEAR ENDED DECEMBER 31, 2015

(NOT APPLICABLE)

MORRIS COUNTY PARK COMMISSION
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Salaries and Wages:	\$ 1,348,223.30	\$ 1,338,723.30	\$ 568,909.43	\$ 769,813.87
Other Expenses:				
Administration	1,613,597.92	1,613,597.92	386,372.80	1,227,225.12
Visitor Services	32,972.46	32,972.46	7,227.15	25,745.31
Information Technology Services	22,656.04	22,656.04	17,413.10	5,242.94
Recreation	57,468.15	57,468.15	13,407.13	44,061.02
Development	8,611.34	8,111.34		8,111.34
Buildings and Construction	43,367.34	43,367.34	42,859.16	508.18
Engineering	2,999.25	2,999.25	684.26	2,314.99
Flanders Valley Golf Course/Shops	289,775.79	289,775.79	176,963.82	112,811.97
Historic Sites	27,214.85	27,214.85	18,765.20	8,449.65
Lee's County Park Marina	3,003.27	23,003.27	20,462.18	2,541.09
Park Maintenance	194,660.76	194,660.76	36,139.68	158,521.08
Horticulture	71,578.94	71,578.94	11,704.37	59,874.57
William G. Mennen Sports Arena	182,037.90	172,037.90	115,165.49	56,872.41
Education and Interpretive Services	24,705.38	24,705.38	5,888.20	18,817.18
Park Police	90,802.44	90,802.44	83,303.73	7,498.71
Pinch Brook Golf Course/Shops	15,493.25	15,493.25	9,177.09	6,316.16
Sunset Valley Golf Course/Shops	4,461.21	4,461.21	4,461.21	
Berkshire Valley Golf Course/Shops	187,531.20	187,531.20	28,753.90	158,777.30
Natural Resource Education	15,627.70	15,627.70	6,793.12	8,834.58
	<u>\$ 4,236,788.49</u>	<u>\$ 4,236,788.49</u>	<u>\$ 1,554,451.02</u>	<u>\$ 2,682,337.47</u>

Analysis of Balance at December 31, 2014

	<u>Ref.</u>			
Unencumbered	A	\$ 4,089,560.44	Cash Disbursed	\$ 1,549,716.04
Encumbered	A	147,228.05	Accounts Payable	4,734.98
		<u>\$ 4,236,788.49</u>		<u>1,554,451.02</u>

MORRIS COUNTY PARK COMMISSION
FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	Balance Dec. 31, 2014	2015 Budget Revenue Realized	Cash Received	Transferred from Unappropriated Reserve	Balance Dec. 31, 2015
Click It or Ticket It 2015		\$ 4,000.00	\$ 4,000.00		
Garden Club of New Jersey:					
Somerset Hills		625.00		\$ 625.00	
Park Alliance - 2012	\$ 3,177.00				\$ 3,177.00
New Jersey Historical Commission:					
2014	34,803.50		34,803.50		
2015		68,215.00	34,107.50		34,107.50
Recreation Trails Grant:					
2011	24,700.00				24,700.00
New Jersey Historical Trust:					
Historic Trust Preservation - 2012	8,186.00		8,186.00		
Historic Trust Preservation - 2014	19,200.00				19,200.00
Historic Trust Preservation - 2015		42,320.00			42,320.00
NJDOT Transportation Alternative Program		669,000.00			669,000.00
	<u>\$ 90,066.50</u>	<u>\$ 784,160.00</u>	<u>\$ 81,097.00</u>	<u>\$ 625.00</u>	<u>\$ 792,504.50</u>

Ref

A

A

MORRIS COUNTY PARK COMMISSION
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2014	Prior Year Encumbrances Returned	Transferred from 2015 Budget	Cash Disbursed	Encumbered	Balance Dec. 31, 2015
Body Armor Grant:						
2013	\$ 650.20					\$ 650.20
2014	3,030.54					3,030.54
Drunk Driving Grant:						
2013	3,155.68					3,155.68
2014	4,400.00			\$ 3,850.00		550.00
Click It or Ticket Grant 2015			\$ 4,000.00	4,000.00		
Dodge Grant:						
2013	2,000.00					2,000.00
New Jersey Historical Commission:						
2012	1,092.34			1,092.34		
2014	67,750.00			67,750.00		
2015			68,215.00	28,179.11	\$ 307.08	39,728.81
Garden Club of New Jersey:						
Somerset Hills			625.00	360.00		265.00
New Jersey Historical Trust:						
2011	17,038.00					17,038.00
2012	9,803.42			9,803.42		
2014		\$ 19,200.00		12,250.00	6,950.00	
2015			42,320.00	17,425.00	24,895.00	
NJDOT Transportation Alternative Program			669,000.00			669,000.00
Recreation Trails Grant:						
2011	24,700.00					24,700.00
Langdon Palmer Memorial Internship Program	2,000.00					2,000.00
	<u>\$ 135,620.18</u>	<u>\$ 19,200.00</u>	<u>\$ 784,160.00</u>	<u>\$ 144,709.87</u>	<u>\$ 32,152.08</u>	<u>\$ 762,118.23</u>
<u>Ref.</u>	A	A			A	A

Cash Disbursed in Current Fund	\$ 4,000.00
Cash Disbursed in Federal and State Grant Fund	140,709.87
	<u>\$ 144,709.87</u>

MORRIS COUNTY PARK COMMISSION
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
FOR THE YEAR ENDING DECEMBER 31, 2015

	<u>Cash</u> <u>Received</u>	<u>Transfer to</u> <u>2015 Budget</u> <u>Revenue</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Body Armor Grant - 2015	\$ 3,025.82		\$ 3,025.82
Garden Club of NJ - Somerset Hills	<u>625.00</u>	<u>\$ 625.00</u>	
	<u>\$ 3,650.82</u>	<u>\$ 625.00</u>	<u>\$ 3,025.82</u>
<u>Ref.</u>			A

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2015
GENERAL CAPITAL FUND

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Balance December 31, 2014	B		\$ 129,183.14
Increased by Receipts:			
Capital Improvement Fund		\$ 59,000.00	
Serial Bond Proceeds		2,250,000.00	
Reimbursement of Funds:			
County/Municipality Share of Costs - Funded - Serial Bonds		276,000.00	
Interest on Investments		99.74	
		<hr/>	2,585,099.74
			<hr/>
			2,714,282.88
Decreased by Disbursements:			
Improvement Authorization Expenditures		1,058,799.21	
Due to Current Fund:			
Interest Earned		99.74	
		<hr/>	1,058,898.95
			<hr/>
			1,058,898.95
Balance December 31, 2015	B		<u><u>\$ 1,655,383.93</u></u>

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
ANALYSIS OF CAPITAL CASH

	Balance or (Deficit) Dec. 31, 2014	Receipts			Disbursements		Transfers		Balance Dec. 31, 2015	
		Serial Bonds	Improvement Fund	Miscellaneous	Improvement Authorizations	Miscellaneous	To	From		
Fund Balance	\$ 200,559.37								\$ 200,559.37	
Capital Improvement Fund			\$ 59,000.00					\$ 59,000.00		
Due Current Fund				\$ 99.74		\$ 99.74				
<u>Improvement Authorizations:</u>										
Ord. No.										
Improvements of Morris County Park Commission										
Facilities	209	102,383.43			\$ 102,383.43					
Improvement of Park Commission Lands	211	33,748.92			33,748.92					
Various Capital Projects Under the Jurisdiction of Morris County Park Commission	215	141,219.33			85,345.32				55,874.01	
Various Capital Projects for the Morris County Park Commission and Park Police	216	60,970.36			58,775.64				2,194.72	
Various Paving Projects for the Morris County Park Commission	217	(3,470.47)	\$ 386,000.00		119,632.44				262,897.09	
Purchases for Equipment at Various Morris County Park Commission Locations	218	(421,227.80)	714,000.00		184,055.31				108,716.89	
Paving Projects at Various Locations at the Morris County Park Commission Locations	219	15,000.00	285,000.00		572.00				299,428.00	
Various Paving Projects at Morris County Park Commission	220		285,000.00		300.00	\$ 15,000.00			299,700.00	
Purchase and Upgrades of Various Vehicle and Equipment	221		714,000.00		473,686.15	36,000.00			276,313.85	
Renovation Costs of Pavilion at Lee's Park Marina	222		142,000.00		300.00	8,000.00			149,700.00	
		<u>\$ 129,183.14</u>	<u>\$ 2,526,000.00</u>	<u>\$ 59,000.00</u>	<u>\$ 99.74</u>	<u>\$ 1,058,799.21</u>	<u>\$ 99.74</u>	<u>\$ 59,000.00</u>	<u>\$ 59,000.00</u>	<u>\$ 1,655,383.93</u>

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2015

Ord. No.	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Bonds Issued
217	Paving Projects at Various Locations at the Morris County Park Commission Locations	\$ 386,000.00		\$ 386,000.00
218	Various Capital Projects Under the Jurisdiction of Morris County Park Commission	714,000.00		714,000.00
219	Purchases for Equipment at Various Morris County Park Commission Locations	285,000.00		285,000.00
220	Various Paving Projects at Morris County Park Commission		\$ 285,000.00	285,000.00
221	Purchase and Upgrades of Various Vehicle and Equipment		714,000.00	714,000.00
222	Renovation Costs of Pavilion at Lee's Park Marina		142,000.00	142,000.00
		<u>\$ 1,385,000.00</u>	<u>\$ 1,141,000.00</u>	<u>\$ 2,526,000.00</u>
	<u>Ref.</u>	B		
			Serial Bonds	\$ 2,250,000.00
			County/Municipality Share of Cost - Funded	276,000.00
				<u>\$ 2,526,000.00</u>

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

	<u>Ordinance</u>		<u>Balance,</u> <u>December 31, 2014</u>		<u>2015</u> <u>Authorizations</u>	<u>Expended</u>	<u>Balance,</u>	
	<u>No.</u>	<u>Date</u>	<u>Appropriation</u>	<u>Funded</u>			<u>Unfunded</u>	<u>December 31, 2015</u> <u>Funded</u>
Improvement of Morris County Park Commission Facilities	209	05/27/09	\$ 1,400,000.00	\$ 102,383.43		\$ 102,383.43		
Improvement of Park Commission Lands	211	05/26/10	1,800,000.00	33,748.92		33,748.92		
Various Capital Projects Under the Jurisdiction of Morris County Park Commission	215	06/13/12	1,300,000.00	141,219.33		85,345.32	\$ 55,874.01	
Various Capital Projects for the Morris County Park Commission and Park Police	216	04/24/13	825,250.00	60,970.36		58,775.64	2,194.72	
Various Paving Projects for the Morris County Park Commission	217	04/24/13	406,509.00		\$ 382,529.53	119,632.44	262,897.09	
Purchases for Equipment at Various Morris County Park Commission Locations	218	05/14/14	750,000.00		292,772.20	184,055.31	108,716.89	
Paving Projects at Various Locations at the Morris County Park Commission Locations	219	06/25/14	300,000.00	15,000.00	285,000.00	572.00	299,428.00	
Various Paving Projects at Morris County Park Commission	220	06/24/15	300,000.00		\$ 300,000.00	300.00	299,700.00	
Purchase and Upgrades of Various Vehicle and Equipment	221	06/24/15	750,000.00		750,000.00	473,686.15	276,313.85	
Renovation Costs of Pavilion at Lee's Park Marina	222	06/24/15	150,000.00		150,000.00	300.00	149,700.00	
				<u>\$ 353,322.04</u>	<u>\$ 960,301.73</u>	<u>\$ 1,200,000.00</u>	<u>\$ 1,058,799.21</u>	<u>\$ 1,454,824.56</u>
	<u>Ref.</u>			B	B			B
					Capital Improvement Fund	\$ 59,000.00		
					Deferred Charges to Future Taxation - Unfunded	1,141,000.00		
						<u>\$ 1,200,000.00</u>		

MORRIS COUNTY PARK COMMISSION
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

Increased by:

Received from County in 2015 \$ 59,000.00

Decreased by:

Appropriated to Finance Improvement Authorizations \$ 59,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturity of Bonds Outstanding Dec. 31, 2015		Interest Rate	Balance Dec. 31, 2014	Issued	Defeased	Matured	Balance Dec. 31, 2015
			Date	Amount						
Park Bonds 2006 Refunding	3/15/2006	\$ 1,516,000.00				\$ 16,000.00			\$ 16,000.00	
Park Bonds 2007	8/30/2007	2,201,000.00				210,000.00			210,000.00	
Park Bonds 2008	9/19/2008	2,198,000.00	4/15/2016	\$ 250,000.00	3.250%	823,000.00		\$ 323,000.00	250,000.00	\$ 250,000.00
Park Bonds 2009	5/18/2009	1,796,000.00				229,000.00			229,000.00	
Park Bonds 2009	7/30/2009	1,858,000.00	4/15/2016 4/15/2017	250,000.00 200,000.00	2.500% 3.000%	1,158,000.00		458,000.00	250,000.00	450,000.00
Park Bonds 2010	7/29/2010	2,050,000.00	2/15/16-17 2/15/18-19	230,000.00 300,000.00	5.000% 5.000%	1,290,000.00			230,000.00	1,060,000.00
Park Bonds 2011	9/22/2011	1,495,000.00	9/15/2016-2018 9/15/2019	185,000.00 200,000.00	5.000% 5.000%	940,000.00			185,000.00	755,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturity of Bonds Outstanding Dec. 31, 2015		Interest Rate	Balance Dec. 31, 2014	Issued	Defeased	Matured	Balance Dec. 31, 2015
			Date	Amount						
Park Bonds 2012 Refunding	11/8/2012	\$ 476,000.00				\$ 44,000.00			\$ 44,000.00	
Park Bonds 2012	12/17/2012	2,875,000.00	12/15/2016-2021 12/15/2022	\$ 290,000.00 265,000.00	2.000% 2.000%	2,295,000.00			290,000.00	\$ 2,005,000.00
Park Bonds 2013	6/20/2013	1,097,000.00	6/15/2016-2017 6/15/2018 6/15/2019	190,000.00 186,000.00 151,000.00	3.000% 4.000% 3.000%	907,000.00			190,000.00	717,000.00
Park Bonds 2013B	11/15/2013	785,000.00	11/15/2016 11/15/2017-2018	157,000.00 157,000.00	2.000% 4.000%	628,000.00			157,000.00	471,000.00
Park Bonds 2014 Refunding	6/18/2014	485,000.00	8/15/2016 8/15/2017	205,000.00 275,000.00	4.000% 4.000%	480,000.00				480,000.00
Park Bonds 2015 Refunding	12/30/2015	770,000.00	5/1/2017 5/2/2018 5/3/2019	250,000.00 265,000.00 255,000.00	3.000% 3.000% 3.000%		\$ 770,000.00			770,000.00

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

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 158,837.85
Decreased by:		
Loan Repayments in 2015		19,833.89
Balance December 31, 2015	B	\$ 139,003.96

SCHEDULE OF PRINCIPAL PAYMENTS
OUTSTANDING DECEMBER 31, 2015

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>
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
			\$ 139,003.96

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

Ord. No.	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Bonds Issued	Balance Dec. 31, 2015
217	Various Paving Projects for the Morris County Park Commission	\$ 386,000.00		\$ 386,000.00	
218	Purchases for Equipment at Various Morris County Park Commission Locations	714,000.00		714,000.00	
219	Paving Projects at Various Locations at the Morris County Park Commission Locations	285,000.00		285,000.00	
220	Various Paving Projects		\$ 285,000.00	285,000.00	
221	Purchase and Upgrades of Various Equipment and Vehicles		714,000.00	714,000.00	
222	Renovation of Pavillion at Lee's Park Marina		142,000.00	142,000.00	
		<u>\$ 1,385,000.00</u>	<u>\$ 1,141,000.00</u>	<u>\$ 2,526,000.00</u>	<u>\$ -</u>

MORRIS COUNTY PARK COMMISSION
COUNTY OF MORRIS
2015
TRUST FUNDS

MORRIS COUNTY PARK COMMISSION
PARK IMPROVEMENT TRUST FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 5,776,555.40
Increased by:		
2015 Tax Assessment		\$ 2,283,823.34
Refunds and Reimbursements		10,810.28
Interest Earned on Investments		<u>5,020.05</u>
		<u>2,299,653.67</u>
		8,076,209.07
Decreased by:		
Reserve for Park Improvement Trust Account		2,924,076.99
Due Current Fund		<u>99,170.12</u>
		<u>3,023,247.11</u>
Balance December 31, 2015	C	<u>\$ 5,052,961.96</u>

MORRIS COUNTY PARK COMMISSION
PARK TRUST FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 966,257.26
Receipts:		
Willowwood (Henry Tubbs)		\$ 17,508.50
Equipment and Vehicle Replacement		22,438.58
Trail Recreation		10,009.35
Giralda Farms Stewardship		15,000.00
Memorial Donations		9,000.00
Natural Resource Restoration		27,000.00
Natural Resource-PSE&G		30,000.00
Utility Improvement Incentive		590.94
Promotional Public Programs		65,000.00
Recreational Programming		26,365.20
Farm House Presevation		200.00
Investment Interest		878.69
		223,991.26
		1,190,248.52
Disbursements:		
Bamboo Brook Restoration Project		40.70
Willowwood (Henry Tubbs)		2,375.30
Pyramid Mountain		572.74
Friends of Frelinghuysen Arboretum		1,169.94
Horticultural Educational Programming		25.00
Trail Recreation		218.09
Environmental Education Trust		4,561.35
Memorial Donations		3,740.12
Snow Removal		4,995.00
Equipment & Vehicle Replacement		12,790.28
Natural Resource Restoration		669.26
Natural Resource-PSE&G		11,459.00
Promotional Public Programs		27,174.16
Recreational Programming		1,600.00
Interfunds Advanced:		
Due Current Fund		2,014.65
		73,405.59
Balance December 31, 2015	C	\$ 1,116,842.93

MORRIS COUNTY PARK COMMISSION
RESTRICTED TRUST FUNDS
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 232,902.16
Receipts:		
Deposits		\$ 20,693.38
Interest on Investments		<u>562.28</u>
		<u>21,255.66</u>
		<u>254,157.82</u>
Disbursements:		
Interfunds Returned		<u>760.00</u>
Balance December 31, 2015	C	<u><u>\$ 253,397.82</u></u>

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

Account Number	Description	Balance Dec. 31, 2014	Transfers	Additions	Prior Year Encumbrances Returned	Disbursements	Current Year Encumbrances	Balance Dec. 31, 2015
Q-701	Restoration of Historic Cooper Mill Including the Flume, Waterwheel, Power System and Stone Wall	\$ 94,929.62				\$ 9,209.48	\$ 8,800.00	\$ 76,920.14
Q-702	Seek Design Proposal and Permits for Stream Stabilization to Protect Drakes Brook	7,400.53						7,400.53
Q-703	Construction of a Heated Restroom & Shower Facility in the Tent Camping Area at MDR	197,544.31				49,944.52		147,599.79
Q-704	Restore the Main Stable and Hayloft and Renovate Office/Residence of the Seaton Hackney Stables	104,194.29		\$ 25,000.00		26,850.85	18,060.37	84,283.07
Q-705	Bamboo Brook Garden Restoration	19,868.82		50,000.00	\$ 2,092.02	36,479.08		35,481.76
Q-706	Dam Safety at Silas Condict Park and Cooper Mill	599.72	\$ (599.72)					
Q-707	Design and Construction of Recreation Fields at Staffing Rock Rill Reservation	109,523.89		15,000.00	972.00	50,421.79	2,662.50	71,439.60
Q-708	Improvements to Cultural Center at Lewis Morris Park	30,602.19		40,000.00	10,600.00	49,054.47	16.68	32,131.04
Q-710	Reconstruction of Park Roadways and Parking Areas		149,467.84			39,161.10		110,306.74
Q-712	Improvement of Dams and Lake Desiltation	112,845.53					72,240.00	40,605.53
Q-713	Renovations to Carriage House at the Arboretum	73,710.36		75,000.00				148,710.36
Q-715	Playground Improvements at Various Parks	176,676.62		85,148.78	20,900.00	6,004.38	20,900.00	255,821.02
Q-716	Improvements at Mennen Sports Arena	272,499.77		75,000.00	450.00	103,659.85	2,448.00	241,841.92
Q-717	Recreation Trail Improvements	90,840.12		75,000.00		77,830.76	246.65	87,762.71
Q-718	Utility Systems Upgrade	16,040.42		125,000.00		59,375.66		81,664.76
Q-719	Roof Repairs and Renovations	85,992.98		75,000.00	4,188.18	51,645.06		113,536.10
Q-720	Park System Sign Replacement Program	212,145.00				74,142.44		138,002.56
Q-722	Golf Shop Renovations	78,767.39				20,099.28		58,668.11
Q-724	Water Well Improvements/Closures	102,562.17			1,334.50	34,290.96	1,334.50	68,271.21
Q-725	Lee's County Park Marina Boat Slip Renovation	79,182.64			618.59	18,129.59	248.25	61,423.39
Q-726	Snowmobile Renovations	552.62	(552.62)					
Q-727	Pyramid Mountain Visitors Center	93,264.87				17,815.44		75,449.43
Q-728	Alternate Power Supply Installation	150,722.32		100,000.00	7,198.04	116,006.93	16,958.40	124,955.03
Q-729	Willowood Stone Cottage	96,486.57				56,492.89	38.77	39,954.91
Q-730	Sunset Valley Golf Course Bunker and Tee Improvements	143,271.77	(191,634.27)		48,362.50			

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

Account Number	Description	Balance	Transfers	Additions	Prior Year	Disbursements	Current Year	Balance
		Dec. 31, 2014			Encumbrances Returned		Encumbrances	Dec. 31, 2015
Q-732	Irrigation System at Sunset Valley Golf Course	\$ 5,043.73	\$ (5,043.73)					
Q-735	Irrigation System at Flanders Golf Course	493,790.15	936,908.85	\$ 150,000.00	\$ 16,492.87	\$ 895,157.24	\$ 701,038.00	\$ 996.63
Q-736	Berkshire Valley Golf Course	43,529.80	(38,096.50)			5,433.30		
Q-737	Golf Maintenance Facility Improvements	2,961.64		51,140.00		29,291.40		24,810.24
Q-738	Park Maintenance Facility Improvements	218,909.98	(225,000.00)	150,000.00	2,808.36	91,192.58	10,000.00	45,525.76
Q-740	Lewis Morris Park - Sunrise Lake	224,160.45				77,974.34	5,950.00	140,236.11
Q-741	Fosterfields Renovations	156,955.37		125,000.00	30,450.00	24,485.91	20,555.00	267,364.46
Q-742	Great Swamp OES	114,598.63			40.94	1,134.25		113,505.32
Q-743	Frelinghuysen Arboretum Site and Garden Improvements	104,513.98		90,225.00	8,311.28	96,288.92	303.47	106,457.87
Q-744	Garden Restorations	88,325.76				6,820.00		81,505.76
Q-745	Picnic Shelters	264,796.85		200,000.00	1,824.37	399,022.18	65,554.20	2,044.84
Q-746	Pinch Brook Golf Course Improvements	51,168.46	(50,000.00)	60,000.00	52,000.00	32,044.51	54,632.30	26,491.65
Q-747	Berkshire Valley Golf Course Improvements	40,149.18	(65,000.00)	60,000.00		17,004.96	637.04	17,507.18
Q-748	Flanders Valley Golf Course Improvements	54,204.50	(8,000.00)	75,000.00		58,030.62	56,232.36	6,941.52
Q-749	Sunset Valley Golf Course Improvements	426,116.08	(402,449.85)	60,000.00	14,000.00	55,675.89	18,262.88	23,727.46
Q-750	Campground Improvements - MDR	83,386.47				2,901.91		80,484.56
Q-751	Kay Center Improvements	26,340.26			1,715.68	11,518.61		16,537.33
Q-752	Natural Resources Improvements	78,822.23		79,296.50	50,000.00	85,716.86	101,115.91	21,285.96
Q-753	Improvements to Craigmear	38,327.28				16,537.59		21,789.69
Q-754	Mount Hope Miners Church	274,092.80			6,755.00	656.77	6,755.00	273,436.03
Q-755	Historic Speedwell Improvement	21,306.53		50,000.00		10,150.00	12.98	61,143.55
Q-756	Safety and Security Improvements	15,126.69		75,000.00		65,408.33	6,660.00	18,058.36
Q-757	Central Park Improvements	2,659.94		50,000.00		6,913.87		45,746.07
Q-758	ADA Improvements	190,460.42	(100,000.00)	150,000.00	1,352.62	31,752.42	955.82	209,104.80
Q-759	Park System Facility and Grounds Improvements	508.82		25,000.00	920.00	6,350.00	920.00	19,158.82
		<u>\$ 5,370,480.52</u>	<u>\$ -</u>	<u>\$ 2,190,810.28</u>	<u>\$ 283,386.95</u>	<u>\$ 2,924,076.99</u>	<u>\$ 1,193,539.08</u>	<u>\$ 3,727,061.68</u>
Ref.		C			C		C	C
				Cash Disbursements		<u>\$ 2,924,076.99</u>		
						<u>\$ 2,924,076.99</u>		

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

Park Trust Fund:	Balance Dec. 31, 2014	Increased By			Decreased By		Balance Dec. 31, 2015
		Cash Receipts	Encumbrances Returned	Interest Allocated	Cash Disbursed	Encumbrances Payable	
Accumulated Absence Liability	\$ 50,000.00						\$ 50,000.00
Jonathan Woods	23,808.53						23,808.53
Bamboo Brook Restoration Project	310.34		\$ 40.70		\$ 40.70		310.34
Henry Tubbs	117,262.77	\$ 15,732.00			1,986.55	\$ 425.00	130,583.22
Frelinghuysen Arboretum	200,103.81			\$ 746.88			200,850.69
Giralda Farms Stewardship	25,000.00	15,000.00					40,000.00
Hammond Wildflower Trail	13,130.31			26.75			13,157.06
Scherer Garden Trust	29,487.41						29,487.41
Cottage Gift Shop	5,325.04			54.08			5,379.12
Horticulture Educational Programming	30,371.91				25.00		30,346.91
Pyramid Mountain	60,843.24				572.74		60,270.50
Friends of the Frelinghuysen Arboretum	29,596.59		900.00		1,169.94	4,515.00	24,811.65
Egers Memorial Garden	2,839.02						2,839.02
Equipment and Vehicle Replacement	9,333.59	22,438.58			12,790.28		18,981.89
Ruth Gilbert Memorial Fund	12,090.07			31.87			12,121.94
Clark Crescent Garden	2,205.08						2,205.08
Trail Recreation	1,202.01	10,000.00			218.09		10,983.92
Community Foundation of New Jersey	1,664.36						1,664.36
Environmental Education Trust	79,116.63				4,561.35		74,555.28
Columbia Gas Transmission	4,000.00						4,000.00
Butterfly Garden Fund	829.25						829.25
Henderson Scholarship	6,341.94			19.11			6,361.05
Memorial Donations	34,611.03	9,000.00			3,740.12		39,870.91
Braille Trail Fund	892.80						892.80
Restoration of The Willowwood Conservatory	11,670.00						11,670.00
Land Diversions	44,000.00						44,000.00
Willowwood	15,167.74	1,776.50			388.75		16,555.49
Natural Resource Restoration	6,313.07	27,000.00			669.26		32,643.81
Natural Resource -PSE&G	7,885.49	30,000.00	375.00		11,459.00		26,801.49
Utility Improvement Incentive	30,198.84	590.94					30,789.78
Promotional Public Programs	11,889.76	65,000.00	3,292.80		27,174.16	3,292.80	49,715.60
Recreational Programming	14,005.11	26,365.20	26,220.45		1,600.00	24,620.45	40,370.31
Snow Removal	45,633.97				4,995.00		40,638.97
Farm House Preservation		200.00					200.00
Golf Now Contributions	8,298.60						8,298.60
	<u>\$ 935,428.31</u>	<u>\$ 223,103.22</u>	<u>\$ 30,828.95</u>	<u>\$ 878.69</u>	<u>\$ 71,390.94</u>	<u>\$ 32,853.25</u>	<u>\$ 1,085,994.98</u>

Ref.

C

C

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

	<u>Ref.</u>	<u>Total</u>	<u>Park Police Trust Fund</u>	<u>Caroline Foster Trust</u>
Balance December 31, 2014	C	\$ 232,142.16	\$ 8,334.30	\$ 223,807.86
Increased by:				
Donations		12,535.13		12,535.13
ATV Classes		5,400.00	5,400.00	
Miscellaneous Revenue		2,758.25	2,758.25	
Interest		562.28	9.29	552.99
		<u>21,255.66</u>	<u>8,167.54</u>	<u>13,088.12</u>
Balance December 31, 2015	C	<u>\$ 253,397.82</u>	<u>\$ 16,501.84</u>	<u>\$ 236,895.98</u>

MORRIS COUNTY PARK COMMISSION

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2015

MORRIS COUNTY PARK COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

Name of Federal Agency or Department	Name of Program	State Account Number	CFDA No.	Grant Award Amount	Grant Period		Current Year		Total Cumulative Expenditures	Amounts Provided to Subrecipients
					From	To	Receipts	Expenditures		
U.S. Department of Transportation - (Passed through the NJ Department of Law and Public Safety)	Click It or Ticket It	100-066-1160- 142YHTS-6010	20.604	\$ 4,000.00	1/1/2015	12/31/2015	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	
Total U.S. Department of Transportation							4,000.00	4,000.00	4,000.00	
Total Federal Awards							\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ -0-

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, 2015

Name of State Agency or Department	Name of Program	State Account No.	Grant Award Amount	Grant Period		Current Year		Total Cumulative Expenditures
				From	To	Receipts	Expenditures	
Department of Law and Public Safety	2015 Body Armor Grant	718-066-1020- 001-6120	\$ 3,025.82	1/1/2015	12/31/2016	\$ 3,025.82		
			3,025.82			3,025.82		
	2014 Drunk Driving Enforcement	6460-000- YYYY-000	4,400.00	1/1/2014	12/31/2015		\$ 3,850.00	\$ 3,850.00
			4,400.00				3,850.00	3,850.00
Total Department of Law and Public Safety			7,425.82			3,025.82	3,850.00	3,850.00
New Jersey Historic Trust	Historical Trust - 2012	8049-001-	40,930.00	1/1/2012	12/31/2015	8,186.00	9,803.42	40,930.00
	Historical Trust - 2014	F000-6110	19,200.00	1/1/2014	12/31/2016		12,250.00	12,250.00
	Historical Trust - 2015		42,320.00	1/1/2015	12/31/2016		17,425.00	17,425.00
Total New Jersey Historic Trust			102,450.00			8,186.00	39,478.42	70,605.00
Department of State	2012 General Operating Support Grant	2540-105-	64,266.00	1/1/2012	12/31/2015		1,092.34	64,266.00
	2014 General Operating Support Grant	S003-6110	69,607.00	1/1/2014	12/31/2015		67,750.00	69,607.00
	2015 General Operating Support Grant		68,215.00	1/1/2014	12/31/2016		28,179.11	28,179.11
Total Department of State			202,088.00				97,021.45	162,052.11
Total State Awards						\$ 11,211.82	\$ 140,349.87	\$ 236,507.11

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, 2015

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Morris County Park Commission under programs of the federal and state governments for the year ended December 31, 2015. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operation of the Commission, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Commission.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Commission has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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: GREEN ACRES LOANS PAYABLE

At December 31, 2015, the County had \$139,003.96 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 receipts or expenditures on the outstanding loan.



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555

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*

Independent Auditors' Report

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

We have audited 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 the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Morris County Park Commission, in the County of Morris (the "Commission") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated April 30, 2016. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division, to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

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

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

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

The Honorable Members
of the Park Commission
Morris County Park Commission
Page 2
April 30, 2016

Compliance and Other Matters

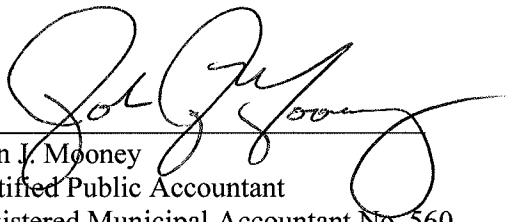
As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
April 30, 2016

NISIVOCCIA LLP



John J. Mooney
Certified Public Accountant
Registered Municipal Accountant No. 560

MORRIS COUNTY PARK COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Commission's financial statements prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *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*.
- No instances of noncompliance material to the financial statements of the Commission which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Commission was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2015 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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.

MORRIS COUNTY PARK COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2015

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the Single Audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable since federal expenditures were below the Single Audit threshold.

MORRIS COUNTY PARK COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2015

The Commission had no findings or questioned costs in the year ended December 31, 2015.

MORRIS COUNTY PARK COMMISSION

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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. 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. 1999, 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 January 1, 2011 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500, and with a qualified purchasing agent the threshold may have been up to \$36,000. Effective July 1, 2015, with a Qualified Purchasing Agent the threshold may be up to \$40,000.

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.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed by the New Jersey Administrative Code. 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 encumbrance, fixed assets and general ledger accounting systems.

MORRIS COUNTY PARK COMMISSION
SUMMARY OF RECOMMENDATIONS

None