

**TOWNSHIP OF GALLOWAY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2011**

**TOWNSHIP OF GALLOWAY**  
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**TOWNSHIP OF GALLOWAY**

**PART I**

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

**FOR THE YEAR ENDED**

**December 31, 2011**

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Township of Galloway, State of New Jersey (the “Township”), as of December 31, 2011 and 2010 and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis for the year ended December 31, 2011, as listed in the accompanying table of contents. These financial statements – regulatory basis are the responsibility of the Township’s management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, the Township prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the Township’s policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the Township as of December 31, 2011 and 2010 and the results of operations and changes in fund balance of such funds for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township, as of December 31, 2011 and 2010 and the results of operations and changes in fund balances of such funds for the years then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 14, 2012 on our consideration of the Township's internal control structure over financial reporting and 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* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of state awards is presented for the purposes of additional analysis as required by New Jersey Compliance Manual, State Grant Compliance Supplement and New Jersey OMB Circular 04-04 and is not a required part of the financial statements of the Township. The supplemental schedules and the schedule of state awards as listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to 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 taken as a whole.

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

*Leon P. Costello*

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

**May 14, 2012**

**EXHIBIT - A  
CURRENT FUND**

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 6,253,370.56	\$ 7,296,488.41
Change and Petty Cash Funds		1,500.00	1,500.00
		<u>6,254,870.56</u>	<u>7,297,988.41</u>
Other Receivables:			
Due from State of New Jersey		9,917.24	2,417.24
		<u>9,917.24</u>	<u>2,417.24</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	28,189.52	17,370.96
Tax Title Liens Receivable	A-8	887,104.19	636,619.62
Property Acquired for Taxes at Assessed Valuation		3,488,694.00	3,550,794.00
Property Deeded to Township		1,388,126.00	1,319,326.00
Revenue Accounts Receivable	A-9	37,642.43	31,459.12
Interfunds:			
Due from Federal and State Grant Fund		105,714.50	-
Due from Special Water Assessment		-	1,630.37
Due from Sewer Utility Operating		-	25,173.01
Due from Bank		5,435.90	6,084.41
		<u>5,940,906.54</u>	<u>5,588,457.49</u>
Deferred Charges:			
Special Emergency (40A:4-53)		240,000.00	480,000.00
Emergency Authorization		400,000.00	-
		<u>640,000.00</u>	<u>480,000.00</u>
		<u>12,845,694.34</u>	<u>13,368,863.14</u>
Federal and State Grant Fund:			
Cash	A-4	88,580.45	400,593.16
Grant Receivables	A-11	1,372,985.45	1,618,337.98
Due from the Bank		4.00	4.00
		<u>1,461,569.90</u>	<u>2,018,935.14</u>
		<u>\$ 14,307,264.24</u>	<u>\$ 15,387,798.28</u>

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<b>Regular Fund:</b>			
<b>Liabilities:</b>			
Appropriation Reserves	A-3:A-10	\$ 772,195.63	\$ 764,459.47
Reserve for Encumbrances	A-3	399,382.14	267,081.10
Prepaid Taxes		668,304.55	640,479.60
Tax Overpayments		71,591.16	32,845.00
Unidentified Tax Receipt		193.06	-
County Tax Payable		30,740.70	46,674.59
Local School Tax Payable		4.50	80,102.44
Regional School Tax Payable		1,499,370.94	2,882,356.95
Accounts Payable		6,173.40	7,349.35
Due to State - Permit Surcharge Fees		2,903.00	2,638.00
Due to State - Marriage Licenses		1,275.00	850.00
Due to State - Civil Unions/Domestic Partnerships		75.00	75.00
Due to State - Burial Permits		10.00	10.00
Due to Volunteer Fire Departments		-	1,375.95
<b>Interfunds:</b>			
Due to Trust Fund Other		-	553.15
Due to Sewer Utility Operating Fund		1,869.13	-
Due to Special Water Assessment Trust		1,602.27	-
Due to Special Law Enforcement Fund		7,849.55	-
Due to Public Defender Trust		3,966.00	-
Due to Tax Collector Special Trust Fund		75.00	-
Deposits for Trailer Courts		3,732.00	3,732.00
Deposits for Sale of Township Property		42,860.00	42,510.00
Reserve for Proceeds on Sale of Municipal Property		69,785.13	23,745.23
Reserve for Garden State Preservation Trust		7,234.00	7,234.00
Reserve for Consolidated Municipal Property Tax Relief		9,664.00	9,664.00
Reserve for Snow Removal		128,080.76	142,194.03
Reserve for Flood Damage		121.48	121.48
Reserve for Revision and Codification of Ordinances		4,312.26	4,312.26
		<u>3,733,370.66</u>	<u>4,960,363.60</u>
Reserve for Receivables and Other Assets		5,940,906.54	5,588,457.49
Fund Balance	A-1	<u>3,171,417.14</u>	<u>2,820,042.05</u>
		<u>12,845,694.34</u>	<u>13,368,863.14</u>
<b>Federal and State Grant Fund:</b>			
Unappropriated Reserves	A-12	105,871.90	46,428.75
Appropriated Reserves	A-13	904,035.11	1,326,063.53
Encumbrances Payable		204,987.03	493,333.70
Reserve for Small Cities Revolving Loan Fund		140,961.36	153,109.16
Due to Current Fund		105,714.50	-
		<u>1,461,569.90</u>	<u>2,018,935.14</u>
		<u>\$ 14,307,264.24</u>	<u>\$ 15,387,798.28</u>

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	2,000,000.00	\$ 2,535,000.00
Miscellaneous Revenue Anticipated		5,686,868.56	5,310,551.90
Receipts from Delinquent Taxes		119,449.74	75,466.69
Receipts from Current Taxes		72,749,143.54	72,270,898.06
Non-Budget Revenue		395,168.86	212,750.02
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		644,733.09	900,302.97
Interfunds Returned		27,451.89	9,412.43
Cancellations of Reserved Balances and Overpayments		80,104.06	156,265.78
Refund of Prior Year Expenditure		-	9,539.19
 Total Income		<u>81,702,919.74</u>	<u>81,480,187.04</u>
 <u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		8,989,993.44	9,053,646.00
Other Expenses		6,875,996.37	6,493,721.00
Deferred Charges & Statutory Expenditures		2,892,099.00	2,521,742.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		45,000.00	45,000.00
Other Expenses		917,726.79	716,177.65
Capital Improvements		58,000.00	-
Municipal Debt Service		3,064,176.59	3,068,854.79
Deferred Charges & Statutory Expenditures		240,000.00	240,000.00
County Taxes		12,894,585.62	11,710,540.52
County Added and Omitted Taxes		30,740.70	46,674.59
Local District School Tax		27,825,785.96	29,280,026.00
Regional High School Tax		15,798,741.94	16,120,080.84
Interfund Created		105,714.50	27,425.34
Refund of Prior Year Revenue		697.56	61,831.13
Cancellation and Refund of Prior Year Taxes		12,286.18	-
 Total Expenditures		<u>79,751,544.65</u>	<u>79,385,719.86</u>

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	Ref.	Year 2011	Year 2010
Excess In Revenue		\$ 1,951,375.09	\$ 2,094,467.18
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		400,000.00	-
		400,000.00	-
Statutory Excess to Fund Balance		2,351,375.09	2,094,467.18
Fund Balance January 1	A	2,820,042.05	3,260,574.87
		5,171,417.14	5,355,042.05
Decreased by:			
Utilization as Anticipated Revenue		2,000,000.00	2,535,000.00
Fund Balance December 31	A	\$ 3,171,417.14	\$ 2,820,042.05

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 2,000,000.00	\$	2,000,000.00	\$ -
		2,000,000.00	-	2,000,000.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		30,000.00		38,082.60	8,082.60
Fees and Permits		130,000.00		155,816.00	25,816.00
Fines and Costs:					
Municipal Court		420,000.00		432,276.88	12,276.88
Interest and Costs on Taxes		200,000.00		258,624.64	58,624.64
Interest on Investments and Deposits		28,000.00		18,866.68	(9,133.32)
Planning Board - Special Application Fees		10,000.00		7,075.00	(2,925.00)
Fire Safety Rebate		40,000.00		39,501.74	(498.26)
Fire Inspections		20,000.00		29,891.00	9,891.00
Road Openings		23,000.00		25,920.00	2,920.00
Cable TV Franchise Fee		122,000.00		122,226.80	226.80
Contract - Postal Unit		55,000.00		51,316.65	(3,683.35)
Hotel Tax		375,000.00		432,586.68	57,586.68
Rental Inspections		70,000.00		83,490.00	13,490.00
Consolidated Municipal Property Tax Relief Aid		125,698.00		125,698.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		2,440,644.00		2,440,644.00	-
Payments in Lieu of Taxes on Brigantine Wildlife Refuge		38,000.00		28,440.00	(9,560.00)
Uniform Construction Code Fees		280,000.00		276,952.00	(3,048.00)
Watershed Moratorium		7,708.00		7,708.00	-
Garden State Preservation Trust		7,234.00		7,234.00	-

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Miscellaneous Revenues (continued):					
Special Items:					
State and Federal Programs Off-Set by Revenues:					
Recycling Tonnage Grant		\$ 26,022.56	\$	26,022.56	\$ -
Clean Communities Program		56,753.00		56,753.00	-
Municipal Alliance on Alcoholism and Drug Abuse		21,470.00		21,470.00	-
DrunK Driving Enforcement Program		15,407.43		15,407.43	-
Body Armor		5,948.80		5,948.80	-
Over the Limit Under Arrest		-	4,400.00	4,400.00	-
Emergency Management Assistance		5,000.00		5,000.00	-
Safe and Secure Communities Program		-	52,477.00	52,477.00	-
Community Development Block Grant		127,096.00		127,096.00	-
NJ Transportation Trust Fund Authority Act		251,000.00		251,000.00	-
Shared Service Agreement		-	195,000.00	195,000.00	-
Highway Traffic Safety - Helmets On - Always Alert		21,080.00		21,080.00	-
Drive Sober or Get Pulled Over		-	5,000.00	5,000.00	-
Other Special Items:					
Atlantic County Dispatch Agreement		17,863.10		17,863.10	-
Contribution Richard Stockton College		300,000.00		300,000.00	-
Total Miscellaneous Revenues	A-1	5,269,924.89	256,877.00	5,686,868.56	160,066.67
Receipts from Delinquent Taxes	A-1:A-2	20,000.00		119,449.74	99,449.74

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		\$ 15,836,155.72	\$	\$ 15,651,972.78	\$ (184,182.94)
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>15,836,155.72</u>	<u>-</u>	<u>15,651,972.78</u>	<u>(184,182.94)</u>
Budget Totals		<u>23,126,080.61</u>	<u>256,877.00</u>	<u>23,458,291.08</u>	<u>75,333.47</u>
Non-Budget Revenues		<u>\$ 23,126,080.61</u>	<u>\$ 256,877.00</u>	<u>\$ 23,853,459.94</u>	<u>\$ 470,502.33</u>

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenues from Collections	\$	72,749,143.54
Allocated to:		
School, County and Other Taxes		57,772,170.76
Balance for Support of Municipal Budget Appropriations		14,976,972.78
Add: Appropriation		
"Reserve for Uncollected Taxes"		675,000.00
Amount for Support of Municipal Budget Appropriations	\$	15,651,972.78

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	11,172.12
Tax Title Lien Collections		108,277.62
	\$	119,449.74

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Tax Search Fees	\$	890.00	
Mercantile License		21,755.00	
Improvement Searches		1,280.00	
Police Reports		9,800.48	
FEMA Reimbursement		46,720.85	
Sale of Recycling Material		6,835.55	
Sale of Municipal Assets		53,931.77	
Rental - Cell Phone Tower		29,123.39	
Payments in Lieu of Taxes		58,173.08	
Other		83,510.95	
Senior and Vets Administration Fee		7,730.00	
Port Republic - Senior Contribution		2,000.00	
Port Republic - GTGAA/PAL		11,417.79	
Port Republic - Communications		2,000.00	
Reimbursement of Prior Year Grant		60,000.00	
	\$	395,168.86	

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations			Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
General Administration	\$ 64,250.00	\$ 64,250.00	\$ 63,516.68	\$	\$ 733.32	\$
Salaries and Wages	3,659.00	3,659.00	3,657.73		1.27	
Other Expenses:						
Human Resources:						
Other Expenses	25,000.00	25,000.00	23,197.06		1,802.94	
Mayor and Council						
Salaries and Wages	30,802.00	30,802.00	29,780.92		1,021.08	
Other Expenses	10,000.00	10,000.00	9,351.87	60.00	588.13	
Municipal Clerk						
Salaries and Wages	76,287.00	90,887.00	90,637.59		249.41	
Other Expenses	37,100.00	31,100.00	27,515.72	682.99	2,901.29	
Financial Administration						
Salaries and Wages	245,426.00	239,426.00	234,564.24		4,861.76	
Other Expenses	24,537.00	21,537.00	17,100.08	1,121.57	3,315.35	
Audit Services						
Other Expenses	25,000.00	25,000.00	25,000.00		-	
Revenue Administration (Tax Collection)						
Salaries and Wages	64,362.00	65,912.00	64,270.52		1,641.48	
Other Expenses	36,795.00	36,795.00	33,368.46	3,426.29	0.25	
Tax Assessment Administration						
Salaries and Wages	166,092.00	166,092.00	156,067.26		10,024.74	
Other Expenses	48,600.00	43,600.00	42,990.65	410.62	198.73	
Legal Services						
Other Expenses	135,000.00	185,000.00	177,925.95	120.00	6,954.05	
Engineering Services and Costs						
Other Expenses	17,000.00	12,000.00	9,627.50	22.50	2,350.00	
Municipal Court						
Salaries and Wages	247,208.00	247,208.00	241,142.67		6,065.33	
Other Expenses	29,978.00	29,978.00	19,685.34	2,800.85	7,491.81	
<b>LAND USE ADMINISTRATION:</b>						
Planning Board						
Salaries and Wages	42,100.00	42,100.00	41,167.97		932.03	
Other Expenses	18,200.00	13,200.00	11,178.03	279.91	1,742.06	
Zoning Board of Adjustment						
Salaries and Wages	28,911.00	28,911.00	28,320.80		590.20	
Other Expenses	4,500.00	3,500.00	2,843.62	49.28	607.10	
Code Enforcement and Administration						
Other Code Enforcement Functions	4,000.00	4,000.00	1,133.33		2,866.67	

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
<b>INSURANCE:</b>					
Unemployment Insurance	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ -	\$ -
Liability Insurance	310,000.00	360,000.00	335,420.65	8,279.61	16,299.74
Workers' Compensation Insurance	459,692.37	359,692.37	359,692.37	-	-
Group Insurance Plan for Employees (Emergency Appropriation +400,000)	2,175,000.00	2,847,000.00	2,644,415.03	180,534.45	22,050.52
<b>PUBLIC SAFETY:</b>					
Police Department					
Salaries and Wages	5,587,749.00	5,587,749.00	5,316,425.31		271,323.69
Other Expenses	310,510.00	268,510.00	181,932.62	26,031.08	60,546.30
Police Dispatch / 911					
Salaries and Wages	517,112.00	517,112.00	517,053.00		59.00
Other Expenses	32,055.00	32,055.00	24,033.94	439.39	7,581.67
Office of Emergency Management					
Other Expenses	5,000.00	5,000.00	4,584.49	65.79	349.72
Aid to Volunteer Fire Companies	150,000.00	150,000.00	150,000.00		-
Fire Department					
Salaries and Wages	79,841.00	79,841.00	77,030.44		2,810.56
Other Expenses	424,669.00	412,669.00	386,868.50	18,567.54	7,232.96
Municipal Prosecutor's Office					
Salaries and Wages	47,000.00	47,000.00	40,924.00	4,000.00	2,076.00
<b>PUBLIC WORKS:</b>					
Streets and Road Maintenance					
Salaries and Wages	476,826.00	426,826.00	392,835.34		33,990.66
Other Expenses	179,762.00	79,762.00	46,592.71	18,308.30	14,860.99
Other Public Works Functions					
Salaries and Wages	200,330.00	200,330.00	194,641.00		5,689.00
Other Expenses	28,370.00	24,870.00	20,882.94	1,602.42	2,384.64
Solid Waste Collection					
Salaries and Wages	195,953.00	197,553.00	196,711.44		841.56
Other Expenses	33,939.00	33,939.00	15,942.70	4,774.65	13,221.65
Building and Grounds					
Salaries and Wages	248,223.00	248,223.00	245,945.44		2,277.56
Other Expenses	102,900.00	96,400.00	74,941.80	8,174.71	13,283.49
Vehicle Maintenance					
Other Expenses	687,690.00	687,690.00	617,070.14	60,385.04	10,234.82
Community Services Act	20,000.00	20,000.00	20,000.00		-

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
<b>HEALTH AND HUMAN SERVICES:</b>					
Environmental Health Services	\$ 3,000.00	\$ 3,000.00	\$	\$ 3,000.00	\$
Administration of Public Welfare	14,516.00	14,516.00	14,516.00	-	
Salaries and Wages	1,340.00	1,340.00	871.79	466.92	1.29
Other Expenses					
<b>PARKS AND RECREATION:</b>					
Recreation Services and Programs					
Salaries and Wages	31,100.00	31,100.00	31,079.21	20.79	
Other Expenses	87,875.00	87,875.00	66,505.89	2,804.53	18,564.58
Senior Services					
Salaries and Wages	103,313.00	103,563.00	103,544.47	18.53	
Other Expenses	16,085.00	16,085.00	12,705.51	2,025.84	1,353.65
Maintenance of Parks					
Salaries and Wages	700.00	700.00	288.30	411.70	
Other Expenses	65,389.00	65,389.00	48,776.48	2,716.93	13,895.59
<b>OTHER COMMON OPERATING FUNCTIONS:</b>					
Accumulated Leave Compensation	225,000.00	225,000.00	225,000.00	-	
Celebration of Public Events					
Salaries and Wages	13,144.00	13,144.00	13,142.04	1.96	
Other Expenses	10,000.00	10,000.00	8,094.28	1,094.26	811.46
Community Education					
Salaries and Wages	48,473.44	48,473.44	43,314.26	5,159.18	
Other Expenses	13,595.00	13,595.00	8,883.78	3,595.57	1,115.65
<b>UNIFORM CONSTRUCTION CODE:</b>					
State Uniform Construction Code					
Code Enforcement & Administration	273,275.00	273,275.00	267,202.53	6,072.47	
Salaries and Wages	22,390.00	22,390.00	16,871.72	428.56	5,089.72
Other Expenses					

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>						
Electric	\$ 170,000.00	\$ 170,000.00	\$ 131,593.65	\$ 4,106.31	\$ 34,300.04	\$ -
Street Lighting	142,000.00	142,000.00	114,053.71		27,946.29	
Telephone	65,000.00	65,000.00	46,874.55	570.00	17,555.45	
Gas	32,500.00	32,500.00	25,034.43		7,465.57	
Gasoline	343,366.00	283,366.00	237,421.21	41,128.23	4,816.56	
Landfill / Solid Waste Disposal Costs						
Other Expenses	41,500.00	41,500.00	29,814.79	308.00	11,377.21	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>15,480,989.81</b>	<b>15,865,989.81</b>	<b>14,763,576.45</b>	<b>399,382.14</b>	<b>703,031.22</b>	<b>-</b>
Contingent						
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>15,480,989.81</b>	<b>15,865,989.81</b>	<b>14,763,576.45</b>	<b>399,382.14</b>	<b>703,031.22</b>	<b>-</b>
Detail:						
Salaries and Wages	9,027,993.44	8,989,993.44	8,629,121.43	4,000.00	356,872.01	-
Other Expenses	6,452,996.37	6,875,996.37	6,134,455.02	395,382.14	346,159.21	-
<b>DEFERRED CHARGES:</b>						
NONE						
<b>STATUTORY EXPENDITURES:</b>						
Contributions to:						
Social Security System (O.A.S.I.)	700,000.00	700,000.00	633,609.70		66,390.30	
Public Employees Retirement System of N.J.	438,867.00	438,867.00	438,867.00		-	
Police and Firemen's Retirement System of N.J.	1,753,232.00	1,753,232.00	1,753,232.00		-	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</b>	<b>2,892,099.00</b>	<b>2,892,099.00</b>	<b>2,825,708.70</b>	<b>-</b>	<b>66,390.30</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>18,373,088.81</b>	<b>18,758,088.81</b>	<b>17,589,285.15</b>	<b>399,382.14</b>	<b>769,421.52</b>	<b>-</b>
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>						
Length of Service Award Program - Fire	125,367.00	125,367.00	122,598.00		2,769.00	
Rental Inspections						
Salaries and Wages	45,000.00	45,000.00	44,994.89		5.11	
<b>TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>170,367.00</b>	<b>170,367.00</b>	<b>167,592.89</b>	<b>-</b>	<b>2,774.11</b>	<b>-</b>

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Budget After Modification	Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET</b>							
<b>BY REVENUES</b>							
Reserve for Body Armor Fund	\$ 5,948.80	\$ 5,948.80	\$ 5,948.80	\$ 5,948.80		\$	
Recycling Tonnage Grant	26,022.56	26,022.56	26,022.56	26,022.56			
Clean Communities Grant	56,753.00	56,753.00	56,753.00	56,753.00			
Drive Sober or Get Pulled Over	-	5,000.00	5,000.00	5,000.00			
Municipal Alliance on Alcoholism & Drug Abuse	27,175.00	27,175.00	27,175.00	27,175.00			
Drunk Driving Enforcement Program	15,407.43	15,407.43	15,407.43	15,407.43			
Safe and Secure Program	-	52,477.00	52,477.00	52,477.00			
Emergency Management Assistance	5,000.00	5,000.00	5,000.00	5,000.00			
Over the Limit Under Arrest	-	4,400.00	4,400.00	4,400.00			
Helmets On - Always Alert	21,080.00	21,080.00	21,080.00	21,080.00			
Community Development Block Grant	127,096.00	127,096.00	127,096.00	127,096.00			
NJ Transportation Trust Fund	251,000.00	251,000.00	251,000.00	251,000.00			
Shared Services Agreement	-	195,000.00	195,000.00	195,000.00			
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>	<u>535,482.79</u>	<u>792,359.79</u>	<u>792,359.79</u>	<u>792,359.79</u>			
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	<u>705,849.79</u>	<u>962,726.79</u>	<u>962,726.79</u>	<u>959,952.68</u>	<u>2,774.11</u>		
Detail:							
Salaries and Wages	45,000.00	45,000.00	45,000.00	44,994.89		5.11	
Other Expenses	660,849.79	917,726.79	917,726.79	914,957.79		2,769.00	
<b>CAPITAL IMPROVEMENTS</b>							
Capital Improvement Fund	58,000.00	58,000.00	58,000.00	58,000.00			
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<u>58,000.00</u>	<u>58,000.00</u>	<u>58,000.00</u>	<u>58,000.00</u>			



**EXHIBIT - B  
TRUST FUND**

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Assessment Fund</u>			
Cash and Investments	B-2, B-5	\$ 804,692.35	\$ 650,064.80
Due from Current Fund		1,602.27	-
Assessments Receivable		384,508.25	536,820.41
Assessment Liens Receivable		2,632.12	1,697.92
		<u>1,193,434.99</u>	<u>1,188,583.13</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	7,203.24	9,713.08
		<u>7,203.24</u>	<u>9,713.08</u>
<u>Other Funds</u>			
Cash and Investments - Treasurer	B-2	5,093,824.36	5,670,076.90
Cash and Investments - Collector	B-3	315,960.90	138,625.05
Accounts Receivable - Public Defender		-	1,924.50
Due from Current Fund - Tax Collector Special		75.00	-
Due from Current Fund-Special Law Enforcement		7,849.55	-
Due from Current Fund-Public Defender Trust		3,966.00	-
Due from Taxpayer		855.55	998.11
Due from Current Fund - Inspection Escrow		-	553.15
		<u>5,422,531.36</u>	<u>5,812,177.71</u>
		<u>\$ 6,623,169.59</u>	<u>\$ 7,010,473.92</u>

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Assessment Fund</u>			
Reserve for Assessments and Liens	B-5	\$ 1,184,990.63	\$ 1,186,087.35
Due to Current Fund		-	1,630.37
Due to Sewer Operating Fund		1,040.79	-
Water Assessment Overpayments		9.50	849.00
Deposits on Future Assessments		7,377.67	-
Due to Bank		16.40	16.41
		<u>1,193,434.99</u>	<u>1,188,583.13</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-7	7,202.04	9,713.08
Due to State of New Jersey		1.20	-
		<u>7,203.24</u>	<u>9,713.08</u>
<u>Other Funds</u>			
Due to Bank		19.51	0.63
Funds Held in Escrow - Inspection Fees		2,379,321.85	2,452,390.20
Premiums Received at Tax Sales		313,950.00	135,450.00
Deposits for Redemption of Tax Sale Certificates		2,941.45	4,173.16
Funds Held in Escrow - Developer Fees		137,227.08	206,155.77
Payroll Deductions and Taxes Payable		75,204.68	74,888.05
Reserves for:			
Community Events		168,498.81	179,656.03
Compensated Absences		12,055.72	9,750.05
General Liability Insurance Fund		3,730.12	58,374.52
Health Insurance Trust Fund		4,404.61	85,775.47
Housing Trust Fund		1,130,432.39	1,465,021.71
Landfill Closure		584,199.29	582,861.26
Media Relations		1,383.15	1,381.30
Parking Offenses Adjudication Act		5,050.15	5,029.46
Police Special Detail		36,259.69	19,322.57
Public Defender Fees		23,419.42	31,733.13
Special Law Enforcement Fund		66,270.04	57,447.04
Unemployment Compensation Insurance		44,609.01	1,503.06
Uniform Fire Safety		1,780.44	1,778.03
Utility Escrow Deposits		412,043.27	396,607.26
Workers Compensation		19,730.68	42,879.01
		<u>5,422,531.36</u>	<u>5,812,177.71</u>
		<u>\$ 6,623,169.59</u>	<u>\$ 7,010,473.92</u>

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

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Cash and Investments	C-2,C-3	\$ 3,972,084.75	\$ 1,886,219.39
Prospective Assessments Raised by Taxation	C-4	15,500.00	15,500.00
Deferred Charges to Future Taxation:			
Funded	C-6	21,721,510.39	12,989,939.85
Unfunded	C-7	8,522,809.94	18,863,168.45
State Aid Receivable		176,168.00	176,168.00
Due from NJEIT		111,951.00	-
State Aid Receivable - New Jersey Transportation Trust Fund		250,217.79	250,217.79
Due from Bank		2.40	722.40
		<u>\$ 34,770,244.27</u>	<u>\$ 34,181,935.88</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-9	\$ 21,515,000.00	\$ 12,885,000.00
Green Trust Loan Payable	C-9A	111,842.25	122,222.71
NJEIT Loan Payable	C-9B	111,951.00	-
Bond Anticipation Notes Payable	C-10	-	8,500,000.00
Improvement Authorizations:			
Funded	C-8	4,301,523.20	1,100,463.38
Unfunded	C-8	7,205,616.87	10,461,117.47
Contracts Payable		962,208.17	806,506.79
Due to Sewer Utility Capital Fund		-	4,785.15
Reserve for Purchase of Fire Truck		5,825.00	5,825.00
Reserve for Preliminary Expenses		500.00	500.00
Reserve for Prospective Assessments Raised by Taxation		15,500.00	15,500.00
Reserve for Premium on Bond Anticipation Note		64,095.85	64,095.85
Reserve for Premium on Bond Sale		257,896.40	-
Capital Improvement Fund	C-5	63,284.93	64,544.93
Fund Balance	C-1	155,000.60	151,374.60
		<u>\$ 34,770,244.27</u>	<u>\$ 34,181,935.88</u>

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

Balance December 31, 2010	<u>Ref.</u> C		\$	151,374.60
Increased By:				
Reimbursement for Refunding Bond		\$		3,626.00
				3,626.00
				155,000.60
Decreased By:				
None				-
				-
Balance December 31, 2011	C		\$	155,000.60

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

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<b>Operating Fund:</b>			
Cash and Investments	D-5	\$ 1,538,844.04	\$ 1,747,230.92
Due from Current		1,869.13	-
Due from Special Trust Assessment Fund		1,040.79	-
Due from Utility Capital Fund		-	7,876.71
		<u>1,541,753.96</u>	<u>1,755,107.63</u>
<b>Receivables With Full Reserves:</b>			
Consumer Accounts Receivable	D-7	6,301.47	4,402.71
Utility Liens Receivable	D-8	12,348.27	2,371.82
Due from Bank		13.98	13.98
		<u>18,663.72</u>	<u>6,788.51</u>
<b>Total Operating Fund</b>		<u>1,560,417.68</u>	<u>1,761,896.14</u>
<b>Capital Fund:</b>			
Cash and Investments	D-5, D-6	2,489,012.45	1,958,246.80
Due from State - N.J. E.I.T. Funding		1,107,942.00	2,333,029.00
Due from General Capital Fund		-	4,785.15
<b>Fixed Capital:</b>			
Completed	D-9	26,849,151.26	26,869,151.26
Authorized and Uncompleted		14,825,240.44	14,575,240.44
<b>Total Capital Fund</b>		<u>45,271,346.15</u>	<u>45,740,452.65</u>
		<u>\$ 46,831,763.83</u>	<u>\$ 47,502,348.79</u>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<b>Operating Fund:</b>			
Appropriation Reserves	D-4	\$ 114,046.08	\$ 100,422.58
Encumbrances Payable	D-4	31,428.03	23,196.96
Accrued Interest on Bonds and Notes	D-12	69,326.60	43,210.14
Accounts Payable		-	838.80
Prepaid Sewer Rents and Connection Fees		1,755.00	-
Sewer Rent Overpayments		18,445.77	35,348.45
Due to Current Fund		-	25,173.01
Reserve for Maintenance of Pump Station		3,167.00	3,167.00
Reserve for Payment of Bonds		4,800.00	4,800.00
Reserve for EPA Funds		14,765.00	14,765.00
		<u>257,733.48</u>	<u>250,921.94</u>
Reserve for Receivables	D	18,663.72	6,788.51
Fund Balance	D-1	1,284,020.48	1,504,185.69
<b>Total Operating Fund</b>		<u>1,560,417.68</u>	<u>1,761,896.14</u>
<b>Capital Fund:</b>			
Serial Bonds Payable	D-14	10,445,000.00	8,315,000.00
N.J. E.I.T. Loans Payable	D-15	1,968,713.43	2,258,844.46
Bond Anticipation Notes	D-16	-	2,500,000.00
Contracts Payable		369,616.34	370,136.80
Due to Utility Operating Fund		-	7,876.71
<b>Improvement Authorizations:</b>			
Funded	D-13	3,217,886.39	3,387,855.37
Unfunded	D-13	2,472,362.11	3,188,643.46
Reserve for Payment of Bonds and Notes		10,270.51	10,270.51
Reserve for Premium on Bond Sale		66,093.00	-
Reserve for Amortization		24,043,334.29	23,036,255.26
Deferred Reserve for Amortization		2,420,990.40	2,408,490.40
Capital Improvement Fund	D-11	245,068.25	245,068.25
Fund Balance	D-2	12,011.43	12,011.43
<b>Total Capital Fund</b>		<u>45,271,346.15</u>	<u>45,740,452.65</u>
		<u>\$ 46,831,763.83</u>	<u>\$ 47,502,348.79</u>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	495,000.00	\$ 722,354.87
Sewer Rents		5,583,602.11	5,611,754.88
Miscellaneous		160,224.12	195,928.67
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		96,563.29	113,200.08
Interfund Returned		-	2.08
<b>Total Income</b>		<b><u>6,335,389.52</u></b>	<b><u>6,643,240.58</u></b>
Expenditures:			
Operations:			
Salaries and Wages		1,091,288.00	1,132,136.00
Other Expenses		3,333,499.00	3,170,196.00
Capital Improvements		12,500.00	70,000.00
Debt Service		1,461,817.73	1,332,583.87
Deferred Charges and Statutory Expenditures		161,450.00	152,439.00
<b>Total Expenditures</b>		<b><u>6,060,554.73</u></b>	<b><u>5,857,354.87</u></b>
Excess (Deficit) in Revenue		274,834.79	785,885.71
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	-
		<u>274,834.79</u>	<u>785,885.71</u>
Fund Balance January 1	D	<u>1,504,185.69</u>	<u>1,440,654.85</u>
		1,779,020.48	2,226,540.56
Decreased By:			
Utilization as Anticipated Revenue		<u>495,000.00</u>	<u>722,354.87</u>
Balance December 31	D	<b><u>\$ 1,284,020.48</u></b>	<b><u>\$ 1,504,185.69</u></b>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS**

Balance December 31, 2010	<u>Ref.</u> D		\$	12,011.43
Increased By:				
None		\$		-
				-
				12,011.43
Decreased By:				
None				-
				-
Balance December 31, 2011	D		\$	12,011.43

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ 495,000.00	\$ 495,000.00	\$ -
Anticipated Revenue:			
Sewer Rents	5,472,000.00	5,583,602.11	111,602.11
Miscellaneous	106,737.00	160,224.12	53,487.12
	<u>5,578,737.00</u>	<u>5,743,826.23</u>	<u>165,089.23</u>
Total Revenue	\$ <u>6,073,737.00</u>	\$ <u>6,238,826.23</u>	\$ <u>165,089.23</u>

**Analysis of Realized Revenue:**

## Sewer Rents

Consumer Accounts Receivable	\$ 5,581,722.98	
Lien Accounts Receivable	<u>1,879.13</u>	
Total Sewer Rents		\$ <u>5,583,602.11</u>

## Miscellaneous Revenues

Permits to Connect	\$ 31,500.00	
Interest on Investments	5,564.86	
Penalties	35,503.19	
Application Fees	171.45	
House Connections	160.00	
Other Miscellaneous	406.94	
Reimburse Storms FEMA	<u>86,917.68</u>	
Total Miscellaneous Revenues		\$ <u>160,224.12</u>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 1,091,288.00	\$ 1,091,288.00	\$ 1,050,416.54	\$ 40,871.46	\$ -
Other Expenses	3,348,499.00	3,333,499.00	3,262,325.39	71,173.61	-
	4,439,787.00	4,424,787.00	4,312,741.93	112,045.07	-
Capital Improvements:					
Capital Improvement Fund	12,500.00	12,500.00	12,500.00	-	-
	12,500.00	12,500.00	12,500.00	-	-
Debt Service:					
Payment of Bond Principal	1,040,000.00	1,055,000.00	1,055,000.00	-	-
Interest on Bonds	295,000.00	295,000.00	295,000.00	-	-
Interest on Notes	30,000.00	30,000.00	16,817.73	13,182.27	13,182.27
NJ/EIT Interest and Principal Payments	95,000.00	95,000.00	95,000.00	-	-
	1,460,000.00	1,475,000.00	1,461,817.73	-	13,182.27
Deferred Charges and Statutory Expenditures:					
Public Employees Retirement System	77,450.00	77,450.00	77,450.00	-	-
Social Security System (O.A.S.I.)	84,000.00	84,000.00	81,998.99	2,001.01	-
	161,450.00	161,450.00	159,448.99	2,001.01	-
	\$ 6,073,737.00	\$ 6,073,737.00	\$ 5,946,508.65	\$ 114,046.08	\$ 13,182.27
Ref.	D			D	
			\$ 5,508,262.89	Disbursed	
			406,817.73	Interest on Bonds	
			31,428.03	Encumbered	
			\$ 5,946,508.65		

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

**TOWNSHIP OF GALLOWAY**  
**PUBLIC ASSISTANCE FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Assets</u>			
Cash Trust I	D-1	\$ 12,096.40	\$ 12,080.33
Cash Trust II	D-1	18,696.97	18,672.12
		<u>\$ 30,793.37</u>	<u>\$ 30,752.45</u>
 <u>Liabilities and Reserves</u>			
Reserve for Public Assistance Trust I		\$ 12,096.40	\$ 12,080.33
Reserve for Public Assistance Trust II		18,696.97	18,672.12
		<u>\$ 30,793.37</u>	<u>\$ 30,752.45</u>

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

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

	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
General Fixed Assets:		
Land	\$ 1,498,200.00	\$ 1,498,200.00
Buildings and Improvements	2,688,900.00	2,688,900.00
Machinery and Equipment	<u>17,231,489.99</u>	<u>17,281,737.29</u>
Total General Fixed Assets	<u>\$ 21,418,589.99</u>	<u>\$ 21,468,837.29</u>
Investment in General Fixed Assets	<u>\$ 21,418,589.99</u>	<u>\$ 21,468,837.29</u>

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

**Basis of Accounting**

The financial statements of the Township of Galloway have been prepared in conformity with an "Other Comprehensive Basis of Accounting" (OCBOA) as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant of the Township's accounting policies are described below.

**Description of Financial Reporting Entity**

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

**Component Units**

The financial statements of the component units of the Township of Galloway are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14. If the provisions of GASB No. 14 had been complied with, the other entity's financial statements would have to be either blended or discretely presented with the financial statements of the Township, the primary government.

**Basis of Presentation, Fund Accounting**

The financial statements of the Township of Galloway contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Galloway accounts for its financial transactions through the following separate funds, which differ from the funds required by GAAP.

**Current Fund**

The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State Grant funds.

**Trust Funds**

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

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**General Capital Fund**

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

**Sewer Utility Operating and Capital Funds**

The Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

**Public Assistance Fund**

The Public Assistance Fund accounts for receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes. Effective February 2, 1998, the administration of the Township's public assistance program had been transferred to the Atlantic County Division of Economic Assistance.

**Budgets and Budgetary Accounting**

The Township of Galloway must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 10<sup>th</sup> 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 municipality. The public hearing must not be held less than twenty-eight days after the date of introduction. 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. 40A:4-9.

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.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1(a) provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the Township of Galloway requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Investments**

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of 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 in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

All certificates of deposit are recorded as cash regardless of date of maturity.

**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 fund balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

**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 balance sheets.

**General Fixed Assets**

Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive. Fixed assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets are valued at historical cost, or estimated historical cost if actual historical cost is not available. The Township uses a threshold of \$1,000 for the recording of fixed assets.

No depreciation on general fixed assets is recorded in the financial statements.

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

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

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 municipality 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 capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded in the General Fixed Assets Account Group at the market value at the time of acquisition.

**Deferred Charges**

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

**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. Appropriation Reserves are not established under GAAP.

**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 represent amounts available for anticipation as revenue in future budgets, with certain restrictions.

**Revenues**

Revenues are recorded as received in cash, except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants is realized as revenue when anticipated as such in the Township's budget. 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. GAAP generally requires that grant revenue be recognized when the actual expenditures financed by the grant are made.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property Tax Revenues**

Property tax revenues are collected in quarterly installments due February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup>. Property taxes unpaid on April 1<sup>st</sup> of the year following their final due date are subject to tax sale in accordance with statutes. 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 entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

**School Taxes**

The Township is responsible for levying, collecting and remitting school taxes for the Galloway Township Board of Education and the Township's share of the Greater Egg Harbor Regional High School District. Fund balance is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31, and for the regional high school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2010, and decreased by the amount deferred at December 31, 2011. GAAP would require the recording of a deferred revenue. The following schedule illustrates school taxes payable and school taxes deferred at December 31<sup>st</sup> for the last two years.

	December 31, 2011	December 31, 2010
Local School Tax Payable	\$ 4.50	\$ 80,102.94
Regional High School Tax Payable	1,499,370.94	2,882,356.95
Regional High School Tax Deferred	6,400,000.00	5,177,683.46
	\$ 7,899,375.44	\$ 8,140,143.35

**County Taxes**

The Township is responsible for levying, collecting and remitting county taxes for the County of Atlantic. Fund balance 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, fund balance is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 the reserve, determined by the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

**Expenditures**

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Outstanding encumbrances at December 31<sup>st</sup> are recorded as a cash liability. Appropriations for principal payments on outstanding general capital fund bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

**Compensated Absences and Post-Employment 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 post employment benefits, if any, which are also funded on a "pay as you go" basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT**

**Summary of Municipal Debt**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 21,738,793.25	\$ 21,507,223.00	\$ 22,367,398.63
Sewer Utility:			
Bonds and Notes	<u>12,413,713.43</u>	<u>13,088,923.00</u>	<u>9,270,000.00</u>
Total Issued	<u>34,152,506.68</u>	<u>34,596,146.00</u>	<u>31,637,398.63</u>
Less:			
Funds Temporarily Held to			
Pay Bonds and Notes:			
General	339,275.11	81,378.71	17,282.86
Self-Liquidating Debt	<u>94,057.93</u>	<u>27,964.93</u>	<u>15,671,525.00</u>
Total Deductions	<u>433,333.04</u>	<u>109,343.64</u>	<u>15,688,807.86</u>
Net Debt Issued	<u>33,719,173.64</u>	<u>34,486,802.36</u>	<u>15,948,590.77</u>
<u>Authorized but not issued</u>			
Bonds and Notes:			
General	8,522,809.94	10,363,168.00	11,048,168.45
Sewer	<u>2,640,102.00</u>	<u>7,609,554.00</u>	<u>6,401,525.00</u>
Total Authorized but not Issued	11,162,911.94	17,972,722.00	17,449,693.45
Net Bonds and Notes Issued, and Authorized but not Issued	<u>\$ 44,882,085.58</u>	<u>\$ 52,459,524.36</u>	<u>\$ 33,398,284.22</u>

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .83%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 9,167,000.00	\$ 9,167,000.00	\$ -
Regional School Debt	23,513,683.00	23,513,683.00	-
Sewer Utility	15,053,815.43	15,053,815.43	-
General Debt	<u>30,261,603.19</u>	<u>339,275.11</u>	<u>29,922,328.08</u>
	<u>\$ 77,996,101.62</u>	<u>\$ 48,073,773.54</u>	<u>\$ 29,922,328.08</u>

Net Debt \$29,922,328.08 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,595,248,856 = .83%.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

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

3-1/2% of Equalized Valuation Basis	\$	125,833,709.96
Net Debt		<u>29,922,328.08</u>
Remaining Borrowing Power	\$	<u><u>95,911,381.88</u></u>

The foregoing debt information was amended to the Annual Debt Statement filed by the chief financial officer.

**Calculation of "Self-Liquidating Purpose", Sewer Utility Per N.J.S.A. 40A:2-45:**

Cash Receipts from Fees, Rents or Other Charges for the Year	\$	6,238,826.23
Deductions:		
Operating & Maintenance Costs	\$	4,586,237.00
Debt Service		<u>1,461,818.00</u>
Total Deductions		<u>6,048,055.00</u>
Excess (Deficit) in Revenue	\$	<u><u>190,771.23</u></u>

**Description of Bonds and Loans Payable**

At December 31, 2011, bonds and loans payable in the *General Capital Fund* consisted of the following individual issues:

\$4,355,000 Refunding Bonds dated September 1, 2001, due in annual installments through November 1, 2012, bearing interest at varying rates. The remaining balance of \$700,000 was paid off in 2011.

\$3,845,000 Refunding Bonds dated December 1, 2002, due in annual installments through December 1, 2017, bearing interest at varying rates. In 2011, \$1,495,000 of the principal balances from 2013-2017 were refunded. The balance remaining as of December 31, 2011 is \$300,000.00.

\$10,400,000 General Improvement Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2007 through December 1, 2019, and bearing interest at rates varying from 3.50% to 4.250%. The balance remaining as of December 31, 2011 is \$6,900,000.00.

\$3,790,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2014, bearing interest at varying rates. The balance remaining as of December 31, 2011 is \$1,735,000.00.

\$11,000,000 General Improvement Bonds dated September 1, 2011, due in annual installments, beginning September 1, 2012 through September 1, 2023, and bearing interest at rates varying from 2.00% to 3.00%. The balance remaining as of December 31, 2011 is \$11,000,000.00.

\$1,595,000 Refunding Bonds dated September 1, 2011, due in annual installments beginning December 1, 2011 through December 1, 2017 bearing interest at varying rates from 1.00%-2.00%. The balance remaining as of December 31, 2011 is \$1,580,000.00.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

\$18,475 Green Trust Loan dated 1989, due in semi-annual installments through September 8, 2013, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2011, is \$2,241.37.

\$150,000 Green Trust Loan dated 2002, due in semi-annual installments through 2022. The balance remaining as of December 31, 2011, is \$109,600.88.

\$111,951 N.J. Environmental Infrastructure Loan dated 12/16/2011, due in semi-annual installments each March and September 1<sup>st</sup>, through 2031. The balance remaining as of December 31, 2011, is \$111,951.00.

At December 31, 2011, bonds and loans payable in the Sewer Capital Fund consisted of the following individual issues:

\$3,790,000 Sewer Utility Refunding Bonds dated September 1, 2001, due in annual installments through November 1, 2016, bearing interest at varying rates. The balance remaining as of December 31, 2011 is \$1,605,000.00.

\$2,960,000 Sewer Utility Bonds dated December 1, 2002, due in annual installments through September 1, 2015, bearing interest at varying rates. In 2011, \$1,210,000 of the balance was refunded. The balance remaining as of December 31, 2011 is \$200,000.00.

\$1,300,000 Sewer Utility Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2007 through December 1, 2019, and bearing interest at rates varying from 3.50% to 4.250%. The balance remaining as of December 31, 2011 is \$840,000.00.

\$5,225,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2018, bearing interest at varying rates. The balance remaining as of December 31, 2011 is \$3,420,000.00.

\$3,100,000 General Improvement Bonds dated September 1, 2011, due in annual installments, beginning September 1, 2012 through September 1, 2023, and bearing interest at rates varying from 2.00% to 3.00%. The balance remaining as of December 31, 2011 is \$3,100,000.00.

\$1,295,000 Refunding Bonds dated September 1, 2011, due in annual installments beginning December 1, 2011 through December 1, 2017 bearing interest at varying rates from 1.00%-2.00%. The balance remaining as of December 31, 2011 is \$1,280,000.00.

\$150,000 N.J. Environmental Infrastructure Trust Loan dated 3/10/10, due in annual installments, beginning August 1, 2012 through August 1, 2039, and bearing interest at rates varying from 3.00% to 5.00%. The balance remaining as of December 31, 2011 is \$145,000.00.

\$444,817 N.J. Environmental Infrastructure Fund Loan dated 3/10/10, due in semi-annual installments, beginning August 1, 2011 through August 1, 2029, and bearing an interest rate of 0.00%. The Township received a \$233,052 reduction in the loan in 2011. The balance remaining as of December 31, 2011 is \$174,068.65.

\$810,000 N.J. Environmental Infrastructure Loan dated 12/2/10, due in annual installments, beginning August 1, 2012 through August 1, 2030, and bearing an interest rate of 5.00%. The balance remaining as of December 31, 2011 is \$810,000.00.

\$869,106 N.J. Environmental Infrastructure Loan dated 12/2/10, due in semi-annual installments, beginning August 1, 2012 through August 1, 2030, and bearing an interest rate of 0.00%. The balance remaining as of December 31, 2011 is \$839,644.78.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

**Changes in Long-Term Debt**

The following schedule represents the changes in the Long-term Debt:

	<u>Outstanding 12/31/10</u>	<u>Issues or Additions</u>	<u>Payments or Reductions</u>	<u>Outstanding 12/31/11</u>
<b>General Capital Fund:</b>				
Bonds Payable	\$ 12,885,000.00	\$ 12,595,000.00	\$ 3,965,000.00	\$ 21,515,000.00
Loans Payable	122,222.71	111,951.00	10,380.46	223,793.25
<b>Total General Capital Fund</b>	<u>13,007,222.71</u>	<u>12,706,951.00</u>	<u>3,975,380.46</u>	<u>21,738,793.25</u>
<b>Sewer Utility Capital Fund:</b>				
Bonds Payable	8,315,000.00	4,395,000.00	2,265,000.00	10,445,000.00
Loans Payable	2,258,844.46		290,131.03	1,968,713.43
<b>Total Sewer Utility Capital Fund</b>	<u>10,573,844.46</u>	<u>4,395,000.00</u>	<u>2,555,131.03</u>	<u>12,413,713.43</u>
<b>Total - All Funds</b>	<u>\$ 23,581,067.17</u>	<u>\$ 17,101,951.00</u>	<u>\$ 6,530,511.49</u>	<u>\$ 34,152,506.68</u>

**Schedule of Annual Debt Service for Principal and Interest for Serial Bonds Issued and Outstanding**

Year Ending December 31	General Capital Fund		Sewer Utility Capital Fund	
	Principal	Interest	Principal	Interest
2012	\$ 2,425,000.00	\$ 678,388.96	\$ 1,220,000.00	\$ 354,075.83
2013	2,520,000.00	601,162.50	1,320,000.00	309,768.75
2014	2,565,000.00	522,987.50	1,320,000.00	266,718.75
2015	2,010,000.00	433,562.50	1,380,000.00	219,668.75
2016	2,055,000.00	375,787.50	1,390,000.00	172,875.00
2017-2021	7,940,000.00	952,087.00	3,135,000.00	329,862.50
2022-2026	2,000,000.00	81,000.00	680,000.00	30,600.00
	<u>\$ 21,515,000.00</u>	<u>\$ 3,644,975.96</u>	<u>\$ 10,445,000.00</u>	<u>\$ 1,683,569.58</u>

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

Year Ending December 31	General Capital Green Trust		General Capital NJEIT	
	Principal	Interest	Principal	Interest
2012	\$ 10,589.10	\$ 2,184.16	7,778.00	\$ 374.65
2013	10,801.94	1,971.32	9,167.00	1,143.00
2014	9,864.49	1,759.94	9,167.00	1,143.00
2015	10,062.76	1,561.67	9,167.00	1,143.00
2016	10,265.03	1,359.41	9,167.00	1,143.00
2017-2021	54,504.23	3,617.94	25,835.00	5,265.00
2022-2026	5,754.70	57.55	20,835.00	5,265.00
2027-2031			20,835.00	3,210.50
	<u>\$ 111,842.25</u>	<u>\$ 12,511.99</u>	<u>111,951.00</u>	<u>\$ 18,687.15</u>

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

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

Year Ending December 31	Sewer Capital Principal	Interest
2012	\$ 96,809.64	\$ 46,600.00
2013	101,809.64	45,100.00
2014	101,809.64	43,350.00
2015	101,809.64	41,600.00
2016	101,809.64	39,850.00
2017-2021	506,938.75	169,700.00
2022-2026	510,959.15	108,500.00
2027-2031	446,767.33	33,150.00
	\$ 1,968,713.43	\$ 527,850.00

**Note 3: COMPENSATED ABSENCES**

The Township employees are entitled to fifteen sick leave days each year. Vacation days are earned based on years of service. Employees are entitled to 10 vacation days for the first year of employment, 11 days for 2 through 5 years of service, 13 days for 6 through 10 years of service, 18 days for 11 through 19 years of service, and 20 days for 20 years or more of service. Sick and vacation days accumulated through December 31, 1991 have been credited to the employees and will be reimbursed at 100% of the employees' daily rate of pay upon retirement. Beginning January 1, 1992, unused sick leave may be accumulated and carried forward to subsequent years, and at retirement the employee will be reimbursed up to fifty percent of days not used, not to exceed the amount of \$10,000. Vacation days earned on or after January 1, 1992 may be carried over for one year only, unless extended by the Township Manager with the recommendation of the department head.

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. The balance of the fund was \$12,055.72 at December 31, 2011, and \$9,750.05 at December 31, 2010. It is estimated that accrued benefits for compensated absences are valued at \$1,162,290.02 and \$1,478,624.58 at December 31, 2011 and December 31, 2010, respectively.

**Note 4: DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1998, the Township amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in trust under the beneficial ownership of the Trustee, (Township of Galloway) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose.

The Plan is administered by the following service organizations:

Great-West Life & Annuity Insurance Company  
Equitable

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 5: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

		Balance December 31, 2011		Balance December 31, 2010
Prepaid Taxes - Cash Liability	\$	668,304.55	\$	640,479.60

**Note 6: PENSION PLANS**

**Plan Descriptions**

All eligible employees participate in the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

*Public Employees' Retirement System (PERS)* - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

*Police and Fireman's Retirement System (PFRS)* - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

*Defined Contribution Retirement Program (DCRP)* - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2010. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

**Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60 and, under recently enacted legislation are generally determined to be 1/55 of final average salary for each year of service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**Note 6: PENSION PLANS (Continued)**

**Vesting and Benefit Provisions (Continued)**

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55 and 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. Final compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 20 or 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final average compensation for each year of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer.

**Funding Policy**

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 415, P.L. 1999, the member rate was set at 5.5% (increased to 6.5% effective 10/1/11) of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 8.5% (increased to 10% effective 10/1/11) of base salary.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were no employees enrolled in the DCRP for the year ended December 31, 2011, although there should have been.

For the Public Employees' Retirement System, the Township's required contribution was \$516,317.00 for 2011 and \$432,400.00 for 2010.

<u>Three-Year Trend Information for PERS</u>			
<u>Funding</u> <u>Year Ended</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
12/31/11	\$ 516,317.00	100%	\$ 516,317.00
12/31/10	432,400.00	100%	432,400.00
12/31/09	373,358.00	100%	373,358.00

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 6: PENSION PLANS (Continued)**

**Funding Policy (Continued)**

For the Police and Firemen's Retirement System, the Township's required contribution was \$1,753,232.00 for 2011 and \$1,452,202.00 for 2010.

Three-Year Trend Information for PFRS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 1,753,232.00	100%	\$ 1,753,232.00
12/31/10	1,452,202.00	100%	1,452,202.00
12/31/09	1,086,444.00	100%	1,086,444.00

**Note 7: DEPOSITS AND INVESTMENTS**

**Deposits**

Operating cash, in the form of checking, savings and money market savings accounts, is held in the Township's name by several commercial banking institutions. At December 31, 2011, the carrying amount of the Township's deposits was \$20,288,419.74 and the bank balance was \$20,741,382.30. Of the bank balance, \$250,000.00 was insured with Federal Deposit Insurance Corporation, \$20,491,382.30 was insured under the Governmental Unit Deposit Protection Act (GUDPA), and \$0.00 was uninsured.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the Township's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Township would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The Township does not have a policy for custodial credit risk.

**Investments**

At December 31, 2011, the Township had the following investments:

Investment	Face Amount	Carrying Amount	Investment Maturities (in years)		
			Less than 1	1 - 5	6 - 10
New Jersey Cash Management Fund	\$ 305,946.73	\$ 305,946.73	\$ 305,946.73	\$ -	\$ -
	\$ 305,946.73	\$ 305,946.73	\$ 305,946.73	\$ -	\$ -

**Interest Rate Risk:** The Township does not have a policy regarding interest rate risk. However, state statutes limit the maturity of all investments to less than one year (see Note 1 – Cash and Investments).

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 7: DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Township had no policy on custodial credit risk.

Credit Risk: The Township does not have an investment policy regarding credit risk. The New Jersey Cash Management Fund is not rated.

**Note 8: PROPERTY TAXES**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value.

Upon the filing of certified adopted budgets by the municipality, the local school district, regional school district, fire districts and the county, the rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due February 1<sup>st</sup> and May 1<sup>st</sup> respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due August 1<sup>st</sup> and November 1<sup>st</sup> of the succeeding fiscal year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey statutes.

Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes.

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged to a reserve set aside for this purpose or directly to operations.

**TOWNSHIP OF GALLOWAY**  
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**(CONTINUED)**

**Note 8: PROPERTY TAXES (Continued)**

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:

<b>Comparative Schedule of Tax Rates</b>			
	<b>2011</b>	<b>2010</b>	<b>2009 R</b>
Tax Rate	\$ 2.019	\$ 1.969	\$ 1.895
Apportionment of Tax Rate:			
Municipal	0.434	0.409	0.384
County	0.355	0.329	0.321
Local School	0.797	0.794	0.791
Regional School	0.433	0.437	0.399

R = Revaluation

<b>Assessed Valuation</b>	
Year	Amount
2011	\$ 3,645,856,678
2010	3,686,976,888
2009 R	3,675,075,400

R = Revaluation

<b>Comparison of Tax Levies and Collections</b>				
Year		Tax Levy	Collections	Percentage of Collections
2011	\$	73,787,864.02	\$ 72,749,143.54	98.59%
2010		72,874,703.36	72,270,898.06	99.17%
2009 R		70,317,540.01	69,654,258.64	99.06%

R = Revaluation

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**Note 8: PROPERTY TAXES (Continued)**

<b>Delinquent Taxes and Tax Title Liens</b>				
Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2011	\$ 887,104.19	\$ 28,189.52	\$ 915,293.71	1.24%
2010	636,619.62	17,370.96	653,990.58	0.90%
2009	428,510.16	10,840.85	439,351.01	0.62%

**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, was as follows:

Year	Amount
2011	\$ 3,488,694
2010	3,550,794
2009	3,553,594

**Note 9: ECONOMIC DEPENDENCY**

The Township of Galloway is not economically dependent on any one funding agent within the Township or State of New Jersey.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**Note 10: FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budgets:

**Current Fund:**

<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
2011	\$ 3,171,417.14	\$ 2,460,000.00	77.57%
2010	2,820,042.05	2,000,000.00	70.92%
2009	3,260,574.87	2,535,000.00	77.75%
2008	3,131,836.07	2,565,628.33	81.92%
2007	3,522,994.60	2,322,990.90	65.94%

**Sewer Utility Operating Fund:**

<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
2011	\$ 1,284,020.48	\$ 600,000.00	46.73%
2010	1,504,185.69	495,000.00	32.91%
2009	1,440,654.85	722,354.87	50.14%
2008	2,231,105.08	1,312,616.32	58.83%
2007	3,150,870.66	919,765.58	29.19%

**Note 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY**

Receivables and payables at December 31, 2011 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ -	\$ 15,361.95
General Capital Fund	-	-
Trust Assessment Fund	1,602.27	1,040.79
Trust Fund - Other	11,890.55	-
Utility Operating Fund	2,909.92	-
Utility Capital Fund	-	-
Total	<u>\$ 16,402.74</u>	<u>\$ 16,402.74</u>

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**Note 12: BUDGETARY DATA**

Annually, Township Council adopts the annual appropriated budgets for the Current Fund and the Capital Improvement Plan. Once approved, the Township Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Supplemental appropriations per N.J.S.A. 40A:4-46, 54, Emergencies and Special Emergencies, become charges against the budget of the following year per N.J.S.A. 40A:4-47 except when financing is provided for by bonding ordinances.

Budget transfers between major appropriation accounts are prohibited until the last two months of the year. The Township Council approves transfers by resolution. Budgetary transfers for the year 2011 were insignificant.

**Note 13: FEDERAL AND STATE GRANTS**

In the normal course of operations, the Township participates in a number of federal and state grant programs. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions relevant to the granting of funds. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor. As of December 31, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies, nor are there any known liabilities for reimbursement as a result of any such audit.

**Note 14: GENERAL FIXED ASSETS**

The following schedule is a summarization of the charges in general fixed assets for the fiscal year ended December 31, 2011:

	<u>Balance as of December 31, 2010</u>		<u>Additions</u>		<u>Disposals/ Adjustments</u>		<u>Balance as of December 31, 2011</u>
Land	\$ 1,498,200.00	\$		\$		\$	1,498,200.00
Buildings	2,688,900.00						2,688,900.00
Equipment	<u>17,281,737.29</u>		<u>231,687.97</u>		<u>281,935.27</u>		<u>17,231,489.99</u>
Total	\$ <u>21,468,837.29</u>	\$	\$ <u>231,687.97</u>	\$	\$ <u>281,935.27</u>	\$	\$ <u>21,418,589.99</u>

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 15: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Employee health and accident insurance and public official bonds are provided through commercial insurance.

**Property and Liability Insurance**

The Township is a member of the Atlantic County Municipal Joint Insurance Fund (the Fund), a risk management pool, which provides its members with coverage for property, casualty and crime, public official's liability, workers' compensation, employer's liability and general liability. Contributions to the Fund, including a reserve for contingencies, are payable annually in two installments, and are based on actuarial assumptions.

The Township's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000 for each insured event. The Fund publishes its own financial report that can be obtained by writing to Atlantic County Municipal Joint Insurance Fund, P.O. Box 12, Hammonton, New Jersey 08037.

**Note 16: SANITARY LANDFILL CLOSURE FUND**

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

At December 31, 2011, the Township had \$584,199.29 on deposit in a trust fund to comply with the aforementioned act. In addition, the Township also adopted a capital ordinance to provide additional funding for the closure plan. However, the escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with the closure are not known.

**Note 17: LITIGATION**

The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome from such litigation is unknown and potential losses if any would not be material to the financial statements.

**Note 18: SUBSEQUENT EVENTS**

On January 24, 2012, the Township entered into a loan agreement with the NJ Environmental Infrastructure Trust for Trust Loan Bonds and Fund Loan Bonds in the amounts of \$30,000 and \$90,000 respectively, to fund project costs related to Ordinance 1611 of 2005.

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2011 and May 14, 2012, the date the financial statements were issued for possible disclosure and recognition in the financial statement and no items have come to the attention of the Township that would require disclosure.

**TOWNSHIP OF GALLOWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 19: SHORT-TERM FINANCING**

Short-term debt provides for financing of governmental activities and capital projects. On September 7, 2011, the Township paid off all of its previously issued Bond Anticipation Notes in the amount of \$11,000,000 to finance various General Capital and Sewer Capital projects with the proceeds of a bond sale.

The following is a summary of changes in short-term debt for the year ended December 31, 2011:

	<u>Current Fund</u>	<u>General Capital Fund</u>	<u>Sewer Capital Fund</u>	<u>Total</u>
Balance December 31, 2010	\$ -	\$ 8,500,000.00	\$ 2,500,000.00	\$ 11,000,000.00
Increases				-
Decreases		8,500,000.00	2,500,000.00	11,000,000.00
Balance December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **SUPPLEMENTAL SCHEDULES**

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**SCHEDULE OF CASH-TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2010	A	\$ 7,296,488.41	\$ 400,593.16
Increased By Receipts:			
Taxes Receivable		\$ 71,725,836.06	
Tax Title Liens		108,277.62	
Revenue Accounts Receivable		4,892,979.77	
Miscellaneous Revenue Not Anticipated		395,168.86	
Veterans & Senior Citizen - State of NJ		386,500.00	
Prepaid Taxes		668,304.55	
Unidentified Tax Receipt		193.06	
Federal and State Grants Receivable			1,010,651.09
Unappropriated Grant Reserves			80,799.38
Small Cities Revolving Loan Fund			3,990.00
Due to Current Fund		-	111,419.50
Due from Special Water Assessment		3,232.64	
Due to Special Law Enforcement Fund		7,849.55	
Due to Public Defender Trust		3,966.00	
Due to Tax Collector Special		75.00	
Tax Overpayments		71,591.16	
Due from Sewer Utility Operating		27,042.14	
Due to State - Marriage Licenses		5,725.00	
Due to State - Domestic Partnerships/Civil Unions		125.00	
Due to State - Permit Surcharge Fee		25,657.00	
Due from Bank		648.51	
Deposits for Sale of Township Property		350.00	
Reserve for Proceeds on Sale of Municipal Property		46,039.90	
Reserve for Snow Removal		137,305.48	
Garden State Preservation Trust		7,234.00	
		<u>78,514,101.30</u>	<u>1,206,859.97</u>
		85,810,589.71	1,607,453.13

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**SCHEDULE OF CASH-TREASURER**

Ref.	Current Fund	Federal and State Grant Fund
Decreased By Disbursements:		
2011 Appropriations	\$ 20,879,054.63	\$
2010 Appropriation Reserves	383,723.48	
County Taxes	12,894,585.62	
County Added and Omitted Taxes	46,674.59	
Local District School Tax	29,048,098.00	
Regional School Taxes	15,959,411.41	
Accounts Payable	4,259.95	
Tax Overpayments	32,843.38	
Due from Grant Fund	111,419.50	
Due to Trust - Escrow	553.15	
Due to State - Marriage Licenses	5,300.00	
Due to State - Domestic Partnerships/Civil Unions	125.00	
Due to State - Permit Surcharge Fee	25,392.00	
Due to Volunteer Fire Departments	1,375.95	
Reserve for Snow Removal	151,418.75	
Refund of Prior Year Revenue	697.56	
Cancellation and Refund of Prior Year Taxes	12,286.18	
Federal and State Grant Fund - Appropriated Reserves		1,502,734.88
Reserve for Small Cities Revolving Loan Fund		16,137.80
	\$ 79,557,219.15	\$ 1,518,872.68
Balance December 31, 2011	\$ 6,253,370.56	\$ 88,580.45

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

Year	Balance Dec. 31, 2010	2011 Levy	Added Taxes	2010 Collections	2011 Collections	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2011
2010 & Prior	\$ 17,370.96	\$ -	\$ -	\$ 11,172.12	\$ 11,172.12	\$ 6,198.84	\$ -	\$ (0.00)
	17,370.96	-	-	11,172.12	11,172.12	6,198.84	-	(0.00)
2011		73,609,855.12	178,008.90	640,479.60	72,108,663.94	667,323.13	343,207.83	28,189.52
	\$ 17,370.96	\$ 73,609,855.12	\$ 178,008.90	\$ 640,479.60	\$ 72,119,836.06	\$ 673,521.97	\$ 343,207.83	\$ 28,189.52
Ref.	A							A

\$ 71,725,836.06 Taxes Receivable  
 \$ 394,000.00 Senior Citizens and Veterans  
\$ 72,119,836.06

Analysis of 2011 Property Tax Levy

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

\$ 73,609,855.12  
178,008.90  
 \$ 73,787,864.02

Tax Levy:

Local District School Tax:

\$ 29,048,102.50

\$ 73,787,864.02

Regional High School Tax

County Taxes

County Taxes Added and Omitted

Local Tax for Municipal Purposes

Add: Additional Tax Levied

\$ 29,048,102.50

15,798,741.94

12,894,585.62

30,740.70

15,836,155.72

179,537.54

16,015,693.26  
\$ 73,787,864.02

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**

Balance December 31, 2010	<u>Ref.</u> A		\$	636,619.62
Increased By:				
Transfers from Taxes Receivable		\$ 343,207.83		
Interests and Costs from Tax Sale		15,723.97		
				358,931.80
				995,551.42
Decreased By:				
Cash Receipts		108,277.62		
Cancelled		169.61		
				108,447.23
Balance December 31, 2011	A		\$	887,104.19

**TOWNSHIP OF GALLOWAY**  
**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Balance</u> Dec. 31, 2010	<u>Accrued</u> In 2011	<u>Collected</u>	<u>Balance</u> Dec. 31, 2011
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Alcoholic Beverages	-	38,082.60	38,082.60	-
Fees and Permits	-	155,816.00	155,816.00	-
Fines and Costs:				
Municipal Court	31,459.12	438,460.19	432,276.88	37,642.43
Interest and Costs on Taxes	-	258,624.64	258,624.64	-
Interest on Investments and Deposits	-	18,866.68	18,866.68	-
Planning Board - Special Application Fees	-	7,075.00	7,075.00	-
Fire Subcode Official:				
Fire Safety Rebate	-	39,501.74	39,501.74	-
Fire Inspections	-	29,891.00	29,891.00	-
Road Openings	-	25,920.00	25,920.00	-
Cable Franchise Fees	-	122,226.80	122,226.80	-
Contract Postal Unit	-	51,316.65	51,316.65	-
Hotel Tax	-	432,586.68	432,586.68	-
Rental Inspections	-	83,490.00	83,490.00	-
Consolidated Municipal Property Tax Relief Aid	-	125,698.00	125,698.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	-	2,440,644.00	2,440,644.00	-
Payments in Lieu of Taxes - Wildlife Refuge	-	28,440.00	28,440.00	-
Watershed Moratorium Offset	-	7,708.00	7,708.00	-
Garden State Preservation Trust Fund	-	7,234.00	7,234.00	-
Uniform Construction Code Fees	-	276,952.00	276,952.00	-
Contribution Richard Stockton College	-	300,000.00	300,000.00	-
Communications - Dispatch Agreement				
Atlantic County	-	17,863.10	17,863.10	-
<b>TOTALS</b>	<u>\$ 31,459.12</u>	<u>\$ 4,906,397.08</u>	<u>\$ 4,900,213.77</u>	<u>\$ 37,642.43</u>
	A			A
Ref.		Cash Receipts	\$ 4,892,979.77	
		Garden State Preservation Trust	7,234.00	
		<u>\$ 4,900,213.77</u>		

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

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operations Within "Caps":					
Salaries and Wages					
General Administration	\$ 2,141.09	\$ 2,141.09	\$	\$ 2,141.09	\$
Mayor and Council	411.81	411.81		411.81	
Municipal Clerk	0.26	0.26		0.26	
Financial Administration	14,894.41	14,894.41		14,894.41	
Revenue Administration	74.80	74.80		74.80	
Tax Assessment Administration	2,872.83	2,872.83		2,872.83	
Municipal Court	3,815.87	3,815.87		3,815.87	
Municipal Prosecutor's Office	9,296.00	9,296.00	7,000.00	2,296.00	
Planning Board	1,975.46	1,975.46		1,975.46	
Zoning Board	78.54	78.54		78.54	
Police Department	86,920.27	86,920.27	-	86,920.27	
Police Dispatch / 911	22,011.14	22,011.14		22,011.14	
Fire Department	692.88	692.88		692.88	
Streets and Road Maintenance	29,738.79	29,738.79		29,738.79	
Other Public Works Functions	146.91	146.91		146.91	
Solid Waste Collection	2,635.80	2,635.80		2,635.80	
Public Buildings and Grounds	7,922.66	7,922.66		7,922.66	
Administration of Public Welfare	0.19	0.19		0.19	
Recreation Services and Programs	645.27	645.27		645.27	
Senior Services	10.21	10.21		10.21	
Maintenance of Parks	244.62	244.62		244.62	
Celebration of Public Events	186.65	186.65		186.65	
Community Education	5,338.00	5,338.00		5,338.00	
Construction Code Official	6,134.46	6,134.46		6,134.46	

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

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Other Expenses	\$	\$	\$	\$	\$
General Administration	162.51	162.51	16.57	145.94	-
Human Resources	11.40	11.40	-	11.40	-
Mayor and Council	373.64	373.64	27.72	345.92	-
Municipal Clerk	2,389.79	2,389.79	2,158.91	230.88	-
Financial Administration	2,471.65	2,471.65	413.75	2,057.90	-
Revenue Administration	2,136.35	2,136.35	2,135.53	0.82	-
Tax Assessment Administration	9,692.71	9,692.71	8,200.80	1,491.91	-
Legal Services and Costs	3,310.25	3,310.25	3,310.25	-	-
Engineering Services and Costs	235.75	235.75	(1,815.00)	2,050.75	-
Municipal Court	11,686.51	11,686.51	1,931.47	9,755.04	-
Planning Board	1,033.19	1,033.19	479.76	553.43	-
Zoning Board	410.98	410.98	91.69	319.29	-
Other Code Enforcement Functions	3,605.00	3,605.00	1,110.86	2,494.14	-
Unemployment Insurance	10,646.92	10,646.92	10,646.92	-	-
Worker's Compensation Insurance	-	-	-	-	-
Group Insurance Plan for Employees	17,290.70	17,290.70	15,466.57	1,824.13	-
Police Department	76,256.29	76,256.29	37,494.25	38,762.04	-
Police Dispatch/911	8,005.66	8,005.66	900.00	7,105.66	-
Office of Emergency Management	2,299.83	2,299.83	58.36	2,241.47	-
Environmental Health Services	3,000.00	3,000.00	340.00	2,660.00	-
Fire Department	91,168.98	91,168.98	44,413.75	46,755.23	-
Streets and Roads Maintenance	53,663.19	53,663.19	38,254.38	15,408.81	-
Other Public Works Functions	6,356.69	6,356.69	2,124.94	4,231.75	-

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

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Solid Waste Collection	\$ 19,030.98	\$ 19,030.98	\$ 16,420.76	\$ 2,610.22	\$ -
Public Buildings and Grounds	53,771.79	53,771.79	18,507.43	35,264.36	-
Vehicle Maintenance	72,707.75	72,707.75	68,348.75	4,359.00	-
Administration of Public Welfare	0.11	0.11	-	0.11	-
Community Services Act	1,109.98	1,109.98	771.00	338.98	-
Recreation Services and Programs	12,951.36	12,951.36	7,399.20	5,552.16	-
Senior Services	7,844.53	7,844.53	2,955.38	4,889.15	-
Maintenance of Parks	27,951.90	27,951.90	5,952.71	21,999.19	-
Celebration of Public Events	763.76	763.76	761.36	2.40	-
Community Education	2,693.31	2,693.31	-	2,693.31	-
Construction Code Official	4,515.43	4,515.43	643.42	3,872.01	-
Utilities:					
Electric	30,133.41	30,133.41	10,819.13	19,314.28	-
Street Lighting	16,243.20	16,243.20	13,383.18	2,860.02	-
Telephone	9,184.65	9,184.65	4,414.95	4,769.70	-
Natural Gas	2,853.83	2,853.83	2,853.83	-	-
Gasoline	210,556.08	210,556.08	54,786.90	155,769.18	-
Landfill/Solid Waste Disposal Costs	27,157.81	27,157.81	4,028.00	23,129.81	-
Statutory Expenditures:					
Contributions to Social Security System	22,052.59	22,052.59	-	22,052.59	-
Operations Excluded from "Caps":					
Length of Service Award Program - Fire	4,582.00	4,582.00	-	4,582.00	-
Rental Inspections - Salaries & Wages	1,039.19	1,039.19	-	1,039.19	-
<b>TOTALS</b>	<b>\$ 1,031,540.57</b>	<b>\$ 1,031,540.57</b>	<b>\$ 386,807.48</b>	<b>\$ 644,733.09</b>	<b>\$ -</b>
Ref.	A				
Appropriation Reserves	\$ 764,459.47		\$ 383,723.48		Cash Disbursements
Encumbrances Payable	267,081.10		3,084.00		Accounts Payable

**TOWNSHIP OF GALLOWAY**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance</u> Dec. 31, 2011
State:					
Safe and Secure Communities Program	\$ -	\$ 52,477.00	\$ 52,477.00		\$ -
Municipal Alliance Program	42,051.40	21,470.00	21,733.28		41,788.12
Body Armor Fund	-	5,948.80	5,948.80		-
Clean Communities	-	56,753.00	56,753.00		-
Smart Growth Planning Grant	10,000.00	-	10,000.00		-
Over the Limit Under Arrest	-	4,400.00	4,400.00		-
Flood Control Grant	640,897.00	-	95,099.90		545,797.10
Drunk Driving Enforcement Program	-	15,407.43	15,407.43		-
Recycling Tonnage Grant	24,856.03	26,022.56	50,878.59		0.00
Drive Sober or Get Pulled Over	-	5,000.00			5,000.00
Reforestation Grant	52,800.00				52,800.00
Year End Impaired Driving Grant	200.00				200.00
NJ Transportation Trust Fund					
Safe Streets to Transit-Great Creek Rd.		251,000.00			251,000.00
NJ Transportation Trust Fund:					
Chris Gaupp Drive Phases 1&2	276,050.37		136,103.50		139,946.87
Emergency Management Assistance	5,000.00	5,000.00	5,000.00		5,000.00
Federal:					
COPS in Shops	4,400.00	-	4,000.00		400.00
Community Development Block Grant	379,193.60	127,096.00	441,954.82		64,334.78
JAG Grant	13,671.00		13,671.00		-
Highway Traffic Safety - Helmets On - Always Ale	-	21,080.00	21,080.00		-
Other:					
Atlantic County Open Space Trust Fund	162,250.00				162,250.00
Sustainable Jersey Small Grant-WalMart	5,000.00				5,000.00
Community Garden Grant	1,968.58				1,968.58
Shared Service Agreement-Mullica Dispatch	-	195,000.00	97,500.00		97,500.00
<b>TOTALS</b>	<b>\$ 1,618,337.98</b>	<b>\$ 786,654.79</b>	<b>\$ 1,032,007.32</b>	<b>\$ -</b>	<b>\$ 1,372,985.45</b>
Ref.	A				A

Cash Receipts	\$ 1,010,651.09
From Grants Unappropriated	21,356.23
	<u>\$ 1,032,007.32</u>

**TOWNSHIP OF GALLOWAY**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED**

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Received</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Balance</u> Dec. 31, 2011
State:				
Clean Communities Program	\$ 25,072.52	\$ 9,582.20	\$ -	\$ 34,654.72
Recycling Tonnage Grant	-	52,050.47	-	52,050.47
Body Armor Grant	5,948.80	6,031.83	5,948.80	6,031.83
Drunk Driving Enforcement	15,407.43	13,134.88	15,407.43	13,134.88
<b>TOTALS</b>	<b>\$ 46,428.75</b>	<b>\$ 80,799.38</b>	<b>\$ 21,356.23</b>	<b>\$ 105,871.90</b>
Ref.	A			A

**TOWNSHIP OF GALLOWAY  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

<u>Purpose</u>	<u>Balance Dec. 31, 2010</u>	<u>Budget Appropriations</u>	<u>Expended</u>	<u>Balance Dec. 31, 2011</u>
State:				
New Jersey Transportation Trust Fund				
Safe Streets to Transit-Great Creek Rd. \$	-	\$ 251,000.00	\$	\$ 251,000.00
Chris Gaupp Drive	36,947.16		36,478.34	468.82
Recycling Tonnage Grant	16,920.51	26,022.56	29,046.94	13,896.13
Drunk Driving Enforcement Program	35,519.47	15,407.43	6,799.05	44,127.85
Clean Communities Program	36,100.80	56,753.00	55,846.18	37,007.62
Safe and Secure Program	-	52,477.00	52,477.00	-
Body Armor Fund	15,537.42	5,948.80	14,820.00	6,666.22
Municipal Drug Alliance Program	23,137.52	21,470.00	26,765.23	17,842.29
Local Share		5,705.00		5,705.00
Stormwater Management	8,021.66	-	787.85	7,233.81
Over the Limit Under Arrest	-	4,400.00	400.00	4,000.00
Enhanced 911 General Assistance Grant	59,039.36			59,039.36
Flood Control Grant - Storm Sewer Recon.	639,712.00		639,712.00	-
Drive Sober or Get Pulled Over	-	5,000.00	3,250.00	1,750.00
Year End Impaired Driving Grant	4,800.00		4,800.00	-
Reforestation Grant	91,008.05		7,275.93	83,732.12
Emergency Management Assistance	5,000.00	5,000.00	5,457.50	4,542.50
Federal:				
Highway Traffic Safety - Helmets On - Always	-	21,080.00	21,080.00	-
COPS in Shops	6,776.12		4,000.00	2,776.12
Community Development Block Grant	115,266.40	127,096.00	231,815.42	10,546.98
JAG Grant	15,885.90		13,405.00	2,480.90
Other:				
Atlantic County Open Space Partnership	206,391.06			206,391.06
Sustainable Jersey Small Grant-WalMart	10,000.00		10,000.00	-
Shared Service Agreement	-	195,000.00	50,171.77	144,828.23
Community Garden Grant	0.10			0.10
 TOTALS	 \$ <u>1,326,063.53</u>	 \$ <u>792,359.79</u>	 \$ <u>1,214,388.21</u>	 \$ <u>904,035.11</u>
Ref.	A			A
		Cash Disbursements	\$ 1,502,734.88	
		Encumbrances Payable	204,987.03	
		Encumbrances Cancelled	(493,333.70)	
			<u>\$ 1,214,388.21</u>	

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

Balance December 31, 2010	<u>Ref.</u> B		\$	9,713.08
Increased By Receipts:				
Dog Licenses Fees		\$		17,126.40
Due to State of New Jersey				1.20
Change Fund for Clinic				300.00
Late Fees				592.00
				<u>18,019.60</u>
				27,732.68
Decreased By Disbursements:				
Change Fund for Clinic				300.00
Animal Control Expenditures				20,229.44
				<u>20,529.44</u>
Balance December 31, 2011	B		\$	<u><u>7,203.24</u></u>

TOWNSHIP OF GALLOWAY  
TRUST FUND  
SCHEDULE OF OTHER TRUST CASH - TREASURER

	Ref.	Other	Assessment
Balance December 31, 2010	B	\$ 5,670,076.90	\$ 650,064.80
Increased By Receipts:			
Insurance Funds:			
Workers' Compensation Insurance Fund		\$ 67,797.07	
General Liability Insurance Fund		77,840.44	
Funds Held in Escrow - Inspection Fees		700,647.39	
Funds Held in Escrow - Developer Escrow Fees		79,830.31	
Reserve for N.J. Unemployment Compensation Trust		119,485.28	
Payroll Deductions		13,325,350.63	
Net Payroll			\$
Reserve for Compensated Absences		307,975.88	
Reserve for Special Law Enforcement		9,541.45	
Reserve for Housing Trust Fund		2,165,283.66	
Reserve for Utility Escrow Deposits		45,245.96	
Reserve for Media Relations		1.85	
Reserve for Community Events		249,871.46	
Reserve for Police Special Detail		111,807.63	
Reserve for Public Defender Trust		28,319.29	
Reserve for Uniform Fire Safety		2.41	
Reserve for Health Insurance		176,507.12	
Reserve for Landfill Closure		1,338.03	
Reserve for Parking Offenses Adjudication Act		20.69	
Assessments Receivable			148,461.24
Deposits on Future Assessments			7,377.67
Due to Sewer Operating Fund			1,040.79
Due to Bank		18.88	
Due from Current Fund:			
Inspection Escrow		553.15	
Assessment Trust			438.04
		<u>17,467,438.58</u>	<u>157,317.74</u>
		23,137,515.48	807,382.54

TOWNSHIP OF GALLOWAY  
TRUST FUND  
SCHEDULE OF OTHER TRUST CASH - TREASURER

	Ref.	Other	Assessment
Decreased By Disbursements:			
Due to Current Fund:	\$		
Assessment Trust			1,630.37
Assessment Overpayments			1,059.82
Reserve for Escrow - Inspection Fees		773,715.74	
Developer Escrow Funds		148,759.00	
Reserve for N.J. Unemployment Compensation Trust		76,379.33	
Payroll Deductions		13,325,034.00	
Net Payroll			
Insurance Funds:			
Workers' Compensation Insurance Fund		90,945.40	
General Liability Insurance Fund		132,484.84	
Reserve for Compensated Absences		305,670.21	
Reserve for Housing Trust Fund		2,499,872.98	
Reserve for Special Law Enforcement		8,568.00	
Reserve for Utility Escrow Deposits		29,809.95	
Reserve for Health Insurance Trust		257,877.98	
Reserve for Public Defender Trust		38,674.50	
Reserve for Community Events		261,028.68	
Reserve for Police Special Detail		94,870.51	
Balance December 31, 2011	B	18,043,691.12	2,690.19
		\$ 5,093,824.36	\$ 804,692.35

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**SCHEDULE OF TRUST CASH - TAX COLLECTOR**

Balance December 31, 2010	<u>Ref.</u> B		\$	138,625.05
Increased By Receipts:				
Deposits for Redemption of Tax Sale Certificates		\$ 4,755,611.19		
Deposits for Premiums		459,516.66		
Due from Taxpayer		<u>142.56</u>		
				<u>5,215,270.41</u>
				5,353,895.46
Decreased By Disbursements:				
Refunds - Deposits for Redemption of Tax Sale Certificates		4,756,842.90		
Refunds of Tax Sale Premiums		281,016.66		
Due to Current Fund		<u>75.00</u>		
				<u>5,037,934.56</u>
Balance December 31, 2011	B		\$	<u><u>315,960.90</u></u>

**TOWNSHIP OF GALLOWAY**  
**TRUST FUND**  
**SCHEDULE OF SANITARY LANDFILL CLOSURE ESCROW FUND - OAK/HERSCHEL**

Balance December 31, 2010	<u>Ref.</u> B		\$	582,861.26
Increased By:				
Interest Earned		\$		<u>1,338.03</u>
				<u>1,338.03</u>
				584,199.29
Decreased By:				
None				-
				<u>-</u>
Balance December 31, 2011	B		\$	<u><u>584,199.29</u></u>

TOWNSHIP OF GALLOWAY  
TRUST ASSESSMENT FUND  
ANALYSIS OF CASH

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2011
	Assessments	Misc.	Assessments	Misc.	From	To	
Balance Dec. 31, 2010							
Due to/(from) Current Fund	\$ 1,630.37	\$ 438.04	\$	\$ 1,630.37	\$ 2,040.31	\$	\$ (1,602.27)
Due to Sewer Operating	-	1,040.79					1,040.79
Due to Bank	16.41				0.01		16.40
Deposits on Future Assessments		7,377.67					7,377.67
Assessments Receivable	(535,971.41)		1,059.82			4,071.24	(384,498.75)
Assessment Lien Receivable	(1,697.92)	148,461.24			2,974.51	2,040.31	(2,632.12)
Reserve for Assessments	1,186,087.35				1,194.13	97.41	1,184,990.63
	<u>\$ 650,064.80</u>	<u>\$ 8,856.50</u>	<u>\$ 148,461.24</u>	<u>\$ 1,630.37</u>	<u>\$ 6,208.96</u>	<u>\$ 6,208.96</u>	<u>\$ 804,692.35</u>
Ref.	B						B

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

Ord. Num.	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2010	Confirmed	Collected	Adjusted/ Transferred to Lien	Balance Dec. 31, 2011	Balance Pledged to Reserve
1192	Construction and Extension of the Water Distribution System into Pinehurst, Absecon Highlands and Key Development Areas	7/12/2005	10	09/19/05-14	\$ 326,163.47	\$	\$ 97,280.42	\$ 3,860.92	\$ 225,032.13	\$ 225,032.13
1261	Construction and Extension of the Water Distribution System into the Pinehurst, Vienna Gardens, Koch & Langley area of Pomona, and Absecon Highland III, Sub-Basin IV	4/11/2006	10	06/10/06-15	210,656.94		51,180.82		159,476.12	159,476.12
					\$ 536,820.41	\$ -	\$ 148,461.24	\$ 3,860.92	\$ 384,508.25	\$ 384,508.25
					C				C	

Ref.

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

Balance December 31, 2010	<u>Ref.</u> B		\$	9,713.08
Increased By:				
Dog Licenses Fees Collected - Township Share		\$ 17,126.40		
Late Fees		<u>592.00</u>		
				<u>17,718.40</u>
				27,431.48
Decreased By:				
Dog License Expenses		20,229.44		
		<u>20,229.44</u>		
Balance December 31, 2011	B		\$	<u><u>7,202.04</u></u>

License Fees Collected	<u>Year</u>		\$	
	2009	9,791.80		
	2010	<u>18,678.60</u>		
		<u>\$ 28,470.40</u>		

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

Balance December 31, 2010	<u>Ref.</u> C		\$ 1,886,219.39
Increased By Receipts:			
Due from Bank		\$ 720.00	
Deferred Charges Unfunded		11,354,347.51	
Reserve for Bond/Note Premium		257,896.40	
Capital Improvement Fund		58,000.00	
Fund Balance		<u>3,626.00</u>	
			<u>11,674,589.91</u>
			13,560,809.30
Decreased By Disbursements:			
Improvement Authorizations		1,083,939.40	
Due to Sewer Capital Fund		4,785.15	
Bond Anticipation Notes		<u>8,500,000.00</u>	
			<u>9,588,724.55</u>
Balance December 31, 2011	C		<u>\$ 3,972,084.75</u>

**TOWNSHIP OF GALLOWAY  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Receipts		Disbursements			Transfers		Balance Dec. 31, 2011
	Balance Dec. 31, 2010	Bonds Issued	Grants Received	Misc.	Improvement Authorizations	Misc.	From	
Fund Balance	\$ 151,374.60	\$	\$	\$	\$	\$	\$	\$
Capital Improvement Fund	64,544.93			3,626.00			59,260.00	
Reserve for Preliminary Expenses	500.00			58,000.00				
Reserve for Purchase of Fire Truck	5,825.00							
Due to Sewer Utility Capital	4,785.15					4,785.15		
Cash Pledged to the Payment of								
Bonds - Ord. 875/987	17,282.86							
Reserve for Bond/Note Premium	64,095.85			257,896.40				
Due from Bank	(722.40)			720.00				
State Aid Receivable	(176,168.00)							
State Aid Receivable - New Jersey								
Transportation Trust Fund	(250,217.79)							
Contracts Payable	806,506.79						806,506.79	962,208.17
<b>Improvement Authorizations</b>								
Ord.								
875/897 Various Improvements	1,445.87							1,445.87
1032 Closure/Expansion of Landfill	(571,100.84)	135,000.00		800,000.00	106,627.81		32,915.63	162,546.69
1192 Construction/Extension of				(800,000.00)				
Water Distribution System	905,000.22							105,000.22
Construction of Water System	(789,109.07)							(789,109.07)
1208 Pedestrian Path Construction	2,074.68				226.25			1,848.43
1325 Phase I Landfill Closure	62,659.66				7,295.75			105,363.91
1329 Funding of Self-Insurance Pool	1,272.80	50,000.00						1,272.80
1343 Various Improvements	1.00							1.00
1360 Construction of Water System	(161,402.98)							(161,402.98)
1394 Preliminary Assessment								
and/or Site Investigation	76,603.00							76,603.00
1432 Various Improvements	18,129.82							18,325.01
1438 Construction of Water System	(1,159.28)							(1,159.28)
1467 Various Improvements	(650.00)							(650.00)
1505 Various Improvements	54,744.34							54,744.34
1507 Green Acres Program	110,126.34		88,361.46					198,487.80
1512 Construction of Water System	9,269.50							9,269.50
1533 Various Improvements	104,168.43				52,206.38		30,250.00	23,912.05
1556 Genoa Avenue Water System	12,230.50							12,230.50
1561 Collins Road Improvements	130,750.00							130,750.00
1562 Recreation Improvements	9,851.52				8,895.65		900.00	55.87

**TOWNSHIP OF GALLOWAY  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2011
	Balance Dec. 31, 2010	Bonds Issued	Grants Received	Misc.	Improvement Authorizations	Misc.	From	To	
1565 Various Improvements	\$ 303,433.95	\$	\$	\$	3,502.99	\$	5,257.51	4,831.48	\$ 299,504.93
1568 Patriots Lake Projects	(85,793.75)	80,000.00			220.88				(6,014.63)
1574 Vehicles and Equipment	19,701.87								19,701.87
1601 Public Safety Info'n System	15,104.41								15,104.41
1611 Various Capital Improvements	1,238,325.84	110,000.00	265,986.05		630,042.77		514,382.55	437,062.16	906,948.73
1617 Drainage Improvements and Pedestrian Paths	78,229.51							195.19	78,424.70
1632 Fire Equipment Purchase	(33,915.00)				1,232.19				(33,915.00)
1658 Construction of Tennis Courts	(298,406.66)	300,000.00			111,599.90		44,439.77	104,595.39	361.15
1660 Various Capital Improvements	(88,635.35)	400,000.00			700.15				259,920.37
1689 Purchase of Fire Truck	(1,799.85)	-							(2,500.00)
1718 Various Capital Improvements	535,824.92	300,000.00			24,109.90		8,777.50	40,007.43	842,944.95
1784 Stormwater Mngmnt-New Leaf Ct	(452,660.50)				32,385.55		14,851.47	50,373.26	(449,524.26)
1807 Stormwater Mngmnt-Patriot Lake	(5,902.50)				13,965.78		35,911.25	4,500.00	(51,279.53)
1839 Various Capital Improvements		1,125,000.00			90,927.45		274,522.49	59,260.00	818,810.06
	\$ 1,886,219.39	\$ 2,500,000.00	\$ 354,347.51	\$ 320,242.40	\$ 1,083,939.40	\$ 4,785.15	\$ 1,827,974.96	\$ 1,827,974.96	\$ 3,972,084.75
C									C

Ref.

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION**

Ord. Number	Improvement Description	Date of Original Issue	Total Appropriated	Down Payment	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
1360	Construction and Extension of the Water Distribution System into Absecon Highlands II and Sub-Basin II	10/27/1998	\$ 275,000.00	\$ 13,750.00	\$ 13,750.00	\$	\$	\$ 13,750.00
1438	Construction and Extension of the Water Distribution Systems on Ridegwood Avenue	9/12/2000	35,000.00	1,750.00	1,750.00	-	-	1,750.00
					<u>\$ 15,500.00</u>	<u>-</u>	<u>-</u>	<u>\$ 15,500.00</u>
					C	-	-	C

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2010	<u>Ref.</u> C		\$	64,544.93
Increased By:				
Received from 2011 Budget Appropriation	C-2	\$ 58,000.00		
				58,000.00
				122,544.93
Decreased By:				
Appropriated to Finance Improvement Authorizations		59,260.00		
				59,260.00
Balance December 31, 2011	C		\$	63,284.93

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2010	<u>Ref.</u> C		\$	12,989,939.85
Increased By:				
Serial Bonds Issued		\$ 12,595,000.00		
N.J. Environmental Infrastructure Loans Issued		111,951.00		
				12,706,951.00
				25,696,890.85
Decreased By:				
Serial Bonds Paid		3,965,000.00		
Green Trust Loan Program		10,380.46		
				3,975,380.46
Balance December 31, 2011	C		\$	21,721,510.39

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

Ord. Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Loans and Bonds Issued	Grants Received/Adjustment	Balance Dec. 31, 2011	Analysis of Balance		
							Bond Anticipation Note	Expenditures	Unexpended Improvement Authorization
	<u>General Improvements</u>								
1032	Closure/Expansion of Landfill	\$ 936,882.08	\$	\$ 135,000.00	\$ 800,000.00	\$ 1,882.08	\$	\$	1,882.08
1325/1692	Construction of Athletic Fields	1,465,000.00		1,450,000.00		15,000.00	-		15,000.00
1432	Various Capital Improvements	900.00				900.00			900.00
1467	Various Capital Improvements	650.00				650.00		650.00	
1505	Various Capital Improvements	150.00				150.00			150.00
1507	Green Acres Program	133,000.00			88,361.46	44,638.54			44,638.54
1533	Various Capital Improvements	15,763.00				15,763.00			15,763.00
1556	Water Distribution System in Genoa Avenue Area	8,653.25				8,653.25			8,653.25
1565	Various Capital Improvements	1,000.00				1,000.00			1,000.00
1568	Patriot Lake Recreation Project	186,200.00		180,000.00		6,200.00	-	6,014.63	185.37
1601	Public Safety Info'n System	2,000.00				2,000.00			2,000.00
1611	Various Capital Improvements	1,656,660.00		1,587,937.05		68,722.95	-		68,722.95
1632	Fire Equipment Purchase	33,915.00				33,915.00		33,915.00	
1658	Construction of Tennis Courts	399,000.00		300,000.00		99,000.00		-	99,000.00
1660	Various Capital Improvements	2,975,372.00		2,650,000.00		325,372.00	-	-	325,372.00
1689	Purchase of a Fire Truck	902,500.00		900,000.00		2,500.00	-	2,500.00	-
1718	Various Capital Improvements	3,231,999.00		3,050,000.00		181,999.00	-	-	181,999.00
1784	Stormwater Management Project New Leaf Court	725,000.00	-			725,000.00		449,524.26	275,475.74
1807	Stormwater Management Project Patriot Lake	815,000.00				815,000.00		51,279.53	763,720.47
1839	Various Capital Improvements	-	1,125,940.00	1,125,000.00		940.00			940.00

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

Ord. Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Loans and Bonds Issued	Grants Received/Adjustment	Balance Dec. 31, 2011	Analysis of Balance		
							Bond Anticipation Note	Expenditures	Unexpended Improvement Authorization
<u>Local Improvements</u>									
1192	Construction and Extension of Water Distribution Systems	\$ 3,079,024.12	\$	\$	\$ (800,000.00)	\$ 3,879,024.12	\$	\$	\$ 3,879,024.12
1261	Construction and Extension of Water Distribution Systems	2,000,000.00				2,000,000.00	789,109.07		1,210,890.93
1360	Construction and Extension of Water Distribution Systems	261,250.00				261,250.00	161,402.98		99,847.02
1438	Construction and Extension of Water Distribution Systems	33,250.00				33,250.00	1,159.28		32,090.72
		<u>\$ 18,863,168.45</u>	<u>\$ 1,125,940.00</u>	<u>\$ 11,377,937.05</u>	<u>\$ 88,361.46</u>	<u>\$ 8,522,809.94</u>	<u>\$ -</u>	<u>\$ 1,495,554.75</u>	<u>\$ 7,027,255.19</u>
		C				C			
Ref.			Cash Received	\$ 11,265,986.05					
			Due from NJEIT	111,951.00					
				<u>\$ 11,377,937.05</u>					

**TOWNSHIP OF GALLOWAY  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2010		2011 Authorizations		Paid or Charged	Balance December 31, 2011	
				Funded	Unfunded	Capital Improvement Fund and Other	Deferred Charges to Future Taxation		Funded	Unfunded
875/987	Various Improvements and Purchases	9/8/1987	\$ 736,000	\$ 1,445.87	\$	\$	\$	\$	1,445.87	\$
1032	Closure and Expansion of Landfill	2/26/1991	7,625,000	365,781.24			(23,003.25)		386,902.41	1,882.08
1208	Construction of Pedestrian Path	7/1/1995	63,514	2,074.68			226.25		1,848.43	
1325/1692	Construction of Athletic Fields	12/9/1997	1,700,000	127,659.66			7,295.75		105,363.91	15,000.00
1329	Funding of Self-Insurance Pool	2/24/1998	500,000	1,272.80					1,272.80	
1343	Various Capital Improvements	5/26/1998	680,000	1.00					1.00	
1394	Preliminary Assessment and/or Site Investigation	6/9/1999	79,213	76,603.00					76,603.00	
1432	Various Capital Improvements	8/8/2000	803,347	18,129.82	900.00		(195.19)		18,325.01	900.00
1505	Various Capital Improvements	5/28/2002	2,433,950	54,744.34	150.00				54,744.34	150.00
1507	Green Acres Program	5/28/2002	600,000	110,126.34	133,000.00				110,126.34	133,000.00
1512	Construction and Extension of Water Distribution Systems	7/23/2002	375,000	9,269.50					9,269.50	
1533	Various Capital Improvements	5/27/2003	1,846,813	104,168.43	15,763.00		80,256.38		23,912.05	15,763.00
1556	Construction & Extension of Water Distribution Systems in Genoa Avenue Area	2/24/2004	55,000	12,230.50	8,653.25				12,230.50	8,653.25
1561	Collins Road Improvements	4/13/2004	270,000	130,750.00					130,750.00	
1562	Recreation Improvements	4/13/2004	154,400	9,851.52			9,795.65		55.87	
1565	Various Capital Improvements	6/22/2004	3,522,350	303,433.95	1,000.00		3,929.02		299,504.93	1,000.00





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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Gabriel Field Extension	1989	\$ 18,475	2012	\$ 1,109.52	2.000%	\$ 3,329.04	\$	\$ 1,087.67	\$ 2,241.37
			2013	1,131.85					
Ponzio Park	2002	150,000	2012	9,479.58	2.000%	118,893.67		9,292.79	109,600.88
			2013	9,670.11					
			2014	9,864.49					
			2015	10,062.76					
			2016	10,265.03					
			2017	10,471.35					
			2018	10,681.82					
			2019	10,896.53					
			2020	11,115.56					
			2021	11,338.97					
			2022	5,754.68					
						\$ <u>122,222.71</u>	\$ <u>-</u>	\$ <u>10,380.46</u>	\$ <u>111,842.25</u>
						Ref. C			C

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF N.J ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE**

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
			<u>Date</u>	<u>Amount</u>					
Wrangleboro Road Fund Loan	12/16/11	\$ 81,951	2012	\$ 2,778.00	0.000%	\$	\$ 81,951.00	\$	\$ 81,951.00
			2013-2031	4,167.00					
Wrangleboro Road Trust Loan	12/16/2011	30,000	2016	\$ 5,000.00	1.800%		30,000.00		30,000.00
			2027	5,000.00	3.980%				
			2028	5,000.00	4.120%				
			2029	5,000.00	4.230%				
			2030	5,000.00	4.350%				
			2031	5,000.00	4.380%				
						\$	<u>111,951.00</u>	\$	<u>111,951.00</u>
						Ref. <u>C</u>			<u>C</u>

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

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
1611	Various Capital Improvements	9/12/2008	9/8/2010	9/7/2011	1.000%	\$ 1,100,000.00	\$	\$ 1,100,000.00	\$ -
1660	Various Capital Improvements	9/12/2008	9/8/2010	9/7/2011	1.000%	2,250,000.00		2,250,000.00	-
1689	Purchase of Fire Truck	9/12/2008	9/8/2010	9/7/2011	1.000%	900,000.00		900,000.00	-
1718	Various Capital Improvements	9/12/2008	9/8/2010	9/7/2011	1.000%	2,750,000.00		2,750,000.00	-
1325	Phase I - Closure of Landfill/ Construction of Athletic Fields	9/8/2010	9/8/2010	9/7/2011	1.000%	1,400,000.00		1,400,000.00	-
1568	Patriot Lake Project	9/8/2010	9/8/2010	9/7/2011	1.000%	100,000.00		100,000.00	-
						<u>\$ 8,500,000.00</u>	<u>\$ -</u>	<u>\$ 8,500,000.00</u>	<u>\$ -</u>
					Ref. C				C

**TOWNSHIP OF GALLOWAY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Other Receipts	Grants Received/ Adjustment	Balance December 31, 2011	
						Assessment Fund	General Capital Fund
<u>General Improvements:</u>							
1032	Closure and Expansion of Landfill	\$ 936,882.08	\$	\$ 135,000.00	\$ 800,000.00	\$	\$ 1,882.08
1325/1692	Construction of Athletic Fields	65,000.00		50,000.00			15,000.00
1432	Various Capital Improvements	900.00					900.00
1467	Various Capital Improvements	650.00					650.00
1505	Various Capital Improvements	150.00					150.00
1507	Green Acres Program	133,000.00			88,361.46		44,638.54
1533	Various Capital Improvements	15,763.00					15,763.00
1556	Genoa Avenue Water Distribution	8,653.25					8,653.25
1565	Various Capital Improvements	1,000.00					1,000.00
1568	Patriot Lake Project	86,200.00		80,000.00			6,200.00
1601	Public Safety Information System	2,000.00					2,000.00
1611	Various Capital Improvements	556,660.00		221,951.00	265,986.05		68,722.95
1632	Fire Equipment	33,915.00					33,915.00
1658	Construction of Tennis Courts	399,000.00		300,000.00			99,000.00
1660	Various Capital Improvements	725,372.00		400,000.00			325,372.00
1689	Purchase of Fire Truck	2,500.00					2,500.00
1718	Various Capital Improvements	481,999.00		300,000.00			181,999.00
1784	Stormwater Management Project New Leaf Court	725,000.00					725,000.00
1807	Stormwater Management Project Patriot Lake	815,000.00					815,000.00
1839	Various Capital Improvements		1,125,940.00	1,125,000.00			940.00
<u>Local Improvements:</u>							
1192	Construction and Extension of the Water Dist. System - Various	3,079,024.12			(800,000.00)		3,879,024.12
1261	Construction and Extension of the Water Dist. System - Various	2,000,000.00					2,000,000.00
1360	Construction and Extension of the Water Dist. System - Various	261,250.00					261,250.00
1438	Construction and Extension of the Water Dist. System - Ridgewood Ave.	33,250.00					33,250.00
		<u>\$ 10,363,168.45</u>	<u>\$ 1,125,940.00</u>	<u>\$ 2,611,951.00</u>	<u>\$ 354,347.51</u>	<u>\$ -</u>	<u>\$ 8,522,809.94</u>
Ref.		C					C

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

	Ref.	Operating	Capital
	<u>D</u>	<u>\$</u>	<u>\$</u>
Balance December 31, 2010		1,747,230.92	1,958,246.80
Increased by Receipts:			
Sewer Rent Collections	\$	5,580,692.19	\$
Miscellaneous Revenues		160,224.12	
Due from Utility Capital		7,876.71	
Due from State - NJEIT		-	992,035.00
Sewer Rent Overpayments		18,445.77	
Prepaid Sewer		1,755.00	
Reserve for Premium on Bond Sale			66,093.00
Due from General Capital Fund			4,785.15
Serial Bonds Issued			600,000.00
Capital Improvement Fund			12,500.00
		<u>5,768,993.79</u>	<u>1,675,413.15</u>
		7,516,224.71	3,633,659.95
Decreased by Disbursements:			
Current Appropriations		5,508,262.89	
Appropriation Reserves		27,056.25	
Accounts Payable		838.80	
Interest Paid on Bonds		380,701.27	
Refund of Sewer Rent Overpayments		35,348.45	
Due to Utility Operating		-	7,876.71
Due to Current Fund		25,173.01	
Improvement Authorizations			1,136,770.79
		<u>5,977,380.67</u>	<u>1,144,647.50</u>
Balance December 31, 2011	D	<u>\$ 1,538,844.04</u>	<u>\$ 2,489,012.45</u>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**ANALYSIS OF CASH**

	Receipts			Disbursements		Transfers		Balance Dec. 31, 2011	
	Balance Dec. 31, 2010	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From		To
Fund Balance	\$ 12,011.43	\$	\$	\$	\$	\$	\$	\$ 12,011.43	
Capital Improvement Fund	245,068.25			12,500.00			12,500.00	245,068.25	
Contracts Payable	370,136.80						370,136.80	369,616.34	
Reserve for Payment of Bonds/Notes	10,270.51							10,270.51	
Reserve for Premium on Bond Sale	-			66,093.00				66,093.00	
Cash Pledged to Payment of Bonds	17,694.42							17,694.42	
Due from General Capital Fund	(4,785.15)			4,785.15			-	-	
Due to Utility Operating Fund	7,876.71					7,876.71		-	
<b>Improvement Authorizations</b>									
Ord.									
Number									
935 Sewer Lines - Pinehurst	7,377.18							7,377.18	
963 Acquisition of Equipment and Construction of New Sanitary Sewer Lines	16,736.80							16,736.80	
1091 Purchase of Equipment and Various Improvements	12,878.27				-			12,878.27	
1168 Construction of Sewer System	18,652.24							18,652.24	
1203/1221 Sewer Equipment and Improvements	10,819.71							10,819.71	
1253 Remediation of Lorraine Ave.	86,985.32				375.00			86,610.32	
1290 Installation of Sewer System	80,897.19				7,458.75			73,438.44	
1342 Various Sewer Improvements	354,059.27				-			354,059.27	
1390 Ridgewood Ave. Extension/ Jim Leeds Rd. Pump Station	32,144.98							32,144.98	
1431 Construction - Various and Pump Studies	135,728.81							135,728.81	
1468 Various Sewer Improvements	228,145.41				-	688.00		227,457.41	
1506 Various Sewer Improvements	4,719.76				-			4,719.76	
1534 Various Sewer Improvements	10,775.17				19,996.79	62.61	8,699.23	(585.00)	
1566 Various Sewer Improvements	735,817.84	500,000.00			220,385.90	58,850.52	131,838.70	1,088,420.12	
1612 Various Sewer Improvements	(28,880.58)				15,244.00	11,426.96	18,070.81	(37,480.73)	
1661 Various Sewer Improvements	100,167.25				11,429.17	18,392.75	11,841.67	82,187.00	
1719 Various Sewer Improvements	(105,593.97)				14,390.00	11,958.25	21,961.25	(109,980.97)	
1785 Sanitary Sewer Improvements	(270,910.43)			992,035.00	214,691.38		120,225.14	626,658.33	
1806 Sanitary Sewer Improvements	(130,546.39)				627,332.55	268,237.25	57,500.00	(968,616.19)	
1840 Various Sewer Improvements		100,000.00			5,467.25		12,500.00	107,032.75	
	<u>\$ 1,958,246.80</u>	<u>\$ 600,000.00</u>	<u>\$ -</u>	<u>\$ 1,075,413.15</u>	<u>\$ 1,136,770.79</u>	<u>\$ 7,876.71</u>	<u>\$ 752,253.14</u>	<u>\$ 752,253.14</u>	<u>\$ 2,489,012.45</u>
Ref.	D							D	

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

Balance December 31, 2010	<u>Ref.</u> D	\$	4,402.71
Increased By:			
Sewer Rents Levied		\$	5,596,643.10
			<u>5,596,643.10</u>
			5,601,045.81
Decreased By:			
Collections			5,581,722.98
Transferred to Liens			10,553.33
Cancellations			2,468.03
			<u>5,594,744.34</u>
Balance December 31, 2011	D	\$	<u><u>6,301.47</u></u>

**SCHEDULE OF UTILITY LIENS**

Balance December 31, 2010	<u>Ref.</u> D	\$	2,371.82
Increased By:			
Transferred from Accounts Receivable		\$	10,553.33
Penalties and Costs			1,302.25
			<u>11,855.58</u>
			14,227.40
Decreased By:			
Collections			1,879.13
			<u>1,879.13</u>
Balance December 31, 2011	D	\$	<u><u>12,348.27</u></u>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**

	Balance Dec. 31, 2010	Additions	Deletions	Balance Dec. 31, 2011
Installation of Sewer Line Preliminary Costs	\$ 224,400.92	\$		\$ 224,400.92
Pump Station Alarm System	10,512.00			10,512.00
Pump Station Study	117,855.02			117,855.02
Pumping Station	195,756.00			195,756.00
White Horse Pike Sewer Line	62,640.00			62,640.00
Original Sewer Lines and Pumping Station	7,992,647.02			7,992,647.02
Vehicles	786,850.91		20,000.00	766,850.91
General Equipment	202,845.09			202,845.09
Sewer Line Video System	82,484.00			82,484.00
Municipal Complex Renovations	48,198.49			48,198.49
South Egg Harbor Sewer Line Extension	251,403.73			251,403.73
Construction and Improvements to Sanitary Sewer Line	15,975,701.36			15,975,701.36
Remediation of Lorraine Avenue	620,856.72			620,856.72
Preliminary Costs for Phase III - Absecon Highlands	297,000.00			297,000.00
Total Revenue	\$ <u>26,869,151.26</u>	\$ <u>-</u>	<u>20,000.00</u>	\$ <u>26,849,151.26</u>

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

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>	<u>Overexpended</u>
Operating:					
Salaries and Wages	\$ 75,106.27	\$ 75,106.27	\$	\$ 75,106.27	\$
Other Expenses	37,052.90	37,052.90	27,056.25	9,996.65	
Deferred Charges and Statutory Expenditures:					
Social Security System	<u>11,460.37</u>	<u>11,460.37</u>		<u>11,460.37</u>	
TOTALS	<u>\$ 123,619.54</u>	<u>\$ 123,619.54</u>	<u>\$ 27,056.25</u>	<u>\$ 96,563.29</u>	<u>\$ -</u>
Ref.	D		D-5		
Appropriation Reserves	\$ 100,422.58				
Encumbrances Payable	<u>23,196.96</u>				
	<u>\$ 123,619.54</u>				

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF UTILITY CAPITAL IMPROVEMENT FUND**

Balance December 31, 2010	<u>Ref.</u> D		\$ 245,068.25
Increased By:			
Cash Received		\$ 12,500.00	
		<hr/>	<hr/>
			12,500.00
			257,568.25
Decreased By:			
Appropriated to Finance Improvement Authorization		12,500.00	
		<hr/>	<hr/>
			12,500.00
Balance December 31, 2011	D		\$ <u><u>245,068.25</u></u>

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF ACCRUED INTEREST ON BONDS,**  
**LOANS AND NOTES AND ANALYSIS OF BALANCE**

Balance December 31, 2010	<u>Ref.</u> D		\$	43,210.14
Increased By:				
Budget Appropriation:				
Interest on Bonds		\$		<u>406,817.73</u>
				<u>406,817.73</u>
				450,027.87
Decreased By:				
Interest Paid on Bonds				<u>380,701.27</u>
				<u>380,701.27</u>
Balance December 31, 2011	D		\$	<u><u>69,326.60</u></u>

**Analysis of Accrued Interest December 31, 2011**

Principal Outstanding Dec. 31, 2011	Interest Rate	From	To	Days	Amount
<b>Serial Bonds</b>					
\$ 975,000.00	4.500%	11/01/11	12/31/11	60	\$ 7,312.50
315,000.00	4.625%	11/01/11	12/31/11	60	2,428.13
315,000.00	4.750%	11/01/11	12/31/11	60	2,493.75
200,000.00	3.625%	12/01/11	12/31/11	30	604.17
90,000.00	4.000%	12/01/11	12/31/11	30	300.00
630,000.00	4.125%	12/01/11	12/31/11	30	2,165.63
120,000.00	4.250%	12/01/11	12/31/11	30	425.00
2,965,000.00	4.000%	12/15/11	12/31/11	16	4,897.25
455,000.00	4.500%	12/15/11	12/31/11	16	897.53
540,000.00	2.000%	09/01/11	12/31/11	121	3,580.27
550,000.00	2.500%	09/01/11	12/31/11	121	4,558.22
340,000.00	2.625%	09/01/11	12/31/11	121	2,958.70
1,670,000.00	3.000%	09/01/11	12/31/11	121	15,832.53
555,000.00	1.000%	12/01/11	12/31/11	30	456.16
515,000.00	1.500%	12/01/11	12/31/11	30	634.93
210,000.00	2.000%	12/01/11	12/31/11	30	365.16
10,445,000.00					49,909.93
<b>NJEIT Loans</b>					
145,000.00	various	08/01/11	12/31/11	150	2,541.67
810,000.00	5.000%	08/01/11	12/31/11	152	16,875.00
					19,416.67
\$ 11,400,000.00					\$ 69,326.60

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2010		2011 Authorizations		Paid or Charged	Balance December 31, 2011	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue		Funded	Unfunded
935	Construction of Sanitary Sewer Lines - Pinehurst Sect.	12/13/88	\$ 890,000	\$ 7,377.18	\$	\$	\$	\$	7,377.18	\$
963	Acquisition of Various Sewer Equipment and Construction of New Sanitary Sewers	06/19/89	2,211,961	16,736.80					16,736.80	
1091/1255	Purchase of Equipment and Various Improvements	09/08/92	5,100,000	12,878.27					12,878.27	
1168	Construction of Sewer Systems	06/28/94	885,000	18,652.24					18,652.24	
1203/1221	Sewer Capital Equipment and Various Improvements	06/13/95	3,570,000	10,819.71					10,819.71	
1253	Remediation of Lorraine Ave.	07/09/96	730,000	86,985.32				375.00	86,610.32	
1290	Installation of Sewer System	03/25/97	2,160,000	80,897.19				7,458.75	73,438.44	
1342	Various Sewer Improvements	05/26/98	682,000	354,059.27					354,059.27	
1390	Ridgewood Avenue Extension and Jim Leeds Road Pump Station Study	04/27/99	150,000	32,144.98					32,144.98	
1431	Sewer Construction - Various	08/08/00	1,990,000	135,728.81					135,728.81	
1468	Various Sewer Improvements	05/22/01	1,137,000	228,145.41				688.00	227,457.41	
1506	Various Sewer Improvements	06/24/02	763,000	4,719.76	650.00				4,719.76	650.00
1534	Various Sewer Improvements	05/27/03	1,710,000		11,375.17			11,360.17		15.00
1566	Various Sewer Improvements	07/07/04	3,257,258		1,723,817.84			147,397.72	1,088,420.12	488,000.00
1612	Various Sewer Improvements	06/28/05	999,000		203,219.42			8,600.15		194,619.27
1661	Various Sewer Improvements	07/11/06	1,024,000	100,167.25	648,375.00			17,980.25	82,187.00	648,375.00
1719	Various Sewer Improvements	07/10/07	847,800		601,206.03			4,387.00		596,819.03
1785	Sanitary Sewer Improvements	05/12/09	1,325,000	1,054,089.57				94,466.24	959,623.33	
1806	Sanitary Sewer Improvements	04/13/10	1,375,000	1,244,453.61				838,069.80		406,383.81
1840	Various Sewer Improvements	06/28/11	250,000			12,500.00	237,500.00	5,467.25	107,032.75	137,500.00
				<u>\$ 3,387,855.37</u>	<u>\$ 3,188,643.46</u>	<u>\$ 12,500.00</u>	<u>\$ 237,500.00</u>	<u>\$ 1,136,250.33</u>	<u>\$ 3,217,886.39</u>	<u>\$ 2,472,362.11</u>
		Ref.		D	D				D	D
								1,136,770.79	Cash Disbursed	
								369,616.34	Contracts Payable 12/31/11	
								(370,136.80)	Contracts Payable 12/31/10	
								<u>1,136,250.33</u>		

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Refunding Bonds of 2001	9/1/2001	\$ 3,790,000	11/1/2012	\$ 330,000.00	4.500%	\$ 1,940,000.00		\$ 335,000.00	\$ 1,605,000.00
			11/1/2013	325,000.00	4.500%				
			11/1/2014	320,000.00	4.500%				
			11/1/2015	315,000.00	4.625%				
			11/1/2016	315,000.00	4.750%				
Sewer Bonds of 2002	12/1/2002	2,960,000	12/1/2012	200,000.00	3.625%	1,610,000.00		1,410,000.00	200,000.00
Sewer Bonds of 2005	12/1/2005	1,300,000	12/1/2012	90,000.00	4.000%	930,000.00		90,000.00	840,000.00
			12/1/2013	100,000.00	4.125%				
			12/1/2014	100,000.00	4.125%				
			12/1/2015	100,000.00	4.125%				
			12/1/2016	100,000.00	4.125%				
			12/1/2017	110,000.00	4.125%				
			12/1/2018	120,000.00	4.125%				
			12/1/2019	120,000.00	4.250%				
Refunding Bonds of 2006	1/18/2006	5,225,000	12/15/2012	410,000.00	4.000%	3,835,000.00		415,000.00	3,420,000.00
			12/15/2013	455,000.00	4.000%				
			12/15/2014	455,000.00	4.500%				
			12/15/2015	505,000.00	4.000%				
			12/15/2016	500,000.00	4.000%				
			12/15/2017	550,000.00	4.000%				
			12/15/2018	545,000.00	4.000%				
			Sewer Bonds of 2011	9/1/2011	3,100,000				
9/1/2013	170,000.00	2.000%							
9/1/2014	180,000.00	3.000%							
9/1/2015	200,000.00	2.000%							
9/1/2016	220,000.00	2.500%							
9/1/2017	240,000.00	3.000%							
9/1/2018	260,000.00	3.000%							
9/1/2019	310,000.00	3.000%							
9/1/2020	330,000.00	2.500%							
9/1/2021	340,000.00	2.625%							
9/1/2022	340,000.00	3.000%							
9/1/2023	340,000.00	3.000%							

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Sewer Refunding Bonds 2011	9/1/2011	\$ 1,295,000	12/1/2012	\$ 20,000.00	1.000%	\$	\$ 1,295,000.00	\$	\$ 1,280,000.00
			12/1/2013	270,000.00	1.000%				
			12/1/2014	265,000.00	1.000%				
			12/1/2015	260,000.00	1.500%				
			12/1/2016	255,000.00	1.500%				
			12/1/2017	210,000.00	2.000%				
						\$ 8,315,000.00	\$ 4,395,000.00	\$ 2,265,000.00	\$ 10,445,000.00
						Ref. D			D

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF N.J. E.I.T. LOANS**

Ord. Number	Improvement Description	Date of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance			
			Date	Amount		Dec. 31, 2010	Increased	Decreased	Dec. 31, 2011
1785	Sanitary Sewer Improvements (Trust Loan)	3/10/2010	2012-2018	\$ 5,000.00	5.000%	\$ 150,000.00	\$	\$ 5,000.00	\$ 145,000.00
			2019	10,000.00	4.000%				
			2020	10,000.00	5.000%				
			2021	10,000.00	3.000%				
			2022-2025	10,000.00	4.000%				
			2026	10,000.00	3.500%				
			2027-2029	10,000.00	4.000%				
1785	Sanitary Sewer Improvements (Fund Loan)	3/10/2010	2012-2018	22,617.81	0.000%	429,738.46		255,669.81	174,068.65
			2019	15,743.98					
1785/1806	Sanitary Sewer Improvements (Fund Loan)	12/2/2010	2012-2030	44,191.83	0.000%	869,106.00		29,461.22	839,644.78
1785/1806	Sanitary Sewer Improvements (Trust Loan)	12/2/2010 (due 8/1)	2012	25,000.00	5.000%	810,000.00			810,000.00
			2013-2016	30,000.00	5.000%				
			2017-2019	35,000.00	5.000%				
			2020-2021	40,000.00	5.000%				
			2022-2023	45,000.00	5.000%				
			2024-2026	50,000.00	5.000%				
			2027	55,000.00	5.000%				
			2028-2029	60,000.00	5.000%				
			2030	65,000.00	5.000%				
						\$ 2,258,844.46	\$ -	\$ 290,131.03	\$ 1,968,713.43
						Ref. D			D
							Loan payments	\$ 57,079.03	
							Loan Reduction	233,052.00	
								\$ 290,131.03	

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

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
1534	Various Sewer Improvements	9/8/2010	9/8/2010	9/7/2011	1.000%	\$ 50,000.00	\$	\$ 50,000.00	\$ -
1566	Various Sewer Improvements	9/8/2010	9/8/2010	9/7/2011	1.000%	2,000,000.00		2,000,000.00	-
1612	Various Sewer Improvements	9/8/2010	9/8/2010	9/7/2011	1.000%	450,000.00		450,000.00	-
						<u>\$ 2,500,000.00</u>	<u>\$ -</u>	<u>\$ 2,500,000.00</u>	<u>\$ -</u>
					Ref.	D			D

**TOWNSHIP OF GALLOWAY**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Bonds, Notes or Grants Issued	Cancelled/ Adjusted	Balance Dec. 31, 2011
1506	Various Sewer Capital Improvements	\$ 650.00	\$	\$	\$	\$ 650.00
1534	Various Sewer Capital Improvements	600.00				600.00
1566	Various Sewer Capital Improvements	988,000.00		500,000.00		488,000.00
1612	Various Sewer Capital Improvements	232,100.00				232,100.00
1661	Various Sewer Capital Improvements	648,375.00				648,375.00
1719	Various Sewer Capital Improvements	706,800.00				706,800.00
1785	Sanitary Sewer Improvements	1,325,000.00			1,325,000.00	-
1806	Sanitary Sewer Improvements	1,375,000.00			948,923.00	426,077.00
1840	Various Sewer Capital Improvements		237,500.00	100,000.00		137,500.00
		<u>\$ 5,276,525.00</u>	<u>\$ 237,500.00</u>	<u>\$ 600,000.00</u>	<u>\$ 2,273,923.00</u>	<u>\$ 2,640,102.00</u>
	Ref.	D				D

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

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Balance December 31, 2010	E	\$ 12,080.33	\$ 18,672.12
Increased By Receipts:			
Interest Earned on Deposits		\$ 16.07	\$ 24.85
		<u>16.07</u>	<u>24.85</u>
		12,096.40	18,696.97
Decreased By Disbursements:			
None			
		<u>-</u>	<u>-</u>
Balance December 31, 2011	E	\$ <u><u>12,096.40</u></u>	\$ <u><u>18,696.97</u></u>

**TOWNSHIP OF GALLOWAY**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**December 31, 2011**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS –  
REGULATORY BASIS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements – regulatory basis of the Township of Galloway, State of New Jersey (the “Township”), as of and for the year ended December 31, 2011, and have issued our report thereon dated May 14, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the audit requirements prescribed by the Division.

**Internal Control Over Financial Reporting**

Management of the Township of Galloway is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township’s internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to the Township's management in a separate letter dated May 14, 2012.

This report is intended solely for the information and use of management, the Township Committee, others within the entity, and the Division as well as other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

*Leon P. Costello*

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

**May 14, 2012**

## TOWNSHIP OF GALLOWAY

### GENERAL COMMENTS

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

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

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

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

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

- Aloe St. Force Main Phase 2
- Equipment/Vehicles
- Senior Center Telephone System
- Road Overlay Program
- Pump Station Upgrades
- Drainage Improvements-Wrangleboro Rd.
- Four Wheel Drive Mower

**TOWNSHIP OF GALLOWAY**

**GENERAL COMMENTS (Continued)**

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

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

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

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

**BE IT FURTHER RESOLVED** by the Council of the Township of Galloway, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2011.

This Resolution shall take effect January 1, 2011.

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

**Delinquent Taxes and Tax Title Liens**

The tax sale was held and was complete.

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

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

<u>Year</u>	<u>Tax Liens</u>	<u>Utility Liens</u>
2011	1124	56
2010	877	15
2009	682	5

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

**TOWNSHIP OF GALLOWAY**

**GENERAL COMMENTS (Continued)**

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2011 and 2012 Taxes	25
Payment of 2011 and 2012 Sewer Charges	25
Total	<u>50</u>

**Deposit of Municipal Funds**

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

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

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

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

**TOWNSHIP OF GALLOWAY**

**FINDINGS AND RECOMMENDATIONS**

**2011-01**

The Township's fixed asset accounting system contained errors, insufficient identifying numbers, assets that were not tagged, and included items that were disposed of or could not be located.

**Criteria:**

As a means of safeguarding the Township's assets and accurately reporting valuations of those assets, the Township is required to maintain sufficiently all pertinent data associated with fixed asset activity.

**Condition:**

There were several equipment assets tested which were disposed of in prior years' auctions, discarded or not found. Some assets did not have the matching Township of Galloway tag affixed to the item and a number of assets were referred to by purchase order number and lacked sufficient identification model and serial numbers to verify the asset on hand.

**Cause:**

The Township has not thoroughly reviewed and adjusted their detailed fixed asset ledgers for assets disposed of in prior years. Many asset items listed do not have sufficient identifying model/serial numbers stated and many are in bulk purchase values and not specifically listed and valued. Some assets did not have tags affixed to the piece of equipment or related case.

**Effect:**

A compromise over the safeguarding, accounting and recording of the Township's assets.

**Recommendation:**

That the Township thoroughly review and adjust their fixed assets for items no longer on hand, sufficiently record all applicable model and serial numbers of assets, and ensure their tagging.

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

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

*Leon P. Costello*

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**Registered Municipal Accountant**  
**No. 393**

**May 14, 2012**

**TOWNSHIP OF GALLOWAY**

**PART III**

**STATE AWARD PROGRAMS**

**FOR THE YEAR ENDED**

**December 31, 2011**

**TOWNSHIP OF GALLOWAY**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2011**

<u>State Grantor Department</u>	<u>Program Title</u>	<u>State Account Number</u>	<u>Grant Period</u>		<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Cumulative Expenditures</u>
			<u>From</u>	<u>To</u>			
New Jersey Transportation Trust Fund	Chris Gaupp Drive	09-480-078-6320-AKJ-6010	01/01/08	12/31/11	\$ 136,103.50	\$ 36,478.34	\$ 156,377.84
Department of Law and Public Safety	Drunk Driving Enforcement	1110-448-031020-220040	01/01/09	12/31/10		6,799.05	22,559.33
	Safe and Secure Communities	08-100-066-1020-232	01/01/06	Open	52,477.00	52,477.00	732,984.20
	Body Armor Replacement Program	N/A	01/01/09	12/31/11		14,820.00	14,820.00
	Over the Limit Under Arrest	N/A	01/01/11	12/31/11	4,400.00	400.00	400.00
	Year End Impaired Driving Grant		01/01/09	12/31/11		4,800.00	15,000.00
	Driver Sober or Get Pulled Over		01/01/11	12/31/11		3,250.00	3,250.00
	Emergency Management Assistance		01/01/10	12/31/11	5,000.00	5,457.50	5,457.50
Department of the Treasury	Municipal Alliance Program	N/A	01/01/11	12/31/11	21,733.28	26,765.23	26,765.23
Department of Environmental Protection	Recycling Tonnage Grant	4830-752-050550-50	01/01/11	12/31/11	50,878.59	29,046.94	29,046.94
	Clean Communities Program	N/A	01/01/11	12/31/11	56,753.00	55,846.18	55,846.18
	Flood Control Grant-Storm Sewer Reconstruction	06-573-042-4895-004	01/03/06	12/31/11	95,099.90	639,712.00	640,897.00
	Stormwater Management	4840-150-057500	01/01/07	Open		787.85	21,186.44
Division of Parks and Forestry	Reforestation Grant	09-100-042-4870-074	10/01/08	03/01/12		7,275.93	349,167.88
Total Expenditures of State Financial Assistance					<u>\$ 422,445.27</u>	<u>\$ 883,916.02</u>	<u>\$ 1,917,380.70</u>

**TOWNSHIP OF GALLOWAY**  
**NOTES TO THE SCHEDULES OF EXPENDITURES**  
**OF STATE AWARDS**  
**DECEMBER 31, 2011**

**1. General**

The accompanying schedule of financial assistance presents the activity of all state financial assistance programs of the Township of Galloway. The Township of Galloway is defined in Note 1(A) of the Township's financial statements. All state financial assistance received from state agencies, as well as, state assistance passed through other governmental agencies, are included on the schedule of state financial assistance.

**2. Basis of Accounting**

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

**3. Relationship to Financial Statements**

Amounts reported in the accompanying schedule agree with amounts reported in the Township's financial statements – regulatory basis. The financial statements – regulatory basis present the Grant Fund on a budgetary basis. The Grant Fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>State</u>
Grant Fund	\$ <u>883,916.02</u>
	\$ <u><u>883,916.02</u></u>

**4. Relationship to State Financial Reports**

Amounts reported in the accompanying schedule agrees with the amounts reported in the related state financial reports, where applicable.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04**

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

Compliance

We have audited the compliance of the Township of Galloway, State of New Jersey (the "Township"), with the types of compliance requirements described in the New Jersey Compliance Manual, State Grant Compliance Supplement and New Jersey OMB Circular 04-04 that could have a direct and material effect on each of its major programs for the year ended December 31, 2011. The Township's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major programs is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards, New Jersey OMB 04-04 and State of New Jersey prescribed audit requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Township complied in all material respects with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2011.

### Internal Control Over Compliance

The management of the Township is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Township's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

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 noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Township's governing body, and the Division and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

*Leon P. Costello*

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

**May 14, 2012**

**TOWNSHIP OF GALLOWAY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDING DECEMBER 31, 2011**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an "Other Comprehensive Basis of Accounting" dated May 14, 2012.**

Internal control over financial reporting:

- 1) Material weakness identified? **No**
- 2) Significant deficiencies identified that are not considered to be a material weakness? **None Reported**

Non-compliance material to financial statements – statutory basis noted? **No**

**State Awards**

Internal control over major programs:

- 1) Material weakness identified? **No**
- 2) Significant deficiencies identified that are not considered to be a Material weakness? **None Reported**

Type of auditor's report issued on compliance for major programs: **An Unqualified Opinion was issued on compliance for major programs, dated May 14, 2012.**

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular 04-04? **No**

**GMIS Number(s)**

**Name of State Program**

06-573-042-4895-004

**DEP-Flood Control Storm Sewer Reconstruction**

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

Auditee qualified as low-risk auditee? **Yes**

**TOWNSHIP OF GALLOWAY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(CONTINUED)**

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

In accordance with *Government Auditing Standards*, our audit disclosed findings relating to the financial statements – regulatory basis that are required to be reported under this section, which is identified as Findings 2011-01. In addition, we did note certain immaterial findings that are reported in the management letter and in the findings and recommendations.

**III. FINDINGS AND QUESTIONED COSTS FOR STATE ASSISTANCE**

**State:**

None

**STATUS OF PRIOR YEAR FINDINGS**

**2010-1:**  
**Condition**

The Township's fixed asset accounting system contained errors, insufficient identifying numbers, assets that were not tagged, and included items that were disposed of or could not be located.

**Current Year Status**

Although there was improvement, the condition still existed.

There were no prior year questioned costs.