

TOWNSHIP OF GALLOWAY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2006

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TOWNSHIP OF GALLOWAY

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - STATUTORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2006

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – statutory basis of the various funds and account groups of the Township of Galloway, State of New Jersey (the “Township”), as of December 31, 2006 and 2005 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, 2006, as listed in the accompanying table of contents. These financial statements – statutory basis are the responsibility of the Township’s management. Our responsibility is to express opinions on these financial statements based on our audits.

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

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

In our opinion, because of the Township’s policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the Township as of December 31, 2006 and 2005 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, 2006.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township, as of December 31, 2006 and 2005 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, 2006 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 30, 2007 on our consideration of the Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements of the Township. The supplemental schedules and the schedule of federal awards as listed in the table of contents have been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, are 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

July 30, 2007

**EXHIBIT - A
CURRENT FUND**

TOWNSHIP OF GALLOWAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2005</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 12,846,684.80	\$ 12,328,218.00
Change and Petty Cash Funds		<u>1,050.00</u>	<u>1,050.00</u>
		<u>12,847,734.80</u>	<u>12,329,268.00</u>
Other Receivables:			
Due from State of New Jersey		1,987.08	3,407.07
Due from Local School District		<u>50,289.44</u>	<u>-</u>
		<u>52,276.52</u>	<u>3,407.07</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	77,594.45	42,376.82
Tax Title Liens Receivable	A-8	276,199.93	254,875.69
Property Acquired for Taxes at Assessed Valuation		3,515,894.00	3,444,894.00
Property Deeded to Township		808,726.00	646,326.00
Revenue Accounts Receivable	A-9	35,961.72	48,345.45
Interfunds:			
Due from Animal Control Trust Fund		10,279.94	7,605.03
Due from Trust Fund - Special Escrow		27,176.72	-
Due from General Capital Fund		17,411.50	17,411.50
Due from Sewer Utility		164,161.85	158,147.50
Due from Federal and State Grant Fund		13,059.54	13,000.00
Due from Vendor		-	199.98
Due from Bank		3,045.73	14,499.27
		<u>4,949,511.38</u>	<u>4,647,681.24</u>
Deferred Charges:			
None		-	-
		<u>-</u>	<u>-</u>
		<u>17,849,522.70</u>	<u>16,980,356.31</u>
Federal and State Grant Fund:			
Cash	A-4	120,369.46	433,570.93
Grant Receivables	A-11	1,602,408.56	711,707.62
Due from Current Fund		-	-
		<u>1,722,778.02</u>	<u>1,145,278.55</u>
		<u>\$ 19,572,300.72</u>	<u>\$ 18,125,634.86</u>

TOWNSHIP OF GALLOWAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 1,058,593.18	\$ 1,194,810.19
Reserve for Encumbrances	A-3	530,094.77	539,273.89
Accounts Payable		554,425.39	-
Prepaid Taxes		496,631.00	537,941.89
Tax Overpayments		28,317.81	4,141.91
County Tax Payable		284,656.54	301,302.98
Local School Tax Payable		-	80,102.64
Regional School Tax Payable		3,937,735.66	3,212,141.79
Due to State - Permit Surcharge Fees		13,143.00	14,738.00
Due to State - Marriage Licenses		1,100.00	1,150.00
Due to State - Domestic Partnerships		25.00	-
Due to Trust Funds:			
Trust Assessment Fund		667.34	-
Trust Escrow		22,882.80	3,893.54
Tax Collector Special Account		2,734.42	-
Parking Offenses Adjudication Act		1,603.13	1,541.13
Public Defender Fees		22,025.96	24,535.46
Compensated Absences		224,789.16	219,918.99
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		38,735.00	38,610.00
Reserve for Proceeds on Sale of Municipal Property		974,910.31	1,133,970.31
Reserve for Garden State Preservation Trust		16,099.26	17,781.11
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>8,711,264.36</u>	<u>7,827,948.46</u>
Reserve for Receivables and Other Assets		4,949,511.38	4,647,681.24
Fund Balance	A-1	4,188,746.96	4,504,726.61
		<u>17,849,522.70</u>	<u>16,980,356.31</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	24,817.07	8,080.05
Appropriated Reserves	A-13	1,504,867.58	931,816.23
Encumbrances Payable		14,851.41	27,218.85
Reserve for Small Cities Revolving Loan Fund		165,182.42	165,163.42
Due to Current Fund		13,059.54	13,000.00
		<u>1,722,778.02</u>	<u>1,145,278.55</u>
		<u>\$ 19,572,300.72</u>	<u>\$ 18,125,634.86</u>

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

	<u>Ref.</u>	<u>Year 2006</u>	<u>Year 2005</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	3,158,824.00	\$ 3,190,000.00
Miscellaneous Revenue Anticipated		8,527,787.88	7,508,427.83
Receipts from Delinquent Taxes		5,455.33	46,242.17
Receipts from Current Taxes		62,817,231.66	58,602,320.40
Non-Budget Revenue		129,225.26	137,249.50
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		515,184.64	770,107.17
Interfunds Returned		24,985.71	28,374.13
Cancellations		598.24	10,922.62
Refund of Prior Year Expenditure		-	285.60
Total Income		<u>75,179,292.72</u>	<u>70,293,929.42</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		8,788,514.00	8,139,241.00
Other Expenses		3,785,016.00	3,672,514.00
Deferred Charges & Statutory Expenditures		697,126.39	644,244.58
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		1,189,309.00	1,228,233.00
Other Expenses		3,643,051.61	2,445,907.42
Capital Improvements		360,524.00	602,875.00
Municipal Debt Service		2,446,464.51	2,352,215.94
County Taxes		10,902,636.14	10,447,415.75
County Added and Omitted Taxes		284,656.54	301,302.98
Local District School Tax		26,473,691.00	24,589,128.00
Regional High School Tax		13,730,838.30	12,279,650.53
Interfund Created		34,199.07	132,415.19
Cancellation of Uncollectible Balances		96.81	87.42
Refund of Prior Year Revenue		325.00	505.00
Total Expenditures		<u>72,336,448.37</u>	<u>66,835,735.81</u>

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

	Ref.	Year 2006	Year 2005
Excess In Revenue		\$ 2,842,844.35	\$ 3,458,193.61
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		2,842,844.35	3,458,193.61
Fund Balance January 1	A	4,504,726.61	4,236,533.00
		7,347,570.96	7,694,726.61
Decreased by:			
Utilization as Anticipated Revenue		3,158,824.00	3,190,000.00
Fund Balance December 31	A	\$ 4,188,746.96	\$ 4,504,726.61

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		\$ 3,158,824.00	\$	\$ 3,158,824.00	\$ -
Fund Balance Anticipated with Prior Written Consent of Director of Local Government		-		-	-
		<u>3,158,824.00</u>	<u>-</u>	<u>3,158,824.00</u>	<u>-</u>
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		22,000.00		27,553.73	5,553.73
Fees and Permits		50,000.00		73,458.00	23,458.00
Fines and Costs:					
Municipal Court		440,000.00		471,739.62	31,739.62
Interest and Costs on Taxes		150,000.00		159,802.29	9,802.29
Interest on Investments and Deposits		400,000.00		1,159,527.33	759,527.33
Planning Board - Special Application Fees		45,000.00		41,717.20	(3,282.80)
Fire Safety Rebate		25,000.00		36,083.73	11,083.73
Fire Inspections		10,000.00		12,762.00	2,762.00
Road Openings		45,000.00		57,435.00	12,435.00
Cable TV Franchise Fee		110,000.00		120,957.31	10,957.31
Contract - Postal Unit		53,000.00		57,136.97	4,136.97
Hotel Tax		550,000.00		623,654.88	73,654.88
Rental Inspections		50,000.00		45,750.00	(4,250.00)
Legislative Initiative Municipal Block Grant		122,371.00		122,371.00	-
Consolidated Municipal Property Tax Relief Aid		877,042.00		877,042.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		2,330,862.00		2,330,862.00	-
Supplemental Energy Receipts Tax		115,387.00		115,387.00	-
Payments in Lieu of Taxes on Brigantine Wildlife Refuge		52,000.00		61,861.00	9,861.00
Garden State Preservation Trust		17,781.11		17,781.11	-
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		720,000.00		563,227.00	(156,773.00)

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		\$ 10,000.00	\$	\$ 10,000.00	\$ -
Clean Communities Program		44,306.61		44,306.61	-
Municipal Alliance on Alcoholism and Drug Abuse		19,109.00		19,109.00	-
Safe and Secure Communities Program		60,000.00		60,000.00	-
COPS in Shops		3,600.00		3,600.00	-
COPS Universal Hiring Grant		175,000.00		175,000.00	-
Reserve for Body Armor		14,328.00		14,328.00	-
Highway Traffic Safety-DWI Enforcement Grant		1,000.00		1,000.00	-
Click It or Ticket		4,000.00	2,000.00	6,000.00	2,000.00
Law and Public Safety - Child Safety Seats		8,320.00		8,320.00	-
OETS Grant		33,289.00	60,393.00	93,682.00	-
DEP Flood Control Grant			640,897.00	640,897.00	-
Other Special Items:					
Sale of Municipal Property		175,000.00		175,000.00	-
Communications Dispatch Agreement:					
Atlantic County		17,863.10		17,863.10	-
Total Miscellaneous Revenues	A-1	<u>7,033,831.82</u>	<u>703,290.00</u>	<u>8,527,787.88</u>	<u>792,666.06</u>
Receipts from Delinquent Taxes	A-1:A-2	<u>40,000.00</u>		<u>5,455.33</u>	<u>(34,544.67)</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		\$ 10,617,031.18	\$	\$ 12,025,409.68	\$ 1,408,378.50
Addition to Local District School Tax				-	-
Total Amount to be Raised by Taxes for Support of Municipal Budget		10,617,031.18	-	12,025,409.68	1,408,378.50
Budget Totals		20,849,687.00	703,290.00	23,717,476.89	2,166,499.89
Non-Budget Revenues				129,225.26	129,225.26
		\$ 20,849,687.00	\$ 703,290.00	\$ 23,846,702.15	\$ 2,295,725.15

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenues from Collections	\$	62,817,231.66
Allocated to:		
School, County and Other Taxes		51,391,821.98
Balance for Support of Municipal Budget Appropriations		11,425,409.68
Add: Appropriation		
"Reserve for Uncollected Taxes"		600,000.00
Amount for Support of Municipal Budget Appropriations	\$	12,025,409.68

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	3,136.18
Tax Title Lien Collections		2,319.15
	\$	5,455.33

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Tax Search Fees	\$	3,505.00	
Mercantile License		17,060.00	
Improvement Searches		800.00	
Police Reports		10,377.99	
Sale of Wood Chips		2,454.00	
Sale of Recycling Material		8,645.90	
Sale of Municipal Assets (not land)		16,937.00	
Rental - Cell Phone Tower		13,000.00	
Payments in Lieu of Taxes		34,725.30	
Other		21,520.07	
Fire Fines		200.00	
		129,225.26	\$

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	\$ 59,268.00	\$ 59,268.00	\$ 59,108.66	\$	\$ 159.34	\$
Other Expenses	5,280.00	4,780.00	3,496.31	250.85	1,032.84	
Human Resources:						
Other Expenses	5,000.00	5,000.00	4,910.35		89.65	
Mayor and Council						
Salaries and Wages	54,374.00	54,374.00	54,374.00		-	
Other Expenses	45,651.00	42,251.00	23,719.19	482.00	18,049.81	
Municipal Clerk						
Salaries and Wages	128,364.00	128,364.00	127,276.75		1,087.25	
Other Expenses	32,275.00	33,575.00	26,755.61	2,553.75	4,265.64	
Financial Administration						
Salaries and Wages	298,379.00	301,079.00	296,080.93		4,998.07	
Other Expenses	34,496.00	29,296.00	21,676.94	2,530.14	5,088.92	
Audit Services						
Other Expenses	25,000.00	25,000.00	22,900.00		2,100.00	
Revenue Administration (Tax Collection)						
Salaries and Wages	76,095.00	76,095.00	73,274.69		2,820.31	
Other Expenses	41,990.00	41,390.00	38,871.43	36.60	2,481.97	
Tax Assessment Administration						
Salaries and Wages	179,355.00	179,355.00	174,488.35		4,866.65	
Other Expenses	57,300.00	55,800.00	51,200.20	1,818.08	2,781.72	
Legal Services						
Salaries and Wages	18,000.00	18,000.00	17,708.87		291.13	
Other Expenses	100,000.00	100,000.00	68,037.62		31,962.38	
Engineering Services and Costs						
Other Expenses	20,000.00	22,000.00	21,714.70		285.30	
Municipal Court						
Salaries and Wages	226,000.00	226,000.00	223,206.10		2,793.90	
Other Expenses	40,780.00	40,780.00	29,019.01	2,908.42	8,852.57	
LAND USE ADMINISTRATION:						
Planning Board						
Salaries and Wages	59,689.00	56,189.00	55,829.24		359.76	
Other Expenses	28,400.00	23,900.00	15,229.33	541.86	8,128.81	
Zoning Board of Adjustment						
Salaries and Wages	36,906.00	36,906.00	35,523.72		1,382.28	
Other Expenses	7,180.00	7,180.00	3,039.96	653.90	3,486.14	
Code Enforcement and Administration						
Other Code Enforcement Functions	5,000.00	2,000.00	-		2,000.00	

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	\$ 7,841.33		\$ 2,158.67	\$
PUBLIC SAFETY:						
Police Department						
Salaries and Wages	5,049,180.00	5,017,532.24	4,489,571.32		527,960.92	
Other Expenses	501,345.00	444,645.00	196,925.86	132,300.95	115,418.19	
Police Dispatch / 911						
Salaries and Wages	402,457.00	402,104.76	396,906.58		5,198.18	
Other Expenses	70,200.00	64,800.00	35,900.98	5,475.08	23,423.94	
Office of Emergency Management						
Other Expenses	11,450.00	10,050.00	8,071.73	814.52	1,163.75	
Aid to Volunteer Fire Companies	150,000.00	150,000.00	150,000.00		-	
Aid to Ambulance Associations	15,000.00	15,000.00	15,000.00		-	
Fire Department						
Salaries and Wages	64,443.00	64,443.00	60,531.15		3,911.85	
Other Expenses	390,420.00	390,420.00	313,101.67	55,754.33	21,564.00	
Municipal Prosecutor's Office						
Salaries and Wages	33,848.00	33,848.00	33,848.00		-	
PUBLIC WORKS:						
Streets and Road Maintenance						
Salaries and Wages	564,406.00	564,406.00	516,310.13		48,095.87	
Other Expenses	155,210.00	149,210.00	84,376.52	56,237.84	8,595.64	
Other Public Works Functions						
Salaries and Wages	209,949.00	209,949.00	204,402.36		5,546.64	
Other Expenses	35,234.00	31,234.00	24,935.20	4,576.71	1,722.09	
Solid Waste Collection						
Salaries and Wages	301,948.00	301,948.00	287,115.85		14,832.15	
Other Expenses	48,050.00	44,550.00	18,527.19	21,931.42	4,091.39	
Building and Grounds						
Salaries and Wages	393,035.00	393,035.00	372,776.67		20,258.33	
Other Expenses	111,597.00	105,597.00	88,136.81	12,350.33	5,109.86	
Vehicle Maintenance						
Other Expenses	607,294.00	624,294.00	511,640.60	112,478.16	175.24	
Community Services Act	22,000.00	22,000.00	19,404.90		2,595.10	

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	\$ 2,630.00		\$ 70.00	\$
Animal Regulation						
Other Expenses	16,000.00	16,000.00	10,110.00	4,496.00	1,394.00	
Administration of Public Welfare						
Salaries and Wages	28,030.00	28,030.00	28,030.00		-	
Other Expenses	2,090.00	2,090.00	1,540.00	366.00	184.00	
PARKS AND RECREATION:						
Recreation Services and Programs						
Salaries and Wages	81,956.00	81,956.00	80,736.78		1,219.22	
Other Expenses	95,938.00	95,938.00	71,384.30	19,631.02	4,922.68	
Senior Services						
Salaries and Wages	108,118.00	108,118.00	106,088.60		2,029.40	
Other Expenses	64,494.00	62,494.00	53,230.04	4,817.17	4,446.79	
Maintenance of Parks						
Salaries and Wages	7,010.00	7,010.00	6,909.58		100.42	
Other Expenses	78,435.00	78,435.00	74,773.50	2,652.79	1,008.71	
OTHER COMMON OPERATING FUNCTIONS:						
Accumulated Leave Compensation	10,000.00	10,000.00	10,000.00		-	
Celebration of Public Events						
Salaries and Wages	44,176.00	44,176.00	43,997.00		179.00	
Other Expenses	43,809.00	42,809.00	35,276.99	3,496.17	4,035.84	
Community Education						
Salaries and Wages	90,256.00	90,256.00	90,157.23		98.77	
Other Expenses	24,924.00	21,924.00	20,730.13		1,193.87	
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Code Enforcement & Administration						
Salaries and Wages	539,082.00	539,082.00	517,955.07		21,126.93	
Other Expenses	48,307.00	42,307.00	30,757.51	5,244.89	6,304.60	
Rental Inspections						
Salaries and Wages	30,000.00	30,000.00	30,000.00			

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	
UTILITY EXPENSES AND BULK PURCHASES:						
Electric	\$ 105,000.00	\$ 135,000.00	\$ 133,314.06	\$	\$ 1,685.94	\$
Street Lighting	102,000.00	125,700.00	113,122.99	11,468.50	1,108.51	
Telephone	65,000.00	67,500.00	67,230.10	197.47	72.43	
Gas	14,000.00	14,000.00	13,750.04		249.96	
Gasoline	275,857.00	275,857.00	269,136.28	6,720.72	(0.00)	
Landfill / Solid Waste Disposal Costs						
Other Expenses	34,500.00	34,500.00	21,684.81	1,313.20	11,501.99	
TOTAL OPERATIONS WITHIN "CAPS"	12,643,530.00	12,573,530.00	11,115,311.82	474,098.87	984,119.31	-
Contingent		-	-			
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	12,643,530.00	12,573,530.00	11,115,311.82	474,098.87	984,119.31	-
Detail:						
Salaries and Wages	9,064,324.00	8,788,514.00	8,122,091.95	-	666,422.05	-
Other Expenses	3,579,206.00	3,785,016.00	2,993,219.87	474,098.87	317,697.26	-
DEFERRED CHARGES:						
NONE		-			-	
STATUTORY EXPENDITURES:						
Contributions to:						
Social Security System (O.A.S.I.)	697,126.39	697,126.39	648,103.35		49,023.04	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	697,126.39	697,126.39	648,103.35	-	49,023.04	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	13,340,656.39	13,270,656.39	11,763,415.17	474,098.87	1,033,142.35	-
OPERATIONS EXCLUDED FROM "CAPS"						
Length of Service Award Program - Fire Insurance	125,000.00	125,000.00	109,825.00		15,175.00	
Liability Insurance	514,000.00	514,000.00	504,328.50		9,671.50	
Workers Compensation Insurance	100,000.00	140,000.00	139,999.32		0.68	
Group Insurance Plan for Employees	1,818,054.00	1,818,054.00	1,761,455.17	55,995.90	602.93	
Police and Firemen's Retirement System of N.J.	352,311.00	352,311.00	352,310.28		0.72	
Public Employees Retirement System of N.J.	52,456.00	52,456.00	52,456.00		-	
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	2,961,821.00	3,001,821.00	2,920,374.27	55,995.90	25,450.83	-

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						
Reserve for Body Armor Fund	\$ 14,328.00	\$ 14,328.00	\$ 14,328.00		\$	\$
COPS Universal Hiring Grant	675,309.00	675,309.00	675,309.00			
Cops in Shops	3,600.00	3,600.00	3,600.00			
Recycling Tonnage Grant	10,000.00	10,000.00	10,000.00			
Child Passenger Safety Seat	8,320.00	8,320.00	8,320.00			
Clean Communities Grant	44,306.61	44,306.61	44,306.61			
Municipal Alliance on Alcoholism & Drug Abuse	26,587.00	26,587.00	26,587.00			
DEP Flood Control Grant		640,897.00	640,897.00			
Safe and Secure Communities Program						
Police	306,510.00	306,510.00	306,510.00			
Highwat Safety Program	1,000.00	1,000.00	1,000.00			
OETS Grant	33,289.00	93,682.00	93,682.00			
Click It or Ticket	4,000.00	6,000.00	6,000.00			
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	<u>1,127,249.61</u>	<u>1,830,539.61</u>	<u>1,830,539.61</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	<u>4,089,070.61</u>	<u>4,832,360.61</u>	<u>4,750,913.88</u>	<u>55,995.90</u>	<u>25,450.83</u>	<u>-</u>
Detail:						
Salaries and Wages	1,189,309.00	1,189,309.00	1,179,637.50	-	9,671.50	-
Other Expenses	2,899,761.61	3,643,051.61	3,571,276.38	55,995.90	15,779.33	-
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	360,524.00	360,524.00	360,524.00			-
TOTAL CAPITAL IMPROVEMENTS	<u>360,524.00</u>	<u>360,524.00</u>	<u>360,524.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	
DEBT SERVICE						
Payment of Bond Principal	\$ 1,470,000.00	\$ 1,500,000.00	\$ 1,500,000.00		\$	\$ -
Payment of Bond Anticipation Notes	15,000.00	15,000.00	15,000.00			-
Interest on Bonds	942,963.00	942,963.00	900,076.05			42,886.95
Interest on Notes	30,324.00	30,324.00	30,239.63			84.37
Green Trust Loan Program:						
Loan Repayments for Principal & Interest	1,149.00	1,149.00	1,148.83			0.17
TOTAL DEBT SERVICE	<u>2,459,436.00</u>	<u>2,489,436.00</u>	<u>2,446,464.51</u>	<u>-</u>	<u>-</u>	<u>42,971.49</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>6,909,030.61</u>	<u>7,682,320.61</u>	<u>7,557,902.39</u>	<u>55,995.90</u>	<u>25,450.83</u>	<u>42,971.49</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>20,249,687.00</u>	<u>20,952,977.00</u>	<u>19,321,317.56</u>	<u>530,094.77</u>	<u>1,058,593.18</u>	<u>42,971.49</u>
Reserve for Uncollected Taxes	<u>600,000.00</u>	<u>600,000.00</u>	<u>600,000.00</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 20,849,687.00</u>	<u>\$ 21,552,977.00</u>	<u>\$ 19,921,317.56</u>	<u>\$ 530,094.77</u>	<u>\$ 1,058,593.18</u>	<u>\$ 42,971.49</u>
	Adopted Budget	\$ 20,849,687.00				
	Added Appropriations NJSA 40A:4-87's					
		<u>\$ 20,849,687.00</u>				
			\$ 18,001,904.72	Cash Disbursed		
			1,830,539.61	Grants		
			600,000.00	Reserve for Uncollected Taxes		
			10,000.00	Due to Compensated Absences Liability Trust		
			180.15	Due from Grant Fund		
			(521,306.92)	Appropriation Refunds		
			<u>\$ 19,921,317.56</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, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Assessment Fund</u>			
Cash and Investments	B-2, B-5	\$ 1,117,402.24	\$ 649,112.37
Assessments Receivable		1,403,302.85	1,090,638.50
Due from Current Fund		667.34	-
		<u>2,521,372.43</u>	<u>1,739,750.87</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	21,309.73	17,090.53
		<u>21,309.73</u>	<u>17,090.53</u>
<u>Other Funds</u>			
Cash and Investments - Treasurer	B-2	4,650,747.90	4,037,504.25
Cash and Investments - Collector	B-3	376,221.97	351,107.14
Investments in U.S. Government Obligations	B-4	520,525.46	500,018.89
Due from Current Fund:			
Tax Collector Special		2,734.42	-
Funds Held in Escrow - Inspection Fees		22,882.80	3,893.54
Parking Offenses Adjudication Act		1,603.13	1,541.13
Public Defender Fees		22,025.96	24,535.46
Compensated Absence Liability		224,789.16	219,918.99
Housing Trust Fund			
Due from Sewer Utility Operating Fund:			
Tax Collector Special		128,299.97	-
Escrow Deposits		8,589.51	1,341.47
Due from Escrow Trust to Payroll Trust		300.00	300.00
Due from Taxpayer		1,007.18	1,007.18
Due from Bank		162.41	36.00
		<u>5,959,889.87</u>	<u>5,141,204.05</u>
		<u>\$ 8,502,572.03</u>	<u>\$ 6,898,045.45</u>

TOWNSHIP OF GALLOWAY
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2005</u>
<u>Assessment Fund</u>			
Reserve for Assessments	B-5	\$ 1,186,817.78	\$ 1,739,750.87
Due to Sewer Operating		18,562.36	-
Due to General Capital		1,315,975.88	-
Due to Bank		16.41	-
		<u>2,521,372.43</u>	<u>1,739,750.87</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-7	11,029.79	9,485.50
Due to Current Fund	B-8	10,279.94	7,605.03
		<u>21,309.73</u>	<u>17,090.53</u>
<u>Other Funds</u>			
Due to Current Fund:			
Escrow Deposits		27,176.72	-
Due from Payroll Trust to Escrow		300.00	300.00
Due to Bank		0.30	165.21
Funds Held in Escrow - Inspection Fees		2,056,146.27	1,759,898.58
Premiums Received at Tax Sales		446,575.00	325,450.00
Deposits for Redemption of Tax Sale Certificates		61,850.95	26,499.11
Funds Held in Escrow - Developer Fees		392,498.21	336,912.01
Payroll Deductions and Taxes Payable		70,753.64	42,442.54
Reserves for:			
Community Events		108,172.47	72,618.85
Compensated Absences		224,789.16	219,918.99
General Liability Insurance Fund		4,031.49	68,392.27
Health Insurance Trust Fund		17,127.01	-
Housing Trust Fund		1,334,349.07	1,092,132.95
Landfill Closure		527,431.42	506,929.85
Media Relations		385.17	4,829.33
Parking Offenses Adjudication Act		1,603.13	1,541.13
Police Special Detail		121,771.17	111,134.58
Public Defender Fees		22,025.96	24,535.46
Special Law Enforcement Fund		72,230.70	64,486.60
Unemployment Compensation Insurance		11,839.88	20,476.35
Uniform Fire Safety		624.45	594.81
Utility Escrow Deposits		406,417.07	437,747.80
Workers Compensation		51,790.63	24,197.63
		<u>5,959,889.87</u>	<u>5,141,204.05</u>
		<u>\$ 8,502,572.03</u>	<u>\$ 6,898,045.45</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, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
Cash and Investments	C-2,C-3	\$ 4,610,395.27	\$ 7,184,983.65
Prospective Assessments Raised by Taxation	C-4	15,500.00	15,500.00
Deferred Charges to Future Taxation:			
Funded	C-6	21,250,186.70	22,711,171.35
Unfunded	C-7	13,812,389.40	21,527,662.04
State Aid Receivable		176,168.00	176,168.00
State Aid Receivable - New Jersey			
Transportation Trust Fund		250,217.79	358,967.79
Due from Trust Funds - Other		1,315,975.88	-
Due from Bank		0.40	0.40
		<u>\$ 41,430,833.44</u>	<u>\$ 51,974,453.23</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-9	\$ 21,110,000.00	\$ 22,570,000.00
Green Trust Loan Payable	C-9A	157,469.56	158,454.21
Bond Anticipation Notes Payable	C-10	-	907,900.00
Improvement Authorizations:			
Funded	C-8	5,594,185.12	6,821,257.41
Unfunded	C-8	12,294,113.73	19,617,806.10
Contracts Payable		1,883,032.05	1,634,664.79
Due to Current Fund		17,411.50	17,411.50
Due to Sewer Utility Operating Fund		134,700.95	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	72,545.93	63,564.93
Fund Balance	C-1	151,374.60	151,374.60
		<u>\$ 41,430,833.44</u>	<u>\$ 51,974,453.23</u>

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

Balance December 31, 2005	<u>Ref.</u> C		\$	151,374.60
Increased By:				
None		\$		
		_____		-
				<u>151,374.60</u>
Decreased By:				
None				
		_____		-
Balance December 31, 2006	C		\$	<u><u>151,374.60</u></u>

EXHIBIT - D
SEWER UTILITY FUND

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2005</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 3,920,226.05	\$ 4,124,685.01
Due from Bank		-	16,019.69
Due from General Capital Fund		134,700.95	-
Due from Special Assessment Fund		18,562.36	-
		<u>4,073,489.36</u>	<u>4,140,704.70</u>
Receivables With Full Reserves:			
Consumer Accounts Receivable	D-7	5,377.85	4,574.63
Due from Bank		142.91	599.34
		<u>5,520.76</u>	<u>5,173.97</u>
Total Operating Fund		<u>4,079,010.12</u>	<u>4,145,878.67</u>
Capital Fund:			
Cash and Investments	D-5, D-6	2,221,749.79	2,853,169.54
Fixed Capital:			
Completed	D-9	25,930,455.00	25,930,455.00
Authorized and Uncompleted		11,027,440.44	10,003,440.44
		<u>39,179,645.23</u>	<u>38,787,064.98</u>
Total Capital Fund		<u>39,179,645.23</u>	<u>38,787,064.98</u>
		<u>\$ 43,258,655.35</u>	<u>\$ 42,932,943.65</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Operating Fund:</u>			
Appropriation Reserves	D-4	\$ 79,866.19	\$ 176,657.73
Encumbrances Payable	D-4	42,986.20	68,864.73
Accrued Interest on Bonds and Notes	D-12	44,886.90	50,426.35
Prepaid Sewer Rents and Connection Fees		4,456.78	4,670.23
Sewer Rent Overpayments		5,428.07	1,802.88
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		164,161.85	158,147.50
Due to Trust - Special Tax Collector Account		128,299.97	-
Due to Trust - Utility Escrow Fund		8,589.51	1,341.47
		<u>501,407.47</u>	<u>484,642.89</u>
Reserve for Receivables	D	5,520.76	5,173.97
Fund Balance	D-1	<u>3,572,081.89</u>	<u>3,656,061.81</u>
Total Operating Fund		<u>4,079,010.12</u>	<u>4,145,878.67</u>
<u>Capital Fund:</u>			
Serial Bonds Payable	D-14	12,060,000.00	12,880,000.00
Contracts Payable		619,813.00	448,450.03
Improvement Authorizations:			
Funded	D-13	1,804,411.22	2,181,210.05
Unfunded	D-13	4,123,741.11	3,721,350.00
Reserve for Payment of Bonds and Notes		5,485.36	185,485.36
Reserve for Amortization		18,337,480.46	17,517,480.46
Deferred Reserve for Amortization		2,208,384.40	1,832,759.40
Capital Improvement Fund	D-11	8,318.25	8,318.25
Fund Balance	D-2	12,011.43	12,011.43
		<u>39,179,645.23</u>	<u>38,787,064.98</u>
Total Capital Fund		<u>39,179,645.23</u>	<u>38,787,064.98</u>
		<u>\$ 43,258,655.35</u>	<u>\$ 42,932,943.65</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 2006</u>	<u>Year 2005</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	434,390.00	\$ 193,522.00
Sewer Rents		4,468,074.42	4,134,580.94
Miscellaneous		738,243.69	904,546.30
Reserve for Payment of Bonds		180,000.00	-
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		137,836.51	56,542.54
Prior Year Checks Voided		-	308.91
Interfund Returned		456.43	-
Interfund Payable Cancelled		-	671.71
		<u>5,959,001.05</u>	<u>5,290,172.40</u>
Total Income			
Expenditures:			
Operations:			
Salaries and Wages		911,140.00	858,576.00
Other Expenses		2,831,475.00	2,482,362.00
Capital Improvements		375,625.00	316,900.00
Debt Service		1,415,800.97	1,354,852.37
Deferred Charges and Statutory Expenditures		71,150.00	65,684.00
Other Charges to Income:			
Due from Bank for Deposit Corrections		-	599.34
Refund of Prior Year Revenue		3,400.00	335.78
		<u>5,608,590.97</u>	<u>5,079,309.49</u>
Total Expenditures			
Excess in Revenue		350,410.08	210,862.91
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	-
		<u>350,410.08</u>	<u>210,862.91</u>
Fund Balance January 1	D	<u>3,656,061.81</u>	<u>3,638,720.90</u>
		4,006,471.89	3,849,583.81
Decreased By:			
Utilization as Anticipated Revenue		<u>434,390.00</u>	<u>193,522.00</u>
Balance December 31	D	<u>\$ 3,572,081.89</u>	<u>\$ 3,656,061.81</u>

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

Balance December 31, 2005	<u>Ref.</u> D		\$	12,011.43
Increased By:				
None		\$		
				-
				12,011.43
Decreased By:				
None				
				-
Balance December 31, 2006	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	\$ 434,390.00	\$ 434,390.00	\$ -
Anticipated Revenue:			
Sewer Rents	4,130,000.00	4,468,074.42	338,074.42
Miscellaneous	900,000.00	738,243.69	(161,756.31)
Reserve for Payment of Bonds	180,000.00	180,000.00	-
	<u>5,210,000.00</u>	<u>5,386,318.11</u>	<u>176,318.11</u>
Total Revenue	<u>\$ 5,644,390.00</u>	<u>\$ 5,820,708.11</u>	<u>\$ 176,318.11</u>

Analysis of Realized Revenue:

Water and Sewer Rents			
Consumer Accounts Receivable	\$ 4,468,074.42		
		<u>\$ 4,468,074.42</u>	
Miscellaneous Revenues			
Connection Fees	\$ 346,001.39		
Interest on Investments	375,721.38		
Penalties	15,375.92		
Application Fees	900.00		
Other Miscellaneous	245.00		
		<u>\$ 738,243.69</u>	

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

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 926,140.00	\$ 911,140.00	\$ 871,095.36	\$ 40,044.64	\$
Other Expenses	2,871,475.00	2,831,475.00	2,797,201.60	34,273.40	
	<u>3,797,615.00</u>	<u>3,742,615.00</u>	<u>3,668,296.96</u>	<u>74,318.04</u>	<u>-</u>
Capital Improvements:					
Capital Improvement Fund	34,125.00	34,125.00	34,125.00	-	
Capital Outlay	341,500.00	341,500.00	341,500.00	-	
	<u>375,625.00</u>	<u>375,625.00</u>	<u>375,625.00</u>	<u>-</u>	<u>-</u>
Debt Service:					
Payment of Bond Principal	840,000.00	895,000.00	895,000.00		-
Interest on Bonds	560,000.00	560,000.00	520,800.97		39,199.03
	<u>1,400,000.00</u>	<u>1,455,000.00</u>	<u>1,415,800.97</u>	<u>-</u>	<u>39,199.03</u>
Deferred Charges and Statutory Expenditures:					
Social Security System (O.A.S.I.)	71,150.00	71,150.00	65,601.85	5,548.15	
	<u>71,150.00</u>	<u>71,150.00</u>	<u>65,601.85</u>	<u>5,548.15</u>	<u>-</u>
	<u>\$ 5,644,390.00</u>	<u>\$ 5,644,390.00</u>	<u>\$ 5,525,324.78</u>	<u>\$ 79,866.19</u>	<u>\$ 39,199.03</u>
Ref.	D				D

\$ 4,961,537.61	Disbursed
520,800.97	Interest on Bonds
42,986.20	Encumbered
<u>\$ 5,525,324.78</u>	

EXHIBIT - E
PUBLIC ASSISTANCE TRUST FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2005</u>
Cash Trust I	D-1	\$ 9,950.81	\$ 14,857.36
Cash Trust II	D-1	24,440.05	23,557.56
Due from Client for Supplemental Security Income		-	411.60
		<u>\$ 34,390.86</u>	<u>\$ 38,826.52</u>
 <u>Liabilities and Reserves</u>			
Due to Client for Supplemental Security Income		\$ -	\$ 5,743.17
Reserve for Public Assistance Trust I		13,598.08	13,173.06
Reserve for Public Assistance Trust II		20,792.78	19,910.29
		<u>\$ 34,390.86</u>	<u>\$ 38,826.52</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, 2006</u>	Balance <u>Dec. 31, 2005</u>
General Fixed Assets:		
Land, Buildings and Improvements	\$ 4,187,100.00	\$ 4,187,100.00
Machinery and Equipment	<u>14,919,547.69</u>	<u>14,528,601.36</u>
Total General Fixed Assets	<u>\$ 19,106,647.69</u>	<u>\$ 18,715,701.36</u>
Investment in General Fixed Assets	<u>\$ 19,106,647.69</u>	<u>\$ 18,715,701.36</u>

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Description of Financial Reporting Entity

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

Component Units

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

Basis of Presentation, Fund Accounting

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

Current Fund

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

Trust Funds

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

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Capital Fund

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

Sewer Utility Operating and Capital Funds

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

Public Assistance Fund

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

Budgets and Budgetary Accounting

The Township of Galloway must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 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.

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

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

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

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

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

Interfunds

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to fund balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

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

General Fixed Assets

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

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

All fixed assets are valued at historical cost, or estimated historical cost if actual historical cost is not available.

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

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

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

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded in the General Fixed Assets Account Group at the market value at the time of acquisition.

Deferred Charges

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

Appropriation Reserves

Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

Liens Sold for Other Governmental Units

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

Fund Balance

Fund balances included in the Current Fund represent amounts available for anticipation as revenue in future 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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2005, and decreased by the amount deferred at December 31, 2006. 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.

	December 31, 2006		December 31, 2005
Local School Tax Payable	\$ -	\$	80,102.64
Regional High School Tax Payable	3,937,735.66		3,212,141.79
Regional High School Tax Deferred	2,927,683.46		2,927,683.46
	\$ 6,865,419.12	\$	6,219,927.89

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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reserve for Uncollected Taxes

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of the reserve, determined by the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

Expenditures

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Outstanding encumbrances at December 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.

Note 2: SHORT-TERM DEBT

Short-Term Debt

Short-term debt provides financing for capital projects. On December 2, 2005, the Township issued bond anticipation notes in the amount of \$907,900. The debt was issued to continue financing of Ordinance 1192 in the General Capital Fund. On December 1, 2006, the Township repaid the notes.

The following is a summary of changes in short-term debt for the year ended December 31, 2006.

	Balance 12/31/2005	Increased	Decreased	Balance 12/31/2006
Bond Anticipation Notes	\$ 907,900.00	\$ -	\$ 907,900.00	\$ -
Balance December 31, 2006	<u>\$ 907,900.00</u>	<u>\$ -</u>	<u>\$ 907,900.00</u>	<u>\$ -</u>

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 3: LONG-TERM DEBT

Summary of Municipal Debt

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 21,267,469.56	\$ 23,636,354.21	\$ 15,857,319.45
Sewer Utility:			
Bonds and Notes	12,060,000.00	12,880,000.00	12,390,000.00
Total Issued	<u>33,327,469.56</u>	<u>36,516,354.21</u>	<u>28,247,319.45</u>
Less:			
Funds Temporarily Held to			
Pay Bonds and Notes:			
General	17,282.86	17,282.86	17,282.86
Self-Liquidating Debt	16,429,725.00	16,601,350.00	16,729,250.00
Total Deductions	<u>16,447,007.86</u>	<u>16,618,632.86</u>	<u>16,746,532.86</u>
Net Debt Issued	<u>16,880,461.70</u>	<u>19,897,721.35</u>	<u>11,500,786.59</u>
<u>Authorized but not issued</u>			
Bonds and Notes:			
General	13,812,389.40	20,618,970.20	13,588,258.30
Sewer	4,369,725.00	3,721,350.00	4,339,250.00
Total Authorized but not Issued	<u>18,182,114.40</u>	<u>24,340,320.20</u>	<u>17,927,508.30</u>
Net Bonds and Notes Issued, and Authorized but not Issued	<u>\$ 35,062,576.10</u>	<u>\$ 44,238,041.55</u>	<u>\$ 29,428,294.89</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.20%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 17,690,000.00	\$ 17,690,000.00	\$ -
Regional School Debt	7,864,757.52	7,864,757.52	-
Sewer Utility	16,429,725.00	16,429,725.00	-
General Debt	<u>35,079,858.96</u>	<u>17,282.86</u>	<u>35,062,576.10</u>
	<u>\$ 77,064,341.48</u>	<u>\$ 42,001,765.38</u>	<u>\$ 35,062,576.10</u>

Net Debt \$35,062,576.10 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,932,594,879 = 1.20%.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 3: LONG-TERM DEBT (Continued)

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

3-1/2% of Equalized Valuation Basis	\$	102,640,820.77
Net Debt		35,062,576.10
Remaining Borrowing Power	\$	67,578,244.67

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	\$	5,820,708.11
Deductions:		
Operating & Maintenance Costs	\$	3,813,765.00
Debt Service		1,415,800.97
Total Deductions		5,229,565.97
Excess in Revenue - Self Liquidating	\$	591,142.14

Description of Bonds and Loans Payable

At December 31, 2006, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$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, 2006 is 450,000.

\$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, 2006 is \$3,505,000.

\$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, 2006 is \$3,145,000.

\$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, 2006 is \$10,250,000.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 3: LONG-TERM DEBT (Continued)

Description of Bonds and Loans Payable (Continued)

\$3,790,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2014, bearing interest at varying rates. The balance remaining as of December 31, 2006 is \$3,760,000.

\$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, 2006, is \$7,469.56.

\$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, 2006, is \$150,000.

\$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, 2006 is \$3,290,000.

\$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, 2006 is \$2,360,000.

\$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, 2006 is \$1,240,000.

\$5,225,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2018, bearing interest at varying rates. The balance remaining as of December 31, 2006 is \$5,170,000.

Changes in Long-Term Debt

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

	<u>Outstanding</u> <u>12/31/05</u>		<u>Issues or</u> <u>Additions</u>		<u>Payments or</u> <u>Expenditures</u>		<u>Outstanding</u> <u>12/31/06</u>
General Capital Fund:							
Bonds Payable	\$ 22,570,000.00	\$	3,790,000.00	\$	5,250,000.00	\$	21,110,000.00
Loans Payable	158,454.21				984.65		157,469.56
Total General Capital Fund	<u>22,728,454.21</u>		<u>3,790,000.00</u>		<u>5,250,984.65</u>		<u>21,267,469.56</u>
Sewer Utility Capital Fund:							
Bonds Payable	12,880,000.00		5,225,000.00		6,045,000.00		12,060,000.00
Total Sewer Utility Capital Fund	<u>12,880,000.00</u>		<u>5,225,000.00</u>		<u>6,045,000.00</u>		<u>12,060,000.00</u>
Total - All Funds	<u>\$ 35,608,454.21</u>	\$	<u>9,015,000.00</u>	\$	<u>11,295,984.65</u>	\$	<u>33,327,469.56</u>

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 3: 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
2007	\$ 1,615,000.00	\$ 853,261.25	\$ 885,000.00	487,070.00
2008	2,055,000.00	792,906.25	950,000.00	456,937.50
2009	2,205,000.00	713,668.75	955,000.00	421,600.00
2010	2,350,000.00	620,918.75	955,000.00	381,837.50
2011	2,455,000.00	521,368.75	1,040,000.00	341,287.50
2012-2016	7,735,000.00	1,446,312.50	5,620,000.00	1,060,887.50
2017-2019	2,695,000.00	204,912.50	1,655,000.00	104,262.50
	<u>\$ 21,110,000.00</u>	<u>\$ 5,153,348.75</u>	<u>\$ 12,060,000.00</u>	<u>\$ 3,253,882.50</u>

Note 4: 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, 2006, the balance of the fund was \$224,789.16. It is estimated that, at December 31, 2006, accrued benefits for compensated absences are valued at \$2,468,705.27.

Note 5: DEFERRED COMPENSATION PLAN

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

The Plan is administered by the following service organizations:

Great-West Life & Annuity Insurance Company
Equitable

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 6: TAXES COLLECTED IN ADVANCE

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

		Balance December 31, 2006		Balance December 31, 2005
Prepaid Taxes - Cash Liability	\$	496,631.00	\$	537,941.89

Note 7: PENSION PLANS

Plan Descriptions

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

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

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

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 7: PENSION PLANS (Continued)

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.

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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 7: PENSION PLANS (Continued)

Funding Policy (Continued)

For the Public Employees' Retirement System, the Township's required contribution was \$52,456 for 2006 and \$20,051 for 2005. There was no Township contribution required for 2004.

Three-Year Trend Information for PERS					
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
12/31/06	\$ 52,456.00	100%	\$ -		
12/31/05	20,051.00	100%	-		
12/31/04	-	100%	-		

For the Police and Firemen's Retirement System, the Township's required contribution was \$352,310 for 2006 and \$163,649.42 for 2005.

Three-Year Trend Information for PFRS					
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
12/31/06	\$ 352,310.28	100%	\$ -		
12/31/05	163,649.42	100%	-		
12/31/04	70,517.80	100%	-		

Note 8: DEPOSITS AND INVESTMENTS

Deposits

Operating cash, in the form various checking and savings accounts, and certificates of deposit, are held in the Township's name by a commercial banking institution. At December 31, 2006, the carrying amount of the Township's deposits was \$30,141,887.15 and the bank balance was \$31,687,784.32. Of the bank balance, \$100,000 was insured with the Federal Depository Insurance Corporation ("FDIC"). Balances in excess of amounts covered by FDIC are covered by the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of municipalities and local government agencies. The program is administered by the Commissioner of New Jersey Department of Banking and Insurance. See Note 1.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 8: DEPOSITS AND INVESTMENTS (Continued)

Investments

At December 31, 2006, the Township had the following investments:

Investment	Face Amount	Carrying Amount	Investment Maturities (in years)		
			Less than 1	1 - 5	6 - 10
Commerce Capital Gov't Money Market Fund	\$ 27,294.36	\$ 27,294.36	\$ 27,294.36	\$ -	\$ -
New Jersey Cash Management Fund	281,009.37	281,009.37	281,009.37		
U.S. Treasury Obligations	265,000.00	256,134.05		207,706.25	48,427.80
U.S. Government Agency Securities	240,000.00	237,097.05		159,172.00	77,925.05
	<u>\$ 813,303.73</u>	<u>\$ 801,534.83</u>	<u>\$ 308,303.73</u>	<u>\$ 366,878.25</u>	<u>\$ 126,352.85</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).

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 Commerce Capital Government Money Market Fund is rated AAAM 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 rated.

Note 9: 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.

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 9: PROPERTY TAXES (Continued)

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.

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

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 9: PROPERTY TAXES (Continued)

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

Comparative Schedule of Tax Rates					
		2006		2005	2004
Tax Rate	\$	3.3690	\$	3.2390	\$ 3.0860
Apportionment of Tax Rate:					
Municipal		0.5790		0.5620	0.5630
County		0.5960		0.5910	0.5650
Local School		1.4450		1.3910	1.3520
Regional School		0.7490		0.6950	0.6060

Three-year statistical information (continued):

Assessed Valuation		
Year		Amount
2006	\$	1,832,570,497
2005		1,767,441,446
2004		1,706,482,575

Comparison of Tax Levies and Collections					
Year		Tax Levy		Collections	Percentage of Collections
2006	\$	63,339,283.61	\$	62,817,231.66	99.18%
2005		58,898,775.16		58,602,320.40	99.50%
2004		53,820,845.16		53,612,022.47	99.61%

TOWNSHIP OF GALLOWAY
NOTES TO FINANCIAL STATEMENTS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

Note 9: PROPERTY TAXES (Continued)

Delinquent Taxes and Tax Title Liens							
Year		Tax Title Liens		Delinquent Taxes		Total Delinquent	Percentage of Tax Levy
2006	\$	276,199.93	\$	77,594.45	\$	353,794.38	0.56%
2005		254,875.69		42,376.82		297,252.51	0.50%
2004		255,462.84		56,237.59		311,700.43	0.58%

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
2006	\$	3,515,894
2005		3,446,894
2004		3,647,894

Note 10: 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, 2006 AND 2005
(CONTINUED)

Note 11: 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>
2006	\$ 4,188,746.96	\$ 3,150,000.00	75.20%
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>
2006	\$ 3,574,423.28	\$ 684,097.00	19.14%
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, 2006 AND 2005
(CONTINUED)

Note 12: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2006 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 232,089.55	\$ 274,702.81
Federal and State Grant Fund		13,059.54
Animal Control Trust Fund		10,279.94
Trust Fund - Other	410,924.95	27,176.72
Assessment Trust Fund	667.34	1,334,538.24
General Capital	1,315,975.88	152,112.45
Sewer Utility Operating	153,263.31	301,051.33
Total	<u>\$ 2,112,921.03</u>	<u>\$ 2,112,921.03</u>

Note 13: 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 2006 were insignificant.

Note 14: 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, 2006, 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, 2006 AND 2005
(CONTINUED)

Note 15: GENERAL FIXED ASSETS

The following schedule is a summarization of the charges in general fixed assets for the fiscal year ended December 31, 2006.

	<u>Balance as of December 31, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance as of December 31, 2006</u>
Land	\$ 1,498,200.00	\$	\$	\$ 1,498,200.00
Buildings	2,688,900.00			2,688,900.00
Equipment	<u>14,528,601.36</u>	<u>788,902.27</u>	<u>397,955.94</u>	<u>14,919,547.69</u>
Total	<u>\$ 18,715,701.36</u>	<u>\$ 788,902.27</u>	<u>\$ 397,955.94</u>	<u>\$ 19,106,647.69</u>

Note 16: 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, 2006 AND 2005
(CONTINUED)

Note 17: 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, 2006, \$7,590,000 of bonds outstanding is considered defeased.

Note 18: 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, 2006, the Township had \$527,431.42 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 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

	<u>Ref.</u>	<u>Current Fund</u>		<u>Federal and State Grant Fund</u>
Balance December 31, 2005	A	\$ 12,328,218.00		\$ 433,570.93
 Increased By Receipts:				
Taxes Receivable		\$ 62,259,705.18		\$
Tax Title Liens		2,319.15		
Revenue Accounts Receivable		7,287,247.15		
Miscellaneous Revenue Not Anticipated		129,225.26		
Veterans & Senior Citizen - State of NJ		396,852.00		
Prepaid Taxes		496,631.00		
Federal and State Grants Receivable				177,645.72
Unappropriated Grant Reserves				24,632.97
Small Cities Revolving Loan Fund				39,737.00
Due from Current Fund				753,528.69
Due from Grant Fund		15,464.00		
Due from General Capital Fund				
Due to Utility Operating		23,928.94		
Due to Public Defender Trust Fund		16,740.50		
Due to POAA Trust Fund		62.00		
Due to Tax Collector Special Account		2,734.42		
Due to Trust Fund - Developers Escrow		3,535.78		427.50
Due to Special Water Assessment Trust		667.34		
Due to Trust Fund - Escrow		18,989.26		
Due to State - Marriage Licenses		6,125.00		
Due to State - Domestic Partnerships		75.00		
Due to State - Permit Surcharge Fee		50,751.00		
Appropriation Refunds		521,306.92		
Appropriation Reserves Refunds		784.16		
Due to Vendor		199.98		
Petty Cash Fund Deposits		4,607.68		
Deposits for Sale of Municipal Property		125.00		
Refund of Bank Fees		11,540.56		
Reserve for Sale of Municipal Property		15,940.00		
Refund of Prior Year Expenditure		608.00		
		<hr/>		
		71,266,165.28		995,971.88
		<hr/>		
		83,594,383.28		1,429,542.81

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:			
2006 Appropriations	\$	18,001,904.72	\$
2005 Appropriation Reserves		119,143.92	
Reserve for Encumbrances		546,114.29	
County Taxes		10,902,636.14	
County Added and Omitted Taxes		301,302.98	
Local District School Tax		26,604,083.08	
Regional School Taxes		13,005,244.43	
Refund of Tax Overpayments		347,953.47	
Due to Grant Fund		770,000.69	
Due from Sewer Utility Operating Fund		29,943.29	
Due to Public Defender Trust Fund		19,250.00	
Due to Compensated Absences Trust Fund		5,129.83	
Due to Trust - Escrow		30,712.50	427.50
Due to State - Marriage Licenses		6,200.00	
Due to State - Domestic Partnerships		25.00	
Due to State - Permit Surcharge Fee		52,346.00	
Federal and State Grant Fund - Appropriated Reserves			1,268,847.70
Due to Current Fund			180.15
Small Cities Revolving Loan Fund			39,718.00
Due from Bank		87.02	
Petty Cash		4,607.68	
Reserve for Refund of Revenues		225.00	
Refund of Prior Year Revenue		788.44	
		\$ 70,747,698.48	\$ 1,309,173.35
Balance December 31, 2006	A	\$ 12,846,684.80	\$ 120,369.46

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

Year	Balance Dec. 31, 2005	2006 Levy	Added Taxes	Collections		Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2006
				2005	2006			
Arrears \$	24,329.41	\$	\$	\$	1,699.11	\$ (3,114.05)	\$	\$ 25,744.35
2005	18,047.41		2,617.78		1,437.07	8,434.38		10,793.74
	42,376.82	-	2,617.78	-	3,136.18	5,320.33	-	36,538.09
2006		63,339,331.47		537,941.89	62,279,289.77	459,624.31	21,419.14	41,056.36
\$	42,376.82	\$ 63,339,331.47	\$ 2,617.78	\$ 537,941.89	\$ 62,282,425.95	\$ 464,944.64	\$ 21,419.14	\$ 77,594.45
Ref.	A							A

\$ 62,259,705.18 Taxes Receivable
 (372,711.24) Overpayments
 395,432.01 Senior Citizens and Veterans
\$ 62,282,425.95

Analysis of 2005 Property Tax Levy

Tax Yield:

General Property Tax \$ 61,739,312.11
 Added Taxes (54:4-63.1 et seq.) 1,599,971.50
\$ 63,339,283.61

Tax Levy:

Local District School Tax:
 Levy \$ 26,473,691.00
 Addition to Local District School Tax
\$ 26,473,691.00

Regional High School Tax 13,730,838.30
 County Taxes 10,902,636.14
 County Taxes Added and Omitted 284,656.54
 Local Tax for Municipal Purposes 10,617,031.18
 Add: Additional Tax Levied 1,330,430.45
11,947,461.63
\$ 63,339,283.61

TOWNSHIP OF GALLOWAY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2005	<u>Ref.</u> A		\$	254,875.69
Increased By:				
Transfers from Taxes Receivable		\$ 21,419.14		
Interests and Costs from Tax Sale		2,224.25		
				23,643.39
				278,519.08
Decreased By:				
Cash Receipts		2,319.15		
				2,319.15
Balance December 31, 2006	A		\$	276,199.93

TOWNSHIP OF GALLOWAY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2005	Accrued In 2006	Collected	Balance Dec. 31, 2006
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Alcoholic Beverages	\$ -	\$ 27,553.73	\$ 27,553.73	\$ -
Fees and Permits	-	73,458.00	73,458.00	-
Fines and Costs:				
Municipal Court	48,345.45	459,355.89	471,739.62	35,961.72
Interest and Costs on Taxes	-	159,802.29	159,802.29	-
Interest on Investments and Deposits	-	1,159,527.33	1,159,527.33	-
Planning Board - Special Application Fees	-	41,717.20	41,717.20	-
Fire Subcode Official:				
Fire Safety Rebate	-	36,083.73	36,083.73	-
Fire Inspections	-	12,762.00	12,762.00	-
Road Openings	-	57,435.00	57,435.00	-
Cable Franchise Fees	-	120,957.31	120,957.31	-
Contract Postal Unit	-	57,136.97	57,136.97	-
Hotel Tax	-	623,654.88	623,654.88	-
Rental Inspections	-	45,750.00	45,750.00	-
Legislative Initiative Municipal Block Grant	-	122,371.00	122,371.00	-
Consolidated Municipal Property Tax Relief Aid	-	877,042.00	877,042.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	-	2,330,862.00	2,330,862.00	-
Supplemental Energy Receipts Tax	-	115,387.00	115,387.00	-
Payments in Lieu of Taxes - Wildlife Refuge	-	61,861.00	61,861.00	-
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	-	17,781.11	17,781.11	-
Uniform Construction Code Fees	-	563,227.00	563,227.00	-
Sale of Municipal Property	-	175,000.00	175,000.00	-
Communications - Dispatch Agreement				
Atlantic County	-	17,863.10	17,863.10	-
TOTALS	\$ 48,345.45	\$ 7,439,161.54	\$ 7,451,545.27	\$ 35,961.72
Ref.	A			A
		Cash Receipts	\$ 7,287,247.15	
		Reserve for Sale of Township Property	175,000.00	
		Municipal Court	(12,383.73)	
		Garden State Preservation Trust	1,681.85	
			<u>\$ 7,451,545.27</u>	

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

	Balance Dec. 31, 2005	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operations Within "Caps":					
Salaries and Wages					
Financial Administration	\$ 17,833.83	\$ 17,833.83	\$ 8,459.89	\$ 9,373.94	\$
Police Department	561,790.74	561,790.74	561,790.74	-	
Public Works	280.61	280.61	280.61	-	
Community Education	911.11	911.11	336.00	575.11	
Recreation Services and Programs	4,035.40	4,035.40	790.01	3,245.39	
Celebration of Public Events	2,022.23	2,022.23	415.09	1,607.14	
Uniform Construction Code	9,079.30	9,079.30	1,302.00	7,777.30	
Other Expenses					
General Administration	4,278.91	4,278.91	510.04	3,768.87	
Mayor and Council	9,561.97	9,561.97	1,618.50	7,943.47	
Municipal Clerk	6,417.60	6,417.60	5,433.54	984.06	
Financial Administration	10,688.20	10,688.20	3,490.23	7,197.97	
Revenue Administration	4,491.06	4,491.06	2,233.60	2,257.46	
Tax Assessor	20,001.71	20,001.71	11,622.88	8,378.83	
Legal Services and Costs	21,056.28	21,056.28	8,302.44	12,753.84	
Engineering Services and Costs	9,741.00	9,741.00	3,743.50	5,997.50	
Municipal Court	8,867.20	8,867.20	4,452.76	4,414.44	
Planning Board	3,678.30	3,678.30	1,813.69	1,864.61	
Zoning Board	2,994.07	2,994.07	187.00	2,807.07	
Police Department	233,617.82	233,617.82	189,702.79	43,915.03	
Police Dispatch/911	16,961.73	16,961.73	954.93	16,006.80	
Office of Emergency Management	6,840.96	6,840.96	704.56	6,136.40	
Aid to Ambulance Associations	2,964.64	2,964.64	2,964.64	-	
Fire Department	119,784.10	119,784.10	73,457.63	46,326.47	
Streets and Roads Maintenance	84,448.08	84,448.08	57,765.57	26,682.51	
Other Public Works Functions	9,673.99	9,673.99	1,461.00	8,212.99	
Community Education	14,354.72	14,354.72	10,993.73	3,360.99	

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

	<u>Balance</u> <u>Dec. 31, 2005</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>
Solid Waste Collection	\$ 32,515.70	\$ 32,515.70	\$ 22,207.94	\$ 10,307.76	\$
Public Buildings and Grounds	25,149.66	25,149.66	17,177.91	7,971.75	
Vehicle Maintenance	49,633.14	49,633.14	49,633.14	-	
Administration of Public Welfare	1,302.45	1,302.45	311.28	991.17	
Recreation Services and Programs	14,389.39	14,389.39	12,515.11	1,874.28	
Senior Services	9,730.53	9,730.53	4,274.28	5,456.25	
Maintenance of Parks	14,450.74	14,450.74	9,400.98	5,049.76	
Celebration of Public Events	1,482.40	1,482.40	398.82	1,083.58	
Construction Code Official	29,405.62	29,405.62	15,816.77	13,588.85	
Utilities:					
Street Lighting	12,928.20	12,928.20	12,928.20	-	
Telephone	9,142.14	9,142.14	2,809.56	6,332.58	
Natural Gas	965.09	965.09	965.09	-	
Gasoline	46,317.39	46,317.39	43,280.60	3,036.79	
Landfill/Solid Waste Disposal Costs	13,484.51	13,484.51	1,940.56	11,543.95	
Operations Excluded from "Caps":					
Insurance					
Workers Compensation	71,000.68	71,000.68	71,000.68	-	
Group Insurance Plan for Employees	5,188.50	5,188.50	(548.85)	5,737.35	
Accounts with No Change	210,622.38	210,622.38		210,622.38	
TOTALS	\$ 1,734,084.08	\$ 1,734,084.08	\$ 1,218,899.44	\$ 515,184.64	\$ -
Ref.	A				
Appropriation Reserves	\$ 1,194,810.19		\$ 672,785.15		
Encumbrances Payable	539,273.89		546,114.29		
	<u>\$ 1,734,084.08</u>		<u>\$ 1,218,899.44</u>		
		Cash Disbursements	\$ 665,258.21		
		Accounts Payable	554,425.39		
		Reimbursements	(784.16)		
			<u>\$ 1,218,899.44</u>		

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

<u>Purpose</u>	<u>Balance Dec. 31, 2005</u>	<u>Anticipated Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2006</u>
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	8,000.22	8,320.00	7,975.00		8,345.22
Safe and Secure Communities Program	80,000.00	60,000.00	45,000.00		95,000.00
Municipal Alliance Program	35,577.45	19,109.00	17,876.11		36,810.34
Body Armor Fund		7,432.05	7,432.05		-
Clean Communities		44,306.61	44,306.61		-
Aggressive Driving Enforcement Grant	11,889.00				11,889.00
Recycling Tonnage	2,166.95	10,000.00	12,166.95		-
Click It or Ticket	2,005.00	6,000.00	6,000.00		2,005.00
Enhanced 911 General Assistance Grant		93,682.00	33,289.00		60,393.00
Flood Control Grant		640,897.00			640,897.00
Federal:					
Small Cities Community Development Block Grant	144,930.00				144,930.00
COPS Universal Hiring Grant	80,000.00	175,000.00			255,000.00
COPS More	60,000.00				60,000.00
COPS in Shops	-	3,600.00	3,600.00		-
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	162,250.00				162,250.00
TOTALS	\$ 711,707.62	\$ 1,068,346.66	\$ 177,645.72	\$ -	\$ 1,602,408.56
Ref.	A				A

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

<u>Purpose</u>	<u>Balance Dec. 31, 2005</u>	<u>Received</u>	<u>Anticipated Revenues</u>	<u>Balance Dec. 31, 2006</u>
State:				
Clean Communities Program	\$ 184.10	\$ 3,067.18	\$	\$ 3,251.28
Body Armor Fund	6,895.95	2,949.65	6,895.95	2,949.65
Recycling Tonnage Grant	-	3,152.14		3,152.14
Municipal Stormwater Grant	-	15,464.00		15,464.00
Domestic Violence Training	1,000.00		1,000.00	-
TOTALS	\$ <u>8,080.05</u>	\$ <u>24,632.97</u>	\$ <u>7,895.95</u>	\$ <u>24,817.07</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, 2005</u>	<u>Budget Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2006</u>
State:					
New Jersey Transportation Trust Fund					
Pothole Repair Program	\$ 1,948.36	\$	\$	\$	\$ 1,948.36
Recycling Tonnage Grant	2,429.99	10,000.00	2,335.39		10,094.60
Drunk Driving Enforcement Program	269.54				269.54
Child Passenger Safety Education Grant	7,851.83	8,320.00	8,075.00		8,096.83
Law and Public Safety - Domestic Violence	1,715.94		(877.96)		2,593.90
Law and Public Safety - Aggressive Driving	13,434.99		4,330.00		9,104.99
Clean Communities Program	35,398.72	44,306.61	63,030.05		16,675.28
Safe and Secure Program	59,781.87	306,510.00	283,972.34		82,319.53
Body Armor Fund		14,328.00	8,401.25		5,926.75
Municipal Drug Alliance Program	17,735.26	26,587.00	21,674.38		22,647.88
Alcohol Education & Rehabilitation Program	225.93				225.93
Stormwater Management	15,464.00		12,817.75		2,646.25
Click-it or Ticket		6,000.00	5,850.00		150.00
Enhanced 911 General Assistance Grant		93,682.00	26,513.00		67,169.00
Flood Control Grant - Storm Sewer Recon.		640,897.00			640,897.00
Highway Safety Grant		1,000.00	1,000.00		-
Federal:					
Small Cities	144,326.52				144,326.52
COPS Universal Hiring Grant	287,503.74	675,309.00	786,897.06		175,915.68
COPS More	36,856.54				36,856.54
COPS in Shops	1,926.12	3,600.00	3,600.00		1,926.12
Community Development Block Grant	51,504.00				51,504.00
Wildlife Habitat Incentive Program	246.67				246.67
Local Law Enforcement Block Grant	16,046.74				16,046.74
Other:					
Atlantic County Open Space Partnership	234,301.97		29,870.00		204,431.97
Atlantic County Regional Traffic Education	1,935.00				1,935.00
Highway Safety Program - DWI Enforcement	912.50				912.50
TOTALS	\$ 931,816.23	\$ 1,830,539.61	\$ 1,257,488.26	\$ -	\$ 1,504,867.58
Ref.	A				A
		Cash Disbursements	\$ 1,268,847.70		
		Due to Current Fund	1,008.00		
		Encumbrances Payable	14,851.41		
		Encumbrances Cancelled	(27,218.85)		
			<u>\$ 1,257,488.26</u>		

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

Balance December 31, 2005	<u>Ref.</u> B		\$	17,090.53
Increased By Receipts:				
Dog Licenses Fees		\$		5,069.00
Kennel Fees				350.00
Interest Earned				987.08
				6,406.08
				23,496.61
Decreased By Disbursements:				
Interest Earned - Due to Current Fund				987.08
Animal Control Expenditures				1,199.80
				2,186.88
Balance December 31, 2006	B		\$	21,309.73

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

	Ref.	Other	Assessment
	B	\$	\$
Balance December 31, 2005		4,037,504.25	652,183.37
Increased By Receipts:			
Collector	\$		\$
Due to Current Fund:			
Assessment Fund			
Housing Trust			
Inspection Escrow			
Developer Escrow Trust			
Due from Sewer Utility Operating			
Due to Developer Escrow from Payroll Trust			
Refund from Bank			
Insurance Funds:			
Workers' Compensation Insurance Fund		208,599.49	
General Liability Insurance Fund		88,340.17	
Funds Held in Escrow - Inspection Fees		677,556.30	
Funds Held in Escrow - Developer Escrow Fees		379,599.86	
Reserve for New Jersey Unemployment Compensation Insurance Trust Fund		15,050.58	
Payroll Deductions		11,408,163.33	
Net Payroll			
Reserve for Special Law Enforcement		12,544.10	
Reserve for Housing Trust Fund		955,673.17	
Reserve for Utility Escrow Deposits		121,443.35	
Reserve for Media Relations		232.12	
Reserve for Community Events		241,256.50	
Reserve for Police Special Detail		78,882.61	
Reserve for Uniform Fire Safety		29.64	
Reserve for Health Insurance		1,522,350.99	
Assessments Receivable			
Reserve for Assessments			
Deposits on Future Assessments			
		15,709,722.21	-
		19,747,226.46	652,183.37

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

	Ref.	Other		Assessment
Decreased By Disbursements:				
Due to Sewer Utility Operating Bank Service Charge	\$			\$ 494.00
Escrow Deposits:				
Inspection Fees		400,297.87		
Developer Escrow Funds		296,836.94		
Reserve for New Jersey Unemployment Compensation Insurance Trust Fund		23,687.05		
Payroll Deductions		11,379,852.23		
Insurance Funds:				
Workers' Compensation Insurance Fund		181,006.49		
General Liability Insurance Fund		152,700.65		
Reserve for Housing Trust Fund		713,457.05		
Reserve for Special Law Enforcement		4,800.00		
Reserve for Utility Escrow Deposits		160,022.12		
Reserve for Media Relations		4,676.28		
Reserve for Landfill Closure				
Reserve for Community Events		205,666.88		
Reserve for Police Special Detail		68,246.02		
Reserve for Health Insurance Trust		1,505,223.98		
Reserve for Landfill Closure - Herschel		5.00		
		15,096,478.56		494.00
Balance December 31, 2006	B	\$ 4,650,747.90		\$ 651,689.37

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

Balance December 31, 2005	<u>Ref.</u> B		\$	351,107.14
Increased By Receipts:				
Deposits for Redemption of Tax Sale Certificates		\$ 121,487.68		
Deposits for Premiums		507,600.00		
Received from Bank		3.00		
Interest Earned		12,618.85		
				641,709.53
				992,816.67
Decreased By Disbursements:				
Refunds - Deposits for Redemption of Tax Sale Certificates		86,135.84		
Refunds of Tax Sale Premiums		386,475.00		
Interest Paid to Current Fund		12,618.85		
Due to Current Fund		131,034.39		
Due from Bank		330.62		
				616,594.70
Balance December 31, 2006	B		\$	376,221.97

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

Balance December 31, 2005	<u>Ref.</u> B		\$	500,018.89
Increased By:				
Interest Earned		\$ 26,149.21		
				26,149.21
				526,168.10
Decreased By:				
Loss on Investments		5,642.64		
				5,642.64
Balance December 31, 2006	B		\$	520,525.46

Schedule of Investments at December 31, 2006

Description	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Cost</u>
Commerce Capital Government Money Market	n/a		\$ 27,294.36
U.S. Treasury Notes	05/15/08	2.625%	53,358.80
U.S. Treasury Notes	10/15/08	3.125%	19,422.60
U.S. Treasury Notes	03/15/09	2.625%	57,339.60
U.S. Treasury Notes	11/15/09	3.500%	62,869.95
U.S. Treasury Notes	08/15/10	4.125%	14,715.30
U.S. Treasury Notes	02/15/14	4.000%	19,144.60
U.S. Treasury Notes	05/15/15	4.125%	9,602.00
U.S. Treasury Notes	02/15/16	4.500%	19,681.20
Federal Home Loan Mortgage Corp.	03/15/08	2.750%	4,860.95
Federal Home Loan Bank	05/15/08	5.750%	40,325.20
Federal National Mortgage Association	06/15/08	2.500%	38,562.40
Federal National Mortgage Association	02/17/09	variable	9,748.50
Federal National Mortgage Association	05/15/09	4.250%	19,681.20
Federal National Mortgage Association	03/15/11	5.500%	15,318.75
Federal Home Loan Mortgage Corp.	09/15/11	5.500%	30,675.00
Federal National Mortgage Association	03/15/12	6.125%	10,528.10
Federal Home Loan Mortgage Corp.	01/15/13	4.500%	19,506.20
Federal National Mortgage Association	04/15/14	4.125%	23,703.25
Federal Home Loan Bank	02/18/15	4.500%	24,187.50
			\$ 520,525.46

TOWNSHIP OF GALLOWAY
TRUST ASSESSMENT FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2005	Receipts		Disbursements		Transfers		Balance Dec. 31, 2006
		Assessments	Misc.	Assessments	Misc.	From	To	
Due from Current Fund	\$ -	\$	\$ 3,375.41	\$	\$ 2,000.00	\$ 2,042.75	\$	\$ (667.34)
Due to Sewer Operating	-		18,562.36					18,562.36
Due to General Capital Fund	-						1,315,975.88	1,315,975.88
Overpaid Assessments	-		3,097.21		3,097.21			-
Due to Bank	-		16.41					16.41
Assessments Receivable	(1,090,638.50)	448,335.69				787,451.00	26,450.96	(1,403,302.85)
Reserve for Assessments	1,739,750.87					1,340,384.09	787,451.00	1,186,817.78
	<u>\$ 649,112.37</u>	<u>\$ 448,335.69</u>	<u>\$ 25,051.39</u>	<u>\$ -</u>	<u>\$ 5,097.21</u>	<u>\$ 2,129,877.84</u>	<u>\$ 2,129,877.84</u>	<u>\$ 1,117,402.24</u>
Ref.	B							B

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

Ord. 6	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2005	Confirmed	Collected	Cancelled	Balance Dec. 31, 2006	Balance Pledged to	
										Due General Capital Fund	Reserve
1192	Construction and Extension of the Water Distribution System into Pinehurst, Absecon Highlands and Key Development Areas	07/12/05	10	09/19/05-14	\$ 1,090,638.50	\$	\$ 227,513.15	\$ 2,886.27	\$ 860,239.08	\$ 860,239.08	\$
1261	Construction and Extension of the Water Distribution System into the Pinehurst, Vienna Gardens, Koch & Langley area of Pomona, and Absecon Highland III, Sub-Basin IV	04/11/06	10	06/10/06-15	-	787,451.00	232,302.87	12,084.36	543,063.77		543,063.77
					<u>\$ 1,090,638.50</u>	<u>\$ 787,451.00</u>	<u>\$ 459,816.02</u>	<u>\$ 14,970.63</u>	<u>\$ 1,403,302.85</u>	<u>\$ 860,239.08</u>	<u>\$ 543,063.77</u>
			Ref.		C					C	C

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

Balance December 31, 2005	<u>Ref.</u> B		\$	9,485.50
Increased By:				
Dog Licenses Fees Collected - Township Share		\$ 5,061.20		
Kennel Licenses		350.00		
Interest Earned		987.08		
				6,398.28
				15,883.78
Decreased By:				
Dog License Expenses		1,199.80		
Statutory Excess due Current Fund		2,667.11		
Interest Paid over to Current Fund		987.08		
				4,853.99
Balance December 31, 2006	B		\$	11,029.79

License Fees Collected		<u>Year</u>		
		2004	\$	6,169.18
		2005		4,860.61
			\$	11,029.79

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

Balance December 31, 2005	<u>Ref.</u> B		\$	7,605.03
Increased By:				
Receipts from Current Fund		\$ 5,119.00		
Statutory Excess Due to Current Fund		2,667.11		
				7,786.11
				15,391.14
Decreased By:				
Receipts deposited into Current Fund for Animal Control		5,111.20		
				5,111.20
Balance December 31, 2006	B		\$	10,279.94

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2005	<u>Ref.</u> C		\$ 7,184,983.65
Increased By Receipts:			
Capital Improvement Fund		\$ 360,524.00	
State of New Jersey		437,849.92	
Improvement Authorizations		64,614.02	
Proceeds from Bonds		9,015,000.00	
Deposits for Costs of Bond Sale		59,131.25	
Due to Sewer Utility Operating Fund		118,681.26	
Due from Trust - Other		26,390.00	
		<hr/>	<u>10,082,190.45</u>
			17,267,174.10
Decreased By Disbursements:			
Improvement Authorizations		11,704,747.58	
Payment of Bond Anticipation Notes		892,900.00	
Costs of Bond Sale		59,131.25	
		<hr/>	<u>12,656,778.83</u>
Balance December 31, 2006	C		\$ <u><u>4,610,395.27</u></u>

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Receipts			Disbursements		Transfers		Balance Dec. 31, 2006	
	Balance Dec. 31, 2005	Bonds Issued	Refunding Bonds Issued	Misc.	Improvement Authorizations	Misc.	From		To
Fund Balance	\$ 151,374.60								\$ 151,374.60
Capital Improvement Fund	63,564.93			360,524.00			351,543.00		72,545.93
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 to Current Fund	17,411.50								17,411.50
Due to Sewer Utility Operating Fund	16,019.69			118,681.26					134,700.95
Due from Bank	(0.40)								(0.40)
Escrow Deposits - Costs of Bond Sale				59,131.25		59,131.25			-
Due from Developers Escrow Fees				26,390.00			26,390.00		-
State Aid Receivable	(176,168.00)								(176,168.00)
State Aid Receivable - New Jersey Transportation Trust Fund	(358,967.79)			108,750.00					(250,217.79)
Contracts Payable	1,634,664.79						1,634,664.79	1,883,032.05	1,883,032.05
<u>Improvement Authorizations</u>									
Ord.									
<u>Number</u>									
875/897 Various Improvements	1,445.87								1,445.87
1032 Closure/Expansion of Landfill	90,304.24				40,327.75		229,560.00	35,589.00	(143,994.51)
1192 Construction/Extension of Water Distribution System	481,924.34					892,900.00			(410,975.66)
1208 Pedestrian Path Construction	3,879.13				1,804.45		2,074.68		0.00
1261 Construction of Water System	(823,836.76)			34,727.69					(789,109.07)
1291 Drainage Improvements	7,600.22								7,600.22
1325 Phase I Landfill Closure	46,400.00				48.00				46,352.00
1329 Funding of Self-Insurance Pool	1,272.80								1,272.80
1343 Various Improvements	1.00								1.00
1360 Construction of Water System	(172,618.80)			4,760.88					(167,857.92)
1389 Various Improvements	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	81,714.84				55,177.88		8,515.25	21,745.70	39,767.41
1438 Construction of Water System	(1,159.28)								(1,159.28)
1467 Various Improvements	133,973.18				59,976.12		5,043.74	38,197.50	107,150.82
1505 Various Improvements	104,495.53				3,296.47		10,614.50	13,950.25	104,534.81
1507 Green Acres Program	102,735.49				4,534.85		5,757.00	3,757.00	96,200.64
1512 Construction of Water System	(274,699.62)			294,291.96					19,592.34
1533 Various Improvements	190,985.55				126,156.40		10,587.55	107,993.64	162,235.24
1561 Collins Road Improvements	41,291.64				14,098.88		41,291.64	14,098.88	-
1562 Recreation Improvements	60,215.43			44,738.41	6,215.76			6,215.76	104,953.84
1556 Genoa Avenue Water System	(26,366.25)								(26,366.25)

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	<u>Receipts</u>			<u>Disbursements</u>		<u>Transfers</u>		<u>Balance Dec. 31, 2006</u>	
	<u>Balance Dec. 31, 2005</u>	<u>Bonds Issued</u>	<u>Refunding Bonds Issued</u>	<u>Misc.</u>	<u>Improvement Authorizations</u>	<u>Misc.</u>	<u>From</u>		<u>To</u>
1565 Various Improvements	\$ 927,241.60			\$ 15,195.00	\$ 300,944.16		\$ 276,284.29	\$ 351,771.37	\$ 716,979.52
1568 Patriots Lake Projects	(184,407.73)				30,498.00		2,833.12	33,492.60	(184,246.25)
1574 Vehicles and Equipment	31,676.04				8,419.05		8,000.00	4,004.88	19,261.87
1601 Public Safety Info'n System	145,969.41				132,959.61		2,500.00	4,594.61	15,104.41
1611 Various Capital Improvements	4,689,217.37				1,162,958.94		517,239.16	998,537.94	4,007,557.21
1617 Drainage Improvements and Pedestrian Paths	79,570.00				631.63				78,938.37
1624 Refunding Ordinance	-		9,015,000.00		9,015,000.00				-
1632 Fire Equipment Purchase	1,785.00				5,131.16		30,568.84		(33,915.00)
1658 Construction of Tennis Courts					319,406.66			21,000.00	(298,406.66)
1660 Various Capital Improvements					414,357.92		732,162.28	356,933.00	(789,587.20)
	<u>\$ 7,184,983.65</u>	<u>\$ -</u>	<u>\$ 9,015,000.00</u>	<u>\$ 1,067,190.45</u>	<u>\$ 11,704,747.58</u>	<u>\$ 952,031.25</u>	<u>\$ 3,895,629.84</u>	<u>\$ 3,895,629.84</u>	<u>\$ 4,610,395.27</u>
Ref.	C								C

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

Ord. Number	Improvement Description	Date of Original Issue	Total Appropriated	Down Payment	Balance Dec. 31, 2005	Increased	Decreased	Balance Dec. 31, 2006
1360	Construction and Extension of the Water Distribution System into Absecon Highlands II and Sub-Basin II	10/27/98	\$ 275,000.00	\$ 13,750.00	\$ 13,750.00	\$	\$	\$ 13,750.00
1438	Construction and Extension of the Water Distribution Systems on Ridegwood Avenue	09/12/00	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, 2005	<u>Ref.</u> C		\$	63,564.93
Increased By:				
Current Fund Budget Appropriation		\$ 360,524.00		
				360,524.00
				424,088.93
Decreased By:				
Improvement Authorizations Funded		351,543.00		
				351,543.00
Balance December 31, 2006	C		\$	72,545.93

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2005	<u>Ref.</u> C		\$	22,711,171.35
Increased By:				
Serial Bonds Issued		\$ 3,790,000.00		
				3,790,000.00
				26,501,171.35
Decreased By:				
Serial Bonds Paid		5,250,000.00		
Green Trust Loan Program		984.65		
				5,250,984.65
Balance December 31, 2006	C		\$	21,250,186.70

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

Ord. Number	Improvement Description	Balance Dec. 31, 2005	2006 Authorizations	Bonds Issued	Grants Received	Balance Dec. 31, 2006	Analysis of Balance		
							Bond Anticipation Note	Expenditures	Unexpended Improvement Authorization
<u>General Improvements</u>									
1032	Closure/Expansion of Landfill	\$ 1,336,882.08	\$	\$	\$	\$ 1,336,882.08	\$	\$ 143,994.51	\$ 1,192,887.57
1325	Phase I Closure of Landfill	1,465,000.00				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	294,291.96			294,291.96	-			
1533	Various Capital Improvements	15,763.00				15,763.00			15,763.00
1556	Water Distribution System in Genoa Avenue Area	52,250.00			35,599.80	16,650.20			16,650.20
1565	Various Capital Improvements	1,000.00				1,000.00			1,000.00
1568	Patriot Lake Recreation Project	186,200.00				186,200.00		184,246.25	1,953.75
1601	Public Safety Info'n System	2,000.00				2,000.00			2,000.00
1611	Various Capital Improvements	1,656,660.00				1,656,660.00			1,656,660.00
1624	Refunding Ordinance	9,500,000.00		9,015,000.00	485,000.00	-			
1632	Fire Equipment Purchase	33,915.00				33,915.00		33,915.00	
1658	Construction of Tennis Courts		399,000.00			399,000.00		298,406.66	100,593.34
1660	Various Capital Improvements		3,046,595.00			3,046,595.00		789,587.20	2,257,007.80

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

Ord. Number	Improvement Description	Balance Dec. 31, 2005	2006 Authorizations	Bonds Issued	Grants Received	Balance Dec. 31, 2006	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	\$	\$	\$ 1,330,975.88	\$ 3,079,024.12	\$	\$	\$ 3,079,024.12
1261	Construction and Extension of Water Distribution Systems	2,000,000.00				2,000,000.00		789,109.07	1,210,890.93
1360	Construction and Extension of Water Distribution Systems	261,250.00				261,250.00		167,857.92	93,392.08
1438	Construction and Extension of Water Distribution Systems	33,250.00				33,250.00		1,159.28	32,090.72
		<u>\$ 21,527,662.04</u>	<u>\$ 3,445,595.00</u>	<u>\$ 9,015,000.00</u>	<u>\$ 2,145,867.64</u>	<u>\$ 13,812,389.40</u>	<u>\$ -</u>	<u>\$ 2,408,275.89</u>	<u>\$ 11,404,113.51</u>
Ref.		C				C			

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2005		2006 Authorizations			Paid or Charged	Balance December 31, 2006	
				Funded	Unfunded	Capital Improvement Fund and Other	Deferred Charges to Future Taxation	Canceled		Funded	Unfunded
875/987	Various Improvements and Purchases	09/08/87	\$ 736,000	\$ 1,445.87	\$	\$	\$	\$	\$	\$ 1,445.87	\$
1032	Closure and Expansion of Landfill	02/26/91	7,625,000	90,304.24	1,336,882.08				234,298.75		1,192,887.57
1208	Construction of Pedestrian Path	07/01/95	63,514	3,879.13					3,879.13	-	
1291	Drainage Improvements - Absecon Highlands	03/25/97	211,995	7,600.22					-	7,600.22	
1325	Phase I Closure of Landfill	12/09/97	1,700,000	46,400.00	1,465,000.00				48.00	46,352.00	1,465,000.00
1329	Funding of Self-Insurance Pool	02/24/98	500,000	1,272.80						1,272.80	
1343	Various Capital Improvements	05/26/98	680,000	1.00						1.00	
1389	Various Capital Improvements	04/27/99	785,000	2,088.23					2,088.23	-	
1394	Preliminary Assessment and/or Site Investigation	06/09/99	79,213	76,603.00						76,603.00	
1432	Various Capital Improvements	08/08/00	803,347	81,714.84	900.00				41,947.43	39,767.41	900.00
1467	Various Capital Improvements	05/22/01	2,002,275	133,973.18	650.00				26,822.36	107,150.82	650.00
1505	Various Capital Improvements	05/28/02	2,433,950	104,495.53	150.00				(39.28)	104,534.81	150.00
1507	Green Acres Program	05/28/02	600,000	102,735.49	277,500.00				6,534.85	96,200.64	277,500.00
1512	Construction and Extension of Water Distribution Systems	07/23/02	375,000	791.84	18,800.50			791.84		18,800.50	
1533	Various Capital Improvements	05/27/03	1,846,813	190,985.55	15,763.00				28,750.31	162,235.24	15,763.00
1556	Construction & Extension of Water Distribution Systems in Genoa Avenue Area	02/24/04	55,000		25,883.75					9,233.55	16,650.20
1561	Collins Road Improvements	04/13/04	270,000	41,291.64					41,291.64	-	

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

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2005		2006 Authorizations			Paid or Charged	Balance December 31, 2006	
				Funded	Unfunded	Capital Improvement Fund and Other	Deferred Charges to Future Taxation	Canceled		Funded	Unfunded
1562	Recreation Improvements	04/13/04	\$ 154,400	\$ 60,215.43	\$	\$	\$	\$	(9,930.45)	\$ 70,145.88	\$
1565	Various Capital Improvements	06/22/04	3,522,350	927,241.60	1,000.00				210,262.08	716,979.52	1,000.00
1568	Patriot Lake Recreation Project	06/09/04	196,000		1,792.27				(161.48)		1,953.75
1574	Various Vehicles & Equipment	07/27/04	217,000	31,676.04					12,414.17	19,261.87	
1601	Public Safety Info'n System	03/22/05	160,000	145,969.41	2,000.00				130,865.00	15,104.41	2,000.00
1611	Various Capital Improvements	06/28/05	7,622,310	4,689,217.37	1,656,660.00				681,660.16	4,007,557.21	1,656,660.00
1617	Drainage Improvements and Pedestrian Paths	08/09/05	79,570	79,570.00					631.63	78,938.37	
1624	Refunding Ordinance	12/13/05	9,500,000	-	9,500,000.00			485,000.00	9,015,000.00		-
1632	Fire Equipment Purchase	12/13/05	35,700	1,785.00	33,915.00				35,700.00	-	-
1658	Construction of Tennis Courts	05/23/06	420,000			21,000.00	399,000.00		319,406.66	-	100,593.34
1660	Various Capital Improvements	07/11/06	3,403,528			356,933.00	3,046,595.00		1,146,520.20	-	2,257,007.80
Local Improvements:											
1192	Construction and Extension of Water Distribution Systems	12/13/94	5,300,000		3,984,024.34					15,000.00	3,969,024.34
1261	Construction and Extension of Water Distribution Systems	11/26/96	2,000,000		1,176,163.24				(34,727.69)		1,210,890.93
1360	Construction and Extension of Water Distribution Systems	10/27/98	275,000		88,631.20				(4,760.88)		93,392.08
1438	Construction and Extension of Water Distribution Systems	09/12/00	35,000		32,090.72						32,090.72
				<u>\$ 6,821,257.41</u>	<u>\$ 19,617,806.10</u>	<u>\$ 377,933.00</u>	<u>\$ 3,445,595.00</u>	<u>\$ 485,791.84</u>	<u>\$ 11,888,500.82</u>	<u>\$ 5,594,185.12</u>	<u>\$ 12,294,113.73</u>
Ref.				C	C					C	C
						\$ 351,543.00	Capital Improvement Fund		\$ 11,704,747.58	Cash Disbursed	
						26,390.00	Trust Fund - Developer's Escrow		(64,614.02)	Cash Reimbursements	
						<u>377,933.00</u>			1,883,032.05	Contracts Payable 12/31/06	
									<u>(1,634,664.79)</u>	Contracts Payable 12/31/05	
									<u>\$ 11,888,500.82</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, 2006		Interest Rate	Balance Dec. 31, 2005	Increased	Decreased	Balance Dec. 31, 2006
			Date	Amount					
General Obligation Bonds of 1998 - Series 1998A	12/15/98	\$ 2,850,000	12/15/07	\$ 450,000.00	4.250%	\$ 850,000.00		\$ 400,000.00	\$ 450,000.00
General Obligation Bonds of 1998 - Series 1998B	12/15/98	3,750,000				3,750,000.00		3,750,000.00	-
Refunding Bonds of 2001	09/01/01	4,355,000	11/01/07	700,000.00	3.500%	4,175,000.00		670,000.00	3,505,000.00
			11/01/08	695,000.00	4.250%				
			11/01/09	705,000.00	5.000%				
			11/01/10	705,000.00	5.000%				
			11/01/11	700,000.00	4.000%				
General Obligation Bonds of 2002	12/01/02	3,845,000	12/01/07	250,000.00	3.500%	3,395,000.00		250,000.00	3,145,000.00
			12/01/08	250,000.00	3.500%				
			12/01/09	250,000.00	3.500%				
			12/01/10	300,000.00	3.500%				
			12/01/11	300,000.00	3.625%				
			12/01/12	300,000.00	3.625%				
			12/01/13	300,000.00	3.750%				
			12/01/14	300,000.00	4.000%				
			12/01/15	300,000.00	4.000%				
			12/01/16	300,000.00	4.125%				
			12/01/17	295,000.00	4.250%				

**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, 2006		Interest Rate	Balance Dec. 31, 2005	Increased	Decreased	Balance Dec. 31, 2006
			Date	Amount					
General Obligation Bonds of General Obligation Bonds of 2005	12/01/05	\$ 10,400,000	12/01/07	\$ 200,000.00	3.750%	\$ 10,400,000.00	\$	\$ 150,000.00	\$ 10,250,000.00
			12/01/08	650,000.00	4.000%				
			12/01/09	750,000.00	4.000%				
			12/01/10	850,000.00	4.000%				
			12/01/11	900,000.00	4.000%				
			12/01/12	900,000.00	4.000%				
			12/01/13	900,000.00	4.125%				
			12/01/14	900,000.00	4.125%				
			12/01/15	900,000.00	4.125%				
			12/01/16	900,000.00	4.125%				
			12/01/17	900,000.00	4.125%				
			12/01/18	800,000.00	4.125%				
			12/01/19	700,000.00	4.250%				
Refunding Bonds of 2006	01/18/06	3,790,000	12/15/07	15,000.00	3.200%		3,790,000.00	30,000.00	3,760,000.00
			12/15/08	460,000.00	3.250%				
			12/15/09	500,000.00	3.750%				
			12/15/10	495,000.00	4.000%				
			12/15/11	555,000.00	3.375%				
			12/15/12	550,000.00	4.000%				
			12/15/13	595,000.00	4.000%				
			12/15/14	590,000.00	4.500%				
						\$ <u>22,570,000.00</u>	\$ <u>3,790,000.00</u>	\$ <u>5,250,000.00</u>	\$ <u>21,110,000.00</u>
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, 2006		Interest Rate	Balance Dec. 31, 2005	Increased	Decreased	Balance Dec. 31, 2006
			Date	Amount					
Gabriel Field Extension	1989	\$ 18,475	2007	\$ 1,004.44	2.000%	\$ 8,454.21	\$	\$ 984.65	\$ 7,469.56
			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
						\$ 158,454.21	\$ -	\$ 984.65	\$ 157,469.56
					Ref.	C			C

* Amortization schedule not provided by the State of New Jersey, Department of Environmental Protection ("DEP"), as of December 31, 2006. 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, 2005	Increased	Decreased	Balance Dec. 31, 2006
1192	Local Improvement - Special Assessment for Construction and Extension of Water Distribution System	03/14/95	12/02/05	12/01/06	3.340%	\$ 699,000.00	\$	\$ 699,000.00	\$ -
		10/30/97	12/02/05	12/01/06	3.340%	208,900.00		208,900.00	-
						\$ <u>907,900.00</u>	\$ <u>-</u>	\$ <u>907,900.00</u>	\$ <u>-</u>
					Ref.	C			C

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

Ord. Number	Improvement Description	Balance Dec. 31, 2005	2006 Authorizations	Budget Bonds or Notes Grants Issued	Cancelled	Balance December 31, 2006	
						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	1,465,000.00					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	294,291.96		294,291.96			-
1533	Various Capital Improvements	15,763.00					15,763.00
1556	Genoa Avenue Water Distribution	52,250.00		35,599.80			16,650.20
1565	Various Capital Improvements	1,000.00					1,000.00
1568	Patriot Lake Project	186,200.00					186,200.00
1601	Public Safety Information System	2,000.00					2,000.00
1611	Various Capital Improvements	1,656,660.00					1,656,660.00
1624	Refunding Ordinance	9,500,000.00		9,015,000.00	485,000.00		-
1632	Fire Equipment	33,915.00					33,915.00
1658	Construction of Tennis Courts		399,000.00				399,000.00
1660	Various Capital Improvements		3,046,595.00				3,046,595.00
<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		(892,900.00)	1,315,975.88		3,079,024.12
1261	Construction and Extension of the Water Dist. System - Various	2,000,000.00					2,000,000.00
1360	Construction and Extension of the Water Dist. System - Various	261,250.00					261,250.00
1438	Construction and Extension of the Water Dist. System - Ridgewood Ave.	33,250.00					33,250.00
		<u>\$ 20,814,674.04</u>	<u>\$ 3,445,595.00</u>	<u>\$ 8,451,991.76</u>	<u>\$ 1,800,975.88</u>	<u>\$ 194,912.00</u>	<u>\$ 13,812,389.40</u>
Ref.		C					C
			Bonds Issued	\$ 9,015,000.00			
			Notes Paid	(892,900.00)			
			Grants Received	329,891.76			
				<u>\$ 8,451,991.76</u>			

TOWNSHIP OF GALLOWAY
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	Ref.	<u>Operating</u>		<u>Capital</u>
Balance December 31, 2005	D	\$ 4,124,685.01		\$ 2,853,169.54
Increased by Receipts:				
Sewer Rent Collections		\$ 4,468,074.42		\$
Miscellaneous Revenues		918,243.69		
Due to Trust Fund - Utility Escrow		7,248.04		
Due to Trust Fund - Tax Collector Special		128,296.97		
Due from Current Fund		124,401.04		
Due from Utility Operating			375,625.00	
Sewer Rent Overpayments		5,137.44		
Prepaid Sewer Rents		139.30		
Due from Bank		603.00		
		<u>5,652,143.90</u>		<u>375,625.00</u>
		9,776,828.91		3,228,794.54
Decreased by Disbursements:				
Current Appropriations		4,961,537.61		
Appropriation Reserves		105,344.56		
Interest Paid on Bonds		526,340.42		
Refund of Prepaid Sewer Rents		352.75		
Refund of Sewer Rent Overpayments		1,468.45		
Refund of Permits to Connect		3,400.00		
Sewer Lien Cancellation		186.30		
Due to Current Fund		116,669.22		
Due to Utility Operating Fund			180,000.00	
Due to General Capital Fund		118,681.26		
Due to Trust Fund - Tax Collector Special		4,058.86		
Due to Water Assessment Trust Fund		17,103.27		
Due from Bank		1,460.16		
Improvement Authorizations			827,044.75	
		<u>5,856,602.86</u>		<u>1,007,044.75</u>
Balance December 31, 2006	D	\$ <u><u>3,920,226.05</u></u>		\$ <u><u>2,221,749.79</u></u>

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

	Balance Dec. 31, 2005	Receipts			Disbursements		Transfers		Balance Dec. 31, 2006
		Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 12,011.43	\$	\$	\$	\$	\$	\$	\$	\$ 12,011.43
Capital Improvement Fund	8,318.25			375,625.00			375,625.00		8,318.25
Contracts Payable	448,450.03						448,450.03	619,813.00	619,813.00
Reserve for Payment of Bonds/Notes	185,485.36					180,000.00			5,485.36
Cash Pledged to Payment of Bonds	17,694.42								17,694.42
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	9,032.86				9,032.86				-
1056 Improvements to Sewer System	55,456.55				51,176.95				4,279.60
1091 Purchase of Equipment and Various Improvements	24,213.11				3,157.50		3,059.84	3,157.50	21,153.27
1168 Construction of Sewer System	9,240.62							9,411.62	18,652.24
1203/1221 Sewer Equipment and Improvements	5,645.35							10,108.00	15,753.35
1253 Remediation of Lorraine Ave.	109,009.18								109,009.18
1290 Installation of Sewer System	88,445.75				253.14				88,192.61
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	594,465.85				28,453.04		200,733.13	2,003.71	367,283.39
1468 Various Sewer Improvements	227,515.75						472.73	3,942.39	230,985.41
1506 Various Sewer Improvements	169,795.58				168,498.65		23,458.00	143,708.06	121,546.99
1534 Various Sewer Improvements	318,131.11				171,406.25		62,717.80	72,543.29	156,550.35
1566 Various Sewer Improvements	33,993.38				125,024.33		155,425.50	102,822.88	(143,633.57)
1612 Various Sewer Improvements	133,708.13				224,178.03		104,871.60	92,991.18	(102,350.32)
1661 Various Sewer Improvements					45,864.00		61,313.00	375,625.00	268,448.00
	\$ 2,853,169.54	\$ -	\$ -	\$ 375,625.00	\$ 827,044.75	\$ 180,000.00	\$ 1,443,888.03	\$ 1,443,888.03	\$ 2,221,749.79
Ref.	D								D

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

Balance December 31, 2005	<u>Ref.</u> D		\$	4,574.63
Increased By:				
Sewer Rents Levied		\$ 4,473,188.01		
				4,473,188.01
				4,477,762.64
Decreased By:				
Collections		4,468,074.42		
Cancellations		4,310.37		
				4,472,384.79
Balance December 31, 2006	D		\$	5,377.85

SCHEDULE OF UTILITY LIENS

Balance December 31, 2005	<u>Ref.</u> D		\$	-
Increased By:				
None		\$		
				-
				-
Decreased By:				
None				
				-
Balance December 31, 2006	D		\$	-

TOWNSHIP OF GALLOWAY
SEWER UTILITY OPERATING FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2005	Additions by Ordinance	Balance Dec. 31, 2006
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

	<u>Balance Dec. 31, 2005</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>	<u>Overexpended</u>
Operating:					
Salaries and Wages	\$ 33,658.65	\$ 33,658.65	\$ 4,042.21	\$ 29,616.44	\$
Other Expenses	207,827.22	207,827.22	103,643.74	104,183.48	
Deferred Charges and Statutory Expenditures:					
Social Security System	4,036.59	4,036.59	-	4,036.59	
TOTALS	<u>\$ 245,522.46</u>	<u>\$ 245,522.46</u>	<u>\$ 107,685.95</u>	<u>\$ 137,836.51</u>	<u>\$ -</u>
Ref. D					
Appropriation Reserves	\$ 176,657.73				
Encumbrances Payable	<u>68,864.73</u>				
	<u>\$ 245,522.46</u>				
		Cash Disbursements	\$ 105,344.56		
		Due to Current Fund	<u>2,341.39</u>		
			<u>\$ 107,685.95</u>		

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

Balance December 31, 2005	<u>Ref.</u> D		\$ 8,318.25
Increased By:			
2006 Budget Appropriation		\$ 375,625.00	
		<hr/>	<hr/>
			375,625.00
			383,943.25
Decreased By:			
Appropriated for Improvement Authorizations		375,625.00	
		<hr/>	<hr/>
			375,625.00
Balance December 31, 2006	D		\$ <u><u>8,318.25</u></u>

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

Balance December 31, 2005	<u>Ref.</u> D		\$	50,426.35
Increased By:				
Budget Appropriation:				
Interest on Bonds		\$ 520,800.97		
				520,800.97
				571,227.32
Decreased By:				
Interest Paid on Bonds		526,340.42		
				526,340.42
Balance December 31, 2006	D		\$	44,886.90

Analysis of Accrued Interest December 31, 2006

Principal Outstanding Dec. 31, 2006	Interest Rate	From	To	Days	Amount
\$ 335,000.00	3.200%	12/15/06	12/31/06	16	\$ 469.92
335,000.00	3.250%	12/15/06	12/31/06	16	477.26
335,000.00	3.750%	12/15/06	12/31/06	16	550.68
3,295,000.00	4.000%	12/15/06	12/31/06	16	5,777.52
415,000.00	3.375%	12/15/06	12/31/06	16	613.97
455,000.00	4.500%	12/15/06	12/31/06	16	897.53
335,000.00	3.500%	11/01/06	12/31/06	60	1,954.17
340,000.00	4.250%	11/01/06	12/31/06	60	2,408.33
675,000.00	5.000%	11/01/06	12/31/06	60	5,625.00
335,000.00	4.000%	11/01/06	12/31/06	60	2,233.33
655,000.00	4.500%	11/01/06	12/31/06	60	4,912.50
320,000.00	4.500%	11/01/06	12/31/06	60	2,400.00
315,000.00	4.625%	11/01/06	12/31/06	60	2,428.13
315,000.00	4.750%	11/01/06	12/31/06	60	2,493.75
750,000.00	3.500%	12/01/06	12/31/06	30	2,187.50
400,000.00	3.625%	12/01/06	12/31/06	30	1,208.33
315,000.00	3.750%	12/01/06	12/31/06	30	984.38
925,000.00	4.000%	12/01/06	12/31/06	30	3,083.34
1,000,000.00	4.125%	12/01/06	12/31/06	30	3,437.51
210,000.00	4.250%	12/01/06	12/31/06	30	743.75
\$ 12,060,000.00					\$ 44,886.90

TOWNSHIP OF GALLOWAY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2005		2006 Authorizations			Paid or Charged	Balance December 31, 2006	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue	Canceled		Funded	Unfunded
935	Construction of Sanitary Sewer Lines - Pinehurst Sect.	12/13/88	\$ 890,000	\$ 7,377.18	\$	\$	\$	\$	\$	7,377.18	\$
963	Acquisition of Various Sewer Equipment and Construction of New Sanitary Sewers	06/19/89	2,211,961	16,736.80						16,736.80	
1049	Acquisition of Various Sewer Equipment and Improvements	06/11/91	100,000	9,032.86				9,032.86		-	
1056	Improvement of Sanitary Sewer System	08/27/91	864,000	55,456.55				51,176.95		4,279.60	
1091/1255	Purchase of Equipment and Various Improvements	09/08/92	5,100,000	24,213.11				3,059.84		21,153.27	
1168	Construction of Sewer Systems	06/28/94	885,000	9,240.62				(9,411.62)		18,652.24	
1203/1221	Sewer Capital Equipment and Various Improvements	06/13/95	3,570,000	5,645.35				(10,108.00)		15,753.35	
1253	Remediation of Lorraine Ave.	07/09/96	730,000	109,009.18						109,009.18	
1290	Installation of Sewer System	03/25/97	2,160,000	88,445.75				253.14		88,192.61	
1342	Various Sewer Improvements	05/26/98	682,000	346,297.87						346,297.87	
1390	Ridgewood Avenue Extension and Jim Leeds Road Pump Station Study	04/27/99	150,000	32,144.98						32,144.98	
1431	Sewer Construction - Various	08/08/00	1,990,000	594,465.85				227,182.46		367,283.39	
1468	Various Sewer Improvements	05/22/01	1,137,000	227,515.75				(3,469.66)		230,985.41	

TOWNSHIP OF GALLOWAY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2005		2006 Authorizations			Paid or Charged	Balance December 31, 2006	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue	Canceled		Funded	Unfunded
1506	Various Sewer Improvements	06/24/02	\$ 763,000	\$ 169,795.58	\$ 650.00	\$	\$	\$	\$ 48,248.59	\$ 121,546.99	\$ 650.00
1534	Various Sewer Improvements	05/27/03	1,710,000	318,131.11	50,600.00				161,580.76	156,550.35	50,600.00
1566	Various Sewer Improvements	07/07/04	3,257,258	33,993.38	2,988,000.00				177,626.95		2,844,366.43
1612	Various Sewer Improvements	06/28/05	999,000	133,708.13	682,100.00				236,058.45		579,749.68
1661	Various Sewer Improvements	07/11/06	1,024,000			375,625.00	648,375.00		107,177.00	268,448.00	648,375.00
				<u>\$ 2,181,210.05</u>	<u>\$ 3,721,350.00</u>	<u>\$ 375,625.00</u>	<u>\$ 648,375.00</u>	<u>\$ -</u>	<u>\$ 998,407.72</u>	<u>\$ 1,804,411.22</u>	<u>\$ 4,123,741.11</u>
		Ref.		D	D					D	D
									\$ 827,044.75		
									619,813.00		
									(448,450.03)		
									<u>\$ 998,407.72</u>		
										Cash Disbursed	
										Contracts Payable 12/31/06	
										Contracts Payable 12/31/05	

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, 2005	Increased	Decreased	Balance Dec. 31, 2006
			Date	Amount					
Sewer Bonds of 1998	12/15/98	\$ 7,150,000		\$		\$ 5,450,000.00	\$	\$ 5,450,000.00	\$ -
Refunding Bonds of 2001	09/01/01	3,790,000	11/01/07	335,000.00	3.500%	3,620,000.00		330,000.00	3,290,000.00
			11/01/08	340,000.00	4.250%				
			11/01/09	340,000.00	5.000%				
			11/01/10	335,000.00	5.000%				
			11/01/11	335,000.00	4.000%				
			11/01/12	330,000.00	4.500%				
			11/01/13	325,000.00	4.500%				
			11/01/14	320,000.00	4.500%				
			11/01/15	315,000.00	4.625%				
Sewer Bonds of 2002	12/01/02	2,960,000	12/01/07	150,000.00	3.500%	2,510,000.00		150,000.00	2,360,000.00
			12/01/08	200,000.00	3.500%				
			12/01/09	200,000.00	3.500%				
			12/01/10	200,000.00	3.500%				
			12/01/11	200,000.00	3.625%				
			12/01/12	200,000.00	3.625%				
			12/01/13	250,000.00	3.750%				
			12/01/14	250,000.00	4.000%				
			12/01/15	250,000.00	4.000%				
			12/01/16	250,000.00	4.125%				
			12/01/17	210,000.00	4.250%				

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, 2005	Increased	Decreased	Balance Dec. 31, 2006	
			Date	Amount						
Sewer Bonds of 2005	12/01/05	\$ 1,300,000	12/01/07	\$ 65,000.00	3.750%	\$ 1,300,000.00	\$	\$ 60,000.00	\$ 1,240,000.00	
			12/01/08	75,000.00	4.000%					
			12/01/09	80,000.00	4.000%					
			12/01/10	90,000.00	4.000%					
			12/01/11	90,000.00	4.000%					
			12/01/12	90,000.00	4.000%					
			12/01/13	100,000.00	4.125%					
			12/01/14	100,000.00	4.125%					
			12/01/15	100,000.00	4.125%					
			12/01/16	100,000.00	4.125%					
			12/01/17	110,000.00	4.125%					
			12/01/18	120,000.00	4.125%					
			12/01/19	120,000.00	4.250%					
Refunding Bonds of 2006	01/18/06	5,225,000	12/15/07	335,000.00	3.200%			5,225,000.00	55,000.00	5,170,000.00
			12/15/08	335,000.00	3.250%					
			12/15/09	335,000.00	3.750%					
			12/15/10	330,000.00	4.000%					
			12/15/11	415,000.00	3.375%					
			12/15/12	410,000.00	4.000%					
			12/15/13	455,000.00	4.000%					
			12/15/14	455,000.00	4.500%					
			12/15/15	505,000.00	4.000%					
			12/15/16	500,000.00	4.000%					
			12/15/17	550,000.00	4.000%					
12/15/18	545,000.00	4.000%								
						\$ 12,880,000.00	\$ 5,225,000.00	\$ 6,045,000.00	\$ 12,060,000.00	
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, 2005	2006 Authorizations	Bonds, Notes or Grants Issued	Cancelled	Balance Dec. 31, 2006
1506	Various Sewer Capital Improvements	\$ 650.00	\$	\$	\$	\$ 650.00
1534	Various Sewer Capital Improvements	50,600.00				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
1661	Various Sewer Capital Improvements		648,375.00			648,375.00
		<u>\$ 3,721,350.00</u>	<u>\$ 648,375.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,369,725.00</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, 2005	E	\$ 14,857.36		\$ 23,557.56
Increased By Receipts:				
Interest Earned on Deposits		\$ 734.02		\$ 1,162.49
		<u>734.02</u>		<u>1,162.49</u>
		15,591.38		24,720.05
Decreased By Disbursements:				
Emergency Assistance		309.00		280.00
Due to Current Fund		5,331.57		
		<u>5,640.57</u>		<u>280.00</u>
Balance December 31, 2006	E	\$ <u>9,950.81</u>		\$ <u>24,440.05</u>

TOWNSHIP OF GALLOWAY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2006

**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 (the “Township”), as of and for the year ended December 31, 2006, and have issued our report thereon dated April 13, 2007. Our report disclosed that, as described in Note 1 to the financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process or report financial data reliably in accordance with the statutory basis of accounting, prescribed by the Division, such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity’s internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division, which are described in the accompanying schedule of findings and responses as item 2006-1.

We noted certain matters that we reported to the Township's management in a separate letter dated July 30, 2007.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

Ford, Scott, 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

July 30, 2007

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 \$29,000.

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:

- Generator
- Collins Road – Phase 3
- 2005 Road Overlay Program
- Tennis Court Replacement
- Municipal Complex Sidewalk Extension
- Sidewalks
- Fire Truck
- Elevator Inspection Service
- Utility Body with Hydraulic Crane and Equipment
- V-Box, Hydraulics and Snow Plow Hitch
- Land Clearing
- Architectural Services for Community/Senior Center
- Up-fitting Police Department Vehicles
- Police Department Uniforms
- Section II CS 04 Clothing

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, 2006.

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>
2006	479
2005	426
2004	391

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 2006 and 2007 Taxes	25
Payment of 2006 and 2007 Sewer Charges	25
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

A significant portion of the investments in the Landfill Trust Fund consisted of securities that are not authorized by state statute.

Criteria

N.J.S.A. 40A:5-15.1 defines which assets may be purchased by a local unit. The statute does not permit investments in any obligation that a federal agency has issued which has a maturity date greater than 397 days from the date of purchase.

Condition

The trust fund had investments in U.S. Government Agency debt securities with maturities well over 397 days at time of purchase. At December 31, 2006, the maturities dates of these investments ranged from 440 days to over 8 years.

Cause

Township officials were adhering to investment guidelines established by the State of New Jersey Department of Environmental Protection, which conflict with N.J.S.A. 40A:5-15.1.

Effect

The Township was in violation of compliance with state statutes that dictate the types of securities a local unit may purchase.

Recommendation

That measures be taken to ensure that investments in the Sanitary Landfill Trust Fund are in compliance with N.J.S.A. 40A:5-15.1

Management's Response

Action will be taken to ensure that the Township's investment portfolio is in compliance with N.J.S.A. 40A:5-15.1.

TOWNSHIP OF GALLOWAY

FINDINGS AND RECOMMENDATIONS (Continued)

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
Certified Public Accountant
Registered Municipal Accountant
No. 393

July 30, 2007

TOWNSHIP OF GALLOWAY
PART III
FEDERAL AWARD PROGRAMS
FOR THE YEAR ENDED
DECEMBER 31, 2006

TOWNSHIP OF GALLOWAY
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2006

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal CFDA No.</u>	<u>Grant I.D. No.</u>	<u>Grant Period</u>		<u>Program or Award Amount</u>	<u>Program Expenditures</u>
			<u>From</u>	<u>To</u>		
Department of Justice						
COPS Universal Hiring Grant	16.710	2003UMWX0080	06/01/03	05/31/06	\$ 1,567,504.00	\$ 786,897.06
COPS in Shops	16.727	ABC-10-02	01/01/06	12/31/06	3,600.00	3,600.00
Total Expenditures of Federal Financial Assistance					\$	<u><u>790,497.06</u></u>

TOWNSHIP OF GALLOWAY
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS
DECEMBER 31, 2006

1. General

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

2. Basis of Accounting

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

3. Relationship to Financial Statements

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

	<u>Federal</u>
Grant Fund	\$ <u>790,497.06</u>
	\$ <u><u>790,497.06</u></u>

4. Relationship to Federal Financial Reports

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Township of Galloway, State of New Jersey (the "Township"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards, OMB A-133 and State of New Jersey prescribed audit requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Township complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, the Township's governing body, and the Division and federal 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

July 30, 2007

TOWNSHIP OF GALLOWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2006

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 July 23, 2007.**

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: **An Unqualified Opinion was issued on compliance for major programs, dated July 23, 2007.**

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular A-133? **Yes**

CFDA Number(s)

Name of State Program

16.710

COPS Universal Hiring Grant

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

Auditee qualified as low-risk auditee? **No**

TOWNSHIP OF GALLOWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(CONTINUED)

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 no findings relating to the financial statements – statutory basis that are required to be reported under this section, however we did note certain immaterial findings that are reported in the management letter and in the findings and recommendations.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AND STATE ASSISTANCE

Federal:

None

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings or questioned costs.