

**TOWNSHIP OF EAST GREENWICH**

**AUDIT REPORT FOR THE YEAR  
ENDED DECEMBER 31, 2015**

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COUNTY OF GLOUCESTER, NEW JERSEY  
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COUNTY OF GLOUCESTER, NEW JERSEY  
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**TOWNSHIP OF EAST GREENWICH  
COUNTY OF GLOUCESTER**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Committee  
Township of East Greenwich  
County of Gloucester  
Mickleton, New Jersey 08056

### Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of East Greenwich, County of Gloucester, State of New Jersey as of December 31, 2015 and 2014, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2015.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices 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 misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 discussed in Note 1 to the financial statements, the Township of East Greenwich prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State 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 the Township of East Greenwich, County of Gloucester, State of New Jersey, as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of East Greenwich, County of Gloucester, State of New Jersey, as of December 31, 2015 and 2014, and the results of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2015 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

#### **Emphasis of Matter**

#### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2015 the Township of East Greenwich adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion on regulatory basis of accounting is not modified with respect to this matter.

## Other Matters

### Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2016, on our consideration of the Township of East Greenwich'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 the 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 East Greenwich's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**



Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #473

Medford, New Jersey  
August 11, 2016

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Members  
of the Township Committee  
Township of East Greenwich  
County of Gloucester  
Mickleton, New Jersey 08056

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Township of East Greenwich (herein referred to as “the Municipality”), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated August 11, 2016. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting 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, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Municipality’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality’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 Municipality’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Comments & Recommendations to be material weaknesses as Finding No.’s 2015-003 and 2015-005.

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. We consider the deficiencies described in the accompanying Comments & Recommendations to be significant deficiencies as Finding No.'s 2015-001 and 2015-004.

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.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Municipality'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 six instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Comments & Recommendations section as Finding No.'s 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, 2015-007 and 2015-008.

#### **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 Municipality's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #473

Medford, New Jersey  
August 11, 2016

**FINANCIAL STATEMENTS**

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**TOWNSHIP OF EAST GREENWICH  
CURRENT FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014**

ASSETS	REFERENCE	<u>2015</u>	<u>2014</u>
<b>Regular Fund:</b>			
<b>Cash:</b>			
Treasurer	A-4	\$ 2,112,151.95	\$ 1,661,501.11
Change Fund	A-5	<u>400.00</u>	<u>400.00</u>
<b>Total</b>		<u>2,112,551.95</u>	<u>1,661,901.11</u>
<b>Receivables &amp; Other Assets Without Full Reserves:</b>			
Due from State of NJ - Senior Citizens' and Veterans Deductions	A-8	9,000.00	8,500.00
Prepaid Payroll	A	<u>-</u>	<u>106,535.59</u>
<b>Total Receivables &amp; Other Assets Without Full Reserves</b>		<u>9,000.00</u>	<u>115,035.59</u>
<b>Receivables &amp; Other Assets With Full Reserves:</b>			
Delinquent Taxes Receivable	A-6	434,845.36	293,051.50
Tax Title Liens Receivable	A-7	18,585.58	40,414.46
Revenue Accounts Receivable	A-9	17,182.36	14,254.61
Prepaid Local School Taxes	A-19	<u>-</u>	<u>2.00</u>
<b>Total Receivables &amp; Other Assets With Full Reserves</b>		<u>470,613.30</u>	<u>347,722.57</u>
<b>Deferred Charges:</b>			
Special Emergency - Authorization (N.J.S. 40A:4-55)	A-12	16,000.00	48,000.00
Emergency Appropriation - Storm Damage	A-13	<u>344,364.38</u>	<u>-</u>
		<u>360,364.38</u>	<u>48,000.00</u>
<b>Total Regular Funds</b>		<u>2,952,529.63</u>	<u>2,172,659.27</u>
<b>Federal &amp; State Grants:</b>			
Due From Current Fund	A-27	43,313.39	59,940.77
Federal and State Grants Receivable	A-28	<u>96,598.70</u>	<u>77,311.70</u>
<b>Total State &amp; Federal Grants</b>		<u>139,912.09</u>	<u>137,252.47</u>
<b>Total Assets</b>		<u>\$ 3,092,441.72</u>	<u>\$ 2,309,911.74</u>

The accompanying Notes to the Financial Statements are an integral part of these Statements.

**TOWNSHIP OF EAST GREENWICH  
CURRENT FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014**

	REFERENCE	<u>2015</u>	<u>2014</u>
<b>LIABILITIES RESERVES &amp; FUND BALANCE</b>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 341,985.51	\$ 269,626.03
Reserve for Encumbrances	A-10	106,126.35	45,594.68
Accounts Payable	A-11	2,168.45	157.09
Special Emergency Note Payable	A-15	-	32,000.00
Prepaid Taxes	A-17	161,384.86	182,479.21
Tax Overpayments	A-18	107,120.40	51,471.71
Due Regional High School Taxes Payable	A-20	1.28	0.64
Due County for Added and Omitted Taxes	A-22	75,295.98	87,394.85
Due State of New Jersey - DCA Fees	A-23	6,249.00	1,704.00
Reserve for Special Emergency - Revaluation	A-25	8,012.00	16,012.00
Reserve for FEMA - Storm Reimbursement	A-4	162,517.30	-
Reserve for Outside Police Employment	A-4	-	119,051.56
Reserve for Unidentified Receipts	A-4	71,143.72	-
Reserve for Deposits Guaranteeing Contracts	A	2,780.00	2,780.00
Reserve for Veterans Memorial	A	11.00	11.00
Due to Federal and State Grant Fund	A	43,313.39	59,940.77
Due to Municipal Open Space Trust Fund	B	55,656.82	45,905.60
Due to General Capital Fund	C	1,641.33	-
Due to Water/Sewer Utility Operating Fund	D	250,731.86	250,731.86
		<u>1,396,139.25</u>	<u>1,164,861.00</u>
Subtotal Regular Fund			
Reserve for Receivables & Other Assets	A	470,613.30	347,722.57
Fund Balance	A-1	1,085,777.08	660,075.70
		<u>2,952,529.63</u>	<u>2,172,659.27</u>
Total Regular Fund			
State & Federal Grants:			
Reserve for Federal & State Grants:			
Appropriated Reserves	A-29	115,023.69	109,238.35
Unappropriated Reserves	A-30	6,884.00	15,379.72
Encumbrances	A-31	9,069.00	3,699.00
Due to General Capital Fund	C	8,935.40	8,935.40
		<u>139,912.09</u>	<u>137,252.47</u>
Total State & Federal Grants			
		<u>\$ 3,092,441.72</u>	<u>\$ 2,309,911.74</u>
Total Liabilities, Reserves & Fund Balance			

The accompanying Notes to the Financial Statements are an integral part of these Statements.

**TOWNSHIP OF EAST GREENWICH  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	REFERENCE	2015	2014
<b>Revenue &amp; Other Income Realized:</b>			
Fund Balance Utilized	A-2	\$ 400,000.00	\$ 81,000.00
Miscellaneous Revenue Anticipated	A-2	3,282,326.90	2,982,598.69
Receipts From Delinquent Taxes	A-2	320,903.90	395,345.89
Receipts From Current Taxes	A-2	32,152,945.25	30,025,282.45
Non-Budget Revenue	A-2,A-9	385,284.01	187,049.90
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	208,236.85	118,951.27
Prior Year Prepays Applied	A	2.00	-
Liquidation of Reserves for:			
Reserve for Due From Gloucester County	A	-	3,369.00
<b>Total Revenue and Other Income Realized</b>		<u>36,749,698.91</u>	<u>33,793,597.20</u>
<b>Expenditures:</b>			
Operations Within "CAPS"			
Salaries & Wages	A-3	2,643,555.13	2,434,067.00
Other Expenses	A-3	2,600,824.25	2,166,500.00
Deferred Charges & Statutory Expenditures Within "CAPS"	A-3	721,918.00	835,478.40
Operations Excluded From "CAPS":			
Salaries & Wages	A-3	306,630.00	106,200.00
Other Expenses	A-3	342,048.15	218,794.21
Capital Improvements Excluded from "CAPS"	A-3	75,000.00	16,000.00
Municipal Debt Service Excluded from "CAPS"	A-3	855,164.39	309,551.99
Deferred Charges - Municipal - Excluded from "CAPS"	A-3	32,000.00	32,000.00
Local School Taxes	A-19	12,762,507.00	11,931,412.00
Regional High School Taxes	A-20	7,895,017.00	7,532,343.00
County Taxes	A-20	7,640,481.12	7,140,687.61
Due County for Added and Omitted Taxes	A-21	75,295.99	87,394.85
Local Municipal Open Spaces Taxes	A-6	317,920.88	315,184.60
Reserve for Prepaid Local School Taxes	A	-	2.00
Interfunds Created	A	-	42,200.00
<b>Total Expenditures</b>		<u>36,268,361.91</u>	<u>33,167,815.66</u>
<b>Excess/(Deficit) in Revenue</b>		<u>481,337.00</u>	<u>625,781.54</u>
Adjustment to Income Before Fund Balance:			
Expenditures Included Above which are by Statute Deferred			
Charges to Budget of Succeeding Year	A-3	344,364.38	-
<b>Statutory Excess to Fund Balance</b>		825,701.38	625,781.54
<b>Fund Balance January 1</b>	A	<u>660,075.70</u>	<u>115,294.16</u>
<b>Total</b>		1,485,777.08	741,075.70
<b>Decreased by: Utilization as Anticipated Revenue</b>	A-1,A-2	<u>400,000.00</u>	<u>81,000.00</u>
<b>Fund Balance December 31</b>	A	<u>\$ 1,085,777.08</u>	<u>\$ 660,075.70</u>

The accompanying Notes to the Financial Statements are an integral part of these Statements.

TOWNSHIP OF EAST GREENWICH  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance	\$ 400,000.00	\$ -	\$ 400,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	93,000.00	-	100,250.00	7,250.00
Other	2,000.00	-	2,246.00	246.00
Fines & Costs - Municipal Court	200,000.00	-	174,655.84	(25,344.16)
Interest & Costs on Taxes	86,000.00	-	85,342.65	(657.35)
Interest on Investments & Deposits	3,000.00	-	6,179.77	3,179.77
Cable Television Franchise Fee	31,000.00	-	32,594.34	1,594.34
Energy Receipts Tax	1,837,333.00	-	1,837,333.00	-
Uniform Construction Code Fees	331,000.00	-	338,370.00	7,370.00
Public and Private Revenues Offset with Appropriations:				
Recycling Tonnage Grant	12,407.08	-	12,407.08	-
Alcohol Education and Rehabilitation Fund	472.64	-	472.64	-
Clean Communities	-	22,626.52	22,626.52	-
Sustainable Jersey Grant	-	10,000.00	10,000.00	-
Body Armor Fund	-	1,762.91	1,762.91	-
Municipal Alliance on Alcoholism and Drug Abuse	10,627.00	-	10,627.00	-
Safe & Secure Communities	41,685.00	-	41,685.00	-
JIF Safety Program	2,500.00	-	2,500.00	-
JIF Safety Incentive Program	2,925.00	-	2,925.00	-
Other Special Items:				
Interlocal Agreements:				
Garbage & Trash - Wenonah Borough	105,000.00	-	105,019.20	19.20
Crossing Guards - East Greenwich School District	19,500.00	-	65,545.95	46,045.95
Zoning Officer - Paulsboro Borough	3,000.00	-	3,031.00	31.00
Joint Municipal Court - Woodbury	258,000.00	-	294,390.00	36,390.00
Construction Code - Paulsboro Borough	50,000.00	-	69,363.00	19,363.00
Gloucester County - Reimbursement for Tax Map	8,000.00	-	8,000.00	-
Lease - US Postal Service	60,000.00	-	55,000.00	(5,000.00)
Total Miscellaneous Revenues	3,157,449.72	34,389.43	3,282,326.90	90,487.75
Receipts From Delinquent Taxes	290,000.00	-	320,903.90	30,903.90
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	3,742,778.21	-	3,852,029.47	109,251.26
Budget Totals	7,590,227.93	34,389.43	7,855,260.27	230,642.91
Nonbudget Revenues	-	-	385,284.01	385,284.01
Total	\$ 7,590,227.93	\$ 34,389.43	\$ 8,240,544.28	\$ 615,926.92

The accompanying Notes to the Financial Statements are an integral part of these Statements.

TOWNSHIP OF EAST GREENWICH  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 32,152,945.25
Less: School, County Taxes & Municipal Open Space Taxes	<u>28,691,221.99</u>
Balance for Support of Municipal Budget Appropriations	3,461,723.26
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>390,306.21</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$ 3,852,029.47</u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	\$ 291,321.97
Tax Title Liens Receivable	<u>29,581.93</u>
Total Receipts From Delinquent Taxes	<u>\$ 320,903.90</u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Solicitor Permits	\$ 1,020.00
Filing Fees	5,325.00
Grading Application Fees	3,375.00
Recycling Container Fees	3,800.00
Sale of Scrap	959.99
Road Opening Permits	7,130.00
Trash Pickup Fees	3,080.00
Property Lists	230.00
Police Reports	1,114.28
Omni Recycling	30,632.48
Rent - Farmland	2,311.69
Municipal Annex Usage - County EMS	12,812.17
PILOT - Royal Crescent	20,196.80
County - Polling Place Rental	700.00
DMV Motor Vehicle Fines	600.00
Senior Citizens & Veterans Administrative Fee	1,750.00
Reimbursement of Mailing Homestead Rebate	551.40
Mowing Charges	1,000.00
Tax Searches	10.00
Refund of Prior Year Expenditures	33,445.11
Insurance Reimbursements	25,648.73
Reimbursement of Police Services	59,261.11
JIF Safety - Attorney Hotline Reimbursement	540.00
Sale of Equipment	10,746.26
Vacant Property Registration	5,400.00
Housing Inspection Fees	9,675.00
Site Place Fees	7,080.00
Reimbursement of Prior Year Police Services	119,051.56
Police Employment - Admin. Fee	2,705.00
Miscellaneous	<u>15,132.43</u>
	<u>\$ 385,284.01</u>

The accompanying Notes to the Financial Statements are an integral part of these Statements.

**TOWNSHIP OF EAST GREENWICH  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS				UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED		
			EXPENDED	ENCUMBERED	
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>General Government:</b>					
Administrative and Executive					
Salaries and Wages	\$ 77,500.00	\$ 77,500.00	\$ 66,526.28	\$ -	\$ 10,973.72
Other Expenses	30,000.00	30,000.00	19,993.54	7,567.60	2,438.86
Mayor and Council:					
Salaries and Wages	12,000.00	12,000.00	12,000.00	-	-
Municipal Clerk					
Codification of Ordinances - Other Expenses	3,000.00	3,000.00	1,242.74	1,307.26	450.00
Financial Administration					
Salaries and Wages	25,500.00	25,500.00	25,500.00	-	-
Other Expenses	7,000.00	7,000.00	6,900.60	-	99.40
Annual Audit	25,000.00	25,000.00	25,000.00	-	-
Collection of Taxes					
Salaries and Wages	63,000.00	63,000.00	59,287.55	-	3,712.45
Other Expenses	15,000.00	15,000.00	10,574.37	-	4,425.63
Legal Services and Costs:					
Other Expenses	110,000.00	134,000.00	122,299.47	5,000.00	6,700.53
Engineering Services Costs:					
Other Expenses	20,000.00	17,400.00	10,991.40	-	6,408.60
Insurance					
Employee Group Health	800,000.00	800,000.00	797,828.61	-	2,171.39
Health Benefit Waivers	1,600.00	1,600.00	-	-	1,600.00
Workers Compensation	123,000.00	123,000.00	123,000.00	-	-
General Liability	80,000.00	80,000.00	80,000.00	-	-
Unemployment Compensation	10,000.00	10,000.00	10,000.00	-	-
Public Buildings and Grounds					
Salaries and Wages	36,500.00	36,500.00	35,188.92	-	1,311.08
Other Expenses	31,000.00	31,000.00	22,005.86	6,658.00	2,336.14
Environmental Commission (N.J.S. 40:56A-1 et seq.)					
Salaries and Wages	700.00	700.00	275.00	-	425.00
Other Expenses	500.00	500.00	420.00	-	80.00
<b>Municipal Land Use Law (N.J.S.A. 40:55D-1)</b>					
Planning Board:					
Salaries and Wages	13,200.00	13,200.00	13,194.90	-	5.10
Other Expenses	7,000.00	5,000.00	1,981.13	-	3,018.87
Zoning Officer					
Salaries and Wages	5,100.00	5,100.00	5,100.00	-	-
Other Expenses	100.00	100.00	-	-	100.00

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF EAST GREENWICH  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS				UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED EXPENDED	ENCUMBERED RESERVED	
Property Maintenance					
Other Expenses	20,000.00	10,000.00	-	-	10,000.00
<b>Public Safety</b>					
Fire					
Other Expenses	15,200.00	21,594.55	20,588.45	657.50	348.60
Police					
Salaries and Wages	1,700,000.00	1,765,000.00	1,655,790.88	-	109,209.12
Other Expenses	133,000.00	145,783.65	128,951.45	16,659.46	172.74
Emergency Management Services					
Salaries and Wages	1,525.00	1,525.00	-	-	1,525.00
Other Expenses	300.00	300.00	300.00	-	-
Municipal Court					
Salaries and Wages	99,580.00	99,580.00	96,324.05	-	3,255.95
Other Expenses	75,000.00	75,000.00	74,223.16	138.60	638.24
Public Defender					
Salaries and Wages	3,920.00	3,920.00	3,530.58	150.00	239.42
Prosecutor					
Salaries and Wages	12,000.00	12,000.00	10,466.61	-	1,533.39
<b>Streets and Roads</b>					
Road Repairs & Maintenance:					
Salaries and Wages	162,500.00	189,240.13	171,116.46	-	18,123.67
Other Expenses	40,000.00	184,964.30	175,511.98	6,134.13	3,318.19
Fleet Maintenance					
Other Expenses	61,500.00	61,500.00	57,894.02	2,167.03	1,438.95
Street Lighting					
Other Expenses	115,000.00	123,000.00	105,905.98	-	17,094.02
Garbage and Trash Removal					
Salaries and Wages	170,000.00	170,000.00	151,012.92	-	18,987.08
Other Expenses	308,000.00	308,000.00	284,613.44	23,386.56	-
Vehicle Maintenance					
Other Expenses	-	45,384.19	35,485.83	9,898.36	-
<b>Health and Welfare</b>					
Shade Tree					
Other Expenses	1,000.00	1,000.00	627.42	-	372.58
<b>Recreation and Education</b>					
Recreation					
Salaries and Wages	700.00	700.00	445.01	-	254.99
Other Expenses	7,500.00	50,597.56	31,562.09	18,737.56	297.91

**TOWNSHIP OF EAST GREENWICH  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS		PAID OR CHARGED		RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED		
Senior Citizens Program	1,000.00	1,000.00	329.09	500.00	170.91	-
Other Expenses						
<b>Code Enforcement</b>						
Construction Code Official	85,290.00	85,290.00	78,284.04	-	7,005.96	-
Salaries and Wages	13,000.00	13,000.00	2,602.92	495.77	9,901.31	-
Other Expenses						
Subcode Officials						
Salaries and Wages:						
Electrical Inspector	22,600.00	22,600.00	22,600.00	-	-	-
Building Inspector	25,700.00	25,700.00	25,631.91	-	68.09	-
Plumbing Inspector	22,300.00	22,300.00	22,289.31	-	10.69	-
Fire Inspector	12,200.00	12,200.00	12,179.97	-	20.03	-
Unclassified						
Electricity	68,000.00	78,000.00	70,788.71	-	7,211.29	-
Telephone	47,000.00	48,600.00	45,831.30	2,234.83	533.87	-
Natural Gas	30,000.00	31,000.00	24,865.65	-	6,134.35	-
Gasoline	149,500.00	119,500.00	91,804.30	2,550.00	25,145.70	-
<b>Total Operations Including Contingent - Within "CAPS"</b>	<b>4,900,015.00</b>	<b>5,244,379.38</b>	<b>4,850,867.90</b>	<b>104,242.66</b>	<b>289,268.82</b>	<b>-</b>
Detail:						
Salaries and Wages	2,551,815.00	2,643,555.13	2,466,744.39	150.00	176,660.74	-
Other Expenses	2,348,200.00	2,600,824.25	2,384,123.51	104,092.66	112,608.08	-
Deferred Charges/Statutory Expenditures - Municipal Within "CAPS":						
Contribution to:						
Social Security (O.A.S.I.)	203,100.00	203,100.00	203,100.00	-	-	-
Police & Fire Retirement System	375,583.00	375,583.00	375,583.00	-	-	-
Public Employees Retirement System	143,235.00	143,235.00	143,235.00	-	-	-
<b>Total Deferred Charges &amp; Statutory Expenditures Within "CAPS"</b>	<b>721,918.00</b>	<b>721,918.00</b>	<b>721,918.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>5,621,933.00</b>	<b>5,966,297.38</b>	<b>5,572,785.90</b>	<b>104,242.66</b>	<b>289,268.82</b>	<b>-</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF EAST GREENWICH  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS				UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED EXPENDED	ENCUMBERED	
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Recycling Tax	10,000.00	10,000.00	10,000.00	-	-
LOSAP	13,000.00	13,000.00	-	-	13,000.00
Shared Service Agreements:					
Trash Collection Wenonah Borough	105,000.00	105,000.00	105,000.00	-	-
Information & Technology - Kingsway Regional School District	40,000.00	40,000.00	25,966.64	-	14,033.36
Crossing Guards - East Greenwich School District	19,500.00	19,500.00	19,500.00	-	-
Zoning Officer - Paulsboro	3,000.00	3,000.00	3,000.00	-	-
Construction Code - Paulsboro	50,000.00	50,000.00	50,000.00	-	-
Joint Municipal Court - Woodbury					
Salaries and Wages	156,600.00	156,600.00	143,690.35	-	12,909.65
Other Expenses	101,400.00	101,400.00	87,317.08	1,309.24	12,773.68
<b>Public and Private Programs Offset by Revenues:</b>					
Recycling Tonnage Grant	12,407.08	12,407.08	12,407.08	-	-
Alcohol Education and Rehabilitation Fund	472.64	472.64	472.64	-	-
Clean Communities	-	22,626.52	22,626.52	-	-
Sustainable Jersey Grant	-	10,000.00	10,000.00	-	-
Body Armor Fund	-	1,762.91	1,762.91	-	-
Municipal Alliance on Alcoholism and Drug Abuse	13,284.00	13,284.00	13,284.00	-	-
Safe & Secure Communities	84,200.00	84,200.00	84,200.00	-	-
JIF Safety Program	2,500.00	2,500.00	2,500.00	-	-
JIF Safety Incentive Program	2,925.00	2,925.00	2,925.00	-	-
<b>Total Operations Excluded From "CAPS"</b>	<b>614,288.72</b>	<b>648,678.15</b>	<b>594,652.22</b>	<b>1,309.24</b>	<b>52,716.69</b>
Detail:					
Salaries and Wages	222,430.00	306,630.00	293,720.35	-	12,909.65
Other Expenses	391,858.72	342,048.15	300,931.87	1,309.24	39,807.04
<b>Capital Improvements - Excluded from "CAPS"</b>					
Capital Improvement Fund	75,000.00	75,000.00	75,000.00	-	-
<b>Total Capital Improvements - Excluded from "CAPS"</b>	<b>75,000.00</b>	<b>75,000.00</b>	<b>75,000.00</b>	<b>-</b>	<b>-</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF EAST GREENWICH  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		PAID OR CHARGED		RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED		
Municipal Debt Service - Excluded from "CAPS":						
Payment of Bond Principal	457,100.00	457,100.00	457,050.00	-	-	50.00
Payment of Bond Anticipation Notes and Capital Notes	40,000.00	40,000.00	40,000.00	-	-	-
Interest on Bonds	352,200.00	352,200.00	352,130.98	-	-	69.02
Interest on Notes	7,400.00	7,400.00	5,983.41	-	-	1,416.59
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>856,700.00</b>	<b>856,700.00</b>	<b>855,164.39</b>	<b>-</b>	<b>-</b>	<b>1,535.61</b>
Deferred Charges - Excluded from "CAPS"						
Special Emergency Authorization - 5 Years	32,000.00	32,000.00	32,000.00	-	-	-
<b>Total Deferred Charges - Excluded from "CAPS"</b>	<b>32,000.00</b>	<b>32,000.00</b>	<b>32,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Appropriations Excluded from "CAPS"</b>	<b>1,577,988.72</b>	<b>1,612,378.15</b>	<b>1,556,816.61</b>	<b>1,309.24</b>	<b>52,716.69</b>	<b>1,535.61</b>
Subtotal General Appropriations	7,199,921.72	7,578,675.53	7,129,602.51	105,551.90	341,985.51	1,535.61
Reserve For Uncollected Taxes	390,306.21	390,306.21	390,306.21	-	-	-
<b>Total General Appropriations</b>	<b>\$ 7,590,227.93</b>	<b>\$ 7,968,981.74</b>	<b>\$ 7,519,908.72</b>	<b>\$ 105,551.90</b>	<b>\$ 341,985.51</b>	<b>\$ 1,535.61</b>
Original Budget	\$ 7,590,227.93					
Emergency Appropriations	344,364.38					
Appropriation by N.J.S.A. 40A:4-87	34,389.43					
<b>Total</b>	<b>\$ 7,968,981.74</b>					
Reserve for Federal & State Grants		\$ 150,178.15				
Reserve for Uncollected Taxes		390,306.21				
Deferred Charges - Special Emergency Authorization		32,000.00				
Capital Improvement Fund		75,000.00				
Due to General Capital		40,000.00				
Prior Year Prepaid Payroll		106,535.59				
Cash Disbursements		6,725,888.77				
		<b>\$ 7,519,908.72</b>				

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF EAST GREENWICH  
TRUST FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014**

ASSETS	REFERENCE	2015	2014
<b>Animal Control Fund:</b>			
Cash	B-3	\$ 22,455.61	\$ 14,755.77
Total Animal Control Fund		<u>22,455.61</u>	<u>14,755.77</u>
<b>Open Space Trust Fund:</b>			
Cash	B-3	21,527.80	32,507.27
Due Current Fund	B-9	<u>55,656.82</u>	<u>45,905.60</u>
Total Open Space Trust Fund		<u>77,184.62</u>	<u>78,412.87</u>
<b>Other Trust Funds:</b>			
Cash	B-3	<u>1,305,003.32</u>	<u>1,583,533.11</u>
Total Other Trust Funds		<u>1,305,003.32</u>	<u>1,583,533.11</u>
Total Assets		<u>\$ 1,404,643.55</u>	<u>\$ 1,676,701.75</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
<b>Animal Control Fund:</b>			
Reserve for Animal Control Fund Expenditures	B-4	\$ 22,455.61	\$ 14,730.37
Due to State Department of Health	B-5	<u>-</u>	<u>25.40</u>
Total Animal Control Fund		<u>22,455.61</u>	<u>14,755.77</u>
<b>Municipal Open Space Trust Fund:</b>			
Reserve for Open Space	B-6	12,576.70	4,832.47
Appropriation Reserves	B-7	-	3,978.36
Reserve for Encumbrances	B-8	-	4,994.12
Due General Capital Fund	C	<u>64,607.92</u>	<u>64,607.92</u>
Total Municipal Open Space Trust Fund		<u>77,184.62</u>	<u>78,412.87</u>
<b>Other Trust Funds:</b>			
Miscellaneous Reserves	B-10	<u>1,305,003.32</u>	<u>1,583,533.11</u>
Total Other Trust Funds		<u>1,305,003.32</u>	<u>1,583,533.11</u>
Total		<u>\$ 1,404,643.55</u>	<u>\$ 1,676,701.75</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF EAST GREENWICH  
MUNICIPAL OPEN SPACE TRUST FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	BUDGET	REALIZED	EXCESS OR (DEFICIT)
Amount to be Raised by Taxation	\$ 314,900.00	\$ 317,920.88	\$ 3,020.88
Interest on Investments	-	33.51	33.51
	<u>\$ 314,900.00</u>	<u>\$ 317,954.39</u>	<u>\$ 3,054.39</u>
Cash Receipts		\$ 30,033.51	
Due Current Fund		<u>287,920.88</u>	
		<u>\$ 317,954.39</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF EAST GREENWICH  
MUNICIPAL OPEN SPACE TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	BUDGET	PAID OR CHARGED	RESERVE FOR ENCUMBRANCES	RESERVED	UNEXPENDED BALANCE CANCELED
Maintenance of Lands for Recreation and Conservation:					
Salaries & Wages	\$ 14,900.00	\$ 14,900.00	\$ -	\$ -	\$ -
Other Expenses	36,000.00	36,000.00	-	-	-
Debt Service:					
Payment of Bond Principal	148,000.00	147,950.00	-	-	50.00
Payment of Bond Interest	116,000.00	115,319.66	-	-	680.34
<b>Total</b>	<b>\$ 314,900.00</b>	<b>\$ 314,169.66</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 730.34</b>
Cash Disbursements	\$	\$ 36,000.00			
Due Current Fund		278,169.66			
	\$	<u>314,169.66</u>			

The accompanying Notes to Financial Statements are an integral part of this statement.

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**TOWNSHIP OF EAST GREENWICH  
GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014**

ASSETS	REFERENCE	<u>2015</u>	<u>2014</u>
Cash	C-1,C-2	\$ -	\$ 114,184.26
Grants Receivable	C-3	170,357.20	357.20
Deferred Charges to Future Taxation:			
Funded	C-4	12,340,000.00	12,945,000.00
Unfunded	C-5	777,647.00	473,272.00
Due to Current Fund	C-11	1,641.33	-
Due from Grant Fund	A	8,935.40	8,935.40
Due from Open Space Trust Fund	B	<u>64,607.92</u>	<u>64,607.92</u>
 Total Assets		 <u>\$ 13,363,188.85</u>	 <u>\$ 13,606,356.78</u>
 <b>LIABILITIES, RESERVES &amp; FUND BALANCE</b>			
Improvement Authorizations:			
Funded	C-6	\$ 176,186.85	\$ 60,851.95
Unfunded	C-6	417,185.08	158,172.00
Capital Improvement Fund	C-7	57,042.00	167.00
Contracts Payable	C-8	97,674.92	127,065.83
Bond Anticipation Notes	C-9	275,100.00	315,100.00
Serial Bonds Payable	C-10	<u>12,340,000.00</u>	<u>12,945,000.00</u>
 Total Liabilities, Reserves & Fund Balance		 <u>\$ 13,363,188.85</u>	 <u>\$ 13,606,356.78</u>

Bonds and Notes Authorized But Not Issued as of December 31, 2015 was \$502,547.00 and as of December 31, 2014 was \$158,172.00.

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**TOWNSHIP OF EAST GREENWICH  
WATER-SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014**

	REFERENCE	<u>2015</u>	<u>2014</u>
ASSETS			
Operating Fund:			
Cash	D-4	\$ 593,966.30	\$ 355,020.11
Change Fund	D	50.00	50.00
Prepaid Payroll	D-4	-	12,936.92
Due from Developer	D	687.00	687.00
Due from Current Fund	D-18	<u>250,731.86</u>	<u>250,731.86</u>
Total		<u>845,435.16</u>	<u>619,425.89</u>
Receivables With Full Reserves:			
Consumer Accounts Receivable	D-6	172,592.80	146,843.43
Water/Sewer Liens	D-12	<u>-</u>	<u>370.18</u>
Total Receivables With Full Reserves		<u>172,592.80</u>	<u>147,213.61</u>
Deferred Charges:			
Operating Deficit	D-7	-	510.15
Over-expenditure of Appropriation	D-7	19,961.53	19,961.53
Over-expenditure of Appropriation Reserve	D-7	<u>672.01</u>	<u>672.01</u>
Total Deferred Charges		<u>20,633.54</u>	<u>21,143.69</u>
Total Operating Fund		<u>1,038,661.50</u>	<u>787,783.19</u>
Capital Fund:			
Cash	D-4	31,623.00	89,931.00
Fixed Capital	D-8	14,994,032.35	14,453,612.35
Fixed Capital Authorized and Uncompleted	D-9	<u>77,500.00</u>	<u>562,500.00</u>
Total Capital Fund		<u>15,103,155.35</u>	<u>15,106,043.35</u>
Total Operating & Capital Fund		<u>\$ 16,141,816.85</u>	<u>\$ 15,893,826.54</u>

The accompanying Notes to the Financial Statements are an integral part of these Statements.

**TOWNSHIP OF EAST GREENWICH  
WATER-SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014**

	REFERENCE	<u>2015</u>	<u>2014</u>
<b>LIABILITIES RESERVES &amp; FUND BALANCE</b>			
<b>Operating Fund:</b>			
Liabilities:			
Appropriation Reserves	D-3	\$ 119,610.12	\$ 132,570.46
Reserve for Encumbrances	D-3	23,620.00	51,389.24
Prepaid Rents	D-11	6,269.47	3,550.54
Accrued Interest Payable	D-13	<u>43,588.93</u>	<u>41,776.41</u>
Subtotal		<u>193,088.52</u>	<u>229,286.65</u>
Reserve for Receivables	D	172,592.80	147,213.61
Fund Balance	D-1	<u>672,980.18</u>	<u>411,282.93</u>
Total Operating Fund		<u>1,038,661.50</u>	<u>787,783.19</u>
<b>Capital Fund:</b>			
Improvement Authorizations:			
Unfunded	D-14	77,500.00	77,500.00
Reserve for Encumbrances	D-14	-	58,308.00
Capital Improvement Fund	D-15	32,609.00	32,609.00
Reserve for Amortization	D-16	8,709,046.35	8,413,626.35
Serial Bonds	D-17	<u>6,284,000.00</u>	<u>6,524,000.00</u>
Total Capital Fund		<u>15,103,155.35</u>	<u>15,106,043.35</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 16,141,816.85</u>	<u>\$ 15,893,826.54</u>

Bonds and Notes Authorized But Not Issued as of December 31, 2015 was \$78,486.00 and as of December 31, 2014 was \$78,486.00.

The accompanying Notes to the Financial Statements are an integral part of these Statements.

**TOWNSHIP OF EAST GREENWICH  
WATER-SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
OPERATING FUND BALANCE - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
Revenue & Other Income Realized:		
Operating Fund Balance Utilized	\$ 114,510.15	\$ -
Rents	2,955,072.65	2,714,600.44
Miscellaneous	174,476.97	174,605.88
Reserve for Payment of Note	-	15,659.66
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	91,901.25	13,961.87
 Total Income	 3,335,961.02	 2,918,827.85
 Expenditures:		
Budget Appropriations:		
Operating	2,428,000.00	2,371,300.00
Capital Improvements	70,000.00	58,000.00
Debt Service	432,243.47	182,723.08
Deferred Charges & Statutory Expenditures	29,510.15	39,397.54
 Total Expenditures	 2,959,753.62	 2,651,420.62
 Excess/(Defecit) in Revenue	 376,207.40	 267,407.23
 Adjustment to Income Before Fund Balance:		
Expenditures Included Above which are by Statute		
Deferred Charges to Budget of Succeeding Year	-	19,961.53
 Statutory Excess to Fund Balance	 376,207.40	 287,368.76
Fund Balance January 1	411,282.93	123,914.17
 Total	 787,490.33	 411,282.93
Less: Utilized by Operating Budget	114,510.15	-
 Balance December 31	 \$ 672,980.18	 \$ 411,282.93

The accompanying Notes to the Financial Statements are an integral part of these Statements.

TOWNSHIP OF EAST GREENWICH  
 WATER-SEWER UTILITY OPERATING FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2015

	BUDGET	REALIZED	EXCESS OR (DEFICIT)
Operating Surplus Anticipated	\$ 114,510.15	\$ 114,510.15	\$ -
Rents	2,700,000.00	2,955,072.65	255,072.65
Miscellaneous	158,000.00	174,476.97	16,476.97
	<u>2,972,510.15</u>	<u>3,244,059.77</u>	<u>271,549.62</u>
Total	\$ 2,972,510.15	\$ 3,244,059.77	\$ 271,549.62

## Rents:

## Consumer Accounts Receivable:

Rents Collected

\$ 2,954,702.47

Tax Title Liens

370.18

## Total

\$ 2,955,072.65

## ANALYSIS OF REALIZED REVENUES

Miscellaneous	
Water Interest & Penalties	\$ 10,388.47
Sewer Interest & Penalties	9,054.74
Water Meters	39,657.00
Water Title Charge	1,995.00
Sewer Title Charge	1,475.00
Water Shut Offs/Turn Ons	450.00
Water Taps	50,580.01
Water & Sewer Connection Fees	59,494.00
Sewer Cost of Sale	120.00
Interest on Investments	862.75
Water Permit	350.00
Other Miscellaneous	<u>50.00</u>
Total	<u>\$ 174,476.97</u>

The accompanying Notes to the Financial Statements are an integral part of these Statements.

**TOWNSHIP OF EAST GREENWICH**  
**WATER-SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2015**

	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	MODIFICATION	EXPENDED	ENCUMBERED	RESERVED
Operating:					
Salaries & Wages	\$ 344,000.00	\$ 344,000.00	\$ 330,325.31	\$ -	\$ 13,674.69
Other Expenses	514,000.00	514,000.00	446,543.92	18,000.00	49,456.08
Gloucester County Utilities Authority	465,000.00	465,000.00	414,192.04	-	50,807.96
Other Insurance	100,000.00	100,000.00	100,000.00	-	-
New Jersey American Water	855,000.00	855,000.00	855,000.00	-	-
Group Insurance for Employees	150,000.00	150,000.00	150,000.00	-	-
Capital Improvements:					
Capital Outlay	70,000.00	70,000.00	58,791.40	5,620.00	5,588.60
Debt Service:					
Payment of Bond Principal	240,000.00	240,000.00	240,000.00	-	-
Interest on Bonds	205,000.00	205,000.00	192,243.47	-	12,756.53
Deferred Charges and Statutory Expenditures					
Deferred Charges:					
Deficit in Operations in Prior Years	510.15	510.15	510.15	-	-
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	24,000.00	24,000.00	23,917.21	-	82.79
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00	-	-
Total Expenditures	<u>\$ 2,972,510.15</u>	<u>\$ 2,972,510.15</u>	<u>\$ 2,816,523.50</u>	<u>\$ 23,620.00</u>	<u>\$ 119,610.12</u>
Interest on Bonds			\$ 192,243.47		
Prepaid Payroll			12,936.92		
Deferred Charges			510.15		
Disbursed			<u>2,610,832.96</u>		
Total			<u>\$ 2,816,523.50</u>		

The accompanying Notes to the Financial Statements are an integral part of these Statements.

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**TOWNSHIP OF EAST GREENWICH  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE STATEMENT OF FIXED ASSETS AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014**

ASSETS	BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
General Fixed Assets:		
Land	\$ 2,657,850.00	\$ 2,657,850.00
Building	5,772,222.00	5,772,222.00
Vehicles	3,519,038.00	3,693,024.00
Equipment	<u>2,863,179.09</u>	<u>2,853,280.73</u>
Total General fixed Assets	<u>\$ 14,812,289.09</u>	<u>\$ 14,976,376.73</u>
Investment in General Fixed Assets	<u>\$ 14,812,289.09</u>	<u>\$ 14,976,376.73</u>

The accompanying Notes to the Financial Statements are an integral part of these Statements.

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**TOWNSHIP OF EAST GREENWICH  
COUNTY OF GLOUCESTER**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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## TOWNSHIP OF EAST GREENWICH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

#### Note 1. Summary of Significant Accounting Policies

##### Reporting Entity

The Township of East Greenwich was incorporated in January, 1929 and is located in southwest New Jersey approximately twenty miles southeast of the City of Philadelphia. The population according to the 2010 census is 9,555.

The Township has a Mayor-Council form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibilities rest with the Mayor, who is assisted by the Township Clerk.

##### Component Units

The Township of East Greenwich had no component units as defined by Governmental Accounting Standards Board Statement No.14, as amended by GASB Statements No. 39 and 61.

##### Basis of Accounting, Measurement Focus and Basis of Presentation

The financial statements of the Township of East Greenwich contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Township of East Greenwich accounts for its financial transactions through the use of separate funds which are described as follows:

**Current Fund** - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

**Trust Funds** – various Trust Funds account for 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 capital facilities, other than those acquired in the Current Fund.

**Water- Sewer Utility Operating Fund** - revenue and expenditures necessary to operate a Township owned water and sewer system from user fees.

TOWNSHIP OF EAST GREENWICH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

**Water-Sewer Utility Capital Fund** - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water and sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

**General Fixed Asset Account Group** - to account for fixed assets used in general government operations.

**Budgets and Budgetary Accounting** - The Township must adopt an annual budget for its current, open space trust and water-sewer utility funds in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Township. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40AA-9*. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

**Cash and Cash Equivalents** - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies. *N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

## TOWNSHIP OF EAST GREENWICH

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2015

#### Note 1. Summary of Significant Accounting Policies (continued):

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Impact of Recently Issued Accounting Principles** - For the year ended December 31, 2015, the Township implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No.27). The implementation of the Statement requires the Township to disclose its portion of the collective net pension liability of the New Jersey Public Employees' Retirement System (PERS) and the New Jersey Police and Firemen's Retirement System (PFRS).

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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 costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

**General Fixed Assets** - Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 1. Summary of Significant Accounting Policies (continued):**

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2015.

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
Land	\$ 2,657,850.00	\$ -	\$ -	\$ 2,657,850.00
Building	5,772,222.00	-	-	5,772,222.00
Vehicles	3,693,024.00	165,214.00	339,200.00	3,519,038.00
Equipment	2,853,280.73	9,898.36	-	2,863,179.09
<b>Total</b>	<b>\$ 14,976,376.73</b>	<b>\$ 175,112.36</b>	<b>\$ 339,200.00</b>	<b>\$ 14,812,289.09</b>

**Utility Fixed Assets** - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment and improvements and contributed capital.

**Foreclosed Property** - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

**Deferred Charges** - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally over-expenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Liens Sold for Other Governmental Units** - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

**Fund Balance** - Fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Camden and the Township of East Greenwich School District and the Kingsway Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

**School Taxes** - The Township is responsible for levying, collecting, and remitting school taxes for the Township of East Greenwich School District and the Kingsway Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31 and for the regional high school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2014 and decreased by the amount deferred at December 31, 2015.

**County Taxes** - The Township is responsible for levying, collecting, and remitting county taxes for the County of Gloucester. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

**Reserve for Uncollected Taxes** - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid; however, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with *N.J.A.C.5:30-5.2*. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

**Appropriation Reserves** - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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.

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Long-Term Debt** - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences and Postemployment Benefits** - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis

**Note 2. Cash**

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2015, and reported at fair value are as follows:

Type	Carrying Value
<b>Deposits</b>	
Demand Deposits	\$ 4,087,177.98
Total Deposits	<u>\$ 4,087,177.98</u>
<b>Reconciliation of Statement of Assets, Liabilities, Reserves and Fund Balance:</b>	
Current Fund	\$ 2,112,551.95
Animal Control Trust Fund	22,455.61
Open Space Trust Fund	21,527.80
Trust - Other Fund	1,305,003.32
Utility Operating Fund	594,016.30
Utility Capital Fund	<u>31,623.00</u>
Total Cash	<u>\$ 4,087,177.98</u>

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township 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 funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule that follows.

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 2. Cash and Cash Equivalents (continued):**

As of December 31, 2015, the Township's bank balances of \$5,836,432.59 were exposed to custodial credit risk as follows:

Uninsured & Uncollateralized	\$ 1,423,953.19
Insured Under F.D.I.C.	250,000.00
Collateralized Under GUDPA	<u>4,162,479.40</u>
 Total	 <u>\$ 5,836,432.59</u>

**Note: 3: Property Taxes**

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

**Comparison of Tax Rate Information**

	2015	2014	2013
Total Tax Rate	<u>\$3.082</u>	<u>\$2.892</u>	<u>\$2.816</u>
Apportionment of Tax Rate:			
Municipal	0.356	0.298	0.290
Municipal Open Space	0.029	0.029	0.030
County	0.729	0.689	0.686
Local School District	1.216	1.150	1.090
Regional High School	0.752	0.726	0.720

**Net Valuation Taxable:**

2015	<u>\$ 1,049,841,385</u>	
2014	<u>\$ 1,038,264,342</u>	
2013		<u>\$ 1,030,313,997</u>

**Comparison of Tax Levies and Collection Currently**

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2015	\$ 32,679,643.58	\$ 32,152,945.25	98.38%
2014	30,392,042.09	30,025,282.45	98.79%
2013	29,287,070.91	28,882,599.60	98.61%

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note: 3: Property Taxes (continued):**

**Delinquent Taxes and Tax Title Liens**

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2015	\$ 18,585.58	\$ 434,845.36	\$ 453,430.94	1.39%
2014	40,414.46	293,051.50	333,465.96	1.10%
2013	17,080.46	374,690.98	391,771.44	1.34%

**Note: 4: Property Acquired By Tax Title Lien Liquidation**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous two years was as follows:

YEAR	AMOUNT
2015	\$ -
2014	-
2013	-

**Note: 5: Water-Sewer Utility Service Charges**

The following is a three-year comparison of water-sewer utility charges (rents) for the current and previous two years.

YEAR ENDED DECEMBER 31	BEGINNING RECEIVABLE	LEVY	TOTAL	CASH COLLECTIONS	COLLECTION PERCENTAGE
2015	\$ 146,843.43	\$ 2,980,451.84	\$ 3,127,295.27	\$ 2,954,702.47	94.48%
2014	131,682.45	2,730,131.60	2,861,814.05	2,713,707.67	94.82%
2013	231,607.46	2,457,004.64	2,688,612.10	2,555,240.02	95.04%

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 6: Fund Balance Appropriated**

The following schedule details the amount of fund balance available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
<b>CURRENT FUND:</b>			
2015	\$ 1,085,777.08	\$ 683,000.00	62.90%
2014	660,075.70	400,000.00	60.60%
2013	115,294.16	81,000.00	70.26%
2012	619,211.28	577,000.00	93.18%
2011	1,431,490.08	1,320,000.00	92.21%

**WATER-SEWER OPERATING FUND:**

2015	\$ 672,980.18	\$ 287,633.54	42.74%
2014	411,282.93	114,510.00	27.84%
2013	123,914.17	-	0.00%
2012	396,722.22	276,000.00	69.57%
2011	171,067.23	-	0.00%

**Note 7. Pension Obligations**

**A. Public Employees' Retirement System (PERS)**

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

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

The following represents the membership tiers for PERS:

TOWNSHIP OF EAST GREENWICH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 7. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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

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

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$143,235 for 2015.

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

**Net Pension Liability and Pension Expense** - At December 31, 2015, the Township's proportionate share of the PERS net pension liability is valued to be \$3,564,235. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 7. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Township's proportion measured as of June 30, 2015, was .01588%, which was a decrease of .00150% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Actuarial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	3,564,235	3,253,030
District's portion of the Plan's total net pension Liability	0.01588%	0.00174%

For the year ended December 31, 2015, the Township had an allocated pension expense of \$169,843.

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

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.04%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 7. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 7. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
Township's proportionate share of the net pension liability	\$ 4,429,908	\$ 3,564,235	\$ 2,838,461

**Pension Plan Fiduciary Net Position**

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

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

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

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

The following represents the membership tiers for PFRS:

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

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

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 7. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2015, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PFRS amounted to \$375,583 for 2015.

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

**Special Funding Situation** - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

**Net Pension Liability and Pension Expense** - At December 31, 2015, the Township's proportionate share of the PFRS net pension liability is valued to be \$7,076,506. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Township's proportion measured as of June 30, 2015, was .04248%, which was a decrease of .01045% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Acturial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	7,076,506	6,151,121
District's portion of the Plan's total net pension Liability	0.04248%	0.05293%

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 7. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

For the year ended December 31, 2015, the Township had an allocated pension expense of \$368,357.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$620,586 as of December 31, 2015. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2015 was .04248%, which was a decrease of .01045% from its proportion measured as of June 30, 2014, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 7,076,506
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>620,586</u>
Total Net Pension Liability	<u><u>\$ 7,697,092</u></u>

For the year ended December 31, 2015, the Township's total allocated pension expense was \$445,766.

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

	<u>PFRS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.60-9.48% Based on Age Thereafter - 3.60-10.48% Based on Age
Inflation rate	3.04%

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

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 7. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

from the base year of 2014 based on Projection Scale BB.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

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

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 7. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

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

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79%) or 1-percentage-point higher (6.79%) than the current rate:

	Decrease (4.79%)	Discount Rate (5.79%)	Increase (6.79%)
Township's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 10,147,211	\$ 7,697,092	\$ 5,699,239

**Pension Plan Fiduciary Net Position**

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

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1 et. seq.*

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the Township.

## TOWNSHIP OF EAST GREENWICH

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2015

#### Note 8: Other Post Employment Benefits

##### Plan Description

In addition to the pension benefits described in Note 7, the Township contributes to the State Health Benefits Program (S.H.B.P.), a cost-sharing, multiple employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. S.H.B.P. 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. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. S.H.B.P. provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The S.H.B.P. was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the S.H.B.P.

The Township's defined benefit postemployment healthcare plan provides post employment health care benefits, at its cost, to certain retired employees. The Township will cover the entire cost of post-retirement health benefits for the retirees and his/her dependents only when the employee has worked twenty-five (25) or more years in a State or locally administered retirement system and twenty (20) continuous years or more of service with the Township of East Greenwich and remains in effect until the employee becomes Medicare eligible. The plan can be amended by the Township subject to applicable collective bargaining and employment agreements.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the S.H.B.P. 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 S.H.B.P. 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 [www.state.nj.us/treasury/pensions/](http://www.state.nj.us/treasury/pensions/).

##### Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the S.H.B.P. are billed to the Township on a monthly basis. The Township funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. For 2015, all 14 retirees were participating in the NJ Direct (Blue Cross, Blue Shield PPO) plans.

The Township contributions to SHBP for the years ended December 31, 2015 and 2014 were \$295,910.68 and \$248,536.10, which equaled the required contributions for each year. There were 14 and 14 retired participants eligible at December 31, 2015 and 2014.

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 9. Compensated Absences**

Non-Police full-time employees are entitled to vacation and sick leave days based on their years of service. Unused sick leave may be accumulated up to a maximum of 180 days. Vacation days not used during the year may be accumulated for a maximum of one week and carried forward. Upon termination of employment, employees receive payment for accrued vacation leave for the current year only.

Police full-time employees are entitled to vacation and sick leave days based on their years of service. Unused sick leave may be accumulated up to a maximum of 1,200 hours. Vacation days not used during the year may only be carried over to the first quarter of the subsequent period. All accumulated vacation and holidays are paid out at retirement. The Township compensates employees for unused sick leave when the employee qualifies for retirement or honorable severance and has completed 8 years of continuous service. There is a maximum compensation amount of \$15,000 which is paid at the rate of pay upon termination or retirement.

The Township of East Greenwich does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2015, accrued benefits for compensated absences are valued at \$164,373.55.

**Note 10. Deferred Compensation Salary Account**

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

**Note 11. Interfunds Receivables and Payables**

The following interfunds remained as of December 31, 2015:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 351,343.40
Federal and State Grant Fund	43,313.39	8,935.40
Open Space Trust Fund	55,656.82	64,607.92
General Capital Fund	75,184.65	-
Utility Operating Fund	250,731.86	-
	\$ 424,886.72	\$ 424,886.72

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 11. Interfunds Receivables and Payables (continued):**

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 525,316.31	\$ 530,551.14
Federal and State Grant Fund	139,022.81	122,395.43
Open Space Trust Fund	278,169.66	287,920.88
Utility Operating Fund	<u>113,358.67</u>	<u>115,000.00</u>
	<u>\$ 1,055,867.45</u>	<u>\$ 1,055,867.45</u>

The purpose of these interfunds is short-term borrowings.

**Note 12. Long-Term Debt**

**A. Capital Debt**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the Township at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<b>Issued &amp; Outstanding:</b>			
General Bonds, Loans and Notes	\$ 12,615,100.00	\$ 13,260,100.00	\$ 13,118,972.00
Water-Sewer Utility Bonds, Loans and Notes	<u>6,284,000.00</u>	<u>6,524,000.00</u>	<u>6,485,486.00</u>
Total Debt Issued	<u>18,899,100.00</u>	<u>19,784,100.00</u>	<u>19,604,458.00</u>
<b>Deductions:</b>			
Self-Liquidating Debt	6,284,000.00	6,524,000.00	6,485,486.00
Funds Temporarily Held to Play Bonds and Notes	<u>-</u>	<u>-</u>	<u>38,832.47</u>
Total Deductions	<u>6,284,000.00</u>	<u>6,524,000.00</u>	<u>6,524,318.47</u>
Net Debt Issued & Outstanding	<u>12,615,100.00</u>	<u>13,260,100.00</u>	<u>13,080,139.53</u>

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 12. Long Term Debt (continued):**

**A. Capital Debt (continued):**

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<b>Authorized But Not Issued:</b>			
General Bonds and Notes	502,547.00	158,172.00	-
Water-Sewer Utility Bonds and Notes	78,486.00	78,486.00	-
Total Authorized But Not Issued	<u>581,033.00</u>	<u>236,658.00</u>	<u>-</u>
<b>Deductions:</b>			
Self-Liquidating Debt	78,486.00	78,486.00	-
Total Deductions	<u>78,486.00</u>	<u>78,486.00</u>	<u>-</u>
Net Authorized But Not Issued	<u>502,547.00</u>	<u>158,172.00</u>	<u>-</u>
<b>Total Net Debt</b>	<u>\$ 13,117,647.00</u>	<u>\$ 13,418,272.00</u>	<u>\$ 13,080,139.53</u>

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 1.210%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 19,815,000.00	\$ 19,815,000.00	\$ -
Regional School District Debt	17,022,408.45	17,022,408.45	-
Water-Sewer Utility	6,362,486.00	6,362,486.00	-
General Debt	<u>13,117,647.00</u>	<u>-</u>	<u>13,117,647.00</u>
<b>Total</b>	<u>\$ 56,317,541.45</u>	<u>\$ 43,199,894.45</u>	<u>\$ 13,117,647.00</u>

Net Debt, \$13,117,647.00 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$1,084,062,591 equals 1.210%.

**Borrowing Power Under 40A:2-6:**

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 37,942,190.69
Net Debt	<u>13,117,647.00</u>
Remaining Borrowing Power	<u>\$ 24,824,543.69</u>

**Calculation of Self-Liquidating Purpose - Water-Sewer Utility per N.J.S.40A:2-45**

Cash Receipts From Fees, Rents & Other Charges	\$ 3,129,549.62
<b>Deductions:</b>	
Operating & Maintenance Costs	\$ 2,527,510.15
Debt Service per Water-Sewer Operating Fund	<u>445,000.00</u>
Excess Revenue - Self Liquidating	<u>\$ 157,039.47</u>

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 12. Long Term Debt (continued):**

**A. Capital Debt (continued):**

During the fiscal year ended December 31, 2015 the following changes occurred in capital debt and long-term liabilities:

	Balance December 31, 2014	Accrued/ Increases	Retired/ Decreases	Balance December 31, 2015	Due Within One Year
<b>General Capital:</b>					
General Obligation Bonds	\$ 12,945,000.00	\$ -	\$ (605,000.00)	\$ 12,340,000.00	\$ 635,000.00
Bond Anticipation Notes	315,100.00	275,100.00	(315,100.00)	275,100.00	275,100.00
Authorized but Not Issued	158,172.00	344,375.00	-	502,547.00	-
<b>Water/Sewer Utility Capital:</b>					
General Obligation Bonds	6,524,000.00	-	(240,000.00)	6,284,000.00	255,000.00
Authorized but Not Issued	78,486.00	-	-	78,486.00	-
<b>Other:</b>					
Net Pension Liability - PERS	3,253,030.00	311,205.00	-	3,564,235.00	-
Net Pension Liability - PFRS	6,151,121.00	925,385.00	-	7,076,506.00	-
Special Emergency Notes	32,000.00	-	(32,000.00)	-	-
Compensated Absences	182,449.74	-	(18,076.19)	164,373.55	-
<b>Total</b>	<b>\$ 20,235,207.74</b>	<b>\$ 1,856,065.00</b>	<b>\$ (1,210,176.19)</b>	<b>\$ 30,285,247.55</b>	<b>\$ 1,165,100.00</b>

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Bonded Debt Issued and Outstanding:

<u>Year</u>	<u>GENERAL DEBT</u>		<u>WATER-SEWER UTILITY</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	635,000.00	448,843.75	255,000.00	187,685.00	1,526,528.75
2017	665,000.00	426,443.75	265,000.00	180,953.75	1,537,397.50
2018	700,000.00	403,031.25	275,000.00	174,010.00	1,552,041.25
2019	735,000.00	377,531.25	290,000.00	166,416.25	1,568,947.50
2020	870,000.00	350,775.00	300,000.00	158,391.25	1,679,166.25
2021-2025	4,800,000.00	1,274,437.50	1,725,000.00	658,518.75	8,457,956.25
2026-2030	3,685,000.00	353,812.50	1,802,000.00	372,098.75	6,212,911.25
2031-2034	250,000.00	7,500.00	1,372,000.00	105,325.00	1,734,825.00
<b>Total</b>	<b>\$ 12,340,000.00</b>	<b>\$ 3,642,375.00</b>	<b>\$ 6,284,000.00</b>	<b>\$ 2,003,398.75</b>	<b>\$ 24,269,773.75</b>

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 12. Long Term Debt (continued):**

**B. Bond Anticipation Notes**

The Township had Bond Anticipation Notes outstanding at December 31, 2015 in the amount of \$275,100.00 consisting fully of general improvement notes. The notes bear an interest rate of 1.35% and mature on 12/31/2016.

**C. Special Emergency Notes**

The Township had no Special Emergency Notes outstanding at December 31, 2015.

**D. Tax Anticipation Notes**

The Township had issued Tax Anticipation Notes in the amount of \$950,000.00 during the current year. The notes were issued on 06/26/2015 and bore an interest rate of 0.74%. The notes matured on 11/13/2015.

**Note 13. Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	<u>Balance 12/31/2015</u>	<u>2016 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorizations	\$ 16,000.00	\$ 16,000.00
Emergency Appropriations	344,364.38	344,500.00
Utility Operating Fund:		
Overexpenditure of Appropriations	19,961.53	19,961.53
Overexpenditure of Appropriation Reserves	672.01	672.01

The appropriations in the 2016 budget as introduced are not less than that required by the statutes.

**Note 14. Joint Insurance Pool**

The Township of East Greenwich is a member of the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Worker's Compensation and Employer's Liability
- Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- Motor Vehicles

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 14. Joint Insurance Pool (continued):**

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the Township with the following coverage:

- Business Automobile Liability
- Excess Liability
- Public Officials & Employment Liability Coverage
- Worker's Compensation
- Environmental Legal Liability
- General and Automobile Liability
- Excess Crime – Public Employee's & Officials' Bonds
- Casualty Policy
- Property – Blanket Building and Grounds

The Fund publishes its own financial report for the year ended December 31, 2015, which can be obtained from:

Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund  
PO Box 442  
Hammonton, New Jersey 08037

**Note 15. New Jersey Unemployment Compensation Insurance**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Fiscal</u> <u>Year</u>	<u>Interest</u> <u>Earnings</u>	<u>Township</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2015	\$ 10.69	\$ -	\$ 666.22	\$ 7,005.13
2014	7.06	15,000.00	14,146.38	7,660.66
2013	30.05	-	11,106.00	6,799.98

**TOWNSHIP OF EAST GREENWICH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 16. Accounts Receivable**

Accounts receivable at December 31, 2015 consisted of intergovernmental grants, taxes, utility rents and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs. Accounts receivable as of fiscal year end for the Township's individual major funds, in the aggregate, are as follows:

	Current Fund	State & Federal Grant Fund	General Capital Fund	Water/Sewer Operating Fund	Total
State Aid	\$ 9,000.00	\$ 96,598.70	\$ 170,357.20	\$ -	\$ 275,955.90
Utility Rents	-	-	-	172,592.80	172,592.80
Taxes	453,430.94	-	-	-	453,430.94
Other	17,182.36	-	-	687.00	17,869.36
<b>Total</b>	<b>\$ 479,613.30</b>	<b>\$ 96,598.70</b>	<b>\$ 170,357.20</b>	<b>\$ 173,279.80</b>	<b>\$ 919,849.00</b>

**Note 17. Subsequent Events**

The Township has evaluated subsequent events through August 11, 2016, the date the financial statements were available to be issued. The following was noted:

On June 23, 2016 the Township issued Tax Anticipation Notes for short-term financing of operations. The note issued was for \$1,000,000.00 and held an interest rate of 0.70% per annum. The note becomes due on November 10, 2016.

On August 10, 2016 the Township issued General Obligation Refunding Bonds in the amount of \$7,520,000. The bonds hold interest rates varying from 1.00%-4.00% per annum. The final coupon becomes due on August 1, 2028. The Refunding Bonds are being issued to provide funds which will be used to: (i) advance refund and redeem all of the Township's outstanding callable General Obligation Bonds, Series 2008, maturing on August 1 in the years 2019 through 2028, both dates inclusive (collectively, the "Prior Bonds"); and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

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