

**TOWNSHIP OF GALLOWAY**

**REPORT OF AUDIT**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2016**



**TOWNSHIP OF GALLOWAY**  
**TABLE OF CONTENTS**

**Exhibit**

**Page No.**

**PART I**

Independent Auditor's Report

1 - 3

**CURRENT FUND**

A	Comparative Balance Sheet - Regulatory Basis	4 - 5
A - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	6 - 7
A - 2	Statement of Revenues - Regulatory Basis	8 - 11
A - 3	Statement of Expenditures - Regulatory Basis	12 - 17

**TRUST FUND**

B	Comparative Balance Sheet - Regulatory Basis	18 - 19
---	--	---------

**GENERAL CAPITAL FUND**

C	Comparative Balance Sheet - Regulatory Basis	20
C - 1	Statement of Fund Balance - Regulatory Basis	21

**SEWER UTILITY FUND**

D	Comparative Balance Sheet - Regulatory Basis	22 - 23
D - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	24
D - 2	Statement of Capital Fund Balance - Regulatory Basis	25
D - 3	Statement of Revenues - Regulatory Basis	26
D - 4	Statement of Expenditures - Regulatory Basis	27

**GENERAL FIXED ASSET ACCOUNT GROUP**

E	Comparative Balance Sheet - Regulatory Basis	28
---	--	----

	<b>NOTES TO FINANCIAL STATEMENTS - Regulatory Basis</b>	<b>29 - 54</b>
--	---	----------------

**TOWNSHIP OF GALLOWAY**  
**TABLE OF CONTENTS**

Exhibit

Page No.

**SUPPLEMENTARY INFORMATION**

Independent Auditor's Report - *Government Auditing Standards*

55 - 56

**CURRENT FUND**

A - 4	Schedule of Cash - Treasurer	57
A - 5	Schedule of Cash - Collector	58
A - 6	Schedule of Taxes Receivable and Analysis of Property Tax Levy	59
A - 7	Schedule of Tax Title Liens	60
A - 8	Schedule of Revenue Accounts Receivable	61
A - 9	Schedule of Appropriation Reserves - Prior Year	62-65
A - 10a	Schedule of Regional District School Tax	66
A - 10b	Schedule of Local District School Tax	67
A - 11	Schedule of Federal and State Grants Receivable	68
A - 12	Schedule of Appropriated Reserves for Federal and State Grants	69
A - 13	Schedule of Reserves for Federal and State Grants - Unappropriated	70

**TRUST FUND**

B - 1	Schedule of Animal Control Cash - Treasurer	71
B - 2	Schedule of Other Trust Cash - Treasurer	72 - 73
B - 3	Analysis of Cash - Trust Assessment Fund	74
B - 4	Statement of Assessments Receivable	75
B - 5	Schedule of Reserve for Animal Control Expenditures	76
B - 6	Schedule of Amount Due to State of New Jersey	77

**GENERAL CAPITAL FUND**

C - 2	Schedule of Cash - Treasurer	78
C - 3	Analysis of Cash	79
C - 4	Schedule of Capital Improvement Fund	80
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	81
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	82
C - 7	Schedule of Improvement Authorizations	83
C - 8	Schedule of General Serial Bonds	84
C - 8a	Schedule of Green Trust Loans Payable	85
C - 8b	Schedule of N.J. Environmental Infrastructure Loans Payable	86
C - 9	Schedule of Bond Anticipation Notes	87
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	88

**TOWNSHIP OF GALLOWAY**  
**TABLE OF CONTENTS**

**Exhibit**

**Page No.**

**SUPPLEMENTARY INFORMATION**

**SEWER UTILITY FUND**

D - 5	Schedule of Cash - Treasurer	89
D - 6	Analysis of Cash	90
D - 7	Schedule of Consumer Accounts Receivable	91
D - 8	Schedule of Utility Liens	91
D - 9	Schedule of Appropriation Reserves - Prior Year	92
D - 10	Schedule of Accrued Interest on Bonds, Loans and Notes	93
D - 11	Schedule of Improvement Authorizations	94
D - 12	Schedule of Serial Bonds	95
D - 12a	Schedule of N.J. Environmental Infrastructure Trust Loans	96
D - 13	Schedule of Bonds and Notes Authorized But Not Issued	97
D - 14	Schedule of Bond Anticipation Notes	98

**PART II**

General Comments	99 - 100
Findings and Recommendations	101



**TOWNSHIP OF GALLOWAY**

**PART I**

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2016**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

To the Honorable Mayor and  
Members of the Township Council  
Township of Galloway, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Galloway, as of December 31, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Galloway as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As described in Note 22 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,822,840.89 and \$1,678,611.62 for 2016 and 2015 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Galloway's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2017 on our consideration of the Township of Galloway'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 Township of Galloway's internal control over financial reporting and compliance.

*Ford, Scott & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Leon P. Costello*

Leon P. Costello  
Certified Public Accountant  
Registered Municipal Accountant  
No. 393

May 19, 2017

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**EXHIBIT - A**  
**CURRENT FUND**

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**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Regular Fund:		
Cash and Investments		
Cash Treasurer	\$ 16,310,882.66	14,060,113.11
Cash - Change	1,500.00	1,500.00
Investment in Sewer Capital BAN	30,000.00	-
Total Cash	<u>16,342,382.66</u>	<u>14,061,613.11</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	16,417.24	21,417.24
Total Other Receivables	<u>16,417.24</u>	<u>21,417.24</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	93,802.98	52,855.11
Tax Title and Other Liens	1,779,694.44	1,570,546.84
Property Acquired for Taxes - at Assessed Valuation	3,033,333.41	3,033,333.41
Property Deeded to Township	3,191,948.10	2,102,148.10
Revenue Accounts Receivable	33,482.95	28,171.64
Interfund Receivable:		
Special Water Assessment	31.77	72.37
Federal and State Grant Fund	60,000.00	-
Total Receivables and Other Assets	<u>8,192,293.65</u>	<u>6,787,127.47</u>
Deferred Charges:		
Special Emergency Appropriation	-	380,000.00
Total Deferred Charges	<u>-</u>	<u>380,000.00</u>
Total Regular Fund	<u>24,551,093.55</u>	<u>21,250,157.82</u>
Federal and State Grant Fund:		
Cash	112,832.80	181,951.71
Federal and State Grants Receivable	1,279,422.13	1,474,260.13
Total Federal and State Grant Fund	<u>1,392,254.93</u>	<u>1,656,211.84</u>
Total Current Fund	<u>\$ 25,943,348.48</u>	<u>22,906,369.66</u>

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 2,247,122.05	2,466,065.35
Reserve for Encumbrances	1,278,052.11	1,226,085.67
Accounts Payable	61,914.70	61,914.70
Prepaid Taxes	819,460.46	734,882.92
Overpaid Taxes	96,550.32	12,367.70
Regional School Tax Payable	1,790,048.30	1,657,814.50
County Added Tax Payable	53,589.87	17,740.56
Due to State:		
Marriage Licenses	1,175.00	1,150.00
DCA Training Fees	8,634.00	12,686.00
Interfund Payable:		
Sewer Utility Operating Fund	80.00	591.95
Payroll	-	0.11
Trust - Inspection Escrow	0.44	0.46
Other		
Unidentified Tax Receipt	375.33	275.33
Deposits for Trailer Courts	3,732.00	3,732.00
Deposits for Sale of Township Property	735.00	175.00
Reserve for Tax Appeals	500,000.00	-
Reserve for Capital Improvements	150,993.85	-
Reserve for Proceeds on Sale of Municipal Property	308,871.13	308,871.13
Reserve for Reassessment	87,480.00	87,480.00
Reserve for Technology	75,000.00	75,000.00
Reserve for Revision and Codification of Ordinances	4,312.26	4,312.26
	<u>7,488,126.82</u>	<u>6,671,145.64</u>
Reserve for Receivables and Other Assets	8,192,293.65	6,787,127.47
Fund Balance	8,870,673.08	7,791,884.71
Total Regular Fund	<u>24,551,093.55</u>	<u>21,250,157.82</u>
Federal and State Grant Fund:		
Unappropriated Reserves	7,106.38	26,224.47
Appropriated Reserves	1,160,234.18	1,211,631.55
Encumbrances Payable	46,864.51	285,785.96
Due from Current Fund	60,000.00	-
Reserve for Small Cities Revolving Loan Fund	118,049.86	132,569.86
Total Federal and State Grant Fund	<u>1,392,254.93</u>	<u>1,656,211.84</u>
Total Current Fund	<u>\$ 25,943,348.48</u>	<u>22,906,369.66</u>



**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	2016	2015
<b>Revenue and Other Income Realized</b>		
Fund Balance	\$ 4,375,000.00	3,929,664.00
Miscellaneous Revenue Anticipated	5,995,273.70	6,067,876.54
Receipts from Delinquent Taxes	66,715.84	89,381.99
Receipts from Current Taxes	82,079,268.32	81,948,460.41
Non Budget Revenue	468,392.06	235,551.56
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	2,507,972.69	1,975,559.63
Unexpended Balance of 2016 Appropriation Res.		-
Interfund Returned	2,352.80	14,845.56
Sale of Municipal Assets	-	73,014.00
Cancellation of Overpayments	12,367.70	8,355.28
Refund of Prior Year Expenses	8,207.00	1,838.00
Other Reimbursements	3,908.59	-
<b>Total Income</b>	<u>95,519,458.70</u>	<u>94,344,546.97</u>
<b>Expenditures</b>		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	9,068,824.00	9,084,760.59
Other Expenses	7,728,042.90	7,318,350.00
Deferred Charges & Statutory Expenditures	2,349,739.00	2,263,417.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	60,000.00	60,000.00
Other Expenses	977,499.48	769,455.71
Capital Improvements	1,430,000.00	1,195,000.00
Debt Service	3,127,556.52	4,739,353.96
Deferred Charges	626,500.00	190,000.00
Local District School Tax	31,456,759.00	31,407,242.00
Regional District School Tax	18,174,976.00	17,928,159.00
County Tax	14,910,846.81	14,811,304.76
County Share of Added Tax	53,589.87	17,740.56
Refund of Prior Year's Revenue	9,052.91	10,318.52
Other:		
Prior Year Expenses	16,400.00	-
Prior Year Senior Citizens Veterans Disallowed	11,250.00	-
Interfunds Advanced	64,633.84	72.37
<b>Total Expenditures</b>	<u>90,065,670.33</u>	<u>89,795,174.47</u>
<b>Excess/(Deficit) in Revenue</b>	<u>5,453,788.37</u>	<u>4,549,372.50</u>

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Emergency Appropriation	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>5,453,788.37</u>	<u>4,549,372.50</u>
Fund Balance January 1	<u>7,791,884.71</u>	<u>7,172,176.21</u>
	13,245,673.08	11,721,548.71
Decreased by:		
Utilization as Anticipated Revenue	<u>4,375,000.00</u>	<u>3,929,664.00</u>
Fund Balance December 31	<u>\$ 8,870,673.08</u>	<u>7,791,884.71</u>

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 4,375,000.00		4,375,000.00	-
Total Fund Balance Anticipated	<u>4,375,000.00</u>	<u>-</u>	<u>4,375,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	30,000.00		76,549.78	46,549.78
Fees and Permits	137,000.00		144,296.00	7,296.00
Fines and Costs:				
Municipal Court	310,000.00		417,946.94	107,946.94
Interest and Costs on Taxes	200,000.00		284,737.68	84,737.68
Interest Earned on Investments	20,000.00		42,377.23	22,377.23
Planning Board - Special Application Fees	6,000.00		17,850.00	11,850.00
Payment in Lieu of Taxes - Brigantine Wildlife Refuge	27,000.00		28,409.00	1,409.00
Fire Safety Rebate	30,000.00		36,514.04	6,514.04
Fire Inspection	25,000.00		42,675.00	17,675.00
Cable TV Franchise Fee	122,000.00		135,760.44	13,760.44
Hotel Tax	420,000.00		465,186.67	45,186.67
Rental Inspections	75,000.00		100,140.00	25,140.00
Total Section A: Local Revenues	<u>1,402,000.00</u>	<u>-</u>	<u>1,792,442.78</u>	<u>390,442.78</u>
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	2,566,342.00		2,566,342.00	-
Garden State Preservation Trust Fund	7,234.00		7,234.00	-
Watersed Moratorium	7,708.00		7,708.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>2,581,284.00</u>	<u>-</u>	<u>2,581,284.00</u>	<u>-</u>

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	280,000.00		552,001.00	272,001.00
Total Section C: Uniform Construction Code Fees	280,000.00	-	552,001.00	272,001.00
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	54,921.94		54,921.94	-
Drunk Driving Enforcement Fund	13,666.36		13,666.36	-
Clean Communities		102,782.07	102,782.07	
Municipal Alliance on Alcoholism & Drug Abuse	22,763.00		22,763.00	-
Sustainable Jersey Grant - Solar		3,000.00	3,000.00	-
NJDOT Safe Streets to Schools	190,000.00		190,000.00	-
Safe and Secure Communities Program	60,000.00		60,000.00	-
Drive Sober or Get Pulled Over		10,000.00	10,000.00	-
Click It or Ticket		5,000.00	5,000.00	-
Emergency Management - EMMA Grant	7,000.00		7,000.00	-
Body Armor	4,709.71		4,709.71	-
Bulletproof Vest Partnership	7,848.40		7,848.40	-
Hazardous Mitigation Program				-
Pine Beetle Suppression Grant		40,570.00	40,570.00	-
		17,465.00	17,465.00	-
Total Section F: Special Items - Public and Private Programs	360,909.41	178,817.07	539,726.48	-
Section G: Other Special Items				
Communications - Dispatch Agreement				
Atlantic County	17,863.10		-	(17,863.10)
Mullica	200,000.00		204,819.44	4,819.44
Contribution - Richard Stockton College	300,000.00		325,000.00	25,000.00
Total Section G: Other Special Items	517,863.10	-	529,819.44	11,956.34

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Total Miscellaneous Revenues:	5,142,056.51	178,817.07	5,995,273.70	674,400.12
Receipts from Delinquent Taxes	20,000.00		66,715.84	46,715.84
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	17,906,905.76		19,735,083.10	1,828,177.34
Total Amount to be Raised by Taxes for Support of Municipal Budget	17,906,905.76	-	19,735,083.10	1,828,177.34
Budget Totals	27,443,962.27	178,817.07	30,172,072.64	2,549,293.30
Non-Budget Revenues:			468,392.06	468,392.06
Other Non-Budget Revenues:				
	\$ 27,443,962.27	178,817.07	30,640,464.70	3,017,685.36

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	82,079,268.32
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Less: Reserve for Tax Appeals Pending		<u>                    </u>
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Net Revenue from Collections		82,079,268.32
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Allocated to:

School, County and Other Taxes		<u>64,596,171.68</u>
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Balance for Support of Municipal Budget Appropriations		17,483,096.64
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Increased by:

Appropriation "Reserved for Uncollected Taxes"		<u>2,251,986.46</u>
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Amount for Support of Municipal Budget Appropriations		<u><u>19,735,083.10</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	\$	8,981.10
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Tax Title Lien Collections		<u>57,734.74</u>
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Total Receipts from Delinquent Taxes		<u><u>66,715.84</u></u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Tax Search Fees	600.00
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Mercantile License	22,915.00
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Improvement Searches	580.00
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Code Enforcement Fees	16,955.00
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Police Reports	12,572.00
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Sale of Recycling Material	6,102.00
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Sale of Municipal Assets	103,396.49
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Rental - Cell Phone Tower	34,328.33
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Payments in Lieu of Taxes	70,348.12
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Senior and Vets Administration Fee	6,655.00
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Port Republic - Communications Contribution	4,000.00
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Police Tow Releases	16,695.00
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Property Registration	75,500.00
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Loading Fee - Wood Chips	1,840.00
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Freon Fees	60.00
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FEMA	60,862.92
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Miscellaneous	<u>34,982.20</u>
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Total Miscellaneous Revenue Not Anticipated:		<u><u>468,392.06</u></u>
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**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
General Administration						
Salaries and Wages	\$ 176,000.00	151,000.00	128,471.94	5,356.40	17,171.66	-
Other Expenses	96,000.00	96,000.00	69,855.90	5,165.59	20,978.51	-
Mayor and Council						
Salaries and Wages	63,324.00	63,324.00	63,323.94		0.06	-
Other Expenses	10,500.00	10,500.00	6,454.08		4,045.92	-
Township Clerk						
Salaries and Wages	151,000.00	151,000.00	120,283.05		30,716.95	-
Other Expenses	57,900.00	57,900.00	33,605.51	2,974.54	21,319.95	-
Financial Administration						
Salaries and Wages	183,000.00	183,000.00	173,100.59	5,076.00	4,823.41	-
Other Expenses	51,500.00	51,500.00	34,113.80	4,078.65	13,307.55	-
Audit Services	25,000.00	25,000.00	25,000.00			-
Revenue Administration (Tax Collector)						
Salaries and Wages	112,000.00	137,000.00	110,814.17	4,672.50	21,513.33	-
Other Expenses	65,000.00	65,000.00	45,377.22	2,098.47	17,524.31	-
Tax Assessment Administration						
Salaries and Wages	183,000.00	174,700.00	130,533.12	1,460.00	42,706.88	-
Other Expenses	61,300.00	61,300.00	35,603.97	247.43	25,448.60	-
Legal Services						
Other Expenses	275,000.00	275,000.00	160,084.12	46,559.23	68,356.65	-
Engineering Services and Costs						
Other Expenses	25,000.00	32,000.00	28,188.75		3,811.25	-
Municipal Court						
Salaries and Wages	265,000.00	265,000.00	247,799.88	7,270.30	9,929.82	-
Other Expenses	18,840.00	18,840.00	11,472.98	1,203.00	6,164.02	-
Municipal Prosecutor's Office						
Other Expenses	54,000.00	54,000.00	43,456.00	1,000.00	9,544.00	-
Planning Board						
Salaries and Wages	38,000.00	38,000.00	5,083.51	69.60	32,846.89	-
Other Expenses	13,000.00	13,000.00	3,699.11		9,300.89	-
Zoning Board of Adjustment						
Salaries and Wages	40,000.00	40,000.00	36,342.26	69.60	3,588.14	-
Other Expenses	12,100.00	12,100.00	6,941.29	110.00	5,048.71	-
Code Enforcement Administration						
Other Code Enforcement Functions	15,000.00	15,000.00	7,730.00		7,270.00	-

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Insurance						
Liability Insurance	509,466.00	509,466.00	509,466.00	-	-	-
Workers Compensation Insurance	621,002.90	621,002.90	621,002.90	-	-	-
Group Insurance Plan for Employees	2,410,256.00	2,410,256.00	1,515,577.06	669,264.96	225,413.98	-
Health Waivers						
Salaries and Wages	50,000.00	50,000.00	42,666.60		7,333.40	-
<b>PUBLIC SAFETY</b>						
Police						
Salaries and Wages	5,429,000.00	5,429,000.00	5,228,546.50	1,000.00	199,453.50	-
Other Expenses	554,650.00	554,650.00	436,387.27	19,304.68	98,958.05	-
Vehicles	300,000.00	300,000.00	295,707.34	-	4,292.66	-
Police Dispatch 911						
Salaries and Wages	665,000.00	665,000.00	583,521.88		81,478.12	-
Other Expenses	41,400.00	41,400.00	15,607.85	1,998.05	23,794.10	-
Office of Emergency Management						
Salaries and Wages	7,500.00	7,500.00	7,500.00		-	-
Other Expenses	15,000.00	15,000.00	4,448.25	97.87	10,453.88	-
Aid to Volunteer Fire Companies	175,000.00	175,000.00	160,000.85	14,980.00	19.15	-
Fire						
Salaries and Wages	74,000.00	74,000.00	60,961.84		13,038.16	-
Other Expenses	185,550.00	185,550.00	128,607.54	41,157.01	15,785.45	-
<b>PUBLIC WORKS</b>						
Streets and Road Maintenance						
Salaries and Wages	394,000.00	400,000.00	361,910.58		38,089.42	-
Other Expenses	151,106.00	151,106.00	74,634.48	35,122.79	41,348.73	-
Other Public Works Functions						
Salaries and Wages	140,000.00	140,000.00	132,928.50	5,473.60	1,597.90	-
Other Expenses	23,600.00	23,600.00	13,603.36	887.64	9,109.00	-
Solid Waste Collection - Recycling						
Salaries and Wages	190,000.00	190,000.00	166,582.10		23,417.90	-
Other Expenses	56,572.00	49,297.00	29,897.26	2,482.24	16,917.50	-
Buildings and Grounds						
Salaries and Wages	71,000.00	65,000.00	59,774.89		5,225.11	-
Other Expenses	146,000.00	146,000.00	104,649.20	27,377.65	13,973.15	-
Vehicle Maintenance						
Salaries and Wages	155,000.00	155,000.00	126,622.99		28,377.01	-
Other Expenses	340,000.00	347,275.00	276,440.70	52,896.45	17,937.85	-
Community Services Acts	30,000.00	30,000.00	24,855.62		5,144.38	-



**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>HEALTH AND HUMAN SERVICE</b>					
Environmental Health Services	3,000.00	3,000.00		-	3,000.00
<b>PARKS AND RECREATION</b>					
Maintenance of Parks	48,000.00	48,000.00	43,173.97	648.50	4,177.53
Other Expenses					
<b>OTHER COMMON OPERATIONS</b>					
Accumulated Leave	150,000.00	150,000.00	150,000.00		-
Community and Recreation Services					
Salaries and Wages	168,500.00	168,500.00	147,515.56	7,096.90	13,887.54
Other Expenses	91,500.00	91,500.00	71,769.37	4,470.91	15,259.72
<b>UNIFORM CONSTRUCTION CODE</b>					
Code Enforcement and Administration					
Salaries and Wages	301,000.00	302,300.00	285,226.24	9,225.40	7,848.36
Other Expenses	16,800.00	16,800.00	15,661.61	958.24	180.15
Rental Inspections					
Salaries and Wages	69,500.00	69,500.00	67,332.83	556.80	1,610.37
<b>UNCLASSIFIED</b>					
Utilities					
Electricity	200,000.00	200,000.00	139,626.48	12,200.00	48,173.52
Street Lighting	180,000.00	180,000.00	145,103.22	16,000.00	18,896.78
Telephone and Telegraph	50,000.00	50,000.00	37,673.50	3,990.36	8,336.14
Natural Gas	50,000.00	50,000.00	21,576.27	2,200.00	26,223.73
Gasoline	320,000.00	320,000.00	148,573.56	1,463.79	169,962.65
Water	355,000.00	355,000.00	304,600.18	30,762.85	19,636.97
Telecommunications	15,000.00	15,000.00	3,491.86	1,204.34	10,303.80
Landfill/Solid Waste Disposal Costs	52,000.00	52,000.00	30,872.08	7,918.89	13,209.03
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>16,796,866.90</b>	<b>16,796,866.90</b>	<b>14,121,433.48</b>	<b>1,058,151.23</b>	<b>1,617,282.19</b>
Contingent					
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>16,796,866.90</b>	<b>16,796,866.90</b>	<b>14,121,433.48</b>	<b>1,058,151.23</b>	<b>1,617,282.19</b>
Detail:					
Salaries and Wages	9,075,824.00	9,068,824.00	8,436,842.97	47,327.10	584,653.93
Other Expenses	7,721,042.90	7,728,042.90	5,684,590.51	1,010,824.13	1,032,628.26

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	380,880.00	380,880.00	380,880.00			-
Social Security System (O.A.S.I.)	730,000.00	730,000.00	615,380.84	3,620.52	110,998.64	-
Unemployment Compensation Insurance	90,000.00	90,000.00	36,740.51		53,259.49	-
Police and Firemen's Retirement System	1,138,859.00	1,138,859.00	1,138,859.00			-
Defined Contribution Retirement Program	10,000.00	10,000.00	3,147.67	27.70	6,824.63	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>2,349,739.00</b>	<b>2,349,739.00</b>	<b>2,175,008.02</b>	<b>3,648.22</b>	<b>171,082.76</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>19,146,605.90</b>	<b>19,146,605.90</b>	<b>16,296,441.50</b>	<b>1,061,799.45</b>	<b>1,788,364.95</b>	<b>-</b>
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Insurance						
Employee Group Health	39,744.00	39,744.00			39,744.00	-
Length of Service Award Program	135,338.00	135,338.00	95,955.08	3,128.97	36,253.95	-
Reserve for Tax Appeals	500,000.00	500,000.00	500,000.00			-
	<b>675,082.00</b>	<b>675,082.00</b>	<b>595,955.08</b>	<b>3,128.97</b>	<b>75,997.95</b>	<b>-</b>
(A) Public and Private Programs Off-Set by Revenues						
Drunk Driving Enforcement Fund	13,666.36	13,666.36	13,666.36			-
Body Armor	4,709.71	4,709.71	4,709.71			-
Municipal Alliance on Alcoholism and Drug Abuse						
County Share	22,763.00	22,763.00	22,763.00			-
Local Share	5,691.00	5,691.00	5,691.00			-
Bulletproof Vest Partnership	7,848.40	7,848.40	7,848.40			-
Clean Communities						
Sustainable Jersey Grant - Solar						
Safe and Secure Program			3,000.00			-
Salaries and Wages	60,000.00	60,000.00	60,000.00			-

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Recycling Tonnage Grant	54,921.94	54,921.94	54,921.94			
Highway Traffic Safety - Click It or Ticket		5,000.00	5,000.00			
Drive Sober or Get Pulled Over		10,000.00	10,000.00			
Hazardous Mitigation Program		40,570.00	40,570.00			
Emergency Management - EMMA Grant	14,000.00	14,000.00	14,000.00			
Clean Communities		102,782.07	102,782.07			
Pine Beetle Suppression Grant		17,465.00	17,465.00			
Total Public and Private Programs Off-Set by Revenues	183,600.41	362,417.48	362,417.48			
Total Operations - Excluded from "CAPS"	858,682.41	1,037,499.48	958,372.56	3,128.97	75,997.95	
Detail:						
Salaries and Wages	60,000.00	60,000.00	60,000.00			
Other Expenses	798,682.41	937,755.48	898,372.56	3,128.97	75,997.95	
(C) Capital Improvements						
Capital Improvement Fund	250,000.00	250,000.00	250,000.00			
Improvements to Municipal Buildings & Property	525,000.00	525,000.00	157,817.30	63,253.10	303,929.60	
Purchase of Vehicles	140,000.00	140,000.00	89,473.00	49,879.00	648.00	
Purchase of Equipment & Vehicles	325,000.00	325,000.00	146,826.86	99,991.59	78,181.55	
New Jersey Transportation Trust Fund Authority Act	190,000.00	190,000.00	190,000.00			
Total Capital Improvements	1,430,000.00	1,430,000.00	834,117.16	213,123.69	382,759.15	
(D) Debt Service						
Payment of Bond Principal	2,065,000.00	2,065,000.00	2,065,000.00			
Payment of Bond Anticipation Notes	700,000.00	700,000.00	700,000.00			
Interest on Bonds	337,187.50	337,187.50	337,187.50			
Interest on Notes	10,000.00	10,000.00	7,748.42			2,251.58
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	12,000.00	12,000.00	11,624.44		(0.00)	375.56
NJEIT Principal & Interest	6,000.00	6,000.00	5,996.16		0.00	3.84
Total Debt Service	3,130,187.50	3,130,187.50	3,127,556.52		(0.00)	2,630.98
(E) Deferred Charges						
Special Emergency Authorizations - 5 years	380,000.00	380,000.00	380,000.00			
Ord: 1897	246,500.00	246,500.00	246,500.00			
Total Deferred Charges	626,500.00	626,500.00	626,500.00			

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,045,369.91	6,224,186.98	5,546,546.24	458,757.10	2,630.98
SUBTOTAL GENERAL APPROPRIATIONS	25,191,975.81	25,370,792.88	21,842,987.74	1,278,052.11	2,630.98
(M) Reserve for Uncollected Taxes	2,251,986.46	2,251,986.46	2,251,986.46		-
TOTAL GENERAL APPROPRIATIONS	\$ 27,443,962.27	27,622,779.34	24,094,974.20	2,247,122.05	2,630.98
Budget	\$ 27,443,962.27			Cancelled	2,630.98
Appropriations by 40A-4-87	178,817.07	178,817.07		Overexpended	-
	<u>27,622,779.34</u>	<u>27,622,779.34</u>			<u>2,630.98</u>
Reserve for Uncollected Taxes	\$	2,251,986.46			
Federal and State Grants		362,417.48			
Deferred Charges		526,500.00			
Disbursements		20,854,070.26			
		<u>24,094,974.20</u>			

**EXHIBIT - B**  
**TRUST FUND**

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**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
<u>Animal Control Fund</u>		
Cash	\$ 9,531.76	9,131.16
	<u>9,531.76</u>	<u>9,131.16</u>
<u>Assessment Fund</u>		
Cash	355,970.47	343,678.98
Assessments Receivable	57,756.93	69,919.98
Assessment Liens Receivable	682.60	682.60
	<u>414,410.00</u>	<u>414,281.56</u>
<u>Length of Service Award Program (LOSAP) (unaudited)</u>		
Investments		
Mutual Funds	1,822,840.89	1,678,611.62
	<u>1,822,840.89</u>	<u>1,678,611.62</u>
<u>Other Funds</u>		
Cash - Treasurer	5,922,845.78	5,819,791.08
Cash - Collector	2,007,259.76	2,124,730.60
Due from Taxpayer	855.55	855.55
Due from Current Fund - Inspection Escrow	0.44	0.46
Due from Current Fund- Payroll Trust	-	0.11
	<u>7,930,961.53</u>	<u>7,945,377.80</u>
	<u>10,177,744.18</u>	<u>10,047,402.14</u>

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**AS OF DECEMBER 31,**

	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	9,523.96	9,131.16
Due to State of New Jersey	7.80	-
	<u>9,531.76</u>	<u>9,131.16</u>
<u>Assessment Fund</u>		
Reserve for Assessments & Liens	109,961.86	109,962.62
Due to Current Fund	31.77	72.37
Assessment Overpayments	3,790.38	3,620.58
Fund Balance	300,625.99	300,625.99
	<u>414,410.00</u>	<u>414,281.56</u>
<u>Length of Service Award Program (LOSAP) (unaudited)</u>		
Net Assets Available for Benefits	1,822,840.89	1,678,611.62
	<u>1,822,840.89</u>	<u>1,678,611.62</u>
<u>Other Funds</u>		
Overpayment	50.81	-
Funds Held in Escrow	2,421,881.21	2,506,711.71
Premiums Received at Tax Sales	1,910,750.00	2,037,050.00
Deposits for Redemption of Tax Sale Certificates	94,404.24	85,625.91
Funds Held in Escrow - Developer Fees	266,311.16	207,508.67
Payroll Deductions and Taxes Payable	80,413.17	80,597.41
Reserves for:		
Community Events	178,793.04	150,995.91
Compensated Absences	793,632.19	718,308.52
General Liability Insurance Fund	239,377.42	117,841.14
Housing Trust Fund	554,964.87	636,034.18
Landfill Closure	588,659.01	587,776.72
Parking Offenses Adjudication Act	5,147.10	5,133.10
Police Special Detail	89,206.21	81,537.23
Public Defender Fees	4,860.90	9,474.65
Special Law Enforcement Fund	21,697.16	42,028.44
Uniform Fire Safety	1,944.39	1,941.45
Utility Escrow Deposits	320,801.19	358,848.06
Snow Removal	262,279.38	250,693.85
Workers Compensation	95,788.08	67,270.85
	<u>7,930,961.53</u>	<u>7,945,377.80</u>
<b>\$</b>	<u><u>10,177,744.18</u></u>	<u><u>10,047,402.14</u></u>



**EXHIBIT - C**  
**GENERAL CAPITAL FUND**

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**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 4,642,761.16	1,880,892.07
Deferred Charges to Future Taxation -		
Funded	10,050,184.90	12,130,968.93
Unfunded	4,000,000.00	4,946,500.00
	<u>18,692,946.06</u>	<u>18,958,361.00</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	537,441.78	352,879.66
Bond Anticipation Notes Payable	4,000,000.00	700,000.00
Serial Bonds Payable	9,910,000.00	11,975,000.00
Green Trust Loan Payable	60,258.90	70,523.93
NJEIT Loan Payable	79,926.00	85,445.00
Improvement Authorizations:		
Funded	1,828,388.57	2,155,789.35
Unfunded	1,393,753.97	3,023,826.22
Reserve for Purchase of Fire Truck	-	5,825.00
Reserve for Preliminary Expenses	-	500.00
Reserve for Purchase of Bus	-	24,076.91
Capital Improvement Fund	555,784.93	305,784.93
Fund Balance	327,391.91	258,710.00
	<u>\$ 18,692,946.06</u>	<u>18,958,361.00</u>

There were bonds and notes authorized but not issued at December 31

2015	4,246,500.00
2016	-

**GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
Beginning Balance January 1	\$ 258,710.00	258,710.00
Increased by:		
Premium on Sale of Bonds/BANs	38,280.00	
Cancellation of Reserves	30,401.91	
Decreased by:		
None		
Ending Balance December 31	\$ <u>327,391.91</u>	<u>258,710.00</u>

**EXHIBIT - D**  
**SEWER UTILITY FUND**

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**SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Operating Fund:		
Cash	\$ 3,680,550.70	3,175,623.25
Interfunds and Receivables		
Due from Current Fund	80.00	591.95
	<u>3,680,630.70</u>	<u>3,176,215.20</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	9,047.11	8,306.61
Utility Liens	5,846.06	4,691.06
	<u>14,893.17</u>	<u>12,997.67</u>
Total Operating Fund	<u>3,695,523.87</u>	<u>3,189,212.87</u>
Capital Fund:		
Cash - Treasurer	3,198,433.74	1,785,085.10
Fixed Capital	32,461,588.24	32,461,588.24
Fixed Capital - Authorized and Uncompleted	6,731,258.00	6,701,258.00
Total Capital Fund	<u>42,391,279.98</u>	<u>40,947,931.34</u>
	<u>\$ 46,086,803.85</u>	<u>44,137,144.21</u>

**SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 658,936.28	670,131.39
Reserve for Encumbrances	116,975.90	109,333.78
Utility Overpayments	24,261.13	15,659.69
Accrued Interest on Bonds and Notes	49,628.72	41,834.83
Reserve for Maintenance of Pump Stations	3,167.00	3,167.00
Reserve for EPA Funds	14,765.00	14,765.00
	<u>867,734.03</u>	<u>854,891.69</u>
Reserve for Receivables	14,893.17	12,997.67
Fund Balance	2,812,896.67	2,321,323.51
	<u>3,695,523.87</u>	<u>3,189,212.87</u>
Total Operating Fund		
Capital Fund:		
Contracts Payable	455,350.20	417,180.40
Serial Bonds Payable	3,810,000.00	5,200,000.00
N.J. E.I.T. Loans Payable	1,008,106.23	1,109,915.87
Bond Anticipation Notes	2,050,000.00	
Improvement Authorizations:		
Funded	212,386.83	634,379.08
Unfunded	1,397,676.09	1,652,336.40
Reserve for Amortization	31,379,857.01	29,888,047.37
Deferred Reserve for Amortization	944,883.00	944,883.00
Reserve for Debt Service	15,070.51	15,070.51
Capital Improvement Fund	157,568.25	145,068.25
Fund Balance	960,381.86	941,050.46
	<u>42,391,279.98</u>	<u>40,947,931.34</u>
Total Capital Fund		
	<u>\$ 46,086,803.85</u>	<u>44,137,144.21</u>

There were bonds and notes authorized but not issued at December 31

2015	2,020,000.00
2016	-



**SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
<b>Revenue and Other Income Realized</b>		
Fund Balance	\$ 690,500.00	534,477.00
Rents	6,124,264.03	6,094,918.48
Sewer Capital Fund Balance		-
Miscellaneous Revenue Anticipated	401,247.50	253,447.22
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	679,371.27	804,253.69
<b>Total Income</b>	<u>7,895,382.80</u>	<u>7,687,096.39</u>
<b>Expenditures</b>		
Operations	4,688,000.00	4,620,000.00
Capital Improvements	212,500.00	12,500.00
Debt Service	1,654,809.64	1,696,809.64
Deferred Charges & Statutory Expenditures	158,000.00	157,977.00
Other Charges to Income:		
Refund of Prior Year Revenue	-	-
<b>Total Expenditures</b>	<u>6,713,309.64</u>	<u>6,487,286.64</u>
<b>Excess/(Deficit) in Revenue</b>	<u>1,182,073.16</u>	<u>1,199,809.75</u>
<b>Adjustments to Income before Fund Balance:</b>		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	-
<b>Total Adjustments</b>	<u>-</u>	<u>-</u>
<b>Excess in Operations</b>	<u>1,182,073.16</u>	<u>1,199,809.75</u>
<b>Fund Balance January 1</b>	<u>2,321,323.51</u>	<u>1,655,990.76</u>
	<u>3,503,396.67</u>	<u>2,855,800.51</u>
<b>Decreased by:</b>		
Utilization as Anticipated Revenue	<u>690,500.00</u>	<u>534,477.00</u>
<b>Fund Balance December 31</b>	<u>\$ 2,812,896.67</u>	<u>2,321,323.51</u>

**SEWER UTILITY CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
Beginning Balance January 1	\$ 941,050.46	941,050.46
Increased by:		
Premium on Sale of Bond Anticipation Notes	19,331.40	-
Decreased by:		
Surplus budgeted in Current Fund	-	-
Ending Balance December 31	<u>\$ 960,381.86</u>	<u>941,050.46</u>

**SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 690,500.00	690,500.00	-
Rents	5,900,000.00	6,124,264.03	224,264.03
Miscellaneous	168,000.00	401,247.50	233,247.50
	<u>\$ 6,758,500.00</u>	<u>7,216,011.53</u>	<u>457,511.53</u>

**Analysis of Realized Revenue:**

**Rents**

Consumer Accounts Receivable:

Current Collections	6,108,604.34
Overpayments Applied	15,659.69
Liens Collected	-
	<u>6,124,264.03</u>

**Miscellaneous**

Interest on Rents	34,045.62
Interest on Investments	10,064.15
Connection Permits	265,838.00
Road Opening Permits	88,529.00
Miscellaneous	2,770.73
	<u>401,247.50</u>

**SEWER UTILITY FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>Operations:</b>						
Salaries and Wages	\$ 1,142,000.00	1,142,000.00	967,726.35	16,467.70	157,805.95	
Other Expenses	3,546,000.00	3,546,000.00	3,001,292.70	61,200.21	483,507.09	
	<u>4,688,000.00</u>	<u>4,688,000.00</u>	<u>3,969,019.05</u>	<u>77,667.91</u>	<u>641,313.04</u>	<u>-</u>
<b>Capital Improvements:</b>						
Capital Improvement Fund	12,500.00	12,500.00	12,500.00			
Capital Outlay	200,000.00	200,000.00	161,951.79	38,048.21	-	
	<u>212,500.00</u>	<u>212,500.00</u>	<u>174,451.79</u>	<u>38,048.21</u>	<u>-</u>	<u>-</u>
<b>Debt Service:</b>						
Payment of Bond Principal	1,390,000.00	1,390,000.00	1,390,000.00			
Interest on Bonds	168,000.00	168,000.00	168,000.00			
NJEIT Loan Principal Payments	142,000.00	142,000.00	96,809.64			45,190.36
	<u>1,700,000.00</u>	<u>1,700,000.00</u>	<u>1,654,809.64</u>	<u>-</u>	<u>-</u>	<u>45,190.36</u>
<b>Deferred Charges and Statutory Expenditures:</b>						
Public Employees' Retirement System	62,000.00	62,000.00	62,000.00			
Social Security System	90,000.00	90,000.00	73,696.56	1,259.78	15,043.66	
Unemployment Compensation Insurance	6,000.00	6,000.00	3,420.42		2,579.58	
	<u>158,000.00</u>	<u>158,000.00</u>	<u>139,116.98</u>	<u>1,259.78</u>	<u>17,623.24</u>	<u>-</u>
	<u>\$ 6,758,500.00</u>	<u>6,758,500.00</u>	<u>5,937,397.46</u>	<u>116,975.90</u>	<u>658,936.28</u>	<u>45,190.36</u>
		Cash Disbursements	5,769,397.46			
		Accrued Interest	168,000.00			
		<u>5,937,397.46</u>				

**EXHIBIT - E**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**

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**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Balance December 31, 2016	Balance December 31, 2015
<b><u>Assets</u></b>		
Land and Land Improvements	\$ 1,717,624.00	1,717,624.00
Building and Building Improvements	3,347,172.00	3,347,172.00
Machinery, Equipment and Vehicles	12,875,284.42	13,425,182.85
	<hr/>	<hr/>
Total General Fixed Assets	<u>17,940,080.42</u>	<u>18,489,978.85</u>
<b><u>Liabilities, Reserves, and Fund Balance</u></b>		
Investment in General Fixed Assets	\$ <u>17,940,080.42</u>	<u>18,489,978.85</u>

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## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Except as noted below, the financial statements of the Township of Galloway include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township of Galloway, as required by N.J.S. 40A:5-5.

The Township of Galloway is one of the oldest municipalities in the State of New Jersey, having predated the Declaration of Independence. The original Galloway Township was established by Royal Decree on April 4, 1774. It now consists of 92.3 square miles situated approximately seven miles west of Atlantic City along Route 30. The Township is essentially a semi-rural and residential community with some important industrial and institutional facilities. The Garden State Parkway and U.S. Route 30, which pass directly through the Township, are rapid transportation access corridors to Atlantic City from Philadelphia, New York and Washington. The Township is governed under a Council Manager Plan E form of government with seven councilpersons elected for staggered terms. The population, according to the 2000 census, is 31,209.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township has no component units.

#### B. Description of Funds

The accounting policies of the Township of Galloway conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the Township of Galloway 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 -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Sewer Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of sewer capital facilities other than those acquired in the Current and General Capital Funds.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

### C. Basis of Accounting

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

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

Revenues – are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures – are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property & Property Deeded to Township -- Foreclosed Property and Property Deeded to Township are recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets -- The Township has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

**Levy of Taxes** – The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

**Interest on Delinquent Taxes** – It is the policy of the Township of Galloway to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

**Levy of Utility Charges** – The Township operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of Township. Charges are billed semi-annually and due semi-annual installments on March 20 and September 20.

**Interest on Delinquent Utility Charges** – It is the policy of the Township to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

**Capitalization of Interest** – It is the policy of the Township of Galloway to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015**

### **D. Required Financial Statements**

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

### **E. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

### **F. Recent Accounting Pronouncements Not Yet Effective**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Township's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Township's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the Township's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73". This statement is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Township's financial reporting, however will affect the disclosure of pension related items.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Township's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Township's financial reporting.

# **NOTES TO FINANCIAL STATEMENTS** **YEARS ENDED DECEMBER 31, 2016 AND 2015**

## **Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$2,251,986.46 and \$2,024,064.27. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$4,375,000.00 and \$3,929,664.00. In addition, the Township operates a self-liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the Township. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$690,500.00 and \$534,477.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Council. The following significant budget transfers were approved in the 2016 and 2015 calendar years:

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
<u>Current Fund:</u>		
General Administration		
Salaries and Wages	(25,000.00)	
Revenue Administration (Tax Collector)		
Salaries and Wages	25,000.00	
Tax Assessment		
Salaries and Wages		(30,000.00)
Legal Services		
Other Expenses		80,000.00
Electric		
Group Insurance		(50,000.00)

There were no budgetary transfers within the Township's Sewer Utility Operating Fund.

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## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2016 and 2015, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
Click-It or Ticket	\$ 5,000.00	4,000.00
Sustainable Jersey Grant - Solar	3,000.00	
Cops in Shops		2,000.00
Clean Communities Program	102,782.07	89,883.71
NJ. D.O.T. Safe Streets to Schools		2,048.00
Drive Sober or Get Pulled Over	10,000.00	10,000.00
Hazardous Mitigation Program	40,570.00	
Community Development Block Grant		167,440.00
Pine Beetle Suppression Grant	17,465.00	
Safe and Secure		60,000.00

The Township may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The Township approved a special emergency appropriation in 2012 for \$950,000. The emergency was for a reassessment of taxes in the Township. The unfunded balance as of December 31, 2016 was \$0. During 2016, the Township did not approve any additional emergencies.

### Note 3: INVESTMENTS

**Interest Rate Risk** - The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk** - New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk** - The Township places no limit on the amount the Township can invest in any one issuer.

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# **NOTES TO FINANCIAL STATEMENTS** **YEARS ENDED DECEMBER 31, 2016 AND 2015**

## **Unaudited Investments**

As more fully described in Note 22, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Benefit Life, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2016 and 2015 amounted to \$1,822,840.89 and \$1,678,611.62, respectively.

## **Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2016 and 2015, \$3,782,935.83 and \$162,344.28 of the municipality's bank balance of \$41,024,280.69 and \$29,781,754.70 respectively was exposed to custodial credit risk.

## **Note 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2016 and 2015:

	Balance 12/31/2014	Additions	Retirements/ Adjustments	Balance 12/31/2015
Land	\$ 1,717,624.00			1,717,624.00
Building	3,347,172.00			3,347,172.00
Equipment and Machinery	12,754,537.97	989,560.97	(318,916.09)	13,425,182.85
	<u>\$ 17,819,333.97</u>	<u>989,560.97</u>	<u>(318,916.09)</u>	<u>18,489,978.85</u>

	Balance 12/31/2015	Additions	Retirements	Balance 12/31/2016
Land	\$ 1,717,624.00			1,717,624.00
Building	3,347,172.00			3,347,172.00
Equipment and Machinery	13,425,182.85	787,845.00	(1,337,743.43)	12,875,284.42
	<u>\$ 18,489,978.85</u>	<u>787,845.00</u>	<u>(1,337,743.43)</u>	<u>17,940,080.42</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/2014	Issued	Retired	Balance 12/31/2015
Bond Anticipation Notes payable:				
General Capital	2,973,333.00	700,000.00	(2,973,333.00)	700,000.00
	<u>\$ 2,973,333.00</u>	<u>700,000.00</u>	<u>(2,973,333.00)</u>	<u>700,000.00</u>
	Balance 12/31/2015	Issued	Retired	Balance 12/31/2016
Bond Anticipation Notes payable:				
General Capital	\$ 700,000.00	4,000,000.00	(700,000.00)	4,000,000.00
Sewer Capital		2,050,000.00		2,050,000.00
	<u>\$ 700,000.00</u>	<u>6,050,000.00</u>	<u>(700,000.00)</u>	<u>6,050,000.00</u>

The General Capital note was issued on 8/26/16 and is due and payable on 8/22/17 with interest at 2.00%. The Sewer Capital fund has two outstanding notes at December 31, 2016. The first note was issued on 5/10/16, and is due and payable on 5/9/17. This note is held by the Township's Current Fund, and bears an interest rate of 0%. The second note was issued on 8/23/16, and is due and payable on 8/22/17 with interest at 2.00%.

As of December 31, 2016, the Township has authorized but not issued bonds or notes in the amount of \$0 and \$0 in the General Capital Fund and Utility Capital Fund respectively.

**Note 7: LONG TERM DEBT**

Long-term debt as of December 31, 2016 and 2015 consisted of the following:

	Balance 12/31/2014	Issued	Retired	Balance 12/31/2015	Amounts Due Within One Year
Bonds payable:					
General	\$ 14,010,000.00		2,035,000.00	11,975,000.00	2,065,000.00
Utility	6,585,000.00		1,385,000.00	5,200,000.00	1,390,000.00
Total	<u>20,595,000.00</u>		<u>3,420,000.00</u>	<u>17,175,000.00</u>	<u>3,455,000.00</u>
Other liabilities:					
Loans Payable	171,543.72		15,574.79	155,968.93	15,784.00
Utility Loans	1,211,725.51		101,809.64	1,109,915.87	101,809.64
PERS Pension	9,383,743.00	1,944,569.00		11,328,312.00	
PFRS Pension	17,855,420.00	5,481,483.00		23,336,903.00	
Compensated Absences Payable	1,278,457.00	156,342.99		1,434,799.99	
Total long-term liabilities	<u>\$ 50,495,889.23</u>	<u>7,582,394.99</u>	<u>3,537,384.43</u>	<u>54,540,899.79</u>	<u>3,572,593.64</u>



**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Balance 12/31/2015	Issued	Retired	Balance 12/31/2016	Amounts Due Within One Year
<b>Bonds payable:</b>					
General	\$ 11,975,000.00		2,065,000.00	9,910,000.00	2,090,000.00
Utility	5,200,000.00		1,390,000.00	3,810,000.00	1,110,000.00
<b>Total</b>	<b>17,175,000.00</b>		<b>3,455,000.00</b>	<b>13,720,000.00</b>	<b>3,200,000.00</b>
<b>Other liabilities:</b>					
Loans Payable	155,968.93		15,784.03	140,184.90	15,998.35
Utility Loans	1,109,915.87		101,809.64	1,008,106.23	106,809.64
PERS Pension	11,328,312.00	3,486,159.00		14,814,471.00	
PFRS Pension	23,336,903.00	2,460,833.00		25,797,736.00	
Compensated Absences Payable	1,434,799.99	55,201.50	99,903.12	1,390,098.37	
<b>Total long-term   liabilities</b>	<b>\$ 54,540,899.79</b>	<b>6,002,193.50</b>	<b>3,672,496.79</b>	<b>56,870,596.50</b>	<b>3,322,807.99</b>

**Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the Township:**

At December 31, 2015, bonds payable in the General Capital Fund consisted of the following individual issues:

\$11,000,000 General Improvement Bonds dated September 1, 2011, due in annual installments, beginning September 1, 2013 through September 1, 2023, and bearing interest at rates varying from 2.00% to 3.00%. The balance remaining as of December 31, 2016 is \$7,250,000.00.

\$1,595,000 Refunding Bonds dated September 1, 2011, due in annual installments beginning December 1, 2011 through December 1, 2017 bearing interest at varying rates from 1.00%-2.00%. The balance remaining as of December 31, 2016 is \$290,000.00.

\$4,265,000 Refunding Bonds dated December 1, 2012, due in annual installments beginning December 1, 2014 through December 1, 2019 bearing interest at varying rates from 2.00%-3.00%. The balance remaining as of December 31, 2016 is \$2,370,000.00.

\$150,000 Green Trust Loan dated 2002, due in semi-annual installments through 2022. The balance remaining as of December 31, 2016, is \$60,258.90.

\$111,951 N.J. Environmental Infrastructure Loan dated 12/16/2011, due in semi-annual installments each March and September 1<sup>st</sup>, through 2031. The balance remaining as of December 31, 2016, is \$79,926.00.

At December 31, 2015, bonds and loans payable in the Sewer Capital Fund consisted of the following individual issues:

\$3,790,000 Sewer Utility Refunding Bonds dated September 1, 2001, due in annual installments through November 1, 2016, bearing interest at varying rates. The balance remaining as of December 31, 2016 is \$0.00.

\$5,225,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2018, bearing interest at varying rates. The balance remaining as of December 31, 2016 is \$1,095,000.00.

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2016 AND 2015

\$3,100,000 General Improvement Bonds dated September 1, 2011, due in annual installments, beginning September 1, 2013 through September 1, 2023, and bearing interest at rates varying from 2.00% to 3.00%. The balance remaining as of December 31, 2016 is \$2,160,000.00.

\$1,295,000 Refunding Bonds dated September 1, 2011, due in annual installments beginning December 1, 2011 through December 1, 2017 bearing interest at varying rates from 1.00%-2.00%. The balance remaining as of December 31, 2016 is \$210,000.00.

\$560,000 Refunding Bonds dated December 1, 2012, due in annual installments beginning December 1, 2014 through December 1, 2019 bearing interest at varying rates from 2.00%-3.00%. The balance remaining as of December 31, 2016 is \$345,000.00.

\$150,000 N.J. Environmental Infrastructure Trust Loan dated 3/10/10, due in annual installments, beginning August 1, 2013 through August 1, 2039, and bearing interest at rates varying from 3.00% to 5.00%. The balance remaining as of December 31, 2016 is \$120,000.00.

\$444,817 N.J. Environmental Infrastructure Fund Loan dated 3/10/10, due in semi-annual installments, beginning August 1, 2011 through August 1, 2029, and bearing an interest rate of 0.00%. The Township received a \$233,052 reduction in the loan in 2011. The balance remaining as of December 31, 2016 is \$60,979.60.

\$869,106 N.J. Environmental Infrastructure Loan dated 12/2/10, due in semi-annual installments, beginning August 1, 2013 through August 1, 2030, and bearing an interest rate of 0.00%. The Township received a \$256,559 reduction in the loan in 2013. The balance remaining as of December 31, 2016 is \$362,126.63.

\$810,000 N.J. Environmental Infrastructure Loan dated 12/2/10, due in annual installments, beginning August 1, 2013 through August 1, 2030, and bearing an interest rate of 5.00%. The Township received a \$200,000 reduction in the loan in 2013. The balance remaining as of December 31, 2016 is \$465,000.00.

#### Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Year</u>	<u>General Fund</u>		<u>Utility Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,090,000.00	284,062.50	1,110,000.00	120,225.00
2018	1,750,000.00	224,262.50	925,000.00	83,525.00
2019	1,680,000.00	171,762.50	425,000.00	50,325.00
2020	1,100,000.00	121,362.50	330,000.00	37,575.00
2021	1,290,000.00	93,862.50	340,000.00	29,325.00
2022-2023	2,000,000.00	81,000.00	680,000.00	30,600.00
	<u>\$ 9,910,000.00</u>	<u>976,312.50</u>	<u>3,810,000.00</u>	<u>351,575.00</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

Schedule of Annual Debt Service for Principal and Interest for Green Trust and NJEIT Loans

<u>Year</u>	<u>General Capital Green Trust</u>		<u>General Capital NJEIT</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	10,471.35	1,153.08	5,527.00	469.18
2018	10,681.82	942.61	5,538.00	458.42
2019	10,896.53	727.91	5,551.00	444.42
2020	11,115.56	508.88	5,569.00	427.12
2021	11,338.97	285.46	5,590.00	405.80
2022-2026	5,754.67	57.55	28,376.00	1,603.66
2027-2031			23,775.00	590.70
	<u>\$ 60,258.90</u>	<u>3,675.49</u>	<u>79,926.00</u>	<u>4,399.30</u>

Schedule of Annual Debt Service for Principal and Interest for N.J Environmental Infrastructure Loans

<u>Year Ending December 31</u>	<u>Sewer Capital</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 106,809.64	28,100.00
2018	106,809.64	26,100.00
2019	104,935.81	24,100.00
2020	94,191.83	21,950.00
2021	94,191.83	19,450.00
2022-2026	431,167.48	58,500.00
2027-2029	70,000.00	4,400.00
	<u>\$ 1,008,106.23</u>	<u>182,600.00</u>

As of December 31, 2016 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$339,024.07 and to the utility budget was \$168,000.00.

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# **NOTES TO FINANCIAL STATEMENTS** **YEARS ENDED DECEMBER 31, 2016 AND 2015**

<u>Summary of Municipal Debt</u>	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 14,050,184.90	12,830,968.93	17,154,876.72
Sewer Utility - Bonds and Notes	6,868,106.23	6,309,915.87	7,796,725.51
Total Issued	20,918,291.13	19,140,884.80	24,951,602.23
<u>Less:</u>			
Funds Temporarily Held to			
Pay Bonds and Notes:			
General	-	-	-
Self-Liquidating Debt	15,070.51	15,070.51	15,070.51
Total Deductions	15,070.51	15,070.51	15,070.51
Net Debt Issued	20,903,220.62	19,125,814.29	24,936,531.72
<u>Authorized but not issued:</u>			
General - Bonds and Notes	-	4,246,500.00	4,246,500.00
Sewer Utility - Bonds and Notes	-	2,020,000.00	2,020,000.00
Total Authorized But Not Issued	-	6,266,500.00	6,266,500.00
Total Bonds & Notes Issued and Authorized But Not Issued	\$ 20,903,220.62	25,392,314.29	31,203,031.72

## Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .485%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 1,352,000.00	1,352,000.00	-
Regional School District Debt	26,035,669.88	26,035,669.88	-
Sewer Utility Debt	6,868,106.23	6,868,106.23	-
General Debt	14,050,184.90		14,050,184.90
	<u>\$ 48,305,961.01</u>	<u>34,255,776.11</u>	<u>14,050,184.90</u>

Net Debt \$14,050,184.90 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,894,705,551.33 = .485%.

## Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 101,314,694.30
Net Debt	14,050,184.90
Remaining Borrowing Power	<u>\$ 87,264,509.40</u>

The Township of Galloway School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

# **NOTES TO FINANCIAL STATEMENTS** **YEARS ENDED DECEMBER 31, 2016 AND 2015**

## **Note 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2016 and 2015, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017 and 2016 were as follows:

		<u>2017</u>	<u>2016</u>
Current Fund	\$	4,710,000.00	4,375,000.00
Sewer Utility		796,085.00	690,500.00

## **Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the Township had no deferred charges.

## **Note 10: SCHOOL TAXES**

The Township is responsible for levying, collecting and remitting school taxes for the Galloway Township Board of Education and the Township's share of the Greater Egg Harbor Regional High School District.

Local District School Tax in the amounts of \$31,456,759.00 and \$31,407,242.00 have been raised for the 2016 and 2015 calendar years and have been remitted or are due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service. Regional High School Tax in the amounts of \$18,174,976.00 and \$17,928,159.00 have been raised for the 2016 and 2015 calendar years and have been remitted or are due to the school district.

Fund balance is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31, and for the regional high school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015, and decreased by the amount deferred at December 31, 2016. GAAP would require the recording of deferred revenue. The following schedule illustrates school taxes payable and school taxes deferred at December 31 for the last two years.

	<u>12/31/2016</u>	<u>12/31/2015</u>
Balance of Tax	\$ 8,190,048.30	8,057,814.50
Deferred	6,400,000.00	6,400,000.00
Regional High School Tax Payable	<u>\$ 1,790,048.30</u>	<u>1,657,814.50</u>

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

### Note 11: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance 12/31/2016	Balance 12/31/2015
Prepaid Taxes	\$ 819,460.46	734,882.92
Cash Liability for Taxes Collected in Advance	\$ 819,460.46	734,882.92

### Note 12: PENSION FUNDS

#### Description of Plans

Substantially all of the Township's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at -

<http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

#### Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

#### Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

#### Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43: 15c-1 et seq. Currently there are nine individuals enrolled in DCRP.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

### Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.06% through June 30, 2016 and 7.13% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 7.13% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2016, 2015, and 2014 were \$445,956.80, \$413,178.00 and \$400,226.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The Township's contributions to PFRS for the years ended December 31, 2016, 2015, and 2014 were \$1,138,859.00, \$1,090,239.00 and \$1,170,310.00.

The total payroll for the year ended December 31, 2016, 2015 and 2014 was \$9,776,891.22, \$9,390,278.62 and \$9,063,089.16. Payroll covered by PFRS was \$4,545,352.00, \$4,430,790.00 and \$4,433,212.00. Payroll covered by PERS was \$3,598,539.00, \$3,432,009.00 and \$3,432,437.00.

### Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2014, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015**

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to  $1/60^{\text{th}}$  from  $1/55^{\text{th}}$ , and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a  $1/7^{\text{th}}$  of the required amount, beginning in fiscal years 2013.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

### **Note 13: PENSION LIABILITIES**

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2016:

#### **Public Employees' Retirement System**

The Municipality has a liability of \$14,814,471.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.05001993970%, which would be a decrease of .88% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$402,514.00. At December 31, 2016, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:



**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 275,504	
Changes of assumptions	3,068,767	
Changes in proportion	43,213	(424,358)
Net difference between projected and actual earnings on pension plan investments	564,889	
Total	<u>\$ 3,952,373</u>	<u>(424,358)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2017	\$	798,412
2018		798,412
2019		912,749
2020		763,819
2021		254,624
Total	<u>\$</u>	<u>3,528,015</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

### *Discount Rate*

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2016 AND 2015

fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.98%) or 1-percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Municipality's proportionate share of the net pension liability	17,753,717.48	14,814,471.00	12,390,473.60

*Pension plan fiduciary net position.*

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

#### Police and Firemen's Retirement System

The Municipality has a liability of \$25,797,736.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.13504859310%, which would be a decrease of 3.61% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$350,385.00. At December 31, 2016, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience		(169,108)
Changes of assumptions	3,573,198	
Changes in proportion		(2,000,131)
Net difference between projected and actual earnings on pension plan investments	1,807,595	
Total	\$ 5,380,793	(2,169,239)

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2016	\$	776,595
2017		776,595
2018		1,030,770
2019		603,848
2020		23,746
Total	\$	<u>3,211,554</u>

### Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

***Discount Rate***

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their 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 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
District's proportionate share of the net pension liability	\$ 32,795,545	25,797,736	20,093,736

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under 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 June 30, 2016 State special funding situation net pension liability amount of \$1,604,141,087.00, is the accumulated differences 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, 2016 State special funding situation pension expense of \$204,886,666.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.13504859310% for 2016. The net pension liability amount allocated to the Municipality was \$2,166,370.00. For the fiscal year ending June 30, 2016 State special funding situation pension expense of \$276,697.00 is allocated to the Municipality.

*Pension plan fiduciary net position.*

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

### **Note 14: POST-RETIREMENT BENEFITS**

**Plan Description** The Township of Galloway contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015**

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at to <http://www.state.nj.us/treasury/pensions/shbp.htm>

### **Note 15: ACCRUED SICK AND VACATION BENEFITS**

The Township has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$1,390,038.37 in 2016 and \$1,434,799.99 in 2015. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. Township employees are entitled to fifteen sick leave days each year. Vacation days are earned based on years of service. Employees are entitled to 10 vacation days for the first year of employment, 11 days for 2 through 5 years of service, 13 days for 6 through 10 years of service, 18 days for 11 through 19 years of service, and 20 days for 20 years or more of service. Sick and vacation days accumulated through December 31, 1991 have been credited to the employees and will be reimbursed at 100% of the employees' daily rate of pay upon retirement. Beginning January 1, 1992, unused sick leave may be accumulated and carried forward to subsequent years, and at retirement the employee will be reimbursed up to fifty percent of days not used, not to exceed the amount of \$10,000. Vacation days earned on or after January 1, 1992 may be carried over for one year only, unless extended by the Township Manager with the recommendation of the department head.

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. The balance of the fund was \$793,632.19 at December 31, 2016, and \$718,308.52 at December 31, 2015.

The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The Township does not accrue the liability.

### **Note 16: ECONOMIC DEPENDENCY**

The Township of Galloway is not economically dependent on any one business or industry as a major source of tax revenue for the Township.

### **Note 17: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The Township maintains commercial insurance coverage for property, liability. During the year ended December 31, 2016 and 2015 the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015**

The Township is a member of the Statewide Joint Insurance Fund (JIF) which also includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. The Township has a general liability limit of \$10,000,000 under JIF, and excess coverage which increases an additional \$5,000,000 under auto and general Liability.

### **Note 18: DEFERRED COMPENSATION**

Employees of the Township of Galloway may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the Township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

Two unrelated financial institutions administer the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township's legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The plans are administered by AXA Equitable and Empower Retirement.

### **Note 19: CONTINGENT LIABILITIES**

From time to time, the Township is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the Township's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

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# **NOTES TO FINANCIAL STATEMENTS** **YEARS ENDED DECEMBER 31, 2016 AND 2015**

## **Note 20: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2016, the following interfunds were included on the balance sheets of the various funds of the Township of Galloway and are expected to be returned within one year:

	Due From	Due To
Current Fund:		
Federal and State Grant Fund	\$ 60,000.00	
Sewer Utility Operating Fund		80.00
Inspection Escrow		0.44
Special Water Assessment Trust	31.77	
Federal and State Grant fund		
Current Fund		60,000.00
Trust Assessment Fund:		
Current Fund		31.77
Trust Fund:		
Current Fund - Inspection Escrow	0.44	
Sewer Operating:		
Current Fund	80.00	
	\$ <u>60,112.21</u>	<u>60,112.21</u>

The amounts due to the various funds relate to year end activity from the tax office not transferred over to the appropriate funds as of year end and the Current Fund providing funding for grants that are on the reimbursement basis but funds have not been received as of year end.

## **Note 21: SANITARY LANDFILL CLOSURE FUND**

The Township of Galloway owned and operated a municipal landfill until December 31, 1991, at which time the site was effectively closed for all operations. The Sanitary Landfill Facility Closure and Contingency Act Fund of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy.

At December 31, 2016, the Township had \$588,659.01 on deposit in a trust fund to comply with the aforementioned act. In addition, the Township also adopted a capital ordinance to provide additional funding for the closure plan. However, the escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with the closure are not known.

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015**

### **Note 22: LENGTH OF SERVICE AWARD PROGRAM**

During the 2000 calendar year, the voters of the Township of Galloway approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The Township appropriated \$135,338.00 in both the 2016 and 2015 budgets, for contributions to the LOSAP for volunteers who have met the established criteria.

The LOSAP is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Township subject only to the claims of the Township's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the Township, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The Township believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township's legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The Township of Galloway issues a separate unaudited financial report that includes the statement of net assets available for benefits for the LOSAP. The financial report may be obtained by contacting the Township of Galloway, 300 E. Jimmie Leeds Road, Galloway Township, New Jersey.

### **Note 23: SUBSEQUENT EVENTS**

The Township has evaluated subsequent events through May 19, 2017, the date which the financial statements were available to be issued and identified no events requiring disclosure.

## SUPPLEMENTARY INFORMATION

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## Independent Auditor's Report

To the Honorable Mayor and  
Members of the Township Council  
Township of Galloway, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township of Galloway's basic financial statements, and have issued our report thereon dated May 19, 2017, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township of Galloway's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Galloway'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 Township's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Galloway'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ford, Scott & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Leon P. Costello*

Leon P. Costello  
Certified Public Accountant  
Registered Municipal Accountant  
No. 393

May 19, 2017

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Regular Fund	Grant Fund
Balance December 31, 2015	\$ 14,080,113.11	181,951.71
Increased by Receipts:		
Tax Collector	81,891,811.70	
Revenue Accounts Receivable	5,455,547.22	
Miscellaneous Revenue	468,392.06	
Due from State of N.J. Seniors/Veterans	332,750.00	
Unidentified Tax Receipt	100.00	
Due to State of N.J. -Marriage Licenses	5,475.00	
Due to State of N.J. - DCA Fees	43,438.00	
Reserve for Proceeds on Sale of Municipal Property	560.00	
Reserve for Capital Improvements	150,993.85	
Reserve for Tax Appeals	500,000.00	
Due to Water Assessment Fund	40.67	
Tax Overpayments	96,114.99	
Due from Sewer Operating	511.95	
Due from Current Fund		72,691.00
Federal and State Unallocated		7,106.38
Federal and State Receivables		708,340.01
	<u>88,945,735.44</u>	<u>788,137.39</u>
	103,005,848.55	970,089.10
Decreased by Disbursements:		
Current Year Appropriation	20,854,070.26	
Prior Year Appropriations	1,184,178.33	
Accounts Payable	29,259.06	
County Taxes	14,928,587.18	
Local District School Taxes	31,456,759.00	
Regional School Taxes	18,042,742.20	
Tax Overpayments	50,367.17	
Refund of Prior Year Revenue	6,359.00	
Due to State of N.J. -Marriage Licenses	4,300.00	
Due to State of N.J. - DCA Fees	34,804.00	
Due to Sewer Utility Operating Fund	591.95	
Due from Utility Capital	30,000.00	
Due from Payroll	256.74	
Due to Federal and State Grant Fund	72,691.00	
Reserve for Small Cities Revolving Loan Fund		14,520.00
Federal and State Disbursements		842,736.30
	<u>86,694,965.89</u>	<u>857,256.30</u>
Balance December 31, 2016	\$ <u>16,310,882.66</u>	<u>112,832.80</u>

**CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2015		\$	-
Increased by Receipts:			
Prepaid Taxes	\$	819,460.46	
Taxes Receivable		81,014,616.50	
Tax Title and Other Liens		57,734.74	
			<u>81,891,811.70</u>
			81,891,811.70
Payments to Treasurer			<u>81,891,811.70</u>
Balance December 31, 2016		\$	<u><u>-</u></u>



**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2015	Current Year Levy	Added Taxes	Collections by Cash 2015	2016	Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2016
Arrears	\$ 52,855.11				8,981.10	(49,928.97)	-	93,802.98
	52,855.11				8,981.10	(49,928.97)		93,802.98
2016		82,377,852.49	376,122.51	734,882.92	81,344,385.40	414,625.12	260,081.56	0.00
	52,855.11	82,377,852.49	376,122.51	734,882.92	81,353,366.50	364,696.15	260,081.56	93,802.98
<b>Analysis of Current Year Tax Levy</b>								
<b>Tax Yield:</b>								
<b>General Property Tax</b>								
<b>Added Taxes (54:4-63.1 et. Seq.)</b>								
<b>Tax Levy:</b>								
<b>General County Taxes</b>								
<b>County Library Taxes</b>								
<b>County Open Space Taxes</b>								
<b>County Health Taxes</b>								
<b>County Added and Omitted Taxes</b>								
<b>Total County Taxes</b>								
<b>Local School District Tax</b>								
<b>Additional Local School District Tax</b>								
<b>Regional School District Tax</b>								
<b>Local Tax for Municipal Purposes</b>								
<b>Add: Additional Tax Levied</b>								
<b>Cash Receipts</b>								
<b>Senior Citizens and Veterans</b>								
<b>82,753,975.00</b>								
<b>14,964,436.68</b>								
<b>31,456,759.00</b>								
<b>18,174,976.00</b>								
<b>18,157,803.32</b>								
<b>82,753,975.00</b>								

**CURRENT FUND  
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2015		\$	1,570,546.84
Increased by:			
Transfers from Taxes Receivable	\$	260,081.56	
Interest and Costs Accrued by Sale			
of December 19, 2016		<u>6,800.78</u>	<u>266,882.34</u>
			1,837,429.18
Decreased by:			
Collections		57,734.74	
Other - Cancelled		<u>-</u>	<u>57,734.74</u>
Balance December 31, 2016		\$	<u><u>1,779,694.44</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2015	Accrued in 2016	Collected	Balance Dec. 31, 2016
Licenses:				
Alcoholic Beverages				
Fees and Permits	\$ -	76,549.78	76,549.78	-
Fines and Costs:	-	144,296.00	144,296.00	-
Municipal Court				
Interest and Costs on Taxes	28,171.64	423,258.25	417,946.94	33,482.95
Interest Earned on Investments	-	284,737.68	284,737.68	-
Planning Board - Special Application Fees	-	42,377.23	42,377.23	-
Fire Subcode Official:	-	17,850.00	17,850.00	-
Fire Safety Rebated				
Fire Inspections	-	36,514.04	36,514.04	-
Cable Franchise Fees	-	42,675.00	42,675.00	-
Hotel Tax	-	135,760.44	135,760.44	-
Rental Inspections	-	465,186.67	465,186.67	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	-	100,140.00	100,140.00	-
Payments in Lieu of Taxes - Wildlife Refuge	-	2,566,342.00	2,566,342.00	-
Watershed Moratorium Offset	-	28,409.00	28,409.00	-
Garden State Preservation Trust Fund	-	7,708.00	7,708.00	-
Uniform Construction Code Fees	-	7,234.00	7,234.00	-
Communications - Dispatch Agreement	-	552,001.00	552,001.00	-
Atlantic County				
Mullica	-	-	-	-
Contribution - Richard Stockton College	-	204,819.44	204,819.44	-
	-	325,000.00	325,000.00	-
<b>\$</b>	<b>28,171.64</b>	<b>5,460,858.53</b>	<b>5,455,547.22</b>	<b>33,482.95</b>

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT:</b>					
General Administration					
Salaries and Wages	\$ 9,064.02	9,064.02	-	9,064.02	-
Other Expenses	14,066.37	14,066.37	1,115.20	12,951.17	-
Mayor and Council					
Other Expenses	829.50	829.50	-	829.50	-
Township Clerk					
Salaries and Wages	35,636.76	35,636.76	-	35,636.76	-
Other Expenses	27,770.52	27,770.52	93.83	27,676.69	-
Financial Administration					
Salaries and Wages	4,551.57	4,551.57	-	4,551.57	-
Other Expenses	18,173.08	18,173.08	1,493.65	16,679.43	-
Revenue Administration (Tax Collection)					
Salaries and Wages	8,712.36	8,712.36	-	8,712.36	-
Other Expenses	35,647.42	35,647.42	33,112.20	2,535.22	-
Tax Assessment Administration					
Salaries and Wages	49,277.81	49,277.81	-	49,277.81	-
Other Expenses	9,755.73	9,755.73	-	9,755.73	-
Legal Services					
Other Expenses	70,921.16	70,921.16	6,208.87	64,712.29	-
Engineering Services and Costs					
Other Expenses	16,610.50	16,610.50	530.25	16,080.25	-
Municipal Court					
Salaries and Wages	20,819.58	20,819.58	-	20,819.58	-
Other Expenses	6,761.14	6,761.14	335.00	6,426.14	-
Municipal Prosecutor's Office					
Other Expenses	12,544.00	12,544.00	500.00	12,044.00	-
Planning Board					
Salaries and Wages	24,884.45	24,884.45	-	24,884.45	-
Other Expenses	10,525.70	10,525.70	34.16	10,491.54	-
Zoning Board of Adjustment					
Salaries and Wages	1,756.27	1,756.27	-	1,756.27	-
Other Expenses	3,353.19	3,353.19	305.72	3,047.47	-
Code Enforcement Administration					
Other Code Enforcement Functions	607.58	607.58	-	607.58	-

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>INSURANCE</b>					
Group Insurance Plan for Employees	820,097.48	820,097.48	446,280.81	373,816.67	-
Health Waivers					
Salaries and Wages	17,566.20	17,566.20	-	17,566.20	-
<b>PUBLIC SAFETY</b>					
Police Department					
Salaries and Wages	321,950.49	321,950.49		321,950.49	-
Other Expenses	87,521.97	87,521.97	22,113.06	65,408.91	-
Vehicles	151,712.50	151,712.50	150,599.88	1,112.62	-
Police Dispatch/911					
Salaries and Wages	51,087.62	51,087.62	2,684.33	48,383.29	-
Other Expenses	17,695.22	17,695.22		17,695.22	-
Office of Emergency Management					
Other Expenses	5,160.60	5,160.60	95.17	5,065.43	-
Fire Department					
Salaries and Wages	14,515.34	14,515.34		14,515.34	-
Other Expenses	61,171.75	61,171.75	30,335.85	30,835.90	-
<b>PUBLIC WORKS</b>					
Streets and Road Maintenance					
Salaries and Wages	45,264.24	45,264.24	30,127.14	15,137.10	-
Other Expenses	64,313.37	64,313.37	49,365.09	14,948.28	-
Other Public Works Functions					
Salaries and Wages	5,014.43	5,014.43	-	5,014.43	-
Other Expenses	13,886.83	13,886.83	546.88	13,339.95	-
Solid Waste Collection					
Salaries and Wages	1,038.78	1,038.78		1,038.78	-
Other Expenses	26,392.97	26,392.97	3,250.00	23,142.97	-
Buildings and Grounds					
Salaries and Wages	11,069.77	11,069.77	-	11,069.77	-
Other Expenses	31,910.88	31,910.88	10,404.18	21,506.70	-
Vehicle Maintenance					
Salaries and Wages	32,370.41	32,370.41	-	32,370.41	-
Other Expenses	92,094.15	92,094.15	21,196.32	70,897.83	-
Community Service Acts	6,593.16	6,593.16		6,593.16	-

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
HEALTH AND HUMAN SERVICE					
Environmental Health Services	3,000.00	3,000.00	-	3,000.00	-
PARKS AND RECREATION					
Maintenance of Parks					
Other Expenses	5,840.99	5,840.99	83.84	5,757.15	-
OTHER COMMON OPERATING FUNCTIONS					
Community and Recreation Services					
Salaries and Wages	29,635.75	29,635.75	-	29,635.75	-
Other Expenses	15,281.40	15,281.40	3,878.05	11,403.35	-
UNIFORM CONSTRUCTION CODE					
Code Enforcement & Administration					
Salaries and Wages	13,467.41	13,467.41	-	13,467.41	-
Other Expenses	3,825.06	3,825.06	215.87	3,609.19	-
Rental Inspections					
Salaries and Wages	984.04	984.04	-	984.04	-
UTILITY EXPENSES AND BULK PURCHASES					
Electric	43,090.78	43,090.78	8,785.79	34,304.99	-
Street Lighting	30,976.64	30,976.64	18,689.63	12,287.01	-
Telephone	18,818.92	18,818.92	284.23	18,534.69	-
Gas	4,986.81	4,986.81	1,449.49	3,537.32	-
Gasoline	191,931.31	191,931.31	-	191,931.31	-
Water	53,546.88	53,546.88	26,584.16	26,962.72	-
Telecommunications	10,699.26	10,699.26	-	10,699.26	-
Landfill/Solid Waste Disposal Costs	22,421.30	22,421.30	3,357.49	19,063.81	-
STATUTORY EXPENDITURES					
Contributions to:					
Public Employees' Retirement System	1,976.70	1,976.70	-	1,976.70	-
Social Security System (O.A.S.I.)	124,543.18	124,543.18	-	124,543.18	-
Unemployment Compensation Insurance	55,245.79	55,245.79	-	55,245.79	-
Defined Contribution Retirement Program	5,894.05	5,894.05	64.27	5,829.78	-
OPERATIONS EXCLUDED FROM "CAPS"					
Length of Service Award Program - Fire	34,167.97	34,167.97	7,300.93	26,867.04	-
Interlocal Municipal Service Agreements	44,403.40	44,403.40	-	44,403.40	-

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>CAPITAL IMPROVEMENTS</b>					
Improvements to Municipal Buildings & Property	371,179.50	371,179.50	5,387.00	365,792.50	
Purchase of Vehicles	267,818.84	267,818.84	252,120.00	15,698.84	
Tank Replacement & Clean-up	77,738.17	77,738.17	45,249.99	32,488.18	
<b>All Other Accounts - No Change</b>	<u>\$ 3,692,151.02</u>	<u>3,692,151.02</u>	<u>1,184,178.33</u>	<u>2,507,972.69</u>	<u>-</u>

**CURRENT FUND  
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX**

Balance December 31, 2015			
School Tax Payable	\$	1,657,814.50	
School Tax Deferred		<u>6,400,000.00</u>	
			\$ 8,057,814.50
Increased by:			
Levy - School Year July 1, 2016 to June 30, 2017			<u>18,174,976.00</u>
			26,232,790.50
Decreased by:			
Payments			<u>18,042,742.20</u>
Balance December 31, 2016			
School Tax Payable		1,790,048.30	
School Tax Deferred		<u>6,400,000.00</u>	
			<u>8,190,048.30</u>
Current Year Liability for Regional School District School Tax:			
Tax Paid			18,042,742.20
Tax Payable Ending			<u>1,790,048.30</u>
			19,832,790.50
Less: Tax Payable Beginning			<u>1,657,814.50</u>
Amount charged to Current Year Operations			<u>\$ 18,174,976.00</u>



**CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2015		
School Tax Payable	\$	
School Tax Deferred		
		<u>\$ -</u>
Increased by:		
Levy - School Year July 1, 2016 to June 30, 2017		<u>31,456,759.00</u>
		31,456,759.00
Decreased by:		
Payments		<u>31,456,759.00</u>
Balance December 31, 2016		
School Tax Payable		
School Tax Deferred		
		<u><u>-</u></u>
Current Year Liability for Local School District School Tax:		
Tax Paid		31,456,759.00
Tax Payable Ending		<u>-</u>
		31,456,759.00
Less: Tax Payable Beginning		<u>-</u>
Amount charged to Current Year Operations		<u><u>\$ 31,456,759.00</u></u>

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	Balance Dec. 31, 2015	Transferred From 2016 Revenues	Received	Canceled	Balance Dec. 31, 2016
<b>FEDERAL GRANTS:</b>					
OEM Hazard Mitigation Grant - FEMA	\$ 190,080.00	40,570.00			230,650.00
Bulletproof Vest Partnership	-	7,848.40	7,848.40		-
Community Development Block Grant	202,934.00	-	91,000.00		111,934.00
<b>Total Federal</b>	<b>393,014.00</b>	<b>48,418.40</b>	<b>98,848.40</b>	<b>-</b>	<b>342,584.00</b>
<b>STATE GRANTS:</b>					
Safe and Secure Communities Program	15,000.00	60,000.00	55,000.00		20,000.00
Municipal Alliance Program	22,088.00	22,763.00	22,088.00		22,763.00
Body Armor Fund	-	4,709.71	4,709.71		-
Clean Communities	-	102,782.07	102,782.07		-
Click-it-or Ticket	-	5,000.00	5,000.00		-
Flood Control Grant	107,462.00				107,462.00
Drunk Driving Enforcement Program	-	13,666.36	13,666.36		-
Recycling Tonnage Grant	-	54,921.94	54,921.94		-
Drive Sober or Get Pulled Over	5,000.00	10,000.00	10,000.00		5,000.00
NJ Transportation Trust Fund					
Collins Road	229,048.00		229,048.00		-
Great Creek Road, Phase IV	73,348.13		-		73,348.13
Great Creek Road, Phase V	-	190,000.00	-		190,000.00
NJDOT-Great Creek Road, Phase II	-		-		-
NJDOT-Great Creek Road, Phase III	-		-		-
NJ Forestry Service-No Net Loss Phase 2	90,600.00		90,600.00		493,800.00
NJ Forestry Service-No Net Loss Phase 3	533,700.00		39,900.00		-
Sustainable Jersey Grant - Solar		3,000.00	3,000.00		17,465.00
Pine Beetle Suppression Grant		17,465.00			-
Emergency Management Assistance	5,000.00	7,000.00	5,000.00		7,000.00
Emergency Management Assistance-EMAA					
<b>Total State</b>	<b>1,081,246.13</b>	<b>491,308.08</b>	<b>635,716.08</b>	<b>-</b>	<b>936,838.13</b>
<b>\$</b>	<b>1,474,260.13</b>	<b>539,726.48</b>	<b>734,564.48</b>	<b>-</b>	<b>1,279,422.13</b>

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2015		2016	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2016
	Appropriated	Reserve for Encumbrances	Appropriations				
<b>FEDERAL GRANTS:</b>							
FEMA-Hazardous Mitigation-Generator							
OEM Hazard Mitigation Grant - FEMA	189,868.00		40,570.00	194,368.00		-	36,070.00
Community Development Block Grant	111,934.00	91,000.00		91,000.00			111,934.00
Bulletproof Vest Partnership	3,683.00		7,848.40	11,531.40			
<b>Total Federal</b>	<b>305,485.00</b>	<b>91,000.00</b>	<b>48,418.40</b>	<b>296,999.40</b>	<b>-</b>	<b>-</b>	<b>148,004.00</b>
<b>STATE GRANTS:</b>							
New Jersey Transportation Trust Fund							
Safe Streets 2012	0.32	6,708.42		6,708.42			0.32
Safe Streets 2013	20,386.81	22,000.00		1,150.00	41,236.81		(0.00)
Great Creek Road, Phase IV			190,000.00	186,260.17	3,739.83		
Great Creek Road, Phase V				10,816.40			
Recycling Tonnage Grant	105,406.06	355.31	54,921.94	(112.85)			149,866.91
Drunk Driving Enforcement Program	32,486.54		13,666.36				46,265.75
Clean Communities Program	112,839.56	3,295.47	102,782.07	80,312.73	53.83		138,550.54
Safe and Secure Program			60,000.00	60,000.00			
Body Armor Fund	292.00		4,709.71	3,513.60	885.00		603.11
Municipal Drug Alliance Program	15,263.00		22,763.00	22,732.57			15,293.43
Local Share	5,408.74	184.00	5,691.00	5,694.09	295.84		5,293.81
NJ Forestry Service-No Net Loss Phase 2	72,100.00	585.75		72,100.00			585.75
NJ Forestry Service-No Net Loss Phase 3	451,200.00	66,100.00		31,048.10			486,251.90
Stormwater Management	5,022.04						5,022.04
Click-it-or Ticket			5,000.00	5,000.00			
Enhanced 911 General Assistance Grant	59,038.36			8,183.56			50,845.80
Driver Sober or Get Pulled Over	1,000.00		10,000.00	8,600.00			2,400.00
Reforestation Grant	1,159.82						1,159.82
Sustainable Jersey			3,000.00		653.20		2,346.80
Pine Beetle Suppression Grant			17,485.00	15,000.00			2,485.00
Emergency Management Assistance	24,542.50		14,000.00	5,495.10			33,047.40
DEP Flood Control Grant		95,557.01		23,325.01			72,232.00
<b>Total State</b>	<b>906,146.55</b>	<b>194,785.96</b>	<b>503,999.08</b>	<b>545,836.90</b>	<b>46,864.51</b>	<b>-</b>	<b>1,012,230.18</b>
<b>Total</b>	<b>1,211,631.55</b>	<b>285,785.96</b>	<b>552,417.48</b>	<b>842,736.30</b>	<b>46,864.51</b>	<b>-</b>	<b>1,160,234.18</b>

**CURRENT FUND**  
**SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred To 2016 Appropriations</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2016</u>
<b>FEDERAL GRANTS:</b>					
Bulletproof Vest Partnership	\$ 7,848.40	7,848.40	2,035.06	-	2,035.06
Total Federal	<u>7,848.40</u>	<u>7,848.40</u>	<u>2,035.06</u>	<u>-</u>	<u>2,035.06</u>
<b>STATE GRANTS:</b>					
Body Armor Grant	4,709.71	4,709.71	5,071.32	-	5,071.32
Drunk Driving Enforcement	13,666.36	13,666.36	-	-	-
Total State	<u>18,376.07</u>	<u>18,376.07</u>	<u>5,071.32</u>	<u>-</u>	<u>5,071.32</u>
	<u>\$ 26,224.47</u>	<u>26,224.47</u>	<u>7,106.38</u>	<u>-</u>	<u>7,106.38</u>

**TRUST FUND**  
**SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2015		\$	9,131.16
Increased By Receipts:			
Dog Licenses Fees	\$	12,492.80	
State License Fees		1,564.20	
Kennel License/Replacement Tags		50.00	
Late Fees		510.00	
			<u>14,617.00</u>
			23,748.16
Decreased By Disbursements:			
Animal Control Expenditures		12,660.00	
Due to State of New Jersey		1,556.40	
			<u>14,216.40</u>
Balance December 31, 2016		\$	<u>9,531.76</u>

TRUST FUND  
SCHEDULE OF OTHER TRUST CASH - TREASURER

	Other	Assessment
Balance December 31, 2015 - Treasurer	\$ 5,819,791.08	\$ 343,678.98
Balance December 31, 2015 - Collector	2,124,730.60	
	<u>7,944,521.68</u>	
Increased By Receipts:		
Insurance Funds:		
Workers' Compensation Insurance Fund		
General Liability Insurance Fund	88,626.61	
Reserve for Outside Lien Redemptions	215,454.98	
Reserve for Tax Premiums	1,857,627.59	
Funds Held in Escrow - Inspection Fees	1,387,100.00	
Funds Held in Escrow - Developer Escrow Fees	656,634.63	
Payroll Deductions	286,161.36	
Due from State - Payroll Trust	12,074,953.80	
Reserve for Compensated Absences	175,226.79	
Reserve for Special Law Enforcement	5,982.02	
Reserve for Housing Trust Fund	69,579.41	
Reserve for Utility Escrow Deposits	48,007.25	
Reserve for Community Events	258,232.81	
Reserve for Police Special Detail	96,197.50	
Reserve for Public Defender Trust	28,336.25	
Reserve for Uniform Fire Safety	2.94	
Reserve for Snow Removal	31,585.53	
Reserve for Landfill Closure	882.29	
Reserve for Parking Offenses Adjudication Act	14.00	
Assessments Receivable		12,332.85
Due from Current Fund	0.02	31.01
	<u>17,280,605.78</u>	<u>12,363.86</u>
	25,225,127.46	356,042.84

**TRUST FUND**  
**SCHEDULE OF OTHER TRUST CASH - TREASURER**

Decreased By Disbursements:			
Reserve for Escrow - Inspection Fees	741,465.13		
Developer Escrow Funds	227,358.87		
Payroll Deductions			
Insurance Funds:	12,075,137.93		
Workers' Compensation Insurance Fund			
General Liability Insurance Fund	60,109.38		
Reserve for Outside Lien Redemptions	93,918.70		
Reserve for Tax Premiums	1,848,798.45		
Reserve for Compensated Absences	1,513,400.00		
Reserve for Housing Trust Fund	99,903.12		
Reserve for Special Law Enforcement	150,648.72		
Reserve for Utility Escrow Deposits	26,313.30		
Reserve for Public Defender Trust	86,054.12		
Reserve for Community Events	32,950.00		
Reserve for Snow Removal	230,435.68		
Reserve for Police Special Detail	20,000.00		
Due to EHC - Tax Collector Special	88,528.52		
Due to Current Fund	-		
		72.37	
Balance December 31, 2016		17,295,021.92	
		\$ 7,930,105.54	
Balance December 31, 2016 - Treasurer		\$ 5,922,845.78	
Balance December 31, 2016 - Collector		2,007,259.76	
		\$ 7,930,105.54	
			\$ 355,970.47
			72.37

**TRUST ASSESSMENT FUND**  
**ANALYSIS OF CASH**

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
	Assessments	Misc.	Assessments	Misc.	From	To	
Due to/ (from) Current Fund							
Assessments Receivable	12,163.05	31.01		72.37		0.76	31.77
Assessment Lien Receivable							(57,756.93)
Assessment Overpayments	169.80				0.76		(682.60)
Reserve for Assessments and Liens							3,790.38
Assessment Fund Balance	12,332.85	31.01		72.37	0.76		109,961.86
							300,625.99
							<u>343,678.98</u>
							<u>355,970.47</u>



**TRUST ASSESSMENT FUND**  
**STATEMENT OF ASSESSMENTS RECEIVABLE**

Ord. Num.	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2015	Collected	Transferred to Lien	Balance Dec. 31, 2016	Due General Capital Fund	Balance Pledged to Reserve
1360	Construction and Extension of the Water Distribution System into Absecon Highlands III, Sub-Basin II	12/13/2011	10	03/1/12-21	69,919.98	12,163.05	-	57,756.93	-	57,756.93
				\$	69,919.98	12,163.05	-	57,756.93	-	57,756.93

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2015		\$	9,131.16
Increased By:			
Dog Licenses Fees Collected	\$	12,492.80	
Kennel License/Replacement Tags		50.00	
Late Fees Collected		510.00	
			<u>13,052.80</u>
			22,183.96
Decreased By Disbursements:			
Animal Control Expenditures		12,660.00	
			<u>12,660.00</u>
Balance December 31, 2016		\$	<u>9,523.96</u>

## License Fees Collected

Year

2014	13,901.20
2015	14,052.20
\$	<u>27,953.40</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2015		\$	-
Increased By:			
Collected in 2016	\$	<u>1,564.20</u>	<u>1,564.20</u>
			<u>1,564.20</u>
Decreased By:			
Paid to State of New Jersey		<u>1,556.40</u>	<u>1,556.40</u>
Balance December 31, 2016		\$	<u><u>7.80</u></u>

**GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2015		\$ 1,880,892.07
Increased by:		
Bond Anticipation Notes	\$ 4,000,000.00	
Capital Improvement Fund	250,000.00	
Due from Current Fund	246,500.00	
Premium on Sale of Bond Anticipation Notes	38,280.00	
	<hr/>	<hr/> 4,534,780.00
		6,415,672.07
Decreased by:		
Improvement Authorization	1,772,910.91	
	<hr/>	<hr/> 1,772,910.91
Balance December 31, 2016		\$ <u><u>4,642,761.16</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2015	Receipts		Improvement Authorizations	Disbursements		Transfers		Balance Dec. 31, 2016
		Miscellaneous	Debt Issued		Improvement Authorizations	Miscellaneous	From	To	
Fund Balance									
Capital Improvement Fund	\$ 258,710.00	38,280.00							327,391.91
Due From Current Fund	305,784.93	250,000.00						30,401.91	555,784.93
Reserve for Preliminary Expenses	500.00						246,500.00		
Reserve for Purchase of Fire Truck	5,825.00						500.00		
Reserve for Purchase of Bus	24,076.91						24,076.91		
Contracts Payable	352,879.68						352,879.68		
								537,441.78	537,441.78
Improvement Authorizations:									
1032 Closure/Expansion of Landfill	379,464.64				10,586.08		5,553.89		
1432 Various Improvements	9,937.03				1,740.70		8,186.33		
1505 Various Improvements	21,045.00						21,045.00		
1565 Various Improvements									
1611 Various Capital Improvements	543,473.14				134,355.24		439,923.33		
1617 Drainage Improvements and Pedestrian Paths	29,563.43						31,663.43	30,705.43	
1660 Various Capital Improvements	186,439.59				53,234.79		158,098.77	2,100.00	
1718 Various Capital Improvements	594,971.36				94,611.53		501,559.83	44,894.97	
1839 Various Capital Improvements	305,470.36				(5,303.84)		324,153.13	1,200.00	(0.00)
1880 Tax Appeal Refunding	85,422.80							13,378.93	
1897 Various Capital Improvements	(1,222,673.78)				1,443,413.97		672,840.54		85,422.80
1924 Various Fire Equipment	20,002.00				24,998.00			4,998.00	1,393,753.87
1945 Various Capital Improvements					15,294.44		13,467.92	1,392,261.48	2.00
									1,363,499.13
	<u>\$ 1,880,892.07</u>	<u>534,780.00</u>	<u>4,000,000.00</u>		<u>1,772,910.91</u>	<u>-</u>	<u>2,805,984.84</u>	<u>2,805,984.84</u>	<u>4,642,761.16</u>

**GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2015		\$	305,784.93
Increased by:			
Current Fund Budget Appropriation	\$	250,000.00	
		<hr/>	<hr/>
			250,000.00
			555,784.93
Decreased by:			
Financed Improvement Authorization		<hr/>	<hr/>
Balance December 31, 2016		\$	<u><u>555,784.93</u></u>

**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2015		\$ 12,130,968.93
Increased by:		
None	\$ -	
	<hr/>	<hr/>
		12,130,968.93
Decreased by:		
Serial Bonds Paid	2,065,000.00	
NJ Environmental Infrastructure Loan Paid	5,519.00	
Green Trust Loan Paid	10,265.03	
	<hr/>	<hr/>
		2,080,784.03
Balance December 31, 2016		\$ <u>10,050,184.90</u>

**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord #	Improvement Description	Analysis of Balance				Unexpended Improvement Authorizations
		Balance Dec. 31, 2015	2016 Authorizations	Raised in 2016 Budget	Balance Dec. 31, 2016	
1882	Tax Appeal Refunding	\$ 700,000.00		700,000.00	4,000,000.00	1,393,753.97
1897	Various Capital Improvements	4,246,500.00		246,500.00	4,000,000.00	
		<u>\$ 4,946,500.00</u>	<u>-</u>	<u>946,500.00</u>	<u>4,000,000.00</u>	<u>1,393,753.97</u>
Improvement Authorizations Unfunded						
					1,393,753.97	
Less:						
Unexpended Proceeds of Bond						
Anticipation Notes Issued:						
	Ord. Number					
	1897	Various Capital Improvements				1,393,753.97
						<u>1,393,753.97</u>



## Exhibit C - 7

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2015		Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Reappropriated by Ordinance	Balance December 31, 2016	
				Funded	Unfunded					Funded	Unfunded
1032	Closure and Expansion of Landfill	2/26/1991	7,625,000	\$ 379,464.64						379,464.64	
1432	Various Capital Improvements	8/6/2000	803,347	9,937.03				1,740.70	8,196.33		
1505	Various Capital Improvements	5/26/2002	2,433,950	21,045.00					21,045.00		
1611	Various Capital Improvements	6/26/2005	7,622,310	543,473.14				134,355.24	408,117.90		
1617	Drainage Improvements and Pedestrian Paths	8/6/2005	79,570	26,563.43							
1660	Various Capital Improvements	7/11/2006	3,403,528	168,438.59					29,563.43		
1718	Various Capital Improvements	7/10/2007	3,560,000	594,971.36				53,234.79	113,204.80		
1839	Various Capital Improvements	6/26/2011	818,810	305,470.38				94,611.53	500,356.83		
1880	Tax Appeal Refunding	10/6/2013	1,560,000	85,422.80				(5,303.84)	310,774.20		
1897	Various Capital Improvements	11/12/2014	4,470,000		3,023,826.22			1,630,072.25		85,422.80	
1824	Various Fire Equipment	11/10/2015	25,000	20,002.00				20,000.00		2.00	
1845	Various Capital Improvements	8/16/2016	1,392,261					28,762.36	(1,392,261.49)		
				\$ 2,155,799.35	\$ 3,023,826.22					1,393,753.87	
								1,957,473.03	-	1,828,388.57	
								1,772,910.91			
								(352,678.66)			
								537,441.78			
								1,957,473.03			

**GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
General Obligation Bonds of 2011	9/1/2011	11,000,000	9/1/2017	900,000.00	2.500%	\$ 8,100,000.00		850,000.00	7,250,000.00
			9/1/2018	960,000.00	3.000%				
			9/1/2019	1,000,000.00	3.000%				
			9/1/2020	1,100,000.00	3.000%				
			9/1/2021	1,290,000.00	2.500%				
			9/1/2022	1,300,000.00	2.625%				
Refunding Bonds of 2011	9/1/2011	1,595,000	9/1/2023	700,000.00	3.000%				
			12/1/2017	290,000.00	2.000%	595,000.00		305,000.00	290,000.00
Refunding Bonds of 2012	12/1/2012	4,265,000	12/1/2017	900,000.00	3.000%	3,280,000.00		910,000.00	2,370,000.00
			12/1/2018	790,000.00	3.000%				
			12/1/2019	680,000.00	3.000%				
						\$ 11,975,000.00	-	2,065,000.00	9,910,000.00

**GENERAL CAPITAL FUND**  
**SCHEDULE OF GREEN TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
Ponzio Park	2002	\$ 150,000	2017	10,471.35	2.000%	\$ 70,523.93		10,265.03	60,258.90
			2018	10,661.82					
			2019	10,896.53					
			2020	11,115.56					
			2021	11,338.97					
			2022	5,754.67					
						<u>\$ 70,523.93</u>	<u>-</u>	<u>10,265.03</u>	<u>60,258.90</u>

**GENERAL CAPITAL FUND**  
**SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			December 31, 2016						
			Date	Amount					
Wrangleboro Road Fund Loan	12/16/2011	\$ 81,951	2017-2029	\$ 4,167.00	0.000%	\$ 62,452.00		4,167.00	58,295.00
			2030	4,124.00					
Wrangleboro Road Trust Loan	12/16/2011	30,000	2017	1,360.00	0.790%	22,983.00		1,352.00	21,631.00
			2018	1,371.00	1.020%				
			2019	1,384.00	1.250%				
			2020	1,402.00	1.520%				
			2021	1,423.00	1.740%				
			2022	1,448.00	1.900%				
			2023	1,475.00	2.050%				
			2024	1,506.00	2.170%				
			2025	1,538.00	2.290%				
			2026	1,574.00	2.390%				
			2027	1,611.00	2.920%				
			2028	1,658.00	3.000%				
			2029	1,708.00	3.080%				
			2030	1,760.00	3.130%				
			2031	413.00	3.190%				
					\$	85,445.00	-	5,519.00	79,926.00

**GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Tax Appeal Notes-2013	1882	12/19/2013	12/16/2015	12/15/2016	1.110% \$	700,000.00		700,000.00	
Various Capital Improvements	1897	8/26/2016	8/26/2016	8/22/2017	2.000%	-	4,000,000.00		4,000,000.00
					\$	<u>700,000.00</u>	<u>4,000,000.00</u>	<u>700,000.00</u>	<u>4,000,000.00</u>

**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Raised in Budget	Balance Dec. 31, 2016
1897	Various Capital Improvements	\$ 4,246,500.00		4,000,000.00	246,500.00	-
		<u>\$ 4,246,500.00</u>	<u>-</u>	<u>4,000,000.00</u>	<u>246,500.00</u>	<u>-</u>

**SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2015	\$ 3,175,623.25	1,785,085.10
Increased by Receipts:		
Collector	6,108,604.34	
Miscellaneous Revenue	401,247.50	61,831.40
Bond Anticipation Notes Issued		2,020,000.00
Utility Overpayments	24,261.13	
Due from Current Fund	591.95	
	<u>6,534,704.92</u>	<u>2,081,831.40</u>
	9,710,328.17	3,866,916.50
Decreased by Disbursements:		
Current Year Appropriation	5,769,397.46	
Prior Year Appropriations	100,093.90	
Accrued Interest on Bonds and Notes	160,206.11	
Due from Current Fund	80.00	
Improvement Authorizations		668,482.76
	<u>6,029,777.47</u>	<u>668,482.76</u>
Balance December 31, 2016	\$ <u>3,680,550.70</u>	<u>3,198,433.74</u>

**SEWER UTILITY CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2015	Receipts		Improvement Authorizations	Disbursements		Transfers		Balance Dec. 31, 2016
		Miscellaneous	Debit Issued		Improvement	Miscellaneous	From	To	
<b>Fund Balance</b>									
Capital Improvement Fund	\$ 941,050.46	19,331.40							960,381.86
Contracts Payable	145,068.25	12,500.00					417,180.40	455,350.20	157,568.25
Reserve for Payment of Bonds/Notes	417,180.40								455,350.20
	15,070.51								15,070.51
<b>Improvement Authorizations:</b>									
1661 Various Sewer Improvements				21,420.80				21,420.80	
1840 Various Sewer Improvements	178,929.60			123,782.04			16,333.37	25,323.83	64,138.02
1898 Various Sewer Improvements	(367,663.60)		2,020,000.00	438,085.21			135,168.75	318,593.65	1,397,676.09
1916 Various Sewer Improvements	10,832.14			8,567.00			14,450.64	12,185.50	
1919 Various Sewer Improvements	444,617.34			75,151.71			289,156.94	39,656.62	119,965.31
1936 George St. Manhole Replacement		30,000.00		1,476.00			240.50		28,283.50
	<b>\$ 1,785,085.10</b>	<b>61,831.40</b>	<b>2,020,000.00</b>	<b>668,482.76</b>		<b>-</b>	<b>872,530.80</b>	<b>872,530.80</b>	<b>3,198,433.74</b>



**SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2015		\$ 8,306.61
Increased by Receipts:		
Consumer Accounts Charges and Levies	\$ 6,152,668.39	
		<u>6,152,668.39</u>
		6,160,975.00
Decreased by Disbursements:		
Collections	6,108,604.34	
Overpayments Applied	15,659.69	
Transfers to Liens	1,155.00	
Other	26,508.86	
		<u>6,151,927.89</u>
Balance December 31, 2016		<u>\$ 9,047.11</u>

**SEWER UTILITY OPERATING FUND  
SCHEDULE OF UTILITY LIENS**

Balance December 31, 2015		\$ 4,691.06
Increased by Receipts:		
Transferred from Consumer Accounts Receivable	\$ 1,155.00	
Penalties and Costs	-	
		<u>1,155.00</u>
		5,846.06
Decreased by Disbursements:		
Collections		
		<u>5,846.06</u>
Balance December 31, 2016		<u>\$ 5,846.06</u>

**SEWER UTILITY OPERATING FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 167,513.90	167,513.90	38.62	167,475.28	-
Other Expenses	591,331.29	591,331.29	100,055.28	491,276.01	-
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	0.30	0.30	-	0.30	-
Social Security System (O.A.S.I.)	17,826.49	17,826.49	-	17,826.49	-
Unemployment Compensation Insurance	2,793.19	2,793.19	-	2,793.19	-
	<u>\$ 779,465.17</u>	<u>779,465.17</u>	<u>100,093.90</u>	<u>679,371.27</u>	<u>-</u>

**SEWER UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES**

Balance December 31, 2015	\$ 41,834.83
Increased by:	
Budget Appropriations	\$ 168,000.00
	<u>168,000.00</u>
	209,834.83
Decreased By:	
Payments of Debt Service Interest	160,206.11
	<u>160,206.11</u>
Balance December 31, 2016	\$ <u><u>49,628.72</u></u>

Analysis of Accrued Interest December 31, 2016

	Principal Outstanding December 31, 2016	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
\$	1,095,000	4.00%	12/15/16	12/31/16	15	1,825.00
	330,000	2.50%	09/01/16	12/31/16	120	2,750.00
	340,000	2.63%	09/01/16	12/31/16	120	2,980.67
	1,490,000	3.00%	09/01/16	12/31/16	120	14,900.00
	210,000	2.00%	12/01/16	12/31/16	30	350.00
	345,000	3.00%	12/01/16	12/31/16	30	862.50
	<u>3,810,000</u>					<u>23,668.17</u>
<u>NJEIT Loans</u>						
	10,000	3.00%	08/01/16	12/31/16	150	125.00
	10,000	3.50%	08/01/16	12/31/16	150	145.83
	80,000	4.00%	08/01/16	12/31/16	150	1,333.33
	20,000	5.00%	08/01/16	12/31/16	150	416.66
	<u>465,000</u>	5.00%	08/01/16	12/31/16	150	<u>9,687.50</u>
	585,000					<u>11,708.32</u>
<u>Bond Anticipation Notes</u>						
\$	2,020,000.00	2.00%	8/23/2016	12/31/2016	127	<u>14,252.22</u>
Total Accrued Interest at December 31, 2016						<u><u>49,628.72</u></u>

94

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Outstanding December 31, 2016	Amount					
Refunding Bonds of 2001	9/1/2001	3,790,000				4.750%	\$ 315,000.00		315,000.00	-
Refunding Bonds of 2006	1/18/2006	5,225,000	12/15/2017	550,000.00		4.000%	1,595,000.00		500,000.00	1,095,000.00
			12/15/2018	545,000.00		4.000%				
Sewer Bonds of 2011	9/1/2011	3,100,000	9/1/2017	240,000.00		3.000%	2,380,000.00		220,000.00	2,160,000.00
			9/1/2018	280,000.00		3.000%				
			9/1/2019	310,000.00		3.000%				
			9/1/2020	330,000.00		2.500%				
			9/1/2021	340,000.00		2.825%				
			9/1/2022	340,000.00		3.000%				
			9/1/2023	340,000.00		3.000%				
Refunding Bonds of 2011	9/1/2011	1,295,000	12/1/2017	210,000.00		2.000%	465,000.00		255,000.00	210,000.00
Refunding Bonds of 2012	12/1/2012	560,000	12/1/2017	110,000.00		3.000%	445,000.00		100,000.00	345,000.00
			12/1/2018	120,000.00		3.000%				
			12/1/2019	115,000.00		3.000%				
							\$ 5,200,000.00	-	1,390,000.00	3,810,000.00

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS**

Ord. Number	Purpose	Date of Issue	Amount of Original Issue*	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
				Date	Amount					
1785	Sanitary Sewer Improvements (Trust Loan)	3/10/2010	150,000	2017-2018 2019	5,000.00	5.000%	\$ 125,000.00		5,000.00	120,000.00
				2020	10,000.00	4.000%				
				2021	10,000.00	3.000%				
				2022-2025 2026	10,000.00	4.000%				
				2027-2029	10,000.00	3.500%				
					10,000.00	4.000%				
1785	Sanitary Sewer Improvements (Fund Loan)	3/10/2010	444,817	2017-2018 2019	22,617.81	0.000%	83,597.41		22,617.81	60,979.60
					15,743.98					
1785/1806	Sanitary Sewer Improvements (Fund Loan)	12/2/2010	869,106	2017-2024 2025	44,191.83	0.000%	406,318.46		44,191.83	362,126.63
					8,591.99					
1785/1806	Sanitary Sewer Improvements (Trust Loan)	12/2/2010 (due 8/1)	810,000	2017-2019 2020-2021	35,000.00	5.000%	495,000.00		30,000.00	465,000.00
				2022-2023	40,000.00	5.000%				
				2024-2026 2027	45,000.00	5.000%				
					50,000.00	5.000%				
					40,000.00	5.000%				
							\$ 1,109,915.87		101,809.64	1,008,106.23
							-			

\* Amounts may have had loan reductions during the course of its maturities

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Balance Dec. 31, 2016
1898	Various Sewer Capital Improvements	\$ 2,020,000.00		2,020,000.00	-
		<u>\$ 2,020,000.00</u>	<u>-</u>	<u>2,020,000.00</u>	<u>-</u>

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Various Sewer Improvements	1898	8/23/2016	8/23/2016	8/22/2017	2.000% \$	-	2,020,000.00		2,020,000.00
George St. Manhole Replacement	1936	5/10/2016	5/10/2016	5/9/2017	0.000%	-	30,000.00		30,000.00
					\$	-	2,050,000.00	-	2,050,000.00



**TOWNSHIP OF GALLOWAY**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2016**

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## **GENERAL COMMENTS**

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

N.J.S.A. 40A:11-4 states, "Every contract 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. Due to the Township having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$40,000.

The governing body of the Township of Galloway 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 a violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicate that bids were sought by public advertising for the following items:

- Road overlay program
- Great Creek Road reconstruction phase 5
- Electrical services
- Cleaning services
- HVAC services
- Concrete and asphalt repair and disposal
- Athletic field repairs
- Sewage grinder
- Police department uniforms
- Rental equipment
- Fire apparatus maintenance
- Refurbish vehicle

### **Collection of Interest on Delinquent Taxes and Assessments**

The statutes provide the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

**BE IT RESOLVED** by the Council of the Township of Galloway, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the governing body inter alia to fix the rate of interest to be charged, in the Township of Galloway, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

**BE IT FURTHER RESOLVED** by the Council of the Township of Galloway, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the year 2016.

This Resolution shall take effect January 1, 2016.

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

#### **Delinquent Taxes and Tax Title Liens**

The tax sale was held and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens and utility liens receivable on December 31<sup>st</sup> of the last three years:

<u>Year</u>	<u>Tax Liens</u>	<u>Utility Liens</u>
2016	1440	64
2015	1403	64
2014	1343	62

It is essential to good management that all means provided by the statutes be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

#### **Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent taxes and charges as well as current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2016 and 2017 Taxes	25
Payment of 2016 and 2017 Sewer Charges	10
Delinquent Taxes	10
Delinquent Sewer Charges	5
Total	50

#### **Deposit of Municipal Funds**

N.J.S.A. 40A:5-15 states:

"All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository."

Our examination revealed that municipal funds were deposited within the mandated time.

## **FINDINGS AND RECOMMENDATIONS**

**None**

## **STATUS OF PRIOR RECOMMENDATIONS**

**None**

## **FINDINGS**

**None**

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call.

*Ford, Scott & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Leon P. Costello*  
Leon P. Costello  
Certified Public Accountant  
Registered Municipal Accountant  
No. 393

**May 19, 2017**

