

**TOWNSHIP OF GALLOWAY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2013**



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

<b><u>Exhibit</u></b>		<b><u>Page No.</u></b>
	<b><u>PART I</u></b>	
	Independent Auditor's Report	1 - 3
	<b><u>CURRENT FUND</u></b>	
A	Comparative Balance Sheet - Regulatory Basis	4 - 5
A - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	6 - 7
A - 2	Statement of Revenues - Regulatory Basis	8 - 11
A - 3	Statement of Expenditures - Regulatory Basis	12 - 17
	<b><u>TRUST FUND</u></b>	
B	Comparative Balance Sheet - Regulatory Basis	18 - 19
	<b><u>GENERAL CAPITAL FUND</u></b>	
C	Comparative Balance Sheet - Regulatory Basis	20
C - 1	Statement of Fund Balance - Regulatory Basis	21
	<b><u>SEWER UTILITY FUND</u></b>	
D	Comparative Balance Sheet - Regulatory Basis	22 - 23
D - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	24
D - 2	Statement of Capital Fund Balance - Regulatory Basis	25
D - 3	Statement of Revenues - Regulatory Basis	26
D - 4	Statement of Expenditures - Regulatory Basis	27
	<b><u>PUBLIC ASSISTANCE FUND</u></b>	
E	Comparative Balance Sheet - Regulatory Basis	28
	<b><u>GENERAL FIXED ASSET ACCOUNT GROUP</u></b>	
F	Comparative Balance Sheet - Regulatory Basis	29
	<b>NOTES TO FINANCIAL STATEMENTS - Regulatory Basis</b>	30 - 46

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

Exhibit

Page No.

**SUPPLEMENTARY INFORMATION**

Independent Auditor's Report - <i>Government Auditing Standards</i>	47-48
Schedule of Expenditures of State Financial Assistance	49
Notes to Schedule of Expenditures of State Financial Assistance	50
Schedule of Findings and Responses	51

**CURRENT FUND**

A - 4	Schedule of Cash - Treasurer	52
A - 5	Schedule of Cash - Collector	53
A - 6	Schedule of Taxes Receivable and Analysis of Property Tax Levy	54
A - 7	Schedule of Tax Title Liens	55
A - 8	Schedule of Revenue Accounts Receivable	56
A - 9	Schedule of Appropriation Reserves - Prior Year	57 - 59
A - 10	Schedule of Regional District School Tax	60
A - 11	Schedule of Federal and State Grants Receivable	61
A - 12	Schedule of Appropriated Reserves for Federal and State Grants	62
A - 13	Schedule of Reserves for Federal and State Grants - Unappropriated	63

**TRUST FUND**

B - 1	Schedule of Animal Control Cash - Treasurer	64
B - 2	Schedule of Other Trust Cash - Treasurer	65 - 66
B - 3	Analysis of Cash - Trust Assessment Fund	67
B - 4	Statement of Assessments Receivable	68
B - 5	Schedule of Reserve for Animal Control Expenditures	69
B - 6	Schedule of Amount Due to State of New Jersey	70

**GENERAL CAPITAL FUND**

C - 2	Schedule of Cash - Treasurer	71
C - 3	Analysis of Cash	72
C - 4	Schedule of Capital Improvement Fund	73
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	74
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	75
C - 7	Schedule of Improvement Authorizations	76
C - 8	Schedule of General Serial Bonds	77
C - 8a	Schedule of Green Trust Loans Payable	78
C - 8b	Schedule of N.J. Environmental Infrastructure Loans Payable	79
C - 9	Schedule of Bond Anticipation Notes	80
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	81

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

Exhibit

Page No.

**SUPPLEMENTARY INFORMATION**

**SEWER UTILITY FUND**

D - 5	Schedule of Cash - Treasurer	82
D - 6	Analysis of Cash	83
D - 7	Schedule of Consumer Accounts Receivable	84
D - 8	Schedule of Utility Liens	84
D - 9	Schedule of Appropriation Reserves - Prior Year	85
D - 10	Schedule of Accrued Interest on Bonds, Loans and Notes	86
D - 11	Schedule of Improvement Authorizations	87
D - 12	Schedule of Serial Bonds	88
D - 12a	Schedule of N.J. Environmental Infrastructure Trust Loans	89
D - 13	Schedule of Bonds and Notes Authorized But Not Issued	90

**PUBLIC ASSISTANCE TRUST FUND**

E - 1	Schedule of Cash - Treasurer	91
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**PART II**

General Comments	92 - 94
Findings and Recommendations	95

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**TOWNSHIP OF GALLOWAY**

**PART I**

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

**FOR THE YEAR ENDED**

**December 31, 2013**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Galloway, New Jersey, as of December 31, 2013 and 2012, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013.

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

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

### *Auditor's Responsibility*

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Galloway as of December 31, 2013 and 2012, or changes in financial position for the years the ended.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the years the ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2013 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Galloway’s basic financial statements. The supplementary information listed in the table of contents, schedule of expenditures of state financial assistance as required by NJ OMB 04-04, and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014 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**

**March 27, 2014**

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**EXHIBIT - A  
CURRENT FUND**



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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 12,213,420.30	8,496,112.50
Cash - Change	1,500.00	1,500.00
Total Cash	<u>12,214,920.30</u>	<u>8,497,612.50</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	21,167.24	19,667.24
Total Other Receivables	<u>21,167.24</u>	<u>19,667.24</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	29,593.09	60,076.94
Tax Title and Other Liens	1,352,764.23	1,095,046.30
Property Acquired for Taxes - at Assessed Valuation	3,488,694.00	3,488,694.00
Property Deeded to Township	1,388,126.00	1,388,126.00
Revenue Accounts Receivable	25,978.11	30,428.10
Interfund Receivable:		
Special Water Assessment	-	555.01
Trust Fund - Community Events	-	73.95
Total Receivables and Other Assets	<u>6,285,155.43</u>	<u>6,063,000.30</u>
Deferred Charges:		
Emergency Appropriation	-	166,000.00
Special Emergency Appropriation	760,000.00	950,000.00
Total Deferred Charges	<u>760,000.00</u>	<u>1,116,000.00</u>
Total Regular Fund	<u>19,281,242.97</u>	<u>15,696,280.04</u>
Federal and State Grant Fund:		
Cash	737,562.35	160,190.77
Federal and State Grants Receivable	2,055,552.73	1,160,102.91
Due from Current Fund	-	19,383.81
Total Federal and State Grant Fund	<u>2,793,115.08</u>	<u>1,339,677.49</u>
Total Current Fund	<u>\$ 22,074,358.05</u>	<u>17,035,957.53</u>

See Accompanying Notes to Financial Statements which are an integral part of this statement

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 2,339,789.18	1,656,827.61
Reserve for Encumbrances	906,758.67	456,244.36
Accounts Payable	64,357.10	-
Prepaid Taxes	890,787.93	602,118.03
Overpaid Taxes	49,426.47	101,401.78
Regional School Tax Payable	1,891,140.50	1,740,299.32
County Added Tax Payable	17,162.03	20,325.40
Due to State:		
Marriage Licenses	1,425.00	900.00
Civil Unions/Domestic Partnerships	75.00	125.00
Permit Surcharge Fees	4,073.00	4,661.00
Burial Permits	-	10.00
Interfund Payable:		
Federal and State Grant Fund	-	19,383.81
Sewer Utility Operating Fund	839.02	7,395.06
Special Water Assessment Trust	263.14	-
General Capital Fund	658,361.70	-
Trust - Inspection Escrow	-	144.88
P.O.A.A. Trust	-	12.00
Public Defender Trust	-	3,966.00
Tax Collector Special Trust Fund	74,389.49	100.00
Other		
Unidentified Tax Receipt	268.18	184.40
Special Emergency Note Payable	760,000.00	950,000.00
Tax Appeals Payable	-	62,500.00
Revenue Refund Payable	35.00	-
Deposits for Trailer Courts	3,732.00	3,732.00
Deposits for Sale of Township Property	53,060.00	43,210.00
Reserve for Proceeds on Sale of Municipal Property	104,385.13	65,885.13
Reserve for Garden State Preservation Trust	-	7,234.00
Reserve for Consolidated Municipal Property Tax Relief	9,664.00	9,664.00
Reserve for Snow Removal	-	185,435.51
Reserve for Flood Damage	-	121.48
Reserve for Reassessment	270,866.00	937,300.00
Reserve for Tax Appeal	-	576,953.01
Reserve for Revision and Codification of Ordinances	4,312.26	4,312.26
	<u>8,105,170.80</u>	<u>7,460,446.04</u>
Reserve for Receivables and Other Assets	6,285,155.43	6,063,000.30
Fund Balance	<u>4,890,916.74</u>	<u>2,172,833.70</u>
Total Regular Fund	<u>19,281,242.97</u>	<u>15,696,280.04</u>
Federal and State Grant Fund:		
Unappropriated Reserves	45,040.78	57,222.60
Appropriated Reserves	2,078,079.35	1,025,172.47
Encumbrances Payable	520,230.09	126,175.06
Reserve for Small Cities Revolving Loan Fund	149,764.86	131,107.36
Total Federal and State Grant Fund	<u>2,793,115.08</u>	<u>1,339,677.49</u>
Total Current Fund	<u>\$ 22,074,358.05</u>	<u>17,035,957.53</u>

See Accompanying Notes to Financial Statements which are an integral part of this statement

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

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 1,490,000.00	2,460,000.00
Miscellaneous Revenue Anticipated	7,302,610.60	6,194,551.81
Receipts from Delinquent Taxes	175,464.32	128,851.99
Receipts from Current Taxes	74,677,386.70	72,395,001.25
Non Budget Revenue	1,002,381.57	272,133.18
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,494,046.24	770,287.01
Interfund Returned	628.96	105,714.50
Tax Appeal Refunding Proceeds	2,104,357.60	1,470,000.00
Accounts Payable & Reserves Cancelled	639,584.49	6,173.40
Cancellation of Grant Balances, net	140.00	55,712.05
Total Income	88,886,600.48	83,858,425.19
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	8,319,603.00	8,526,891.00
Other Expenses	7,118,123.34	8,449,932.00
Deferred Charges & Statutory Expenditures	2,321,918.00	2,585,368.06
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	191,065.49	45,000.00
Other Expenses	1,753,920.60	1,249,744.80
Capital Improvements	58,000.00	158,000.00
Debt Service	3,615,579.47	3,119,095.08
Deferred Charges	356,000.00	640,000.00
Local District School Tax	29,661,654.00	29,151,378.00
Regional District School Tax	16,582,281.00	16,280,598.64
County Tax	14,608,998.89	12,578,997.37
County Share of Added Tax	17,162.03	20,325.40
Interfund Created	-	628.96
Refund of Prior Year's Revenue	-	4,940.85
Other:		
Tax Appeal Reserve		576,953.01
Cancellation and Refund of Prior Year Taxes	69,211.62	125,000.00
Prior Year Senior Citizens Veterans Disallowed	5,000.00	-
Cancellation Adjustments	-	155.46
Total Expenditures	84,678,517.44	83,513,008.63
Excess/(Deficit) in Revenue	4,208,083.04	345,416.56

See Accompanying Notes to Financial Statements which are an integral part of this statement

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

	2013	2012
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		
Emergency Appropriation	-	1,116,000.00
Total Adjustments	-	1,116,000.00
Statutory Excess to Fund Balance	4,208,083.04	1,461,416.56
Fund Balance January 1	2,172,833.70	3,171,417.14
	6,380,916.74	4,632,833.70
Decreased by:		
Utilization as Anticipated Revenue	1,490,000.00	2,460,000.00
Fund Balance December 31	\$ 4,890,916.74	2,172,833.70

See Accompanying Notes to Financial Statements which are an integral part of this statement

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or
	Budget	N.J.S. 40A:4-87	(Deficit)
		Realized	
Fund Balance Anticipated	\$ 1,490,000.00	1,490,000.00	-
<b>Total Fund Balance Anticipated</b>	<b>1,490,000.00</b>	<b>1,490,000.00</b>	<b>-</b>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	30,000.00	51,220.08	21,220.08
Fees and Permits	135,000.00	161,023.00	26,023.00
Fines and Costs:			
Municipal Court	413,000.00	422,077.28	9,077.28
Interest and Costs on Taxes	200,000.00	259,050.81	59,050.81
Interest Earned on Investments	17,900.00	29,556.34	11,656.34
Planning Board - Special Application Fees	5,700.00	9,785.00	4,085.00
Payment in Lieu of Taxes - Brigantine Wildlife Refuge	28,000.00	28,409.00	409.00
Fire Safety Rebate	30,000.00	40,229.46	10,229.46
Fire Inspection	25,000.00	31,751.00	6,751.00
Road Openings	23,000.00	29,620.00	6,620.00
Cable TV Franchise Fee	122,000.00	122,076.60	76.60
Hotel Tax	400,000.00	464,819.01	64,819.01
Rental Inspections	75,000.00	82,860.00	7,860.00
<b>Total Section A: Local Revenues</b>	<b>1,504,600.00</b>	<b>1,732,477.58</b>	<b>227,877.58</b>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	2,566,342.00	2,566,342.00	-
Garden State Preservation Trust Fund	7,234.00	7,234.00	-
Watershed Moratorium	7,708.00	7,708.00	-

See Accompanying Notes to Financial Statements which are an integral part of this statement

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Total Section B: State Aid Without Offsetting Appropriations	2,581,284.00	-	2,581,284.00	-
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	276,000.00		382,267.80	106,267.80
Total Section C: Uniform Construction Code Fees	276,000.00	-	382,267.80	106,267.80
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	51,801.48		51,801.48	-
Municipal Alliance on Alcoholism & Drug Abuse	21,740.00		21,740.00	-
Safe and Secure Communities Program	60,000.00		60,000.00	-
Cops in Shops	2,800.00		2,800.00	-
NJDOT Safe Streets to Schools	230,000.00		230,000.00	-
Body Armor	5,316.12		5,316.12	-
Bulletproof Vest Partnership	754.00		754.00	-
Green Communities	3,000.00		3,000.00	-
NJDOT-Great Creek Road, Phase III			187,000.00	-
NJDOT-Great Creek Road, Phase II			200,000.00	-
Clean Communities			78,865.49	-
NJ Forestry Service-No Net Loss Phase 2			90,600.00	-
Drive Sober or Get Pulled Over			4,400.00	-
Community Development Block Grant			145,494.00	-
FEMA-Hazardous Mitigation-Generator			142,080.00	-
Sustainable Jersey			2,000.00	-
NJ Forestry Service-No Net Loss Phase 3			533,700.00	-
Total Section F: Special Items - Public and Private Programs	375,411.60	1,384,139.49	1,759,551.09	-

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section G: Other Special Items				
Communications - Dispatch Agreement				
Atlantic County	17,863.10		17,863.10	-
Mullica	195,000.00		199,212.98	4,212.98
Contribution - Richard Stockton College	300,000.00		300,000.00	-
Reserve for Premium on Bond Sale	257,896.40		257,896.40	-
Reserve for Premium on Note Sale	72,057.65		72,057.65	-
<b>Total Section G: Other Special Items</b>	<b>842,817.15</b>	<b>-</b>	<b>847,030.13</b>	<b>4,212.98</b>
<b>Total Miscellaneous Revenues:</b>	<b>5,580,112.75</b>	<b>1,384,139.49</b>	<b>7,302,610.60</b>	<b>338,358.36</b>
Receipts from Delinquent Taxes	20,000.00		175,464.32	155,464.32
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	16,952,484.17		15,499,816.43	(1,452,667.74)
<b>Total Amount to be Raised by Taxes for Support of Municipal Budget</b>	<b>16,952,484.17</b>	<b>-</b>	<b>15,499,816.43</b>	<b>(1,452,667.74)</b>
<b>Budget Totals</b>	<b>24,042,596.92</b>	<b>1,384,139.49</b>	<b>24,467,891.35</b>	<b>(958,845.06)</b>
Non- Budget Revenues:				
Other Non- Budget Revenues:			1,002,381.57	1,002,381.57
<b>\$</b>	<b>24,042,596.92</b>	<b>1,384,139.49</b>	<b>25,470,272.92</b>	<b>43,536.51</b>

See Accompanying Notes to Financial Statements which are an integral part of this statement

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

## Analysis of Realized Revenues

## Allocation of Current Tax Collections:

Revenue from Collections	\$	74,677,386.70
Less: Reserve for Tax Appeals Pending		<u>-</u>
Net Revenue from Collections		74,677,386.70
Allocated to:		
School, County and Other Taxes		<u>60,870,095.92</u>
Balance for Support of Municipal Budget Appropriations		13,807,290.78
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>1,692,525.65</u>
Amount for Support of Municipal Budget Appropriations		<u><u>15,499,816.43</u></u>

## Receipts from Delinquent Taxes:

Delinquent Tax Collection	\$	60,133.00
Tax Title Lien Collections		<u>115,331.32</u>

## Total Receipts from Delinquent Taxes

175,464.32

## Analysis of Non-Budget Revenue:

## Miscellaneous Revenue Not Anticipated:

Tax Search Fees	820.00
Mercantile License	21,395.00
Improvement Searches	740.00
Police Reports	7,692.45
FEMA Reimbursement	268,225.36
Sale of Recycling Material	8,476.29
Sale of Municipal Assets	94,116.08
Police Special Detail Fees	40,474.82
Rental - Cell Phone Tower	32,984.25
Payments in Lieu of Taxes	56,859.12
Other	78,735.00
Senior and Vets Administration Fee	7,270.00
Port Republic - Senior Contribution	2,000.00
Police Tow Releases	19,400.00
Port Republic - Communications	4,000.00
Vendor Machine	5,570.90
Loading Fee - Wood Chips	1,000.00
Contract Postal Unit	5,134.70
Premium on Sale of Notes	9,683.60
Reimbursement of Prior Year and Rebates	<u>337,804.00</u>

## Total Miscellaneous Revenue Not Anticipated:

1,002,381.57

See Accompanying Notes to Financial Statements which are an integral part of this statement

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
\$	105,000.00	105,000.00	88,140.44		16,859.56	-
General Administration	76,000.00	76,000.00	67,504.38	1,176.37	7,319.25	-
Salaries and Wages						
Other Expenses						
Human Resources	40,000.00	40,000.00	25,821.35		14,178.65	-
Salaries and Wages	24,000.00	24,000.00	24,000.00		-	-
Other Expenses						
Mayor and Council	54,500.00	54,500.00	54,425.79		74.21	(0.00)
Salaries and Wages	7,250.00	7,250.00	6,189.32	110.67	950.01	-
Other Expenses						
Township Clerk	137,000.00	137,000.00	133,903.57		3,096.43	(0.00)
Salaries and Wages	49,475.00	49,475.00	40,402.78	4,821.42	4,250.80	-
Other Expenses						
Financial Administration	180,000.00	180,000.00	154,445.56		25,554.44	-
Salaries and Wages	48,036.00	47,327.34	25,318.43	1,918.32	20,090.59	-
Other Expenses	25,000.00	25,000.00	25,000.00		-	-
Audit Services						
Revenue Administration (Tax Collector)	97,000.00	97,000.00	91,142.37		5,857.63	-
Salaries and Wages	48,277.00	48,277.00	20,245.51	4,337.64	23,693.85	-
Other Expenses						
Tax Assessment Administration	179,000.00	179,000.00	155,756.83		23,243.17	-
Salaries and Wages	60,000.00	60,000.00	25,812.53	1,082.38	33,105.09	-
Other Expenses						
Legal Services	200,000.00	200,000.00	159,674.30	628.25	39,697.45	-
Other Expenses						
Engineering Services and Costs	17,000.00	17,000.00	4,721.88	4,623.12	7,655.00	-
Other Expenses						
Municipal Court	242,533.00	242,533.00	234,314.76		8,218.24	-
Salaries and Wages	18,900.00	18,900.00	11,841.77	2,239.77	4,818.46	-
Other Expenses						
Municipal Prosecutor's Office	47,000.00	48,000.00	44,764.00	3,000.00	236.00	-
Other Expenses						
Planning Board	40,340.00	40,340.00	21,884.57		18,455.43	-
Salaries and Wages	12,889.00	12,889.00	2,959.93	1,525.00	8,404.07	-
Other Expenses						
Zoning Board of Adjustment	28,375.00	28,375.00	26,271.11		2,103.89	-
Salaries and Wages	3,570.00	3,570.00	2,105.42	420.81	1,043.77	-
Other Expenses						

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

See Accompanying Notes to Financial Statements which are an integral part of this statement

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Code Enforcement Administration	5,000.00	5,000.00	-	-	5,000.00	-
Other Code Enforcement Functions Insurance						
Unemployment Insurance	110,000.00	110,000.00	55,255.73		54,744.27	-
Liability Insurance	423,000.00	423,000.00	423,000.00			-
Workers Compensation Insurance	542,349.00	542,349.00	542,349.00			-
Group Insurance Plan for Employees	2,570,000.00	2,570,000.00	1,220,622.51	324,529.76	1,024,847.73	-
Health Waivers	50,000.00	50,000.00	17,950.00		32,050.00	-
<b>PUBLIC SAFETY</b>						
Police						
Salaries and Wages	5,038,720.00	5,038,720.00	4,794,765.94		243,954.06	(0.00)
Other Expenses	458,185.00	458,185.00	193,451.56	226,936.78	37,796.66	-
Police Dispatch 911						
Salaries and Wages	593,000.00	608,000.00	596,648.67	1,687.21	11,351.33	(0.00)
Other Expenses	36,315.00	21,315.00	16,636.03		2,991.76	-
Office of Emergency Management						
Other Expenses	5,000.00	5,000.00	2,689.65	1,054.58	1,255.77	-
Aid to Volunteer Fire Companies	150,000.00	150,000.00	150,000.00			-
Fire						
Salaries and Wages	59,255.00	59,255.00	56,294.78		2,960.22	-
Other Expenses	169,826.00	169,826.00	103,218.63	28,177.67	38,429.70	-
<b>PUBLIC WORKS</b>						
Streets and Road Maintenance						
Salaries and Wages	318,084.00	318,084.00	243,967.78		74,116.22	-
Other Expenses	96,250.00	104,250.00	51,324.22	48,395.73	4,530.05	-
Other Public Works Functions						
Salaries and Wages	122,261.00	122,261.00	120,173.74		2,087.26	(0.00)
Other Expenses	20,145.00	20,145.00	11,272.80	1,700.28	7,171.92	-
Solid Waste Collection - Recycling						
Salaries and Wages	172,790.00	176,790.00	174,530.48		2,259.52	0.00
Other Expenses	36,523.00	34,523.00	22,235.76	5,049.50	7,237.74	-
Buildings and Grounds						
Salaries and Wages	62,708.00	62,708.00	59,659.28		3,048.72	-
Other Expenses	102,800.00	96,800.00	60,329.17	33,776.49	2,694.34	(0.00)
Vehicle Maintenance						
Salaries and Wages	130,000.00	130,000.00	87,572.60		42,427.40	-
Other Expenses	390,000.00	375,000.00	199,813.90	66,674.38	108,511.72	-
Community Services Acts	25,000.00	25,000.00	11,060.22		13,939.78	-

See Accompanying Notes to Financial Statements which are an integral part of this statement

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>HEALTH AND HUMAN SERVICE</b>						
Environmental Health Services	3,000.00	3,000.00		3,000.00		-
<b>PARKS AND RECREATION</b>						
Recreation Service and Programs						
Salaries and Wages	28,686.00	28,686.00	28,685.59	0.41		(0.00)
Other Expenses	60,221.00	60,221.00	41,543.62	9,014.90	9,662.48	-
Senior Services						
Salaries and Wages	30,320.00	30,320.00	29,705.45	614.55		-
Other Expenses	7,941.00	7,941.00	7,666.93	194.24	79.83	(0.00)
Maintenance of Parks						
Other Expenses	24,289.00	24,289.00	21,973.34	2,234.45	81.21	-
<b>OTHER COMMON OPERATIONS</b>						
Accumulated Leave	310,000.00	310,000.00	310,000.00			-
Celebration of Public Events						
Salaries and Wages	13,643.00	13,643.00	13,642.64	0.36		0.00
Other Expenses	10,000.00	10,000.00	9,529.97	457.04	12.99	0.00
Community Education						
Salaries and Wages	52,475.00	52,475.00	38,332.56	14,142.44		-
Other Expenses	18,245.00	18,245.00	7,415.36	6,391.06	4,438.58	-
<b>UNIFORM CONSTRUCTION CODE</b>						
Code Enforcement and Administration						
Salaries and Wages	264,913.00	264,913.00	258,996.44	5,916.56		-
Other Expenses	16,046.00	16,046.00	12,527.20	3,086.10		-
<b>UNCLASSIFIED</b>						
Utilities						
Electricity	170,000.00	170,000.00	128,366.77	7,396.88	34,236.35	-
Street Lighting	142,000.00	142,000.00	113,177.92	9,436.60	19,385.48	-
Telephone and Telegraph	65,000.00	65,000.00	38,127.67	3,304.34	23,567.99	-
Natural Gas	34,500.00	34,500.00	25,827.14	1,070.35	7,602.51	-
Gasoline	347,000.00	347,000.00	222,960.72	75,000.00	49,039.28	-
Water	335,000.00	345,000.00	287,548.66	25,660.64	31,790.70	-
Telecommunications	20,000.00	20,000.00	4,610.82	445.74	14,943.44	-
Landfill/Solid Waste Disposal Costs	56,800.00	56,800.00	52,548.54	1,853.60	2,397.86	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>15,438,435.00</b>	<b>15,437,726.34</b>	<b>12,314,656.39</b>	<b>906,758.67</b>	<b>2,216,311.28</b>	<b>(0.00)</b>

See Accompanying Notes to Financial Statements which are an integral part of this statement

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<u>15,438,435.00</u>	<u>15,437,726.34</u>	<u>12,314,656.39</u>	<u>906,758.67</u>	<u>2,216,311.28</u>	<u>(0.00)</u>
Detail:						
Salaries and Wages	8,300,603.00	8,319,603.00	7,799,082.30	-	520,520.70	(0.00)
Other Expenses	7,137,832.00	7,118,123.34	4,515,574.09	906,758.67	1,695,790.58	(0.00)
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges:						
Prior Year Bills	13,400.00	13,400.00	13,400.00	-	-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	376,913.00	376,913.00	376,913.00	-	-	-
Social Security System (O.A.S.I.)	700,000.00	700,000.00	589,156.35	-	110,843.65	-
Police and Firemen's Retirement System	1,221,605.00	1,221,605.00	1,221,605.00	-	-	-
Defined Contribution Retirement Program	10,000.00	10,000.00	3,996.01	-	6,003.99	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<u>2,321,918.00</u>	<u>2,321,918.00</u>	<u>2,205,070.36</u>	<u>-</u>	<u>116,847.64</u>	<u>-</u>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<u>17,760,353.00</u>	<u>17,759,644.34</u>	<u>14,519,726.75</u>	<u>906,758.67</u>	<u>2,333,158.92</u>	<u>(0.00)</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"						
Length of Service Award Program	135,000.00	135,000.00	131,072.00	-	3,928.00	-
Uniform Construction Code						
Rental Inspections						
Salaries and Wages	45,000.00	45,000.00	42,297.74	-	2,702.26	-
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<u>180,000.00</u>	<u>180,000.00</u>	<u>173,369.74</u>	<u>-</u>	<u>6,630.26</u>	<u>-</u>

See Accompanying Notes to Financial Statements which are an integral part of this statement

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Body Armor	5,316.12	5,316.12	5,316.12	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse						
County Share	21,740.00	21,740.00	21,740.00	-	-	-
Local Share	5,435.00	5,435.00	5,435.00	-	-	-
Bulletproof Vest Partnership	754.00	754.00	754.00	-	-	-
NJ Transportation Trust - Safe Streets	230,000.00	230,000.00	230,000.00	-	-	-
Safe and Secure Program						
State Share	60,000.00	60,000.00	60,000.00	-	-	-
Recycling Tonnage Grant	51,801.48	51,801.48	51,801.48	-	-	-
Cops in Shops	2,800.00	2,800.00	2,800.00	-	-	-
Green Communities	3,000.00	3,000.00	3,000.00	-	-	-
NJDOT-Great Creek Road, Phase III	187,000.00	187,000.00	187,000.00	-	-	-
NJDOT-Great Creek Road, Phase II	200,000.00	200,000.00	200,000.00	-	-	-
Clean Communities	78,865.49	78,865.49	78,865.49	-	-	-
NJ Forestry Service-No Net Loss	90,600.00	90,600.00	90,600.00	-	-	-
Drive Sober or Get Pulled Over	4,400.00	4,400.00	4,400.00	-	-	-
Community Development Block Grant	145,494.00	145,494.00	145,494.00	-	-	-
FEMA-Hazardous Mitigation-Generator	142,080.00	142,080.00	142,080.00	-	-	-
Sustainable Jersey	2,000.00	2,000.00	2,000.00	-	-	-
NJ Forestry Service-No Net Loss Phase 3	533,700.00	533,700.00	533,700.00	-	-	-
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>380,846.60</b>	<b>1,764,986.09</b>	<b>1,764,986.09</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries and Wages	560,846.60	1,944,986.09	1,938,355.83	-	6,630.26	-
Other Expenses	107,800.00	191,065.49	188,363.23	-	2,702.26	-
	453,046.60	1,753,920.60	1,749,992.60	-	3,928.00	-
(C) Capital Improvements						
Capital Improvement Fund	58,000.00	58,000.00	58,000.00	-	-	-
<b>Total Capital Improvements</b>	<b>58,000.00</b>	<b>58,000.00</b>	<b>58,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>

See Accompanying Notes to Financial Statements which are an integral part of this statement

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	2,537,718.00	2,537,718.00	2,537,717.14			0.86
Payment of Bond Anticipation Notes	490,000.00	490,000.00	490,000.00			-
Interest on Bonds	538,904.44	538,904.44	538,904.44			-
Interest on Notes	30,165.97	30,165.97	30,165.97			-
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	12,773.26	12,773.26	12,773.26			-
NJFIT Principal & Interest	5,310.00	6,018.66	6,018.66			-
<b>Total Debt Service</b>	<b>3,614,871.67</b>	<b>3,615,580.33</b>	<b>3,615,579.47</b>	<b>-</b>	<b>-</b>	<b>0.86</b>
(E) Deferred Charges						
Special Emergency Authorizations - 5 years	190,000.00	190,000.00	190,000.00			-
Emergency Authorization- Hurricane Sandy	166,000.00	166,000.00	166,000.00			-
<b>Total Deferred Charges</b>	<b>356,000.00</b>	<b>356,000.00</b>	<b>356,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	4,589,718.27	5,974,566.42	5,967,935.30	-	6,630.26	0.86
SUBTOTAL GENERAL APPROPRIATIONS	22,350,071.27	23,734,210.76	20,487,662.05	906,758.67	2,339,789.18	0.86
(M) Reserve for Uncollected Taxes	1,692,525.65	1,692,525.65	1,692,525.65			-
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 24,042,596.92</b>	<b>25,426,736.41</b>	<b>22,180,187.70</b>	<b>906,758.67</b>	<b>2,339,789.18</b>	<b>0.86</b>
Budget		24,042,596.92			Cancelled	0.86
Appropriations by 40A:4-87		1,384,139.49			Overexpended	(0.00)
		<u>25,426,736.41</u>				<u>0.86</u>
Reserve for Uncollected Taxes		1,692,525.65				
Federal and State Grants		1,759,551.09				
Deferred Charges		356,000.00				
Disbursements		18,372,110.96				
		<u>22,180,187.70</u>				

See Accompanying Notes to Financial Statements which are an integral part of this statement

**EXHIBIT - B  
TRUST FUND**



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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
<u>Animal Control Fund</u>		
Cash	\$ 7,719.86	7,849.94
	<u>7,719.86</u>	<u>7,849.94</u>
<u>Assessment Fund</u>		
Cash	183,715.79	993,587.12
Due from Current Fund	263.14	-
Assessments Receivable	224,693.20	366,890.25
Assessment Liens Receivable	1,938.13	2,377.50
	<u>410,610.26</u>	<u>1,362,854.87</u>
<u>Other Funds</u>		
Cash - Treasurer	4,948,312.37	4,897,370.12
Cash - Collector	1,620,954.59	627,413.58
Due from Taxpayer	855.55	855.55
Due from Current Fund - Inspection Escrow	-	144.88
Due from Current Fund- Tax Collector Special	74,389.49	100.00
Due from Current Fund- P.O.A.A Trust	-	12.00
Due from Current Fund- Public Defender Trust	-	3,966.00
Due from Sewer Utility Operating Fund-Tax Collector Special	796.70	-
Due from Sewer Utility Operating Fund- Utility Escrow Trust	7,669.67	-
	<u>6,652,978.37</u>	<u>5,529,862.13</u>
	<u>7,071,308.49</u>	<u>6,900,566.94</u>

See Accompanying Notes to Financial Statements which are an integral part of this statement

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	7,713.26	7,829.54
Due to State of New Jersey	6.60	20.40
	<u>7,719.86</u>	<u>7,849.94</u>
<u>Assessment Fund</u>		
Reserve for Assessments	226,630.55	369,267.75
Due to Current Fund:	-	555.01
Due to General Capital Fund	-	951,671.33
Fund Balance	183,979.71	41,360.78
	<u>410,610.26</u>	<u>1,362,854.87</u>
<u>Other Funds</u>		
Due to Current Fund:		
Community Events	-	73.95
Due to Bank	-	20.00
Funds Held in Escrow	2,149,516.26	2,200,977.59
Premiums Received at Tax Sales	1,677,750.00	544,350.00
Deposits for Redemption of Tax Sale Certificates	19,246.33	84,019.13
Funds Held in Escrow - Developer Fees	126,316.55	98,229.37
Payroll Deductions and Taxes Payable	115,990.28	90,612.10
Reserves for:		
Community Events	115,440.09	151,414.55
Compensated Absences	103,185.10	62,029.84
General Liability Insurance Fund	84,613.82	180,569.49
Housing Trust Fund	895,271.57	923,739.23
Landfill Closure	586,016.09	585,137.74
Media Relations	-	1,384.76
Parking Offenses Adjudication Act	5,099.10	5,082.01
Police Special Detail	16,345.54	47,583.48
Public Defender Fees	20,854.15	22,053.60
Special Law Enforcement Fund	80,970.34	75,751.58
Unemployment Compensation Insurance	-	6,195.04
Uniform Fire Safety	1,935.59	1,932.66
Utility Escrow Deposits	410,293.16	395,531.26
Snow Removal	185,435.51	-
Workers Compensation	58,698.89	53,174.75
	<u>6,652,978.37</u>	<u>5,529,862.13</u>
	<u>\$ 7,071,308.49</u>	<u>6,900,566.94</u>

See Accompanying Notes to Financial Statements which are an integral part of this statement

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



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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 3,559,640.69	3,403,152.28
Deferred Charges to Future Taxation -		
Funded	16,786,916.21	19,348,143.29
Unfunded	5,204,789.45	3,354,027.21
Interfunds and Receivables		
Due from NJEIT	-	8,296.00
Due from Trust Assessment Fund	-	951,671.33
Due from Current Fund	658,361.70	-
	<u>26,209,708.05</u>	<u>27,065,290.11</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	863,091.65	314,108.73
Due to County	-	81,250.00
Bond Anticipation Notes Payable	4,705,000.00	1,470,000.00
Serial Bonds Payable	16,600,000.00	19,155,000.00
Green Trust Loan Payable	90,451.21	101,253.15
NJEIT Loan Payable	96,465.00	109,173.00
Improvement Authorizations:		
Funded	3,117,751.56	3,647,320.31
Unfunded	12,224.70	1,354,995.26
Reserve for Purchase of Fire Truck	5,825.00	5,825.00
Reserve for Preliminary Expenses	500.00	500.00
Reserve for Premium on Bond Anticipation Note	-	72,057.65
Reserve for Premium on Bond Sale	-	257,896.40
Capital Improvement Fund	279,284.93	221,284.93
Fund Balance	439,114.00	274,625.68
	<u>\$ 26,209,708.05</u>	<u>27,065,290.11</u>

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

2012	1,884,027.21
2013	499,789.45

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

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 274,625.68	155,000.60
Increased by:		
Funded Improvement Authorization Canceled	130,750.00	200,877.48
Premium on Sale of Bonds/BANs	17,406.25	
Return of Cost of Issuance	17,425.07	
Decreased by:		
Cancel Due from Bank		2.40
Due to Atlantic County - Ord. 1507		81,250.00
NJEIT Receivable Cancelled	<u>1,093.00</u>	
Ending Balance December 31	<u>\$ 439,114.00</u>	<u>274,625.68</u>

See Accompanying Notes to Financial Statements which are an integral part of this statement

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



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

	2013	2012
<b>ASSETS</b>		
Operating Fund:		
Cash	\$ 2,113,422.50	1,580,610.81
Interfunds and Receivables		
Due from Current Fund	839.02	7,395.06
	2,114,261.52	1,588,005.87
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	6,186.73	18,758.52
Utility Liens	4,390.69	9,737.68
	10,577.42	28,496.20
Total Operating Fund	2,124,838.94	1,616,502.07
Capital Fund:		
Cash - Treasurer	2,540,510.63	2,656,131.71
Due from State - NJ EIT Funding	-	132,239.00
Interfunds and Receivables		
Due from Sewer Utility Operating	4,800.00	-
Fixed Capital	32,461,588.24	32,550,559.70
Fixed Capital - Authorized and Uncompleted	4,531,258.00	9,078,058.00
Total Capital Fund	39,538,156.87	44,416,988.41
	\$ 41,662,995.81	46,033,490.48

See Accompanying Notes to Financial Statements which are an integral part of this statement

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

	2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 578,273.56	250,277.14
Reserve for Encumbrances	45,936.63	41,719.38
Utility Overpayments	19,901.93	22,219.61
Accrued Interest on Bonds and Notes	54,016.67	63,681.09
Interfunds:		
Due to Current Fund-Tax Collector	796.70	-
Due to Utility Escrow	7,669.67	-
Due to Sewer Utility Capital	4,800.00	-
Reserve for Maintenance of Pump Stations	3,167.00	3,167.00
Reserve for Payment of Bonds	-	4,800.00
Reserve for EPA Funds	14,765.00	14,765.00
	729,327.16	400,629.22
Reserve for Receivables	10,577.42	28,496.20
Fund Balance	1,384,934.36	1,187,376.65
	2,124,838.94	1,616,502.07
Capital Fund:		
Contracts Payable	142,707.63	37,940.69
Serial Bonds Payable	7,910,000.00	9,235,000.00
N.J. E.I.T. Loans Payable	1,313,535.15	1,415,344.79
Improvement Authorizations:		
Funded	1,038,913.78	2,221,669.81
Unfunded	137,500.00	2,459,441.41
Reserve for Amortization	26,163,444.94	26,605,742.33
Deferred Reserve for Amortization	657,383.00	1,115,283.00
Reserve for Debt Service	15,070.51	76,363.51
Capital Improvement Fund	270,068.25	257,568.25
Fund Balance	1,889,533.61	992,634.62
	39,538,156.87	44,416,988.41
	\$ 41,662,995.81	46,033,490.48

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

	2012	3,274,942.00
	2013	948,483.15

See Accompanying Notes to Financial Statements which are an integral part of this statement

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

	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized		
Fund Balance	\$ 500,000.00	600,000.00
Rents	6,191,454.89	5,994,947.30
Miscellaneous Revenue Anticipated	107,020.81	96,931.73
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	250,840.54	115,403.81
Total Income	<u>7,049,316.24</u>	<u>6,807,282.84</u>
Expenditures		
Operations	4,451,175.00	4,415,589.00
Capital Improvements	12,500.00	12,500.00
Debt Service	1,725,569.53	1,703,789.97
Deferred Charges & Statutory Expenditures	162,514.00	168,334.00
Other Charges to Income:		
Refund of Prior Year Revenue	-	3,713.70
Total Expenditures	<u>6,351,758.53</u>	<u>6,303,926.67</u>
Excess/(Deficit) in Revenue	<u>697,557.71</u>	<u>503,356.17</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	<u>697,557.71</u>	<u>503,356.17</u>
Fund Balance January 1	<u>1,187,376.65</u>	<u>1,284,020.48</u>
	1,884,934.36	1,787,376.65
Decreased by:		
Utilization as Anticipated Revenue	<u>500,000.00</u>	<u>600,000.00</u>
Fund Balance December 31	<u>\$ 1,384,934.36</u>	<u>1,187,376.65</u>

See Accompanying Notes to Financial Statements which are an integral part of this statement

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

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 992,634.62	12,011.43
Increased by:		
Premiums on sale of Bonds Reclassified	66,093.00	-
Funded Improvement Authorizations Cancelled	959,623.33	980,623.19
Refund of Cost of Issuance	2,153.66	-
Decreased by:		
Cancellation of Receivable	130,971.00	-
Ending Balance December 31	<u>\$ 1,889,533.61</u>	<u>992,634.62</u>

See Accompanying Notes to Financial Statements which are an integral part of this statement

**SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 500,000.00	500,000.00	-
Rents	5,800,000.00	6,191,454.89	391,454.89
Miscellaneous	95,000.00	107,020.81	12,020.81
	<u>\$ 6,395,000.00</u>	<u>6,798,475.70</u>	<u>403,475.70</u>

## Analysis of Realized Revenue:

## Rents

## Consumer Accounts Receivable:

Current Collections	6,165,623.27
Overpayments Applied	22,219.61
Liens Collected	3,612.01

6,191,454.89

## Miscellaneous

Interest on Rents	32,802.60
Interest on Investments	8,148.43
Connection Permits	64,130.00
Miscellaneous	1,939.78

107,020.81

See Accompanying Notes to Financial Statements which are an integral part of this statement

**SEWER UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>Operations:</b>						
Salaries and Wages	\$ 1,069,070.00	1,069,070.00	908,780.63		160,289.37	
Other Expenses	3,382,105.00	3,382,105.00	2,939,591.66	45,936.63	396,576.71	
	<u>4,451,175.00</u>	<u>4,451,175.00</u>	<u>3,848,372.29</u>	<u>45,936.63</u>	<u>556,866.08</u>	<u>-</u>
<b>Capital Improvements:</b>						
Capital Improvement Fund	12,500.00	12,500.00	12,500.00		-	
	<u>12,500.00</u>	<u>12,500.00</u>	<u>12,500.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt Service:</b>						
Payment of Bond Principal	1,325,001.00	1,325,001.00	1,307,305.58		(0.00)	17,695.42
Interest on Bonds	342,000.00	342,000.00	321,454.31		-	20,545.69
NJEIT Loan Principal Payments	101,810.00	101,810.00	96,809.64		-	5,000.36
	<u>1,768,811.00</u>	<u>1,768,811.00</u>	<u>1,725,569.53</u>	<u>-</u>	<u>(0.00)</u>	<u>43,241.47</u>
<b>Deferred Charges and Statutory Expenditures:</b>						
Public Employees' Retirement System	66,514.00	66,514.00	66,514.00		-	
Social Security System	90,000.00	90,000.00	70,667.79		19,332.21	
Unemployment Compensation Insurance	6,000.00	6,000.00	3,924.73		2,075.27	
	<u>162,514.00</u>	<u>162,514.00</u>	<u>141,106.52</u>	<u>-</u>	<u>21,407.48</u>	<u>-</u>
	<u>\$ 6,395,000.00</u>	<u>6,395,000.00</u>	<u>5,727,548.34</u>	<u>45,936.63</u>	<u>578,273.56</u>	<u>43,241.47</u>
		Cash Disbursements	5,406,094.03			
		Accrued Interest	321,454.31			
			<u>5,727,548.34</u>			

See Accompanying Notes to Financial Statements which are an integral part of this statement

**EXHIBIT - E**  
**PUBLIC ASSISTANCE TRUST FUND**



**PUBLIC ASSISTANCE FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Balance Dec. 31, 2013	Balance Dec. 31, 2012
<u>Assets</u>		
Cash Trust I	\$ -	12,110.44
Cash Trust II	-	18,718.63
	<hr/>	<hr/>
	<u>-</u>	<u>30,829.07</u>
 <u>Liabilities and Reserves</u>		
Reserve for Public Assistance Trust I	-	12,110.44
Reserve for Public Assistance Trust II	-	18,718.63
	<hr/>	<hr/>
	<u>\$ -</u>	<u>30,829.07</u>

See Accompanying Notes to Financial Statements which are an integral part of this statement

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



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

	Balance <u>December 31, 2013</u>	Balance <u>December 31, 2012</u>
<u>Assets</u>		
Land and Land Improvements	\$ 1,717,624.00	1,717,624.00
Building and Building Improvements	3,347,172.00	3,347,172.00
Machinery, Equipment and Vehicles	12,803,943.81	13,580,790.70
	<hr/>	<hr/>
Total General Fixed Assets	<u>17,868,739.81</u>	<u>18,645,586.70</u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Investment in General Fixed Assets	\$ <u>17,868,739.81</u>	<u>18,645,586.70</u>

See Accompanying Notes to Financial Statements which are an integral part of this statement

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## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2013 AND 2012

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

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

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

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

#### **B. Description of Funds**

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

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

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

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

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

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

Public Assistance Fund -- accounts for receipts and disbursements of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes. Effective February 2, 1998, the administration of the Township's public assistance program had been transferred to the Atlantic County Division of Economic Assistance. In 2013, the Township transferred all remaining funds to the current fund.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2013 AND 2012

### C. Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2013 AND 2012**

No depreciation has been provided for in the financial statements.

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

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

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

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

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

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

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

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

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

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

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

### **E. Comparative Data**

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

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the entity's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the entity's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

### **Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$1,692,525.65 and \$1,065,290.81. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$1,490,000 and \$2,460,000. In addition, the entity operates a self liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$500,000 and \$600,000.

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 2013 and 2012 calendar years:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Current Fund:</u>		
General and Administrative		
Salaries and Wages	-	(15,000)
Revenue Administration		
Salaries and Wages	-	(5,000)
Other Expenses		5,000
Other Expenses-Hydrants	-	50,000
Health Benefits Waiver		
Other Expenses	-	6,000
Gasoline		(20,000)
Natural Gas	-	(5,000)
Electric		(10,000)
Group Insurance		(6,000)
Water	10,000	
Police Dispatch		
Salaries and Wages	15,000	-
Other Expenses	(15,000)	
Streets & Roads		
Other Expenses	8,000	-
Vehicle Maintenance		
Other Expenses	(15,000)	-

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

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 2013 and 2012, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Justice Assistance Grant	\$ -	10,596
Sustainable Jersey Grant	-	10,000
Distracted Driving	2,000	2,000
Clean Communities Program	78,865	67,172
NJ. D.O.T. Bikeway Program Grant	-	175,000
FEMA-Hazardous Mitigation	142,080	165,709
Drive Sober or Get Pulled Over	4,400	4,400
NJ. D.O.T. Green Creek Road	387,000	-
NJ Forestry Service	624,300	-
Community Development Block Grant	145,494	

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2012 for \$950,000. The emergency was for a reassessment of taxes in the Township. The unfunded balance as of December 31, 2013 was \$760,000. During 2013, the Township approved one emergency appropriation for tax appeals in the amount of \$1,580,000 which was funded by capital ordinance #1880.

**Note 3: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$0 of the municipality's bank balance of \$28,560,830 and \$23,129,942 was exposed to custodial credit risk.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 4: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

	Balance 12/31/2011	Additions	Retirements/ Adjustments	Balance 12/31/2012
Land	\$ 1,498,200	219,424	-	1,717,624
Building	2,688,900	658,272	-	3,347,172
Equipment and Machinery	17,231,490	157,987	(3,808,686)	13,580,791
	<u>\$ 21,418,590</u>	<u>1,035,683</u>	<u>(3,808,686)</u>	<u>18,645,587</u>

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

**Note 5: SHORT-TERM OBLIGATIONS**

	Balance 12/31/11	Issued	Retired	Balance 12/31/12
Bond Anticipation Notes payable:				
Current Fund	\$ -	950,000	-	950,000
General Capital		1,470,000		1,470,000
	<u>\$ -</u>	<u>2,420,000</u>	<u>-</u>	<u>2,420,000</u>

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

The note was issued on 12/19/13 and is due and payable on 12/18/14 with interest at 1.00%. As of December 31, 2013, the Township has authorized but not issued bonds or notes in the amount of \$499,789 and \$948,483 in the General Capital Fund and Utility Capital Fund respectively.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 6: LONG TERM DEBT**

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Amounts Due Within One Year
Bonds payable:					
General	\$ 21,515,000	4,265,000	6,625,000	19,155,000	2,555,000
Utility	10,445,000	560,000	1,770,000	9,235,000	1,325,000
<b>Total</b>	<b>\$ 31,960,000</b>	<b>4,825,000</b>	<b>8,395,000</b>	<b>28,390,000</b>	<b>3,880,000</b>
Other liabilities:					
Loans Payable	\$ 223,793		13,367	210,426	16,307
Utility Loans	1,968,713		553,368	1,415,345	101,810
Compensated Absences Payable	1,162,290	1,740,890	-	2,903,180	-
<b>Total long-term liabilities</b>	<b>\$ 35,314,796</b>	<b>6,565,890</b>	<b>8,961,735</b>	<b>32,918,951</b>	<b>3,998,117</b>

  

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

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

At December 31, 2013, bonds payable in the General Capital Fund consisted of the following individual issues:

\$10,400,000 General Improvement Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2007 through December 1, 2019, and bearing interest at rates varying from 3.50% to 4.250%. In 2012, \$4,200,000 was reduced per refunding bonds. The balance remaining as of December 31, 2013 is \$900,000.

\$3,790,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2014, bearing interest at varying rates. The balance remaining as of December 31, 2013 is \$590,000.

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2013 AND 2012**

\$11,000,000 General Improvement Bonds dated September 1, 2011, due in annual installments, beginning September 1, 2012 through September 1, 2023, and bearing interest at rates varying from 2.00% to 3.00%. The balance remaining as of December 31, 2013 is \$9,650,000.

\$1,595,000 Refunding Bonds dated September 1, 2011, due in annual installments beginning December 1, 2011 through December 1, 2017 bearing interest at varying rates from 1.00%-2.00%. The balance remaining as of December 31, 2013 is \$1,230,000.

\$4,265,000 Refunding Bonds dated December 1, 2012, due in annual installments beginning December 1, 2013 through December 1, 2019 bearing interest at varying rates from 2.00%-3.00%. The balance remaining as of December 31, 2013 is \$4,230,000.

\$150,000 Green Trust Loan dated 2002, due in semi-annual installments through 2022. The balance remaining as of December 31, 2013, is \$90,451.

\$111,951 N.J. Environmental Infrastructure Loan dated 12/16/2011, due in semi-annual installments each March and September 1<sup>st</sup>, through 2031. The balance remaining as of December 31, 2013, is \$96,465.

At December 31, 2013, 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, 2013 is \$950,000.

\$1,300,000 Sewer Utility Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2007 through December 1, 2019, and bearing interest at rates varying from 3.50% to 4.250%. In 2012, \$550,000 was reduced per refunding bonds. The balance remaining as of December 31, 2013 is \$100,000.

\$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, 2013 is \$2,555,000.

\$3,100,000 General Improvement Bonds dated September 1, 2011, due in annual installments, beginning September 1, 2012 through September 1, 2023, and bearing interest at rates varying from 2.00% to 3.00%. The balance remaining as of December 31, 2013 is \$2,760,000.

\$1,295,000 Refunding Bonds dated September 1, 2011, due in annual installments beginning December 1, 2011 through December 1, 2017 bearing interest at varying rates from 1.00%-2.00%. The balance remaining as of December 31, 2013 is \$990,000.

\$560,000 Refunding Bonds dated December 1, 2012, due in annual installments beginning December 1, 2013 through December 1, 2019 bearing interest at varying rates from 2.00%-3.00%. The balance remaining as of December 31, 2013 is \$555,000.

\$150,000 N.J. Environmental Infrastructure Trust Loan dated 3/10/10, due in annual installments, beginning August 1, 2012 through August 1, 2039, and bearing interest at rates varying from 3.00% to 5.00%. The balance remaining as of December 31, 2013 is \$135,000.

\$444,817 N.J. Environmental Infrastructure Fund Loan dated 3/10/10, due in semi-annual installments, beginning August 1, 2011 through August 1, 2029, and bearing an interest rate of 0.00%. The Township received a \$233,052 reduction in the loan in 2011. The balance remaining as of December 31, 2013 is \$128,833.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

\$869,106 N.J. Environmental Infrastructure Loan dated 12/2/10, due in semi-annual installments, beginning August 1, 2012 through August 1, 2030, and bearing an interest rate of 0.00%. The Township received a \$256,559 reduction in the loan in 2012. The balance remaining as of December 31, 2013 is \$494,702.

\$810,000 N.J. Environmental Infrastructure Loan dated 12/2/10, due in annual installments, beginning August 1, 2012 through August 1, 2030, and bearing an interest rate of 5.00%. The Township received a \$200,000 reduction in the loan in 2012. The balance remaining as of December 31, 2013 is \$555,000.00.

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

Year	General Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2014	\$ 2,590,000	466,263	1,325,000	259,431
2015	2,035,000	376,338	1,385,000	212,281
2016	2,065,000	337,188	1,390,000	167,513
2017	2,090,000	284,063	1,110,000	120,225
2018	1,750,000	224,263	925,000	83,525
2019-2023	6,070,000	467,988	1,775,000	147,825
	<u>\$ 16,600,000</u>	<u>2,156,100</u>	<u>7,910,000</u>	<u>990,800</u>

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

Year	General Capital Green Trust		General Capital NJEIT	
	Principal	Interest	Principal	Interest
2014	\$ 9,864	1,760	5,508	488
2015	10,063	1,562	5,512	484
2016	10,265	1,359	5,519	477
2017	10,471	1,153	5,527	469
2018	10,682	943	5,538	458
2019-2023	39,106	1,580	27,967	2,012
2024-2028			28,722	1,257
2029-2031			12,172	202
	<u>\$ 90,451</u>	<u>8,357</u>	<u>96,465</u>	<u>5,848</u>

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

Year Ending December 31	Sewer Capital	
	Principal	Interest
2014	\$ 101,810	\$ 33,350
2015	101,810	31,600
2016	101,810	29,850
2017	106,810	28,100
2018	106,810	26,100
2019-2023	491,703	97,150
2024-2028	292,784	30,850
2029-2031	10,000	400
	<u>\$ 1,313,535</u>	<u>\$ 277,400</u>

As of December 31, 2013 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 \$571,556 and to the utility budget was \$321,454 .

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

<u>Summary of Municipal Debt</u>	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 21,491,916	20,835,426	21,738,793
Sewer Utility - Bonds and Notes	9,223,535	11,106,904	12,413,719
Total Issued	<u>30,715,451</u>	<u>31,942,330</u>	<u>34,152,513</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	-	347,237	339,275
Self-Liquidating Debt	10,271	76,364	94,058
Total Deductions	<u>10,271</u>	<u>423,600</u>	<u>433,333</u>
Net Debt Issued	<u>30,705,180</u>	<u>31,518,730</u>	<u>33,719,180</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	499,789	1,884,027	8,522,810
Sewer Utility - Bonds and Notes	948,483	3,274,942	2,640,102
Total Authorized But Not Issued	<u>1,448,272</u>	<u>5,158,969</u>	<u>11,162,912</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 32,153,452.00</u>	<u>36,677,699</u>	<u>44,882,092</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .678%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 6,014,000	6,014,000	-
Regional School District Debt	21,170,675	21,170,675	-
Sewer Utility Debt	10,172,018	10,172,018	-
General Debt	21,991,706	-	21,991,706
	<u>\$ 59,348,399</u>	<u>37,356,693</u>	<u>21,991,706</u>

Net Debt \$21,991,706 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,244,036,405 = .678%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 113,541,274
Net Debt	21,991,706
Remaining Borrowing Power	<u>\$ 91,549,568</u>

The above debt information varied from the Township's annual debt statement due to the Township's inclusion of emergency notes totaling \$2,340,000 which we have excluded above.

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 and 2013 were as follows:

		<u>2014</u>		<u>2013</u>
Current Fund	\$	2,000,000*		1,490,000
Sewer Utility		500,000*		500,000

\* As of the date of this report the Township's 2014 budget has not been finalized

**Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2013</u>	<u>2014 Budget Appropriation</u>	<u>Balance to Succeeding</u>
Current fund:			
Special Emergency Appropriation-Reassessment	\$ 760,000	190,000	570,000
	<u>\$ 760,000</u>	<u>190,000</u>	<u>570,000</u>

**Note 9: SCHOOL TAXES**

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

Local District School Tax in the amounts of \$29,661,654 and \$29,151,378 have been raised for the 2013 and 2012 calendar years and remitted or due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service. Regional High School Tax in the amounts of \$16,582,281 and \$16,280,599 have been raised for the 2013 and 2012 calendar years and remitted or due to the school district.

Fund balance is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31, and for the regional high school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2012, and decreased by the amount deferred at December 31, 2013. GAAP would require the recording of a deferred revenue. The following schedule illustrates school taxes payable and school taxes deferred at December 31<sup>st</sup> for the last two years.

	<u>12/31/2013</u>	<u>12/31/2012</u>
Balance of Tax	\$ 8,291,141	8,140,299
Deferred	6,400,000	6,400,000
Regional High School Tax Payable	<u>\$ 1,891,141</u>	<u>1,740,299</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 10: TAXES COLLECTED IN ADVANCE**

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

	Balance 12/31/13	Balance 12/31/12
Prepaid Taxes	\$ 890,788	602,118
Cash Liability for Taxes Collected in Advance	\$ 890,788	602,118

**Note 11: PENSION FUNDS**

Description of Plans

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

Public Employees' Retirement System

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

Police and Fireman's Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 7.87% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$443,427, \$515,554 and \$516,317.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2013 AND 2012

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2013, 2012, and 2011 were \$1,221,605, \$1,431,851 and \$1,753,232.

The total payroll for the year ended December 31, 2013, 2012 and 2011 was \$9,555,169, \$10,091,994 and \$10,355,199. Payroll covered by PFRS was \$4,448,825, \$4,915,291 and \$4,846,774. Payroll covered by PERS was \$3,466,107, \$3,614,739 and \$3,922,985.

### Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to  $\frac{1}{60}$ <sup>th</sup> from  $\frac{1}{55}$ <sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2013 AND 2012

For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

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

### **Note 12: POST-RETIREMENT BENEFITS**

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

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

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

### **Note 13: ACCRUED SICK AND VACATION BENEFITS**

The entity has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$2,402,945 in 2013 and \$2,903,180 in 2012. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. Township employees are entitled to fifteen sick leave days each year. Vacation days are earned based on years of service. Employees are entitled to 10 vacation days for the first year of employment, 11 days for 2 through 5 years of service, 13 days for 6 through 10 years of service, 18 days for 11 through 19 years of service, and 20 days for 20 years or more of service. Sick and vacation days accumulated through December 31, 1991 have been credited to the employees and will be reimbursed at 100% of the employees' daily rate of pay upon retirement. Beginning January 1, 1992, unused sick leave may be accumulated and carried forward to subsequent years, and at retirement the employee will be reimbursed up to fifty percent of days not used, not to exceed the amount of \$10,000. Vacation days earned on or after January 1, 1992 may be carried over for one year only, unless extended by the Township Manager with the recommendation of the department head.

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 \$103,185 at December 31, 2013, and \$62,030 at December 31, 2012.

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

### **Note 14: ECONOMIC DEPENDENCY**

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

### **Note 15: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The entity maintains commercial insurance coverage for property, liability. During the year ended December 31, 2013 and 2012 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

### **Note 16: DEFERRED COMPENSATION**

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

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

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

### **Note 17: CONTINGENT LIABILITIES**

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 18: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2013, the following interfunds were included on the balance sheets of the various funds of the Township of Galloway and are expected to be returned within one year:

	Due From	Due To
Current Fund:		
Tax Title Lien Redemption Trust	\$ -	74,389
Utility Operating		839
Special Water Assessment Trust		263
General Capital Fund		658,362
Trust Assessment Fund:		
Current Fund	263	
Trust Fund:		
Current - Tax Title Lien	74,389	
Sewer Operating-Tax Collector	797	
Sewer Operating -Utility Escrow Trust	7,670	
General Capital Fund:		
Current Fund	658,362	
Sewer Operating:		
Current Fund	839	
Current Fund-Tax Collector		797
Trust Fund-Utility Escrow		7,670
Sewer Capital		4,800
Sewer Capital Fund:		
Sewer Operating	4,800	
	\$ 747,120	747,120

The amounts due to the various funds relate to year end activity from the tax office not transferred over to the appropriate funds as of year end.

**Note 19: SANITARY LANDFILL CLOSURE FUND**

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

At December 31, 2013, the Township had \$586,016 on deposit in a trust fund to comply with the aforementioned act. In addition, the Township also adopted a capital ordinance to provide additional funding for the closure plan. However, the escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with the closure are not known.

**Note 20: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through March 27, 2014, the date which the financial statements were available to be issued and identified no events requiring disclosure.

## **SUPPLEMENTARY INFORMATION**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group, of the Township of Galloway, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated March 27, 2014 which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### Internal Control over Financial Reporting

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Ford, Scott & Associates, LLC*  
**Ford, Scott & Associates, LLC**  
**Certified Public Accountants**

*Leon P. Costello*

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

**March 27, 2014**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/Pass-Through Grantor/ Program Title	State Appropriation Number	From	Period	To	Cash Received	Amount of Expenditures	(Memo Only) Cumulative Expenditures
<u>Department of Transportation</u>							
Great Creek Road Reconstruction-Ph.II	6320-480-078-6320-174-TTTT-6010		Open		\$ 117,514.00		-
Great Creek Road Reconstruction-Ph. III	6320-480-078-6320-174-TTTT-6010		Open		101,718.00		-
Great Creek Road Reconstruction	6320-480-078-6320-174-TTTT-6010		Open		81,505.00		-
Total Department of Transportation					300,737.00		-
<u>Department of Environmental Protection and Energy:</u>							
Clean Communities	4900-765-042-4900-005-VCMC-6020	1/1/12	12/31/12		-	92,744.76	101,826.84
Clean Communities	4900-765-042-4900-005-VCMC-6020	1/1/13	12/31/13		78,865.00	-	-
Recycling Tonnage Grant	1900-752-042-4900-001-V42Y-6020	1/1/12	12/31/12		51,801.00	14,699.13	51,801.00
Recycling Tonnage Grant	1900-752-042-4900-001-V42Y-6020	1/1/13	12/31/13			13,405.92	13,405.92
NJ Forestry Service-No Net Loss Phase 2	N/A	1/1/13	12/31/13			18,500.00	18,500.00
Reforestation Grant	100-042-4870-074	1/1/12	12/31/12		-	6,860.00	36,610.00
Flood Control Grant	N/A	1/1/10	12/31/10		236,342.00	982.07	640,897.00
Stormwater Management	4840-150-057500	1/1/09	open		3,000.00	3,000.00	2,211.77
Green Communities		1/1/13	12/31/13			150,191.88	3,000.00
Total Department of Environmental Protection and Energy					370,008.00		868,252.53
<u>Department of Law &amp; Public Safety:</u>							
Body Armor Fund	1020-718-066-1020-001-YCJS-6120	1/1/11	12/31/11			634.34	9,600.00
Body Armor Fund	1020-718-066-1020-001-YCJS-6120	1/1/12	12/31/12			6,031.83	6,032.00
Body Armor Fund	1020-718-066-1020-001-YCJS-6120	1/1/13	12/31/13		5,316.00	119.83	119.83
Drunk Driving Enforcement Fund	6400-100-078-6413	1/1/12	12/31/12			23,844.98	23,844.98
Drive Sober or Get Pulled Over	N/A	1/1/13	12/31/13		4,400.00	4,400.00	4,400.00
Safe and Secure Communities Grant	100-066-1020-232-YCJS-6120	1/1/13	12/31/13		45,000.00	60,000.00	60,000.00
Total Department of Law & Public Safety					54,716.00	95,030.98	94,396.81
<u>Department of the Treasury</u>							
Municipal Alliance Program	475-995120-60	1/1/13	12/31/13		12,550.00	22,283.35	22,283.35
Total State Assistance					\$ 738,011.00	267,506.21	984,932.69

**TOWNSHIP OF GALLOWAY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2013**

**Note 1: General**

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

**Note 2: Basis of Accounting**

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

**Note 3: Relationship to Financial Statements**

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

	<u>State</u>	<u>Total</u>
Grant Fund	\$ 712,139	\$ 712,139
Less: NJ DOT & Flood Control Encumbrances	(439,641)	(439,641)
Local Share	<u>(4,992)</u>	<u>(4,992)</u>
Total Financial Assistance	<u>\$ 267,506</u>	<u>\$ 267,506</u>

**Note 4: Relationship to State Financial Reports**

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

**TOWNSHIP OF GALLOWAY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDING DECEMBER 31, 2013**

**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**

All prior year findings have been corrected or partially corrected.

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

		Regular Fund	Grant Fund
Balance December 31, 2012	\$	8,496,112.50	160,190.77
Increased by Receipts:			
Tax Collector		74,816,197.39	
Revenue Accounts Receivable		5,535,825.51	
Miscellaneous Revenue		1,002,381.57	
Due from State of N.J. Seniors/Veterans		349,250.00	
Due from Trust Fund - Community Events		73.95	
Due from Special Water Assessment		555.01	
Unidentified Tax Receipt		83.78	
Due to General Capital - Emergency Note Payable		1,580,000.00	
Due to State of N.J. -Marriage Licenses		5,000.00	
Due to State of N.J. - DCA Fees		24,766.00	
Due to State of N.J.-Civil Unions/Domestic Partnerships		25.00	
Deposits for Sale of Township Property		9,850.00	
Reserve for Proceeds on Sale of Municipal Property		38,500.00	
Revenue Refund Payable		35.00	
Due to Tax Collector Special Trust Fund		74,389.49	
Due to Special Water Assessment Trust		263.14	
Tax Appeal Refunding		2,104,357.60	
Reserve for Small Cities Revolving Loan Fund			23,002.50
Due from Current Fund			19,243.81
Federal and State Unallocated			45,040.78
Federal and State Receivables			773,547.58
		85,541,553.44	860,834.67
		94,037,665.94	1,021,025.44
Decreased by Disbursements:			
Current Year Appropriation		18,372,110.96	
Prior Year Appropriations		554,668.63	
County Taxes		14,629,324.29	
Local District School Taxes		29,661,654.00	
Regional School Taxes		16,431,439.82	
Special Emergency Note Payable		190,000.00	
Reserve for Reassessment		666,434.00	
Tax Overpayments		82,401.78	
Reserve for Snow Removal		185,435.51	
Refund of Prior Year Revenue		69,211.62	
Due to State of N.J. -Marriage Licenses		4,475.00	
Due to State of N.J.-Civil Unions/Domestic Partnerships		75.00	
Due to State of N.J. - DCA Fees		25,354.00	
Due to Sewer Utility Operating Fund		6,556.04	
Due to Trust - Inspection Escrow		144.88	
Due to P.O.A.A. Trust		12.00	
Due to Public Defender Trust		3,966.00	
Due to Tax Collector Special Trust Fund		100.00	
Due to Federal and State Grant Fund		19,243.81	
Due to General Capital - Tax Appeals		921,638.30	
Reserve for Small Cities Revolving Loan Fund			4,345.00
Federal and State Disbursements			279,118.09
		81,824,245.64	283,463.09
Balance December 31, 2013	\$	12,213,420.30	737,562.35

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

Balance December 31, 2012		\$	-
Increased by Receipts:			
Prepaid Taxes	\$	890,787.93	
Tax Overpayments		49,426.47	
Taxes Receivable		73,760,651.67	
Tax Title and Other Liens		115,331.32	
		<hr/>	<hr/>
			74,816,197.39
			74,816,197.39
Payments to Treasurer			<hr/>
			74,816,197.39
Balance December 31, 2013		\$	<hr/> <hr/>

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

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2013
				2012	2013				
Arrears \$									
2011 & Prior	3,217.71				3,217.71				-
2012	56,859.23				56,915.29	(7,428.11)	(2,453.09)		9,825.14
	60,076.94	-	-	-	60,133.00	(7,428.11)	(2,453.09)	-	9,825.14
2013		77,818,032.65	92,986.35	602,118.03	74,075,268.67	2,845,889.95	367,974.40		19,767.95
	\$ 60,076.94	77,818,032.65	92,986.35	602,118.03	74,135,401.67	2,838,461.84	365,521.31	-	29,593.09

Cash Receipts  
Senior Citizens and Veterans  
73,760,651.67  
374,750.00  
74,135,401.67

Analysis of Current Year Tax Levy

Tax Yield:  
General Property Tax  
Added Taxes (54:4-63.1 et. Seq.)

77,818,032.65  
92,986.35  
77,911,019.00

Tax Levy:

General County Taxes  
County Library Taxes  
County Open Space Taxes  
County Health Taxes  
County Added and Omitted Taxes  
Total County Taxes

12,734,606.83  
1,045,771.28  
187,564.39  
641,056.39  
17,162.03

14,626,160.92

Local School District Tax  
Regional School District Tax

29,661,654.00  
16,582,281.00

Local Tax for Municipal Purposes  
Add: Additional Tax Levied

16,952,484.17  
88,438.91  
17,040,923.08

77,911,019.00

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

Balance December 31, 2012		\$	1,095,046.30
Increased by:			
Transfers from Taxes Receivable	\$		365,521.31
Interest and Costs Accrued by Sale of December 16, 2013			7,918.96
Other			351.70
			373,791.97
			1,468,838.27
Decreased by:			
Collections		115,331.32	
Other		742.72	
			116,074.04
Balance December 31, 2013		\$	1,352,764.23

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2012	Accrued in 2013	Collected by		Balance Dec. 31, 2013
			Treasurer	Other	
Licenses:					
Alcoholic Beverages	\$ -	51,220.08	51,220.08		-
Fees and Permits	-	161,023.00	161,023.00		-
Fines and Costs:					
Municipal Court	30,428.10	417,627.29	422,077.28		25,978.11
Interest and Costs on Taxes	-	259,050.81	259,050.81		-
Interest Earned on Investments	-	29,556.34	29,556.34		-
Planning Board - Special Application Fees	-	9,785.00	9,785.00		-
Fire Subcode Official:					
Fire Safety Rebated	-	40,229.46	40,229.46		-
Fire Inspections	-	31,751.00	31,751.00		-
Road Openings	-	29,620.00	29,620.00		-
Cable Franchise Fees	-	122,076.60	122,076.60		-
Hotel Tax	-	464,819.01	464,819.01		-
Rental Inspections	-	82,860.00	82,860.00		-
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	-	382,267.80	382,267.80		-
Communications - Dispatch Agreement	-	-	-		-
Atlantic County	-	17,863.10	17,863.10		-
Mullica	-	199,212.98	199,212.98		-
Reserve for Premium on Bond Sale	-	257,896.40	257,896.40		-
Reserve for Premium on Note Sale	-	72,057.65	72,057.65		-
Contribution - Richard Stockton College	-	300,000.00	300,000.00		-
	<u>\$ 30,428.10</u>	<u>5,538,609.52</u>	<u>5,543,059.51</u>	<u>-</u>	<u>25,978.11</u>
		Cash Receipts	\$ 5,535,825.51		
		Reserve for Garden State Preservation Trust	7,234.00		
		<u>\$ 5,543,059.51</u>			

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:					
General Administration					
Salaries and Wages	5,613.22	5,613.22		5,613.22	-
Other Expenses	1,120.68	1,120.68	156.25	964.43	-
Human Resources					
Other Expenses	13,625.08	13,625.08	13,625.08	-	-
Mayor and Council					
Salaries and Wages	826.11	826.11		826.11	-
Other Expenses	4,795.29	4,795.29	901.06	3,894.23	-
Municipal Clerk					
Salaries and Wages	2,700.28	2,700.28		2,700.28	-
Other Expenses	6,045.82	6,045.82	2,004.04	4,041.78	-
Financial Administration					
Salaries and Wages	20,307.36	20,307.36		20,307.36	-
Other Expenses	5,597.21	5,597.21	1,492.90	4,104.31	-
Revenue Administration (Tax Collection)					
Salaries and Wages	7,044.96	7,044.96		7,044.96	-
Other Expenses	4,846.30	4,846.30	2,511.24	2,335.06	-
Tax Assessment Administration					
Salaries and Wages	12,682.82	12,682.82		-	-
Other Expenses	29,144.90	29,144.90	14,688.12	14,456.78	-
Legal Services					
Other Expenses	67,761.39	67,761.39	42,664.75	25,096.64	-
Engineering Services and Costs					
Other Expenses	14,104.41	14,104.41	13,808.75	295.66	-
Municipal Court					
Salaries and Wages	22,207.02	22,207.02		22,207.02	-
Other Expenses	3,520.50	3,520.50	971.55	2,548.95	-
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	13,043.30	13,043.30		13,043.30	-
Other Expenses	7,133.27	7,133.27	1,981.50	5,151.77	-
Zoning Board of Adjustment					
Other Expenses	1,711.85	1,711.85	367.05	1,344.80	-

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>INSURANCE</b>					
Unemployment Insurance	83,262.55	83,262.55	7,222.74	76,039.81	-
Liability Insurance	25,114.96	25,114.96	25,114.96	-	-
Group Insurance Plan for Employees	693,252.05	693,252.05	191,428.83	501,823.22	-
<b>PUBLIC SAFETY</b>					
Police Department					
Salaries and Wages	131,969.72	131,969.72	3,820.07	128,149.65	-
Other Expenses	135,225.75	135,225.75	67,711.10	67,514.65	-
Police Dispatch/911					
Salaries and Wages	9,780.42	9,780.42		9,780.42	-
Other Expenses	22,611.98	22,611.98	891.73	21,720.25	-
Office of Emergency Management					
Other Expenses	3,731.12	3,731.12	1,215.37	2,515.75	-
Fire Department					
Other Expenses	64,559.30	64,559.30	37,639.86	26,919.44	-
Municipal Prosecutor's Office					
Other Expenses	3,856.00	3,856.00	3,764.00	92.00	-
<b>PUBLIC WORKS</b>					
Streets and Road Maintenance					
Salaries and Wages	13,427.71	13,427.71		13,427.71	-
Other Expenses	45,077.54	45,077.54	19,813.85	25,263.69	-
Other Public Works Functions					
Salaries and Wages	23,328.28	23,328.28		23,328.28	-
Other Expenses	9,575.33	9,575.33	2,014.33	7,561.00	-
Solid Waste Collection					
Salaries and Wages	44,021.85	44,021.85		44,021.85	-
Other Expenses	14,948.08	14,948.08	3,536.76	11,411.32	-
Buildings and Grounds					
Salaries and Wages	31,234.34	31,234.34		31,234.34	-
Other Expenses	43,740.12	43,740.12	10,420.46	33,319.66	-
Emergency Authorization - Hurricane Sandy					
Vehicle Maintenance	2,873.62	2,873.62	2,873.62	-	-
Other Expenses	79,599.03	79,599.03	79,599.03	-	-

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>PARKS AND RECREATION</b>					
Recreation Services and Programs	16,971.07	16,971.07	839.84	16,131.23	-
Other Expenses					
Senior Services					
Other Expenses	4,221.34	4,221.34	1,117.07	3,104.27	-
Maintenance of Parks					
Other Expenses	3,786.75	3,786.75	2,453.31	1,333.44	-
<b>OTHER COMMON COPERATING FUNCTIONS</b>					
Community Education					
Other Expenses	8,641.77	8,641.77	356.02	8,285.75	-
<b>UNIFORM CONSTRUCTION CODE</b>					
State Uniform Construction Code					
Code Enforcement & Administration					
Other Expenses	6,309.82	6,309.82	297.35	6,012.47	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electric	42,147.52	42,147.52	15,592.42	26,555.10	-
Street Lighting	28,176.66	28,176.66	8,090.58	20,086.08	-
Telephone	18,697.05	18,697.05	1,704.89	16,992.16	-
Gas	9,707.85	9,707.85	2,967.38	6,740.47	-
Gasoline	69,690.65	69,690.65	18,157.05	51,533.60	-
Landfill/Solid Waste Disposal Costs					
Other Expenses	11,872.00	11,872.00	2,528.00	9,344.00	-
<b>All Other Accounts - No Change</b>	167,827.97	167,827.97		167,827.97	
<b>\$</b>	<u>2,113,071.97</u>	<u>2,113,071.97</u>	<u>619,025.73</u>	<u>1,494,046.24</u>	<u>-</u>
Cash Disbursements			\$ 554,668.63		
Transfer to Accounts Payable			<u>64,357.10</u>		
			<u>\$ 619,025.73</u>		

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

Balance December 31, 2012			
School Tax Payable	\$	1,740,299.32	
School Tax Deferred		6,400,000.00	
		6,400,000.00	\$ 8,140,299.32
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			16,582,281.00
			24,722,580.32
Decreased by:			
Payments			16,431,439.82
Balance December 31, 2013			
School Tax Payable		1,891,140.50	
School Tax Deferred		6,400,000.00	
		6,400,000.00	8,291,140.50
Current Year Liability for Regional School District School Tax:			
Tax Paid			16,431,439.82
Tax Payable Ending			1,891,140.50
			18,322,580.32
Less: Tax Payable Beginning			1,740,299.32
Amount charged to Current Year Operations			\$ 16,582,281.00

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

Purpose	Balance Dec. 31, 2012	Transferred From 2013 Revenues	Received	Cancellation Adjustments	Balance Dec. 31, 2013
<b>FEDERAL GRANTS:</b>					
FEMA - Hazardous Mitigation	\$ 165,709.00				165,709.00
FEMA-Hazardous Mitigation-Generator		142,080.00			142,080.00
COPS in Shops	300.00	2,800.00	2,800.00	300.00	-
Bulletproof Vest Partnership	-	754.00	754.00		-
Community Development Block Grant	87,254.00	145,494.00	87,203.00	51.00	145,494.00
<b>Total Federal</b>	<b>253,263.00</b>	<b>291,128.00</b>	<b>90,757.00</b>	<b>351.00</b>	<b>453,283.00</b>
<b>STATE GRANTS:</b>					
Safe and Secure Communities Program	-	60,000.00	45,000.00		15,000.00
Municipal Alliance Program	12,550.45	21,740.00	12,550.45		21,740.00
Body Armor Fund	-	5,316.12	5,316.12		-
Clean Communities	-	78,865.49	78,865.49		-
Flood Control Grant	343,804.43		236,342.43		107,462.00
Recycling Tonnage Grant	-	51,801.48	51,801.48		-
Drive Sober or Get Pulled Over	-	4,400.00	4,400.00		-
NJDOT Safe Streets to Schools	-	230,000.00			230,000.00
NJ Transportation Trust Fund					
Safe Streets to Transit - Great Creek Road	338,965.71		81,504.94	6,460.77	251,000.00
NJ Transportation Trust Fund					
Chris Gaupp Drive Phases 1&2	26,519.32			26,519.32	-
NJ Transportation Trust Fund					
Wrangelboro Bike Path	175,000.00				175,000.00
NJDOT-Great Creek Road, Phase II		200,000.00	117,514.04		82,485.96
NJDOT-Great Creek Road, Phase III		187,000.00	101,718.23		85,281.77
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
Green Communities		3,000.00	3,000.00		-
Sustainable Jersey Small Grant - WaiMart	5,000.00				5,000.00
Sustainable Jersey Small Grant - WaiMart	-	2,000.00	2,000.00		-
<b>Total State</b>	<b>906,839.91</b>	<b>1,468,423.09</b>	<b>740,013.18</b>	<b>32,980.09</b>	<b>1,602,269.73</b>
	<b>\$ 1,160,102.91</b>	<b>1,759,551.09</b>	<b>830,770.18</b>	<b>33,331.09</b>	<b>2,055,552.73</b>
		Cash \$	773,547.58		
		Unappropriated Reserves	57,222.60		
		<b>\$</b>	<b>830,770.18</b>		

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

	Balance December 31, 2012		2013		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances	Appropriations	Appropriations				
<b>FEDERAL GRANTS:</b>	\$	165,709.00	-	142,080.00				165,709.00
FEMA - Hazardous Mitigation				2,800.00				142,080.00
FEMA-Hazardous Mitigation-Generator				145,494.00				145,494.00
COPS in Shops					2,800.00			
Community Development Block Grant		491.00					491.00	
Energy Efficiency Retrofit Grnat		4,881.00						
JAG Grant		4,290.00	754.00		3,202.81			1,678.19
Bulletproof Vest Partnership								5,044.00
<b>Total Federal</b>		<u>175,371.00</u>	<u>-</u>	<u>291,128.00</u>	<u>6,002.81</u>	<u>-</u>	<u>491.00</u>	<u>460,005.19</u>
<b>STATE GRANTS:</b>								
New Jersey Transportation Trust Fund								
Safe Streets to Transit-Great Creek Rd.		77,929.59	1,100.00		(4,950.50)		32,980.09	51,000.00
Safe Streets 2012		200,000.00						200,000.00
Safe Streets 2013				230,000.00				230,000.00
Wrangleboro Bike Path		175,000.00				18,725.00		156,275.00
Great Creek Road, Phase II				200,000.00		174,685.39		25,314.61
Great Creek Road, Phase III				187,000.00		155,624.30		31,375.70
Recycling Tonnage Grant		28,844.73	156.08	51,801.48	27,719.43	385.62		52,697.24
Drunk Driving Enforcement Program		50,662.28			23,844.98			26,817.30
Clean Communities Program		92,184.30	14,104.25	78,865.49	53,684.28	39,060.48		92,409.28
Safe and Secure Program				60,000.00	60,000.00			
Body Armor Fund		6,666.05						
Municipal Drug Alliance Program			7,701.01	5,316.12		6,786.00		5,196.17
Local Share			696.71	21,740.00	19,419.28	2,864.07		7,157.66
NJ Forestry Service-No Net Loss Phase 2				5,435.00	2,861.85	2,130.22		1,139.64
NJ Forestry Service-No Net Loss Phase 3				90,600.00		18,500.00		72,100.00
Stormwater Management		6,004.11		533,700.00	982.07			533,700.00
Enhanced 911 General Assistance Grant		59,039.36						5,022.04
Driver Sober or Get Pulled Over				4,400.00	4,400.00			
Reforestation Grant		53,982.12	6,860.00		3,870.00	2,990.00		53,982.12
Emergency Management Assistance		9,542.50						9,542.50
DEP Flood Control Grant			95,557.01			95,557.01		
Green Communities				3,000.00	3,000.00			
<b>Total State</b>		<u>759,855.04</u>	<u>126,175.06</u>	<u>1,471,858.09</u>	<u>194,831.39</u>	<u>517,308.09</u>	<u>32,980.09</u>	<u>1,612,768.62</u>
<b>OTHER:</b>								
Sustainable Jersey Small Grant - PSEG		10,000.00		2,000.00	3,772.46	2,922.00		5,305.54
Shared Service Agreement		79,946.43			79,946.43			
<b>Total Other</b>		<u>89,946.43</u>	<u>-</u>	<u>2,000.00</u>	<u>83,718.89</u>	<u>2,922.00</u>	<u>-</u>	<u>5,305.54</u>
	\$	<u>1,025,172.47</u>	<u>126,175.06</u>	<u>1,764,986.09</u>	<u>284,553.09</u>	<u>520,230.09</u>	<u>33,471.09</u>	<u>2,078,079.35</u>

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

<u>Purpose</u>	Balance Dec. 31, 2012	Transferred To 2013 Appropriations	Received	Adjustments	Balance Dec. 31, 2013
<b>FEDERAL GRANTS:</b>					
Bulletproof Vest Partnership	\$ -	-	1,665.00	-	1,665.00
Total Federal	<u>-</u>	<u>-</u>	<u>1,665.00</u>	<u>-</u>	<u>1,665.00</u>
<b>STATE GRANTS:</b>					
Clean Communities Program	-				-
Recycling Tonnage Grant	51,801.48	51,801.48	37,281.69		37,281.69
Body Armor Grant	5,421.12	5,421.12	6,094.09		6,094.09
Total State	<u>57,222.60</u>	<u>57,222.60</u>	<u>43,375.78</u>	<u>-</u>	<u>43,375.78</u>
	<u>\$ 57,222.60</u>	<u>57,222.60</u>	<u>45,040.78</u>	<u>-</u>	<u>45,040.78</u>

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

Balance December 31, 2012		\$	7,849.94
Increased By Receipts:			
Dog Licenses Fees	\$	14,412.80	
State License Fees		1,843.20	
Late Fees		705.00	
		<u>          </u>	<u>16,961.00</u>
			24,810.94
Decreased By Disbursements:			
Animal Control Expenditures		15,234.08	
Due to State of New Jersey		1,857.00	
		<u>          </u>	<u>17,091.08</u>
Balance December 31, 2013		\$	<u><u>7,719.86</u></u>

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

	<u>Other</u>	<u>Assessment</u>
Balance December 31, 2012 - Treasurer	\$ 4,897,370.12	\$ 993,587.12
Balance December 31, 2012 - Collector	<u>627,413.58</u>	
	5,524,783.70	
Increased By Receipts:		
Insurance Funds:	\$	
Workers' Compensation Insurance Fund	78,987.00	
General Liability Insurance Fund	222,627.58	
Reserve for Outside Lien Redemptions	2,014,202.01	
Reserve for Tax Premiums	1,603,200.00	
Funds Held in Escrow - Inspection Fees	170,417.26	
Funds Held in Escrow - Developer Escrow Fees	116,988.26	
Reserve for N.J. Unemployment Compensation Trust	0.79	
Payroll Deductions	11,706,484.00	
Reserve for Compensated Absences	41,155.26	
Reserve for Special Law Enforcement	35,695.51	
Reserve for Housing Trust Fund	41,962.68	
Reserve for Utility Escrow Deposits	59,260.34	
Reserve for Media Relations	1.22	
Reserve for Community Events	157,536.64	
Reserve for Police Special Detail	107,009.76	
Reserve for Public Defender Trust	29,400.55	
Reserve for Uniform Fire Safety	2.93	
Reserve for Snow Removal	185,435.51	
Reserve for Landfill Closure	878.35	
Reserve for Parking Offenses Adjudication Act	17.09	
Assessments Receivable		141,935.51
Reserve for Assessments		
Due from Current Fund	4,122.88	
Due to Current Fund:		
Assessment Trust		419.50
	<u>16,575,385.62</u>	<u>142,355.01</u>
	22,100,169.32	1,135,942.13

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

Decreased By Disbursements:		
Due from/to Sewer Operating	7,669.67	
Due to General Capital Fund		951,671.33
Reserve for Escrow - Inspection Fees	221,878.59	
Developer Escrow Funds	88,901.08	
Reserve for N.J. Unemployment Compensation Trust	6,195.83	
Payroll Deductions	11,681,105.82	
Due to Bank	20.00	
Due to Current Fund - Community Events	73.95	
Insurance Funds:		
Workers' Compensation Insurance Fund	73,462.86	
General Liability Insurance Fund	318,583.25	
Reserve for Outside Lien Redemptions	2,154,061.00	
Reserve for Tax Premiums	469,800.00	
Reserve for Housing Trust Fund	70,430.34	
Reserve for Special Law Enforcement	30,476.75	
Reserve for Media Relations	1,385.98	
Reserve for Utility Escrow Deposits	44,498.44	
Reserve for Public Defender Trust	30,600.00	
Reserve for Community Events	193,511.10	
Reserve for Police Special Detail	138,247.70	
Due to Current Fund - Assessment Trust		555.01
	15,530,902.36	952,226.34
Balance December 31, 2013	\$ 6,569,266.96	\$ 183,715.79
Balance December 31, 2013 - Treasurer	\$ 4,948,312.37	
Balance December 31, 2013 - Collector	1,620,954.59	
	<u>\$ 6,569,266.96</u>	

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

	Balance Dec. 31, 2012		Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
			Assessments	Misc.	Assessments	Misc.	From	To	
Due to/ (from) Current Fund	\$	555.01		419.50		555.01	682.64		(263.14)
Due to General Capital Fund		951,671.33				951,671.33			-
Assessments Receivable		(366,890.25)	141,935.51					261.54	(224,693.20)
Assessment Lien Receivable		(2,377.50)					243.27	682.64	(1,938.13)
Reserve for Assessments and Liens		369,267.75				-	142,637.20		226,630.55
Assessment Fund Balance		41,360.78						142,618.93	183,979.71
	\$	993,587.12	141,935.51	419.50	-	952,226.34	143,563.11	143,563.11	183,715.79
		<u>B</u>							<u>B</u>

Ref.

**TRUST ASSESSMENT FUND  
STATEMENT OF ASSESSMENTS RECEIVABLE**

Ord. Num.	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2012	Collected	Transferred to Lien	Balance Dec. 31, 2013	Due General Capital Fund	Balance Pledged to Reserve
1192	Construction and Extension of the Water Distribution System into Pinehurst, Absecon Highlands and Key Development Areas	7/12/2005	10	09/19/05-14	\$ 126,542.13	76,814.42	-	49,727.71		49,727.71
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	107,270.87	42,873.35		64,397.52		64,397.52
1360	Construction and Extension of the Water Distribution System into Absecon Highlands III, Sub-Basin II	12/13/2011	10	03/1/12-21	132,392.26	21,581.80	243.27	110,567.19		110,567.19
1438	Construction and Extension of the Water Distribution System on Ridgewood Ave., Galloway	12/13/2011	2	03/1/12-13	684.99	684.99		-		-
					\$ 366,890.25	141,954.56	243.27	224,692.42	C	224,692.42
					C					C
					Cash Receipts	\$ 141,935.51				
					Cancelled	19.05				
						\$ 141,954.56				

Ref.

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

Balance December 31, 2012		\$	7,829.54
Increased By:			
Dog Licenses Fees Collected	\$	14,412.80	
Late Fees Collected		705.00	
			15,117.80
			22,947.34
Decreased By Disbursements:			
Animal Control Expenditures		15,234.08	
			15,234.08
Balance December 31, 2013		\$	7,713.26

License Fees Collected	<u>Year</u>	
	2011	17,178.40
	2012	15,722.95
		\$ 32,901.35

**SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY**

Balance December 31, 2012		\$	20.40
Increased By:			
Collected in 2013	\$	<u>1,843.20</u>	
			<u>1,843.20</u>
			1,863.60
Decreased By:			
Paid to State of New Jersey		<u>1,857.00</u>	
			<u>1,857.00</u>
Balance December 31, 2013		\$	<u><u>6.60</u></u>

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

Balance December 31, 2012		\$ 3,403,152.28
Increased by:		
Bond Anticipation Notes	\$ 2,145,000.00	
Capital Improvement Fund	58,000.00	
Due from Trust Assessment Fund	951,671.33	
Premium on Sale of Bond Anticipation Notes	17,406.25	
Return of Cost of Issuance	17,425.07	
	<hr/>	<hr/> 3,189,502.65
		6,592,654.93
Decreased by:		
Improvement Authorization	2,604,527.33	
Reserve for Premium on Bonds-Current Fund Anticipated	257,896.40	
Reserve for Premium on Notes-Current Fund Anticipated	72,057.65	
Due to Atlantic County	81,250.00	
Payment of Bonds Pledged Utilized	17,282.86	
	<hr/>	<hr/> 3,033,014.24
Balance December 31, 2013		\$ <u><u>3,559,640.69</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
	Dec. 31, 2012		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 274,625.68		34,831.32				1,093.00	130,750.00	439,114.00
Capital Improvement Fund	221,284.93		58,000.00						279,284.93
Reserve for Preliminary Expenses	500.00								500.00
Reserve for Purchase of Fire Truck	5,825.00								5,825.00
Cash Pledged to the Payment of Bonds	17,282.86				17,282.86				-
Reserve for Bond/Note Premium	329,954.05					329,954.05			-
NJEIT Receivable	(8,296.00)							8,296.00	-
Due from Current Fund	(951,671.33)		951,671.33				658,361.70		(658,361.70)
Due from Trust Assessment	81,250.00								-
Due to Atlantic County						81,250.00			-
Contracts Payable	314,108.73						314,108.73	863,091.65	863,091.65
<b>Improvement Authorizations:</b>									
1032 Closure/Expansion of Landfill	379,159.51				4,898.00		19,712.50	24,915.63	379,464.64
1208 Pedestrian Path Construction	1,404.43				946.56				457.87
1432 Various Improvements	16,397.03				2,500.00		1,200.00		12,697.03
1467 Various Improvements	(650.00)								(650.00)
1505 Various Improvements	22,000.00				955.00				21,045.00
1533 Various Improvements	1,766.37				20,256.37			18,490.00	-
1561 Collins Road Improvements	130,750.00						130,750.00		-
1562 Recreation Improvements	955.87				955.87				-
1565 Various Improvements	153,690.75				169,117.60		19,270.00	85,046.00	50,349.15
1568 Patriots Lake Projects	(6,014.63)								(6,014.63)
1611 Various Capital Improvements	1,002,475.77				107,113.23		42,889.21	35,268.96	887,740.29
1617 Drainage Improvements and Pedestrian Paths	67,402.70				11,266.45		9,336.00	4,205.18	51,005.43
1632 Fire Equipment Purchase	(33,915.00)								(33,915.00)
1660 Various Capital Improvements	263,286.55				21,136.93		15,611.04	17,057.59	243,596.17
1689 Purchase of Fire Truck	(2,500.00)				76,709.58		55,000.00		(2,500.00)
1718 Various Capital Improvements	827,721.27								696,011.69
1784 Stormwater Management-New Leaf Ct.	(434,672.79)								(434,672.79)
1807 Stormwater Management-Patriot Lake	(51,279.53)				44,669.74		60,291.90	30,182.50	(21,097.03)
1839 Various Capital Improvements	780,310.06						647,077.00	100,035.87	775,384.29
1880 Tax Appeal Refunding				2,145,000.00	2,144,000.00		1,000.00		11,284.70
1882 Tax Appeal Refunding									-
	<b>\$ 3,403,152.28</b>		<b>1,044,502.65</b>	<b>2,145,000.00</b>	<b>2,621,810.19</b>	<b>411,204.05</b>	<b>1,975,701.08</b>	<b>1,975,701.08</b>	<b>3,559,640.69</b>

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

Balance December 31, 2012		\$	221,284.93
Increased by:			
Current Fund Budget Appropriation	\$	58,000.00	
		<hr/>	<hr/>
			58,000.00
			<hr/>
			279,284.93
Decreased by:			
Financed Improvement Authorization		-	
		<hr/>	<hr/>
			-
			<hr/>
Balance December 31, 2013		\$	<u><u>279,284.93</u></u>

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

Balance December 31, 2012		\$ 19,348,143.29
Increased by:		
None	\$ -	
	<hr/>	<hr/>
		-
		19,348,143.29
Decreased by:		
Serial Bonds Paid	2,537,717.14	
NJ Environmental Infrastructure Loan Paid	5,505.00	
NJ Environmental Infrastructure Loan Forgiven	7,203.00	
Green Trust Loan Paid	10,801.94	
	<hr/>	<hr/>
		2,561,227.08
Balance December 31, 2013		\$ <u><u>16,786,916.21</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Raised in 2013 Budget	NJETT Loan Forgiven	Cancelled	Balance Dec. 31, 2013	Analysis of Balance		
								Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1032	Closure/Expansion of Landfill	\$ 1,882.08				1,882.08	-			
1432	Various Capital Improvements	894.56				894.56	-			
1467	Various Capital Improvements	650.00				650.00	650.00	650.00		
1533	Various Capital Improvements	13,536.00				13,536.00	-			
1568	Patriot Lake Recreation Project	6,014.63				6,014.63	6,014.63	6,014.63		
1611	Various Capital Improvements	67,602.95			7,203.00	74,805.95	-			
1632	Fire Equipment Purchase	33,915.00				33,915.00	33,915.00	33,915.00		
1660	Various Capital Improvements	324,420.20				324,420.20	-			
1689	Purchase of a Fire Truck	2,500.00				2,500.00	2,500.00	2,500.00		
1718	Various Capital Improvements	181,999.00				181,999.00	-			
1784	Stormwater Management Project New Leaf Ct.	434,672.79				434,672.79	434,672.79	434,672.79		
1807	Stormwater Management Project Patriot Lake	815,000.00				793,902.97	21,097.03	21,097.03		
1839	Various Capital Improvements	940.00				940.00	940.00	940.00		940.00
1858	Tax Appeal Refunding	1,470,000.00	1,580,000.00	490,000.00			980,000.00	980,000.00		
1880	Tax Appeal Refunding		2,145,000.00				1,580,000.00	1,580,000.00		
1882	Tax Appeal Refunding						2,145,000.00	2,145,000.00		
		<u>\$ 3,354,027.21</u>	<u>3,725,000.00</u>	<u>490,000.00</u>	<u>7,203.00</u>	<u>1,391,440.76</u>	<u>5,204,789.45</u>	<u>4,705,000.00</u>	<u>498,849.45</u>	<u>940.00</u>

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Authorizations		Paid or Charged	Cancelled	Balance December 31, 2013	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation			Funded	Unfunded
1032	Closure and Expansion of Landfill	2/26/1991	7,625,000	\$	379,159.51	1,882.08		(305.13)	1,882.08	379,464.64	
1208	Construction of Pedestrian Path	7/1/1995	63,514		1,404.43			946.56		457.87	
1432	Various Capital Improvements	8/8/2000	803,347		16,397.03	894.56		3,700.00	894.56	12,697.03	
1505	Various Capital Improvements	5/28/2002	2,433,950		22,000.00			955.00		21,045.00	
1533	Various Capital Improvements	5/27/2003	1,846,813		1,766.37	13,536.00		1,766.37	13,536.00	-	
1561	Collins Road Improvements	4/13/2004	270,000		130,750.00				130,750.00	-	
1562	Recreation Improvements	4/13/2004	154,400		955.87			955.87		-	
1565	Various Capital Improvements	6/22/2004	3,522,350		153,690.75			103,341.60		50,349.15	
1611	Various Capital Improvements	6/28/2005	7,622,310		1,002,475.77	67,602.95		107,532.48	74,805.95	887,740.29	
1617	Drainage Improvements and Pedestrian Paths	8/9/2005	79,570		67,402.70			16,397.27		51,005.43	
1660	Various Capital Improvements	7/11/2006	3,403,528		263,286.55	324,420.20		19,690.38	324,420.20	243,596.17	
1718	Various Capital Improvements	7/10/2007	3,560,000		827,721.27	181,999.00		131,709.58	181,999.00	696,011.69	
1807	Stormwater Management Patriot Lake	4/13/2010	815,000		763,720.47			(30,182.50)	793,902.97	-	
1839	Various Capital Improvements	6/28/2011	818,810		780,310.06	940.00		4,925.77		775,384.29	940.00
1880	Tax Appeal Refunding	10/8/2013	1,580,000					1,568,715.30			11,284.70
1882	Tax Appeal Refunding	11/18/2013	2,145,000					2,145,000.00			
					<b>\$ 3,647,320.31</b>	<b>1,354,995.26</b>	<b>-</b>	<b>4,075,148.55</b>	<b>1,522,190.76</b>	<b>3,117,751.56</b>	<b>12,224.70</b>
								2,604,527.33	1,391,440.76	Deferred Charges Unfunded	
								921,638.30			
								(314,108.73)	130,750.00	Fund Balance	
								863,091.65	1,522,190.76		
								<b>4,075,148.55</b>			

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	December 31, 2013	Amount					
General Obligation Bonds of 2005	12/1/2005	10,400,000	12/1/2014	900,000.00		4.125%	\$ 1,800,000.00		900,000.00	900,000.00
Refunding Bonds of 2006	1/18/2006	3,790,000	12/15/2014	590,000.00		4.500%	1,185,000.00		595,000.00	590,000.00
General Obligation Bonds of 2011	9/1/2011	11,000,000	9/1/2014	750,000.00		3.000%	10,350,000.00		700,000.00	9,650,000.00
			9/1/2015	800,000.00		2.000%				
			9/1/2016	850,000.00		2.500%				
			9/1/2017	900,000.00		3.000%				
			9/1/2018	960,000.00		3.000%				
			9/1/2019	1,000,000.00		3.000%				
			9/1/2020	1,100,000.00		2.500%				
			9/1/2021	1,290,000.00		2.625%				
			9/1/2022	1,300,000.00		3.000%				
			9/1/2023	700,000.00		3.000%				
Refunding Bonds of 2011	9/1/2011	1,595,000	12/1/2014	325,000.00		1.000%	1,555,000.00		325,000.00	1,230,000.00
			12/1/2015	310,000.00		1.500%				
			12/1/2016	305,000.00		1.500%				
Refunding Bonds of 2012	12/1/2012	4,265,000	12/1/2017	290,000.00		2.000%			35,000.00	4,230,000.00
			12/1/2014	25,000.00		2.000%	4,265,000.00			
			12/1/2015	925,000.00		2.000%				
			12/1/2016	910,000.00		3.000%				
			12/1/2017	900,000.00		3.000%				
			12/1/2018	790,000.00		3.000%				
			12/1/2019	680,000.00		3.000%				
							\$ 19,155,000.00	-	2,555,000.00	16,600,000.00

	Budget Appropriation	2,537,717.14
	Cash Pledged to Payment of Bonds	17,282.86
		2,555,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013		
			Date	Amount							
Gabriel Field Extension	1989	18,475	N/A	N/A	2.000% \$	1,131.85		1,131.85	-		
	Ponzio Park	2002	150,000	2014	9,864.49	2.000%	100,121.30		9,670.09	90,451.21	
				2015	10,062.76						
				2016	10,265.03						
				2017	10,471.35						
				2018	10,681.82						
2019	10,896.53										
2020	11,115.56										
2021	11,338.97										
					\$	101,253.15		10,801.94	90,451.21		

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Wrangleboro Road Fund Loan	12/16/2011	81,951	2014-2029	0.000%	79,173.00	-	8,377.00	70,796.00
			2030					
Wrangleboro Road Trust Loan	12/16/2011	30,000	2014	0.350%	30,000.00	-	4,331.00	25,669.00
			2015	0.480%				
			2016	0.590%				
			2017	0.790%				
			2018	1.020%				
			2019	1.250%				
			2020	1.520%				
			2021	1.740%				
			2022	1.900%				
			2023	2.050%				
			2024	2.170%				
2025	2.290%							
2026	2.390%							
2027	2.920%							
2028	3.000%							
2029	3.080%							
2030	3.130%							
2031	3.190%							
					\$ 109,173.00	-	12,708.00	96,465.00
						Paydown	5,505.00	
						Loan Forgiven	7,203.00	
							12,708.00	

**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, 2012	Increased	Decreased	Balance Dec. 31, 2013
Tax Appeal Notes-2012	1858	12/20/2012	12/19/2013	12/18/2014	1.000%	\$ 1,470,000.00		490,000.00	980,000.00
Tax Appeal Notes-2013	1880	12/19/2013	12/19/2013	12/18/2014	1.000%		1,580,000.00		1,580,000.00
Tax Appeal Notes-2013	1882	12/19/2013	12/19/2013	12/18/2014	1.000%		2,145,000.00		2,145,000.00
						\$ 1,470,000.00	3,725,000.00	490,000.00	4,705,000.00

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

Ordinance Number	Improvement Description	Balance		2013 Authorizations	Debt Issued	Cancellations/ Other	Balance Dec. 31, 2013
		Dec. 31, 2012					
1032	Closure and Expansion of Landfill	\$ 1,882.08				1,882.08	-
1432	Various Capital Improvements	894.56				894.56	-
1467	Various Capital Improvements	650.00					650.00
1533	Various Capital Improvements	13,536.00				13,536.00	-
1568	Patriot Lake Project	6,014.63					6,014.63
1611	Various Capital Improvements	67,602.95				67,602.95	-
1632	Fire Equipment	33,915.00					33,915.00
1660	Various Capital Improvements	324,420.20				324,420.20	-
1689	Purchase of Fire Truck	2,500.00					2,500.00
1718	Various Capital Improvements	181,999.00				181,999.00	-
1784	Stormwater Management Project New Leaf Court	434,672.79					434,672.79
1807	Stormwater Management Project Patriot Lake	815,000.00				793,902.97	-
1858	Tax Appeal Refunding	940.00					21,097.03
1880	Tax Appeal Refunding		1,580,000.00	1,580,000.00	1,580,000.00		940.00
1882	Tax Appeal Refunding		2,145,000.00	2,145,000.00	2,145,000.00		-
		\$ 1,884,027.21	3,725,000.00	3,725,000.00	3,725,000.00	1,384,237.76	499,789.45

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

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2012	\$ 1,580,610.81	2,656,131.71
Increased by Receipts:		
Collector	6,169,235.28	
Miscellaneous Revenue	107,020.81	
Budget Appropriation- Capital Improvement Fund		12,500.00
Due from N.J. E.I.T.		1,268.00
Utility Overpayments	19,901.93	
Refund of Cost of Issuance		2,153.66
Due from Current Fund	6,556.04	
Due to Tax Collector Account- Current	796.70	
Due to Utility Escrow	7,669.67	
	<u>6,311,180.43</u>	<u>15,921.66</u>
	7,891,791.24	2,672,053.37
Decreased by Disbursements:		
Current Year Appropriation	5,406,094.03	
Prior Year Appropriations	41,155.98	
Accrued Interest on Bonds and Notes	331,118.73	
Improvement Authorizations		113,848.32
Cash Utilized to Pay Bonds		17,694.42
	<u>5,778,368.74</u>	<u>131,542.74</u>
Balance December 31, 2013	\$ <u><u>2,113,422.50</u></u>	<u><u>2,540,510.63</u></u>

**SEWER UTILITY CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2012		Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$	992,634.62							1,889,533.61
Capital Improvement Fund		257,568.25	2,153.66				130,971.00	1,025,716.33	270,068.25
Contracts Payable		37,940.69	12,500.00				37,940.69	142,707.63	142,707.63
Reserve for Payment of Bonds/Notes		10,270.51					66,093.00	4,800.00	15,070.51
Reserve for Premium on Bond Sale		66,093.00					4,800.00		-
Due from Sewer Operating Fund		-							(4,800.00)
NJFIT Receivable		(132,239.00)	1,268.00						-
Cash Pledged to Payment of Bonds		17,694.42				17,694.42		130,971.00	-
<b>Improvement Authorizations:</b>									
1534 Various Sewer Improvements		(585.00)							(585.00)
1566 Various Sewer Improvements		1,071,933.98			101,203.05		85,713.63	29,361.25	914,378.55
1612 Various Sewer Improvements		(42,137.09)			14,567.00			2,850.00	(29,154.09)
1661 Various Sewer Improvements		83,079.75	24,700.00		4,664.95		56,994.00		21,420.80
1719 Various Sewer Improvements		(114,054.81)			14,195.00			1,048.19	(127,201.62)
1785 Sanitary Sewer Improvements		959,623.33	(354,841.00)				604,782.33		-
1806 Sanitary Sewer Improvements		(658,723.69)	354,841.00				354,841.00	4,681.25	(654,042.44)
1840 Various Sewer Improvements		107,032.75			3,918.32				103,114.43
	\$	2,656,131.71	40,621.66	-	138,548.32	17,694.42	1,342,135.65	1,342,135.65	2,540,510.63

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

Balance December 31, 2012		\$	18,758.52
Increased by Receipts:			
Consumer Accounts Charges and Levies	\$	6,189,134.40	
			6,189,134.40
			6,207,892.92
Decreased by Disbursements:			
Collections		6,165,623.27	
Overpayments Applied		22,219.61	
Transfers to Liens		2,887.50	
Other		10,975.81	
			6,201,706.19
Balance December 31, 2013		\$	6,186.73

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

Balance December 31, 2012		\$	9,737.68
Increased by Receipts:			
Transferred from Consumer Accounts Receivable	\$	2,887.50	
Penalties and Costs		375.12	
			3,262.62
			13,000.30
Decreased by Disbursements:			
Collections		3,612.01	
Other		4,997.60	
			8,609.61
Balance December 31, 2013		\$	4,390.69

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 203,250.15	203,250.15		203,250.15	-
Other Expenses	72,349.08	72,349.08	41,155.98	31,193.10	-
Statutory Expenditures					
Contribution to:					
Public Employees Retirement System	1.00	1.00		1.00	-
Social Security System (O.A.S.I.)	16,396.29	16,396.29		16,396.29	-
	<u>\$ 291,996.52</u>	<u>291,996.52</u>	<u>41,155.98</u>	<u>250,840.54</u>	<u>-</u>

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

Balance December 31, 2012		\$	63,681.09
Increased by:			
Budget Appropriations		\$	321,454.31
			321,454.31
			385,135.40
Decreased By:			
Payments of Debt Service Interest			331,118.73
			331,118.73
Balance December 31, 2013		\$	54,016.67

Analysis of Accrued Interest December 31, 2013

	Principal Outstanding December 31, 2013	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
\$	320,000	4.50%	11/01/13	12/31/13	60	2,400.00
	315,000	4.63%	11/01/13	12/31/13	60	2,428.13
	315,000	4.75%	11/01/13	12/31/13	60	2,493.75
	100,000	4.13%	12/01/13	12/31/13	30	343.75
	2,100,000	4.00%	12/15/13	12/31/13	15	3,500.00
	455,000	4.50%	12/15/13	12/31/13	15	853.13
	200,000	2.00%	09/01/13	12/31/13	120	1,333.33
	550,000	2.50%	09/01/13	12/31/13	120	4,583.33
	340,000	2.63%	09/01/13	12/31/13	120	2,975.00
	1,670,000	3.00%	09/01/13	12/31/13	120	16,700.00
	265,000	1.00%	12/01/13	12/31/13	30	220.83
	515,000	1.50%	12/01/13	12/31/13	30	643.75
	210,000	2.00%	12/01/13	12/31/13	30	350.00
	110,000	2.00%	12/01/13	12/31/13	30	183.34
	445,000	3.00%	12/01/13	12/31/13	30	1,112.50
	7,910,000					40,120.84
<u>NJEIT Loans</u>						
	10,000	3.00%	08/01/13	12/31/13	150	125.00
	10,000	3.50%	08/01/13	12/31/13	150	145.83
	80,000	4.00%	08/01/13	12/31/13	150	1,333.33
	35,000	5.00%	08/01/13	12/31/13	150	729.16
	555,000	5.00%	08/01/13	12/31/13	150	11,562.50
	690,000					13,895.82



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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	December 31, 2013	Amount					
Refunding Bonds of 2001	9/1/2001	3,790,000	11/1/2014	320,000.00	4.500%	1,275,000.00		325,000.00	950,000.00	
			11/1/2015	315,000.00	4.625%					
			11/1/2016	315,000.00	4.750%					
Sewer Bonds of 2005	12/1/2005	1,300,000	12/1/2014	100,000.00	4.125%	200,000.00		100,000.00	100,000.00	
Refunding Bonds of 2006	1/18/2006	5,225,000	12/15/2014	455,000.00	4.500%	3,010,000.00		455,000.00	2,555,000.00	
			12/15/2015	505,000.00	4.000%					
			12/15/2016	500,000.00	4.000%					
			12/15/2017	550,000.00	4.000%					
			12/15/2018	545,000.00	4.000%					
Sewer Bonds of 2011	9/1/2011	3,100,000	9/1/2014	180,000.00	3.000%	2,930,000.00		170,000.00	2,760,000.00	
			9/1/2015	200,000.00	2.000%					
			9/1/2016	220,000.00	2.500%					
			9/1/2017	240,000.00	3.000%					
			9/1/2018	260,000.00	3.000%					
			9/1/2019	310,000.00	3.000%					
			9/1/2020	330,000.00	2.500%					
			9/1/2021	340,000.00	2.625%					
			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	12/1/2014	265,000.00	1.000%	1,260,000.00		270,000.00	990,000.00	
			12/1/2015	260,000.00	1.500%					
			12/1/2016	255,000.00	1.500%					
			12/1/2017	210,000.00	2.000%					
Refunding Bonds of 2012	12/1/2012	560,000	12/1/2014	5,000.00	2.000%	560,000.00		5,000.00	555,000.00	
			12/1/2015	105,000.00	2.000%					
			12/1/2016	100,000.00	3.000%					
			12/1/2017	110,000.00	3.000%					
			12/1/2018	120,000.00	3.000%					
12/1/2019	115,000.00	3.000%								
						\$	9,235,000.00	-	1,325,000.00	7,910,000.00

**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, 2013		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013	
				Date	Amount						
1785	Sanitary Sewer Improvements (Trust Loan)	3/10/2010	150,000	2014-2018 2019	5,000.00	5.000%	140,000.00		5,000.00	135,000.00	
				2020	10,000.00	4.000%					
				2021	10,000.00	5.000%					
				2022-2025	10,000.00	3.000%					
				2026	10,000.00	4.000%					
				2027-2029	10,000.00	3.500%					
					10,000.00	4.000%					
1785	Sanitary Sewer Improvements (Fund Loan)	3/10/2010	444,817	2014-2018 2019	22,617.81	0.000%	151,450.84		22,617.81	128,833.03	
					15,743.98						
1785/1806	Sanitary Sewer Improvements (Fund Loan)	12/2/2010	869,106	2014-2024 2025	44,191.83	0.000%	538,893.95		44,191.83	494,702.12	
					8,591.99						
1785/1806	Sanitary Sewer Improvements (Trust Loan)	12/2/2010 (due 8/1)	810,000	2014-2016 2017-2019 2020-2021	30,000.00	5.000%	585,000.00		30,000.00	555,000.00	
				2022-2023	35,000.00	5.000%					
				2024-2026	40,000.00	5.000%					
				2027	45,000.00	5.000%					
					50,000.00	5.000%					
					40,000.00	5.000%					
							\$ 1,415,344.79		\$ 101,809.64	\$ 1,313,535.15	
								Loan payments	\$ 96,809.64		
								Loan Reduction	\$ 5,000.00		
									\$ 101,809.64		

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

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Cancelled	Balance Dec. 31, 2013
1534	Various Sewer Capital Improvements	\$ 585.00				585.00
1566	Various Sewer Capital Improvements	488,000.00			488,000.00	-
1612	Various Sewer Capital Improvements	232,100.00			202,945.91	29,154.09
1661	Various Sewer Capital Improvements	648,375.00			648,375.00	-
1719	Various Sewer Capital Improvements	706,800.00			579,598.38	127,201.62
1806	Sanitary Sewer Improvements	1,061,582.00			407,539.56	654,042.44
1840	Various Sewer Capital Improvements	137,500.00				137,500.00
		<u>\$ 3,274,942.00</u>	<u>-</u>	<u>-</u>	<u>2,326,458.85</u>	<u>948,483.15</u>

**PUBLIC ASSISTANCE FUND**  
**SCHEDULE OF CASH - TREASURER**

	Trust Fund I	Trust Fund II
Balance December 31, 2012	\$ 12,110.44	18,718.63
Increased By Receipts:		
Interest Earned on Deposits	\$ 7.50	11.62
	7.50	11.62
	12,117.94	18,730.25
Decreased By Disbursements:		
Transferred to Current Fund - MRNA	12,117.94	18,730.25
	12,117.94	18,730.25
Balance December 31, 2013	\$ <u><u>-</u></u>	<u><u>-</u></u>

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**TOWNSHIP OF GALLOWAY**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**December 31, 2013**



## **GENERAL COMMENTS**

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." The Township does employ a Qualified Purchasing Agent and as of July 1, 2010, their bid threshold has been \$36,000.

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

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

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

- Pump Station Upgrades
- Electricity
- Mower
- Great Creek Road Reconstruction
- Sanitary Repairs & Maintenance
- No-Net Loss Reforestation Program

### **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 2013.

This Resolution shall take effect January 1, 2013.

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

**GENERAL COMMENTS (Continued)**

**Delinquent Taxes and Tax Title Liens**

The tax sale was held and was complete.

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

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

<u>Year</u>	<u>Tax Liens</u>	<u>Utility Liens</u>
2013	1317	62
2012	1221	60
2011	1124	56

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

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2013 and 2014 Taxes	25
Payment of 2013 and 2014 Sewer Charges	10
Total	<u>35</u>

**Comparison of Tax Levies and Collections Currently**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently Cash Collections</u>	<u>Percentage of Collections</u>
2013 \$	77,911,019	74,677,387	95.85%
2012	74,460,283	72,395,001	97.23%
2011	73,787,864	72,749,144	98.59%
2010	72,874,703	72,270,898	99.17%
2009 R	70,317,540	69,654,259	99.06%

R - Revaluation

**Comparative Schedule of Tax Rate Information**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009R</u>
Tax Rate	\$ 2.205	2.054	2.019	1.966	1.895
Apportionment of Tax Rate:					
Municipal	0.480	0.450	0.434	0.409	0.384
County	0.415	0.349	0.355	0.329	0.321
Local School	0.840	0.806	0.797	0.794	0.791
Regional School	0.470	0.449	0.433	0.434	0.399
Assessed Valuation	3,529,160,687	3,619,349,997	3,645,856,678	3,686,976,888	3,675,074,400

R-Revaluation

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2013	\$ 1,352,764	29,593	1,382,357	1.77%
2012	1,095,046	60,077	1,155,123	1.55%
2011	887,104	28,190	915,294	1.24%
2010	636,620	17,371	653,991	0.90%
2009	428,510	10,841	439,351	0.62%

**Deposit of Municipal Funds**

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

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

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

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

**FINDINGS AND RECOMMENDATIONS**

None

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

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

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

**March 27, 2014**

