

TOWNSHIP OF GALLOWAY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2005

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TOWNSHIP OF GALLOWAY

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - STATUTORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2005

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – statutory basis of the Township of Galloway, State of New Jersey, as of December 31, 2005 and 2004 and the related statements of operations and changes in fund balance – statutory basis for the years then ended and the related statement of revenues – statutory basis and statement of expenditures – statutory basis for the year ended December 31, 2005, as listed in the accompanying table of contents. These financial statements – statutory basis are the responsibility of Township of Galloway, State of New Jersey's management. Our responsibility is to express an opinion on these financial statements – statutory basis based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, *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. 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 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 opinion.

As described in Note 1, the Township of Galloway, State of New Jersey, 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, 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.

In our opinion, because of the Township of Galloway, State of New Jersey'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 of Galloway, State of New Jersey, as of December 31, 2005 and 2004 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, 2005.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Galloway, State of New Jersey, as of December 31, 2005 and 2004 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, 2005 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 13, 2006 on our consideration of the Township of Galloway, State of New Jersey'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 audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Galloway, State of New Jersey. Such information has been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Ford, Scott, Seidenburg & Kennedy, L.L.C.
FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

April 21, 2006

**EXHIBIT - A
CURRENT FUND**

TOWNSHIP OF GALLOWAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2005</u>	<u>Balance Dec. 31, 2004</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 12,328,218.00	\$ 9,626,508.15
Change and Petty Cash Funds		<u>1,050.00</u>	<u>1,050.00</u>
		<u>12,329,268.00</u>	<u>9,627,558.15</u>
Other Receivables:			
Due from State of New Jersey		<u>3,407.07</u>	<u>5,827.46</u>
		<u>3,407.07</u>	<u>5,827.46</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	42,376.82	56,237.79
Tax Title Liens Receivable	A-8	254,875.69	255,462.84
Property Acquired for Taxes at Assessed Valuation		3,444,894.00	3,647,894.00
Property Deeded to Township		646,326.00	465,726.00
Revenue Accounts Receivable	A-9	48,345.45	32,409.50
Interfunds:			
Due from Animal Control Trust Fund		7,605.03	-
Due from Trust Fund		-	28,374.13
Due from General Capital Fund		17,411.50	-
Due from Sewer Utility		158,147.50	81,334.09
Due from Federal and State Grant Fund		13,000.00	-
Due from Vendor		199.98	-
Due from Bank		14,499.27	5,444.92
		<u>4,647,681.24</u>	<u>4,572,883.27</u>
Deferred Charges:			
Emergency Authorization		-	-
		<u>-</u>	<u>-</u>
		<u>16,980,356.31</u>	<u>14,206,268.88</u>
Federal and State Grant Fund:			
Cash	A-4	433,570.93	101,902.99
Grant Receivables	A-11	711,707.62	854,217.86
Due from Bank		-	10.01
		<u>1,145,278.55</u>	<u>956,130.86</u>
		<u>\$ 18,125,634.86</u>	<u>\$ 15,162,399.74</u>

TOWNSHIP OF GALLOWAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Balance</u> <u>Dec. 31, 2004</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 1,194,810.19	\$ 934,316.52
Reserve for Encumbrances	A-3	539,273.89	357,027.76
Prepaid Taxes		537,941.89	542,749.07
Tax Overpayments		4,141.91	5,918.83
County Tax Payable		301,302.98	211,878.62
Local School Tax Payable		80,102.64	80,103.64
Regional School Tax Payable		3,212,141.79	2,239,243.67
Due to State - Permit Surcharge Fees		14,738.00	18,857.00
Due to State - Marriage Licenses		1,150.00	1,150.00
Due to State - Domestic Partnerships		-	200.00
Due to Trust Funds:			
Trust Assessment Fund		-	17,336.87
Animal Control Fund		-	179.36
Trust Escrow		3,893.54	-
Tax Collector Special Account		-	137,614.66
Escrow Funds - Inspection Fees		-	31,240.00
Escrow Funds - Planning Fees		-	390.13
Parking Offenses Adjudication Act		1,541.13	1,421.13
Public Defender Fees		24,535.46	19,823.46
Compensated Absences		219,918.99	199,918.99
Due to Taxpayers - EIC Refund		36.68	36.68
Deposits for Trailer Courts		3,732.00	3,732.00
Deposits for Sale of Township Property		38,610.00	37,835.00
Reserve for Proceeds on Sale of Municipal Property		1,133,970.31	38,405.54
Reserve for Garden State Preservation Trust		17,781.11	19,147.73
Reserve for Excess R.E.A.P. Funds		228,529.00	228,529.00
Reserve for Flood Damage		75,055.91	75,055.91
Reserve for Revision and Codification of Ordinances		4,312.26	4,312.26
Reserve for Pomona Oaks Well Water Improvement		190,428.78	190,428.78
		<u>7,827,948.46</u>	<u>5,396,852.61</u>
Reserve for Receivables and Other Assets		4,647,681.24	4,572,883.27
Fund Balance	A-1	<u>4,504,726.61</u>	<u>4,236,533.00</u>
		<u>16,980,356.31</u>	<u>14,206,268.88</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	8,080.05	29,973.71
Appropriated Reserves	A-13	931,816.23	794,506.31
Encumbrances Payable		27,218.85	25,134.92
Reserve for Small Cities Revolving Loan Fund		165,163.42	106,515.92
Due to Current Fund		13,000.00	-
		<u>1,145,278.55</u>	<u>956,130.86</u>
		<u>\$ 18,125,634.86</u>	<u>\$ 15,162,399.74</u>

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

	<u>Ref.</u>	<u>Year 2005</u>	<u>Year 2004</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	3,190,000.00	\$ 2,630,000.00
Miscellaneous Revenue Anticipated		7,508,427.83	6,428,977.19
Receipts from Delinquent Taxes		46,242.17	132,342.84
Receipts from Current Taxes		58,602,320.40	53,612,022.47
Non-Budget Revenue		137,249.50	536,958.05
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		770,107.17	612,321.56
Interfunds Returned		28,374.13	24,792.26
Cancellations		10,922.62	-
Refund of Prior Year Expenditure		285.60	7,845.00
 Total Income		<u>70,293,929.42</u>	<u>63,985,259.37</u>
 <u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		8,139,241.00	7,451,365.00
Other Expenses		3,672,514.00	3,282,300.00
Deferred Charges & Statutory Expenditures		644,244.58	589,283.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		1,228,233.00	1,434,471.00
Other Expenses		2,445,907.42	2,409,314.43
Capital Improvements		602,875.00	155,563.00
Municipal Debt Service		2,352,215.94	2,354,175.23
County Taxes		10,447,415.75	9,648,057.82
County Added and Omitted Taxes		301,302.98	211,878.62
Local District School Tax		24,589,128.00	23,065,857.00
Regional High School Tax		12,279,650.53	10,333,854.26
Interfund Created		132,415.19	10,372.01
Cancellation of Uncollectible Balances		87.42	-
Refund of Prior Year Revenue		505.00	-
 Total Expenditures		<u>66,835,735.81</u>	<u>60,946,491.37</u>

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
STATUTORY BASIS

	Ref.	Year 2005	Year 2004
Excess In Revenue		\$ 3,458,193.61	\$ 3,038,768.00
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		-	-
Statutory Excess to Fund Balance		3,458,193.61	3,038,768.00
Fund Balance January 1	A	4,236,533.00	3,827,765.00
		7,694,726.61	6,866,533.00
Decreased by:			
Utilization as Anticipated Revenue		3,190,000.00	2,630,000.00
Fund Balance December 31	A	\$ 4,504,726.61	\$ 4,236,533.00

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 3,190,000.00	\$	\$ 3,190,000.00	\$ -
Fund Balance Anticipated with Prior Written Consent of Director of Local Government		-		-	-
		<u>3,190,000.00</u>	<u>-</u>	<u>3,190,000.00</u>	<u>-</u>
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		20,000.00		453,185.86	433,185.86
Fees and Permits		50,000.00		62,272.50	12,272.50
Fines and Costs:					
Municipal Court		475,000.00		435,935.86	(39,064.14)
Interest and Costs on Taxes		150,000.00		169,042.04	19,042.04
Interest on Investments and Deposits		185,000.00		503,018.25	318,018.25
Planning Board - Special Application Fees		40,000.00		62,674.00	22,674.00
Fire Safety Rebate		25,000.00		33,990.08	8,990.08
Fire Inspections		10,000.00		11,839.00	1,839.00
Road Openings		45,000.00		51,565.00	6,565.00
Cable TV Franchise Fee		110,000.00		112,886.74	2,886.74
Contract - Postal Unit		50,000.00		53,620.41	3,620.41
Hotel Tax		350,000.00		614,524.26	264,524.26
Legislative Initiative Municipal Block Grant		122,371.00		122,371.00	-
Consolidated Municipal Property Tax Relief Aid		982,383.00		982,383.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		2,225,521.00		2,225,521.00	-
Supplemental Energy Receipts Tax		115,387.00		115,387.00	-
Payments in Lieu of Taxes on Brigantine Wildlife Refuge		60,000.00		54,775.00	(5,225.00)
Garden State Preservation Trust		19,148.00		19,147.73	(0.27)
Homeland Security		140,000.00		140,000.00	-
Pinelands Property Tax Stabilization		134,865.00		134,865.00	-
Watershed Moratorium Offset		7,708.00		7,708.00	-
Uniform Construction Code Fees		780,000.00		720,806.00	(59,194.00)

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY 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		\$ 19,204.00	\$	\$ 19,204.00	\$ -
Clean Communities Program		47,983.00		47,983.00	-
Municipal Alliance on Alcoholism and Drug Abuse		18,359.00		18,359.00	-
Safe and Secure Communities Program		60,000.00		60,000.00	-
COPS in Schools					-
COPS Universal Hiring Grant		220,000.00		220,000.00	-
Body Armor Grant		9,237.00		9,237.00	-
Atlantic County Traffic Enforcement			3,000.00	3,000.00	-
Click It or Ticket			2,000.00	2,000.00	-
Law and Public Safety - Child Safety Seats		7,800.00		7,800.00	-
Storm Water Management		15,464.00		15,464.00	-
Other Special Items:					
Communications Dispatch Agreement:					
Atlantic County		17,863.10		17,863.10	-
Stockton College		6,000.00			(6,000.00)
Total Miscellaneous Revenues	A-1	<u>6,519,293.10</u>	<u>5,000.00</u>	<u>7,508,427.83</u>	<u>984,134.73</u>
Receipts from Delinquent Taxes	A-1:A-2	<u>70,000.00</u>		<u>46,242.17</u>	<u>(23,757.83)</u>

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY 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		\$ 9,919,548.90	\$	\$ 11,584,823.14	\$ 1,665,274.24
Addition to Local District School Tax				-	-
Total Amount to be Raised by Taxes for Support of Municipal Budget		9,919,548.90	-	11,584,823.14	1,665,274.24
Budget Totals		19,698,842.00	5,000.00	22,329,493.14	2,625,651.14
Non-Budget Revenues				137,249.50	137,249.50
		\$ 19,698,842.00	\$ 5,000.00	\$ 22,466,742.64	\$ 2,762,900.64

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenues from Collections	\$	58,602,320.40
Allocated to:		
School, County and Other Taxes		47,617,497.26
Balance for Support of Municipal Budget Appropriations		10,984,823.14
Add: Appropriation		
"Reserve for Uncollected Taxes"		600,000.00
Amount for Support of Municipal Budget Appropriations	\$	11,584,823.14

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	19,039.39
Tax Title Lien Collections		27,202.78
	\$	46,242.17

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Port Republic Communications	\$	6,000.00	
Tax Search Fees		5,480.00	
Mercantile License		17,552.00	
Improvement Searches		3,650.00	
Police Reports		10,598.96	
Sale of Wood Chips		760.00	
Sale of Recycling Material		9,934.02	
Sale of Municipal Assets (not land)		2,000.00	
Rental - Cell Phone Tower		11,000.00	
Payments in Lieu of Taxes		34,017.48	
Other		36,257.04	
		137,249.50	\$

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries and Wages	\$ 58,905.00	\$ 58,905.00	\$ 58,905.00	\$ -	\$ -	\$ -
Other Expenses	8,929.00	8,929.00	4,650.09	510.04	3,768.87	
Human Resources:						
Other Expenses	5,000.00	5,000.00	-		5,000.00	
Mayor and Council						
Salaries and Wages	45,581.00	45,581.00	45,581.00		-	
Other Expenses	17,700.00	17,700.00	8,138.03	1,618.50	7,943.47	
Municipal Clerk						
Salaries and Wages	125,017.00	125,017.00	115,993.26		9,023.74	
Other Expenses	30,575.00	30,575.00	24,157.40	4,084.69	2,332.91	
Financial Administration						
Salaries and Wages	284,911.00	302,574.00	284,740.17		17,833.83	
Other Expenses	38,827.00	38,827.00	28,138.80	1,583.23	9,104.97	
Audit Services						
Other Expenses	24,000.00	24,000.00	24,000.00		-	
Revenue Administration (Tax Collection)						
Salaries and Wages	86,607.00	68,944.00	66,311.76		2,632.24	
Other Expenses	42,005.00	42,005.00	37,513.94	2,233.60	2,257.46	
Tax Assessment Administration						
Salaries and Wages	171,546.00	171,546.00	170,806.51		739.49	
Other Expenses	61,000.00	61,000.00	40,998.29	7,651.80	12,349.91	
Legal Services						
Salaries and Wages	18,000.00	18,000.00	18,000.00		-	
Other Expenses	90,000.00	90,000.00	68,943.72	5,819.44	15,236.84	
Engineering Services and Costs						
Other Expenses	20,000.00	20,000.00	10,259.00	5,978.50	3,762.50	
Municipal Court						
Salaries and Wages	213,415.00	213,415.00	202,268.87		11,146.13	
Other Expenses	40,450.00	40,450.00	31,582.80	4,320.12	4,547.08	
LAND USE ADMINISTRATION:						
Planning Board						
Salaries and Wages	50,596.00	50,596.00	47,894.03		2,701.97	
Other Expenses	28,400.00	28,400.00	24,721.70	1,392.54	2,285.76	
Zoning Board of Adjustment						
Salaries and Wages	32,937.00	32,937.00	32,437.00		500.00	
Other Expenses	7,330.00	7,330.00	4,335.93	550.00	2,444.07	
Code Enforcement and Administration						
Other Code Enforcement Functions	5,000.00	5,000.00	3,725.00		1,275.00	

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
INSURANCE:						
Unemployment Insurance	\$ 10,000.00	\$ 10,000.00	\$ 7,564.53		\$ 2,435.47	\$
PUBLIC SAFETY:						
Police Department						
Salaries and Wages	4,621,189.00	4,566,189.00	4,004,398.26		561,790.74	
Other Expenses	516,468.00	516,468.00	282,850.18	181,283.31	52,334.51	
Police Dispatch / 911						
Salaries and Wages	335,904.00	365,904.00	364,138.79		1,765.21	
Other Expenses	59,000.00	49,000.00	32,038.27	558.00	16,403.73	
Office of Emergency Management						
Other Expenses	15,150.00	15,150.00	8,309.04	704.56	6,136.40	
Aid to Volunteer Fire Companies	150,000.00	150,000.00	150,000.00		-	
Aid to Ambulance Associations	15,000.00	15,000.00	12,035.36	2,964.64	-	
Fire Department						
Salaries and Wages	45,117.00	45,117.00	28,727.31		16,389.69	
Other Expenses	382,559.00	382,559.00	262,774.90	84,180.15	35,603.95	
Municipal Prosecutor's Office						
Salaries and Wages	33,848.00	33,848.00	28,674.00		5,174.00	
PUBLIC WORKS:						
Streets and Road Maintenance						
Salaries and Wages	545,959.00	545,959.00	509,746.92		36,212.08	
Other Expenses	235,889.00	216,889.00	132,440.92	50,281.16	34,166.92	
Other Public Works Functions						
Salaries and Wages	200,107.00	200,107.00	199,826.39		280.61	
Other Expenses	35,620.00	35,620.00	25,946.01	2,046.00	7,627.99	
Solid Waste Collection						
Salaries and Wages	304,498.00	304,498.00	277,475.59		27,022.41	
Other Expenses	47,775.00	45,775.00	13,259.30	23,394.24	9,121.46	
Building and Grounds						
Salaries and Wages	392,195.00	392,195.00	371,328.73		20,866.27	
Other Expenses	98,378.00	98,378.00	73,228.34	22,201.43	2,948.23	
Vehicle Maintenance						
Other Expenses	542,429.00	572,429.00	522,795.86	28,880.98	20,752.16	
Community Services Act	22,000.00	22,000.00	15,291.11		6,708.89	

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
HEALTH AND HUMAN SERVICES:						
Environmental Health Services	\$ 2,700.00	\$ 2,700.00	\$ 2,700.00	\$ -	\$ -	
Animal Regulation						
Other Expenses	16,000.00	16,000.00	14,792.90	1,188.00	19.10	
Administration of Public Welfare						
Salaries and Wages	27,081.00	27,081.00	27,075.90		5.10	
Other Expenses	2,320.00	2,320.00	1,017.55	155.64	1,146.81	
PARKS AND RECREATION:						
Recreation Services and Programs						
Salaries and Wages	75,975.00	75,975.00	71,939.60		4,035.40	
Other Expenses	82,486.00	82,486.00	68,096.61	8,778.35	5,611.04	
Senior Services						
Salaries and Wages	101,563.00	101,563.00	101,520.30		42.70	
Other Expenses	63,075.00	63,075.00	53,344.47	4,832.35	4,898.18	
Maintenance of Parks						
Other Expenses	69,279.00	69,279.00	54,828.26	10,543.07	3,907.67	
OTHER COMMON OPERATING FUNCTIONS:						
Accumulated Leave Compensation	20,000.00	20,000.00	20,000.00		-	
Celebration of Public Events						
Salaries and Wages	39,211.00	39,211.00	37,188.77		2,022.23	
Other Expenses	34,254.00	34,254.00	32,771.60	1,237.83	244.57	
Community Education						
Salaries and Wages	71,802.00	71,802.00	70,890.89		911.11	
Other Expenses	26,485.00	26,485.00	12,130.28	11,359.68	2,995.04	
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	495,692.00	495,692.00	486,612.70		9,079.30	
Other Expenses	39,125.00	39,125.00	9,719.38	12,091.37	17,314.25	

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES:						
Electric	\$ 85,000.00	\$ 105,000.00	\$ 103,531.80	\$	\$ 1,468.20	\$
Street Lighting	97,000.00	97,000.00	84,071.80	8,819.95	4,108.25	
Telephone	65,000.00	70,000.00	60,857.86	2,809.56	6,332.58	
Gas	13,000.00	14,000.00	13,034.91		965.09	
Gasoline	234,391.00	234,391.00	188,073.61	43,280.60	3,036.79	
Landfill / Solid Waste Disposal Costs						
Other Expenses	34,500.00	34,500.00	21,015.49	1,940.56	11,543.95	
TOTAL OPERATIONS WITHIN "CAPS"	11,811,755.00	11,811,755.00	10,212,166.79	539,273.89	1,060,314.32	-
Contingent		-	-			
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	11,811,755.00	11,811,755.00	10,212,166.79	539,273.89	1,060,314.32	-
Detail:						
Salaries and Wages	8,164,241.00	8,139,241.00	7,420,212.88	-	719,028.12	-
Other Expenses	3,647,514.00	3,672,514.00	2,791,953.91	539,273.89	341,286.20	-
DEFERRED CHARGES:						
Emergency Authorizations		-			-	
STATUTORY EXPENDITURES:						
Contributions to:						
Social Security System (O.A.S.I.)	644,244.58	644,244.58	589,612.89		54,631.69	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	644,244.58	644,244.58	589,612.89	-	54,631.69	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	12,455,999.58	12,455,999.58	10,801,779.68	539,273.89	1,114,946.01	-
OPERATIONS EXCLUDED FROM "CAPS"						
Length of Service Award Program - Fire Insurance	125,000.00	125,000.00	121,325.00		3,675.00	
Liability Insurance	495,000.00	495,000.00	495,000.00		-	
Workers Compensation Insurance	100,000.00	100,000.00	28,999.32		71,000.68	
Group Insurance Plan for Employees	1,906,870.00	1,906,870.00	1,901,681.50		5,188.50	
Police and Firemen's Retirement System of N.J.	163,649.42	163,649.42	163,649.42		0.00	
Public Employees Retirement System of N.J.	20,051.00	20,051.00	20,051.00		-	
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	2,810,570.42	2,810,570.42	2,730,706.24	-	79,864.18	-

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Body Armor Grant	\$ 9,237.00	\$ 9,237.00	\$ 9,237.00		\$	\$
COPS Universal Hiring Grant	454,433.00	454,433.00	454,433.00			
Recycling Tonnage Grant	19,204.00	19,204.00	19,204.00			
Clean Communities Grant	47,983.00	47,983.00	47,983.00			
Municipal Alliance on Alcoholism & Drug Abuse						
County Share	25,649.00	25,649.00	25,649.00			
Local Share		-	-			
Safe and Secure Communities Program						
Police						
Salaries and Wages	278,800.00	278,800.00	278,800.00			
Stormwater Management Grant	15,464.00	15,464.00	15,464.00			
Law and Public Safety - Child Safety Seats	7,800.00	7,800.00	7,800.00			
Atlantic County Traffic Enforcement		3,000.00	3,000.00			
Click It or Ticket		2,000.00	2,000.00			
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	<u>858,570.00</u>	<u>863,570.00</u>	<u>863,570.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	<u>3,669,140.42</u>	<u>3,674,140.42</u>	<u>3,594,276.24</u>	<u>-</u>	<u>79,864.18</u>	<u>-</u>
Detail:						
Salaries and Wages	1,228,233.00	1,228,233.00	1,228,233.00	-	-	-
Other Expenses	2,440,907.42	2,445,907.42	2,366,043.24	-	79,864.18	-
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	602,875.00	602,875.00	602,875.00			-
TOTAL CAPITAL IMPROVEMENTS	<u>602,875.00</u>	<u>602,875.00</u>	<u>602,875.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended)
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
DEBT SERVICE						
Payment of Bond Principal	\$ 1,720,000.00	\$ 1,720,000.00	\$ 1,720,000.00	\$	\$	\$ -
Payment of Bond Anticipation Notes	15,000.00	15,000.00	-			15,000.00
Interest on Bonds	604,678.00	604,678.00	604,677.50			0.50
Interest on Notes	30,000.00	30,000.00	26,389.62			3,610.38
Green Trust Loan Program:						
Loan Repayments for Principal & Interest	1,149.00	1,149.00	1,148.82			0.18
TOTAL DEBT SERVICE	<u>2,370,827.00</u>	<u>2,370,827.00</u>	<u>2,352,215.94</u>	<u>-</u>	<u>-</u>	<u>18,611.06</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>6,642,842.42</u>	<u>6,647,842.42</u>	<u>6,549,367.18</u>	<u>-</u>	<u>79,864.18</u>	<u>18,611.06</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>19,098,842.00</u>	<u>19,103,842.00</u>	<u>17,351,146.86</u>	<u>539,273.89</u>	<u>1,194,810.19</u>	<u>18,611.06</u>
Reserve for Uncollected Taxes	<u>600,000.00</u>	<u>600,000.00</u>	<u>600,000.00</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 19,698,842.00</u>	<u>\$ 19,703,842.00</u>	<u>\$ 17,951,146.86</u>	<u>\$ 539,273.89</u>	<u>\$ 1,194,810.19</u>	<u>\$ 18,611.06</u>
	Adopted Budget	\$ 19,698,842.00				
	Added Appropriations NJSA 40A:4-87's	5,000.00				
		<u>\$ 19,703,842.00</u>				
			\$ 16,656,329.69	Cash Disbursed		
			863,570.00	Grants		
			600,000.00	Reserve for Uncollected Taxes		
			20,000.00	Due to Compensated Absences Liability Trust		
			25,388.92	Due from Grant Fund		
			7,001.00	Due from Utility Operating Fund		
			1,909.71	Petty Cash Expenditures		
			(223,052.46)	Appropriation Refunds		
			<u>\$ 17,951,146.86</u>			

**EXHIBIT - B
TRUST FUND**

TOWNSHIP OF GALLOWAY
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Balance</u> <u>Dec. 31, 2004</u>
<u>Assessment Fund</u>			
Cash and Investments	B-2, B-5	\$ 649,112.37	\$ 39,460.12
Assessments Receivable		1,090,638.50	-
Due from Current Fund		-	17,336.87
		<u>1,739,750.87</u>	<u>56,796.99</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	17,090.53	12,104.56
Due from Current Fund	B-8	-	187.76
		<u>17,090.53</u>	<u>12,292.32</u>
<u>Other Funds</u>			
Cash and Investments - Treasurer	B-2	4,037,504.25	3,718,968.95
Cash and Investments - Collector	B-3	351,107.14	525,350.85
Investments in U.S. Government Obligations	B-4	500,018.89	492,585.01
Due from Current Fund:			
Tax Collector Special		-	137,614.66
Funds Held in Escrow - Inspection Fees		3,893.54	31,240.00
Funds Held in Escrow - Planning Fees		-	390.13
Parking Offenses Adjudication Act		1,541.13	1,421.13
Public Defender Fees		24,535.46	19,823.46
Compensated Absence Liability		219,918.99	199,918.99
Housing Trust Fund			
Due from Sewer Utility Operating Fund:			
Tax Collector Special		-	1,889.65
Escrow Deposits		1,341.47	5,500.77
Due from Escrow Trust to Payroll Trust		300.00	300.00
Due from Taxpayer		1,007.18	108.49
Due from Bank		36.00	0.03
		<u>5,141,204.05</u>	<u>5,135,112.12</u>
		<u>\$ 6,898,045.45</u>	<u>\$ 5,204,201.43</u>

TOWNSHIP OF GALLOWAY
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Balance</u> <u>Dec. 31, 2004</u>
<u>Assessment Fund</u>			
Reserve for Assessments	B-5	\$ 1,739,750.87	\$ 44,895.58
Deposits on Future Assessments	B-3	-	11,901.41
		<u>1,739,750.87</u>	<u>56,796.99</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-7	9,485.50	12,292.32
Due to Current Fund	B-8	7,605.03	-
		<u>17,090.53</u>	<u>12,292.32</u>
<u>Other Funds</u>			
Due to Current Fund:			
Community Events		-	18,033.38
Escrow Deposits		-	275.00
Housing Trust Fund		-	8,065.00
Due from Payroll Trust to Escrow		300.00	-
Due to Bank		165.21	-
Funds Held in Escrow - Inspection Fees		1,759,898.58	1,792,368.66
Premiums Received at Tax Sales		325,450.00	79,684.37
Deposits for Redemption of Tax Sale Certificates		26,499.11	585,279.28
Funds Held in Escrow - Developer Fees		336,912.01	274,069.41
Payroll Deductions and Taxes Payable		42,442.54	45,990.29
Reserves for:			
Community Events		72,618.85	67,553.21
Compensated Absences		219,918.99	199,918.99
General Liability Insurance Fund		68,392.27	44,161.17
Housing Trust Fund		1,092,132.95	854,768.31
Landfill Closure		506,929.85	499,595.97
Media Relations		4,829.33	4,244.12
Parking Offenses Adjudication Act		1,541.13	1,421.13
Police Special Detail		111,134.58	88,020.50
Public Defender Fees		24,535.46	19,823.46
Special Law Enforcement Fund		64,486.60	35,132.45
Unemployment Compensation Insurance		20,476.35	30,580.86
Uniform Fire Safety		594.81	574.96
Utility Escrow Deposits		437,747.80	388,815.75
Workers Compensation		24,197.63	96,735.85
		<u>5,141,204.05</u>	<u>5,135,112.12</u>
		<u>\$ 6,898,045.45</u>	<u>\$ 5,204,201.43</u>

EXHIBIT - C
GENERAL CAPITAL FUND

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Balance</u> <u>Dec. 31, 2004</u>
Cash and Investments	C-2,C-3	\$ 7,184,983.65	\$ 230,648.15
Prospective Assessments Raised by Taxation	C-4	15,500.00	15,500.00
Deferred Charges to Future Taxation:			
Funded	C-6	22,711,171.35	14,032,136.59
Unfunded	C-7	21,527,662.04	15,396,158.30
State Aid Receivable		176,168.00	176,168.00
State Aid Receivable - New Jersey			
Transportation Trust Fund		358,967.79	270,582.39
Due from Bank		0.40	10.00
		<u>\$ 51,974,453.23</u>	<u>\$ 30,121,203.43</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-9	\$ 22,570,000.00	\$ 13,890,000.00
Green Trust Loan Payable	C-9A	158,454.21	159,419.45
Bond Anticipation Notes Payable	C-10	907,900.00	1,807,900.00
Improvement Authorizations:			
Funded	C-8	6,821,257.41	1,050,196.23
Unfunded	C-8	19,617,806.10	10,240,064.00
Contracts Payable		1,634,664.79	2,699,171.83
Due to Current Fund		17,411.50	-
Due to Sewer Utility Operating Fund		16,019.69	16,019.69
Reserve for Preliminary Expenses		500.00	500.00
Reserve for Prospective Assessments			
Raised by Taxation		15,500.00	15,500.00
Capital Improvement Fund	C-5	63,564.93	91,124.93
Fund Balance	C-1	151,374.60	151,307.30
		<u>\$ 51,974,453.23</u>	<u>\$ 30,121,203.43</u>

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - STATUTORY BASIS

Balance December 31, 2004	<u>Ref.</u> C		\$	151,307.30
Increased By:				
Premium on Sale of Bonds		\$		67.30
				67.30
				151,374.60
Decreased By:				
None				-
				-
Balance December 31, 2005	C		\$	151,374.60

EXHIBIT - D
SEWER UTILITY FUND

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2005</u>	<u>Balance Dec. 31, 2004</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 4,124,685.01	\$ 4,349,450.45
Due from General Capital Fund		16,019.69	16,019.69
		<u>4,140,704.70</u>	<u>4,365,470.14</u>
Receivables With Full Reserves:			
Consumer Accounts Receivable	D-7	4,574.63	6,636.74
Protested Checks Receivable		-	650.38
Due from Bank		599.34	244.20
		<u>5,173.97</u>	<u>7,531.32</u>
Total Operating Fund		<u>4,145,878.67</u>	<u>4,373,001.46</u>
Capital Fund:			
Cash and Investments	D-5, D-6	2,853,169.54	2,170,005.67
Due from Sewer Utility Operating Fund		-	378,249.44
Fixed Capital:			
Completed	D-9	25,930,455.00	25,930,455.00
Authorized and Uncompleted		10,003,440.44	9,004,440.44
Total Capital Fund		<u>38,787,064.98</u>	<u>37,483,150.55</u>
		<u>\$ 42,932,943.65</u>	<u>\$ 41,856,152.01</u>

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

	Ref.	Balance Dec. 31, 2005	Balance Dec. 31, 2004
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4	\$ 176,657.73	\$ 133,427.99
Encumbrances Payable	D-4	68,864.73	44,370.12
Accrued Interest on Bonds and Notes	D-12	50,426.35	50,710.24
Prepaid Sewer Rents and Connection Fees		4,670.23	5,213.38
Sewer Rent Overpayments		1,802.88	2,639.85
Sewer Lien Overpayments		-	
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
Due to Current Fund		158,147.50	83,905.45
Due to Trust - Special Tax Collector Account			
Due to Utility Capital Fund		-	378,249.44
Due to Trust - Utility Escrow Fund		1,341.47	5,500.77
		<u>484,642.89</u>	<u>726,749.24</u>
Reserve for Receivables	D	5,173.97	7,531.32
Fund Balance	D-1	3,656,061.81	3,638,720.90
Total Operating Fund		<u>4,145,878.67</u>	<u>4,373,001.46</u>
Capital Fund:			
Serial Bonds Payable	D-14	12,880,000.00	12,390,000.00
Contracts Payable		448,450.03	310,763.35
Improvement Authorizations:			
Funded	D-13	2,181,210.05	2,117,720.95
Unfunded	D-13	3,721,350.00	4,235,511.35
Reserve for Payment of Bonds and Notes		185,485.36	185,485.36
Reserve for Amortization		17,517,480.46	16,707,480.46
Deferred Reserve for Amortization		1,832,759.40	1,515,859.40
Capital Improvement Fund	D-11	8,318.25	8,318.25
Fund Balance	D-2	12,011.43	12,011.43
Total Capital Fund		<u>38,787,064.98</u>	<u>37,483,150.55</u>
		<u>\$ 42,932,943.65</u>	<u>\$ 41,856,152.01</u>

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

	<u>Ref.</u>	<u>Year 2005</u>	<u>Year 2004</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	193,522.00	\$ -
Sewer Rents		4,134,580.94	4,234,065.46
Miscellaneous		904,546.30	958,563.41
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		56,542.54	24,099.82
Prior Year Checks Voided		308.91	
Cancellation of Prior Year Payables			641.56
Interfund Payable Cancelled		671.71	
		<u>5,290,172.40</u>	<u>5,217,370.25</u>
Total Income			
Expenditures:			
Operations:			
Salaries and Wages		858,576.00	756,298.00
Other Expenses		2,482,362.00	2,205,288.00
Capital Improvements		316,900.00	74,641.00
Debt Service		1,354,852.37	1,387,628.19
Deferred Charges and Statutory Expenditures		65,684.00	57,857.00
Other Charges to Income:			
Due from Bank for Deposit Corrections		599.34	-
Refund of Prior Year Revenue		335.78	255.72
		<u>5,079,309.49</u>	<u>4,481,967.91</u>
Total Expenditures			
Excess in Revenue		210,862.91	735,402.34
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	-
		<u>210,862.91</u>	<u>735,402.34</u>
Fund Balance January 1	D	<u>3,638,720.90</u>	<u>2,903,318.56</u>
		3,849,583.81	3,638,720.90
Decreased By:			
Utilization as Anticipated Revenue		<u>193,522.00</u>	-
Balance December 31	D	<u>\$ 3,656,061.81</u>	<u>\$ 3,638,720.90</u>

TOWNSHIP OF GALLOWAY
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - STATUTORY BASIS

Balance December 31, 2004	<u>Ref.</u> D		\$	12,011.43
Increased By:				
None		\$		
				-
				12,011.43
Decreased By:				
None				
				-
Balance December 31, 2005	D		\$	12,011.43

TOWNSHIP OF GALLOWAY
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ 193,522.00	\$ 193,522.00	\$ -
Anticipated Revenue:			
Sewer Rents	4,200,000.00	4,134,580.94	(65,419.06)
Miscellaneous	700,000.00	904,546.30	204,546.30
	<u>4,900,000.00</u>	<u>5,039,127.24</u>	<u>139,127.24</u>
Total Revenue	<u>\$ 5,093,522.00</u>	<u>\$ 5,232,649.24</u>	<u>\$ 139,127.24</u>

Analysis of Realized Revenue:

Water and Sewer Rents			
Consumer Accounts Receivable	\$ 4,134,580.94		
		<u>\$ 4,134,580.94</u>	
Miscellaneous Revenues			
Connection Fees	\$ 642,600.00		
Interest on Investments	243,757.43		
Penalties	15,090.37		
Application Fees	2,035.00		
Reimbursements	960.00		
Other Miscellaneous	103.50		
		<u>\$ 904,546.30</u>	
Total Miscellaneous Revenues		<u>\$ 904,546.30</u>	

TOWNSHIP OF GALLOWAY
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended		(Overexpended)
	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Operations:					
Salaries and Wages	\$ 858,576.00	\$ 858,576.00	\$ 824,917.35	\$ 33,658.65	\$
Other Expenses	2,482,362.00	2,482,362.00	2,343,399.51	138,962.49	
	<u>3,340,938.00</u>	<u>3,340,938.00</u>	<u>3,168,316.86</u>	<u>172,621.14</u>	<u>-</u>
Capital Improvements:					
Capital Improvement Fund	40,900.00	40,900.00	40,900.00	-	
Capital Outlay	276,000.00	276,000.00	276,000.00	-	
	<u>316,900.00</u>	<u>316,900.00</u>	<u>316,900.00</u>	<u>-</u>	<u>-</u>
Debt Service:					
Payment of Bond Principal	810,000.00	810,000.00	810,000.00		-
Interest on Bonds	560,000.00	560,000.00	544,852.37		15,147.63
	<u>1,370,000.00</u>	<u>1,370,000.00</u>	<u>1,354,852.37</u>	<u>-</u>	<u>15,147.63</u>
Deferred Charges and Statutory Expenditures:					
Social Security System (O.A.S.I.)	65,684.00	65,684.00	61,647.41	4,036.59	
	<u>65,684.00</u>	<u>65,684.00</u>	<u>61,647.41</u>	<u>4,036.59</u>	<u>-</u>
	<u>\$ 5,093,522.00</u>	<u>\$ 5,093,522.00</u>	<u>\$ 4,901,716.64</u>	<u>\$ 176,657.73</u>	<u>\$ 15,147.63</u>
Ref.	D				D

\$ 4,290,819.49	Disbursed
544,852.37	Interest on Bonds
(2,819.95)	Reimbursements
68,864.73	Encumbered
<u>\$ 4,901,716.64</u>	

EXHIBIT - E
PUBLIC ASSISTANCE TRUST FUND

TOWNSHIP OF GALLOWAY
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Balance</u> <u>Dec. 31, 2004</u>
<u>Assets</u>			
Cash Trust I	D-1	\$ 14,857.36	\$ 14,331.16
Cash Trust II	D-1	23,557.56	22,771.25
Due from Client for Supplemental Security Income		411.60	411.60
		<u>\$ 38,826.52</u>	<u>\$ 37,514.01</u>
 <u>Liabilities and Reserves</u>			
Due to Client for Supplemental Security Income		\$ 5,743.17	\$ 5,743.17
Reserve for Public Assistance Trust I		13,173.06	12,646.86
Reserve for Public Assistance Trust II		19,910.29	19,123.98
		<u>\$ 38,826.52</u>	<u>\$ 37,514.01</u>

EXHIBIT - F
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	Balance <u>Dec. 31, 2005</u>	Balance <u>Dec. 31, 2004</u>
General Fixed Assets:		
Land, Buildings and Improvements	\$ 4,187,100.00	\$ 4,187,100.00
Machinery and Equipment	<u>14,528,601.36</u>	<u>13,370,739.10</u>
Total General Fixed Assets	<u>\$ 18,715,701.36</u>	<u>\$ 17,557,839.10</u>
Investment in General Fixed Assets	<u>\$ 18,715,701.36</u>	<u>\$ 17,557,839.10</u>

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004

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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 10th 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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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.

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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 years 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.

Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1st, May 1st, August 1st, and November 1st. Property taxes unpaid on April 1st 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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2004, and decreased by the amount deferred at December 31, 2005. GAAP would require the recording of a deferred revenue. The following schedule illustrates school taxes payable and school taxes deferred at December 31st for the last two years.

	<u>December 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
Local School Tax Payable	\$ 80,102.64	\$ 80,103.64
Regional High School Tax Payable	3,212,141.79	2,239,243.67
Regional High School Tax Deferred	<u>2,927,683.46</u>	<u>2,927,683.46</u>
	<u>\$ 6,219,927.89</u>	<u>\$ 5,247,030.77</u>

County Taxes

The Township is responsible for levying, collecting and remitting county taxes for the County of Cape May. 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 10th of the current year and due to be paid to the County by February 15th of the following year.

Reserve for Uncollected Taxes

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of 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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 31st 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
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 2: LONG-TERM DEBT

Summary of Municipal Debt

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 23,636,354.21	\$ 15,857,319.45	\$ 16,608,044.43
Sewer Utility:			
Bonds and Notes	<u>12,880,000.00</u>	<u>12,390,000.00</u>	<u>13,200,000.00</u>
Total Issued	36,516,354.21	28,247,319.45	29,808,044.43
Less:			
Funds Temporarily Held to			
Pay Bonds and Notes:			
General	17,282.86	17,282.86	17,282.86
Self-Liquidating Debt	<u>16,601,350.00</u>	<u>16,729,250.00</u>	<u>14,551,250.00</u>
Total Deductions	16,618,632.86	16,746,532.86	14,568,532.86
Net Debt Issued	<u>19,897,721.35</u>	<u>11,500,786.59</u>	<u>15,239,511.57</u>
<u>Authorized but</u>			
<u>not Issued</u>			
Bonds and Notes:			
General	20,618,970.20	13,588,258.30	11,287,411.39
Sewer	<u>3,721,350.00</u>	<u>4,339,250.00</u>	<u>1,351,250.00</u>
Total Authorized but			
not Issued	24,340,320.20	17,927,508.30	12,638,661.39
Net Bonds and Notes			
Issued, and Authorized			
but not Issued	<u>\$ 44,238,041.55</u>	<u>\$ 29,428,294.89</u>	<u>\$ 27,878,172.96</u>

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 2: LONG-TERM DEBT (Continued)

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 1.81%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 20,763,000.00	\$ 20,763,000.00	\$ -
Regional School Debt	8,246,503.85	8,246,503.85	-
Sewer Utility	16,601,350.00	16,601,350.00	-
General Debt	44,255,324.41	17,282.86	44,238,041.55
	\$ 89,866,178.26	\$ 45,628,136.71	\$ 44,238,041.55

Net Debt \$44,238,041.55 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,437,663,805 = 1.81%.

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

3-1/2% of Equalized Valuation Basis	\$ 73,129,914.15
Net Debt	44,238,041.55
Remaining Borrowing Power	\$ 28,891,872.60

The foregoing debt information is in agreement with 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		\$ 5,232,649.24
Deductions:		
Operating & Maintenance Costs	\$ 3,406,622.00	
Debt Service	1,354,852.37	
Total Deductions		4,761,474.37
Excess in Revenue - Self Liquidating		\$ 471,174.87

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 2: LONG-TERM DEBT (Continued)

Description of Bonds and Loans Payable

At December 31, 2005, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$4,700,000 General Improvement Bonds dated September 15, 1994, due in annual installments through August 1, 2005, bearing interest at 5.300%. The balance remaining as of December 31, 2005 is zero, as final maturity of \$550,000 was paid during 2005.

\$8,100,000 General Improvement Bonds dated June 15, 1996, due in annual installments through November 1, 2005, bearing interest at a rate of 5.500%. The balance remaining as of December 31, 2005, as final maturity of \$590,000 was paid during 2005.

\$2,850,000 General Improvements Bonds dated December 15, 1998, due in annual installments through December 15, 2007, bearing interest at a rate of 4.250%. The balance remaining as of December 31, 2005 is \$850,000.

\$3,750,000 General Improvements Bonds dated December 15, 1998, due in annual installments, beginning December 15, 2008 through December 15, 2014, and bearing interest at varying rates. The balance remaining as of December 31, 2005 is \$3,750,000.

\$4,355,000 Refunding Bonds dated September 1, 2001, due in annual installments through November 1, 2011, bearing interest at varying rates. The balance remaining as of December 31, 2005 is \$4,175,000.

\$3,845,000 Refunding Bonds dated December 1, 2002, due in annual installments through December 1, 2017, bearing interest at varying rates. The balance remaining as of December 31, 2005 is \$3,395,000.

\$10,400,000 General Improvements Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2006 through December 1, 2019, and bearing interest at rates varying from 3.50% to 4.250%. The balance remaining as of December 31, 2005 is \$10,400,000.

\$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, 2005, is \$8,454.21.

\$150,000 Green Trust Loan dated 2000. Repayment of loan has not commenced, as the State of New Jersey Department of Environmental Protection has not yet notified the Township of when repayment is scheduled to commence. Therefore, the balance remaining as of December 31, 2005, is \$150,000.

\$300,000 Sewer Utility Improvement Bonds dated September 15, 1994, due in annual installments through August 1, 2005, bearing interest at 5.300%. The balance remaining as of December 31, 2005 is zero, as final maturity of \$35,000 was paid during 2005.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 2: LONG-TERM DEBT (Continued)

Description of Bonds and Loans Payable (Continued)

\$5,400,000 Sewer Utility Bonds dated June 15, 1996, due in annual installments through November 1, 2005, bearing interest at a rate of 5.500%. The balance remaining as of December 31, 2005 is zero, as final maturity of \$300,000 was paid during 2005.

\$7,150,000 Sewer Utility Bonds dated December 15, 1998, due in annual installments through December 15, 2018, bearing interest at varying rates. The balance remaining as of December 31, 2005 is \$5,450,000.

\$3,790,000 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, 2005 is \$3,620,000.

\$2,960,000 Sewer Utility Bonds dated December 1, 2002, due in annual installments through September 1, 2015, bearing interest at varying rates. The balance remaining as of December 31, 2005 is \$2,510,000.

\$1,300,000 Sewer Utility Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2006 through December 1, 2019, and bearing interest at rates varying from 3.50% to 4.250%. The balance remaining as of December 31, 2005 is \$1,300,000.

Changes in Long-Term Debt

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

	<u>Outstanding</u> 12/31/04	<u>Issues or</u> Additions	<u>Payments or</u> Expenditures	<u>Outstanding</u> 12/31/05
General Capital Fund:				
Bonds Payable	\$ 13,890,000.00	\$ 10,400,000.00	\$ 1,720,000.00	\$ 22,570,000.00
Loans Payable	159,419.45		965.24	158,454.21
Total General Capital Fund	<u>14,049,419.45</u>	<u>10,400,000.00</u>	<u>1,720,965.24</u>	<u>22,728,454.21</u>
Sewer Utility Capital Fund:				
Bonds Payable	<u>12,390,000.00</u>	<u>1,300,000.00</u>	<u>810,000.00</u>	<u>12,880,000.00</u>
Total Sewer Utility Capital Fund	<u>12,390,000.00</u>	<u>1,300,000.00</u>	<u>810,000.00</u>	<u>12,880,000.00</u>
Total - All Funds	<u>\$ 26,439,419.45</u>	<u>\$ 11,700,000.00</u>	<u>\$ 2,530,965.24</u>	<u>\$ 35,608,454.21</u>

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 2: LONG-TERM DEBT (Continued)

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
2006	\$ 1,470,000.00	\$ 942,962.50	\$ 840,000.00	560,581.25
2007	1,600,000.00	878,462.50	850,000.00	523,981.25
2008	2,045,000.00	818,587.50	965,000.00	491,818.75
2009	2,205,000.00	734,612.50	970,000.00	452,056.25
2010	2,355,000.00	638,112.50	975,000.00	409,106.25
2011-2015	8,700,000.00	1,835,837.50	5,455,000.00	1,382,006.25
2016-2019	4,195,000.00	366,825.00	2,825,000.00	245,950.00
	<u>\$ 22,570,000.00</u>	<u>\$ 6,215,400.00</u>	<u>\$ 12,880,000.00</u>	<u>\$ 4,065,500.00</u>

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. At December 31, 2005, the balance of the fund was \$219,918.99. It is estimated that, at December 31, 2005, accrued benefits for compensated absences are valued at \$2,696,351.42.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

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

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, 2005		Balance December 31, 2004
	<u> </u>		<u> </u>
Prepaid Taxes - Cash Liability	\$ 537,941.89	\$	542,749.07
	<u> </u>		<u> </u>

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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 6: PENSION PLANS (Continued)

Plan Descriptions (Continued)

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.

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.

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 average 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 average compensation equals the average compensation 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 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.

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 5.0% of base salary effective July 1, 2004. 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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 6: PENSION PLANS (Continued)

Funding Policy (Continued)

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% of base salary.

For the Public Employees' Retirement System, the Township's required contribution was \$20,051 for 2005. There was no Township contribution required for 2004 and 2003.

Three-Year Trend Information for PERS

<u>Funding Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 20,051.00	100% \$	-
12/31/04	-	-	-
12/31/03	-	-	-

For the Police and Firemen's Retirement System, the Township's required contribution was \$163,649.42 for 2005 and \$70,517.80 for 2004; there was no contribution required for 2003.

Three-Year Trend Information for PFRS

<u>Funding Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 163,649.42	100% \$	-
12/31/04	70,517.80	100%	-
12/31/03	-	-	-

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 7: DEPOSITS AND INVESTMENTS

Deposits

Operating cash, in the form of checking and money market savings accounts, is held in the Township's name by a commercial banking institution. At December 31, 2005, the carrying amount of the Township's deposits was \$31,750,114.32 and the bank balance was \$32,547,081.27. Of the bank balance, \$106,910.95 was covered by federal depository insurance, and the remainder was covered by the Governmental Unit Deposit Protection Act (GUDPA).

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. At December 31, 2005, \$106,910.95 all of the Township's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The Township does not have a policy for custodial credit risk.

Investments

At December 31, 2005, the Township had the following investments:

Investment	Credit Rating	Face Amount	Carrying Amount	Investment Maturities (in years)		
				Less than 1	1 - 5	6 - 10
Evergreen U.S. Gov't Money Market Fund	AAA	\$ 7,529.79	\$ 7,529.79	\$ 7,529.79	\$ -	\$ -
New Jersey Cash Management Fund	not rated	267,742.01	267,742.01	267,742.01		
U.S. Government and Agency Securities	AAA	496,661.13	492,489.10		384,301.70	108,187.40
		<u>\$ 771,932.93</u>	<u>\$ 767,760.90</u>	<u>\$ 275,271.80</u>	<u>\$ 384,301.70</u>	<u>\$ 108,187.40</u>

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
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 7: CASH 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 investment in the Evergreen U.S. Government Money Market Fund is rated AAA by Standard and Poor's. The Township's investment in U.S. government and agency securities are also rated AAA by Standard and Poor's. The New Jersey Cash Management Fund is not required to be rated since it is an external investment pool.

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 1st and May 1st respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due August 1st and November 1st 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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 8: PROPERTY TAXES (Continued)

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.

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.

Comparative Schedule of Tax Rates				
		2005	2004	2003
Tax Rate	\$	3.2390	\$ 3.0860	\$ 2.9770
Apportionment of Tax Rate:				
Municipal		0.5620	0.5630	0.5720
County		0.5910	0.5650	0.5400
Local School		1.3910	1.3520	1.2810
Regional School		0.6950	0.6060	0.5840

Three-year statistical information (continued):

Assessed Valuation		
Year		Amount
2005	\$	1,767,441,446
2004		1,706,482,575
2003		1,628,097,412

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 8: PROPERTY TAXES (Continued)

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2005	\$ 58,898,775.16	\$ 58,602,320.40	99.50%
2004	53,820,845.16	53,612,022.47	99.61%
2003	49,723,741.66	49,464,041.44	99.48%

Delinquent Taxes and Tax Title Liens

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2005	\$ 254,875.69	\$ 42,376.82	\$ 297,252.51	0.50%
2004	255,462.84	56,237.59	311,700.43	0.58%
2003	322,447.09	127,886.90	450,333.99	0.91%

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
2005	\$ 3,446,894
2004	3,647,894
2003	3,773,312

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
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(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>
2005	\$ 4,502,725.86	\$ 3,190,000.00	70.85%
2004	4,236,533.00	3,190,000.00	75.30%
2003	3,827,765.00	2,630,000.00	68.71%
2002	4,027,758.60	2,731,639.52	67.82%
2001	2,793,359.90	1,900,000.00	68.02%

Sewer Utility Operating Fund:

<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
2005	\$ 3,656,061.81	\$ 434,390.00	11.88%
2004	3,630,720.90	193,522.00	5.33%
2003	2,903,318.56	-	0.00%
2002	2,618,402.54	-	0.00%
2001	2,244,776.25	332,731.00	14.82%

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2005 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 196,164.03	\$ 251,889.87
Federal and State Grant Fund		13,000.00
Animal Control Trust Fund		7,605.03
Trust Fund - Other	253,231.34	
General Capital		33,431.19
Sewer Utility Operating	<u>16,019.69</u>	<u>159,488.97</u>
Total	\$ <u>465,415.06</u>	\$ <u>465,415.06</u>

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 2005 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, 2005, 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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

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, 2005.

	<u>Balance as of December 31, 2004</u>		<u>Additions</u>		<u>Disposals</u>		<u>Balance as of December 31, 2005</u>
Land	\$ 1,498,200.00	\$		\$		\$	1,498,200.00
Buildings	2,688,900.00						2,688,900.00
Equipment	<u>13,370,739.10</u>		<u>1,589,381.06</u>		<u>431,518.80</u>		<u>14,528,601.36</u>
Total	<u>\$ 17,557,839.10</u>	\$	<u>1,589,381.06</u>	\$	<u>431,518.80</u>	\$	<u>18,715,701.36</u>

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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(CONTINUED)

Note 16: PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the Township defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Township's financial statements. On December 31, 2005, \$7,590,000 of bonds outstanding is considered defeased.

Note 17: 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, 2005, the Township had \$506,929.85 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 18: DUE TO TAXPAYERS – ENVIRONMENTAL INVESTMENT CHARGE (EIC)

In 2003, the Township received a payment of \$241,944.38 from the Atlantic County Utilities Authority (ACUA) for the refund of Environmental Investment Charge payments collected by the ACUA pursuant to an order of the Local Finance Board and the Department of Environmental Protection in 1998. In July 2001, the Appellate Division of the Superior Court of the State of New Jersey upheld a Supreme Court ruling that the ACUA could not impose an EIC on users, and as a result, found the users entitled to a refund. Although the refund was made to the Township of Galloway, the refund was due to certain taxpayers residing within the Township.

During 2004, the Township refunded all but a small portion of the payment due to the taxpayers. At December 31, 2005, the remaining liability was \$36.68.

Note 19: 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.

SUPPLEMENTARY SCHEDULES

TOWNSHIP OF GALLOWAY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	Ref.	<u>Current Fund</u>		<u>Federal and State Grant Fund</u>
Balance December 31, 2004	A	\$ 9,626,508.15		\$ 101,902.99
Increased By Receipts:				
Taxes Receivable		\$ 57,951,318.73		\$
Tax Title Liens		27,202.78		
Revenue Accounts Receivable		7,088,078.26		
Miscellaneous Revenue Not Anticipated		137,249.50		
Veterans & Senior Citizen - State of NJ		386,000.00		
Prepaid Taxes		537,941.89		
Federal and State Grants Receivable				515,583.53
Unappropriated Grant Reserves				7,080.05
Small Cities Revolving Loan Fund				65,525.00
Due from Current Fund				481,410.95
Due from Grant Fund		30,204.00		
Due from General Capital Fund		2,259,990.00		
Due to Utility Operating		113,517.64		
Due to Public Defender Trust Fund		17,712.00		
Due to POAA Trust Fund		120.00		
Due to Tax Collector Special Account		1,623.32		
Due to Trust Fund - Developers Escrow		3,893.54		
Due to Animal Control Fund		467.00		
Due to Trust Fund - Other		39,991.13		
Due to State - Marriage Licenses		5,750.00		
Due to State - Domestic Partnerships		125.00		
Due to State - Permit Surcharge Fee		60,589.00		
Appropriation Refunds		223,052.46		125.00
Appropriation Reserves Refunds		206.47		
Petty Cash Fund Deposits		2,140.29		
Land Sale Deposits		1,000.00		
Proceeds from Sale of Property		1,021,496.52		
Reserve for Sale of Municipal Property		74,068.25		
Refund of Prior Year Expenditure		285.60		
Reserve for Refund of Revenue		3,058.00		
Prior Year Cancelled Checks		11,544.24		
Tax Overpayments		296.61		
		<hr/>		<hr/>
		69,998,922.23		1,069,724.53
		<hr/>		<hr/>
		79,625,430.38		1,171,627.52

TOWNSHIP OF GALLOWAY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>		<u>Federal and State Grant Fund</u>
Decreased By Disbursements:				
2005 Appropriations	\$	16,656,329.69	\$	
2004 Appropriation Reserves		164,415.82		
Reserve for Encumbrances		357,027.76		
County Taxes		10,447,415.75		
County Added and Omitted Taxes		211,878.62		
Local District School Tax		24,589,129.00		
Regional School Taxes		11,306,752.41		
Refund of Tax Overpayments		258,720.31		
Due to Grant Fund		529,125.93		
Due to General Capital Fund		2,277,411.50		
Due from Sewer Utility Operating Fund		197,332.05		
Due to Public Defender Trust Fund		13,000.00		
Due to Special Assessment Trust		17,336.87		
Due to Housing Trust Fund		11,617.00		
Due to Animal Control Trust		646.36		
Due to Trust - Tax Collector Special Account		139,237.98		
Due to Trust - Escrow		31,630.13		
Due to State - Marriage Licenses		5,725.00		
Due to State - Domestic Partnerships		350.00		
Due to State - Permit Surcharge Fee		64,708.00		
Federal and State Grant Fund - Appropriated Reserves				724,301.15
Due to Current Fund				6,877.94
Small Cities Revolving Loan Fund				6,877.50
Refund of Deposit for Sale of Property		225.00		
Due from Bank		9,054.95		
Due from Vendor		199.98		
Petty Cash		4,050.00		
Reserve for Refund of Revenues		3,469.86		
Refund of Prior Year Revenue		355.00		
Cancellation of Uncollectible Balances		67.41		
		\$ 67,297,212.38		\$ 738,056.59
Balance December 31, 2005	A	\$ 12,328,218.00		\$ 433,570.93

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

Year	Balance Dec. 31, 2004	2005 Levy	Added Taxes	Collections		Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2005
				2004	2005			
Arrears	\$ 27,204.66	\$	\$	\$	\$ 28,444.65	\$ (26,186.60)	\$ 617.20	\$ 24,329.41
2003	29.66					29.66		-
2004	29,003.47		4,500.00		(9,405.26)	42,908.73		0.00
	56,237.79		4,500.00		19,039.39	16,751.79	617.20	24,329.41
2005		58,898,775.16		542,749.07	58,059,571.33	256,936.19	21,471.16	18,047.41
	\$ 56,237.79	\$ 58,898,775.16	\$ 4,500.00	\$ 542,749.07	\$ 58,078,610.72	\$ 273,687.98	\$ 22,088.36	\$ 42,376.82
Ref.	A							A

\$ 57,951,318.73 Taxes Receivable
(256,287.62) Overpayments
383,579.61 Senior Citizens and Veterans
\$ 58,078,610.72

Analysis of 2005 Property Tax Levy

Tax Yield:

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

\$ 58,898,775.16
\$ 58,898,775.16

Tax Levy:

Local District School Tax:
Levy \$ 24,589,128.00
Addition to Local District School Tax

\$ 24,589,128.00
12,279,650.53
10,447,415.75
301,302.98
9,919,548.90
1,361,729.00
11,281,277.90
\$ 58,898,775.16

Regional High School Tax
County Taxes
County Taxes Added and Omitted
Local Tax for Municipal Purposes
Add: Additional Tax Levied

TOWNSHIP OF GALLOWAY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2004	<u>Ref.</u> A		\$	255,462.84
Increased By:				
Transfers from Taxes Receivable		\$ 22,088.36		
Interests and Costs from Tax Sale		1,508.53		
Added Liens		3,018.74		
				26,615.63
				282,078.47
Decreased By:				
Cash Receipts		27,202.78		
				27,202.78
Balance December 31, 2005	A		\$	254,875.69

TOWNSHIP OF GALLOWAY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Accrued</u> <u>In 2005</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Alcoholic Beverages	\$	\$ 453,185.86	\$ 453,185.86	\$ -
Fees and Permits		62,272.50	62,272.50	-
Fines and Costs:				
Municipal Court	32,409.50	435,935.86	419,999.91	48,345.45
Interest and Costs on Taxes		169,042.04	169,042.04	-
Interest on Investments and Deposits		503,018.25	503,018.25	-
Planning Board - Special Application Fees		62,674.00	62,674.00	-
Fire Subcode Official:				
Fire Safety Rebate		33,990.08	33,990.08	-
Fire Inspections		11,839.00	11,839.00	-
Road Openings		51,565.00	51,565.00	-
Cable Franchise Fees		112,886.74	112,886.74	-
Contract Postal Unit		53,620.41	53,620.41	-
Hotel Tax		614,524.26	614,524.26	-
Legislative Initiative Municipal Block Grant		122,371.00	122,371.00	-
Consolidated Municipal Property Tax Relief Aid		982,383.00	982,383.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		2,225,521.00	2,225,521.00	-
Supplemental Energy Receipts Tax		115,387.00	115,387.00	-
Payments in Lieu of Taxes - Wildlife Refuge		54,775.00	54,775.00	-
Homeland Security		140,000.00	140,000.00	-
Pinelands Property Tax Stabilization		134,865.00	134,865.00	-
Watershed Moratorium Offset		7,708.00	7,708.00	-
Garden State Preservation Trust Fund		19,147.73	19,147.73	-
Uniform Construction Code Fees		720,806.00	720,806.00	-
Communications - Dispatch Agreement				
Atlantic County		17,863.10	17,863.10	-
Stockton College		-	-	-
TOTALS	\$ <u>32,409.50</u>	\$ <u>7,105,380.83</u>	\$ <u>7,089,444.88</u>	\$ <u>48,345.45</u>
Ref.	A			A
		Cash Receipts	\$ 7,088,078.26	
		Garden State Preservation Trust	<u>1,366.62</u>	
			<u>\$ 7,089,444.88</u>	

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

	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Overexpended</u>
Salaries and Wages					
Planning Board	\$ 3,176.51	\$ 3,176.51	\$ 60.00	\$ 3,116.51	\$
Zoning Board	460.00	460.00	40.00	420.00	
Police Department	224,945.97	224,945.97	364.57	224,581.40	
Streets and Roads Maintenance	18,030.23	18,030.23	238.34	17,791.89	
Public Buildings and Grounds	10,017.20	10,017.20	588.50	9,428.70	
Uniform Construction Code	29,821.67	29,821.67	150.18	29,671.49	
Other Expenses					
General Administration	4,333.55	4,333.55	4,006.96	326.59	
Mayor and Council	10,274.28	10,274.28	2,441.37	7,832.91	
Municipal Clerk	5,985.42	5,985.42	3,485.63	2,499.79	
Financial Administration	13,955.76	13,955.76	3,057.27	10,898.49	
Revenue Administration	5,073.47	5,073.47	4,436.55	636.92	
Tax Assessor	28,130.19	28,130.19	6,864.24	21,265.95	
Legal Services and Costs	37,248.03	37,248.03	3,441.64	33,806.39	
Engineering Services and Costs	5,753.20	5,753.20	2,265.00	3,488.20	
Planning Board	15,593.35	15,593.35	7,224.01	8,369.34	
Zoning Board	1,520.85	1,520.85	275.70	1,245.15	
Police Department	116,583.43	116,583.43	48,977.95	67,605.48	
Police Dispatch/911	13,238.73	13,238.73	4,351.66	8,887.07	
Office of Emergency Management	3,263.76	3,263.76	541.55	2,722.21	
Aid to Ambulance Associations	2,172.53	2,172.53	2,172.53	-	
Fire Department	176,955.14	176,955.14	173,527.93	3,427.21	
Streets and Roads Maintenance	52,880.08	52,880.08	33,367.00	19,513.08	
Other Public Works Functions	7,194.46	7,194.46	3,743.79	3,450.67	
Solid Waste	18,394.87	18,394.87	15,725.11	2,669.76	
Public Buildings and Grounds	37,719.51	37,719.51	25,811.71	11,907.80	
Vehicle Maintenance	36,012.01	36,012.01	36,012.01	-	
Animal Regulation	1,633.36	1,633.36	1,188.00	445.36	

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

	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Overexpended</u>
Administration of Public Assistance	\$ 1,898.72	\$ 1,898.72	\$ 584.11	\$ 1,314.61	\$
Recreation Services and Programs	27,325.79	27,325.79	17,928.76	9,397.03	
Senior Services	9,063.51	9,063.51	4,793.84	4,269.67	
Maintenance of Parks	3,675.04	3,675.04	1,274.32	2,400.72	
Celebration of Public Events	8,631.41	8,631.41	2,762.70	5,868.71	
Construction Code Official	10,029.38	10,029.38	881.04	9,148.34	
Utilities:					
Electric	20,000.62	20,000.62	20,000.62	-	
Street Lighting	40,880.77	40,880.77	40,880.77	-	
Telephone	8,873.51	8,873.51	8,785.29	88.22	
Gas	4,433.48	4,433.48	4,165.70	267.78	
Gasoline	30,452.69	30,452.69	23,745.19	6,707.50	
Landfill/Solid Waste Disposal Costs	7,899.34	7,899.34	2,068.72	5,830.62	
Municipal Court	8,932.08	8,932.08	2,244.14	6,687.94	
Group Insurance for Employees	25,352.99	25,352.99	6,762.71	18,590.28	
Accounts with No Change	203,527.39	203,527.39	-	203,527.39	
TOTALS	\$ <u>1,291,344.28</u>	\$ <u>1,291,344.28</u>	\$ <u>521,237.11</u>	\$ <u>770,107.17</u>	\$ <u>-</u>
Ref. A					
Appropriation Reserves	\$ 934,316.52		\$ 164,209.35		
Encumbrances Payable	<u>357,027.76</u>		<u>357,027.76</u>		
	<u>\$ 1,291,344.28</u>		<u>\$ 521,237.11</u>		
		Cash Disbursements	\$ 521,443.58		
		Reimbursements	<u>(206.47)</u>		
			<u>\$ 521,237.11</u>		

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

<u>Purpose</u>	Balance Dec. 31, 2004	Anticipated Revenues	Received	Cancelled	Balance Dec. 31, 2005
State:					
Law and Public Safety	\$ 6,939.00	\$	\$	\$	\$ 6,939.00
Holiday Safety Enforcement Campaign	2,000.00				2,000.00
Child Passenger Safety Education Grant	7,850.22	7,800.00	7,650.00		8,000.22
Safe and Secure Communities Program	75,000.00	60,000.00	55,000.00		80,000.00
Municipal Alliance Program	34,308.78	18,359.00	17,090.33		35,577.45
Body Armor Fund	-	6,531.75	6,531.75		-
Clean Communities	5,095.86	39,904.09	44,999.95		-
Aggressive Driving Enforcement Grant	11,889.00				11,889.00
Recycling Tonnage	-	15,478.45	13,311.50		2,166.95
Click It or Ticket	5.00	2,000.00			2,005.00
Highway Safety Grant	2,000.00		2,000.00		-
Federal:					
Small Cities Community Development Block Grant	144,930.00				144,930.00
COPS Universal Hiring Grant	60,000.00	220,000.00	200,000.00		80,000.00
COPS More	60,000.00				60,000.00
COPS in Schools	31,000.00		31,000.00		-
Wildlife Habitat Incentive Program	389.00				389.00
Local Law Enforcement Block Grant	64,057.00				64,057.00
Community Development Block Grant	51,504.00				51,504.00
Other:					
Atlantic County Open Space Trust Fund	297,250.00		135,000.00		162,250.00
Atlantic County Regional Traffic Education		3,000.00	3,000.00		-
TOTALS	\$ 854,217.86	\$ 373,073.29	\$ 515,583.53	\$ -	\$ 711,707.62
Ref.	A				A

Cash Receipts	\$ 515,583.53
Due from Current	
	<u>\$ 515,583.53</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2004</u>	<u>Received</u>	<u>Anticipated Revenues</u>	<u>Balance Dec. 31, 2005</u>
State:				
Clean Communities Program	\$ 8,078.91	\$ 184.10	\$ 8,078.91	\$ 184.10
Body Armor Fund	2,705.25	6,895.95	2,705.25	6,895.95
Recycling Tonnage Grant	3,725.55		3,725.55	-
Municipal Stormwater Grant	15,464.00		15,464.00	-
Domestic Violence Training		1,000.00		1,000.00
TOTALS	\$ <u>29,973.71</u>	\$ <u>8,080.05</u>	\$ <u>29,973.71</u>	\$ <u>8,080.05</u>
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, 2004</u>	<u>Budget Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2005</u>
State:					
New Jersey Transportation Trust Fund					
Pothole Repair Program	\$ 1,948.36	\$	\$	\$	\$ 1,948.36
Recycling Tonnage Grant	3,886.58	19,204.00	20,660.59		2,429.99
Drunk Driving Enforcement Program	2,529.54		2,260.00		269.54
Child Passenger Safety Education Grant	6,959.33	7,800.00	6,907.50		7,851.83
Law and Public Safety - Domestic Violence	3,280.23		1,564.29		1,715.94
Law and Public Safety - Aggressive Driving	14,834.99		1,400.00		13,434.99
Clean Communities Program	15,642.59	47,983.00	28,226.87		35,398.72
Safe and Secure Program	20,661.20	278,800.00	239,679.33		59,781.87
Body Armor Fund	1,533.37	9,237.00	10,770.37		(0.00)
Municipal Drug Alliance Program	14,593.18	25,649.00	22,506.92		17,735.26
Alcohol Education & Rehabilitation Program	225.93				225.93
Stormwater Management		15,464.00			15,464.00
Click-it or Ticket	-	2,000.00	2,000.00		-
Federal:					
Small Cities	144,326.52				144,326.52
COPS Universal Hiring Grant	168,467.80	454,433.00	335,397.06		287,503.74
COPS More	36,856.54				36,856.54
COPS in Shops	5,526.12		3,600.00		1,926.12
COPS in Schools	47,026.32		47,026.32		-
Community Development Block Grant	51,504.00				51,504.00
Wildlife Habitat Incentive Program	82.50		(164.17)		246.67
Local Law Enforcement Block Grant	16,046.74				16,046.74
Other:					
Atlantic County Open Space Partnership	237,226.97		2,925.00		234,301.97
Atlantic County Regional Traffic Education	435.00	3,000.00	1,500.00		1,935.00
Highway Safety Program - DWI Enforcement	912.50				912.50
TOTALS	\$ 794,506.31	\$ 863,570.00	\$ 726,260.08	\$ -	\$ 931,816.23
Ref.	A				A
		Cash Disbursements	\$ 724,301.15		
		Reimbursements	(125.00)		
		Encumbrances Payable	27,218.85		
		Encumbrances Cancelled	(25,134.92)		
			<u>\$ 726,260.08</u>		

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

Balance December 31, 2004	<u>Ref.</u> B	\$	12,104.56
Increased By Receipts:			
Dog Licenses Fees		\$	5,207.20
Kennel Fees			425.00
Due from Current Fund			187.76
Interest Earned			521.38
			<hr/>
			6,341.34
			<hr/>
			18,445.90
Decreased By Disbursements:			
Interest Earned - Due to Current Fund			521.38
Animal Control Expenditures			833.99
			<hr/>
			1,355.37
			<hr/>
Balance December 31, 2005	B	\$	<u><u>17,090.53</u></u>

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

	<u>Ref.</u>	<u>Other</u>		<u>Assessment</u>
	B	\$	3,718,968.95	\$
Balance December 31, 2004				39,460.12
Increased By Receipts:				
Collector	\$			\$
Due to Current Fund:				
Assessment Fund				17,336.87
Housing Trust		11,617.00		
Inspection Escrow		31,240.00		
Developer Escrow Trust		390.13		
Due from Sewer Utility Operating		5,500.77		494.00
Due to Developer Escrow from Payroll Trust		300.00		
Refund from Bank		0.03		
Insurance Funds:				
Workers' Compensation Insurance Fund		3,330.59		
General Liability Insurance Fund		130,456.60		
Funds Held in Escrow - Inspection Fees		631,631.42		
Funds Held in Escrow - Developer Escrow Fees		390,425.80		
Reserve for New Jersey Unemployment Compensation Insurance Trust Fund		15,516.21		
Payroll Deductions		4,028,286.96		
Net Payroll		6,218,084.32		
Reserve for Special Law Enforcement		60,296.14		
Reserve for Housing Trust Fund		256,547.90		
Reserve for Utility Escrow Deposits		135,599.85		
Reserve for Media Relations		585.21		
Reserve for Community Events		200,994.50		
Reserve for Police Special Detail		106,107.00		
Reserve for Uniform Fire Safety		19.85		
Assessments Receivable				377,339.30
Reserve for Assessments				1,915.19
Deposits on Future Assessments				215,637.89
		<u>12,226,930.28</u>		<u>612,723.25</u>
		15,945,899.23		652,183.37

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

	Ref.	Other		Assessment
Decreased By Disbursements:				
Due from Current Fund:				
Housing Trust	\$	19,682.00	\$	
Inspection Escrow		3,893.54		
Community Events		18,033.38		
Utility Escrow		275.00		
Payroll Trust		2,000.75		
Due to Sewer Utility Operating		1,341.47		494.00
Bank Service Charge		36.00		
Escrow Deposits:				
Inspection Fees		664,101.50		
Developer Escrow Funds		327,583.20		
Reserve for New Jersey Unemployment				
Compensation Insurance Trust Fund		25,620.72		
Payroll Deductions		4,029,833.96		
Net Payroll		6,218,084.32		
Insurance Funds:				
Workers' Compensation Insurance Fund		75,868.81		
General Liability Insurance Fund		106,225.50		
Reserve for Housing Trust Fund		19,183.26		
Reserve for Special Law Enforcement		30,941.99		
Reserve for Utility Escrow Deposits		86,667.80		
Reserve for Landfill Closure		100.00		
Reserve for Community Events		195,928.86		
Reserve for Police Special Detail		82,992.92		
Assessments Receivable				542.10
Reserve for Assessments				2,034.90
		\$ 11,908,394.98		\$ 3,071.00
Balance December 31, 2005	B	\$ 4,037,504.25		\$ 649,112.37

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

Balance December 31, 2004	<u>Ref.</u> B		\$	525,350.85
Increased By Receipts:				
Deposits for Redemption of Tax Sale Certificates		\$ 2,125,124.42		
Deposits for Premiums		244,594.81		
Due from Current Fund		137,614.66		
Due from Sewer Operating		1,889.65		
Received from Bank		165.21		
Interest Earned		14,093.64		
				2,523,482.39
				3,048,833.24
Decreased By Disbursements:				
Refunds - Deposits for Redemption of Tax Sale Certificates		2,142,338.96		
Refunds of Tax Sale Premiums		540,394.81		
Payments to Taxpayer		898.69		
Payments to Treasurer		14,093.64		
				2,697,726.10
Balance December 31, 2005	B		\$	351,107.14

TOWNSHIP OF GALLOWAY
TRUST FUND
STATEMENT OF INVESTMENTS IN U.S. GOVERNMENT SECURITIES

Balance December 31, 2004	<u>Ref.</u> B		\$	492,585.01
Increased By:				
Interest Earned		\$		20,302.58
				20,302.58
				512,887.59
Decreased By:				
Loss on Investments				12,868.70
				12,868.70
Balance December 31, 2005	B		\$	500,018.89

Schedule of Investments at December 31, 2005

Description	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Cost</u>
Evergreen Federal Money Market	n/a	n/a	\$ 7,529.79
U.S. Treasury Notes	5/15/2008	5.750%	40,675.20
U.S. Treasury Notes	9/15/2011	5.500%	31,050.00
U.S. Treasury Notes	1/15/2013	4.500%	19,643.80
U.S. Treasury Notes	3/15/2008	2.750%	4,796.90
U.S. Treasury Notes	2/15/2007	2.375%	24,351.50
U.S. Treasury Notes	7/15/2014	5.000%	30,403.20
U.S. Treasury Notes	1/15/2015	4.500%	24,523.50
U.S. Treasury Notes	3/15/2011	5.500%	15,506.25
U.S. Treasury Notes	3/15/2012	6.125%	10,700.00
U.S. Treasury Notes	11/15/2007	3.250%	38,937.60
U.S. Treasury Notes	6/15/2008	2.500%	37,962.40
U.S. Treasury Notes	2/17/2009	5.488%	9,735.50
U.S. Treasury Notes	2/15/2007	2.375%	24,351.50
U.S. Treasury Notes	4/15/2014	4.125%	23,836.00
U.S. Treasury Notes	5/15/2009	4.250%	19,706.20
U.S. Treasury Notes	8/15/2007	3.250%	44,185.95
U.S. Treasury Notes	10/15/2008	3.125%	19,346.00
U.S. Treasury Notes	11/15/2009	3.500%	62,996.70
U.S. Treasury Notes	5/15/2015	4.125%	9,780.90
			\$ 500,018.89

TOWNSHIP OF GALLOWAY
TRUST ASSESSMENT FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2004	Receipts		Disbursements		Transfers		Balance Dec. 31, 2005
		Assessments	Misc.	Assessments	Misc.	From	To	
Due from Current Fund	\$ (17,336.87)		\$ 17,336.87		\$		\$	\$ -
Due to Sewer Operating			494.00		494.00			-
Assessments Receivable		377,339.30		542.10		1,694,975.00	227,539.30	(1,090,638.50)
Reserve for Assessments	44,895.58	1,915.19		2,034.90			1,694,975.00	1,739,750.87
Deposits on Future Assessments	11,901.41		215,637.89			227,539.30		0.00
	<u>\$ 39,460.12</u>	<u>\$ 379,254.49</u>	<u>\$ 233,468.76</u>	<u>\$ 2,577.00</u>	<u>\$ 494.00</u>	<u>\$ 1,922,514.30</u>	<u>\$ 1,922,514.30</u>	<u>\$ 649,112.37</u>
Ref.	B							B

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

Balance December 31, 2004	<u>Ref.</u> B		\$	12,292.32
Increased By:				
Dog Licenses Fees Collected - Township Share		\$		5,222.80
Kennel Licenses				425.00
Interest Earned				521.38
				6,169.18
				18,461.50
Decreased By:				
Dog License Expenses				833.99
Statutory Excess due Current Fund				7,620.63
Interest Paid over to Current Fund				521.38
				8,976.00
Balance December 31, 2005	B		\$	9,485.50

License Fees Collected	<u>Year</u>			
	2004	\$		4,860.61
	2003			4,624.89
		\$		9,485.50

TOWNSHIP OF GALLOWAY
TRUST FUND
SCHEDULE OF DUE TO/(FROM) CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2004	<u>Ref.</u> B		\$	(187.76)
Increased By:				
Receipts from Current Fund		\$		5,819.96
Statutory Excess Due to Current Fund				7,620.63
				13,440.59
				13,252.83
Decreased By:				
Receipts deposited into Current Fund for Animal Control				5,647.80
				5,647.80
Balance December 31, 2005	B		\$	7,605.03

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2004	<u>Ref.</u> C	\$ 230,648.15
Increased By Receipts:		
Capital Improvement Fund	\$ 602,875.00	
Premium on Sale of Bonds	67.30	
State of New Jersey	217,685.86	
Improvement Authorizations	118,844.84	
Proceeds from Bonds	11,700,000.00	
Proceeds from Bond Anticipation Notes	907,900.00	
Due to Current Fund	2,260,000.00	
Due from Trust - Other	80,215.90	
	<hr/>	15,887,588.90
		<hr/> 16,118,237.05
Decreased By Disbursements:		
Improvement Authorizations	3,432,128.60	
State of New Jersey	150,000.00	
Payment of Bond Anticipation Notes	1,807,900.00	
Due to Current Fund	2,242,578.50	
Due to Sewer Capital Fund	1,300,000.00	
Due to Trust Fund - Other	645.90	
Due from Bank	0.40	
	<hr/>	8,933,253.40
Balance December 31, 2005	C	\$ <u><u>7,184,983.65</u></u>

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Receipts				Disbursements		Transfers		Balance Dec. 31, 2005
	Balance Dec. 31, 2004	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 151,307.30			\$ 67.30					\$ 151,374.60
Capital Improvement Fund	91,124.93			602,875.00			630,435.00		63,564.93
Reserve for Preliminary Expenses	500.00								500.00
Cash Pledged to the Payment of Bonds - Ord. 875/987	17,282.86								17,282.86
Due from Trust - Other	-			80,215.90		645.90	79,570.00		-
Due to Current Fund	-			2,260,000.00		2,242,578.50	10.00		17,411.50
Due to Sewer Utility Operating Fund	16,019.69								16,019.69
Due to Sewer Capital		1,300,000.00				1,300,000.00			-
Due from Bank	(10.00)					0.40		10.00	(0.40)
State Aid Receivable	(176,168.00)			150,000.00		150,000.00			(176,168.00)
State Aid Receivable - New Jersey Transportation Trust Fund	(270,582.39)			51,614.60			140,000.00		(358,967.79)
Contracts Payable	2,699,171.83						2,699,171.83	1,634,664.79	1,634,664.79
<u>Improvement Authorizations</u>									
<u>Ord.</u>									
<u>Number</u>									
875/897 Various Improvements	1,445.87								1,445.87
1032 Closure/Expansion of Landfill	158,649.21				45,211.97		35,589.00	12,456.00	90,304.24
1192 Construction/Extension of Water Distribution System	482,882.11			907,900.00	957.77	907,900.00			481,924.34
1208 Pedestrian Path Construction	3,879.13								3,879.13
1261 Construction of Water System	(823,836.76)								(823,836.76)
1291 Drainage Improvements	7,380.12				9,091.47			9,311.57	7,600.22
1325 Phase I Landfill Closure	(103,600.00)	150,000.00							46,400.00
1329 Funding of Self-Insurance Pool	1,272.80								1,272.80
1343 Various Improvements	(25,959.27)							25,960.27	1.00
1354 Funding of Self-Insurance Pool	25,960.27						25,960.27		-
1360 Construction of Water System	(172,618.80)								(172,618.80)
1387 Drainage Improvements	-				20,612.00			20,612.00	-
1389 Various Improvements	0.00							2,088.23	2,088.23
1394 Preliminary Assessment and/or Site Investigation	76,603.00								76,603.00
1422 Television Equipment	715.66						715.66		-
1432 Various Improvements	100,517.15				69,033.31		21,745.70	71,976.70	81,714.84
1438 Construction of Water System	(1,159.28)								(1,159.28)
1467 Various Improvements	196,156.63				46,598.65		38,197.50	22,612.70	133,973.18
1505 Various Improvements	227,531.26				236,012.91		13,950.25	126,927.43	104,495.53
1507 Green Acres Program	98,272.99			12,962.50	8,500.00		3,757.00		102,735.49
1512 Construction of Water System	(291,562.72)			16,863.10	12,739.60			12,739.60	(274,699.62)
1533 Various Improvements	(362,525.77)	1,550,000.00			236,803.24	900,000.00	107,993.64	248,308.20	190,985.55
1561 Collins Road Improvements	12,600.00				4,232.00		14,098.88	47,022.52	41,291.64
1562 Recreation Improvements	70,930.19				7,700.00		6,215.76		60,215.43
1556 Genoa Avenue Water System	(37,762.25)				28,693.00			40,089.00	(26,366.25)

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2004	Receipts			Disbursements		Transfers		Balance Dec. 31, 2005
		Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
1565 Various Improvements	\$ (1,866,172.83)	\$ 3,345,000.00	\$	\$ 97,090.50	\$ 2,151,512.74	\$	\$ 351,771.37	\$ 1,854,608.04	\$ 927,241.60
1568 Patriots Lake Projects	(171,838.00)				140,457.13		33,492.60	161,380.00	(184,407.73)
1574 Vehicles and Equipment	94,241.22				120,642.14		4,004.88	62,081.84	31,676.04
1601 Public Safety Info'n System		150,000.00			7,435.98		4,594.61	8,000.00	145,969.41
1611 Various Capital Improvements		5,205,000.00		8,000.00	285,894.69		998,537.94	760,650.00	4,689,217.37
1617 Drainage Improvements and Pedestrian Paths								79,570.00	79,570.00
1624 Refunding Ordinance									-
1632 Fire Equipment Purchase								1,785.00	1,785.00
	<u>\$ 230,648.15</u>	<u>\$ 11,700,000.00</u>	<u>\$ -</u>	<u>\$ 4,187,588.90</u>	<u>\$ 3,432,128.60</u>	<u>\$ 5,501,124.80</u>	<u>\$ 5,209,811.89</u>	<u>\$ 5,209,811.89</u>	<u>\$ 7,184,983.65</u>
Ref.	C								C

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

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Total Appropriated</u>	<u>Down Payment</u>	<u>Balance Dec. 31, 2004</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2005</u>
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, 2004	<u>Ref.</u> C		\$	91,124.93
Increased By:				
Current Fund Budget Appropriation		\$ 602,875.00		
				602,875.00
				693,999.93
Decreased By:				
Improvement Authorizations Funded		630,435.00		
				630,435.00
Balance December 31, 2005	C		\$	63,564.93

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2004	<u>Ref.</u> C		\$	14,032,136.59
Increased By:				
Serial Bonds Issued		\$ 10,400,000.00		
				10,400,000.00
				24,432,136.59
Decreased By:				
Serial Bonds Paid		1,720,000.00		
Green Trust Loan Program		965.24		
				1,720,965.24
Balance December 31, 2005	C		\$	22,711,171.35

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

Ord. Number	Improvement Description	Balance Dec. 31, 2004	2005 Authorizations	Bonds Issued	Grants Received	Balance Dec. 31, 2005	Analysis of Balance	
							Bond Anticipation Note	Expenditures
<u>General Improvements</u>								
1032	Closure/Expansion of Landfill	\$ 1,336,882.08	\$	\$	\$	\$ 1,336,882.08	\$	\$ 1,336,882.08
1325	Phase I Closure of Landfill	1,615,000.00		150,000.00		1,465,000.00		1,465,000.00
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	277,500.00				277,500.00		277,500.00
1512	Construction and Extension of Water Distribution Systems	310,363.22			16,071.26	294,291.96	275,491.46	18,800.50
1533	Various Capital Improvements	1,565,763.00		1,550,000.00		15,763.00	-	15,763.00
1556	Water Distribution System in Genoa Avenue Area	52,250.00				52,250.00	26,366.25	25,883.75
1565	Various Capital Improvements	3,346,000.00		3,345,000.00		1,000.00	-	1,000.00
1568	Patriot Lake Recreation Project	186,200.00				186,200.00	184,407.73	1,792.27
1601	Public Safety Info'n System		152,000.00	150,000.00		2,000.00		2,000.00
1611	Various Capital Improvements		6,861,660.00	5,205,000.00		1,656,660.00		1,656,660.00
1624	Refunding Ordinance		9,500,000.00			9,500,000.00		9,500,000.00
1632	Fire Equipment Purchase		33,915.00			33,915.00		33,915.00

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

Ord. Number	Improvement Description	Balance Dec. 31, 2004	2005 Authorizations	Bonds Issued	Grants Received	Balance Dec. 31, 2005	Analysis of Balance		
							Bond Anticipation Note	Expenditures	Unexpended Improvement Authorization
<u>Local Improvements</u>									
1192	Construction and Extension of Water Distribution Systems	\$ 4,410,000.00	\$	\$	\$	\$ 4,410,000.00	\$ 907,900.00	\$	\$ 3,502,100.00
1261	Construction and Extension of Water Distribution Systems	2,000,000.00				2,000,000.00		823,836.76	1,176,163.24
1360	Construction and Extension of Water Distribution Systems	261,250.00				261,250.00		172,618.80	88,631.20
1438	Construction and Extension of Water Distribution Systems	33,250.00				33,250.00		1,159.28	32,090.72
		<u>\$ 15,396,158.30</u>	<u>\$ 16,547,575.00</u>	<u>\$ 10,400,000.00</u>	<u>\$ 16,071.26</u>	<u>\$ 21,527,662.04</u>	<u>\$ 907,900.00</u>	<u>\$ 1,483,880.28</u>	<u>\$ 19,135,881.76</u>
Ref.		C				C			

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2004		2005 Authorizations			Paid or Charged	Balance December 31, 2005	
				Funded	Unfunded	Capital Improvement Fund and Other	Deferred Charges to Future Taxation	Canceled		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	158,649.21	1,336,882.08				68,344.97	90,304.24	1,336,882.08
1208	Construction of Pedestrian Path	7/1/1995	63,514	3,879.13					-	3,879.13	
1291	Drainage Improvements - Absecon Highlands	3/25/1997	211,995	7,380.12					(220.10)	7,600.22	
1325	Phase I Closure of Landfill	12/9/1997	1,700,000	-	1,511,400.00				-	46,400.00	1,465,000.00
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	
1389	Various Capital Improvements	4/27/1999	785,000	-					(2,088.23)	2,088.23	
1394	Preliminary Assessment and/or Site Investigation	6/9/1999	79,213	76,603.00					-	76,603.00	
1422	Purchase of Television Equipment	5/23/2000	15,000	715.66					715.66	-	
1432	Various Capital Improvements	8/8/2000	803,347	100,517.15	900.00				18,802.31	81,714.84	900.00
1467	Various Capital Improvements	5/22/2001	2,002,275	196,156.63	650.00				62,183.45	133,973.18	650.00
1505	Various Capital Improvements	5/28/2002	2,433,950	227,531.26	150.00				123,035.73	104,495.53	150.00
1507	Green Acres Program	5/28/2002	600,000	98,272.99	277,500.00				(4,462.50)	102,735.49	277,500.00
1512	Construction and Extension of Water Distribution Systems	7/23/2002	375,000	-	18,800.50				(791.84)	791.84	18,800.50
1533	Various Capital Improvements	5/27/2003	1,846,813	-	303,237.23				96,488.68	190,985.55	15,763.00

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

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2004		2005 Authorizations			Paid or Charged	Balance December 31, 2005	
				Funded	Unfunded	Capital Improvement Fund and Other	Deferred Charges to Future Taxation	Canceled		Funded	Unfunded
1556	Construction & Extension of of Water Distribution Systems in Genoa Avenue Area	2/24/2004	\$ 55,000	\$ -	\$ 14,487.75	\$	\$	\$	\$ (11,396.00)	\$	\$ 25,883.75
1561	Collins Road Improvements	4/13/2004	270,000	12,600.00					(28,691.64)	41,291.64	
1562	Recreation Improvements	4/13/2004	154,400	70,930.19					10,714.76	60,215.43	
1565	Various Capital Improvements	6/22/2004	3,522,350	-	1,479,827.17				551,585.57	927,241.60	1,000.00
1568	Patriot Lake Recreation Project	6/9/2004	196,000	-	14,362.00				12,569.73		1,792.27
1574	Various Vehicles & Equipment	7/27/2004	217,000	94,241.22					62,565.18	31,676.04	
1601	Public Safety Info'n System	3/22/2005	160,000			8,000.00	152,000.00		12,030.59	145,969.41	2,000.00
1611	Various Capital Improvements	6/28/2005	7,622,310			760,650.00	6,861,660.00		1,276,432.63	4,689,217.37	1,656,660.00
1617	Drainage Improvements and Pedestrian Paths	8/9/2005	79,570			79,570.00			-	79,570.00	
1624	Refunding Ordinance	12/13/2005	9,500,000				9,500,000.00			-	9,500,000.00
1632	Fire Equipment Purchase	12/13/2005	35,700			1,785.00	33,915.00			1,785.00	33,915.00
<u>Local Improvements:</u>											
1192	Construction and Extension of Water Distribution Systems	12/13/1994	5,300,000		3,984,982.11				957.77		3,984,024.34
1261	Construction and Extension of Water Distribution Systems	11/26/1996	2,000,000		1,176,163.24						1,176,163.24
1360	Construction and Extension of Water Distribution Systems	10/27/1998	275,000		88,631.20						88,631.20
1438	Construction and Extension of Water Distribution Systems	9/12/2000	35,000		32,090.72						32,090.72
				\$ <u>1,050,196.23</u>	\$ <u>10,240,064.00</u>	\$ <u>850,005.00</u>	\$ <u>16,547,575.00</u>	\$ <u>-</u>	\$ <u>2,248,776.72</u>	\$ <u>6,821,257.41</u>	\$ <u>19,617,806.10</u>
Ref.				C	C					C	C
						\$ 630,435.00	Capital Improvement Fund	\$ 3,432,128.60	Cash Disbursed		
						140,000.00	State Dept. of Transportation	(118,844.84)	Cash Reimbursements		
						79,570.00	Trust Fund	1,634,664.79	Contracts Payable 12/31/05		
						\$ <u>850,005.00</u>		(2,699,171.83)	Contracts Payable 12/31/04		
								\$ <u>2,248,776.72</u>			

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2005		Interest Rate	Balance Dec. 31, 2004	Increased	Decreased	Balance Dec. 31, 2005
			Date	Amount					
General Obligation Bonds of 1994	9/15/1994	\$ 4,700,000				\$ 550,000.00	\$	\$ 550,000.00	\$ -
General Obligation Bonds of 1996	6/15/1996	8,100,000				590,000.00		590,000.00	-
General Obligation Bonds of 1998 - Series 1998A	12/15/1998	2,850,000	12/15/2006 12/15/2007	400,000.00 450,000.00	4.250% 4.250%	1,250,000.00		400,000.00	850,000.00
General Obligation Bonds of 1998 - Series 1998B	12/15/1998	3,750,000	12/15/2008 12/15/2009 12/15/2010 12/15/2011 12/15/2012 12/15/2013 12/15/2014	450,000.00 500,000.00 500,000.00 550,000.00 550,000.00 600,000.00 600,000.00	4.375% 4.500% 4.500% 4.500% 4.550% 4.600% 4.700%	3,750,000.00			3,750,000.00
Refunding Bonds of 2001	9/1/2001	4,355,000	11/1/2006 11/1/2007 11/1/2008 11/1/2009 11/1/2010 11/1/2011	670,000.00 700,000.00 695,000.00 705,000.00 705,000.00 700,000.00	5.000% 3.500% 4.250% 5.000% 5.000% 4.000%	4,205,000.00		30,000.00	4,175,000.00

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2005		Interest Rate	Balance Dec. 31, 2004	Increased	Decreased	Balance Dec. 31, 2005
			Date	Amount					
General Obligation Bonds of 2002	12/1/2002	\$ 3,845,000	12/1/2006	\$ 250,000.00	3.500%	\$ 3,545,000.00	\$	\$ 150,000.00	\$ 3,395,000.00
			12/1/2007	250,000.00	3.500%				
			12/1/2008	250,000.00	3.500%				
			12/1/2009	250,000.00	3.500%				
			12/1/2010	300,000.00	3.500%				
			12/1/2011	300,000.00	3.625%				
			12/1/2012	300,000.00	3.625%				
			12/1/2013	300,000.00	3.750%				
			12/1/2014	300,000.00	4.000%				
			12/1/2015	300,000.00	4.000%				
			12/1/2016	300,000.00	4.125%				
			12/1/2017	295,000.00	4.250%				
			General Obligation Bonds of 2005	12/1/2005	10,400,000				
12/1/2007	200,000.00	3.750%							
12/1/2008	650,000.00	4.000%							
12/1/2009	750,000.00	4.000%							
12/1/2010	850,000.00	4.000%							
12/1/2011	900,000.00	4.000%							
12/1/2012	900,000.00	4.000%							
12/1/2013	900,000.00	4.125%							
12/1/2014	900,000.00	4.125%							
12/1/2015	900,000.00	4.125%							
12/1/2016	900,000.00	4.125%							
12/1/2017	900,000.00	4.125%							
12/1/2018	800,000.00	4.125%							
12/1/2019	700,000.00	4.250%							
						\$ 13,890,000.00	\$ 10,400,000.00	\$ 1,720,000.00	\$ 22,570,000.00
Ref.						C	C	C	C

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2005		Interest Rate	Balance Dec. 31, 2004	Increased	Decreased	Balance Dec. 31, 2005
			Date	Amount					
Gabriel Field Extension	1989	\$ 18,475	2006	\$ 984.65	2.000%	\$ 9,419.45	\$	\$ 965.24	\$ 8,454.21
			2007	1,004.44					
			2008	1,024.63					
			2009	1,045.22					
			2010	1,066.23					
			2011	1,087.67					
			2012	1,109.52					
			2013	1,131.85					
Ponzio Park	* 2002	150,000			150,000.00			150,000.00	
						\$ <u>159,419.45</u>	\$ <u>-</u>	\$ <u>965.24</u>	\$ <u>158,454.21</u>
						Ref. C			C

* Amortization schedule not provided by the State of New Jersey, Department of Environmental Protection ("DEP"), as of December 31, 2005. Repayment of loan is not required until notified by the DEP.

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, 2004	Increased	Decreased	Balance Dec. 31, 2005
1192	Local Improvement - Special Assessment for Construction and Extension of Water Distribution System	3/14/1995	3/5/2004	3/4/2005	1.200%	\$ 699,000.00		\$ 699,000.00	-
			3/4/2005	12/4/2005	2.280%		699,000.00	699,000.00	-
			12/2/2005	12/1/2006	3.340%		699,000.00		699,000.00
		10/30/1997	3/5/2004	3/4/2005	1.200%	208,900.00		208,900.00	-
			3/4/2005	12/4/2005	2.280%		208,900.00	208,900.00	-
			12/2/2005	12/1/2006	3.340%		208,900.00		208,900.00
1533	General Improvements -	12/2/2004	12/2/2004	12/1/2005	1.940%	900,000.00		900,000.00	-
						\$ <u>1,807,900.00</u>	\$ <u>1,815,800.00</u>	\$ <u>2,715,800.00</u>	\$ <u>907,900.00</u>
Ref.						C	C	C	C

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

Ord. Number	Improvement Description	Balance Dec. 31, 2004	2005 Authorizations	Budget Bonds or Notes Grants Issued	Cancelled	Balance December 31, 2005	
						Assessment Fund	General Capital Fund
<u>General Improvements:</u>							
1032	Closure and Expansion of Landfill	\$ 1,336,882.08	\$	\$	\$	\$	\$ 1,336,882.08
1325	Phase I - Closure of Landfill	1,615,000.00		150,000.00			1,465,000.00
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	277,500.00					277,500.00
1512	Construction and Extension of the Water Distribution Systems on Genoa Avenue	310,363.22		16,071.26			294,291.96
1533	Various Capital Improvements	665,763.00		650,000.00			15,763.00
1556	Genoa Avenue Water Distribution	52,250.00					52,250.00
1565	Various Capital Improvements	3,346,000.00		3,345,000.00			1,000.00
1568	Patriot Lake Project	186,200.00					186,200.00
1601	Public Safety Information System		152,000.00	150,000.00			2,000.00
1611	Various Capital Improvements		6,861,660.00	5,205,000.00			1,656,660.00
1624	Refunding Ordinance		9,500,000.00				9,500,000.00
1632	Fire Equipment		33,915.00				33,915.00
<u>Local Improvements:</u>							
1075	Construction and Extension of the Water Dist. System - Various	194,912.00				194,912.00	-
1192	Construction and Extension of the Water Dist. System - Various	3,502,100.00					3,502,100.00
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>\$ 13,783,170.30</u>	<u>\$ 16,547,575.00</u>	<u>\$ 9,516,071.26</u>	<u>\$ -</u>	<u>\$ 194,912.00</u>	<u>\$ 20,619,762.04</u>
Ref.		C					C
			Bonds Issued	\$ 10,400,000.00			
			Notes Paid	(900,000.00)			
			Grants Received	16,071.26			
				<u>\$ 9,516,071.26</u>			

TOWNSHIP OF GALLOWAY
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	Ref.	<u>Operating</u>		<u>Capital</u>
Balance December 31, 2004	D	\$ 4,349,450.45		\$ 2,170,005.67
Increased by Receipts:				
Sewer Rent Collections		\$ 4,134,580.94		\$
Miscellaneous Revenues		904,546.30		
Appropriation Refunds		2,819.95		
Appropriation Reserve Refunds		1,486.00		
Proceeds from Serial Bonds Issued				1,300,000.00
Due to Trust Fund - Utility Escrow		1,341.47		
Due to Housing Trust		1,298.00		
Due from Current Fund		144,497.35		
Due from Utility Operating				378,249.44
Sewer Rent Overpayments		10,209.72		
Prepaid Sewer Rents		1,143.11		
Due from Bank		0.66		
Prior Year Checks Voided		308.91		
Due from Current Fund - Budget Appropriation				316,900.00
		<u>5,202,232.41</u>		<u>1,995,149.44</u>
		9,551,682.86		4,165,155.11
Decreased by Disbursements:				
Current Appropriations		4,290,819.49		
Interest on Bonds		545,136.26		
Appropriation Reserves		122,741.57		
Refund of Prepaid Sewer Rents		1,686.26		
Refund of Sewer Rent Overpayments		11,046.69		
Due to Current Fund		67,683.94		
Due to Utility Capital Fund		378,249.44		
Due to Utility Trust Escrow		5,500.77		
Due to Trust Fund - Tax Collector Special		1,899.65		
Due to Trust Fund - Housing		1,298.00		
Refund of Prior Year Revenue		335.78		
Due from Bank		600.00		
Improvement Authorizations				1,311,985.57
		<u>5,426,997.85</u>		<u>1,311,985.57</u>
Balance December 31, 2005	D	\$ <u>4,124,685.01</u>		\$ <u>2,853,169.54</u>

TOWNSHIP OF GALLOWAY
SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Receipts			Disbursements		Transfers		Balance Dec. 31, 2005	
	Balance Dec. 31, 2004	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From		To
Fund Balance	\$ 12,011.43	\$	\$	\$	\$	\$	\$	\$	12,011.43
Capital Improvement Fund	8,318.25			316,900.00			316,900.00		8,318.25
Contracts Payable	310,763.35						310,763.35	448,450.03	448,450.03
Reserve for Payment of Bonds/Notes	185,485.36								185,485.36
Cash Pledged to Payment of Bonds	17,694.42								17,694.42
Due from Sewer Utility Operating Fund	(378,249.44)			378,249.44					-
Improvement Authorizations									
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
1049 Acquisition of Equipment and Various Improvements	10,600.00				1,567.14				9,032.86
1056	55,456.55								55,456.55
1091 Purchase of Equipment and Various Improvements	34,213.11				6,842.50		3,157.50		24,213.11
1168 Construction of Sewer System	9,240.62						9,411.62	9,411.62	9,240.62
1203/1221 Sewer Equipment and Improvements	5,645.35						10,108.00	10,108.00	5,645.35
1253 Remediation of Lorraine Ave.	109,009.18								109,009.18
1290 Installation of Sewer System	76,892.61				10,778.86			22,332.00	88,445.75
1342 Various Sewer Improvements	346,297.87						7,761.40	7,761.40	346,297.87
1390 Ridgewood Ave. Extension/ Jim Leeds Rd. Pump Station	32,144.98								32,144.98
1431 Construction - Various and Pump Studies	594,882.52				416.67		2,003.71	2,003.71	594,465.85
1468 Various Sewer Improvements	222,951.24				416.67		3,942.39	8,923.57	227,515.75
1506 Various Sewer Improvements	535,222.74				265,167.85		143,708.06	43,448.75	169,795.58
1534 Various Sewer Improvements	(103,738.65)	1,300,000.00		15.00	814,619.45		72,543.29	9,017.50	318,131.11
1566 Various Sewer Improvements	61,050.20				121,990.74		102,822.88	197,756.80	33,993.38
1612 Various Sewer Improvements					90,200.69		92,991.18	316,900.00	133,708.13
	<u>\$ 2,170,005.67</u>	<u>\$ 1,300,000.00</u>	<u>\$ -</u>	<u>\$ 695,164.44</u>	<u>\$ 1,312,000.57</u>	<u>\$ -</u>	<u>\$ 1,076,113.38</u>	<u>\$ 1,076,113.38</u>	<u>\$ 2,853,169.54</u>
Ref.	D								D

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

Balance December 31, 2004	<u>Ref.</u> D		\$	6,636.74
Increased By:				
Sewer Rents Levied		\$ 4,138,066.48		
				4,138,066.48
				4,144,703.22
Decreased By:				
Collections		4,132,494.46		
Overpayments Applied		2,086.48		
Cancellations		5,547.65		
				4,140,128.59
Balance December 31, 2005	D		\$	4,574.63

SCHEDULE OF UTILITY LIENS

Balance December 31, 2004	<u>Ref.</u> D		\$	-
Increased By:				
Transferred from Taxes Receivable		\$		
Interest and Costs at Sale				
				-
				-
Decreased By:				
Collections				
Cancellation of Prior Year Liens				
				-
Balance December 31, 2005	D		\$	-

TOWNSHIP OF GALLOWAY
SEWER UTILITY OPERATING FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2004	Additions by Ordinance	Balance Dec. 31, 2005
Installation of Sewer Line Preliminary Costs	\$ 224,400.92	\$	\$ 224,400.92
Pump Station Alarm System	5,278.00		5,278.00
Pump Station Study	117,855.02		117,855.02
Three-Quarter Ton Pick-up Truck	12,500.00		12,500.00
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 Vehicles	7,992,647.02		7,992,647.02
General Equipment	69,048.46		69,048.46
Sewer Line Video System	49,724.28		49,724.28
Municipal Complex Renovations	7,445.00		7,445.00
South Egg Harbor Sewer Line Extension	48,198.49		48,198.49
Construction and Improvements to Sanitary Sewer Line	251,403.73		251,403.73
Remediation of Lorraine Avenue	15,975,701.36		15,975,701.36
Preliminary Costs for Phase III - Absecon Highlands	620,856.72		620,856.72
	297,000.00		297,000.00
Total Revenue	\$ <u>25,930,455.00</u>	\$ -	\$ <u>25,930,455.00</u>

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

	Balance Dec. 31, 2004	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operating:					
Salaries and Wages	\$ 19,791.24	\$ 19,791.24	\$ 335.20	\$ 19,456.04	\$
Other Expenses	156,437.38	156,437.38	120,920.37	35,517.01	
Deferred Charges and Statutory Expenditures:					
Social Security System	1,569.49	1,569.49		1,569.49	
TOTALS	\$ 177,798.11	\$ 177,798.11	\$ 121,255.57	\$ 56,542.54	\$ -
Appropriation Reserves	\$ 133,427.99				
Encumbrances Payable	44,370.12				
	\$ 177,798.11				
		Cash Disbursements	\$ 122,741.57		
		Due to Current Fund	(1,486.00)		
			\$ 121,255.57		

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

Balance December 31, 2004	<u>Ref.</u> D		\$	8,318.25
Increased By:				
2005 Budget Appropriation		\$ 316,900.00		
				316,900.00
				325,218.25
Decreased By:				
Appropriated for Improvement Authorizations		316,900.00		
				316,900.00
Balance December 31, 2005	D		\$	8,318.25

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

Balance December 31, 2004	<u>Ref.</u> D		\$	50,710.24
Increased By:				
Budget Appropriation:				
Interest on Bonds		\$		544,852.37
				544,852.37
				595,562.61
Decreased By:				
Interest Paid on Bonds				545,136.26
				545,136.26
Balance December 31, 2005	D		\$	50,426.35

Analysis of Accrued Interest December 31, 2005

Principal Outstanding Dec. 31, 2005	Interest Rate	From	To	Days	Amount
600,000.00	4.250%	12/15/2005	12/31/2005	16	\$ 1,117.81
350,000.00	4.375%	12/15/2005	12/31/2005	16	671.23
1,100,000.00	4.500%	12/15/2005	12/31/2005	16	2,169.86
400,000.00	4.550%	12/15/2005	12/31/2005	16	797.81
450,000.00	4.600%	12/15/2005	12/31/2005	16	907.40
450,000.00	4.700%	12/15/2005	12/31/2005	16	927.12
2,100,000.00	4.750%	12/15/2005	12/31/2005	16	4,372.60
330,000.00	5.000%	11/2/2005	12/31/2005	59	2,750.00
335,000.00	3.500%	11/2/2005	12/31/2005	59	1,954.17
340,000.00	4.250%	11/2/2005	12/31/2005	59	2,408.33
340,000.00	5.000%	11/2/2005	12/31/2005	59	2,833.33
335,000.00	5.000%	11/2/2005	12/31/2005	59	2,791.67
335,000.00	4.000%	11/2/2005	12/31/2005	59	2,233.33
330,000.00	4.500%	11/2/2005	12/31/2005	59	2,475.00
325,000.00	4.500%	11/2/2005	12/31/2005	59	2,437.50
320,000.00	4.500%	11/2/2005	12/31/2005	59	2,400.00
315,000.00	4.625%	11/2/2005	12/31/2005	59	2,428.13
315,000.00	4.750%	11/2/2005	12/31/2005	59	2,493.75
900,000.00	3.500%	12/1/2005	12/31/2005	30	2,625.00
400,000.00	3.625%	12/1/2005	12/31/2005	30	1,208.33
250,000.00	3.750%	12/1/2005	12/31/2005	30	781.25
500,000.00	4.000%	12/1/2005	12/31/2005	30	1,666.67
250,000.00	4.125%	12/1/2005	12/31/2005	30	859.38
210,000.00	4.250%	12/1/2005	12/31/2005	30	743.75
60,000.00	3.500%	12/1/2005	12/31/2005	30	175.00
65,000.00	3.750%	12/1/2005	12/31/2005	30	203.13
75,000.00	4.000%	12/1/2005	12/31/2005	30	250.00
80,000.00	4.000%	12/1/2005	12/31/2005	30	266.67
270,000.00	4.000%	12/1/2005	12/31/2005	30	900.00
400,000.00	4.125%	12/1/2005	12/31/2005	30	1,375.00
110,000.00	4.125%	12/1/2005	12/31/2005	30	378.13
240,000.00	4.125%	12/1/2005	12/31/2005	30	825.00
12,880,000.00					\$ 50,426.35

TOWNSHIP OF GALLOWAY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2004		2005 Authorizations			Paid or Charged	Balance December 31, 2005	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue	Canceled		Funded	Unfunded
935	Construction of Sanitary Sewer Lines - Pinehurst Sect.	#####	\$ 890,000	\$ 7,377.18	\$	\$	\$	\$	\$	7,377.18	\$
963	Acquisition of Various Sewer Equipment and Construction of New Sanitary Sewers	6/19/1989	2,211,961	16,736.80						16,736.80	
1049	Acquisition of Various Sewer Equipment and Improvements	6/11/1991	100,000	10,600.00				1,567.14		9,032.86	
1056	Improvement of Sanitary Sewer System	8/27/1991	864,000	55,456.55						55,456.55	
1091/1255	Purchase of Equipment and Various Improvements	9/8/1992	5,100,000	34,213.11				10,000.00		24,213.11	
1168	Construction of Sewer Systems	6/28/1994	885,000	9,240.62						9,240.62	
1203/1221	Sewer Capital Equipment and Various Improvements	6/13/1995	3,570,000	5,645.35						5,645.35	
1253	Remediation of Lorraine Ave.	7/9/1996	730,000	109,009.18						109,009.18	
1290	Installation of Sewer System	3/25/1997	2,160,000	76,892.61				(11,553.14)		88,445.75	
1342	Various Sewer Improvements	5/26/1998	682,000	346,297.87						346,297.87	
1390	Ridgewood Avenue Extension and Jim Leeds Road Pump Station Study	4/27/1999	150,000	32,144.98						32,144.98	
1431	Sewer Construction - Various	8/8/2000	1,990,000	594,882.52				416.67		594,465.85	
1468	Various Sewer Improvements	5/22/2001	1,137,000	222,951.24				(4,564.51)		227,515.75	

TOWNSHIP OF GALLOWAY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2004		2005 Authorizations			Paid or Charged	Balance December 31, 2005	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue	Canceled		Funded	Unfunded
1506	Various Sewer Improvements	6/24/2002	\$ 763,000	\$ 535,222.74	\$ 650.00	\$	\$	\$	\$ 365,427.16	\$ 169,795.58	\$ 650.00
1534	Various Sewer Improvements	5/27/2003	1,710,000		1,246,861.35				878,130.24	318,131.11	50,600.00
1566	Various Sewer Improvements	7/7/2004	3,257,258	61,050.20	2,988,000.00				27,056.82	33,993.38	2,988,000.00
1612	Various Sewer Improvements	6/28/2005	999,000			316,900.00	682,100.00		183,191.87	133,708.13	682,100.00
				<u>\$ 2,117,720.95</u>	<u>\$ 4,235,511.35</u>	<u>\$ 316,900.00</u>	<u>\$ 682,100.00</u>	<u>\$ -</u>	<u>\$ 1,449,672.25</u>	<u>\$ 2,181,210.05</u>	<u>\$ 3,721,350.00</u>
		Ref.		D	D					D	D
									\$ 1,311,985.57	Cash Disbursed	
									448,450.03	Contracts Payable 12/31/05	
									(310,763.35)	Contracts Payable 12/31/04	
									<u>\$ 1,449,672.25</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		Interest Rate	Balance Dec. 31, 2004	Increased	Decreased	Balance Dec. 31, 2005
			Date	Amount					
Sewer Bonds of 1994	9/15/1994	\$ 300,000		\$		\$ 35,000.00	\$	\$ 35,000.00	\$ -
Sewer Bonds of 1996	6/15/1996	5,400,000				300,000.00		300,000.00	-
Sewer Bonds of 1998	12/15/1998	7,150,000	12/15/2006	300,000.00	4.250%	5,750,000.00		300,000.00	5,450,000.00
			12/15/2007	300,000.00	4.250%				
			12/15/2008	350,000.00	4.375%				
			12/15/2009	350,000.00	4.375%				
			12/15/2010	350,000.00	4.375%				
			12/15/2011	400,000.00	4.500%				
			12/15/2012	400,000.00	4.550%				
			12/15/2013	450,000.00	4.600%				
			12/15/2014	450,000.00	4.700%				
			12/15/2015	500,000.00	4.700%				
			12/15/2016	500,000.00	4.700%				
			12/15/2017	550,000.00	4.750%				
			12/15/2018	550,000.00	4.750%				
Refunding Bonds of 2001	9/1/2001	3,790,000	11/1/2006	330,000.00	5.000%	3,645,000.00		25,000.00	3,620,000.00
			11/1/2007	335,000.00	3.500%				
			11/1/2008	340,000.00	4.250%				
			11/1/2009	340,000.00	5.000%				
			11/1/2010	335,000.00	5.000%				
			11/1/2011	335,000.00	4.000%				
			11/1/2012	330,000.00	4.500%				
			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%				

TOWNSHIP OF GALLOWAY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2004	Increased	Decreased	Balance Dec. 31, 2005
			Date	Amount					
Sewer Bonds of 2002	12/1/2002	\$ 2,960,000	12/1/2006	\$ 150,000.00	3.500%	\$ 2,660,000.00	\$	\$ 150,000.00	\$ 2,510,000.00
			12/1/2007	150,000.00	3.500%				
			12/1/2008	200,000.00	3.500%				
			12/1/2009	200,000.00	3.500%				
			12/1/2010	200,000.00	3.500%				
			12/1/2011	200,000.00	3.625%				
			12/1/2012	200,000.00	3.625%				
			12/1/2013	250,000.00	3.750%				
			12/1/2014	250,000.00	4.000%				
			12/1/2015	250,000.00	4.000%				
			12/1/2016	250,000.00	4.125%				
			12/1/2017	210,000.00	4.250%				
			Sewer Bonds of 2005	12/1/2005	1,300,000				
12/1/2007	65,000.00	3.750%							
12/1/2008	75,000.00	4.000%							
12/1/2009	80,000.00	4.000%							
12/1/2010	90,000.00	4.000%							
12/1/2011	90,000.00	4.000%							
12/1/2012	90,000.00	4.000%							
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%							
						\$ 12,390,000.00	\$ 1,300,000.00	\$ 810,000.00	\$ 12,880,000.00
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, 2004	2005 Authorizations	Bonds, Notes or Grants Issued	Cancelled	Balance Dec. 31, 2005
1506	Various Sewer Capital Improvements	\$ 650.00	\$	\$	\$	\$ 650.00
1534	Various Sewer Capital Improvements	1,350,600.00		1,300,000.00		50,600.00
1566	Various Sewer Capital Improvements	2,988,000.00				2,988,000.00
1612	Various Sewer Capital Improvements		682,100.00			682,100.00
		<u>\$ 4,339,250.00</u>	<u>\$ 682,100.00</u>	<u>\$ 1,300,000.00</u>	<u>\$ -</u>	<u>\$ 3,721,350.00</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, 2004	E	\$ 14,331.16	\$ 22,771.25
Increased By Receipts:			
Interest Earned on Deposits		\$ 495.70	\$ 786.31
Other Miscellaneous Receipts		<u>30.50</u>	
		<u>526.20</u>	<u>786.31</u>
		14,857.36	23,557.56
Decreased By Disbursements:			
None			
		<u>-</u>	<u>-</u>
Balance December 31, 2005	E	<u>\$ 14,857.36</u>	<u>\$ 23,557.56</u>

TOWNSHIP OF GALLOWAY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2005

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS – STATUTORY 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 – statutory basis of the Township of Galloway, State of New Jersey, as of and for the year ended December 31, 2005, and have issued our report thereon dated April 21, 2006. Our report disclosed that, as described in Note 1 to the financial statements – statutory basis, the Township of Galloway, State of New Jersey prepares its financial statements – statutory basis on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements – statutory basis, are free of material misstatement.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Galloway, State of New Jersey's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Galloway, State of New Jersey'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompany schedule of findings and responses as item number 1.

We also noted certain matters that we reported to management of the Township of Galloway in a separate letter dated April 21, 2006.

This report is intended solely for the information and use of the Township of Galloway, State of New Jersey's governing body and management and the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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, Seidenburg & Kennedy, L.L.C.
FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

April 21, 2006

TOWNSHIP OF GALLOWAY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2005

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Statutory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting” dated April 21, 2006.**

Internal control over financial reporting:

- | | |
|--|-----------|
| 1) Material Weakness identified? | No |
| 2) Reportable conditions identified that are not considered to be a Material Weakness? | No |

Non-Compliance material to Financial Statements – Statutory Basis noted? **No**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – STATUTORY 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 – statutory basis that are required to be reported. See separate findings and recommendations section of this report. We also noted certain other findings that are reported to the governing body in a separate letter dated April 21, 2006.

MANAGEMENT RESPONSES

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

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 bid threshold for the Township is \$25,000.

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

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

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

- Phase I Sewer Improvements – White Horse Pike
- Integrated Public Safety Information System
- Patriot Lake Bathroom Sewer Extension
- Entrance Realignment
- Road and Drainage Improvements
- Heavy Duty Aerial Ladder Truck
- Sanitary Sewer Improvements – Heritage Court
- Sanitary Sewer Improvements – Blue Rose and Sylvan Avenue
- Public Works Uniforms
- Tree Trimming
- Well Testing
- Lift Gate Dump Truck
- Police Department Uniforms
- Fire Apparatus
- Animal Control Service

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 2005.

This Resolution shall take effect January 1, 2005.

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 receivable on December 31st of the last three years:

<u>Year</u>	<u>Number</u>
2005	426
2004	391
2003	377

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 2005 and 2006 Taxes	40
Payment of 2005 and 2006 Sewer Charges	40
Total	<u>80</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

Finding #1:

Confirmation of special assessments receivable were not properly authorized.

Criteria:

Costs associated with local improvements made by the Township and benefiting certain property owners should be confirmed through resolution by the governing body, and in accordance with State statutes and local improvement ordinances.

Condition:

While a public hearing was held regarding the confirmation of special assessments associated with Ordinance 1192 (1994), and a roll call vote on the confirmation was noted in the minutes, the governing body did not adopt a formal resolution confirming the assessments.

Cause:

Proper procedures were not followed with regards to confirmation of special assessments.

Effect:

The number of annual installments within which the assessments were to be levied was not in accordance with Ordinance 1192.

Recommendation:

That all future special assessments are confirmed in accordance with State statutes and local improvement ordinances.

In accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by Township Council in response to our recommendation.

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, Seidenburg & Kennedy, L.L.C.
FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
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April 21, 2006