

TOWNSHIP OF GALLOWAY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2014

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TOWNSHIP OF GALLOWAY

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2014



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of 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, New Jersey, as of December 31, 2014 and 2013, the related statements 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, 2014.

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 audits. We conducted our audits 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 a 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 American, 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, 2014 and 2013, or changes in financial position for the years the ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2014 and 2013, the regulatory basis statements of operations for the years the ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014 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

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, schedule of expenditures of state financial assistance as required by NJ OMB 04-04, 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 and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04, are the responsibility of management and were derived from and relate 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. In our opinion, the supplemental information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2015 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

April 16, 2015

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**EXHIBIT - A
CURRENT FUND**

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

	2014	2013
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 12,810,597.71	12,213,420.30
Cash - Change	1,500.00	1,500.00
Total Cash	12,812,097.71	12,214,920.30
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	25,667.24	21,167.24
Total Other Receivables	25,667.24	21,167.24
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	56,113.97	29,593.09
Tax Title and Other Liens	1,336,137.26	1,352,764.23
Property Acquired for Taxes - at Assessed Valuation	3,138,938.41	3,488,694.00
Property Deeded to Township	1,703,348.10	1,388,126.00
Revenue Accounts Receivable	25,812.95	25,978.11
Interfund Receivable:		
Trust Fund - Tax Collector Special	43.34	-
Total Receivables and Other Assets	6,260,394.03	6,285,155.43
Deferred Charges:		
Special Emergency Appropriation	570,000.00	760,000.00
Total Deferred Charges	570,000.00	760,000.00
Total Regular Fund	19,668,158.98	19,281,242.97
Federal and State Grant Fund:		
Cash	269,981.35	737,562.35
Federal and State Grants Receivable	1,576,616.47	2,055,552.73
Total Federal and State Grant Fund	1,846,597.82	2,793,115.08
Total Current Fund	\$ 21,514,756.80	22,074,358.05

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 2,213,268.02	2,339,789.18
Reserve for Encumbrances	1,105,598.73	906,758.67
Accounts Payable	64,357.10	64,357.10
Prepaid Taxes	737,242.96	890,787.93
Overpaid Taxes	3,586.00	49,426.47
Regional School Tax Payable	1,467,186.10	1,891,140.50
County Added Tax Payable	23,146.70	17,162.03
Due to State:		
Marriage Licenses	1,075.00	1,425.00
Civil Unions/Domestic Partnerships	-	75.00
Permit Surcharge Fees	14,641.00	4,073.00
Interfund Payable:		
Sewer Utility Operating Fund	785.14	839.02
Special Water Assessment Trust	58.32	263.14
General Capital Fund	-	658,361.70
Tax Collector Special Trust Fund	-	74,389.49
Other		
Unidentified Tax Receipt	248.28	268.18
Special Emergency Note Payable	-	760,000.00
Tax Appeals Payable	200,000.00	-
Revenue Refund Payable	-	35.00
Deposits for Trailer Courts	3,732.00	3,732.00
Deposits for Sale of Township Property	-	53,060.00
Reserve for Proceeds on Sale of Municipal Property	308,871.13	104,385.13
Reserve for Consolidated Municipal Property Tax Relief	-	9,664.00
Reserve for Reassessment	87,480.00	270,866.00
Reserve for Revision and Codification of Ordinances	4,312.26	4,312.26
	6,235,588.74	8,105,170.80
Reserve for Receivables and Other Assets	6,260,394.03	6,285,155.43
Fund Balance	7,172,176.21	4,890,916.74
Total Regular Fund	19,668,158.98	19,281,242.97
Federal and State Grant Fund:		
Unappropriated Reserves	69,315.46	45,040.78
Appropriated Reserves	1,505,162.65	2,078,079.35
Encumbrances Payable	135,803.85	520,230.09
Reserve for Small Cities Revolving Loan Fund	136,315.86	149,764.86
Total Federal and State Grant Fund	1,846,597.82	2,793,115.08
Total Current Fund	\$ 21,514,756.80	22,074,358.05

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	2014	2013
Revenue and Other Income Realized		
Fund Balance	\$ 2,000,000.00	1,490,000.00
Miscellaneous Revenue Anticipated	6,134,460.32	7,302,610.60
Receipts from Delinquent Taxes	321,112.76	175,464.32
Receipts from Current Taxes	79,398,761.93	74,677,386.70
Non Budget Revenue	361,810.23	1,002,381.57
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	2,296,252.59	1,494,046.24
Interfund Returned	-	628.96
Tax Appeal Refunding Proceeds	-	2,104,357.60
Cancellation of Overpayments	49,184.73	-
Accounts Payable & Reserves Cancelled	-	639,584.49
Cancellation of Grant Balances, net	-	140.00
Total Income	90,561,582.56	88,886,600.48
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	8,583,425.00	8,319,603.00
Other Expenses	7,035,673.00	7,118,123.34
Deferred Charges & Statutory Expenditures	2,310,502.00	2,321,918.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	60,000.00	191,065.49
Other Expenses	696,279.40	1,753,920.60
Capital Improvements	100,000.00	58,000.00
Debt Service	4,860,048.43	3,615,579.47
Deferred Charges	689,789.45	356,000.00
Local District School Tax	30,770,956.00	29,661,654.00
Regional District School Tax	17,482,015.00	16,582,281.00
County Tax	12,992,582.34	14,608,998.89
County Share of Added Tax	23,146.70	17,162.03
Refund of Prior Year's Revenue	120.00	-
Other:		
Tax Appeals Payable	560,000.00	-
Cancellation and Refund of Prior Year Taxes	102,242.43	69,211.62
Prior Year Senior Citizens Veterans Disallowed	13,500.00	5,000.00
Interfunds Advanced	43.34	-
Total Expenditures	86,280,323.09	84,678,517.44
Excess/(Deficit) in Revenue	4,281,259.47	4,208,083.04

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	2014	2013
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Emergency Appropriation	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	4,281,259.47	4,208,083.04
Fund Balance January 1	4,890,916.74	2,172,833.70
	9,172,176.21	6,380,916.74
Decreased by:		
Utilization as Anticipated Revenue	2,000,000.00	1,490,000.00
Fund Balance December 31	\$ 7,172,176.21	4,890,916.74

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Anticipated		Excess or
	Budget	N.J.S. 40A:4-87	(Deficit)
		Realized	
Fund Balance Anticipated	\$ 2,000,000.00	2,000,000.00	-
Total Fund Balance Anticipated	<u>2,000,000.00</u>	<u>2,000,000.00</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	30,000.00	58,855.88	28,855.88
Fees and Permits	135,000.00	162,608.00	27,608.00
Fines and Costs:			
Municipal Court	415,000.00	338,189.95	(76,810.05)
Interest and Costs on Taxes	200,000.00	385,427.49	185,427.49
Interest Earned on Investments	20,000.00	36,991.26	16,991.26
Planning Board - Special Application Fees	6,000.00	20,245.00	14,245.00
Payment in Lieu of Taxes - Brigantine Wildlife Refuge	27,000.00	28,409.00	1,409.00
Fire Safety Rebate	30,000.00	32,194.84	2,194.84
Fire Inspection	25,000.00	33,615.00	8,615.00
Road Openings	25,000.00	29,730.00	4,730.00
Cable TV Franchise Fee	122,000.00	122,625.16	625.16
Hotel Tax	420,000.00	468,864.02	48,864.02
Rental Inspections	75,000.00	96,725.00	21,725.00
Total Section A: Local Revenues	<u>1,530,000.00</u>	<u>1,814,480.60</u>	<u>284,480.60</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	-
Watershed Moratorium	7,708.00	7,708.00	-
Reserve for CMPTRA	9,664.00	9,664.00	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Total Section B: State Aid Without Offsetting Appropriations	2,590,948.00	-	-
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	280,000.00		269,181.00
Total Section C: Uniform Construction Code Fees	280,000.00	-	269,181.00
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations		190,000.00	
NJ Transportation Trust Fund Authority Act	37,281.69		190,000.00
Recycling Tonnage Grant	30,342.26		37,281.69
Drunk Driving Enforcement Fund		73,969.36	30,342.26
Clean Communities		22,763.00	73,969.36
Municipal Alliance on Alcoholism & Drug Abuse	10,870.00	60,000.00	33,633.00
Safe and Secure Communities Program		12,500.00	60,000.00
Drive Sober or Get Pulled Over		5,000.00	12,500.00
Emergency Management - EMMA Grant			5,000.00
Body Armor	6,094.09		6,094.09
Distracted Driving Campaign	5,000.00		5,000.00
Bulletproof Vest Partnership	1,665.00		1,665.00
Highway Traffic Safety - Click It or Ticket		4,000.00	4,000.00
Total Section F: Special Items - Public and Private Programs	91,253.04	368,232.36	459,485.40
Off-Set with Appropriations			-
Section G: Other Special Items			
Communications - Dispatch Agreement	17,863.10		17,863.10
Atlantic County	200,000.00		202,502.22
Mullica			2,502.22

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Contribution - Richard Stockton College	300,000.00		-
General Capital Fund Balance	200,000.00		-
Total Section G: Other Special Items	717,863.10	-	2,502.22
Total Miscellaneous Revenues:	5,210,064.14	368,232.36	556,163.82
Receipts from Delinquent Taxes	20,000.00		301,112.76
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	18,546,118.20		1,392,489.29
Total Amount to be Raised by Taxes for Support of Municipal Budget	18,546,118.20	-	1,392,489.29
Budget Totals	25,776,182.34	368,232.36	2,249,765.87
Non- Budget Revenues: Other Non- Budget Revenues:			361,810.23
\$	25,776,182.34	368,232.36	2,611,576.10

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	79,398,761.93
Less: Reserve for Tax Appeals Pending		<u>-</u>
Net Revenue from Collections		79,398,761.93
Allocated to:		
School, County and Other Taxes		<u>61,268,700.04</u>
Balance for Support of Municipal Budget Appropriations		18,130,061.89
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>1,808,545.60</u>
Amount for Support of Municipal Budget Appropriations		<u><u>19,938,607.49</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	\$	30,542.00
Tax Title Lien Collections		<u>290,570.76</u>

Total Receipts from Delinquent Taxes

321,112.76

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Tax Search Fees	770.00
Mercantile License	21,265.00
Improvement Searches	730.00
Code Enforcement Fees	14,463.00
Police Reports	7,738.00
FEMA Reimbursement	93,890.00
Sale of Recycling Material	6,317.00
Sale of Municipal Assets	15,066.00
Rental - Cell Phone Tower	36,718.00
Payments in Lieu of Taxes	93,221.62
Other	26,515.61
Senior and Vets Administration Fee	6,870.00
Port Republic - Senior Contribution	5,000.00
Police Tow Releases	16,370.00
Atlantic Electric Lease	10,000.00
Vendor Machine	928.00
Loading Fee - Wood Chips	2,375.00
Reimbursement of Prior Year and Rebates	<u>3,573.00</u>

Total Miscellaneous Revenue Not Anticipated:

361,810.23

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
\$	105,000.00	105,000.00	90,398.64		14,601.36	-
General Administration	81,000.00	81,000.00	44,825.06	936.57	35,238.37	-
Salaries and Wages						
Other Expenses						
Mayor and Council	63,324.00	63,324.00	63,324.00	681.00	1,365.96	-
Salaries and Wages	7,475.00	7,475.00	5,428.04			-
Other Expenses						
Township Clerk	143,700.00	143,700.00	123,233.45		20,466.55	-
Salaries and Wages	55,425.00	55,425.00	35,724.25	1,530.70	18,170.05	-
Other Expenses						
Financial Administration	183,600.00	183,600.00	171,967.35		11,632.65	-
Salaries and Wages	48,036.00	48,036.00	26,420.79	820.20	20,795.01	-
Other Expenses	25,000.00	25,000.00	25,000.00			-
Audit Services						
Revenue Administration (Tax Collector)	113,000.00	113,000.00	104,859.58		8,140.42	-
Salaries and Wages	48,277.00	63,277.00	26,893.80	34,334.30	2,048.90	-
Other Expenses						
Tax Assessment Administration	180,000.00	180,000.00	147,259.76		32,740.24	-
Salaries and Wages	60,000.00	45,000.00	24,525.95	7,206.90	13,267.15	-
Other Expenses						
Legal Services	250,000.00	250,000.00	170,022.82	17,226.11	62,751.07	-
Other Expenses						
Engineering Services and Costs	25,000.00	25,000.00	10,995.00	460.00	13,545.00	-
Other Expenses						
Municipal Court	268,500.00	268,500.00	233,033.19		35,466.81	-
Salaries and Wages	18,900.00	18,900.00	10,835.29	1,393.15	6,671.56	-
Other Expenses						
Municipal Prosecutor's Office	53,500.00	53,500.00	40,660.00		12,840.00	-
Other Expenses						
Planning Board	37,000.00	37,000.00	14,324.58		22,675.42	-
Salaries and Wages	12,889.00	12,889.00	1,589.15	12.50	11,287.35	-
Other Expenses						
Zoning Board of Adjustment	25,000.00	25,000.00	23,549.80		1,450.20	-
Salaries and Wages	11,710.00	11,710.00	10,555.45	255.00	899.55	-
Other Expenses						
Code Enforcement Administration	5,000.00	5,000.00	4,434.43		565.57	-
Other Code Enforcement Functions						
Insurance						

**OPERATIONS WITHIN "CAPS"
GENERAL GOVERNMENT:**

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Liability Insurance	450,000.00	450,000.00	450,000.00	-	-	-
Workers Compensation Insurance	600,000.00	600,000.00	600,000.00	-	-	-
Group Insurance Plan for Employees	2,200,000.00	2,200,000.00	1,303,713.66	382,024.27	514,262.07	-
Health Waivers	50,000.00	50,000.00	20,400.00	-	29,600.00	-
PUBLIC SAFETY						
Police						
Salaries and Wages	5,226,150.00	5,226,150.00	4,989,035.24		237,114.76	(0.00)
Other Expenses	613,125.00	613,125.00	253,987.81	286,659.97	72,477.22	-
Police Dispatch 911						
Salaries and Wages	622,785.00	622,785.00	579,046.29		43,738.71	-
Other Expenses	38,024.00	38,024.00	15,351.50	3,599.21	19,073.29	-
Office of Emergency Management						
Salaries and Wages	5,600.00	7,500.00	6,875.00		625.00	-
Other Expenses	5,000.00	3,100.00	1,497.99	1,138.25	463.76	-
Aid to Volunteer Fire Companies	150,000.00	150,000.00	150,000.00			-
Fire						
Salaries and Wages	83,500.00	83,500.00	67,773.30		15,726.70	-
Other Expenses	169,991.00	169,991.00	111,078.75	57,657.35	1,254.90	-
PUBLIC WORKS						
Streets and Road Maintenance						
Salaries and Wages	320,945.00	320,945.00	258,846.41		62,098.59	-
Other Expenses	140,210.00	140,210.00	57,325.16	74,552.99	8,331.85	-
Other Public Works Functions						
Salaries and Wages	119,827.00	119,827.00	118,032.49		1,794.51	(0.00)
Other Expenses	27,855.00	27,855.00	22,446.57	798.86	4,609.57	-
Solid Waste Collection - Recycling						
Salaries and Wages	170,274.00	175,774.00	174,931.58		842.42	0.00
Other Expenses	51,523.00	46,023.00	39,396.20	557.00	6,069.80	-
Buildings and Grounds						
Salaries and Wages	62,892.00	66,892.00	60,752.36		6,139.64	-
Other Expenses	114,300.00	110,300.00	57,456.20	25,367.28	27,476.52	-
Vehicle Maintenance						
Salaries and Wages	145,901.00	145,901.00	110,302.75		35,598.25	-
Other Expenses	390,000.00	390,000.00	252,513.51	81,957.79	55,528.70	-
Community Services Acts	30,000.00	30,000.00	12,881.70		17,118.30	-
HEALTH AND HUMAN SERVICE						
Environmental Health Services	3,000.00	3,000.00			3,000.00	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PARKS AND RECREATION						
Recreation Service and Programs						
Salaries and Wages	29,260.00	29,260.00	28,782.99		477.01	(0.00)
Other Expenses	50,927.00	50,927.00	36,862.15	10,797.80	3,267.05	0.00
Senior Services						
Salaries and Wages	30,495.00	30,495.00	28,235.89		2,259.11	-
Other Expenses	7,941.00	7,941.00	7,550.08	390.92		0.00
Maintenance of Parks						
Other Expenses	25,178.00	25,178.00	18,181.72	6,956.28	40.00	(0.00)
OTHER COMMON OPERATIONS						
Accumulated Leave	300,000.00	300,000.00	78,804.98		221,195.02	-
Celebration of Public Events						
Salaries and Wages	13,916.00	13,916.00	13,642.57		273.43	-
Other Expenses	10,000.00	10,000.00	8,573.00	580.44	846.56	-
Community Education						
Salaries and Wages	53,702.00	53,702.00	39,278.04		14,423.96	-
Other Expenses	18,245.00	18,245.00	6,612.09	11,445.66	187.25	-
UNIFORM CONSTRUCTION CODE						
Code Enforcement and Administration						
Salaries and Wages	267,654.00	267,654.00	252,004.48		15,649.52	-
Other Expenses	15,742.00	15,742.00	13,560.76	293.90	1,887.34	-
UNCLASSIFIED						
Utilities						
Electricity	175,000.00	165,000.00	115,559.92	25,468.75	23,971.33	-
Street Lighting	142,000.00	172,000.00	150,509.14	20,286.02	1,204.84	(0.00)
Telephone and Telegraph	65,000.00	55,000.00	30,422.54	2,444.35	22,133.11	-
Natural Gas	35,000.00	35,000.00	32,377.77	2,622.23	-	(0.00)
Gasoline	350,000.00	340,000.00	210,734.07	9,200.00	120,065.93	-
Water	345,000.00	345,000.00	288,806.54	26,650.00	29,543.46	-
Telecommunications	20,000.00	20,000.00	4,644.36	628.96	14,726.68	-
Landfill/Solid Waste Disposal Costs	51,800.00	51,800.00	28,396.72	8,664.02	14,739.26	-
TOTAL OPERATIONS WITHIN "CAPS"	15,619,098.00	15,619,098.00	12,517,044.66	1,105,598.73	1,996,454.61	(0.00)
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	15,619,098.00	15,619,098.00	12,517,044.66	1,105,598.73	1,996,454.61	(0.00)

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Detail:						
Salaries and Wages	8,572,025.00	8,583,425.00	7,778,294.72	-	805,130.28	(0.00)
Other Expenses	7,047,073.00	7,035,673.00	4,738,749.94	1,105,598.73	1,191,324.33	(0.00)
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	340,192.00	340,192.00	340,192.00			-
Social Security System (O.A.S.I.)	700,000.00	700,000.00	581,653.20		118,346.80	-
Unemployment Compensation Insurance	90,000.00	90,000.00	33,697.33		56,302.67	-
Police and Firemen's Retirement System	1,170,310.00	1,170,310.00	1,170,310.00			-
Defined Contribution Retirement Program	10,000.00	10,000.00	3,237.11		6,762.89	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,310,502.00	2,310,502.00	2,129,089.64	-	181,412.36	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	17,929,600.00	17,929,600.00	14,646,134.30	1,105,598.73	2,177,866.97	(0.00)
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Length of Service Award Program	135,338.00	135,338.00	109,841.92		25,496.08	-
Declared State of Emergency Costs for Snow Removal						
Salaries and Wages	20,735.00	20,735.00	20,735.00			-
Other Expenses	50,544.00	50,544.00	50,544.00			-
Uniform Construction Code						
Rental Inspections						
Salaries and Wages	35,000.00	35,000.00	33,838.23		1,161.77	(0.00)
Interlocal Municipal Service Agreements						
Bridgeton - Assessment	52,459.00	52,459.00	43,715.80		8,743.20	-
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	294,076.00	294,076.00	258,674.95	-	35,401.05	(0.00)

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues							
Drunk Driving Enforcement Fund	30,342.26		30,342.26	30,342.26			-
Body Armor	6,094.09		6,094.09	6,094.09			-
Municipal Alliance on Alcoholism and Drug Abuse							
County Share	10,870.00		33,633.00	33,633.00			-
Local Share	2,718.00		2,718.00	2,718.00			-
Bulletproof Vest Partnership	1,665.00		1,665.00	1,665.00			-
Clean Communities			73,969.36	73,969.36			-
New Jersey Transportation Trust Fund Authority Act			190,000.00	190,000.00			-
Safe and Secure Program							
Salaries and Wages			60,000.00	60,000.00			-
Recycling Tonnage Grant	37,281.69		37,281.69	37,281.69			-
Distracted Driving Campaign	5,000.00		5,000.00	5,000.00			-
Highway Traffic Safety - Click It or Ticket			4,000.00	4,000.00			-
Drive Sober or Get Pulled Over			12,500.00	12,500.00			-
Emergency Management - EMMA Grant			5,000.00	5,000.00			-
Total Public and Private Programs Off-Set by Revenues	93,971.04		462,203.40	462,203.40			-
Total Operations - Excluded from "CAPS"	388,047.04		756,279.40	720,878.35		35,401.05	(0.00)
Detail:							
Salaries and Wages			60,000.00	60,000.00			-
Other Expenses	388,047.04		696,279.40	660,878.35		35,401.05	(0.00)
(C) Capital Improvements							
Capital Improvement Fund	100,000.00		100,000.00	100,000.00			-
Total Capital Improvements	100,000.00		100,000.00	100,000.00			-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	2,590,000.00	2,590,000.00	2,590,000.00			-
Payment of Bond Anticipation Notes	1,731,667.00	1,731,667.00	1,731,667.00			-
Interest on Bonds	466,262.50	466,262.50	466,262.50			-
Interest on Notes	54,650.00	54,650.00	54,498.18			151.82
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	11,624.43	11,624.43	11,624.43			-
NJEIT Principal & Interest	5,996.32	5,996.32	5,996.32			-
Total Debt Service	4,860,200.25	4,860,200.25	4,860,048.43	-	-	151.82
(E) Deferred Charges						
Special Emergency Authorizations - 5 years	190,000.00	190,000.00	190,000.00			-
Deferred Charge to Future Taxation Unfunded						
Ord. 1467, 1568, 1632, 1689, 1807, 1939	65,116.66	65,116.66	65,116.66			-
Ord. 1784	434,672.79	434,672.79	434,672.79			-
Total Deferred Charges	689,789.45	689,789.45	689,789.45	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,038,036.74	6,406,269.10	6,370,716.23	-	35,401.05	151.82
SUBTOTAL GENERAL APPROPRIATIONS	23,967,636.74	24,335,869.10	21,016,850.53	1,105,598.73	2,213,268.02	151.82
(M) Reserve for Uncollected Taxes	1,808,545.60	1,808,545.60	1,808,545.60			-
TOTAL GENERAL APPROPRIATIONS	\$ 25,776,182.34	26,144,414.70	22,825,396.13	1,105,598.73	2,213,268.02	151.82
Budget	\$ 25,776,182.34	25,776,182.34				151.82
Appropriations by 40A:4-87		368,232.36				(0.00)
		<u>26,144,414.70</u>				<u>151.82</u>
Reserve for Uncollected Taxes		\$ 1,808,545.60				
Federal and State Grants		459,485.40				
Deferred Charges		190,000.00				
Disbursements		<u>20,367,365.13</u>				
		<u>22,825,396.13</u>				

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**EXHIBIT - B
TRUST FUND**

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
<u>Animal Control Fund</u>		
Cash	\$ 7,969.96	7,719.86
	<u>7,969.96</u>	<u>7,719.86</u>
<u>Assessment Fund</u>		
Cash	303,465.13	183,715.79
Due from Current Fund	58.32	263.14
Assessments Receivable	109,287.66	224,693.20
Assessment Liens Receivable	682.60	1,938.13
	<u>413,493.71</u>	<u>410,610.26</u>
<u>Other Funds</u>		
Cash - Treasurer	4,996,116.30	4,948,312.37
Cash - Collector	2,765,414.58	1,620,954.59
Due from Taxpayer	855.55	855.55
Due from State-Payroll Trust	489.06	-
Due from Current Fund- Tax Collector Special	-	74,389.49
Due from Sewer Utility Operating Fund-Tax Collector Special	-	796.70
Due from Sewer Utility Operating Fund- Utility Escrow Trust	-	7,669.67
	<u>7,762,875.49</u>	<u>6,652,978.37</u>
	<u>8,184,339.16</u>	<u>7,071,308.49</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2014</u>	<u>2013</u>
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	7,969.96	7,713.26
Due to State of New Jersey	-	6.60
	<u>7,969.96</u>	<u>7,719.86</u>
<u>Assessment Fund</u>		
Reserve for Assessments & Liens	109,970.26	226,630.55
Assessment Overpayments	2,897.46	-
Fund Balance	300,625.99	183,979.71
	<u>413,493.71</u>	<u>410,610.26</u>
<u>Other Funds</u>		
Due to Current Fund:		
Special Tax Collector	43.34	-
Due to EHC- Tax Collector Special	2,866.90	-
Funds Held in Escrow	2,055,251.89	2,149,516.26
Premiums Received at Tax Sales	2,685,150.00	1,677,750.00
Deposits for Redemption of Tax Sale Certificates	78,209.89	19,246.33
Funds Held in Escrow - Developer Fees	229,913.64	126,316.55
Payroll Deductions and Taxes Payable	81,773.40	115,990.28
Reserves for:		
Community Events	122,109.96	115,440.09
Compensated Absences	164,051.05	103,185.10
General Liability Insurance Fund	139,686.44	84,613.82
Housing Trust Fund	804,246.03	895,271.57
Landfill Closure	586,895.75	586,016.09
Parking Offenses Adjudication Act	5,109.10	5,099.10
Police Special Detail	49,008.06	16,345.54
Public Defender Fees	14,859.65	20,854.15
Special Law Enforcement Fund	52,518.70	80,970.34
Uniform Fire Safety	1,938.52	1,935.59
Utility Escrow Deposits	377,200.21	410,293.16
Snow Removal	248,652.12	185,435.51
Workers Compensation	63,390.84	58,698.89
	<u>7,762,875.49</u>	<u>6,652,978.37</u>
	<u>\$ 8,184,339.16</u>	<u>7,071,308.49</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 3,833,607.67	3,559,640.69
Deferred Charges to Future Taxation -		
Funded	14,181,543.72	16,786,916.21
Unfunded	7,219,833.00	5,204,789.45
Interfunds and Receivables		
Due from Current Fund	-	658,361.70
	<u>25,234,984.39</u>	<u>26,209,708.05</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	1,824,132.54	863,091.65
Bond Anticipation Notes Payable	2,973,333.00	4,705,000.00
Serial Bonds Payable	14,010,000.00	16,600,000.00
Green Trust Loan Payable	80,586.72	90,451.21
NJEIT Loan Payable	90,957.00	96,465.00
Improvement Authorizations:		
Funded	2,252,225.40	3,117,751.56
Unfunded	3,558,852.89	12,224.70
Reserve for Purchase of Fire Truck	5,825.00	5,825.00
Reserve for Preliminary Expenses	500.00	500.00
Reserve for Purchase of Bus	24,076.91	-
Capital Improvement Fund	155,784.93	279,284.93
Fund Balance	258,710.00	439,114.00
	<u>\$ 25,234,984.39</u>	<u>26,209,708.05</u>

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

2013	499,789.45
2014	4,246,500.00

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

	<u>2014</u>	<u>2013</u>
Beginning Balance January 1	\$ 439,114.00	274,625.68
Increased by:		
Funded Improvement Authorization Canceled	-	130,750.00
Premium on Sale of Bonds/BANs	19,596.00	17,406.25
Return of Cost of Issuance	-	17,425.07
Decreased by:		
Appropriated to 2014 Budget Revenue	200,000.00	-
NJEIT Receivable Cancelled	-	1,093.00
Ending Balance December 31	<u>\$ 258,710.00</u>	<u>439,114.00</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

EXHIBIT - D
SEWER UTILITY FUND

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

	2014	2013
ASSETS		
Operating Fund:		
Cash	\$ 2,618,587.72	2,113,422.50
Interfunds and Receivables		
Due from Current Fund	785.14	839.02
	2,619,372.86	2,114,261.52
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	10,138.74	6,186.73
Utility Liens	4,308.39	4,390.69
	14,447.13	10,577.42
Total Operating Fund	2,633,819.99	2,124,838.94
Capital Fund:		
Cash - Treasurer	2,132,460.70	2,540,510.63
Interfunds and Receivables		
Due from Sewer Utility Operating	-	4,800.00
Fixed Capital	32,461,588.24	32,461,588.24
Fixed Capital - Authorized and Uncompleted	6,551,258.00	4,531,258.00
Total Capital Fund	41,145,306.94	39,538,156.87
	\$ 43,779,126.93	41,662,995.81

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	2014	2013
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 797,109.99	578,273.56
Reserve for Encumbrances	47,476.23	45,936.63
Utility Overpayments	53,194.13	19,901.93
Accrued Interest on Bonds and Notes	47,669.75	54,016.67
Interfunds:		
Due to Current Fund-Tax Collector	-	796.70
Due to Utility Escrow	-	7,669.67
Due to Sewer Utility Capital	-	4,800.00
Reserve for Maintenance of Pump Stations	3,167.00	3,167.00
Reserve for EPA Funds	14,765.00	14,765.00
	963,382.10	729,327.16
Reserve for Receivables	14,447.13	10,577.42
Fund Balance	1,655,990.76	1,384,934.36
 Total Operating Fund	 2,633,819.99	 2,124,838.94
Capital Fund:		
Contracts Payable	132,313.03	142,707.63
Serial Bonds Payable	6,585,000.00	7,910,000.00
N.J. E.I.T. Loans Payable	1,211,725.51	1,313,535.15
Improvement Authorizations:		
Funded	761,764.85	1,038,913.78
Unfunded	2,019,693.60	137,500.00
Reserve for Amortization	28,401,237.73	26,163,444.94
Deferred Reserve for Amortization	794,883.00	657,383.00
Reserve for Debt Service	15,070.51	15,070.51
Capital Improvement Fund	282,568.25	270,068.25
Fund Balance	941,050.46	1,889,533.61
 Total Capital Fund	 41,145,306.94	 39,538,156.87
	\$ 43,779,126.93	41,662,995.81

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

2013	948,483.15
2014	2,020,000.00

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized		
Fund Balance	\$ 500,000.00	500,000.00
Rents	6,059,865.31	6,191,454.89
Sewer Capital Fund Balance	948,483.15	-
Miscellaneous Revenue Anticipated	123,664.40	107,020.81
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	584,558.01	250,840.54
Total Income	<u>8,216,570.87</u>	<u>7,049,316.24</u>
Expenditures		
Operations	4,625,656.00	4,451,175.00
Capital Improvements	12,500.00	12,500.00
Debt Service	1,702,641.72	1,725,569.53
Deferred Charges & Statutory Expenditures	1,104,517.15	162,514.00
Other Charges to Income:		
Refund of Prior Year Revenue	199.60	-
Total Expenditures	<u>7,445,514.47</u>	<u>6,351,758.53</u>
Excess/(Deficit) in Revenue	<u>771,056.40</u>	<u>697,557.71</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	<u>771,056.40</u>	<u>697,557.71</u>
Fund Balance January 1	<u>1,384,934.36</u>	<u>1,187,376.65</u>
Decreased by:	2,155,990.76	1,884,934.36
Utilization as Anticipated Revenue	<u>500,000.00</u>	<u>500,000.00</u>
Fund Balance December 31	<u>\$ 1,655,990.76</u>	<u>1,384,934.36</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	<u>2014</u>	<u>2013</u>
Beginning Balance January 1	\$ 1,889,533.61	992,634.62
Increased by:		
Premiums on sale of Bonds Reclassified	-	66,093.00
Funded Improvement Authorizations Cancelled	-	959,623.33
Refund of Cost of Issuance	-	2,153.66
Decreased by:		
Surplus budgeted in Current Fund	948,483.15	
Cancellation of Receivable	-	130,971.00
Ending Balance December 31	<u>\$ 941,050.46</u>	<u>1,889,533.61</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 500,000.00	500,000.00	-
Rents	5,908,000.00	6,059,865.31	151,865.31
Miscellaneous	100,000.00	123,664.40	23,664.40
Sewer Capital Fund Balance	948,483.15	948,483.15	-
	<u>\$ 7,456,483.15</u>	<u>7,632,012.86</u>	<u>175,529.71</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	6,038,341.00
Overpayments Applied	19,901.93
Liens Collected	837.24
Due from Current	785.14
	<u>6,059,865.31</u>

Miscellaneous

Interest on Rents	35,187.14
Interest on Investments	8,438.15
Connection Permits	78,278.70
Miscellaneous	1,760.41
	<u>123,664.40</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 1,110,054.00	1,110,054.00	912,115.01		197,938.99	
Other Expenses	3,515,602.00	3,515,602.00	2,891,959.62	47,476.23	576,166.15	
	<u>4,625,656.00</u>	<u>4,625,656.00</u>	<u>3,804,074.63</u>	<u>47,476.23</u>	<u>774,105.14</u>	<u>-</u>
Capital Improvements:						
Capital Improvement Fund	12,500.00	12,500.00	12,500.00		-	
	<u>12,500.00</u>	<u>12,500.00</u>	<u>12,500.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	1,325,000.00	1,325,000.00	1,325,000.00		-	-
Interest on Bonds	287,000.00	287,000.00	280,832.08		(0.00)	6,167.92
NJEIT Loan Principal Payments	101,810.00	101,810.00	96,809.64		-	5,000.36
	<u>1,713,810.00</u>	<u>1,713,810.00</u>	<u>1,702,641.72</u>	<u>-</u>	<u>(0.00)</u>	<u>11,168.28</u>
Deferred Charges and Statutory Expenditures:						
Improvement Authorizations Funded	948,483.15	948,483.15	948,483.15		-	-
Public Employees' Retirement System	60,034.00	60,034.00	60,034.00		-	-
Social Security System	90,000.00	90,000.00	69,902.45		20,097.55	
Unemployment Compensation Insurance	6,000.00	6,000.00	3,092.70		2,907.30	
	<u>1,104,517.15</u>	<u>1,104,517.15</u>	<u>1,081,512.30</u>	<u>-</u>	<u>23,004.85</u>	<u>-</u>
	<u>\$ 7,456,483.15</u>	<u>7,456,483.15</u>	<u>6,600,728.65</u>	<u>47,476.23</u>	<u>797,109.99</u>	<u>11,168.28</u>
		Cash Disbursements	6,319,896.57			
		Accrued Interest	280,832.08			
			<u>6,600,728.65</u>			

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Balance <u>December 31, 2014</u>	Balance <u>December 31, 2013</u>
<u>Assets</u>		
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	12,754,538.00	12,803,943.81
	<hr/>	<hr/>
Total General Fixed Assets	<u>17,819,334.00</u>	<u>17,868,739.81</u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Investment in General Fixed Assets	\$ <u>17,819,334.00</u>	<u>17,868,739.81</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2014 AND 2013

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 entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The entity 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, 2014 AND 2013

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 entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity'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 entity 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 entity 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, 2014 AND 2013

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 entity 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 entity. 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 entity 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, 2014 AND 2013

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 entity'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 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2013. The provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$1,808,546 and \$1,692,526. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$2,000,000 and \$1,490,000. In addition, the entity 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 entity. 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 2014 and 2013 statutory budgets was \$500,000 and \$500,000.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 2014 and 2013 calendar years:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
<u>Current Fund:</u>		
Revenue Administration		
Other Expenses	15,000	-
Tax Assessment		
Other Expenses	(15,000)	-
Electric	(10,000)	-
Group Insurance		-
Water	-	10,000
Police Dispatch		
Salaries and Wages	-	15,000
Other Expenses	-	(15,000)
Streets & Roads		
Other Expenses	-	8,000
Vehicle Maintenance		
Other Expenses	-	(15,000)

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

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 2014 and 2013, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
Emergency Management	\$ 5,000	-
Click-It or Ticket	4,000	-
Distracted Driving	-	2,000
Clean Communities Program	73,969	78,865
FEMA-Hazardous Mitigation	-	142,080
Drive Sober or Get Pulled Over	12,500	4,400
NJ Transportation Trust Fund Authority Act	190,000	387,000
NJ Forestry Service	-	624,300
Community Development Block Grant	-	145,494
Municipal Alliance	22,763	-
Safe and Secure	60,000	-

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 entity 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, 2014 was \$570,000. During 2014, the Township did not approve any additional emergencies.

Note 3: 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, 2014 and 2013, \$162,004 and \$171,121 of the municipality's bank balance of \$30,001,402 and \$28,560,830 respectively was exposed to custodial credit risk.

Note 4: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2014 and 2013:

	Balance 12/31/2012	Additions	Retirements/ Adjustments	Balance 12/31/2013
Land	\$ 1,717,624	-	-	1,717,624
Building	3,347,172	-	-	3,347,172
Equipment and Machinery	13,580,791	549,787	(1,326,634)	12,803,944
	<u>\$ 18,645,587</u>	<u>549,787</u>	<u>(1,326,634)</u>	<u>17,868,740</u>

	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
Land	\$ 1,717,624			1,717,624
Building	3,347,172			3,347,172
Equipment and Machinery	12,803,944	275,522	(324,928)	12,754,538
	<u>\$ 17,868,740</u>	<u>275,522</u>	<u>(324,928)</u>	<u>17,819,334</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

Note 5: SHORT-TERM OBLIGATIONS

	Balance 12/31/12	Issued	Retired	Balance 12/31/13
Bond Anticipation Notes payable:				
Current Fund	\$ 950,000	760,000	(950,000)	760,000
General Capital	1,470,000	3,725,000	(490,000)	4,705,000
	<u>\$ 2,420,000</u>	<u>4,485,000</u>	<u>(1,440,000)</u>	<u>5,465,000</u>
	Balance 12/31/13	Issued	Retired	Balance 12/31/14
Bond Anticipation Notes payable:				
Current Fund	\$ 760,000	-	(760,000)	-
General Capital	4,705,000	2,973,333	(4,705,000)	2,973,333
	<u>\$ 5,465,000</u>	<u>2,973,333</u>	<u>(5,465,000)</u>	<u>2,973,333</u>

The note was issued on 12/17/14 and is due and payable on 12/16/15 with interest at 1.25%. As of December 31, 2014, the Township has authorized but not issued bonds or notes in the amount of \$4,246,500 and \$2,020,000 in the General Capital Fund and Utility Capital Fund respectively.

Note 6: LONG TERM DEBT

Long-term debt as of December 31, 2014 and 2013 consisted of the following:

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General	\$ 19,155,000	-	2,555,000	16,600,000	2,590,000
Utility	9,235,000	-	1,325,000	7,910,000	1,325,000
Total	<u>\$ 28,390,000</u>	<u>-</u>	<u>3,880,000</u>	<u>24,510,000</u>	<u>3,915,000</u>
Other liabilities:					
Loans Payable	\$ 210,426		23,510	186,916	15,372
Utility Loans	1,415,345		101,810	1,313,535	101,810
Compensated Absences Payable	2,903,180	-	500,235	2,402,945	-
Total long-term liabilities	<u>\$ 32,918,951</u>	<u>-</u>	<u>4,505,555</u>	<u>28,413,396</u>	<u>4,032,182</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	Balance 12/31/13	Issued	Retired/Adj.	Balance 12/31/14	Amounts Due Within One Year
Bonds payable:					
General	\$ 16,600,000		2,590,000	14,010,000	2,035,000
Utility	7,910,000	-	1,325,000	6,585,000	1,385,000
Total	<u>\$ 24,510,000</u>	<u>-</u>	<u>3,915,000</u>	<u>20,595,000</u>	<u>3,420,000</u>
Other liabilities:					
Loans Payable	\$ 186,916		-	186,916	15,575
Utility Loans	1,313,535		101,810	1,211,725	101,810
Compensated Absences Payable	<u>2,402,945</u>		<u>1,124,488</u>	<u>1,278,457</u>	<u>-</u>
Total long-term liabilities	<u>\$ 28,413,396</u>	<u>-</u>	<u>5,141,298</u>	<u>23,272,098</u>	<u>3,537,384</u>

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

At December 31, 2014, bonds payable in the General Capital Fund consisted of the following individual issues:

\$10,400,000 General Improvement Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2007 through December 1, 2019, and bearing interest at rates varying from 3.50% to 4.250%. In 2013, \$4,200,000 was reduced per refunding bonds. The remaining balance of \$900,000 was paid off in 2014.

\$3,790,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2014, bearing interest at varying rates. The remaining balance of \$590,000 was paid off in 2014.

\$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, 2014 is \$8,900,000.

\$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, 2014 is \$905,000.

\$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, 2014 is \$4,205,000.

\$150,000 Green Trust Loan dated 2002, due in semi-annual installments through 2022. The balance remaining as of December 31, 2014, is \$80,587.

\$111,951 N.J. Environmental Infrastructure Loan dated 12/16/2011, due in semi-annual installments each March and September 1st, through 2031. The balance remaining as of December 31, 2014, is \$90,957.

At December 31, 2014, 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, 2014 is \$630,000.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

\$1,300,000 Sewer Utility Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2007 through December 1, 2019, and bearing interest at rates varying from 3.50% to 4.250%. In 2013, \$550,000 was reduced per refunding bonds. The remaining balance of \$100,000 was paid off in 2014.

\$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, 2014 is \$2,100,000.

\$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, 2014 is \$2,580,000.

\$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, 2014 is \$725,000.

\$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, 2014 is \$550,000.

\$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, 2014 is \$130,000.

\$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, 2014 is \$106,215.

\$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, 2014 is \$450,510.

\$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, 2014 is \$525,000.

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

Year	General Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2015	\$ 2,035,000	376,338	1,385,000	212,281
2016	2,065,000	337,188	1,390,000	167,513
2017	2,090,000	284,063	1,110,000	120,225
2018	1,750,000	224,263	925,000	83,525
2019	1,000,000	171,763	425,000	50,325
2020-2023	5,070,000	296,225	1,350,000	97,500
	<u>\$ 14,010,000</u>	<u>1,689,840</u>	<u>6,585,000</u>	<u>731,369</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

Year	General Capital Green Trust		General Capital NJEIT	
	Principal	Interest	Principal	Interest
2015	\$ 10,063	1,562	5,512	484
2016	10,265	1,359	5,519	477
2017	10,471	1,153	5,527	469
2018	10,682	943	5,538	458
2019	10,897	728	5,551	444
2020-2024	28,209	852	28,089	1,891
2025-2029			28,924	1,055
2030-2031			6,297	81
	<u>\$ 80,587</u>	<u>6,597</u>	<u>90,957</u>	<u>5,359</u>

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

Year Ending December 31	Sewer Capital	
	Principal	Interest
2015	\$ 101,810	\$ 31,600
2016	101,810	29,850
2017	106,810	28,100
2018	106,810	26,100
2019	104,936	24,100
2020-2024	490,959	84,900
2025-2029	198,592	19,400
2030-2031	-	-
	<u>\$ 1,211,726</u>	<u>\$ 244,050</u>

As of December 31, 2014 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 \$520,761 and to the utility budget was \$280,832.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

<u>Summary of Municipal Debt</u>	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 17,154,877	21,491,916	20,835,426
Sewer Utility - Bonds and Notes	7,796,726	9,223,535	11,106,904
Total Issued	<u>24,951,602</u>	<u>30,715,451</u>	<u>31,942,330</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	-	-	347,237
Self-Liquidating Debt	15,071	15,071	76,364
Total Deductions	<u>15,071</u>	<u>15,071</u>	<u>423,600</u>
Net Debt Issued	<u>24,936,532</u>	<u>30,700,380</u>	<u>31,518,730</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	4,246,500	499,789	1,884,027
Sewer Utility - Bonds and Notes	2,020,000	948,483	3,274,942
Total Authorized But Not Issued	<u>6,266,500</u>	<u>1,448,272</u>	<u>5,158,969</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 31,203,031.70</u>	<u>32,148,652</u>	<u>36,677,699</u>

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 .678%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 4,455,000	4,455,000	-
Regional School District Debt	20,345,006	20,345,006	-
Sewer Utility Debt	9,816,725	9,816,725	-
General Debt	21,401,377	-	21,401,377
	<u>\$ 56,018,108</u>	<u>34,616,731</u>	<u>21,401,377</u>

Net Debt \$21,401,377 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,108,519,718 = .688%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 108,798,190
Net Debt	21,401,377
Remaining Borrowing Power	<u>\$ 87,396,813</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, 2014 AND 2013**

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2014 and 2013, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2015 and 2014 were as follows:

		<u>2015</u>	<u>2014</u>
Current Fund	\$	3,920,000*	2,000,000
Sewer Utility		500,000*	500,000

* As of the date of this report the Township's 2015 budget as not been finalized

Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2014</u>	<u>2015 Budget Appropriation</u>	<u>Balance to Succeeding</u>
Current fund:			
Special Emergency Appropriation-Reassessment	\$ 570,000	190,000	380,000
	<u>\$ 570,000</u>	<u>190,000</u>	<u>380,000</u>

Note 9: 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 \$30,770,956 and \$29,661,654 have been raised for the 2014 and 2013 calendar years and remitted or 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 \$17,482,015 and \$16,582,281 have been raised for the 2014 and 2013 calendar years and remitted or 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, 2013, and decreased by the amount deferred at December 31, 2014. GAAP would require the recording of a deferred revenue. The following schedule illustrates school taxes payable and school taxes deferred at December 31st for the last two years.

	<u>12/31/2014</u>	<u>12/31/2013</u>
Balance of Tax	\$ 7,867,186	8,291,141
Deferred	6,400,000	6,400,000
Regional High School Tax Payable	<u>\$ 1,467,186</u>	<u>1,891,141</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

Note 10: 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 12/31/14	Balance 12/31/13
Prepaid Taxes	\$ 737,243	890,788
Cash Liability for Taxes Collected in Advance	\$ 737,243	890,788

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the entity'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.

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.

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 6.64% through June 30, 2014 and 6.78% 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 7.87% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2014, 2013, and 2012 were \$400,226, \$443,427 and \$515,554.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2014 AND 2013

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 entity's contributions to PFRS for the years ended December 31, 2014, 2013, and 2012 were \$1,170,310, \$1,221,605 and \$1,431,851..

The total payroll for the year ended December 31, 2014, 2013 and 2012 was \$8,992,715, \$9,555,169 and \$10,091,994. Payroll covered by PFRS was \$4,433,212, \$4,448,825 and \$4,915,291. Payroll covered by PERS was \$3,432,437, \$3,466,107 and \$3,614,739.

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).

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 $\frac{1}{60}$ th from $\frac{1}{55}$ 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.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2014 AND 2013

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 1/7th 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 12: 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.

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 13: ACCRUED SICK AND VACATION BENEFITS

The entity 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 \$1,278,457 in 2014 and \$2,402,945 in 2013. 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.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2014 AND 2013

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 \$164,051 at December 31, 2014, and \$103,185 at December 31, 2013.

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 entity does not accrue the liability.

Note 14: 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 entity.

Note 15: RISK MANAGEMENT

The entity 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 entity maintains commercial insurance coverage for property, liability. During the year ended December 31, 2014 and 2013 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Statewide Joint Insurance Fund (JIF) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. The entity 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 16: 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 entity. 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 entity has an obligation of due care in selecting the third party administrator. In the opinion of the entity's legal counsel, the entity has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

Note 17: CONTINGENT LIABILITIES

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

Note 18: INTERFUND BALANCES

During the most current calendar year ended December 31, 2014, 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:		
Tax Title Lien Redemption Trust	\$ 43	-
Utility Operating		785
Special Water Assessment Trust		58
Trust Assessment Fund:		
Current Fund	58	
Trust Fund:		
Current - Tax Title Lien	-	43
Sewer Operating:		
Current Fund	785	
	\$ 887	887

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.

Note 19: 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, 2014, the Township had \$586,896 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.

Note 20: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through April 16, 2015, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT – GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and
Members of 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, of the Township of Galloway, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated April 16, 2015 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'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'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Ford, Scott & Associates, LLC

Ford, Scott & Associates, LLC
Certified Public Accountants

Leon P. Costello

Leon P. Costello, CPA
Registered Municipal Accountant
No. 393

April 16, 2015



FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of Township Council
Township of Galloway, New Jersey

Report on Compliance for Each Major State Program

We have audited Township of Galloway's compliance with the types of compliance requirements described in the *NJ OMB Circular 04-04 Compliance Supplement* that could have a direct and material effect on each of Township of Galloway's major state award programs for the year ended December 31, 2014. Township of Galloway's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Township of Galloway's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and NJ OMB Circular 04-04, *Audits of States, Local Governments*. Those standards, NJ OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Township of Galloway's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Township of Galloway's compliance.

Opinion on Each Major State Program

In our opinion, the Township of Galloway complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Township of Galloway is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Township of Galloway's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with NJ OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Township of Galloway's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of NJ OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of State Awards Required by NJ OMB Circular 04-04

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Galloway, New Jersey, as of December 31, 2014 and 2013, the related statements 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, 2014, and have issued our report thereon dated April 16, 2015, which contained an adverse opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of state awards are presented for purposes of additional analysis as required by NJ OMB Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

April 16, 2015

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**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor/Pass-Through Grantor/ Program Title	State Appropriation Number	From	Period	To	Cash Received	Amount of Expenditures	(Memo Only) Cumulative Expenditures
<u>Department of Transportation</u>							
Great Creek Road Reconstruction-Ph. I-Safe Sts	6320-480-078-6320-174-TTTT-6010		Open		\$ 188,250.00	251,000.00	251,000.00
Great Creek Road Reconstruction-Ph. II	6320-480-078-6320-174-TTTT-6010		Open			183,993.00	183,993.00
Great Creek Road Reconstruction Ph. III	6320-480-078-6320-174-TTTT-6010		Open			169,507.00	169,507.00
Total Department of Transportation					188,250.00	604,500.00	604,500.00
<u>Department of Environmental Protection and Energy:</u>							
Clean Communities	4900-765-042-4900-005-VCMC-6020	1/1/13	12/31/13		73,969.36	75,004.96	75,111.76
Recycling Tonnage Grant	1900-752-042-4900-001-V42Y-6020	1/1/14	12/31/14		37,281.69	-	-
Recycling Tonnage Grant	1900-752-042-4900-001-V42Y-6020	1/1/13	12/31/13			29,274.40	42,680.32
NJ Forestry Service-No Net Loss Phase 2	N/A	1/1/13	12/31/13			18,500.00	18,500.00
Reforestation Grant	100-042-4870-074	1/1/12	12/31/12			52,822.50	89,432.50
Flood Control Grant	N/A	1/1/10	12/31/10			640,897.00	640,897.00
Stormwater Management	4840-150-057500	1/1/09	open			2,211.77	2,211.77
Total Department of Environmental Protection and Energy					111,251.05	157,101.86	868,833.35
<u>Department of Law & Public Safety:</u>							
Body Armor Fund	1020-718-066-1020-001-YCJS-6120	1/1/14	12/31/14		6,094.09	2,303.15	2,303.15
Body Armor Fund	1020-718-066-1020-001-YCJS-6120	1/1/12	12/31/12			1,388.05	6,032.00
Body Armor Fund	1020-718-066-1020-001-YCJS-6120	1/1/13	12/31/13			5,316.12	5,316.12
Click-it-or Ticket		1/1/14	12/31/14		4,000.00	4,000.00	4,000.00
Distracted Driving Campaign		1/1/14	12/31/14		5,000.00	5,000.00	5,000.00
Drunk Driving Enforcement Fund	6400-100-078-6413	1/1/14	12/31/14		30,342.26		
Drunk Driving Enforcement Fund	6400-100-078-6413	1/1/12	12/31/12			21,092.23	23,844.98
Drive Sober or Get Pulled Over	N/A	1/1/13	12/31/13		5,000.00	9,200.00	9,200.00
Safe and Secure Communities Grant	100-066-1020-232-YCJS-6120	1/1/14	12/31/14		60,000.00	60,000.00	60,000.00
Total Department of Law & Public Safety					110,436.35	108,299.55	113,393.10
<u>Department of the Treasury</u>							
Municipal Alliance Program	475-995120-60	1/1/13	12/31/13		21,740.00	21,570.00	22,283.35
Total State Assistance					\$ 431,677.40	\$ 891,471.41	\$ 1,609,009.80

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014

Note 1: General

The accompanying schedule of expenditures of state awards, presents the activity of all state financial assistance programs of the Township of Galloway. The Township is defined in Note 1 to the Township's financial statements – regulatory basis.

Note 2: Basis of Accounting

The accompanying schedule of financial assistance is presented using the modified accrual basis of accounting, in accordance with the "Requirements of Audit", as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions, and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

Note 3: Relationship to Financial Statements

Amounts reported in the accompanying schedule agree with amounts reported in the Township's financial statements –regulatory basis. The financial statements – regulatory basis present the Grant Fund on a budgetary basis. The Grant Fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures, however, since no activity took place related to the encumbrances, a single audit was not required. The following reconciles the schedule of state financial assistance with the Township's grant fund:

	State		Total
Grant Fund	\$ 891,471	\$	891,471
Total Financial Assistance	\$ 891,471	\$	891,471

Note 4: Relationship to State Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related State financial report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2014

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Adverse Opinion in accordance with U.S. Generally Accepted Accounting Principles and Unmodified Opinion issued on the Financial Statements – Regulatory Basis of Accounting dated April 16, 2015.**

Internal control over financial reporting:

1) Material Weakness identified? **NO**

2) Significant deficiencies identified **NO**

Non-Compliance material to Financial Statements – Regulatory Basis noted? **NO**

State Awards

Internal control over major programs:

1) Material Weakness identified? **NO**

2) Significant deficiencies identified **NONE REPORTED**

Type of auditor's report issued on compliance for major programs: **Unmodified Opinion-Regulatory Basis issued on compliance for major programs, dated April 16, 2015.**

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? **NO**

Identification of major program(s): **13-480-078-6320-ALI-6010**
NJ Transportation Authority Act – DOT Grants

Dollar threshold used to distinguish between Type A and Type B Programs: **\$300,000**

Auditee qualified as low-risk Auditee? **NO**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2014
(CONTINUED)

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that are required to be reported. However, we have issued a Management Letter dated April 16, 2015.

III.

STATUS OF PRIOR YEAR FINDINGS

None

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Regular Fund	Grant Fund
Balance December 31, 2013	\$	12,213,420.30	737,562.35
Increased by Receipts:			
Tax Collector		79,209,915.72	
Revenue Accounts Receivable		5,664,774.91	
Miscellaneous Revenue		361,810.23	
Due from State of N.J. Seniors/Veterans		344,500.00	
Due to State of N.J. -Marriage Licenses		6,125.00	
Due to State of N.J. - DCA Fees		50,945.00	
Reserve for Proceeds on Sale of Municipal Property		151,426.00	
Due to Special Water Assessment Trust		768.99	
Due to Sewer Utility Operating Fund		785.14	
Due from Current Fund			2,718.00
Federal and State Unallocated			69,315.46
Federal and State Receivables			514,888.49
		85,791,050.99	586,921.95
		98,004,471.29	1,324,484.30
Decreased by Disbursements:			
Current Year Appropriation		20,367,365.13	
Prior Year Appropriations		950,295.26	
County Taxes		13,009,744.37	
Local District School Taxes		30,770,956.00	
Regional School Taxes		17,905,969.40	
Special Emergency Note Payable		760,000.00	
Reserve for Reassessment		183,386.00	
Reserve for Tax Appeals		360,000.00	
Tax Overpayments		241.74	
Unidentified Tax Receipt		19.90	
Revenue Refund Payable		35.00	
Refund of Prior Year Revenue		102,362.43	
Due to State of N.J. -Marriage Licenses		6,475.00	
Due to State of N.J.-Civil Unions/Domestic Partnerships		75.00	
Due to State of N.J. - DCA Fees		40,377.00	
Due to Sewer Utility Operating Fund		839.02	
Due to Trust Special Assessment		263.14	
Due to Tax Collector Special Trust Fund		74,389.49	
Due to Federal and State Grant Fund		2,718.00	
Due to General Capital - Tax Appeals		658,361.70	
Reserve for Small Cities Revolving Loan Fund			13,449.00
Federal and State Disbursements			1,041,053.95
		85,193,873.58	1,054,502.95
Balance December 31, 2014	\$	12,810,597.71	269,981.35

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

Balance December 31, 2013		\$	-
Increased by Receipts:			
Prepaid Taxes	\$	737,242.96	
Tax Overpayments		3,586.00	
Taxes Receivable		78,178,516.00	
Tax Title and Other Liens		290,570.76	
			79,209,915.72
			79,209,915.72
Payments to Treasurer			79,209,915.72
Balance December 31, 2014		\$	-

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

Year	Balance Dec. 31, 2013	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2014
				2013	2014			
Arrears \$								
2012 & Prior	9,825.14			9,825.14				-
2013	19,767.95			20,716.86		(11,250.43)		10,301.52
	29,593.09	-	-	30,542.00		(11,250.43)	-	10,301.52
2014		79,801,385.91	137,683.48	890,787.93	78,507,974.00	215,694.29	278,800.72	45,812.45
	\$	79,801,385.91	137,683.48	890,787.93	78,538,516.00	204,443.86	278,800.72	56,113.97

Cash Receipts
Senior Citizens and Veterans
78,178,516.00
360,000.00
78,538,516.00

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax 79,801,385.91
Added Taxes (54:4-63.1 et. Seq.) 137,683.48
79,939,069.39

Tax Levy:
General County Taxes 10,891,142.43
County Library Taxes 1,083,637.70
County Open Space Taxes 153,388.43
County Health Taxes 864,413.78
County Added and Omitted Taxes 23,146.70
Total County Taxes 13,015,729.04

Local School District Tax 30,770,956.00
Regional School District Tax 17,482,015.00

Local Tax for Municipal Purposes 18,546,118.20
Add: Additional Tax Levied 124,251.15
18,670,369.35
79,939,069.39

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

Balance December 31, 2013		\$ 1,352,764.23
Increased by:		
Transfers from Taxes Receivable	\$ 278,800.72	
Interest and Costs Accrued by Sale of December 16, 2014	1,760.55	
		280,561.27
		1,633,325.50
Decreased by:		
Collections	290,570.76	
Other - Cancelled	6,617.48	
		297,188.24
Balance December 31, 2014		\$ 1,336,137.26

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2013	in 2014	Treasurer	Other	Dec. 31, 2014
Licenses:					
Alcoholic Beverages	\$ -	58,855.88	58,855.88		-
Fees and Permits	-	162,608.00	162,608.00		-
Fines and Costs:					
Municipal Court	25,978.11	338,024.79	338,189.95		25,812.95
Interest and Costs on Taxes	-	385,427.49	385,427.49		-
Interest Earned on Investments	-	36,991.26	36,991.26		-
Planning Board - Special Application Fees	-	20,245.00	20,245.00		-
Fire Subcode Official:					
Fire Safety Rebated	-	32,194.84	32,194.84		-
Fire Inspections	-	33,615.00	33,615.00		-
Road Openings	-	29,730.00	29,730.00		-
Cable Franchise Fees	-	122,625.16	122,625.16		-
Hotel Tax	-	468,864.02	468,864.02		-
Rental Inspections	-	96,725.00	96,725.00		-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	-	2,566,342.00	2,566,342.00		-
Payments in Lieu of Taxes - Wildlife Refuge	-	28,409.00	28,409.00		-
Watershed Moratorium Offset	-	7,708.00	7,708.00		-
Garden State Preservation Trust Fund	-	7,234.00	7,234.00		-
Uniform Construction Code Fees	-	549,181.00	549,181.00		-
Communications - Dispatch Agreement					
Atlantic County	-	17,863.10	17,863.10		-
Mullica	-	202,502.22	202,502.22		-
General Capital Fund Balance	-	200,000.00	200,000.00		-
Reserve for CMPTRA	-	9,664.00	9,664.00		-
Contribution - Richard Stockton College	-	300,000.00	300,000.00		-
	<u>\$ 25,978.11</u>	<u>5,674,809.76</u>	<u>5,674,974.92</u>	<u>-</u>	<u>25,812.95</u>
		Cash Receipts \$ 5,664,774.91			
		Reserve for CMPTRA 9,664.00			
		Due from Trust Special Assessment 536.01			
		<u>\$ 5,674,974.92</u>			

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:					
General Administration					
Salaries and Wages	\$ 16,859.56	16,859.56		16,859.56	-
Other Expenses	8,495.62	8,495.62	670.44	7,825.18	-
Human Resources					
Salaries and Wages	14,178.65	14,178.65		14,178.65	-
Mayor and Council					
Other Expenses	1,060.68	1,060.68	100.00	960.68	-
Township Clerk					
Salaries and Wages	3,096.43	3,096.43		3,096.43	-
Other Expenses	9,072.22	9,072.22	4,493.79	4,578.43	-
Financial Administration					
Salaries and Wages	25,554.44	25,554.44		25,554.44	-
Other Expenses	22,008.91	22,008.91	3,778.07	18,230.84	-
Revenue Administration (Tax Collection)					
Salaries and Wages	5,857.63	5,857.63		5,857.63	-
Other Expenses	28,031.49	28,031.49	4,403.24	23,628.25	-
Tax Assessment Administration					
Salaries and Wages	23,243.17	23,243.17		23,243.17	-
Other Expenses	34,187.47	34,187.47	10,658.38	23,529.09	-
Legal Services					
Other Expenses	40,325.70	40,325.70	13,088.27	27,237.43	-
Engineering Services and Costs					
Other Expenses	12,278.12	12,278.12	2,216.25	10,061.87	-
Municipal Court					
Salaries and Wages	8,218.24	8,218.24		8,218.24	-
Other Expenses	7,058.23	7,058.23	2,222.49	4,835.74	-
Municipal Prosecutor's Office					
Other Expenses	3,236.00	3,236.00	3,000.00	236.00	-
Planning Board					
Salaries and Wages	18,455.43	18,455.43		18,455.43	-
Other Expenses	9,929.07	9,929.07	1,525.00	8,404.07	-
Zoning Board of Adjustment					
Salaries and Wages	2,103.89	2,103.89		2,103.89	-
Other Expenses	1,464.58	1,464.58	329.85	1,134.73	-

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Code Enforcement Administration					
Other Expenses	5,000.00	5,000.00		5,000.00	-
INSURANCE					
Unemployment Insurance	54,744.27	54,744.27		54,744.27	-
Group Insurance Plan for Employees	1,349,377.49	1,349,377.49	324,529.76	1,024,847.73	-
Health Waivers	32,050.00	32,050.00		32,050.00	-
PUBLIC SAFETY					
Police Department					
Salaries and Wages	243,954.06	243,954.06		243,954.06	-
Other Expenses	264,733.44	264,733.44	224,632.48	40,100.96	-
Police Dispatch/911					
Salaries and Wages	11,351.33	11,351.33	260.00	11,091.33	-
Other Expenses	4,678.97	4,678.97	1,618.61	3,060.36	-
Office of Emergency Management					
Other Expenses	2,310.35	2,310.35	999.42	1,310.93	-
Fire Department					
Salaries and Wages	2,960.22	2,960.22		2,960.22	-
Other Expenses	66,607.37	66,607.37	23,259.01	43,348.36	-
PUBLIC WORKS					
Streets and Road Maintenance					
Salaries and Wages	74,116.22	74,116.22	59,124.04	14,992.18	-
Other Expenses	52,925.78	52,925.78	39,715.17	13,210.61	-
Other Public Works Functions					
Salaries and Wages	2,087.26	2,087.26		2,087.26	-
Other Expenses	8,872.20	8,872.20	1,555.31	7,316.89	-
Solid Waste Collection					
Salaries and Wages	2,259.52	2,259.52		2,259.52	-
Other Expenses	12,287.24	12,287.24	140.00	12,147.24	-
Buildings and Grounds					
Salaries and Wages	3,048.72	3,048.72	306.35	2,742.37	-
Other Expenses	36,470.83	36,470.83	22,326.44	14,144.39	-
Vehicle Maintenance					
Salaries and Wages	42,427.40	42,427.40		42,427.40	-

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Other Expenses	175,186.10	175,186.10	49,852.80	125,333.30	-
Community Services Acts	13,939.78	13,939.78	523.78	13,416.00	-
PARKS AND RECREATION					
Recreation Services and Programs					
Other Expenses	18,677.38	18,677.38	8,140.90	10,536.48	-
Senior Services					
Salaries and Wages	614.55	614.55		614.55	-
Other Expenses	274.07	274.07	24.64	249.43	-
Maintenance of Parks					
Other Expenses	2,315.66	2,315.66	2,124.31	191.35	-
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	470.03	470.03	393.48	76.55	-
Community Education					
Salaries and Wages	14,142.44	14,142.44		14,142.44	-
Other Expenses	10,829.64	10,829.64	3,557.41	7,272.23	-
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Code Enforcement & Administration					
Salaries and Wages	5,916.56	5,916.56		5,916.56	-
Other Expenses	3,518.80	3,518.80	179.59	3,339.21	-
UTILITY EXPENSES AND BULK PURCHASES					
Electric	41,633.23	41,633.23	14,307.34	27,325.89	-
Street Lighting	28,822.08	28,822.08	15,753.20	13,068.88	-
Telephone	26,872.33	26,872.33	3,105.68	23,766.65	-
Gas	8,672.86	8,672.86	4,696.06	3,976.80	-
Gasoline	124,039.28	124,039.28	47,197.69	76,841.59	-
Water	57,451.34	57,451.34	51,514.14	5,937.20	-
Telecommunications	15,389.18	15,389.18	433.83	14,955.35	-
Landfill/Solid Waste Disposal Costs	4,251.46	4,251.46	3,538.04	713.42	-
All Other Accounts - No Change	126,552.88	126,552.88		126,552.88	-
	<u>\$ 3,246,547.85</u>	<u>3,246,547.85</u>	<u>950,295.26</u>	<u>2,296,252.59</u>	<u>-</u>

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

Balance December 31, 2013			
School Tax Payable	\$	1,891,140.50	
School Tax Deferred		<u>6,400,000.00</u>	
			\$ 8,291,140.50
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015			<u>17,482,015.00</u>
			25,773,155.50
Decreased by:			
Payments			<u>17,905,969.40</u>
Balance December 31, 2014			
School Tax Payable		1,467,186.10	
School Tax Deferred		<u>6,400,000.00</u>	
			<u>7,867,186.10</u>
Current Year Liability for Regional School District School Tax:			
Tax Paid			17,905,969.40
Tax Payable Ending			<u>1,467,186.10</u>
			19,373,155.50
Less: Tax Payable Beginning			<u>1,891,140.50</u>
Amount charged to Current Year Operations			<u>\$ 17,482,015.00</u>

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

Purpose	Balance Dec. 31, 2013	Transferred From 2014 Revenues	Received	Cancellation Adjustments	Balance Dec. 31, 2014
FEDERAL GRANTS:					
FEMA - Hazardous Mitigation	\$ 165,709.00				-
FEMA-Hazardous Mitigation-Generator	142,080.00			165,709.00	142,080.00
Bulletproof Vest Partnership	-	1,665.00	1,665.00		-
Community Development Block Grant	145,494.00		110,000.00		35,494.00
Total Federal	453,283.00	1,665.00	111,665.00	165,709.00	177,574.00
STATE GRANTS:					
Safe and Secure Communities Program	15,000.00	60,000.00	60,000.00		15,000.00
Municipal Alliance Program	21,740.00		21,740.00		-
Municipal Alliance Program		33,633.00	6,586.87	4,283.13	22,763.00
Body Armor Fund	-	6,094.09	6,094.09		-
Clean Communities	-	73,969.36	73,969.36		-
Click-it-or Ticket	-	4,000.00	4,000.00		-
Flood Control Grant	107,462.00				107,462.00
Drunk Driving Enforcement Program	-	30,342.26	30,342.26		-
Recycling Tonnage Grant	-	37,281.69	37,281.69		-
Drive Sober or Get Pulled Over	-	12,500.00	5,000.00		-
NJDOT Safe Streets to Schools	230,000.00				7,500.00
NJ Transportation Trust Fund					230,000.00
Safe Streets to Transit - Great Creek Road	251,000.00		188,250.00		62,750.00
NJ Transportation Trust Fund					190,000.00
Great Creek Road, Phase IV	-	190,000.00			-
NJ Transportation Trust Fund					175,000.00
Wrangelboro Bike Path	175,000.00			175,000.00	-
NJDOT-Great Creek Road, Phase II	82,485.96			16,007.46	66,478.50
NJDOT-Great Creek Road, Phase III	85,281.77			17,492.80	67,788.97
NJ Forestry Service-No Net Loss Phase 2	90,600.00				90,600.00
NJ Forestry Service-No Net Loss Phase 3	533,700.00				533,700.00
Emergency Management Assistance	5,000.00				5,000.00
Emergency Management Assistance-EMAA	-	5,000.00	5,000.00		-
Sustainable Jersey Small Grant - WaiMart	5,000.00		5,000.00		-
Distracted Driving Campaign	-	5,000.00	5,000.00		-
Total State	1,602,269.73	457,820.40	448,264.27	212,783.39	1,399,042.47
\$	2,055,552.73	459,485.40	559,929.27	378,492.39	1,576,616.47
		Cash \$	514,888.49		
		Unappropriated Reserves	45,040.78		
		\$	559,929.27		

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

	Balance December 31, 2013		Reserve for 2014		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2014
	Appropriated	Encumbrances	Appropriations	Appropriations				
FEDERAL GRANTS:								
FEMA - Hazardous Mitigation	\$ 165,709.00	-	-	-	-	-	165,709.00	-
FEMA-Hazardous Mitigation-Generator	142,080.00	-	-	-	-	-	-	142,080.00
Community Development Block Grant	145,494.00	-	-	-	110,000.00	1,678.10	-	35,494.00
JAG Grant	1,678.19	-	-	-	-	-	-	0.09
Bulletproof Vest Partnership	5,044.00	-	1,665.00	-	-	-	-	6,709.00
Total Federal	460,005.19	-	1,665.00	-	110,000.00	1,678.10	165,709.00	184,283.09
STATE GRANTS:								
New Jersey Transportation Trust Fund								
Safe Streets to Transit-Great Creek Rd.	51,000.00	-	-	-	51,000.00	18,415.39	-	-
Safe Streets 2012	200,000.00	-	-	-	181,584.61	-	-	0.00
Safe Streets 2013	230,000.00	-	-	-	-	-	-	230,000.00
Wrangleboro Bike Path	156,275.00	18,725.00	-	-	-	-	-	-
Great Creek Road, Phase II	25,314.61	174,685.39	-	-	183,992.54	-	175,000.00	-
Great Creek Road, Phase III	31,375.70	155,624.30	-	-	169,507.20	-	16,007.46	-
Great Creek Road, Phase IV	-	-	190,000.00	-	-	-	17,492.80	-
Recycling Tonnage Grant	52,697.24	385.62	-	-	28,660.02	1,000.00	-	190,000.00
Drunk Driving Enforcement Program	26,817.30	-	37,281.69	-	20,933.73	98.50	-	60,704.53
Clean Communities Program	92,409.28	39,060.48	30,342.26	-	100,414.85	13,650.59	-	36,127.33
Safe and Secure Program	-	-	60,000.00	-	60,000.00	-	-	-
Body Armor Fund	5,196.17	6,786.00	6,094.09	-	14,285.32	1,508.00	-	2,282.94
Municipal Drug Alliance Program	7,157.66	2,864.07	33,633.00	-	23,294.71	1,139.31	4,283.13	14,937.58
Local Share	1,139.64	2,130.22	2,718.00	-	(863.12)	261.00	-	6,589.98
NJ Forestry Service-No Net Loss Phase 2	72,100.00	18,500.00	-	-	17,914.25	585.75	-	72,100.00
NJ Forestry Service-No Net Loss Phase 3	533,700.00	-	-	-	-	-	-	533,700.00
Stormwater Management	5,022.04	-	-	-	4,000.00	-	-	5,022.04
Click-it-or Ticket	-	-	4,000.00	-	-	-	-	-
Enhanced 911 General Assistance Grant	59,039.36	-	-	-	-	-	-	59,039.36
Driver Sober or Get Pulled Over	-	-	12,500.00	-	9,200.00	-	-	3,300.00
Reforestation Grant	53,982.12	2,990.00	-	-	53,902.30	1,910.20	-	1,159.62
Emergency Management Assistance	9,542.50	-	5,000.00	-	-	-	-	14,542.50
DEP Flood Control Grant	-	95,557.01	-	-	5,000.00	95,557.01	-	-
Distracted Driving Campaign	-	-	5,000.00	-	-	-	-	-
Total State	1,612,768.62	517,308.09	460,538.40	-	922,826.41	134,125.75	212,783.39	1,320,879.56
OTHER:								
Sustainable Jersey Small Grant - PSEG	5,305.54	2,922.00	-	-	8,227.54	-	-	-
Total Other	5,305.54	2,922.00	-	-	8,227.54	-	-	-
\$	2,078,079.35	520,230.09	462,203.40	-	1,041,053.95	135,803.85	378,492.39	1,505,162.65

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

<u>Purpose</u>	Balance Dec. 31, 2013	Transferred To 2014 Appropriations	Received	Balance Dec. 31, 2014
FEDERAL GRANTS:				
Bulletproof Vest Partnership	\$ 1,665.00	1,665.00	2,797.63	2,797.63
Total Federal	<u>1,665.00</u>	<u>1,665.00</u>	<u>2,797.63</u>	<u>2,797.63</u>
STATE GRANTS:				
Recycling Tonnage Grant	37,281.69	37,281.69	49,092.22	49,092.22
Body Armor Grant	6,094.09	6,094.09	4,717.57	4,717.57
Drunk Driving Enforcement	-		12,708.04	12,708.04
Total State	<u>43,375.78</u>	<u>43,375.78</u>	<u>66,517.83</u>	<u>66,517.83</u>
	<u>\$ 45,040.78</u>	<u>45,040.78</u>	<u>69,315.46</u>	<u>69,315.46</u>

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2013		\$	7,719.86
Increased By Receipts:			
Dog Licenses Fees	\$	13,363.20	
State License Fees		1,669.80	
Kennel License/Replacement Tags		86.00	
Late Fees		452.00	
		<u> </u>	<u>15,571.00</u>
			23,290.86
Decreased By Disbursements:			
Animal Control Expenditures		13,644.50	
Due to State of New Jersey		1,676.40	
		<u> </u>	<u>15,320.90</u>
Balance December 31, 2014		\$	<u><u>7,969.96</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

	Other	Assessment
Balance December 31, 2013 - Treasurer	\$ 4,948,312.37	\$ 183,715.79
Balance December 31, 2013 - Collector	1,620,954.59	
	6,569,266.96	
 Increased By Receipts:		
Insurance Funds:		
Workers' Compensation Insurance Fund	56,806.07	
General Liability Insurance Fund	136,031.77	
Reserve for Outside Lien Redemptions	1,908,187.56	
Reserve for Tax Premiums	2,112,000.00	
Funds Held in Escrow - Inspection Fees	35,515.63	
Funds Held in Escrow - Developer Escrow Fees	305,348.09	
Payroll Deductions	9,970,542.12	
Reserve for Compensated Absences	60,865.95	
Reserve for Special Law Enforcement	23,907.36	
Reserve for Housing Trust Fund	51,829.46	
Reserve for Utility Escrow Deposits	19,550.05	
Reserve for Community Events	194,100.87	
Reserve for Police Special Detail	176,191.52	
Reserve for Public Defender Trust	26,155.50	
Reserve for Uniform Fire Safety	2.93	
Reserve for Snow Removal	63,216.61	
Reserve for Landfill Closure	879.66	
Reserve for Parking Offenses Adjudication Act	10.00	
Assessments Receivable		119,749.34
Due to EHC - Tax Collector Special	2,866.90	
Due from Current Fund-Tax Collector Special	74,432.83	
Due from Sewer Utility Operating Fund-Tax Collector Special	796.70	
Due from Sewer Utility Operating Fund-Utility Escrow	7,669.67	
	15,226,907.25	119,749.34
	21,796,174.21	303,465.13

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Decreased By Disbursements:		
Reserve for Escrow - Inspection Fees		129,780.00
Developer Escrow Funds		201,751.00
Payroll Deductions		10,004,759.00
Due from State - Payroll Trust		489.33
Insurance Funds:		
Workers' Compensation Insurance Fund		52,114.00
General Liability Insurance Fund		80,959.00
Reserve for Outside Lien Redemptions		1,849,224.00
Reserve for Tax Premiums		1,104,600.00
Reserve for Housing Trust Fund		142,855.00
Reserve for Special Law Enforcement		52,359.00
Reserve for Utility Escrow Deposits		52,643.00
Reserve for Public Defender Trust		32,150.00
Reserve for Community Events		187,431.00
Reserve for Police Special Detail		143,529.00
		14,034,643.33
Balance December 31, 2014		\$ 7,761,530.88
Balance December 31, 2014 - Treasurer		\$ 4,996,116.30
Balance December 31, 2014 - Collector		2,765,414.58
		\$ 7,761,530.88
		\$ 303,465.13

TRUST ASSESSMENT FUND
ANALYSIS OF CASH

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2014
	Assessments	Misc.	Assessments	Misc.	From	To	
Balance Dec. 31, 2013							
\$							
Due to/ (from) Current Fund	191.59	-	-	-	-	13.23	(58.32)
Assessments Receivable	115,405.54						(109,287.66)
Assessment Lien Receivable	1,255.53						(682.60)
Assessment Overpayments	2,897.46						2,897.46
Reserve for Assessments and Liens				0.78	119,556.97	2,897.46	109,970.26
Assessment Fund Balance	119,750.12	-	-	0.78	2,897.46	119,543.74	300,625.99
\$	<u>119,750.12</u>	<u>-</u>	<u>-</u>	<u>0.78</u>	<u>122,454.43</u>	<u>122,454.43</u>	<u>303,465.13</u>

**TRUST ASSESSMENT FUND
STATEMENT OF ASSESSMENTS RECEIVABLE**

Ord. Num.	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2013	Collected	Transferred to Lien	Balance Dec. 31, 2014	Due General Capital Fund	Balance Pledged to Reserve
1192	Construction and Extension of the Water Distribution System into Pinehurst, Absecon Highlands and Key Development Areas	7/12/2005	10	09/19/05-14	\$ 49,727.71	49,727.71	-	(0.00)		(0.00)
1261	Construction and Extension of the Water Distribution System into the Pinehurst, Vienna Gardens, Koch & Langley area of Pomona, and Absecon Highland III, Sub-Basin IV	4/11/2006	10	06/10/06-15	64,397.52	37,638.73		26,758.79		26,758.79
1360	Construction and Extension of the Water Distribution System into Absecon Highlands III, Sub-Basin II	12/13/2011	10	03/1/12-21	110,567.97	28,039.10		82,528.87		82,528.87
					\$ 224,693.20	115,405.54		109,287.66	-	109,287.66

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2013	\$	7,713.26
Increased By:		
Dog Licenses Fees Collected	\$	13,363.20
Kennel License/Replacement Tags		86.00
Late Fees Collected		452.00
		13,901.20
		21,614.46
Decreased By Disbursements:		
Animal Control Expenditures		13,644.50
		13,644.50
Balance December 31, 2014	\$	7,969.96

License Fees Collected	<u>Year</u>	
	2012	15,722.95
	2013	15,117.80
		30,840.75
	\$	30,840.75

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2013		\$	6.60
Increased By:			
Collected in 2014	\$	<u>1,669.80</u>	
			<u>1,669.80</u>
			1,676.40
Decreased By:			
Paid to State of New Jersey		<u>1,676.40</u>	
			<u>1,676.40</u>
Balance December 31, 2014		\$	<u><u>-</u></u>

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

Balance December 31, 2013		\$	3,559,640.69
Increased by:			
Capital Improvement Fund	\$		100,000.00
Due from Current Fund			658,361.70
Premium on Sale of Bond Anticipation Notes			19,596.00
Reserve for Purchase of Bus			24,076.91
Deferred Charges Unfunded			499,789.45
			1,301,824.06
			4,861,464.75
Decreased by:			
Improvement Authorization			827,857.08
Fund Balance Appropriated to 2014 Budget Revenue			200,000.00
			1,027,857.08
Balance December 31, 2014		\$	3,833,607.67

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance
	Dec. 31, 2013		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2014
Fund Balance	\$ 439,114.00		19,596.00			200,000.00			258,710.00
Capital Improvement Fund	279,284.93		100,000.00				223,500.00		155,784.93
Reserve for Preliminary Expenses	500.00								500.00
Reserve for Purchase of Fire Truck	5,825.00								5,825.00
Reserve for Purchase of Bus	-		24,076.91						24,076.91
Due from Current Fund	(658,361.70)		658,361.70						-
Contracts Payable	863,091.65						863,091.65	1,824,132.54	1,824,132.54
Improvement Authorizations:									
1032 Closure/Expansion of Landfill	379,464.64				3,419.93		16,292.57	19,712.50	379,464.64
1208 Pedestrian Path Construction	457.87				457.87				-
1432 Various Improvements	12,697.03				2,760.00			1,200.00	11,137.03
1467 Various Improvements	(650.00)		650.00						-
1505 Various Improvements	21,045.00								21,045.00
1565 Various Improvements	50,349.15						6,000.00	19,270.00	26,024.45
1568 Patriots Lake Projects	(6,014.63)		6,014.63						-
1611 Various Capital Improvements	887,740.29				188,565.46		76,027.13	34,593.21	647,740.91
1617 Drainage Improvements and Pedestrian Paths	51,005.43				15,978.00		1,000.00	9,336.00	43,363.43
1632 Fire Equipment Purchase	(33,915.00)		33,915.00						-
1660 Various Capital Improvements	243,596.17						71,413.18	15,611.04	187,794.03
1689 Purchase of Fire Truck	(2,500.00)		2,500.00						-
1718 Various Capital Improvements	696,011.69				53,718.25		92,746.08	55,000.00	604,547.36
1784 Stormwater Management-New Leaf Ct.	(434,672.79)		434,672.79						-
1807 Stormwater Management-Patriot Lake	(21,097.03)		21,097.03						-
1839 Various Capital Improvements	775,384.29		940.00		488,152.64		7,355.00	60,291.90	331,108.55
1880 Tax Appeal Refunding	11,284.70				15,805.83		555,281.60	647,077.00	87,274.27
1882 Tax Appeal Refunding	-				1,000.00			1,000.00	-
1897 Various Capital Improvements	-				404.40		998,016.98	223,500.00	(774,921.38)
	\$ 3,559,640.69		1,301,824.06		827,857.08	200,000.00	2,910,724.19	2,910,724.19	3,833,607.67

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

Balance December 31, 2013		\$	279,284.93
Increased by:			
Current Fund Budget Appropriation	\$	100,000.00	
		100,000.00	100,000.00
Decreased by:			
Financed Improvement Authorization		223,500.00	
		223,500.00	379,284.93
Balance December 31, 2014		\$	155,784.93

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

Balance December 31, 2013		\$ 16,786,916.21
Increased by:		
None	\$ -	
	<hr/>	<hr/>
		-
		16,786,916.21
Decreased by:		
Serial Bonds Paid	2,590,000.00	
NJ Environmental Infrastructure Loan Paid	5,508.00	
Green Trust Loan Paid	9,864.49	
	<hr/>	<hr/>
		2,605,372.49
Balance December 31, 2014		\$ <u><u>14,181,543.72</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Raised in 2014 Budget	Balance Dec. 31, 2014	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1467	Various Capital Improvements	\$ 650.00		650.00	-			
1568	Patriot Lake Recreation Project	6,014.63		6,014.63	-			
1632	Fire Equipment Purchase	33,915.00		33,915.00	-			
1689	Purchase of a Fire Truck	2,500.00		2,500.00	-			
1784	Stormwater Management Project New Leaf Ct.	434,672.79		434,672.79	-			
1807	Stormwater Management Project Patriot Lake	21,097.03		21,097.03	-			
1839	Various Capital Improvements	940.00		940.00	-			
1858	Tax Appeal Refunding	980,000.00		490,000.00	490,000.00			
1880	Tax Appeal Refunding	1,580,000.00		526,667.00	1,053,333.00			
1882	Tax Appeal Refunding	2,145,000.00		715,000.00	1,430,000.00			
1897	Various Capital Improvements		4,246,500.00		4,246,500.00		774,921.38	3,471,578.62
		<u>\$ 5,204,789.45</u>	<u>4,246,500.00</u>	<u>2,231,456.45</u>	<u>7,219,833.00</u>	<u>2,973,333.00</u>	<u>774,921.38</u>	<u>3,471,578.62</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
Ponzio Park	2002	\$ 150,000	2015	\$ 10,062.76	2.000%	90,451.21		9,864.49	80,586.72
			2016	10,265.03					
			2017	10,471.35					
			2018	10,681.82					
			2019	10,896.53					
			2020	11,115.56					
			2021	11,338.97					
						\$ 90,451.21		9,864.49	80,586.72

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
Wrangleboro Road Fund Loan	12/16/2011	\$ 81,951	2015-2029	0.000%	70,796.00		4,167.00	66,629.00
			2030					
Wrangleboro Road Trust Loan	12/16/2011	30,000	2015	0.480%	25,669.00		1,341.00	24,328.00
			2016	0.590%				
			2017	0.790%				
			2018	1.020%				
			2019	1.250%				
			2020	1.520%				
			2021	1.740%				
			2022	1.900%				
			2023	2.050%				
			2024	2.170%				
			2025	2.290%				
2026	2.390%							
2027	2.920%							
2028	3.000%							
2029	3.080%							
2030	3.130%							
2031	3.190%							
					\$ 96,465.00		5,508.00	90,957.00

**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, 2013	Dec. 31, 2014
Tax Appeal Notes-2012	1858	12/20/2012	12/19/2013	12/16/2015	1.250%	\$ 980,000.00	490,000.00
Tax Appeal Notes-2013	1880	12/19/2013	12/19/2013	12/16/2015	1.250%	1,580,000.00	526,667.00
Tax Appeal Notes-2013	1882	12/19/2013	12/19/2013	12/16/2015	1.250%	2,145,000.00	715,000.00
						\$ 4,705,000.00	1,731,667.00
						-	2,973,333.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Raised in Budget	Balance Dec. 31, 2014
1467	Various Capital Improvements	\$ 650.00		650.00	-
1568	Patriot Lake Project	6,014.63		6,014.63	-
1632	Fire Equipment	33,915.00		33,915.00	-
1689	Purchase of Fire Truck	2,500.00		2,500.00	-
1784	Stormwater Management Project New Leaf Court	434,672.79		434,672.79	-
1807	Stormwater Management Project Patriot Lake	21,097.03		21,097.03	-
1858	Tax Appeal Refunding	940.00		940.00	-
1897	Various Capital Improvements		4,246,500.00		4,246,500.00
		<u>\$ 499,789.45</u>	<u>4,246,500.00</u>	<u>499,789.45</u>	<u>4,246,500.00</u>

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

	Operating Fund	Capital Fund
Balance December 31, 2013	\$ 2,113,422.50	2,540,510.63
Increased by Receipts:		
Collector	6,039,178.24	
Sewer Capital Fund Balance	948,483.15	
Miscellaneous Revenue	123,664.40	
Budget Appropriation- Capital Improvement Fund		12,500.00
Utility Overpayments	53,194.13	
Due from Current Fund	839.02	
Improvement Authorizations Funded		948,483.15
Due to Tax Collector Account- Current	-	
Due from Sewer Utility Operating Fund	-	4,800.00
	7,165,358.94	965,783.15
	9,278,781.44	3,506,293.78
Decreased by Disbursements:		
Current Year Appropriation	6,319,896.57	
Prior Year Appropriations	39,652.18	
Accrued Interest on Bonds and Notes	287,179.00	
Due to Utility Escrow	7,669.67	
Due to Current Fund-Tax Collector	796.70	
Due to Sewer Utility Capital Fund	4,800.00	
Refund of Prior Year Revenue	199.60	
Due to Sewer Operating-Fund Balance		948,483.15
Improvement Authorizations		425,349.93
	6,660,193.72	1,373,833.08
Balance December 31, 2014	\$ <u>2,618,587.72</u>	<u>2,132,460.70</u>

**SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2013		Receipts		Disbursements		Transfers		Balance Dec. 31, 2014
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$	1,889,533.61	-	-	-	948,483.15	-	-	941,050.46
Capital Improvement Fund		270,068.25	12,500.00	-	-	-	-	-	282,568.25
Contracts Payable		142,707.63	-	-	-	-	142,707.63	132,313.03	132,313.03
Reserve for Payment of Bonds/Notes		15,070.51	-	-	-	-	-	-	15,070.51
Due from Sewer Operating Fund		(4,800.00)	4,800.00	-	-	-	-	-	-
Improvement Authorizations:									
1534 Various Sewer Improvements		(585.00)	585.00	-	363,334.53	-	132,313.03	85,713.63	504,444.62
1566 Various Sewer Improvements		914,378.55	-	-	-	-	-	-	-
1612 Various Sewer Improvements		(29,154.09)	29,154.09	-	-	-	-	-	-
1661 Various Sewer Improvements		21,420.80	-	-	56,994.00	-	-	56,994.00	21,420.80
1719 Various Sewer Improvements		(127,201.62)	127,201.62	-	-	-	-	-	-
1785 Sanitary Sewer Improvements		-	-	-	-	-	-	-	-
1806 Sanitary Sewer Improvements		(654,042.44)	654,042.44	-	4,715.00	-	-	-	235,899.43
1840 Various Sewer Improvements		103,114.43	137,500.00	-	306.40	-	-	-	(306.40)
1898 Various Sewer Improvements		-	-	-	-	-	-	-	-
	\$	2,540,510.63	965,783.15	-	425,349.93	948,483.15	275,020.66	275,020.66	2,132,460.70

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

Balance December 31, 2013		\$	6,186.73
Increased by Receipts:			
Consumer Accounts Charges and Levies	\$	6,068,054.00	
			6,068,054.00
			6,074,240.73
Decreased by Disbursements:			
Collections		6,038,341.00	
Overpayments Applied		19,901.93	
Transfers to Liens		1,540.08	
Other		4,318.98	
			6,064,101.99
Balance December 31, 2014		\$	10,138.74

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

Balance December 31, 2013		\$	4,390.69
Increased by Receipts:			
Transferred from Consumer Accounts Receivable	\$	1,540.08	
Penalties and Costs		-	
			1,540.08
			5,930.77
Decreased by Disbursements:			
Collections		837.24	
Due from Current Fund		785.14	
			1,622.38
Balance December 31, 2014		\$	4,308.39

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 160,289.37	160,289.37	435.50	159,853.87	-
Other Expenses	442,513.34	442,513.34	38,916.47	403,596.87	-
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	19,332.21	19,332.21		19,332.21	-
Unemployment Compensation Insurance	2,075.27	2,075.27	300.21	1,775.06	-
	<u>\$ 624,210.19</u>	<u>624,210.19</u>	<u>39,652.18</u>	<u>584,558.01</u>	<u>-</u>

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

Balance December 31, 2013		\$	54,016.67
Increased by:			
Budget Appropriations		\$	280,832.08
			280,832.08
			334,848.75
Decreased By:			
Payments of Debt Service Interest			287,179.00
			287,179.00
Balance December 31, 2014		\$	47,669.75

Analysis of Accrued Interest December 31, 2014

	Principal Outstanding December 31, 2014	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
\$	315,000	4.63%	11/01/14	12/31/14	60	2,428.13
	315,000	4.75%	11/01/14	12/31/14	60	2,493.75
	2,100,000	4.00%	12/15/14	12/31/14	15	3,500.00
	200,000	2.00%	09/01/14	12/31/14	120	1,333.33
	550,000	2.50%	09/01/14	12/31/14	120	4,583.33
	340,000	2.63%	09/01/14	12/31/14	120	2,983.29
	1,490,000	3.00%	09/01/14	12/31/14	120	14,900.00
	515,000	1.50%	12/01/14	12/31/14	30	643.75
	210,000	2.00%	12/01/14	12/31/14	30	350.00
	105,000	2.00%	12/01/14	12/31/14	30	175.01
	445,000	3.00%	12/01/14	12/31/14	30	1,112.50
	6,585,000					34,503.09
<u>NJEIT Loans</u>						
	10,000	3.00%	08/01/14	12/31/14	150	125.00
	10,000	3.50%	08/01/14	12/31/14	150	145.83
	80,000	4.00%	08/01/14	12/31/14	150	1,333.33
	30,000	5.00%	08/01/14	12/31/14	150	624.99
	525,000	5.00%	08/01/14	12/31/14	150	10,937.50
	655,000					13,166.66

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014			Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount						
Refunding Bonds of 2001	9/1/2001	3,790,000	11/1/2015	315,000.00	4.625%	950,000.00		320,000.00	630,000.00	
			11/1/2016	315,000.00	4.750%					
Sewer Bonds of 2005	12/1/2005	1,300,000				100,000.00		100,000.00	-	
Refunding Bonds of 2006	1/18/2006	5,225,000	12/15/2015	505,000.00	4.000%	2,555,000.00		455,000.00	2,100,000.00	
			12/15/2016	500,000.00	4.000%					
			12/15/2017	550,000.00	4.000%					
			12/15/2018	545,000.00	4.000%					
Sewer Bonds of 2011	9/1/2011	3,100,000	9/1/2015	200,000.00	2.000%	2,760,000.00		180,000.00	2,580,000.00	
			9/1/2016	220,000.00	2.500%					
			9/1/2017	240,000.00	3.000%					
			9/1/2018	260,000.00	3.000%					
			9/1/2019	310,000.00	3.000%					
			9/1/2020	330,000.00	2.500%					
			9/1/2021	340,000.00	2.625%					
Refunding Bonds of 2011	9/1/2011	1,295,000	12/1/2015	260,000.00	1.500%	990,000.00		265,000.00	725,000.00	
			12/1/2016	255,000.00	1.500%					
			12/1/2017	210,000.00	2.000%					
Refunding Bonds of 2012	12/1/2012	560,000	12/1/2015	105,000.00	2.000%	555,000.00		5,000.00	550,000.00	
			12/1/2016	100,000.00	3.000%					
			12/1/2017	110,000.00	3.000%					
			12/1/2018	120,000.00	3.000%					
			12/1/2019	115,000.00	3.000%					
					\$	7,910,000.00	-	1,325,000.00	6,585,000.00	

**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, 2014	Interest Rate	Balance Dec. 31, 2013	Maturities of Bonds Outstanding December 31, 2014		Balance Dec. 31, 2014
							Date	Amount	
1785	Sanitary Sewer Improvements (Trust Loan)	3/10/2010	150,000	2015-2018 2019 2020 2021 2022-2025 2026 2027-2029	5.000% 4.000% 5.000% 3.000% 4.000% 3.500% 4.000%	135,000.00	5,000.00 10,000.00 10,000.00 10,000.00 10,000.00 10,000.00 10,000.00	5,000.00	130,000.00
1785	Sanitary Sewer Improvements (Fund Loan)	3/10/2010	444,817	2015-2018 2019	0.000%	128,833.03	22,617.81 15,743.98	22,617.81	106,215.22
1785/1806	Sanitary Sewer Improvements (Fund Loan)	12/2/2010	869,106	2015-2024 2025	0.000%	494,702.12	44,191.83 8,591.99	44,191.83	450,510.29
1785/1806	Sanitary Sewer Improvements (Trust Loan)	12/2/2010 (due 8/1)	810,000	2015-2016 2017-2019 2020-2021 2022-2023 2024-2026 2027	5.000% 5.000% 5.000% 5.000% 5.000% 5.000%	555,000.00	30,000.00 35,000.00 40,000.00 45,000.00 50,000.00 40,000.00	30,000.00	525,000.00
						\$ 1,313,535.15		\$ 101,809.64	\$ 1,211,725.51
								Loan payments \$ 96,809.64	
								Loan Reduction \$ 5,000.00	
								\$ 101,809.64	

* 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, 2013	2014 Authorizations	Debt Issued	Funded by Budget Appropriation	Balance Dec. 31, 2014
1534	Various Sewer Capital Improvements	\$ 585.00			585.00	-
1566	Various Sewer Capital Improvements	-				-
1612	Various Sewer Capital Improvements	29,154.09			29,154.09	-
1661	Various Sewer Capital Improvements	-				-
1719	Various Sewer Capital Improvements	127,201.62			127,201.62	-
1806	Sanitary Sewer Improvements	654,042.44			654,042.44	-
1840	Various Sewer Capital Improvements	137,500.00			137,500.00	-
1898	Various Sewer Capital Improvements	-	2,020,000.00			2,020,000.00
		\$ 948,483.15	2,020,000.00	-	948,483.15	2,020,000.00

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TOWNSHIP OF GALLOWAY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2014

TOWNSHIP OF GALLOWAY

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." The Township does employ a Qualified Purchasing Agent and as of July 1, 2010, their bid threshold has been \$36,000.

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:

- | | |
|--|--------------------------------------|
| Pump Station Control & Communication | Rock Salt |
| Senior Center Kitchen Renovations | Removal & Replacement of Siding to |
| Fleet Maintenance Services | Veterans Building |
| Road Overlay Program | Natural Gas, Gasoline, & Diesel Fuel |
| Great Creek Road Pedestrian Safety Improvement | |

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 2014.

This Resolution shall take effect January 1, 2014.

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

TOWNSHIP OF GALLOWAY

GENERAL COMMENTS (Continued)

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 31st of the last three years:

<u>Year</u>	<u>Tax Liens</u>	<u>Utility Liens</u>
2014	1343	62
2013	1317	62
2012	1221	60

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 2014 and 2015 Taxes	25
Payment of 2014 and 2015 Sewer Charges	10
Total	<u>35</u>

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.

TOWNSHIP OF GALLOWAY

FINDINGS AND RECOMMENDATIONS

None

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

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

April 16, 2015

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