TOWNSHIP OF GALLOWAY

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2015

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TOWNSHIP OF GALLOWAY

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

December 31, 2015

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Galloway, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 22 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of $1,678,611.62 and $1,650,011.42 for 2015 and 2014 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016 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

June 27, 2016

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EXHIBIT - A
CURRENT FUND

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

		2015	2014
ASSETS			
Regular Fund:			
Cash:			
Cash Treasurer	$	14,060,113.11	12,810,597.71
Cash - Change		1,500.00	1,500.00
Total Cash		14,061,613.11	12,812,097.71
Other Receivables:			
Due from State - Chapter 20 P.L. 1971		21,417.24	25,667.24
Total Other Receivables		21,417.24	25,667.24
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable		52,855.11	56,113.97
Tax Title and Other Liens		1,570,546.84	1,336,137.26
Property Acquired for Taxes - at Assessed Valuation		3,033,333.41	3,138,938.41
Property Deeded to Township		2,102,148.10	1,703,348.10
Revenue Accounts Receivable		28,171.64	25,812.95
Interfund Receivable:			
Special Water Assessment		72.37	-
Trust Fund - Tax Collector Special		-	43.34
Total Receivables and Other Assets		6,787,127.47	6,260,394.03
Deferred Charges:			
Special Emergency Appropriation		380,000.00	570,000.00
Total Deferred Charges		380,000.00	570,000.00
Total Regular Fund		21,250,157.82	19,668,158.98
Federal and State Grant Fund:			
Cash		181,951.71	269,981.35
Federal and State Grants Receivable		1,474,260.13	1,576,616.47
Total Federal and State Grant Fund		1,656,211.84	1,846,597.82
Total Current Fund	$	22,906,369.66	21,514,756.80

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

		2015	2014
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	$	2,466,065.35	2,213,268.02
Reserve for Encumbrances		1,226,085.67	1,105,598.73
Accounts Payable		61,914.70	64,357.10
Prepaid Taxes		734,882.92	737,242.96
Overpaid Taxes		12,367.70	3,586.00
Regional School Tax Payable		1,657,814.50	1,467,186.10
County Added Tax Payable		17,740.56	23,146.70
Due to State:			
Marriage Licenses		1,150.00	1,075.00
Permit Surcharge Fees		12,686.00	14,641.00
Interfund Payable:			
Sewer Utility Operating Fund		591.95	785.14
Special Water Assessment Trust		-	58.32
Payroll		0.11	-
Trust - Inspection Escrow		0.46	-
Other			
Unidentified Tax Receipt		275.33	248.28
Tax Appeals Payable		-	200,000.00
Deposits for Trailer Courts		3,732.00	3,732.00
Deposits for Sale of Township Property		175.00	-
Reserve for Proceeds on Sale of Municipal Property		308,871.13	308,871.13
Reserve for Reassessment		87,480.00	87,480.00
Reserve for Technology		75,000.00	-
Reserve for Revision and Codification of Ordinances		4,312.26	4,312.26
		6,671,145.64	6,235,588.74
Reserve for Receivables and Other Assets		6,787,127.47	6,260,394.03
Fund Balance		7,791,884.71	7,172,176.21
Total Regular Fund		21,250,157.82	19,668,158.98
Federal and State Grant Fund:			
Unappropriated Reserves		26,224.47	69,315.46
Appropriated Reserves		1,211,631.55	1,505,162.65
Encumbrances Payable		285,785.96	135,803.85
Reserve for Small Cities Revolving Loan Fund		132,569.86	136,315.86
Total Federal and State Grant Fund		1,656,211.84	1,846,597.82
Total Current Fund	$	22,906,369.66	21,514,756.80

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

		2015	2014
Revenue and Other Income Realized			
Fund Balance	$	3,929,664.00	2,000,000.00
Miscellaneous Revenue Anticipated		6,067,876.54	6,134,460.32
Receipts from Delinquent Taxes		89,381.99	321,112.76
Receipts from Current Taxes		81,948,460.41	79,398,761.93
Non Budget Revenue		235,551.56	361,810.23
Other Credits to Income:			
Unexpended Balance of Appropriation Res.		1,975,559.63	2,296,252.59
Interfund Returned		14,845.56	-
Sale of Muncipal Assets		73,014.00	-
Cancellation of Overpayments		8,355.28	49,184.73
Accounts Payable & Reserves Cancelled		1,838.00	-
Total Income		94,344,546.97	90,561,582.56
Expenditures			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages		9,084,760.59	8,583,425.00
Other Expenses		7,318,350.00	7,035,673.00
Deferred Charges & Statutory Expenditures		2,263,417.00	2,310,502.00
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages		60,000.00	60,000.00
Other Expenses		769,455.71	696,279.40
Capital Improvements		1,195,000.00	100,000.00
Debt Service		4,739,353.96	4,860,048.43
Deferred Charges		190,000.00	689,789.45
Local District School Tax		31,407,242.00	30,770,956.00
Regional District School Tax		17,928,159.00	17,482,015.00
County Tax		14,811,304.76	12,992,582.34
County Share of Added Tax		17,740.56	23,146.70
Refund of Prior Year's Revenue		10,318.52	120.00
Other:			
Tax Appeals Payable		-	560,000.00
Cancellation and Refund of Prior Year Taxes		-	102,242.43
Prior Year Senior Citizens Veterans Disallowed		-	13,500.00
Interfunds Advanced		72.37	43.34
Total Expenditures		89,795,174.47	86,280,323.09
Excess/(Deficit) in Revenue		4,549,372.50	4,281,259.47

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

		2015	2014
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		4,549,372.50	4,281,259.47
Fund Balance January 1		7,172,176.21	4,890,916.74
		11,721,548.71	9,172,176.21
Decreased by:			
Utilization as Anticipated Revenue		3,929,664.00	2,000,000.00
Fund Balance December 31	$	7,791,884.71	7,172,176.21

Exhibit A-2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	$ 3,929,664.00		3,929,664.00	-
Total Fund Balance Anticipated	3,929,664.00	-	3,929,664.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	30,000.00		68,700.10	38,700.10
Fees and Permits	130,000.00		154,562.00	24,562.00
Fines and Costs:				
Municipal Court	310,000.00		354,107.42	44,107.42
Interest and Costs on Taxes	200,000.00		321,570.62	121,570.62
Interest Earned on Investments	20,000.00		38,981.26	18,981.26
Planning Board - Special Application Fees	6,000.00		12,450.00	6,450.00
Payment in Lieu of Taxes - Brigantine Wildlife Refuge	27,000.00		28,409.00	1,409.00
Fire Safety Rebate	30,000.00		35,431.24	5,431.24
Fire Inspection	25,000.00		38,466.00	13,466.00
Road Openings	25,000.00		34,525.00	9,525.00
Cable TV Franchise Fee	122,000.00		122,232.60	232.60
Hotel Tax	420,000.00		472,154.67	52,154.67
Rental Inspections	75,000.00		88,335.00	13,335.00
Total Section A: Local Revenues	1,420,000.00	-	1,769,924.91	349,924.91
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	2,566,342.00		2,566,342.00	-
Garden State Preservation Trust Fund	7,234.00		7,234.00	-
Watersed Moratorium	7,708.00		7,708.00	-
Total Section B: State Aid Without Offsetting Appropriations	2,581,284.00	-	2,581,284.00	-

Exhibit A-2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	280,000.00		550,892.00	270,892.00
Total Section C: Uniform Construction Code Fees	280,000.00	-	550,892.00	270,892.00
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	49,092.00		49,092.00	-
Drunk Driving Enforcement Fund	12,708.00		12,708.00	-
Clean Communities		89,883.71	89,883.71	
Municipal Alliance on Alcoholism & Drug Abuse	33,633.00		33,633.00	-
Cops in Shops		2,000.00	2,000.00	-
NJDOT Safe Streets to Schools		2,048.00	2,048.00	-
Safe and Secure Communities Program		60,000.00	60,000.00	-
Drive Sober or Get Pulled Over		10,000.00	10,000.00	-
Click It or Ticket		4,000.00	4,000.00	-
Emergency Management - EMMA Grant	5,000.00		5,000.00	-
Body Armor	4,717.00		4,717.00	-
Bulletproof Vest Partnership	2,798.00		2,798.00	-
Community Development Block Grant		167,440.00	167,440.00	-
OEM Hazardous Mitigation - FEMA	190,080.00		190,080.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	298,028.00	335,371.71	633,399.71	-
Section G: Other Special Items				
Communications - Dispatch Agreement				
Atlantic County	17,863.10		17,863.10	-
Mullica	200,000.00		204,512.82	4,512.82
Contribution - Richard Stockton College	300,000.00		310,000.00	10,000.00

Exhibit A-2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Total Section G: Other Special Items	517,863.10	-	532,375.92	14,512.82
Total Miscellaneous Revenues:	5,097,175.10	335,371.71	6,067,876.54	635,329.73
Receipts from Delinquent Taxes	20,000.00		89,381.99	69,381.99
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	18,262,570.67		19,808,078.36	1,545,507.69
Total Amount to be Raised by Taxes for Support of Municipal Budget	18,262,570.67	-	19,808,078.36	1,545,507.69
Budget Totals	27,309,409.77	335,371.71	29,895,000.89	2,250,219.41
Non- Budget Revenues:				
Other Non- Budget Revenues:			235,551.56	235,551.56
	$ 27,309,409.77	335,371.71	30,130,552.45	2,485,770.97

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

Exhibit A - 2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections		$ 81,948,460.41
Less: Reserve for Tax Appeals Pending		-
Net Revenue from Collections		81,948,460.41
Allocated to:		
School, County and Other Taxes		64,164,446.32
Balance for Support of Municipal Budget Appropriations		17,784,014.09
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		2,024,064.27
Amount for Support of Municipal Budget Appropriations		19,808,078.36
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	$ 32,036.76	
Tax Title Lien Collections	57,345.23	
Total Receipts from Delinquent Taxes		89,381.99
Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Tax Search Fees	530.00	
Mercantile License	22,901.00	
Improvement Searches	430.00	
Code Enforcement Fees	12,185.00	
Police Reports	10,026.00	
Sale of Recycling Material	3,713.35	
Sale of Municipal Assets	14,172.56	
Rental - Cell Phone Tower	38,750.84	
Payments in Lieu of Taxes	67,645.83	
Senior and Vets Administration Fee	6,970.00	
Port Republic - Communications Contribution	2,000.00	
Police Tow Releases	15,125.00	
Atlantic Electric Lease	8,500.00	
Loading Fee - Wood Chips	2,029.25	
Freon Fees	40.00	
Reimbursement of Prior Year and Rebates	8,236.18	
Miscellaneous	22,296.55	
Total Miscellaneous Revenue Not Anticipated:		235,551.56

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries and Wages	$ 170,000.00	170,000.00	160,935.98		9,064.02	-
Other Expenses	81,000.00	81,000.00	66,933.63	1,469.12	12,597.25	-
Mayor and Council						
Salaries and Wages	63,324.00	63,324.00	63,324.00		-	-
Other Expenses	10,500.00	10,500.00	9,670.50	-	829.50	-
Township Clerk						
Salaries and Wages	147,500.00	147,500.00	111,863.24		35,636.76	-
Other Expenses	56,000.00	56,000.00	28,229.48	173.37	27,597.15	-
Financial Administration						
Salaries and Wages	177,000.00	177,000.00	172,448.43		4,551.57	-
Other Expenses	48,000.00	48,000.00	29,826.92	643.65	17,529.43	-
Audit Services	25,000.00	25,000.00	25,000.00		-	-
Revenue Administration (Tax Collector)						
Salaries and Wages	109,000.00	109,000.00	100,287.64		8,712.36	-
Other Expenses	65,000.00	65,000.00	29,352.58	33,164.07	2,483.35	-
Tax Assessment Administration						
Salaries and Wages	179,000.00	149,000.00	99,722.19		49,277.81	-
Other Expenses	60,000.00	60,000.00	50,244.27	3,363.00	6,392.73	-
Legal Services						
Other Expenses	250,000.00	330,000.00	259,078.84	2,052.00	68,869.16	-
Engineering Services and Costs						
Other Expenses	25,000.00	25,000.00	8,389.50	530.25	16,080.25	-
Municipal Court						
Salaries and Wages	259,000.00	259,000.00	238,180.42		20,819.58	-
Other Expenses	19,000.00	19,000.00	12,238.86	125.00	6,636.14	-
Municipal Prosecutor's Office						
Other Expenses	54,000.00	54,000.00	41,456.00	500.00	12,044.00	-
Planning Board						
Salaries and Wages	38,000.00	38,000.00	13,115.55		24,884.45	-
Other Expenses	13,000.00	13,000.00	2,474.30	-	10,525.70	-
Zoning Board of Adjustment						
Salaries and Wages	40,000.00	40,000.00	38,243.73		1,756.27	-
Other Expenses	12,000.00	12,000.00	8,646.81	256.00	3,097.19	-
Code Enforcement Administration						
Other Code Enforcement Functions	10,000.00	10,000.00	9,392.42	192.58	415.00	-
Insurance						

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Liability Insurance	481,228.00	481,228.00	481,228.00		-	-
Workers Compensation Insurance	604,672.00	604,672.00	604,672.00		-	-
Group Insurance Plan for Employees	2,258,000.00	2,208,000.00	1,387,902.52	446,280.81	373,816.67	-
Health Waivers						
Salaries and Wages	50,000.00	44,936.59	27,370.39		17,566.20	-
PUBLIC SAFETY						
Police						
Salaries and Wages	5,389,000.00	5,389,000.00	5,067,049.51		321,950.49	-
Other Expenses	540,000.00	540,000.00	452,478.03	40,848.29	46,673.68	-
Vehicles	200,000.00	200,000.00	48,287.50	150,599.88	1,112.62	-
Police Dispatch 911						
Salaries and Wages	658,000.00	658,000.00	606,932.38		51,067.62	-
Other Expenses	37,400.00	37,400.00	19,704.78	1,599.09	16,096.13	-
Office of Emergency Management						
Salaries and Wages	7,500.00	7,500.00	7,500.00		-	-
Other Expenses	15,000.00	15,000.00	9,839.40	95.17	5,065.43	-
Aid to Volunteer Fire Companies	150,000.00	150,000.00	150,000.00		-	-
Fire						
Salaries and Wages	77,000.00	77,000.00	62,484.66		14,515.34	-
Other Expenses	185,550.00	185,550.00	124,378.25	27,904.56	33,267.19	-
PUBLIC WORKS						
Streets and Road Maintenance						
Salaries and Wages	340,000.00	340,000.00	294,735.76		45,264.24	-
Other Expenses	145,000.00	145,000.00	80,686.63	57,247.94	7,065.43	-
Other Public Works Functions						
Salaries and Wages	140,000.00	140,000.00	134,985.57		5,014.43	-
Other Expenses	27,000.00	27,000.00	13,113.17	546.88	13,339.95	-
Solid Waste Collection - Recycling						
Salaries and Wages	179,000.00	179,000.00	177,961.22		1,038.78	-
Other Expenses	52,000.00	52,000.00	25,607.03	8,632.46	17,760.51	-
Buildings and Grounds						
Salaries and Wages	70,000.00	70,000.00	58,930.23		11,069.77	-
Other Expenses	114,300.00	114,300.00	82,389.12	16,349.20	15,561.68	-
Vehicle Maintenance						
Salaries and Wages	154,000.00	154,000.00	121,629.59		32,370.41	-
Other Expenses	390,000.00	390,000.00	297,905.85	42,448.68	49,645.47	-
Community Services Acts	30,000.00	30,000.00	23,406.84		6,593.16	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
HEALTH AND HUMAN SERVICE						
Environmental Health Services	3,000.00	3,000.00			3,000.00	-
PARKS AND RECREATION						
Maintenance of Parks						
Other Expenses	26,500.00	26,500.00	20,659.01	1,600.42	4,240.57	-
OTHER COMMON OPERATIONS						
Accumulated Leave	355,000.00	355,000.00	355,000.00		-	-
Community and Recreation Services						
Salaries and Wages	163,000.00	163,000.00	133,364.25		29,635.75	-
Other Expenses	88,900.00	88,900.00	73,618.60	5,426.66	9,854.74	-
UNIFORM CONSTRUCTION CODE						
Code Enforcement and Administration						
Salaries and Wages	287,000.00	287,000.00	273,532.59		13,467.41	-
Other Expenses	16,800.00	16,800.00	12,974.94	235.88	3,589.18	-
Rental Inspections						
Salaries and Wages	67,500.00	67,500.00	66,515.96		984.04	-
UNCLASSIFIED						
Utilities						
Electricity	175,000.00	175,000.00	131,909.22	4,830.00	38,260.78	-
Street Lighting	175,000.00	175,000.00	144,023.36	19,629.70	11,346.94	-
Telephone and Telegraph	50,000.00	50,000.00	31,181.08	59.98	18,758.94	-
Natural Gas	42,500.00	42,500.00	37,513.19	1,449.49	3,537.32	-
Gasoline	340,000.00	340,000.00	148,068.69		191,931.31	-
Water	345,000.00	345,000.00	291,453.12	26,584.16	26,962.72	-
Telecommunications	15,000.00	15,000.00	4,300.74	1,104.02	9,595.24	-
Landfill/Solid Waste Disposal Costs	52,000.00	52,000.00	29,578.70	5,694.44	16,726.86	-
TOTAL OPERATIONS WITHIN "CAPS"	16,408,174.00	16,403,110.59	13,693,927.17	901,636.75	1,807,546.67	-
Contingent	-					-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	16,408,174.00	16,403,110.59	13,693,927.17	901,636.75	1,807,546.67	-
Detail:						
Salaries and Wages	9,119,824.00	9,084,760.59	8,386,113.29	-	698,647.30	-

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, 2015

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Other Expenses	7,288,350.00	7,318,350.00	5,307,813.88	901,636.75	1,108,899.37	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						-
Public Employees' Retirement System	353,178.00	353,178.00	351,201.30		1,976.70	-
Social Security System (O.A.S.I.)	720,000.00	720,000.00	595,456.82		124,543.18	-
Unemployment Compensation Insurance	90,000.00	90,000.00	34,754.21		55,245.79	-
Police and Firemen's Retirement System	1,090,239.00	1,090,239.00	1,090,239.00		-	-
Defined Contribution Retirement Program	10,000.00	10,000.00	4,105.95		5,894.05	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,263,417.00	2,263,417.00	2,075,757.28	-	187,659.72	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	18,671,591.00	18,666,527.59	15,769,684.45	901,636.75	1,995,206.39	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Length of Service Award Program	135,338.00	135,338.00	101,170.03	8,343.92	25,824.05	-
Interlocal Municipal Service Agreements						
Bridgeton - Assessment	53,000.00	53,000.00	8,596.60		44,403.40	-
	188,338.00	188,338.00	109,766.63	8,343.92	70,227.45	-
(A) Public and Private Programs Off-Set by Revenues						
Drunk Driving Enforcement Fund	12,708.00	12,708.00	12,708.00		-	-
Body Armor	4,717.00	4,717.00	4,717.00		-	-
Municipal Alliance on Alcoholism and Drug Abuse						
County Share	33,633.00	33,633.00	33,633.00		-	-
Local Share	2,718.00	2,718.00	2,718.00		-	-
Bulletproof Vest Partnership	2,798.00	2,798.00	2,798.00		-	-
Clean Communities		167,440.00	167,440.00			-
New Jersey Transportation Trust Fund Authority Act		2,048.00	2,048.00			-
Safe and Secure Program					-	
Salaries and Wages		60,000.00	60,000.00		-	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Recycling Tonnage Grant	49,092.00	49,092.00	49,092.00		-	-
Highway Traffic Safety - Click It or Ticket		4,000.00	4,000.00		-	-
Drive Sober or Get Pulled Over		10,000.00	10,000.00		-	-
Cops in Shops		2,000.00	2,000.00		-	
Emergency Management - EMMA Grant	10,000.00	10,000.00	10,000.00		-	-
Clean Communities		89,883.71	89,883.71		-	-
OEM Hazardous Mitigation Grant - FEMA	190,080.00	190,080.00	190,080.00		-	-
Total Public and Private Programs Off-Set by Revenues	305,746.00	641,117.71	641,117.71	-	-	-
Total Operations - Excluded from "CAPS"	494,084.00	829,455.71	750,884.34	8,343.92	70,227.45	-
Detail:						
Salaries and Wages	-	60,000.00	60,000.00	-	-	-
Other Expenses	494,084.00	769,455.71	690,884.34	8,343.92	70,227.45	-
(C) Capital Improvements						
Capital Improvement Fund	175,000.00	175,000.00	175,000.00		-	-
Improvements to Minicipal Buildings & Property	390,000.00	390,000.00	18,820.50	14,937.00	356,242.50	-
Purchase of Vehicles	530,000.00	530,000.00	262,181.16	255,918.00	11,900.84	-
Tank Replacement & Clean-up	100,000.00	100,000.00	22,261.83	45,250.00	32,488.17	-
Total Capital Improvements	1,195,000.00	1,195,000.00	478,263.49	316,105.00	400,631.51	-
(D) Debt Service						
Payment of Bond Principal	2,035,000.00	2,035,000.00	2,035,000.00		-	-
Payment of Bond Anticipation Notes	2,273,333.00	2,273,333.00	2,273,333.00		-	-
Interest on Bonds	376,337.50	376,337.50	376,337.50		-	-
Interest on Notes	32,000.00	37,063.41	37,063.41		-	-
Green Trust Loan Program:					-	-
Loan Repayments for Principal and Interest	12,000.00	12,000.00	11,624.43		-	375.57
NJEIT Principal & Interest	6,000.00	6,000.00	5,995.62		0.00	4.38
					-	
Total Debt Service	4,734,670.50	4,739,733.91	4,739,353.96	-	-	379.95
(E) Deferred Charges						
Special Emergency Authorizations - 5 years	190,000.00	190,000.00	190,000.00			-
Total Deferred Charges	190,000.00	190,000.00	190,000.00	-	-	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,613,754.50	6,954,189.62	6,158,501.79	324,448.92	470,858.96	379.95
SUBTOTAL GENERAL APPROPRIATIONS	25,285,345.50	25,620,717.21	21,928,186.24	1,226,085.67	2,466,065.35	379.95
(M) Reserve for Uncollected Taxes	2,024,064.27	2,024,064.27	2,024,064.27			
TOTAL GENERAL APPRORIATIONS	$ 27,309,409.77	27,644,781.48	23,952,250.51	1,226,085.67	2,466,065.35	379.95

Budget	$ 27,309,409.77	Cancelled	379.95
Appropriations by 40A:4-87	335,371.71	Overexpended	
	27,644,781.48		379.95

Reserve for Uncollected Taxes	$ 2,024,064.27
Federal and State Grants	641,117.71
Deferred Charges	190,000.00
Disbursements	21,097,068.53
	23,952,250.51

EXHIBIT - B
TRUST FUND

Exhibit B

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

ASSETS	2015	2014
Animal Control Fund		
Cash	$ 9,131.16	7,969.96
	9,131.16	7,969.96
Assessment Fund		
Cash	343,678.98	303,465.13
Due from Current Fund	-	58.32
Assessments Receivable	69,919.98	109,287.66
Assessment Liens Receivable	682.60	682.60
	414,281.56	413,493.71
Length of Service Award Program (LOSAP) (unaudited)		
Investments		
Mutual Funds	1,678,611.62	1,650,011.42
	1,678,611.62	1,650,011.42
Other Funds		
Cash - Treasurer	5,819,791.08	4,996,116.30
Cash - Collector	2,124,730.60	2,765,414.58
Due from Taxpayer	855.55	855.55
Due from State-Payroll Trust	-	489.06
Due from Current Fund - Inspection Escrow	0.46	-
Due from Current Fund- Payroll Trust	0.11	-
	7,945,377.80	7,762,875.49
	10,047,402.14	9,834,350.58

Exhibit B

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

	2015	2014
LIABILITIES, RESERVES AND FUND BALANCE		
Animal Control Fund		
Reserve for Animal Control Expenditures	9,131.16	7,969.96
	9,131.16	7,969.96
Assessment Fund		
Reserve for Assessments & Liens	109,962.62	109,970.26
Due to Current Fund	72.37	-
Assessment Overpayments	3,620.58	2,897.46
Fund Balance	300,625.99	300,625.99
	414,281.56	413,493.71
Length of Service Award Program (LOSAP) (unaudited)		
Net Assets Available for Benefits	1,678,611.62	1,650,011.42
	1,678,611.62	1,650,011.42
Other Funds		
Due to Current Fund:		
Special Tax Collector	-	43.34
Due to EHC- Tax Collector Special	-	2,866.90
Funds Held in Escrow	2,506,711.71	2,055,251.89
Premiums Received at Tax Sales	2,037,050.00	2,685,150.00
Deposits for Redemption of Tax Sale Certificates	85,625.91	78,209.89
Funds Held in Escrow - Developer Fees	207,508.67	229,913.64
Payroll Deductions and Taxes Payable	80,597.41	81,773.40
Reserves for:		
Community Events	150,995.91	122,109.96
Compensated Absences	718,308.52	164,051.05
General Liability Insurance Fund	117,841.14	139,686.44
Housing Trust Fund	636,034.18	804,246.03
Landfill Closure	587,776.72	586,895.75
Parking Offenses Adjudication Act	5,133.10	5,109.10
Police Special Detail	81,537.23	49,008.06
Public Defender Fees	9,474.65	14,859.65
Special Law Enforcement Fund	42,028.44	52,518.70
Uniform Fire Safety	1,941.45	1,938.52
Utility Escrow Deposits	358,848.06	377,200.21
Snow Removal	250,693.85	248,652.12
Workers Compensation	67,270.85	63,390.84
	7,945,377.80	7,762,875.49
	$ 10,047,402.14	9,834,350.58

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

EXHIBIT - C
GENERAL CAPITAL FUND

Exhibit C

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

		2015	2014
ASSETS			
Cash	$	1,880,892.07	3,833,607.67
Deferred Charges to Future Taxation -			
Funded		12,130,968.93	14,181,543.72
Unfunded		4,946,500.00	7,219,833.00
		18,958,361.00	25,234,984.39
LIABILITIES, RESERVES AND FUND BALANCE			
Contracts Payable		352,879.66	1,824,132.54
Bond Anticipation Notes Payable		700,000.00	2,973,333.00
Serial Bonds Payable		11,975,000.00	14,010,000.00
Green Trust Loan Payable		70,523.93	80,586.72
NJEIT Loan Payable		85,445.00	90,957.00
Improvement Authorizations:			
Funded		2,155,789.35	2,252,225.40
Unfunded		3,023,826.22	3,558,852.89
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	24,076.91
Capital Improvement Fund		305,784.93	155,784.93
Fund Balance		258,710.00	258,710.00
	$	18,958,361.00	25,234,984.39

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

2014	4,246,500.00
2015	4,246,500.00

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

		2015	2014
Beginning Balance January 1	$	258,710.00	439,114.00
Increased by:			
Premium on Sale of Bonds/BANs		-	19,596.00
Decreased by:			
Appropriated to 2014 Budget Revenue		-	200,000.00
Ending Balance December 31	$	258,710.00	258,710.00

EXHIBIT - D
SEWER UTILITY FUND

Exhibit D
Sheet 1

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

		2015	2014
ASSETS			
Operating Fund:			
Cash	$	3,175,623.25	2,618,587.72
Interfunds and Receivables			
Due from Current Fund		591.95	785.14
		3,176,215.20	2,619,372.86
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable		8,306.61	10,138.74
Utility Liens		4,691.06	4,308.39
		12,997.67	14,447.13
Total Operating Fund		3,189,212.87	2,633,819.99
Capital Fund:			
Cash - Treasurer		1,785,085.10	2,132,460.70
Fixed Capital		32,461,588.24	32,461,588.24
Fixed Capital - Authorized and Uncompleted		6,701,258.00	6,551,258.00
Total Capital Fund		40,947,931.34	41,145,306.94
	$	44,137,144.21	43,779,126.93

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

		2015	2014
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves	$	670,131.39	797,109.99
Reserve for Encumbrances		109,333.78	47,476.23
Utility Overpayments		15,659.69	53,194.13
Accrued Interest on Bonds and Notes		41,834.83	47,669.75
Reserve for Maintenance of Pump Stations		3,167.00	3,167.00
Reserve for EPA Funds		14,765.00	14,765.00
		854,891.69	963,382.10
Reserve for Receivables		12,997.67	14,447.13
Fund Balance		2,321,323.51	1,655,990.76
Total Operating Fund		3,189,212.87	2,633,819.99
Capital Fund:			
Contracts Payable		417,180.40	132,313.03
Serial Bonds Payable		5,200,000.00	6,585,000.00
N.J. E.I.T. Loans Payable		1,109,915.87	1,211,725.51
Improvement Authorizations:			
Funded		634,379.08	761,764.85
Unfunded		1,652,336.40	2,019,693.60
Reserve for Amortization		29,888,047.37	28,401,237.73
Deferred Reserve for Amortization		944,883.00	794,883.00
Reserve for Debt Service		15,070.51	15,070.51
Capital Improvement Fund		145,068.25	282,568.25
Fund Balance		941,050.46	941,050.46
Total Capital Fund		40,947,931.34	41,145,306.94
	$	44,137,144.21	43,779,126.93

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

2014	2,020,000.00
2015	2,020,000.00

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

		2015	2014
Revenue and Other Income Realized			
Fund Balance	$	534,477.00	500,000.00
Rents		6,094,918.48	6,059,865.31
Sewer Capital Fund Balance			948,483.15
Miscellaneous Revenue Anticipated		253,447.22	123,664.40
Other Credits to Income:			
Unexpended Balance of Appropriation Res.		804,253.69	584,558.01
Total Income		7,687,096.39	8,216,570.87
Expenditures			
Operations		4,620,000.00	4,625,656.00
Capital Improvements		12,500.00	12,500.00
Debt Service		1,696,809.64	1,702,641.72
Deferred Charges & Statutory Expenditures		157,977.00	1,104,517.15
Other Charges to Income:			
Refund of Prior Year Revenue		-	199.60
Total Expenditures		6,487,286.64	7,445,514.47
Excess/(Deficit) in Revenue		1,199,809.75	771,056.40
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		-	-
Total Adjustments		-	-
Excess in Operations		1,199,809.75	771,056.40
Fund Balance January 1		1,655,990.76	1,384,934.36
		2,855,800.51	2,155,990.76
Decreased by:			
Utilization as Anticipated Revenue		534,477.00	500,000.00
Fund Balance December 31	$	2,321,323.51	1,655,990.76

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,

		2015	2014
Beginning Balance January 1	$	941,050.46	1,889,533.61
Increased by:			
None		-	-
Decreased by:			
Surplus budgeted in Current Fund		-	948,483.15
Ending Balance December 31	$	941,050.46	941,050.46

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	$ 534,477.00	534,477.00	-
Rents	5,900,000.00	6,094,918.48	194,918.48
Miscellaneous	100,000.00	253,447.22	153,447.22
	$ 6,534,477.00	6,882,842.70	348,365.70

Analysis of Realized Revenue:

Rents	
Consumer Accounts Receivable:	
Current Collections	6,038,984.97
Overpayments Applied	53,194.13
Liens Collected	2,147.43
Due from Current	591.95
	6,094,918.48

Miscellaneous	
Interest on Rents	30,027.53
Interest on Investments	8,895.69
Connection Permits	212,564.00
Miscellaneous	1,960.00
	253,447.22

SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operations:						
Salaries and Wages	$ 1,110,000.00	1,110,000.00	942,486.10		167,513.90	
Other Expenses	3,510,000.00	3,510,000.00	2,918,668.71	109,333.78	481,997.51	
	4,620,000.00	4,620,000.00	3,861,154.81	109,333.78	649,511.41	-
Capital Improvements:						
Capital Improvement Fund	12,500.00	12,500.00	12,500.00		-	
	12,500.00	12,500.00	12,500.00	-	-	-
Debt Service:						
Payment of Bond Principal	1,385,000.00	1,385,000.00	1,385,000.00		-	
Interest on Bonds	215,000.00	215,000.00	215,000.00		-	
NJEIT Loan Principal Payments	144,000.00	144,000.00	96,809.64		-	47,190.36
	1,744,000.00	1,744,000.00	1,696,809.64	-	-	47,190.36
Deferred Charges and Statutory Expenditures:						
Public Employees' Retirement System	61,977.00	61,977.00	61,976.70		0.30	
Social Security System	90,000.00	90,000.00	72,173.51		17,826.49	
Unemployment Compensation Insurance	6,000.00	6,000.00	3,206.81		2,793.19	
	157,977.00	157,977.00	137,357.02	-	20,619.98	-
	$ 6,534,477.00	6,534,477.00	5,707,821.47	109,333.78	670,131.39	47,190.36

Cash Disbursements	5,492,821.47
Accrued Interest	215,000.00
	5,707,821.47

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

EXHIBIT - F
GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit E

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		Balance December 31, 2015	Balance December 31, 2014
Assets			
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		13,425,182.85	12,754,538.00
Total General Fixed Assets		18,489,978.85	17,819,334.00
Liabilities, Reserves, and Fund Balance			
Investment in General Fixed Assets	$	18,489,978.85	17,819,334.00

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, 2015 AND 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Description of Funds

The accounting policies of the Township of Galloway conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the Township of Galloway accounts for its financial transactions through the following separate funds:

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

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

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

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

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

C. Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

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

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

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

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

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

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

D. Required Financial Statements

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

E. Comparative Data

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

F. Recent Accounting Pronouncements Not Yet Effective

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Township's financial reporting.

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

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

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Township's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Township's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Township's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "Certain External Investment Pools and Pool Participants". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Township's financial reporting.

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

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 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of $2,024,064.27 and $1,808,545.60. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was $3,929,664.00 and $2,000,000.00. In addition, the Township operates a self-liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the Township. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was $534,477.00 and $500,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Council. The following significant budget transfers were approved in the 2015 and 2014 calendar years:

Budget Category	2015	2014
Current Fund:		
Revenue Administration		
Other Expenses		15,000.00
Tax Assessment		
Salaries and Wages	(30,000.00)	
Other Expenses		(15,000.00)
Legal Services		
Other Expenses	80,000.00	
Electric		(10,000.00)
Group Insurance	(50,000.00)	

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

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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 2015 and 2014, the following significant budget insertions were approved:

Budget Category	2015	2014
Click-It or Ticket	$ 4,000.00	4,000.00
Emergency Management		5,000.00
Cops in Shops	2,000.00	
Clean Communities Program	89,883.71	73,969.00
NJ. D.O.T. Safe Streets to Schools	2,048.00	
Drive Sober or Get Pulled Over	10,000.00	12,500.00
NJ Transportation Trust Fund Authority Act		190,000.00
Community Development Block Grant	167,440.00	
Municipal Alliance		22,763.00
Safe and Secure	60,000.00	60,000.00

The Township may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The Township approved a special emergency appropriation in 2012 for $950,000. The emergency was for a reassessment of taxes in the Township. The unfunded balance as of December 31, 2015 was $380,000.00. During 2015, the Township did not approve any additional emergencies.

Note 3: INVESTMENTS

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

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

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

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Unaudited Investments

As more fully described in Note 22, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Benefit Life, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2015 and 2014 amounted to $1,678,611.62 and $1,650,011.42, respectively.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2015 and 2014, $162,344.28 and $162,004.37 of the municipality's bank balance of $29,781,754.70 and $30,001,402.39 respectively was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2015 and 2014:

	Balance 12/31/2013	Additions	Retirements/ Adjustments	Balance 12/31/2014
Land	$ 1,717,624.00			1,717,624.00
Building	3,347,172.00			3,347,172.00
Equipment and Machinery	12,803,943.81	275,521.78	(324,927.62)	12,754,537.97
	$ 17,868,739.81	275,521.78	(324,927.62)	17,819,333.97

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

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/2013	Issued	Retired	Balance 12/31/2014
Bond Anticipation Notes payable:				
Current Fund	$ 760,000.00		(760,000.00)	-
General Capital	4,705,000.00	2,973,333.00	(4,705,000.00)	2,973,333.00
	$ 5,465,000.00	2,973,333.00	(5,465,000.00)	2,973,333.00

	Balance 12/31/2014	Issued	Retired	Balance 12/31/2015
Bond Anticipation Notes payable:				
General Capital	$2,973,333.00	700,000.00	(2,973,333.00)	700,000.00
	$2,973,333.00	700,000.00	(2,973,333.00)	700,000.00

The note was issued on 12/16/2015 and is due and payable on 12/15/2016 with interest at 1.11%. As of December 31, 2015, the Township has authorized but not issued bonds or notes in the amount of $4,246,500.00 and $2,020,000.00 in the General Capital Fund and Utility Capital Fund respectively.

Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2015 and 2014 consisted of the following:

	Balance 12/31/2013	Issued	Retired	Balance 12/31/2014	Amounts Due Within One Year
Bonds payable:					
General	$ 16,600,000.00		2,590,000.00	14,010,000.00	2,035,000.00
Utility	7,910,000.00		1,325,000.00	6,585,000.00	1,385,000.00
Total	24,510,000.00	-	3,915,000.00	20,595,000.00	3,420,000.00
Other liabilities:					
Loans Payable	186,916.00		15,372.28	171,543.72	15,574.79
Utility Loans	1,313,535.15		101,809.64	1,211,725.51	101,809.64
Compensated Absences Payable	2,402,945.00		1,124,488.00	1,278,457.00	
Total long-term liabilities	$ 28,413,396.15	-	5,156,669.92	23,256,726.23	3,537,384.43

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	Balance 12/31/2014	Issued	Retired	Balance 12/31/2015	Amounts Due Within One Year
Bonds payable:					
General	$ 14,010,000.00		2,035,000.00	11,975,000.00	2,065,000.00
Utility	6,585,000.00		1,385,000.00	5,200,000.00	1,390,000.00
Total	20,595,000.00	-	3,420,000.00	17,175,000.00	3,455,000.00
Other liabilities:					
Loans Payable	171,543.72		15,574.79	155,968.93	15,784.00
Utility Loans	1,211,725.51		101,809.64	1,109,915.87	101,809.64
Compensated Absences Payable	1,278,457.00	156,342.99		1,434,799.99	
Total long-term liabilities	$ 23,256,726.23	156,342.99	3,537,384.43	19,875,684.79	3,572,593.64

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

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

$11,000,000 General Improvement Bonds dated September 1, 2011, due in annual installments, beginning September 1, 2013 through September 1, 2023, and bearing interest at rates varying from 2.00% to 3.00%. The balance remaining as of December 31, 2015 is $8,100,000.00.

$1,595,000 Refunding Bonds dated September 1, 2011, due in annual installments beginning December 1, 2011 through December 1, 2017 bearing interest at varying rates from 1.00%-2.00%. The balance remaining as of December 31, 2015 is $595,000.00.

$4,265,000 Refunding Bonds dated December 1, 2012, due in annual installments beginning December 1, 2014 through December 1, 2019 bearing interest at varying rates from 2.00%-3.00%. The balance remaining as of December 31, 2015 is $3,280,000.00.

$150,000 Green Trust Loan dated 2002, due in semi-annual installments through 2022. The balance remaining as of December 31, 2015, is $70,523.93.

$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, 2015, is $85,445.00.

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

$3,790,000 Sewer Utility Refunding Bonds dated September 1, 2001, due in annual installments through November 1, 2016, bearing interest at varying rates. The balance remaining as of December 31, 2015 is $315,000.00.

$5,225,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2018, bearing interest at varying rates. The balance remaining as of December 31, 2015 is $1,595,000.00.

$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, 2015 is $2,380,000.00.

$1,295,000 Refunding Bonds dated September 1, 2011, due in annual installments beginning December 1, 2011 through December 1, 2017 bearing interest at varying rates from 1.00%-2.00%. The balance remaining as of December 31, 2015 is $465,000.00.

$560,000 Refunding Bonds dated December 1, 2012, due in annual installments beginning December 1, 2014 through December 1, 2019 bearing interest at varying rates from 2.00%-3.00%. The balance remaining as of December 31, 2015 is $445,000.00.

$150,000 N.J. Environmental Infrastructure Trust Loan dated 3/10/10, due in annual installments, beginning August 1, 2013 through August 1, 2039, and bearing interest at rates varying from 3.00% to 5.00%. The balance remaining as of December 31, 2015 is $125,000.00.

$444,817 N.J. Environmental Infrastructure Fund Loan dated 3/10/10, due in semi-annual installments, beginning August 1, 2011 through August 1, 2029, and bearing an interest rate of 0.00%. The Township received a $233,052 reduction in the loan in 2011. The balance remaining as of December 31, 2015 is $83,597.41.

$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, 2015 is $406,318.46.

$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, 2015 is $495,000.00.

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

	General Fund		Utility Fund	
Year	Principal	Interest	Principal	Interest
2016	$ 2,065,000.00	337,187.50	1,390,000.00	167,512.50
2017	2,090,000.00	284,062.50	1,110,000.00	120,225.00
2018	1,750,000.00	224,262.50	925,000.00	83,525.00
2019	1,680,000.00	171,762.50	425,000.00	50,325.00
2020	1,100,000.00	121,362.50	330,000.00	37,575.00
2021-2023	3,290,000.00	174,862.50	1,020,000.00	59,925.00
	$ 11,975,000.00	1,313,500.00	5,200,000.00	519,087.50

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

	General Capital Green Trust		General Capital NJEIT	
Year	Principal	Interest	Principal	Interest
2016	$ 10,265.03	1,359.41	5,519.00	477.16
2017	10,471.35	1,153.08	5,527.00	469.18
2018	10,681.82	942.61	5,538.00	458.42
2019	10,896.53	727.91	5,551.00	444.42
2020	11,115.56	508.88	5,569.00	427.12
2021-2025	17,093.64	343.01	28,225.00	1,754.14
2026-2031			29,516.00	846.02
	$ 70,523.93	5,034.90	85,445.00	4,876.46

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

Year Ending December 31		Sewer Capital Principal	Interest
2016	$	101,809.64	29,850.00
2017		106,809.64	28,100.00
2018		106,809.64	26,100.00
2019		104,935.81	24,100.00
2020		94,191.83	21,950.00
2021-2025		465,359.31	71,900.00
2026-2029		130,000.00	10,450.00
	$	1,109,915.87	212,450.00

As of December 31, 2015 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 $413,400.91 and to the utility budget was $215,000.00.

Summary of Municipal Debt	Year 2015	Year 2014	Year 2013
Issued:			
General - Bonds and Notes	$ 12,830,968.93	17,154,876.72	21,491,916.21
Sewer Utility - Bonds and Notes	6,309,915.87	7,796,725.51	9,223,535.15
Total Issued	19,140,884.80	24,951,602.23	30,715,451.36
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	-	-	-
Self-Liquidating Debt	15,070.51	15,070.51	15,070.51
Total Deductions	15,070.51	15,070.51	15,070.51
Net Debt Issued	19,125,814.29	24,936,531.72	30,700,380.85
Authorized but not issued:			
General - Bonds and Notes	4,246,500.00	4,246,500.00	499,789.45
Sewer Utility - Bonds and Notes	2,020,000.00	2,020,000.00	948,483.15
Total Authorized But Not Issued	6,266,500.00	6,266,500.00	1,448,272.60
Total Bonds & Notes Issued and Authorized But Not Issued	$ 25,392,314.29	31,203,031.72	32,148,653.45

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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 .569%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$ 2,906,000.00	2,906,000.00	-
Regional School District Debt	28,327,515.28	28,327,515.28	-
Sewer Utility Debt	8,329,915.87	8,329,915.87	-
General Debt	17,077,468.93		17,077,468.93
	$ 56,640,900.08	39,563,431.15	17,077,468.93

Net Debt $17,077,468.93 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $3,000,623,327.67 = .569%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	$	105,021,816.47
Net Debt		17,077,468.93
Remaining Borrowing Power	$	87,944,347.54

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.

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 and 2014, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016 and 2015 were as follows:

		2016	2015
Current Fund	$	4,375,000.00	3,929,664.00
Sewer Utility		690,500.00	534,477.00

Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2015	2016 Budget Appropriation	Balance to Succeeding
Current fund:			
Special Emergency Appropriation-Reassessment	$ 380,000.00	380,000.00	-
	$ 380,000.00	380,000.00	-

Note 10: SCHOOL TAXES

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

Local District School Tax in the amounts of $31,407,242.00 and $30,770,956.00 have been raised for the 2015 and 2014 calendar years and have been remitted or are due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service. Regional High School Tax in the amounts of $17,928,159.00 and $17,482,015.00 have been raised for the 2015 and 2014 calendar years and have been remitted or are due to the school district.

Fund balance is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31, and for the regional high school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2014, and decreased by the amount deferred at December 31, 2015. GAAP would require the recording of deferred revenue. The following schedule illustrates school taxes payable and school taxes deferred at December 31st for the last two years.

	12/31/2015	12/31/2014
Balance of Tax	$ 8,057,814.50	7,867,186.00
Deferred	6,400,000.00	6,400,000.00
Regional High School Tax Payable	$ 1,657,814.50	1,467,186.00

Note 11: TAXES COLLECTED IN ADVANCE

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

	Balance 12/31/2015	Balance 12/31/2014
Prepaid Taxes	$ 734,882.92	737,243.00
Cash Liability for Taxes Collected in Advance	$ 734,882.92	737,243.00

Note 12: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

Police and Fireman's Retirement System

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

Defined Contribution Retirement Program (DCRP)

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

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 6.92% through June 30, 2015 and 7.06% 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 12.46% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2015, 2014, and 2013 were $413,178.00, $400,226.00 and $443,427.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The Township's contributions to PFRS for the years ended December 31, 2015, 2014, and 2013 were $1,090,239.00, $1,170,310.00 and $1,221,605.00.

The total payroll for the year ended December 31, 2015, 2014 and 2013 was $9,390,278.62, $9,063,089.16 and $9,148,334.75. Payroll covered by PFRS was $4,430,790.00, $4,433,212.00 and $4,448,825.00. Payroll covered by PERS was $3,432,009.00, $3,432,437.00 and $3,466,107.00.

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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 ¼ 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 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th 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 13: PENSION LIABILITIES

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

The following represents the Township's pension liabilities as June 30, 2015:

Public Employees' Retirement System

The Township has a liability of $11,328,312.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's proportion would be 0.05046469120%, which would be an increase of 0.69% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Township would have recognized pension expense of $652,455.00. At December 31, 2015, the Township would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	$ 270,254	
Changes of assumptions	1,216,570	
Changes in proportion	54,830	(454,203)
Net difference between projected and actual earnings on pension plan investments		(182,137)
Total	$ 1,541,654	(636,340)

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

Year ended June 30,		
2016	$	169,234
2017		169,234
2018		169,234
2019		254,038
2020		143,576
Total	$	905,314

Actuarial Assumptions

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

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount Rate

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

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Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate

The following presents the Township's proportionate share of the net pension liability calculated using the discount rate of 4.90%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Township's proportionate share of the net pension liability	$ 13,667,111	11,328,312	$ 9,370,735

Pension plan fiduciary net position

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

Police and Firemen's Retirement System

The Township has a liability of $23,336,903.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's proportion would be 0.14010676230%, which would be a decrease of 1.30% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Township would have recognized pension expense of $255,280.00. At December 31, 2015, the Township would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	$ -	(201,288)
Changes of assumptions	4,308,572	
Changes in proportion		(1,860,626)
Net difference between projected and actual earnings on pension plan investments		(406,158)
Total	$ 4,308,572	(2,468,072)

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

Year ended June 30,		
2016	$	354,891
2017		354,891
2018		354,891
2019		561,044
2020		214,783
Total	$	1,840,500

Actuarial Assumptions

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

Inflation rate	3.04%
Salary increases:	
2012-2021	2.60% - 9.48% (based on age)
Thereafter	3.60% - 10.48% (based on age)
Investment rate of return:	7.90%

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Township's proportionate share of the net pension liability	$ 30,254,279	23,336,903	17,698,826

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2015 State special funding situation net pension liability amount of $1,460,720,421.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense of $182,203,735.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Township was 0.14010676230% for 2015. The net pension liability amount allocated to the Township was $2,046,568.00. For the fiscal year ending June 30, 2015 State special funding situation pension expense of $255,280.00 is allocated to the Township.

Pension plan fiduciary net position

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

Note 14: POST-RETIREMENT BENEFITS

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

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

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Note 15: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate $1,434,799.99 in 2015 and $1,278,457.40 in 2014. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. Township employees are entitled to fifteen sick leave days each year. Vacation days are earned based on years of service. Employees are entitled to 10 vacation days for the first year of employment, 11 days for 2 through 5 years of service, 13 days for 6 through 10 years of service, 18 days for 11 through 19 years of service, and 20 days for 20 years or more of service. Sick and vacation days accumulated through December 31, 1991 have been credited to the employees and will be reimbursed at 100% of the employees' daily rate of pay upon retirement. Beginning January 1, 1992, unused sick leave may be accumulated and carried forward to subsequent years, and at retirement the employee will be reimbursed up to fifty percent of days not used, not to exceed the amount of $10,000. Vacation days earned on or after January 1, 1992 may be carried over for one year only, unless extended by the Township Manager with the recommendation of the department head.

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. The balance of the fund was $718,308.52 at December 31, 2015, and $164,051.05 at December 31, 2014.

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

Note 16: ECONOMIC DEPENDENCY

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

Note 17: RISK MANAGEMENT

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

Property and Liability Insurance - The Township maintains commercial insurance coverage for property, liability. During the year ended December 31, 2015 and 2014 the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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Note 18: DEFERRED COMPENSATION

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

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

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

The plans are administered by AXA Equitable and Empower Retirement.

Note 19: CONTINGENT LIABILITIES

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

Note 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2015, 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:		
Sewer Operating Fund	$ -	591.95
Payroll Trust		0.11
Inspection Escrow		0.46
Special Water Assessment Trust	72.37	
Trust Assessment Fund:		
Current Fund		72.37
Trust Fund:		
Current Fund - Payroll Trust	0.46	
Current Fund - Inspection Escrow	0.11	
Sewer Operating:		
Current Fund	591.95	
	$ 664.89	664.89

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 21: SANITARY LANDFILL CLOSURE FUND

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

At December 31, 2015, the Township had $587,776.72 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 22: LENGTH OF SERVICE AWARD PROGRAM

During the 2000 calendar year, the voters of the Township of Galloway approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The Township appropriated $135,338.00 in both the 2015 and 2014 budgets, for contributions to the LOSAP for volunteers who have met the established criteria.

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

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

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

Note 23: SUBSEQUENT EVENTS

The Township has evaluated subsequent events through June 27, 2016, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTAL SCHEDULES

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
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Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township of Galloway's basic financial statements, and have issued our report thereon dated June 27, 2016, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Leon P. Costello

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

June 27, 2016

TOWNSHIP OF GALLOWAY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2015

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	**Unqualified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an "Other Comprehensive Basis of Accounting".**
Internal control over financial reporting:	
1) Material Weakness identified?	**NO**
2) Significant Deficiency identified?	**NO**
Non-Compliance material to Financial Statements – Regulatory Basis noted?	**NO**

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 an accompanying Management Letter.

MANAGEMENT RESPONSES

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

None needed

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.

CURRENT FUND
SCHEDULE OF CASH - TREASURER

		Regular Fund		Grant Fund	
Balance December 31, 2014	$		12,810,597.71		269,981.35
Increased by Receipts:					
Tax Collector		81,814,185.02			
Revenue Accounts Receivable		5,434,476.83			
Miscellaneous Revenue		235,551.56			
Due from State of N.J. Seniors/Veterans		348,500.00			
Unidentified Tax Receipt		27.05			
Sale of Municipal Property		73,014.00			
Due to State of N.J. -Marriage Licenses		6,075.00			
Due to State of N.J. - DCA Fees		47,556.00			
Reserve for Proceeds on Sale of Municipal Property		175.00			
Due to Sewer Utility Operating Fund		2,739.38			
Reserve for Technology		75,000.00			
Due to Trust Fund		43.34			
Due to Trust Fund - Payroll		0.11			
Due from Trust Escrow		0.46			
Reserve for Small Cities Revolving Loan Fund				11,439.00	
Due from Current Fund				7,718.00	
Federal and State Unallocated				26,224.47	
Federal and State Receivables				513,491.05	
			88,037,343.75		558,872.52
			100,847,941.46		828,853.87
Decreased by Disbursements:					
Current Year Appropriation		21,097,068.53			
Prior Year Appropriations		1,343,307.12			
Accounts Payable		2,442.40			
County Taxes		14,834,451.46			
Local District School Taxes		31,407,242.00			
Regional School Taxes		17,737,530.60			
Tax Appeals Payable		200,000.00			
Tax Overpayments		69,256.70			
Refund of Prior Year Revenue		32,075.28			
Due to State of N.J. -Marriage Licenses		6,000.00			
Due to State of N.J. - DCA Fees		47,673.00			
Due to Sewer Utility Operating Fund		2,932.57			
Due to Trust Special Assessment		130.69			
Due to Federal and State Grant Fund		7,718.00		0.55	
Reserve for Small Cities Revolving Loan Fund				15,185.00	
Federal and State Disbursements				631,716.61	
			86,787,828.35		646,902.16
Balance December 31, 2015	$		14,060,113.11		181,951.71

CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR

Balance December 31, 2014		$ -
Increased by Receipts:		
Prepaid Taxes	$ 734,882.92	
Taxes Receivable	81,021,956.87	
Tax Title and Other Liens	57,345.23	
		81,814,185.02
		81,814,185.02
Payments to Treasurer		81,814,185.02
Balance December 31, 2015		$ -

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

Year		Balance Dec. 31, 2014	Current Year Levy	Added Taxes	Collections by Cash 2014	Collections by Cash 2015	Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2015
Arrears	$	56,049.64				31,117.43	(33,584.87)	5,661.97	52,855.11
2014		64.33				919.33	(855.00)		(0.00)
		56,113.97	-	-	-	32,036.76	(34,439.87)	5,661.97	52,855.11
2015			82,379,929.71	175,028.19	737,242.96	81,211,217.45	334,094.67	272,402.82	0.00
	$	56,113.97	82,379,929.71	175,028.19	737,242.96	81,243,254.21	299,654.80	278,064.79	52,855.11

81,021,956.87	Cash Receipts	
(130,452.66)	Overpayments	
351,750.00	Senior Citizens and Veterans	
81,243,254.21		

Analysis of Current Year Tax Levy

Tax Yield:		
General Property Tax	82,379,929.71	
Added Taxes (54:4-63.1 et. Seq.)	175,028.19	
		82,554,957.90
Tax Levy:		
General County Taxes	13,524,065.96	
County Library Taxes	888,769.92	
County Open Space Taxes	41,005.05	
County Health Taxes	357,463.83	
County Added and Omitted Taxes	17,740.56	
Total County Taxes		14,829,045.32
Local School District Tax		31,407,242.00
Additional Local School District Tax		-
Regional School District Tax		17,928,159.00
Local Tax for Municipal Purposes	18,262,570.67	
Add: Additional Tax Levied	127,940.91	
		18,390,511.58
		82,554,957.90

CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS

Balance December 31, 2014		$ 1,336,137.26
Increased by:		
Transfers from Taxes Receivable	$ 278,064.79	
Interest and Costs Accrued by Sale of December 18, 2015	13,808.90	
		291,873.69
		1,628,010.95
Decreased by:		
Collections	57,345.23	
Other - Cancelled	118.88	
		57,464.11
Balance December 31, 2015		$ 1,570,546.84

Exhibit A - 8

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2014	Accrued in 2015	Collected by Collector	Collected by Treasurer	Balance Dec. 31, 2015
Licenses:					
Alcoholic Beverages	$ -	68,700.10		68,700.10	-
Fees and Permits	-	154,562.00		154,562.00	-
Fines and Costs:					
Municipal Court	25,812.95	354,107.42		354,107.42	28,171.64
Interest and Costs on Taxes	-	321,570.62		321,570.62	-
Interest Earned on Investments	-	38,981.26		38,981.26	-
Planning Board - Special Application Fees	-	12,450.00		12,450.00	-
Fire Subcode Official:					
Fire Safety Rebated	-	35,431.24		35,431.24	-
Fire Inspections	-	38,466.00		38,466.00	-
Road Openings	-	34,525.00		34,525.00	-
Cable Franchise Fees	-	122,232.60		122,232.60	-
Hotel Tax	-	472,154.67		472,154.67	-
Rental Inspections	-	88,335.00		88,335.00	-
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	-	550,892.00		550,892.00	-
Communications - Dispatch Agreement					
Atlantic County	-	17,863.10		17,863.10	-
Mullica	-	204,512.82		204,512.82	-
Contribution - Richard Stockton College		310,000.00		310,000.00	-
	$ 25,812.95	5,434,476.83	-	5,434,476.83	28,171.64

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
General Administration					
Other Expenses	$ 36,174.94	36,174.94	715.85	35,459.09	-
Mayor and Council					
Other Expenses	2,046.96	2,046.96	681.00	1,365.96	-
Township Clerk					
Salaries and Wages	20,466.55	20,466.55	1,658.40	18,808.15	-
Other Expenses	19,700.75	19,700.75	1,156.89	18,543.86	-
Financial Administration					
Salaries and Wages	11,632.65	11,632.65	2,267.50	9,365.15	-
Other Expenses	21,615.21	21,615.21	4,090.80	17,524.41	-
Revenue Administration (Tax Collection)					
Salaries and Wages	8,140.42	8,140.42	1,920.52	6,219.90	-
Other Expenses	36,383.20	36,383.20	34,052.75	2,330.45	-
Tax Assessment Administration					
Salaries and Wages	32,740.24	32,740.24	3,562.06	29,178.18	-
Other Expenses	20,474.05	20,474.05	6,746.90	13,727.15	-
Legal Services					
Other Expenses	79,977.18	79,977.18	17,226.11	62,751.07	-
Engineering Services and Costs					
Other Expenses	14,005.00	14,005.00	460.00	13,545.00	-
Municipal Court					
Salaries and Wages	35,466.81	35,466.81	4,267.54	31,199.27	-
Other Expenses	8,064.71	8,064.71	1,848.15	6,216.56	-
Municipal Prosecutor's Office					
Other Expenses	12,840.00	12,840.00	3,500.00	9,340.00	-
Planning Board					
Other Expenses	11,299.85	11,299.85	12.50	11,287.35	-
Zoning Board of Adjustment					
Other Expenses	1,154.55	1,154.55	255.00	899.55	-
INSURANCE					
Group Insurance Plan for Employees	896,286.34	896,286.34	382,024.27	514,262.07	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
PUBLIC SAFETY					
Police Department					
Salaries and Wages	237,114.76	237,114.76	4,465.60	232,649.16	-
Other Expenses	359,137.19	359,137.19	286,261.42	72,875.77	-
Police Dispatch/911					
Salaries and Wages	43,738.71	43,738.71	11,743.30	31,995.41	-
Other Expenses	22,672.50	22,672.50	3,599.21	19,073.29	-
Office of Emergency Management					
Other Expenses	1,602.01	1,602.01	1,138.25	463.76	-
Fire Department					
Salaries and Wages	15,726.70	15,726.70	827.36	14,899.34	-
Other Expenses	58,912.25	58,912.25	47,435.65	11,476.60	-
PUBLIC WORKS					
Streets and Road Maintenance					
Salaries and Wages	62,098.59	62,098.59	40,536.45	21,562.14	-
Other Expenses	82,884.84	82,884.84	56,439.05	26,445.79	-
Other Public Works Functions					
Salaries and Wages	1,794.51	1,794.51	1,794.51	-	-
Other Expenses	5,408.43	5,408.43	186.56	5,221.87	-
Solid Waste Collection					
Other Expenses	6,626.80	6,626.80	70.00	6,556.80	-
Buildings and Grounds					
Other Expenses	52,843.80	52,843.80	21,484.85	31,358.95	-
Vehicle Maintenance					
Other Expenses	137,486.49	137,486.49	60,174.23	77,312.26	-
PARKS AND RECREATION					
Recreation Services and Programs					
Salaries and Wages	477.01	477.01	477.01	-	-
Other Expenses	14,064.85	14,064.85	9,146.45	4,918.40	-
Senior Services					
Salaries and Wages	2,259.11	2,259.11	634.21	1,624.90	-
Other Expenses	390.92	390.92	390.92	-	-
Maintenance of Parks					
Other Expenses	6,996.28	6,996.28	4,120.87	2,875.41	-

Exhibit A - 9

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
OTHER COMMON COPERATING FUNCTIONS					
Accumulated Leave	221,195.02	221,195.02	221,195.02	-	-
Celebration of Public Events					
Salaries and Wages	273.43	273.43	272.85	0.58	-
Community Education					
Salaries and Wages	14,423.96	14,423.96	1,165.75	13,258.21	-
Other Expenses	11,632.91	11,632.91	9,255.99	2,376.92	-
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Code Enforcement & Administration					
Salaries and Wages	15,649.52	15,649.52	3,028.39	12,621.13	-
Other Expenses	2,181.24	2,181.24	237.11	1,944.13	-
UTILITY EXPENSES AND BULK PURCHASES					
Electric	49,440.08	49,440.08	19,980.33	29,459.75	-
Street Lighting	21,490.86	21,490.86	16,082.56	5,408.30	-
Telephone	24,577.46	24,577.46	2,545.35	22,032.11	-
Gas	2,622.23	2,622.23	2,622.23	-	-
Gasoline	129,265.93	129,265.93	3,330.80	125,935.13	-
Water	56,193.46	56,193.46	25,674.90	30,518.56	-
Telecommunications	15,355.64	15,355.64	628.96	14,726.68	-
Landfill/Solid Waste Disposal Costs	23,403.28	23,403.28	6,630.42	16,772.86	-
STATUTORY EXPENDITURES					
Contributions to:					
Social Security System (O.A.S.I.)	118,346.80	118,346.80	2,837.58	115,509.22	-
OPERATIONS EXCLUDED FROM "CAPS"					
Length of Service Award Program - Fire	25,496.08	25,496.08	1,026.56	24,469.52	-
Rental Inspections					
Salaries and Wages	1,161.77	1,161.77	676.98	484.79	-
Interlocal Municipal Service Agreements	8,743.20	8,743.20	8,743.20	-	
All Other Accounts - No Change	196,708.72	196,708.72		196,708.72	
	$ 3,318,866.75	3,318,866.75	1,343,307.12	1,975,559.63	-

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX

Balance December 31, 2014		
School Tax Payable	$ 1,467,186.10	
School Tax Deferred	6,400,000.00	
		$ 7,867,186.10
Increased by:		
Levy - School Year July 1, 2015 to June 30, 2016		17,928,159.00
		25,795,345.10
Decreased by:		
Payments		17,737,530.60
Balance December 31, 2015		
School Tax Payable	1,657,814.50	
School Tax Deferred	6,400,000.00	
		8,057,814.50
Current Year Liability for Regional School District School Tax:		
Tax Paid		17,737,530.60
Tax Payable Ending		1,657,814.50
		19,395,345.10
Less: Tax Payable Beginning		1,467,186.10
Amount charged to Current Year Operations		$ 17,928,159.00

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2014		
School Tax Payable	$ -	
School Tax Deferred	-	
		$ -
Increased by:		
Levy - School Year July 1, 2015 to June 30, 2016		31,407,242.00
		31,407,242.00
Decreased by:		
Payments		31,407,242.00
Balance December 31, 2015		
School Tax Payable	-	
School Tax Deferred	-	
		-
Current Year Liability for Local School District School Tax:		
Tax Paid		31,407,242.00
Tax Payable Ending		-
		31,407,242.00
Less: Tax Payable Beginning		-
Amount charged to Current Year Operations		$ 31,407,242.00

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance Dec. 31, 2014	Transferred From 2015 Revenues	Received	Canceled	Balance Dec. 31, 2015
FEDERAL GRANTS:					
OEM Hazard Mitigation Grant - FEMA	$ -	190,080.00			190,080.00
FEMA-Hazardous Mitigation-Generator	142,080.00			142,080.00	-
COPS in Shops	-	2,000.00	2,000.00		-
Bulletproof Vest Partnership	-	2,798.00	2,798.00		-
Community Development Block Grant	35,494.00	167,440.00			202,934.00
Total Federal	177,574.00	362,318.00	4,798.00	142,080.00	393,014.00
STATE GRANTS:					
Safe and Secure Communities Program	15,000.00	60,000.00	60,000.00		15,000.00
Municipal Alliance Program	-	33,633.00	11,545.00		22,088.00
Municipal Alliance Program	22,763.00		11,893.00	10,870.00	-
Body Armor Fund	-	4,717.00	4,717.00		-
Clean Communities	-	89,883.71	89,883.71		-
Click-it-or Ticket	-	4,000.00	4,000.00		-
Flood Control Grant	107,462.00				107,462.00
Drunk Driving Enforcement Program	-	12,708.00	12,708.00		-
Recycling Tonnage Grant	-	49,092.00	49,092.00		-
Drive Sober or Get Pulled Over	7,500.00	10,000.00	12,500.00		5,000.00
NJDOT Safe Streets to Schools	230,000.00	2,048.00	3,000.00		229,048.00
NJ Transportation Trust Fund Safe Streets to Transit - Great Creek Road	62,750.00		62,750.00		-
NJ Transportation Trust Fund Great Creek Road, Phase IV	190,000.00		116,651.87		73,348.13
NJDOT-Great Creek Road, Phase II	66,478.50		66,478.50		-
NJDOT-Great Creek Road, Phase III	67,788.97		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
Total State	1,399,042.47	271,081.71	578,008.05	10,870.00	1,081,246.13
	$ 1,576,616.47	633,399.71	582,806.05	152,950.00	1,474,260.13

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FERERAL AND STATE GRANTS

	Balance December 31, 2014						
	Appropriated	Reserve for Encumbrances	2015 Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2015
FEDERAL GRANTS:							
FEMA-Hazardous Mitigation-Generator	$ 142,080.00					142,080.00	-
OEM Hazard Mitigation Grant - FEMA	-		190,080.00	212.00			189,868.00
COPS in Shops	-		2,000.00	2,000.00			-
Community Development Block Grant	35,494.00		167,440.00		91,000.00		111,934.00
JAG Grant	0.09	1,678.10		1,678.10		0.09	(0.00)
Bulletproof Vest Partnership	6,709.00		2,798.00	5,824.00			3,683.00
Total Federal	184,283.09	1,678.10	362,318.00	9,714.10	91,000.00	142,080.09	305,485.00
STATE GRANTS:							
New Jersey Transportation Trust Fund							
Safe Streets 2012	-	18,415.39		18,415.39			-
Safe Streets 2013	230,000.00		2,048.00	225,339.26	6,708.42		0.32
Great Creek Road, Phase IV	190,000.00			147,613.19	22,000.00		20,386.81
Recycling Tonnage Grant	60,704.53	1,000.00	49,092.00	5,035.16	355.31		105,406.06
Drunk Driving Enforcement Program	36,127.33	98.50	12,708.00	16,447.29			32,486.54
Clean Communities Program	91,373.68	13,650.59	89,883.71	78,772.95	3,295.47		112,839.56
Safe and Secure Program	-		60,000.00	60,000.00			-
Body Armor Fund	2,282.94	1,508.00	4,717.00	8,215.94			292.00
Municipal Drug Alliance Program	14,937.58	1,139.31	33,633.00	23,576.89		10,870.00	15,263.00
Local Share	6,589.98	261.00	2,718.00	3,976.24	184.00		5,408.74
NJ Forestry Service-No Net Loss Phase 2	72,100.00	585.75			585.75		72,100.00
NJ Forestry Service-No Net Loss Phase 3	533,700.00			16,400.00	66,100.00		451,200.00
Stormwater Management	5,022.04						5,022.04
Click-it-or Ticket	-		4,000.00	4,000.00			-
Enhanced 911 General Assistance Grant	59,039.36						59,039.36
Driver Sober or Get Pulled Over	3,300.00		10,000.00	12,300.00			1,000.00
Reforestation Grant	1,159.62	1,910.20		1,910.20			1,159.62
Emergency Management Assistance	14,542.50		10,000.00				24,542.50
DEP Flood Control Grant	-	95,557.01			95,557.01		-
Total State	1,320,879.56	134,125.75	278,799.71	622,002.51	194,785.96	10,870.00	906,146.55
	$ 1,505,162.65	135,803.85	641,117.71	631,716.61	285,785.96	152,950.09	1,211,631.55

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

Purpose		Balance Dec. 31, 2014	Transferred To 2015 Approproriations	Received	Canceled	Balance Dec. 31, 2015
FEDERAL GRANTS:						
Bulletproof Vest Partnership	$	2,797.63	2,798.00	7,848.40	(0.37)	7,848.40
Total Federal		2,797.63	2,798.00	7,848.40	(0.37)	7,848.40
STATE GRANTS:						
Recycling Tonnage Grant		49,092.22	49,092.00		0.22	0.00
Body Armor Grant		4,717.57	4,717.00	4,709.71	0.57	4,709.71
Drunk Driving Enforcement		12,708.04	12,708.00	13,666.36	0.04	13,666.36
Total State		66,517.83	66,517.00	18,376.07	0.83	18,376.07
	$	69,315.46	69,315.00	26,224.47	0.46	26,224.47

Exhibit B-1

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2014		$ 7,969.96
Increased By Receipts:		
Dog Licenses Fees	$ 13,427.20	
State License Fees	1,735.80	
Kennel License/Replacement Tags	50.00	
Late Fees	575.00	
		15,788.00
		23,757.96
Decreased By Disbursements:		
Animal Control Expenditures	12,891.00	
Due to State of New Jersey	1,735.80	
		14,626.80
Balance December 31, 2015		$ 9,131.16

Exhibit B-2

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

		Other		Assessment	
Balance December 31, 2014 - Treasurer			$ 4,996,116.30		$ 303,465.13
Balance December 31, 2014 - Collector			2,765,414.58		
			7,761,530.88		
Increased By Receipts:					
Insurance Funds:	$				
Workers' Compensation Insurance Fund		58,510.96			
General Liability Insurance Fund		145,355.04			
Reserve for Outside Lien Redemptions		2,971,425.13			
Reserve for Tax Premiums		1,238,000.00			
Funds Held in Escrow - Inspection Fees		621,381.80			
Funds Held in Escrow - Developer Escrow Fees		134,572.03			
Payroll Deductions		11,794,401.16			
Due from State - Payroll Trust		489.06			
Reserve for Compensated Absences		576,221.43			
Reserve for Special Law Enforcement		17,003.80			
Reserve for Housing Trust Fund		24,852.00			
Reserve for Utility Escrow Deposits		52,815.00			
Reserve for Community Events		240,880.05			
Reserve for Police Special Detail		243,476.25			
Reserve for Public Defender Trust		30,515.00			
Reserve for Uniform Fire Safety		2.93			
Reserve for Snow Removal		42,041.73			
Reserve for Landfill Closure		880.97			
Reserve for Parking Offenses Adjudication Act		24.00			
Assessments Receivable				40,090.80	
Due from Current Fund				123.05	
			18,192,848.34		40,213.85
			25,954,379.22		343,678.98
Decreased By Disbursements:					
Reserve for Escrow - Inspection Fees		169,921.98			

Exhibit B-2

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Developer Escrow Funds	156,977.00		
Payroll Deductions	11,795,577.15		
Insurance Funds:			
Workers' Compensation Insurance Fund	54,630.95		
General Liability Insurance Fund	167,199.94		
Reserve for Outside Lien Redemptions	2,964,009.11		
Reserve for Tax Premiums	1,886,100.00		
Reserve for Compensated Absences	21,963.96		
Reserve for Housing Trust Fund	193,063.85		
Reserve for Special Law Enforcement	27,494.06		
Reserve for Utility Escrow Deposits	71,167.15		
Reserve for Public Defender Trust	35,900.00		
Reserve for Community Events	211,994.10		
Reserve for Snow Removal	40,000.00		
Reserve for Police Special Detail	210,947.08		
Due to EHC - Tax Collector Special	2,866.90		
Due to Current Fund - Other Trust	44.31		
		18,009,857.54	
Balance December 31, 2015		$ 7,944,521.68	$ 343,678.98
Balance December 31, 2015 - Treasurer		$ 5,819,791.08	
Balance December 31, 2015 - Collector		2,124,730.60	
		$ 7,944,521.68	

See Accompanying Auditor's Report

Exhibit B-3

TRUST ASSESSMENT FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2014	Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
		Assessments	Misc.	Assessments	Misc.	From	To	
Due to/ (from) Current Fund	$ (58.32)		123.05				7.64	72.37
Assessments Receivable	(109,287.66)	39,367.68						(69,919.98)
Assessment Lien Receivable	(682.60)							(682.60)
Assessment Overpayments	2,897.46	722.91	0.21					3,620.58
Reserve for Assessments and Liens	109,970.26					7.64		109,962.62
Assessment Fund Balance	300,625.99							300,625.99
	$ 303,465.13	40,090.59	123.26	-	-	7.64	7.64	343,678.98

Exhibit B-4

TRUST ASSESSMENT FUND
STATEMENT OF ASSESSMENTS RECEIVABLE

Ord. Num.	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2014	Collected	Transferred to Lien	Balance Dec. 31, 2015	Balance Pledged to Due General Capital Fund	Balance Pledged to Reserve
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	$ 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	82,528.87	12,608.89		69,919.98		69,919.98
					$ 109,287.66	39,367.68	-	69,919.98	-	69,919.98

Exhibit B-5

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2014		$ 7,969.96
Increased By:		
Dog Licenses Fees Collected	$ 13,427.20	
Kennel License/Replacement Tags	50.00	
Late Fees Collected	575.00	
		14,052.20
		22,022.16
Decreased By Disbursements:		
Animal Control Expenditures	12,891.00	
		12,891.00
Balance December 31, 2015		$ 9,131.16

License Fees Collected	Year	
	2013	15,117.80
	2014	13,901.20
		$ 29,019.00

Exhibit B-6

TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2014		$ -
Increased By:		
Collected in 2015	$ 1,735.80	
		1,735.80
		1,735.80
Decreased By:		
Paid to State of New Jersey	1,735.80	
		1,735.80
Balance December 31, 2015		$ -

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2014		$ 3,833,607.67
Increased by:		
Capital Improvement Fund	$ 175,000.00	
		175,000.00
		4,008,607.67
Decreased by:		
Improvement Authorization	2,127,715.60	
		2,127,715.60
Balance December 31, 2015		$ 1,880,892.07

Exhibit C - 3

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2014	Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	$ 258,710.00							258,710.00
Capital Improvement Fund	155,784.93	175,000.00				25,000.00		305,784.93
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
Contracts Payable	1,824,132.54					1,824,132.54	352,879.66	352,879.66
Improvement Authorizations:								
1032 Closure/Expansion of Landfill	379,464.64			172.50		16,120.07	16,292.57	379,464.64
1432 Various Improvements	11,137.03			1,200.00				9,937.03
1505 Various Improvements	21,045.00							21,045.00
1565 Various Improvements	26,024.45			32,024.45			6,000.00	-
1611 Various Capital Improvements	647,740.91	54,147.30		203,736.77		30,705.43	76,027.13	543,473.14
1617 Drainage Improvements and Pedestrian Paths	43,363.43			12,700.00		2,100.00	1,000.00	29,563.43
1660 Various Capital Improvements	187,794.03			47,872.65		44,894.97	71,413.18	166,439.59
1718 Various Capital Improvements	604,547.36			101,122.08		1,200.00	92,746.08	594,971.36
1839 Various Capital Improvements	331,108.55			19,614.26		13,378.93	7,355.00	305,470.36
1880 Tax Appeal Refunding	87,274.27			557,133.07			555,281.60	85,422.80
1897 Various Capital Improvements	(774,921.38)			1,206,287.12		239,482.26	998,016.96	(1,222,673.78)
1924 Various Capital Improvements	-					4,998.00	25,000.00	20,002.00
	$ 3,833,607.67	229,147.30	-	2,181,862.90	-	2,202,012.20	2,202,012.20	1,880,892.07

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014		$ 155,784.93
Increased by:		
Current Fund Budget Appropriation	$ 175,000.00	
		175,000.00
		330,784.93
Decreased by:		
Financed Improvement Authorization	25,000.00	
		25,000.00
Balance December 31, 2015		$ 305,784.93

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

Balance December 31, 2014		$ 14,181,543.72
Increased by:		
None	$ -	
		-
		14,181,543.72
Decreased by:		
Serial Bonds Paid	2,035,000.00	
NJ Environmental Infrastructure Loan Paid	5,512.00	
Green Trust Loan Paid	10,062.79	
		2,050,574.79
Balance December 31, 2015		$ 12,130,968.93

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

Ord #	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Raised in 2015 Budget	Balance Dec. 31, 2015	Analysis of Balance: Bond Anticipation Notes	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorizations
1858	Tax Appeal Refunding	$ 490,000.00		490,000.00	-	-		
1880	Tax Appeal Refunding	1,053,333.00		1,053,333.00	-	-		
1882	Tax Appeal Refunding	1,430,000.00		730,000.00	700,000.00	700,000.00		
1897	Various Capital Improvements	4,246,500.00			4,246,500.00		1,222,673.78	3,023,826.22
		$ 7,219,833.00	-	2,273,333.00	4,946,500.00	700,000.00	1,222,673.78	3,023,826.22

Improvement Authorizations Unfunded		3,023,826.22	
Less:			
Unexpended Proceeds of Bond Anticipation Notes Issued:			
Ord. Number			
1897	Various Capital Improvements	3,023,826.22	
			3,023,826.22
			-

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2014 Funded	Balance December 31, 2014 Unfunded	Authorizations: Other Funding	Authorizations: Deferred Charges to Future Taxation	Paid or Charged	Balance December 31, 2015 Funded	Balance December 31, 2015 Unfunded
1032	Closure and Expansion of Landfill	2/26/1991	7,625,000	$ 379,464.64				-	379,464.64	
1432	Various Capital Improvements	8/8/2000	803,347	11,137.03				1,200.00	9,937.03	
1505	Various Capital Improvements	5/28/2002	2,433,950	21,045.00					21,045.00	
1565	Various Capital Improvements	6/22/2004	3,522,350	26,024.45				26,024.45	-	
1611	Various Capital Improvements	6/28/2005	7,622,310	647,740.91				104,267.77	543,473.14	
1617	Drainage Improvements and Pedestrian Paths	8/9/2005	79,570	43,363.43				13,800.00	29,563.43	
1660	Various Capital Improvements	7/11/2006	3,403,528	187,794.03				21,354.44	166,439.59	
1718	Various Capital Improvements	7/10/2007	3,580,000	604,547.36				9,576.00	594,971.36	
1839	Various Capital Improvements	6/28/2011	818,810	331,108.55				25,638.19	305,470.36	
1880	Tax Appeal Refunding	10/8/2013	1,580,000	-	87,274.27			1,851.47	85,422.80	
1897	Various Capital Improvements	11/12/2014	4,470,000		3,471,578.62			447,752.40		3,023,826.22
1924	Various Capital Improvements	11/10/2015	25,000			25,000.00		4,998.00	20,002.00	
				$ 2,252,225.40	3,558,852.89	25,000.00	-	656,462.72	2,155,789.35	3,023,826.22

Cash Disbursements	2,127,715.60
Contract Payable PY	(1,824,132.54)
Contract Payable CY	352,879.66
	656,462.72

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2015 Date	Amount	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
General Obligation Bonds of 2011	9/1/2011	11,000,000	9/1/2016	850,000.00	2.000%	$ 8,900,000.00		800,000.00	8,100,000.00
			9/1/2017	900,000.00	2.500%				
			9/1/2018	960,000.00	3.000%				
			9/1/2019	1,000,000.00	3.000%				
			9/1/2020	1,100,000.00	3.000%				
			9/1/2021	1,290,000.00	2.500%				
			9/1/2022	1,300,000.00	2.625%				
			9/1/2023	700,000.00	3.000%				
Refunding Bonds of 2011	9/1/2011	1,595,000	12/1/2016	305,000.00	1.500%	905,000.00		310,000.00	595,000.00
			12/1/2017	290,000.00	2.000%				
Refunding Bonds of 2012	12/1/2012	4,265,000	12/1/2016	910,000.00	3.000%	4,205,000.00		925,000.00	3,280,000.00
			12/1/2017	900,000.00	3.000%				
			12/1/2018	790,000.00	3.000%				
			12/1/2019	680,000.00	3.000%				
						$ 14,010,000.00	-	2,035,000.00	11,975,000.00
					Budget Appropriation			-	
								-	

GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2015 Date	Amount	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
Ponzio Park	2002	$ 150,000	2016	$ 10,265.03	2.000%	$ 80,586.72		10,062.79	70,523.93
			2017	10,471.35					
			2018	10,681.82					
			2019	10,896.53					
			2020	11,115.56					
			2021	11,338.97					
			2022	5,754.67					
						$ 80,586.72	-	10,062.79	70,523.93

GENERAL CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2015 Date	Amount	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
Wrangleboro Road Fund Loan	12/16/2011	$ 81,951	2016-2029	$ 4,167.00	0.000%	$ 66,629.00		4,167.00	62,462.00
			2030	4,124.00					
Wrangleboro Road Trust Loan	12/16/2011	30,000	2016	1,352.00	0.590%	24,328.00		1,345.00	22,983.00
			2017	1,360.00	0.790%				
			2018	1,371.00	1.020%				
			2019	1,384.00	1.250%				
			2020	1,402.00	1.520%				
			2021	1,423.00	1.740%				
			2022	1,448.00	1.900%				
			2023	1,475.00	2.050%				
			2024	1,506.00	2.170%				
			2025	1,538.00	2.290%				
			2026	1,574.00	2.390%				
			2027	1,611.00	2.920%				
			2028	1,658.00	3.000%				
			2029	1,708.00	3.080%				
			2030	1,760.00	3.130%				
			2031	413.00	3.190%				
						$ 90,957.00	-	5,512.00	85,445.00

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, 2014	Increased	Decreased	Balance Dec. 31, 2015
Tax Appeal Notes-2012	1858	12/20/2012	12/19/2013	12/16/2015	1.250%	$ 490,000.00		490,000.00	-
Tax Appeal Notes-2013	1880	12/19/2013	12/19/2013	12/16/2015	1.250%	1,053,333.00		1,053,333.00	-
Tax Appeal Notes-2013	1882	12/19/2013	12/19/2013	12/16/2015	1.250%	1,430,000.00		1,430,000.00	-
			12/16/2015	12/15/2016	1.110%	-	700,000.00		700,000.00
						$ 2,973,333.00	700,000.00	2,973,333.00	700,000.00

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

Ordinance Number	Improvement Description		Balance Dec. 31, 2014	2015 Authorizations	Raised in Budget	Balance Dec. 31, 2015
1897	Various Capital Improvements	$	4,246,500.00			4,246,500.00
		$	4,246,500.00	-	-	4,246,500.00

SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

		Operating Fund		Capital Fund	
Balance December 31, 2014	$		2,618,587.72		2,132,460.70
Increased by Receipts:					
Collector		6,041,132.40			
Miscellaneous Revenue		253,447.22			
Budget Appropriation- Capital Improvement Fund				12,500.00	
Utility Overpayments		15,659.69			
Due from Current Fund		785.14			
			6,311,024.45		12,500.00
			8,929,612.17		2,144,960.70
Decreased by Disbursements:					
Current Year Appropriation		5,492,821.47			
Prior Year Appropriations		40,332.53			
Accrued Interest on Bonds and Notes		220,834.92			
Improvement Authorizations				359,875.60	
			5,753,988.92		359,875.60
Balance December 31, 2015	$		3,175,623.25		1,785,085.10

SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

		Balance Dec. 31, 2014	Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance		$ 941,050.46							941,050.46
Capital Improvement Fund		282,568.25	12,500.00				150,000.00		145,068.25
Contracts Payable		132,313.03					132,313.03	417,180.40	417,180.40
Reserve for Payment of Bonds/Notes		15,070.51							15,070.51
Improvement Authorizations:									
1566	Various Sewer Improvements	504,444.62			125,851.76		510,905.89	132,313.03	-
1661	Various Sewer Improvements	21,420.80					21,420.80		-
1840	Various Sewer Improvements	235,899.43			31,646.00		25,323.83		178,929.60
1898	Various Sewer Improvements	(306.40)			48,763.55		318,593.65		(367,663.60)
1916	Various Sewer Improvements	-			126,982.36		12,185.50	150,000.00	10,832.14
1919	Various Sewer Improvements	-			26,631.93		39,656.62	510,905.89	444,617.34
		$ 2,132,460.70	12,500.00	-	359,875.60	-	1,210,399.32	1,210,399.32	1,785,085.10

Exhibit D - 7

SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2014		$ 10,138.74
Increased by Receipts:		
Consumer Accounts Charges and Levies	$ 6,093,923.91	
		6,093,923.91
		6,104,062.65
Decreased by Disbursements:		
Collections	6,038,984.97	
Overpayments Applied	53,194.13	
Transfers to Liens	2,290.00	
Other	1,286.94	
		6,095,756.04
Balance December 31, 2015		$ 8,306.61

Exhibit D - 8

SEWER UTILITY OPERATING FUND
SCHEDULE OF UTILITY LIENS

Balance December 31, 2014		$ 4,308.39
Increased by Receipts:		
Transferred from Consumer Accounts Receivable	$ 2,290.00	
Penalties and Costs	240.10	
		2,530.10
		6,838.49
Decreased by Disbursements:		
Collections	2,147.43	
		2,147.43
Balance December 31, 2015		$ 4,691.06

SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
Operating:					
Salaries and Wages	$ 197,938.99	197,938.99	7,710.02	190,228.97	-
Other Expenses	623,642.38	623,642.38	32,093.19	591,549.19	-
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	20,097.55	20,097.55	529.32	19,568.23	-
Unemployment Compensation Insurance	2,907.30	2,907.30		2,907.30	-
	$ 844,586.22	844,586.22	40,332.53	804,253.69	-

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

Balance December 31, 2014		$ 47,669.75
Increased by:		
Budget Appropriations	$ 215,000.00	
		215,000.00
		262,669.75
Decreased By:		
Payments of Debt Service Interest	220,834.92	
		220,834.92
Balance December 31, 2015		$ 41,834.83

Analysis of Accrued Interest December 31, 2015

	Principal Outstanding December 31, 2015	Interest Rate	From	To	Days	Amount
Serial Bonds						
$	315,000	4.75%	11/01/15	12/31/15	60	2,493.75
	1,595,000	4.00%	12/15/15	12/31/15	15	2,658.33
	550,000	2.50%	09/01/15	12/31/15	120	4,583.33
	340,000	2.63%	09/01/15	12/31/15	120	2,980.67
	1,490,000	3.00%	09/01/15	12/31/15	120	14,900.00
	255,000	1.50%	12/01/15	12/31/15	30	318.75
	210,000	2.00%	12/01/15	12/31/15	30	350.00
	445,000	3.00%	12/01/15	12/31/15	30	1,112.50
	5,200,000					29,397.34
NJEIT Loans						
	10,000	3.00%	08/01/15	12/31/15	150	125.00
	10,000	3.50%	08/01/15	12/31/15	150	145.83
	80,000	4.00%	08/01/15	12/31/15	150	1,333.33
	25,000	5.00%	08/01/15	12/31/15	150	520.82
	495,000	5.00%	08/01/15	12/31/15	150	10,312.50
	620,000					12,437.49

SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2014 Funded	Balance December 31, 2014 Unfunded	Authorizations Deferred Charges to Future Taxation	Paid or Charged	Ordinance Reappropriated	Balance December 31, 2015 Funded	Balance December 31, 2015 Unfunded
1566-04	Various Sewer Improvements	7/7/2004	3,257,258	$ 504,444.62			(6,461.27)	(510,905.89)	-	
1661-06	Various Sewer Improvements	7/11/2006	1,024,000	21,420.80			21,420.80		-	
1840-11	Various Sewer Improvements	6/28/2011	250,000	235,899.43			56,969.83		178,929.60	
1898-14	Various Sewer Improvements	11/12/2014	2,020,000		2,019,693.60		367,357.20		-	1,652,336.40
1916-15	Various Sewer Improvements	7/14/2015	150,000			150,000.00	139,167.86		10,832.14	
1919-15	Various Sewer Improvements	9/22/2015	510,909				66,288.55	510,905.89	444,617.34	
				$ 761,764.85	2,019,693.60	150,000.00	644,742.97	-	634,379.08	1,652,336.40

Cash Disbursements	359,875.60
Contract Payable PY	(132,313.03)
Contract Payable CY	417,180.40
	644,742.97

SEWER UTILITY CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2015 Date	Amount	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
Refunding Bonds of 2001	9/1/2001	3,790,000	11/1/2016	315,000.00	4.750%	$ 630,000.00		315,000.00	315,000.00
Refunding Bonds of 2006	1/18/2006	5,225,000	12/15/2016	500,000.00	4.000%	2,100,000.00		505,000.00	1,595,000.00
			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	9/1/2016	220,000.00	2.500%	2,580,000.00		200,000.00	2,380,000.00
			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%				
			9/1/2022	340,000.00	3.000%				
			9/1/2023	340,000.00	3.000%				
Refunding Bonds of 2011	9/1/2011	1,295,000	12/1/2016	255,000.00	1.500%	725,000.00		260,000.00	465,000.00
			12/1/2017	210,000.00	2.000%				
Refunding Bonds of 2012	12/1/2012	560,000	12/1/2016	100,000.00	3.000%	550,000.00		105,000.00	445,000.00
			12/1/2017	110,000.00	3.000%				
			12/1/2018	120,000.00	3.000%				
			12/1/2019	115,000.00	3.000%				
						$ 6,585,000.00	-	1,385,000.00	5,200,000.00

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, 2015 Date	Amount	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
1785	Sanitary Sewer Improvements (Trust Loan)	3/10/2010	150,000	2016-2018	5,000.00	5.000%	$ 130,000.00		5,000.00	125,000.00
				2019	10,000.00	4.000%				
				2020	10,000.00	5.000%				
				2021	10,000.00	3.000%				
				2022-2025	10,000.00	4.000%				
				2026	10,000.00	3.500%				
				2027-2029	10,000.00	4.000%				
1785	Sanitary Sewer Improvements (Fund Loan)	3/10/2010	444,817	2016-2018	22,617.81	0.000%	106,215.22		22,617.81	83,597.41
				2019	15,743.98					
1785/1806	Sanitary Sewer Improvements (Fund Loan)	12/2/2010	869,106	2016-2024	44,191.83	0.000%	450,510.29		44,191.83	406,318.46
				2025	8,591.99					
1785/1806	Sanitary Sewer Improvements (Trust Loan)	12/2/2010 (due 8/1)	810,000	2016	30,000.00	5.000%	525,000.00		30,000.00	495,000.00
				2017-2019	35,000.00	5.000%				
				2020-2021	40,000.00	5.000%				
				2022-2023	45,000.00	5.000%				
				2024-2026	50,000.00	5.000%				
				2027	40,000.00	5.000%				
							$ 1,211,725.51	-	101,809.64	1,109,915.87

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

Loan payments	$ 96,809.64
Loan Reduction	5,000.00
	$ 101,809.64

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

Ordinance Number	Improvement Description		Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	Balance Dec. 31, 2015
1898	Various Sewer Capital Improvements	$	2,020,000.00			2,020,000.00
		$	2,020,000.00	-	-	2,020,000.00

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TOWNSHIP OF GALLOWAY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

December 31, 2015

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. Due to the Township having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is $40,000.

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

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

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

Purchase One New Caterpillar 924K Wheel Loader
Animal Control Services
Recreation Clothing within the Division of Community Services
Great Creek Road Reconstruction Phase 4 Project
Removal and Replacement of Siding to Veterans Park Building
Collins Road Pedestrian Safety Improvement Project
Fleet Auto Body Repairs
Two Crane Trucks for the Utility Division
Fleet Maintenance Services of Medium/Heavy Trucks and Heavy Equipment
Senior Center Roof Replacement Project
Police Department Roof Replacement Project
Purchase of Rock Salt through the Atlantic County Cooperative
Gas Pump Fueling System Project
Laurel Woods Video Inspection

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 2015.

This Resolution shall take effect January 1, 2015.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held and was complete.

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

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

Year	Tax Liens	Utility Liens
2015	1403	64
2014	1343	62
2013	1317	62

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

Verification of Delinquent Taxes and Other Charges

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

Type	Number Mailed
Payments of 2015 and 2016 Taxes	25
Payment of 2015 and 2016 Sewer Charges	10
Delinquent Taxes	10
Delinquent Sewer Charges	5
Total	50

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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.

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FINDINGS AND RECOMMENDATIONS

None

STATUS OF PRIOR RECOMMENDATIONS

None

FINDINGS

None

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

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

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

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

June 27, 2016