TOWNSHIP OF GALLOWAY

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2010

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TOWNSHIP OF GALLOWAY

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - STATUTORY BASIS

FOR THE YEAR ENDED

December 31, 2010

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – statutory basis of the various funds and account groups of the Township of Galloway, State of New Jersey (the "Township"), as of December 31, 2010 and 2009 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, 2010, 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, 2010 and 2009 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, 2010.

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, 2010 and 2009 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, 2010 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 28, 2011 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 & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

April 28, 2011

EXHIBIT - A
CURRENT FUND

TOWNSHIP OF GALLOWAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Assets			
Regular Fund:			
Cash:			
Treasurer	A-4	$ 7,296,488.41	$ 7,569,522.30
Change and Petty Cash Funds		1,500.00	1,500.00
		7,297,988.41	7,571,022.30
Other Receivables:			
Due from State of New Jersey		2,417.24	4,667.24
		2,417.24	4,667.24
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	17,370.96	10,840.85
Tax Title Liens Receivable	A-8	636,619.62	428,510.16
Property Acquired for Taxes at Assessed Valuation		3,550,794.00	3,550,794.00
Property Deeded to Township		1,319,326.00	1,229,326.00
Revenue Accounts Receivable	A-9	31,459.12	34,416.57
Interfunds:			
Due from Animal Control Trust Fund		-	9,043.76
Due from Trust - Community Events		-	293.67
Due from Special Water Assessment		1,630.37	-
Due from Sewer Utility Operating		25,173.01	-
Due from Tax Collector Special Trust		-	75.00
Due from Bank		6,084.41	5,462.45
		5,588,457.49	5,268,762.46
Deferred Charges:			
Special Emergency (40A:4-53)		480,000.00	720,000.00
		480,000.00	720,000.00
		13,368,863.14	13,564,452.00
Federal and State Grant Fund:			
Cash	A-4	400,593.16	374,330.76
Grant Receivables	A-11	1,618,337.98	2,574,947.78
Due from the Bank		4.00	4.00
		2,018,935.14	2,949,282.54
		$ 15,387,798.28	$ 16,513,734.54

TOWNSHIP OF GALLOWAY
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Liabilities, Reserves and Fund Balance			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	$ 764,459.47	$ 857,518.80
Reserve for Encumbrances	A-3	267,081.10	571,767.72
Prepaid Taxes		640,479.60	682,629.41
Tax Overpayments		32,845.00	10,793.69
County Tax Payable		46,674.59	79,024.21
Local School Tax Payable		80,102.44	80,102.94
Regional School Tax Payable		2,882,356.95	2,580,169.28
Accounts Payable		7,349.35	7,500.00
Due to Trust Fund - Other		553.15	-
Due to State - Permit Surcharge Fees		2,638.00	4,878.00
Due to State - Marriage Licenses		850.00	1,125.00
Due to State - Civil Unions/Domestic Partnerships		75.00	75.00
Due to State - Burial Permits		10.00	30.00
Due to Volunteer Fire Departments		1,375.95	-
Interfunds:			
Due from Sewer Utility		-	1,211.85
Deposits for Trailer Courts		3,732.00	3,732.00
Deposits for Sale of Township Property		42,510.00	42,435.00
Reserve for Proceeds on Sale of Municipal Property		23,745.23	73,745.23
Reserve for Garden State Preservation Trust		7,234.00	10,850.82
Reserve for Consolidated Municipal Property Tax Relief		9,664.00	9,664.00
Reserve for Snow Removal		142,194.03	13,427.98
Reserve for Flood Damage		121.48	121.48
Reserve for Revision and Codification of Ordinances		4,312.26	4,312.26
		4,960,363.60	5,035,114.67
Reserve for Receivables and Other Assets		5,588,457.49	5,268,762.46
Fund Balance	A-1	2,820,042.05	3,260,574.87
		13,368,863.14	13,564,452.00
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	46,428.75	66,682.59
Appropriated Reserves	A-13	1,326,063.53	2,356,574.14
Encumbrances Payable		493,333.70	370,466.65
Reserve for Small Cities Revolving Loan Fund		153,109.16	155,559.16
		2,018,935.14	2,949,282.54
		$ 15,387,798.28	$ 16,513,734.54

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

	Ref.	Year 2010	Year 2009
Revenue and Other Income Realized			
Fund Balance Utilized		$ 2,535,000.00	$ 2,565,628.33
Miscellaneous Revenue Anticipated		5,310,551.90	6,834,754.76
Receipts from Delinquent Taxes		75,466.69	29,183.89
Receipts from Current Taxes		72,270,898.06	69,654,258.64
Non-Budget Revenue		212,750.02	218,911.13
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		900,302.97	839,692.35
Interfunds Returned		9,412.43	7,905.51
Cancellations of Reserved Balances and Overpayments		156,265.78	29.50
Refund of Prior Year Expenditure		9,539.19	-
Total Income		81,480,187.04	80,150,364.11
Expenditures			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		9,053,646.00	10,017,197.05
Other Expenses		6,493,721.00	6,607,677.00
Deferred Charges & Statutory Expenditures		2,521,742.00	2,179,978.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		45,000.00	45,000.00
Other Expenses		716,177.65	1,299,007.04
Capital Improvements		-	-
Municipal Debt Service		3,068,854.79	3,140,858.67
Deferred Charges & Statutory Expenditures		240,000.00	240,000.00
County Taxes		11,710,540.52	11,846,420.67
County Added and Omitted Taxes		46,674.59	79,024.21
Local District School Tax		29,280,026.00	29,125,343.50
Regional High School Tax		16,120,080.84	12,865,705.44
Interfund Created		27,425.34	9,412.43
Refund of Prior Year Revenue		61,831.13	184.45
Cancellation of Lien		-	188.52
Total Expenditures		79,385,719.86	77,455,996.98

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

	Ref.	Year 2010	Year 2009
Excess In Revenue		$ 2,094,467.18	$ 2,694,367.13
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		2,094,467.18	2,694,367.13
Fund Balance January 1	A	3,260,574.87	3,131,836.07
		5,355,042.05	5,826,203.20
Decreased by:			
Utilization as Anticipated Revenue		2,535,000.00	2,565,628.33
Fund Balance December 31	A	$ 2,820,042.05	$ 3,260,574.87

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated		$ 2,535,000.00	$	$ 2,535,000.00	$ -
		2,535,000.00	-	2,535,000.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		30,000.00		36,564.88	6,564.88
Fees and Permits		120,000.00		149,936.00	29,936.00
Fines and Costs:					
Municipal Court		458,000.00		420,637.24	(37,362.76)
Interest and Costs on Taxes		200,000.00		270,650.48	70,650.48
Interest on Investments and Deposits		60,000.00		29,585.95	(30,414.05)
Planning Board - Special Application Fees		18,000.00		12,265.00	(5,735.00)
Fire Safety Rebate		35,000.00		43,786.23	8,786.23
Fire Inspections		20,000.00		33,930.00	13,930.00
Road Openings		26,000.00		23,550.00	(2,450.00)
Cable TV Franchise Fee		122,000.00		124,422.51	2,422.51
Contract - Postal Unit		64,000.00		55,677.38	(8,322.62)
Hotel Tax		375,000.00		469,087.66	94,087.66
Rental Inspections		70,000.00		79,379.00	9,379.00
Consolidated Municipal Property Tax Relief Aid		175,851.00		175,851.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		2,390,491.00		2,390,491.00	-
Payments in Lieu of Taxes on Brigantine Wildlife Refuge		40,000.00		40,362.00	362.00
Garden State Preservation Trust		10,851.00		10,850.82	(0.18)
Watershed Moratorium Offset				7,708.00	7,708.00
Uniform Construction Code Fees		300,000.00		280,461.00	(19,539.00)

See Accompanying Notes to Financial Statements - Statutory Basis

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenues (continued):					
Special Items:					
State and Federal Programs Off-Set by Revenues:					
Recycling Tonnage Grant		$ 51,877.30	$	$ 51,877.30	$ -
Clean Communities Program		50,706.35		50,706.35	-
Municipal Alliance on Alcoholism and Drug Abuse		21,470.00		21,470.00	-
Drunk Driving Enforcement Program		11,889.00		11,889.00	-
COPS in Shops		4,400.00		4,400.00	-
Energy Efficiency Retrofit Grant			143,900.00	143,900.00	-
Click It or Ticket		4,000.00		4,000.00	-
Emergency Management Assistance			5,000.00	5,000.00	-
Sustainable Jersey Small Grant			10,000.00	10,000.00	-
Community Development Block Grant		255,831.00		255,831.00	-
JAG Grant		14,748.00	13,671.00	28,419.00	-
Other Special Items:					
Atlantic County Dispatch Agreement		17,863.10		17,863.10	-
Sale of Municipal Property (Land)		50,000.00		50,000.00	-
Total Miscellaneous Revenues	A-1	4,997,977.75	172,571.00	5,310,551.90	140,003.15
Receipts from Delinquent Taxes	A-1:A-2	20,164.91		75,466.69	55,301.78

See Accompanying Notes to Financial Statements - Statutory Basis

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes					
Total Amount to be Raised by Taxes for Support of Municipal Budget		$ 15,081,766.00	$	$ 15,381,677.11	$ 299,911.11
		15,081,766.00	-	15,381,677.11	299,911.11
Budget Totals		22,634,908.66	172,571.00	23,302,695.70	495,216.04
Non-Budget Revenues				212,750.02	212,750.02
		$ 22,634,908.66	$ 172,571.00	$ 23,515,445.72	$ 707,966.06

See Accompanying Notes to Financial Statements - Statutory Basis

TOWNSHIP OF GALLOWAY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.		
Analysis of Realized Revenues			
Allocation of Current Tax Collections:			
Revenues from Collections		$	72,270,898.06
Allocated to:			
School, County and Other Taxes			57,557,321.95
Balance for Support of Municipal Budget Appropriations			14,713,576.11
Add: Appropriation "Reserve for Uncollected Taxes"			668,101.00
Amount for Support of Municipal Budget Appropriations		$	15,381,677.11
Receipts from Delinquent Taxes:			
Delinquent Tax Collections		$	12,482.53
Tax Title Lien Collections			62,984.16
		$	75,466.69
Analysis of Non-Budget Revenues:			
Miscellaneous Revenue Not Anticipated:			
Tax Search Fees	$ 1,480.00		
Mercantile License	21,905.00		
Improvement Searches	480.00		
Police Reports	10,377.87		
Sale of Recycling Material	3,917.90		
Sale of Municipal Assets	71,579.71		
Rental - Cell Phone Tower	28,974.59		
Payments in Lieu of Taxes	46,785.40		
Other	15,239.55		
Senior and Vets Administration Fee	8,010.00		
Port Republic - Senior Contribution	2,000.00		
Port Republic - Communications	2,000.00		
		$	212,750.02

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	$ 75,726.00	$ 75,726.00	$ 73,584.91	$	$ 2,141.09	$
Other Expenses	3,650.00	3,650.00	3,487.49	131.57	30.94	
Human Resources:						
Other Expenses	3,700.00	3,700.00	3,688.60		11.40	
Mayor and Council						
Salaries and Wages	31,420.00	31,420.00	31,008.19		411.81	
Other Expenses	10,000.00	10,000.00	9,626.36	27.72	345.92	
Municipal Clerk						
Salaries and Wages	70,274.00	70,274.00	70,273.74		0.26	
Other Expenses	31,395.00	31,395.00	29,005.21	315.00	2,074.79	
Financial Administration						
Salaries and Wages	243,030.00	243,030.00	228,135.59		14,894.41	
Other Expenses	25,592.00	21,592.00	19,120.35	550.08	1,921.57	
Audit Services						
Other Expenses	25,000.00	25,000.00	25,000.00		-	
Revenue Administration (Tax Collection)						
Salaries and Wages	40,660.00	40,660.00	40,585.20		74.80	
Other Expenses	36,795.00	36,795.00	34,658.65		2,136.35	
Tax Assessment Administration						
Salaries and Wages	118,777.00	118,777.00	115,904.17		2,872.83	
Other Expenses	54,600.00	48,100.00	38,407.29		9,692.71	
Legal Services						
Other Expenses	115,000.00	143,000.00	139,689.75		3,310.25	
Engineering Services and Costs						
Other Expenses	18,600.00	17,100.00	16,864.25		235.75	
Municipal Court						
Salaries and Wages	242,917.00	242,917.00	239,101.13		3,815.87	
Other Expenses	33,178.00	33,178.00	21,491.49	1,993.47	9,693.04	
LAND USE ADMINISTRATION:						
Planning Board						
Salaries and Wages	36,963.00	36,963.00	34,987.54		1,975.46	
Other Expenses	18,200.00	37,200.00	36,166.81		1,033.19	
Zoning Board of Adjustment						
Salaries and Wages	25,806.00	25,806.00	25,727.46		78.54	
Other Expenses	4,500.00	4,500.00	4,089.02	37.39	373.59	
Code Enforcement and Administration						
Other Code Enforcement Functions	4,000.00	4,000.00	395.00		3,605.00	

See Accompanying Notes to Financial Statements - Statutory Basis

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	$ 50,000.00	$ 88,000.00	$ 77,353.08	$	$ 10,646.92	$
Liability Insurance	249,000.00	249,000.00	249,000.00		-	
Workers' Compensation Insurance	370,000.00	370,000.00	370,000.00		-	
Group Insurance Plan for Employees	2,180,000.00	2,345,000.00	2,327,709.30	13,035.40	4,255.30	
PUBLIC SAFETY:						
Police Department						
Salaries and Wages	5,883,501.00	5,828,501.00	5,741,580.73		86,920.27	
Other Expenses	307,435.00	247,435.00	171,178.71	41,877.55	34,378.74	
Police Dispatch / 911						
Salaries and Wages	541,066.00	523,066.00	501,054.86		22,011.14	
Other Expenses	32,850.00	20,850.00	12,844.34	900.00	7,105.66	
Office of Emergency Management						
Other Expenses	5,000.00	4,000.00	1,700.17	58.36	2,241.47	
Aid to Volunteer Fire Companies	150,000.00	150,000.00	150,000.00		-	
Fire Department						
Salaries and Wages	77,479.00	77,479.00	76,786.12		692.88	
Other Expenses	426,854.00	421,854.00	330,685.02	13,405.45	77,763.53	
Municipal Prosecutor's Office						
Salaries and Wages	47,000.00	47,000.00	37,704.00		9,296.00	
PUBLIC WORKS:						
Streets and Road Maintenance						
Salaries and Wages	557,823.00	557,823.00	528,084.21		29,738.79	
Other Expenses	217,700.00	210,700.00	157,036.81	50,771.94	2,891.25	
Other Public Works Functions						
Salaries and Wages	152,534.00	152,534.00	152,387.09		146.91	
Other Expenses	31,006.00	26,006.00	19,649.31	2,211.63	4,145.06	
Solid Waste Collection						
Salaries and Wages	233,340.00	233,340.00	230,704.20		2,635.80	
Other Expenses	31,550.00	31,550.00	12,519.02	17,425.29	1,605.69	
Building and Grounds						
Salaries and Wages	245,215.00	245,215.00	237,292.34		7,922.66	
Other Expenses	128,700.00	116,700.00	62,928.21	40,839.43	12,932.36	
Vehicle Maintenance						
Other Expenses	747,898.00	747,898.00	675,190.25		72,707.75	
Community Services Act	20,000.00	20,000.00	18,890.02		1,109.98	

See Accompanying Notes to Financial Statements - Statutory Basis

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	$ 3,000.00	$ 3,000.00	$	$	$ 3,000.00	$
Administration of Public Welfare						
Salaries and Wages	12,632.00	12,632.00	12,631.81		0.19	
Other Expenses	1,340.00	1,340.00	1,339.89		0.11	
PARKS AND RECREATION:						
Recreation Services and Programs						
Salaries and Wages	29,938.00	29,938.00	29,292.73		645.27	
Other Expenses	95,331.00	95,331.00	82,379.64	8,441.72	4,509.64	
Senior Services						
Salaries and Wages	90,113.00	90,113.00	90,102.79		10.21	
Other Expenses	19,350.00	19,350.00	11,505.47	1,143.55	6,700.98	
Maintenance of Parks						
Salaries and Wages	700.00	700.00	455.38		244.62	
Other Expenses	73,389.00	63,389.00	35,437.10	5,462.57	22,489.33	
OTHER COMMON OPERATING FUNCTIONS:						
Accumulated Leave Compensation	60,000.00	60,000.00	60,000.00		-	
Celebration of Public Events						
Salaries and Wages	11,438.00	11,438.00	11,251.35		186.65	
Other Expenses	10,000.00	10,000.00	9,236.24	763.76	-	
Community Education						
Salaries and Wages	16,800.00	16,800.00	11,462.00		5,338.00	
Other Expenses	6,388.00	6,388.00	3,694.69	2,693.31	-	
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Code Enforcement & Administration						
Salaries and Wages	281,494.00	281,494.00	275,359.54		6,134.46	
Other Expenses	19,770.00	17,770.00	13,254.57	343.42	4,172.01	

See Accompanying Notes to Financial Statements - Statutory Basis

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	$ 165,000.00	$ 165,000.00	$ 134,866.59	$	$ 30,133.41	$
Street Lighting	142,000.00	142,000.00	125,756.80		16,243.20	
Telephone	63,000.00	60,000.00	50,815.35	649.20	8,535.45	
Gas	27,000.00	29,000.00	26,146.17		2,853.83	
Gasoline	420,000.00	370,000.00	159,443.92	55,567.29	154,988.79	
Landfill / Solid Waste Disposal Costs						
Other Expenses	42,950.00	42,950.00	15,792.19	8,436.00	18,721.81	
TOTAL OPERATIONS WITHIN "CAPS"	15,547,367.00	15,547,367.00	14,543,500.21	267,081.10	736,785.69	-
Contingent		-				
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	15,547,367.00	15,547,367.00	14,543,500.21	267,081.10	736,785.69	-
Detail:						
Salaries and Wages	9,126,646.00	9,053,646.00	8,855,457.08	-	198,188.92	-
Other Expenses	6,420,721.00	6,493,721.00	5,688,043.13	267,081.10	538,596.77	-
DEFERRED CHARGES:						
NONE		-			-	
STATUTORY EXPENDITURES:						
Contributions to:						
Social Security System (O.A.S.I.)	702,000.00	702,000.00	679,947.41		22,052.59	
Public Employees Retirement System of N.J.	367,540.00	367,540.00	367,540.00		-	
Police and Firemen's Retirement System of N.J.	1,452,202.00	1,452,202.00	1,452,202.00		-	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	2,521,742.00	2,521,742.00	2,499,689.41	-	22,052.59	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	18,069,109.00	18,069,109.00	17,043,189.62	267,081.10	758,838.28	-
OPERATIONS EXCLUDED FROM "CAPS"						
Length of Service Award Program - Fire	123,250.00	123,250.00	118,668.00		4,582.00	
Rental Inspections						
Salaries and Wages	45,000.00	45,000.00	43,960.81		1,039.19	
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	168,250.00	168,250.00	162,628.81	-	5,621.19	-

See Accompanying Notes to Financial Statements - Statutory Basis

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	$	$ -	$ -	$	$	$
Recycling Tonnage Grant	51,877.30	51,877.30	51,877.30			
Clean Communities Grant	50,706.35	50,706.35	50,706.35			
COPS in Shops	4,400.00	4,400.00	4,400.00			
Municipal Alliance on Alcoholism & Drug Abuse	26,905.00	26,905.00	26,905.00			
Drunk Driving Enforcement Program	11,889.00	11,889.00	11,889.00			
Energy Efficiency Retrofit Grant		143,900.00	143,900.00			
Emergency Management Assistance		5,000.00	5,000.00			
Click-It or Ticket	4,000.00	4,000.00	4,000.00			
Stormwater Grant		-	-			
Sustainable Jersey Small Grant		10,000.00	10,000.00			
Community Development Block Grant	255,831.00	255,831.00	255,831.00			
NJ Transportation Trust Fund		-	-			
JAG Grant	14,748.00	28,419.00	28,419.00			
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	420,356.65	592,927.65	592,927.65	-	-	-
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	588,606.65	761,177.65	755,556.46	-	5,621.19	-
Detail:						
Salaries and Wages	45,000.00	45,000.00	43,960.81	-	1,039.19	-
Other Expenses	543,606.65	716,177.65	711,595.65	-	4,582.00	-
CAPITAL IMPROVEMENTS						
None		-				-
TOTAL CAPITAL IMPROVEMENTS	-	-	-	-	-	-

See Accompanying Notes to Financial Statements - Statutory Basis

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	$ 2,350,000.00	$ 2,350,000.00	$ 2,350,000.00	$	$	$ -
Interest on Bonds	620,918.75	620,918.75	620,918.75			-
Interest on Notes	85,400.00	85,400.00	85,162.78			237.22
Green Trust Loan Program:						
Loan Repayments for Principal & Interest	12,773.26	12,773.26	12,773.26			-
TOTAL DEBT SERVICE	3,069,092.01	3,069,092.01	3,068,854.79	-	-	237.22
DEFERRED CHARGES:						
Special Emergeny Authorization - 5 years	240,000.00	240,000.00	240,000.00		-	
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	240,000.00	240,000.00	240,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	3,897,698.66	4,070,269.66	4,064,411.25	-	5,621.19	237.22
SUBTOTAL GENERAL APPROPRIATIONS	21,966,807.66	22,139,378.66	21,107,600.87	267,081.10	764,459.47	237.22
Reserve for Uncollected Taxes	668,101.00	668,101.00	668,101.00			
TOTAL GENERAL APPROPRIATIONS	$ 22,634,908.66	$ 22,807,479.66	$ 21,775,701.87	$ 267,081.10	$ 764,459.47	$ 237.22
					-	

Adopted Budget	$ 22,634,908.66
Added Appropriations NJSA 40A:4-87	172,571.00
	$ 22,807,479.66

$ 20,274,673.22	Cash Disbursed
592,927.65	Grants
668,101.00	Reserve for Uncollected Taxes
240,000.00	Deferred Charges
$ 21,775,701.87	

See Accompanying Notes to Financial Statements - Statutory Basis

EXHIBIT - B
TRUST FUND

Exhibit B
Sheet 1

TOWNSHIP OF GALLOWAY
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Assets			
Assessment Fund			
Cash and Investments	B-2, B-5	$ 650,064.80	$ 463,028.37
Assessments Receivable		536,820.41	723,944.53
Assessment Liens Receivable		1,697.92	-
		1,188,583.13	1,186,972.90
Animal Control Fund			
Cash and Investments	B-1	9,713.08	18,484.56
		9,713.08	18,484.56
Other Funds			
Cash and Investments - Treasurer	B-2	5,670,076.90	5,228,023.56
Cash and Investments - Collector	B-3	138,625.05	46,272.32
Accounts Receivable - Public Defender		1,924.50	3,187.50
Due from the Bank		-	20.00
Due from Taxpayer		998.11	997.37
Due from Current Fund - Inspection Escrow		553.15	-
		5,812,177.71	5,278,500.75
		$ 7,010,473.92	$ 6,483,958.21

See Accompanying Notes to Financial Statements - Statutory Basis

TOWNSHIP OF GALLOWAY
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Liabilities, Reserves and Fund Balance			
Assessment Fund			
Reserve for Assessments	B-5	$ 1,186,087.35	$ 1,186,107.49
Due to Current Fund:		1,630.37	-
Water Assessment Overpayments		849.00	849.00
Due to Bank		16.41	16.41
		1,188,583.13	1,186,972.90
Animal Control Fund			
Reserve for Animal Control Expenditures	B-7	9,713.08	9,440.80
Due to Current Fund	B-8	-	9,043.76
		9,713.08	18,484.56
Other Funds			
Due to Current Fund:			
Special Tax Collector		-	75.00
Community Events		-	293.67
Due to Bank		0.63	0.08
Funds Held in Escrow - Inspection Fees		2,452,390.20	2,501,391.07
Premiums Received at Tax Sales		135,450.00	47,150.00
Deposits for Redemption of Tax Sale Certificates		4,173.16	64.69
Funds Held in Escrow - Developer Fees		206,155.77	266,994.43
Payroll Deductions and Taxes Payable		74,888.05	79,549.13
Reserves for:			
Community Events		179,656.03	177,066.51
Compensated Absences		9,750.05	90,522.73
General Liability Insurance Fund		58,374.52	14,712.92
Health Insurance Trust Fund		85,775.47	4,405.31
Housing Trust Fund		1,465,021.71	1,486,328.18
Landfill Closure		582,861.26	7,144.42
Media Relations		1,381.30	1,363.30
Parking Offenses Adjudication Act		5,029.46	4,998.54
Police Special Detail		19,322.57	4,082.55
Public Defender Fees		31,733.13	22,520.23
Special Law Enforcement Fund		57,447.04	47,155.88
Unemployment Compensation Insurance		1,503.06	14,306.49
Uniform Fire Safety		1,778.03	1,074.78
Utility Escrow Deposits		396,607.26	428,657.11
Workers Compensation		42,879.01	78,643.73
		5,812,177.71	5,278,500.75
		$ 7,010,473.92	$ 6,483,958.21

See Accompanying Notes to Financial Statements - Statutory Basis

EXHIBIT - C
GENERAL CAPITAL FUND

Exhibit C

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

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Assets			
Cash and Investments	C-2,C-3	$ 1,886,219.39	$ 3,099,733.33
Prospective Assessments Raised by Taxation	C-4	15,500.00	15,500.00
Deferred Charges to Future Taxation:			
Funded	C-6	12,989,939.85	15,350,115.77
Unfunded	C-7	18,863,168.45	18,048,168.45
State Aid Receivable		176,168.00	176,168.00
State Aid Receivable - New Jersey Transportation Trust Fund		250,217.79	250,217.79
Due from Bank		722.40	2.40
		$ 34,181,935.88	$ 36,939,905.74
Liabilities, Reserves and Fund Balance			
Serial Bonds Payable	C-9	$ 12,885,000.00	$ 15,235,000.00
Green Trust Loan Payable	C-9A	122,222.71	132,398.63
Bond Anticipation Notes Payable	C-10	8,500,000.00	7,000,000.00
Improvement Authorizations:			
Funded	C-8	1,100,463.38	1,756,089.64
Unfunded	C-8	10,461,117.47	11,057,956.85
Contracts Payable		806,506.79	1,472,640.09
Due to Sewer Utility Capital Fund		4,785.15	-
Reserve for Purchase of Fire Truck		5,825.00	5,825.00
Reserve for Preliminary Expenses		500.00	500.00
Reserve for Prospective Assessments Raised by Taxation		15,500.00	15,500.00
Reserve for Premium on Bond Anticipation Note		64,095.85	48,076.00
Capital Improvement Fund	C-5	64,544.93	64,544.93
Fund Balance	C-1	151,374.60	151,374.60
		$ 34,181,935.88	$ 36,939,905.74

See Accompanying Notes to Financial Statements - Statutory Basis

Exhibit C-1

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

	Ref.		
Balance December 31, 2009	C		$ 151,374.60
Increased By:			
None		$ -	-
			151,374.60
Decreased By:			
None		-	-
Balance December 31, 2010	C		$ 151,374.60

EXHIBIT - D
SEWER UTILITY FUND

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

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Assets			
Operating Fund:			
Cash and Investments	D-5	$ 1,747,230.92	$ 1,601,871.40
Due from Current		-	1,211.85
Due from Utility Capital Fund		7,876.71	100,000.00
		1,755,107.63	1,703,083.25
Receivables With Full Reserves:			
Consumer Accounts Receivable	D-7	4,402.71	6,487.59
Utility Liens Receivable		2,371.82	1,292.16
Due from Bank		13.98	16.06
		6,788.51	7,795.81
Total Operating Fund		1,761,896.14	1,710,879.06
Capital Fund:			
Cash and Investments	D-5, D-6	1,958,246.80	5,744.10
Due from State - N.J. E.I.T. Funding		2,333,029.00	-
Due from General Capital Fund		4,785.15	-
Fixed Capital:			
Completed	D-9	26,869,151.26	25,930,455.00
Authorized and Uncompleted		14,575,240.44	13,200,240.44
Total Capital Fund		45,740,452.65	39,136,439.54
		$ 47,502,348.79	$ 40,847,318.60

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

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Liabilities, Reserves and Fund Balance			
Operating Fund:			
Appropriation Reserves	D-4	$ 100,422.58	$ 145,679.92
Encumbrances Payable	D-4	23,196.96	33,226.16
Accrued Interest on Bonds and Notes	D-12	43,210.14	33,869.25
Accounts Payable		838.80	-
Sewer Rent Overpayments		35,348.45	26,921.07
Due to Current Fund		25,173.01	-
Reserve for Maintenance of Pump Station		3,167.00	3,167.00
Reserve for Payment of Bonds		4,800.00	4,800.00
Reserve for EPA Funds		14,765.00	14,765.00
		250,921.94	262,428.40
Reserve for Receivables	D	6,788.51	7,795.81
Fund Balance	D-1	1,504,185.69	1,440,654.85
Total Operating Fund		1,761,896.14	1,710,879.06
Capital Fund:			
Serial Bonds Payable	D-14	8,315,000.00	9,270,000.00
N.J. E.I.T. Loans Payable	D-15	2,258,844.46	-
Bond Anticipation Notes	D-16	2,500,000.00	-
Contracts Payable		370,136.80	162,040.18
Due to Utility Operating Fund		7,876.71	100,000.00
Improvement Authorizations:			
Funded	D-13	3,387,855.37	1,135,519.78
Unfunded	D-13	3,188,643.46	4,799,449.68
Reserve for Payment of Bonds and Notes		10,270.51	5,485.36
Reserve for Amortization		23,036,255.26	21,127,480.46
Deferred Reserve for Amortization		2,408,490.40	2,349,384.40
Capital Improvement Fund	D-11	245,068.25	175,068.25
Fund Balance	D-2	12,011.43	12,011.43
Total Capital Fund		45,740,452.65	39,136,439.54
		$ 47,502,348.79	$ 40,847,318.60

Exhibit D-1

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

	Ref.	Year 2010	Year 2009
Revenue and Other Income Realized			
Fund Balance Utilized		$ 722,354.87	$ 1,312,616.32
Sewer Rents		5,611,754.88	5,052,042.97
Miscellaneous		195,928.67	113,111.58
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		113,200.08	154,370.72
Bank Error		-	6.81
Interfund Returned		2.08	-
Total Income		6,643,240.58	6,632,148.40
Expenditures:			
Operations:			
Salaries and Wages		1,132,136.00	1,147,630.00
Other Expenses		3,170,196.00	3,045,208.00
Capital Improvements		70,000.00	-
Debt Service		1,332,583.87	1,372,365.99
Deferred Charges and Statutory Expenditures		152,439.00	544,778.32
Total Expenditures		5,857,354.87	6,109,982.31
Excess (Deficit) in Revenue		785,885.71	522,166.09
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years		-	-
		785,885.71	522,166.09
Fund Balance January 1	D	1,440,654.85	2,231,105.08
		2,226,540.56	2,753,271.17
Decreased By:			
Utilization as Anticipated Revenue		722,354.87	1,312,616.32
Balance December 31	D	$ 1,504,185.69	$ 1,440,654.85

See Accompanying Notes to Financial Statements - Statutory Basis

Exhibit D-2

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

	Ref.		
Balance December 31, 2009	D		$ 12,011.43
Increased By:			
None		$ -	
			-
			12,011.43
Decreased By:			
None		-	
			-
Balance December 31, 2010	D		$ 12,011.43

Exhibit D-3

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

	Anticipated Budget	Realized	Excess or (Deficit)
Operating Fund Balance Anticipated	$ 722,354.87	$ 722,354.87	$ -
Anticipated Revenue:			
Sewer Rents	5,070,000.00	5,611,754.88	541,754.88
Miscellaneous	65,000.00	195,928.67	130,928.67
	5,135,000.00	5,807,683.55	672,683.55
Total Revenue	$ 5,857,354.87	$ 6,530,038.42	$ 672,683.55

Analysis of Realized Revenue:

Sewer Rents		
Consumer Accounts Receivable	$ 5,610,697.89	
Lien Accounts Receivable	1,056.99	
Total Sewer Rents		$ 5,611,754.88
Miscellaneous Revenues		
Permits to Connect	$ 151,780.00	
Interest on Investments	6,028.59	
Penalities	37,270.64	
Application Fees	600.00	
House Connections	140.00	
Other Miscellaneous	109.44	
Total Miscellaneous Revenues		$ 195,928.67

Exhibit D-4

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	$ 1,132,136.00	$ 1,132,136.00	$ 1,057,029.73	$ 75,106.27	$
Other Expenses	3,170,196.00	3,170,196.00	3,156,340.06	13,855.94	
	4,302,332.00	4,302,332.00	4,213,369.79	88,962.21	-
Capital Improvements:					
Capital Improvement Fund	70,000.00	70,000.00	70,000.00	-	
	70,000.00	70,000.00	70,000.00	-	-
Debt Service:					
Payment of Bond Principal	955,000.00	955,000.00	955,000.00		-
Interest on Bonds	377,583.87	377,583.87	377,583.87		-
	1,332,583.87	1,332,583.87	1,332,583.87	-	-
Deferred Charges and Statutory Expenditures:					
Public Employees Retirement System	64,860.00	64,860.00	64,860.00	-	
Social Security System (O.A.S.I.)	87,579.00	87,579.00	76,118.63	11,460.37	
	152,439.00	152,439.00	140,978.63	11,460.37	-
	$ 5,857,354.87	$ 5,857,354.87	$ 5,756,932.29	$ 100,422.58	$ -
Ref.	D				D

$ 5,356,151.46	Disbursed
377,583.87	Interest on Bonds
23,196.96	Encumbered
$ 5,756,932.29	

See Accompanying Notes to Financial Statements - Statutory Basis

EXHIBIT - E
PUBLIC ASSISTANCE TRUST FUND

Exhibit E

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

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Assets			
Cash Trust I	D-1	$ 12,080.33	$ 12,054.03
Cash Trust II	D-1	18,672.12	21,399.03
		$ 30,752.45	$ 33,453.06
Liabilities and Reserves			
Reserve for Public Assistance Trust I		$ 12,080.33	$ 12,465.63
Reserve for Public Assistance Trust II		18,672.12	20,987.43
		$ 30,752.45	$ 33,453.06

EXHIBIT - F
GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit F

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

	Balance Dec. 31, 2010	Balance Dec. 31, 2009
General Fixed Assets:		
Land	$ 1,498,200.00	$ 1,498,200.00
Buildings and Improvements	2,688,900.00	2,688,900.00
Machinery and Equipment	17,281,737.29	19,746,575.08
Total General Fixed Assets	$ 21,468,837.29	$ 23,933,675.08
Investment in General Fixed Assets	$ 21,468,837.29	$ 23,933,675.08

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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

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

Interfunds

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

Inventories of Supplies

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

General Fixed Assets

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

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreclosed Property

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

Deferred Charges

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

Appropriation Reserves

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

Liens Sold for Other Governmental Units

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

Fund Balance

Fund balances included in the Current Fund represent amounts available for anticipation as revenue in future budgets, with certain restrictions.

Revenues

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

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, 2009, and decreased by the amount deferred at December 31, 2010. 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, 2010	December 31, 2009
Local School Tax Payable	$ 80,102.94	$ 80,102.94
Regional High School Tax Payable	2,882,356.95	2,580,169.28
Regional High School Tax Deferred	5,177,683.46	4,777,683.46
	$ 8,140,143.35	$ 7,437,955.68

County Taxes

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

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: LONG-TERM DEBT

Summary of Municipal Debt

	2010	2009	2008
Issued			
General:			
Bonds, Notes and Loans	$ 21,507,223.00	$ 22,367,398.63	$ 24,582,374.04
Sewer Utility:			
Bonds and Notes	13,088,923.00	9,270,000.00	10,225,000.00
Total Issued	34,596,146.00	31,637,398.63	34,807,374.04
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	12,282.86	17,282.86	17,282.86
Self-Liquidating Debt	10,285.36	15,671,525.00	14,010,914.36
Total Deductions	22,568.22	15,688,807.86	14,028,197.22
Net Debt Issued	34,573,577.78	15,948,590.77	20,779,176.82
Authorized but not issued			
Bonds and Notes:			
General	10,363,168.00	11,048,168.45	10,723,168.45
Sewer	7,609,554.00	6,401,525.00	5,076,525.00
Total Authorized but not Issued	17,972,722.00	17,449,693.45	15,799,693.45
Net Bonds and Notes Issued, and Authorized but not Issued	$ 52,546,299.78	$ 33,398,284.22	$ 36,578,870.27

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 .85%.

	Gross Debt	Deductions	Net Debt
Local School Debt	$ 10,741,000.00	$ 10,741,000.00	$ -
Regional School Debt	21,482,603.00	21,482,603.00	-
Sewer Utility	20,698,477.00	20,698,477.00	-
General Debt	31,870,391.00	17,283.00	31,853,108.00
	$ 84,792,471.00	$ 52,939,363.00	$ 31,853,108.00

Net Debt $31,853,108 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $3,766,328,504 = .85%.

Note 2: LONG-TERM DEBT (Continued)

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

3-1/2% of Equalized Valuation Basis	$	131,821,497.64
Net Debt		31,853,108.00
Remaining Borrowing Power	$	99,968,389.64

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			$	6,530,038.42
Deductions:				
Operating & Maintenance Costs	$	4,454,771.00		
Debt Service		1,332,583.87		
Total Deductions				5,787,354.87
Excess (Deficit) in Revenue			$	742,683.55

Description of Bonds and Loans Payable

At December 31, 2010, bonds and loans payable in the *General Capital Fund* consisted of the following individual issues:

$4,355,000 Refunding Bonds dated September 1, 2001, due in annual installments through November 1, 2011, bearing interest at varying rates. The balance remaining as of December 31, 2010 is $700,000.00.

$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, 2010 is $2,095,000.00.

$10,400,000 General Improvements Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2007 through December 1, 2019, and bearing interest at rates varying from 3.50% to 4.250%. The balance remaining as of December 31, 2010 is $7,800,000.00.

$3,790,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2014, bearing interest at varying rates. The balance remaining as of December 31, 2010 is $2,290,000.00.

$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, 2010, is $3,329.04.

$150,000 Green Trust Loan dated 2002, due in semi-annual installments through 2022. The balance remaining as of December 31, 2010, is $118,893.67.

Note 2: LONG-TERM DEBT (Continued)

At December 31, 2010, bonds and loans payable in the *Sewer Capital Fund* consisted of the following individual issues:

$3,790,000 Sewer Utility Refunding Bonds dated September 1, 2001, due in annual installments through November 1, 2016, bearing interest at varying rates. The balance remaining as of December 31, 2010 is $1,940,000.00.

$2,960,000 Sewer Utility Bonds dated December 1, 2002, due in annual installments through September 1, 2015, bearing interest at varying rates. The balance remaining as of December 31, 2010 is $1,610,000.00.

$1,300,000 Sewer Utility Bonds dated December 1, 2005, due in annual installments, beginning December 1, 2007 through December 1, 2019, and bearing interest at rates varying from 3.50% to 4.250%. The balance remaining as of December 31, 2010 is $930,000.00.

$5,225,000 Refunding Bonds dated January 18, 2006, due in annual installments through December 15, 2018, bearing interest at varying rates. The balance remaining as of December 31, 2010 is $3,835,000.00.

$150,000 N.J. Environmental Infrastructure Loan dated 3/10/10, due in annual installments, beginning August 1, 2011 through August 1, 2039, and bearing interest at rates varying from 3.00% to 5.00%. The balance remaining as of December 31, 2010 is $150,000.00.

$444,817 N.J. Environmental Infrastructure Loan dated 3/10/10, due in semi-annual installments, beginning August 1, 2010 through August 1, 2029, and bearing an interest rate of 0.00%. The balance remaining as of December 31, 2010 is $429,738.46.

$810,000 N.J. Environmental Infrastructure Loan dated 12/2/10, due in annual installments, beginning August 1, 2012 through August 1, 2030, and bearing an interest rate of 5.00%. The balance remaining as of December 31, 2010 is $810,000.00.

$869,106 N.J. Environmental Infrastructure Loan dated 12/2/10, due in semi-annual installments, beginning August 1, 2011 through August 1, 2030, and bearing an interest rate of 0.00%. The balance remaining as of December 31, 2010 is $869,106.00.

Note 2: LONG-TERM DEBT (Continued)

Changes in Long-Term Debt

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

	Outstanding 12/31/09	Issues or Additions	Payments or Expenditures	Outstanding 12/31/10
General Capital Fund:				
Bonds Payable	$ 15,235,000.00	$	$ 2,350,000.00	$ 12,885,000.00
Loans Payable	132,398.63		10,175.92	122,222.71
Total General Capital Fund	15,367,398.63	-	2,360,175.92	13,007,222.71
Sewer Utility Capital Fund:				
Bonds Payable	9,270,000.00		955,000.00	8,315,000.00
Loans Payable	-	2,273,923.00	15,078.54	2,258,844.46
Total Sewer Utility Capital Fund	9,270,000.00	2,273,923.00	970,078.54	10,573,844.46
Total - All Funds	$ 24,637,398.63	$ 2,273,923.00	$ 3,330,254.46	$ 23,581,067.17

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

Year Ending December 31	General Capital Fund Principal	General Capital Fund Interest	Sewer Utility Capital Fund Principal	Sewer Utility Capital Fund Interest
2011	$ 2,455,000.00	$ 521,368.75	$ 1,040,000.00	$ 341,287.50
2012	1,750,000.00	427,762.50	1,030,000.00	303,031.25
2013	1,795,000.00	358,887.50	1,130,000.00	260,931.25
2014	1,790,000.00	286,712.50	1,125,000.00	214,606.25
2015	1,200,000.00	211,037.50	1,170,000.00	165,606.25
2016-2019	3,895,000.00	366,825.00	2,820,000.00	220,975.00
	$ 12,885,000.00	$ 2,172,593.75	$ 8,315,000.00	$ 1,506,437.50

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

Year Ending December 31	Principal	Interest
2011	$ 10,380.46	$ 2,392.81
2012	10,589.10	2,184.16
2013	10,801.94	1,971.32
2014	9,864.49	1,759.94
2015	10,062.76	1,561.67
2016-2020	53,430.29	4,691.89
2021-2022	17,093.67	343.01
	$ 122,222.71	$ 14,904.80

Note 2: LONG-TERM DEBT (Continued)

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

Year Ending December 31		Principal		Interest
2011	$	57,079.03	$	36,562.50
2012		96,809.64		46,600.00
2013		101,809.64		45,100.00
2014		101,809.64		43,350.00
2015		101,809.64		41,600.00
2016-2020		544,048.20		180,100.00
2021-2025		614,048.20		121,900.00
2026-2029		641,430.47		49,200.00
	$	2,258,844.46	$	564,412.50

Note 3: COMPENSATED ABSENCES

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

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. The balance of the fund was $9,750.05 at December 31, 2010, and $90,522.73 at December 31, 2009. It is estimated that accrued benefits for compensated absences are valued at $1,478,624.58.15 and $1,683,703.70 at December 31, 2010 and December 31, 2009, respectively.

Note 4: DEFERRED COMPENSATION PLAN

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

The Plan is administered by the following service organizations:

Great-West Life & Annuity Insurance Company
Equitable

Note 5: TAXES COLLECTED IN ADVANCE

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

	Balance December 31, 2010	Balance December 31, 2009
Prepaid Taxes - Cash Liability	$ 640,479.60	$ 682,629.41

Note 6: PENSION PLANS

Plan Descriptions

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

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

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

Defined Contribution Retirement Program (DCRP) – The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

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

Note 6: PENSION PLANS (Continued)

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55 and generally determined to be 2% of final 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.

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

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 415, P.L. 1999, the member rate was set at 5.5% of base salary effective July 1, 2009. 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.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were no employees enrolled in the DCRP for the year ended December 31, 2010.

For the Public Employees' Retirement System, the Township's required contribution was $432,400.00 for 2010 and $373,358.00 for 2009.

Three-Year Trend Information for PERS

Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	$ 432,400.00	100%	$ 432,400.00
12/31/09	373,358.00	100%	373,358.00
12/31/08	269,605.60	100%	269,605.60

Note 6: PENSION PLANS (Continued)

Funding Policy (Continued)

For the Police and Firemen's Retirement System, the Township's required contribution was $1,452,202.00 for 2010 and $1,086,444.00 for 2009.

Three-Year Trend Information for PFRS

Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	$ 1,452,202.00	100%	$ 1,452,202.00
12/31/09	1,086,444.00	100%	1,086,444.00
12/31/08	998,033.00	100%	998,033.00

Note 7: DEPOSITS AND INVESTMENTS

Deposits

Operating cash, in the form of checking, savings and money market savings accounts, is held in the Township's name by several commercial banking institutions. At December 31, 2010, the carrying amount of the Township's deposits was $19,788,010.96 and the bank balance was $20,445,415.70. Of the bank balance, $250,000.00 was insured with Federal Deposit Insurance Corporation, $20,195,415.70 was insured under the Governmental Unit Deposit Protection Act (GUDPA), and $0.00 was uninsured.

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

Investments

At December 31, 2010, the Township had the following investments:

Investment	Face Amount	Carrying Amount	Investment Maturities (in years) Less than 1	1 - 5	6 - 10
New Jersey Cash Management Fund	$ 305,615.28	$ 305,615.28	$ 305,615.28	$ -	$ -
	$ 305,615.28	$ 305,615.28	$ 305,615.28	$ -	$ -

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).

Note 7: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

Note 8: PROPERTY TAXES

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

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

Tax bills are mailed annually in June. The taxes are due February 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.

Note 8: PROPERTY TAXES (Continued)

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

Comparative Schedule of Tax Rates

	2010	2009 R	2008
Tax Rate	$ 1.969	$ 1.895	$ 3.517
Apportionment of Tax Rate:			
Municipal	0.409	0.384	0.677
County	0.329	0.321	0.590
Local School	0.794	0.791	1.485
Regional School	0.437	0.399	0.765

R = Revaluation

Assessed Valuation

Year	Amount
2010	$ 3,686,976,888
2009 R	3,675,075,400
2008	1,919,162,700

R = Revaluation

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2010	$ 72,874,703.36	$ 72,270,898.06	99.17%
2009 R	70,317,540.01	69,654,258.64	99.06%
2008	68,219,693.44	68,044,469.41	99.74%

R = Revaluation

Note 8: PROPERTY TAXES (Continued)

Delinquent Taxes and Tax Title Liens

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2010	$ 636,619.62	$ 17,370.96	$ 653,990.58	0.90%
2009	428,510.16	10,840.85	439,351.01	0.62%
2008	331,459.23	14,345.94	345,805.17	0.51%

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
2010	$ 3,550,794
2009	3,550,794
2008	3,553,594

Note 9: ECONOMIC DEPENDENCY

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

Note 10: FUND BALANCES APPROPRIATED

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

Current Fund:

Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
2010	$ 2,820,042.05	$ 2,000,000.00	70.92%
2009	3,260,574.87	2,535,000.00	77.75%
2008	3,131,836.07	2,565,628.33	81.92%
2007	3,522,994.60	2,322,990.90	65.94%
2006	4,188,746.96	3,150,000.00	75.20%

Sewer Utility Operating Fund:

Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
2010	$ 1,504,185.69	$ 400,000.00	26.59%
2009	1,440,654.85	722,354.87	50.14%
2008	2,231,105.08	1,312,616.32	58.83%
2007	3,150,870.66	919,765.58	29.19%
2006	3,572,081.89	695,778.86	19.48%

Note 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2010 are as follows:

Fund	Interfund Receivable	Interfund Payable
Current	$ 26,803.38	$ 553.15
General Capital Fund	-	4,785.15
Trust Fund - Other	553.15	1,630.37
Utility Operating Fund	7,876.71	25,173.01
Utility Capital Fund	4,785.15	7,876.71
Total	$ 40,018.39	$ 40,018.39

Note 12: BUDGETARY DATA

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

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

Budget transfers between major appropriation accounts are prohibited until the last two months of the year. The Township Council approves transfers by resolution. Budgetary transfers for the year 2010 were insignificant.

Note 13: FEDERAL AND STATE GRANTS

In the normal course of operations, the Township participates in a number of federal and state grant programs. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions relevant to the granting of funds. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor. As of December 31, 2010, significant amounts of grant expenditures have not been audited by the various grantor agencies, nor are there any known liabilities for reimbursement as a result of any such audit.

Note 14: GENERAL FIXED ASSETS

The following schedule is a summarization of the charges in general fixed assets for the fiscal year ended December 31, 2010.

	Balance as of December 31, 2009	Additions	Disposals/ Adjustments	Balance as of December 31, 2010
Land	$ 1,498,200.00	$	$	$ 1,498,200.00
Buildings	2,688,900.00			2,688,900.00
Equipment	19,746,575.08	662,337.53	3,127,175.32	17,281,737.29
Total	$ 23,933,675.08	$ 662,337.53	$ 3,127,175.32	$ 21,468,837.29

Note 15: RISK MANAGEMENT

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

Property and Liability Insurance

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

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

Note 16: SANITARY LANDFILL CLOSURE FUND

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

At December 31, 2010, the Township had $582,861.26 on deposit in a trust fund to comply with the aforementioned act. In addition, the Township also adopted a capital ordinance to provide additional funding for the closure plan. However, the escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with the closure are not known.

Note 17: LITIGATION

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

Note 18: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2010 and April 28, 2011, the date the financial statements were issued for possible disclosure and recognition in the financial statement and no items have come to the attention of the Township that would require disclosure.

NOTE 19: SHORT-TERM FINANCING

Short-term debt provides for financing of governmental activities and capital projects. On September 8, 2010, the Township issued Bond Anticipation Notes in the amount of $11,000,000 to finance various General Capital and Sewer Capital projects at a rate of 1.00%. The notes will mature on September 7, 2011. Of that total amount, $7,000,000 was renewals of previously issued notes.

The following is a summary of changes in short-term debt for the year ended December 31, 2010.

	Current Fund	General Capital Fund	Sewer Capital Fund	Total
Balance December 31, 2009	$ -	$ 7,000,000.00	$ -	$ 7,000,000.00
Increases		8,500,000.00	2,500,000.00	11,000,000.00
Decreases		7,000,000.00		7,000,000.00
Balance December 31, 2010	$ -	$ 8,500,000.00	$ 2,500,000.00	$ 11,000,000.00

SUPPLEMENTAL SCHEDULES

TOWNSHIP OF GALLOWAY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Current Fund		Federal and State Grant Fund	
Balance December 31, 2009	A		$ 7,569,522.30		$ 374,330.76
Increased By Receipts:					
Taxes Receivable		$ 71,202,501.18		$	
Tax Title Liens		62,984.16			
Revenue Accounts Receivable		4,635,405.05			
Miscellaneous Revenue Not Anticipated		212,750.02			
Veterans & Senior Citizen - State of NJ		400,500.00			
Prepaid Taxes		640,479.60			
Federal and State Grants Receivable				1,181,708.03	
Unappropriated Grant Reserves				33,404.43	
Due from Grant Fund		150,830.78			
Due from Animal Control Trust Fund		9,043.76			
Due to Trust Fund Other - Escrow		553.15			
Due from Trust - Community Events		293.67			
Due to Tax Collector Special		75.00			
Due to Volunteer Fire Departments		1,375.95			
Tax Overpayments		22,051.31			
Due to State - Marriage Licenses		5,700.00			
Due to State - Domestic Partnerships/Civil Unions		75.00			
Due to State - Permit Surcharge Fee		18,953.00			
Due to State - Burial Permit		10.00			
Refund of Prior Year Expenditures		9,539.19			
Deposits for Sale of Township Property		2,375.00			
Reserve for Snow Removal		152,608.23			
Garden State Preservation Trust		7,234.00			
			77,535,338.05		1,215,112.46
			85,104,860.35		1,589,443.22

TOWNSHIP OF GALLOWAY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Current Fund		Federal and State Grant Fund	
Decreased By Disbursements:					
2010 Appropriations		$ 20,274,673.22		$	
2009 Appropriation Reserves		521,634.20			
County Taxes		12,110,540.52			
County Added and Omitted Taxes		79,024.21			
Local District School Tax		29,280,026.50			
Regional School Taxes		15,417,893.17			
Accounts Payable		7,500.00			
Due to Current Fund		-		150,830.78	
Due from Bank		621.96			
Due to Sewer Utility Operating		1,211.85			
Due to State - Marriage Licenses		5,975.00			
Due to State - Domestic Partnerships/Civil Unions		75.00			
Due to State - Permit Surcharge Fee		21,193.00			
Due to State - Burial Permits		30.00			
Deposits for Sale of Township Property		2,300.00			
Reserve for Snow Removal		23,842.18			
Refund of Prior Year Revenue		61,831.13			
Federal and State Grant Fund - Appropriated Reserves				1,035,569.28	
Reserve for Small Cities Revolving Loan Fund				2,450.00	
			$ 77,808,371.94		$ 1,188,850.06
Balance December 31, 2010	A		$ 7,296,488.41		$ 400,593.16

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

Year	Balance Dec. 31, 2009	2010 Levy	Added Taxes	Collections 2009	Collections 2010	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2010
	$ -	$	$	$	$	$	$	$ -
2008	2,770.42				2,770.42			-
2009	8,070.43				9,712.11	(1,641.68)		(0.00)
	10,840.85	-	-	-	12,482.53	(1,641.68)	-	(0.00)
2010		72,596,583.95	278,119.41	682,629.41	71,588,268.65	340,797.86	245,636.48	17,370.96
	$ 10,840.85	$ 72,596,583.95	$ 278,119.41	$ 682,629.41	$ 71,600,751.18	$ 339,156.18	$ 245,636.48	$ 17,370.96
Ref.	A							A

	$ 71,202,501.18	Taxes Receivable
	398,250.00	Senior Citizens and Veterans
	$ 71,600,751.18	

Analysis of 2010 Property Tax Levy

Tax Yield:			
General Property Tax		$ 72,596,583.95	
Added Taxes (54:4-63.1 et seq.)		278,119.41	
			$ 72,874,703.36
Tax Levy:			
Local District School Tax:			
Levy	$ 29,280,026.00		
		$ 29,280,026.00	
Regional High School Tax		16,120,080.84	
County Taxes		12,110,540.52	
County Taxes Added and Omitted		46,674.59	
Local Tax for Municipal Purposes	15,081,766.00		
Add: Additional Tax Levied	235,615.41		
		15,317,381.41	
			$ 72,874,703.36

Exhibit A-8

TOWNSHIP OF GALLOWAY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	Ref.		
Balance December 31, 2009	A		$ 428,510.16
Increased By:			
Transfers from Taxes Receivable		$ 245,636.48	
Interests and Costs from Tax Sale		16,578.35	
Added Tax Title Liens		8,878.79	
			271,093.62
			699,603.78
Decreased By:			
Cash Receipts		62,984.16	
			62,984.16
Balance December 31, 2010	A		$ 636,619.62

Exhibit A-9

TOWNSHIP OF GALLOWAY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Miscellaneous Revenue Anticipated:	Balance Dec. 31, 2009	Accrued In 2010	Collected	Balance Dec. 31, 2010
Licenses:				
Alcoholic Beverages	$ -	$ 36,564.88	$ 36,564.88	$ -
Fees and Permits	-	149,936.00	149,936.00	-
Fines and Costs:				
Municipal Court	34,416.57	417,679.79	420,637.24	31,459.12
Interest and Costs on Taxes	-	270,650.48	270,650.48	-
Interest on Investments and Deposits	-	29,585.95	29,585.95	-
Planning Board - Special Application Fees	-	12,265.00	12,265.00	-
Fire Subcode Official:				
Fire Safety Rebate	-	43,786.23	43,786.23	-
Fire Inspections	-	33,930.00	33,930.00	-
Road Openings	-	23,550.00	23,550.00	-
Cable Franchise Fees	-	124,422.51	124,422.51	-
Contract Postal Unit	-	55,677.38	55,677.38	-
Hotel Tax	-	469,087.66	469,087.66	-
Rental Inspections	-	79,379.00	79,379.00	-
Consolidated Municipal Property Tax Relief Aid	-	175,851.00	175,851.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	-	2,390,491.00	2,390,491.00	-
Payments in Lieu of Taxes - Wildlife Refuge	-	40,362.00	40,362.00	-
Watershed Moratorium Offset	-	7,708.00	7,708.00	-
Garden State Preservation Trust Fund	-	10,850.82	10,850.82	-
Uniform Construction Code Fees	-	280,461.00	280,461.00	-
Sale of Municipal Property	-	50,000.00	50,000.00	-
Communications - Dispatch Agreement				
Atlantic County	-	17,863.10	17,863.10	-
TOTALS	$ 34,416.57	$ 4,720,101.80	$ 4,723,059.25	$ 31,459.12
Ref.	A			A

Cash Receipts	$ 4,635,405.05
Reserve for Sale of Township Property	50,000.00
Due from Sewer Operating	25,173.01
Due from Special Water Assessment	1,630.37
Garden State Preservation Trust	10,850.82
	$ 4,723,059.25

Exhibit A-10

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

	Balance Dec. 31, 2009	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operations Within "Caps":					
Salaries and Wages					
General Administration	$ 12,186.67	$ 12,186.67	$	$ 12,186.67	$
Mayor and Council	229.88	229.88		229.88	
Municipal Clerk	0.02	0.02		0.02	
Financial Administration	7,869.57	7,869.57		7,869.57	
Revenue Administration	12.41	12.41		12.41	
Tax Assessment Administration	963.23	963.23		963.23	
Municipal Court	4,777.82	4,777.82		4,777.82	
Municipal Prosector's Office	6,337.20	6,337.20	5,584.00	753.20	
Zoning Board	666.44	666.44		666.44	
Police Department	57,380.50	57,380.50	43,312.99	14,067.51	
Police Dispatch / 911	67,479.73	67,479.73		67,479.73	
Fire Department	2,825.28	2,825.28		2,825.28	
Streets and Road Maintenance	7,263.50	7,263.50		7,263.50	
Other Public Works Functions	2,699.51	2,699.51		2,699.51	
Solid Waste Collection	8,637.35	8,637.35		8,637.35	
Public Buildings and Grounds	16,064.16	16,064.16		16,064.16	
Administration of Public Welfare	54.53	54.53		54.53	
Recreation Services and Programs	125.70	125.70		125.70	
Senior Services	402.61	402.61		402.61	
Maintenance of Parks	75.31	75.31		75.31	
Celebration of Public Events	1.23	1.23		1.23	
Community Education	7,140.78	7,140.78		7,140.78	
Construction Code Official	7,972.05	7,972.05		7,972.05	

Exhibit A-10

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

	Balance Dec. 31, 2009	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Other Expenses					
General Administration	$ 609.90	$ 609.90	$	$ 609.90	$
Human Resources	799.00	799.00		799.00	
Mayor and Council	3,733.52	3,733.52	790.44	2,943.08	
Municipal Clerk	6,484.64	6,484.64	2,190.04	4,294.60	
Financial Administration	7,348.35	7,348.35	1,567.92	5,780.43	
Revenue Administration	5,629.56	5,629.56	5,056.60	572.96	
Tax Assessment Administration	25,893.56	25,893.56	25,877.44	16.12	
Legal Services and Costs	23,767.35	23,767.35	23,767.35	-	
Engineering Services and Costs	1,555.25	1,555.25	1,555.25	-	
Municipal Court	19,990.13	19,990.13	1,709.19	18,280.94	
Planning Board	14,961.44	14,961.44	1,854.07	13,107.37	
Zoning Board	2,244.33	2,244.33		2,244.33	
Other Code Enforcement Functions	5,000.00	5,000.00		5,000.00	
Unemployment Insurance	2,424.20	2,424.20	2,424.20	-	
Worker's Compensation Insurance	124,607.00	124,607.00		124,607.00	
Group Insurance Plan for Employees	18,035.94	18,035.94	18,035.94	-	
Police Department	192,047.18	192,047.18	72,749.51	119,297.67	
Police Dispatch/911	45,353.28	45,353.28	3,697.55	41,655.73	
Office of Emergency Management	5,514.99	5,514.99	1,765.12	3,749.87	
Environmental Health Services	27.53	27.53		27.53	
Fire Department	45,095.13	45,095.13	44,127.19	967.94	
Streets and Roads Maintenance	54,373.45	54,373.45	41,616.42	12,757.03	
Other Public Works Functions	13,952.21	13,952.21	3,208.03	10,744.18	

Exhibit A-10

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

	Balance Dec. 31, 2009	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Solid Waste Collection	$ 25,691.64	$ 25,691.64	$ 15,663.80	$ 10,027.84	$
Public Buildings and Grounds	71,718.04	71,718.04	30,582.50	41,135.54	
Vehicle Maintenance	85,113.98	85,113.98	65,656.82	19,457.16	
Community Services Act	6,853.23	6,853.23	2,756.33	4,096.90	
Animal Regulation	3,132.00	3,132.00		3,132.00	
Recreation Services and Programs	4,686.82	4,686.82	2,201.06	2,485.76	
Senior Services	9,601.62	9,601.62	4,002.97	5,598.65	
Maintenance of Parks	14,907.92	14,907.92	6,878.77	8,029.15	
Celebration of Public Events	1,383.96	1,383.96	679.71	704.25	
Community Education	3,924.05	3,924.05		3,924.05	
Construction Code Official	4,667.69	4,667.69	462.74	4,204.95	
Utilities:					
Electric	11,517.15	11,517.15	11,517.15	-	
Street Lighting	33,000.60	33,000.60	13,440.76	19,559.84	
Telephone	21,834.78	21,834.78	6,647.80	15,186.98	
Natural Gas	332.17	332.17	332.17	-	
Gasoline	275,185.56	275,185.56	62,093.17	213,092.39	
Landfill/Solid Waste Disposal Costs	10,558.73	10,558.73	4,777.58	5,781.15	
Statutory Expenditures:					
Contributions to Social Security System	13,045.22	13,045.22	400.97	12,644.25	
Operations Excluded from "Caps":					
Length of Service Award Program - Fire	1,488.00	1,488.00		1,488.00	
Rental Inspections - Salaries & Wages	29.94	29.94		29.94	
TOTALS	$ 1,429,286.52	$ 1,429,286.52	$ 528,983.55	$ 900,302.97	$ -
Ref.	A				

Appropriation Reserves	$ 857,518.80	$ 521,634.20	Cash Disbursements
Encumbrances Payable	571,767.72	7,349.35	Accounts Payable
	$ 1,429,286.52	$ 528,983.55	

Exhibit A-11

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

Purpose	Balance Dec. 31, 2009	Anticipated Revenues	Received	Canceled	Balance Dec. 31, 2010
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	945.22			945.22	-
Safe and Secure Communities Program	76,974.00		16,974.00	60,000.00	-
Municipal Alliance Program	41,759.15	21,470.00	21,177.75		42,051.40
Body Armor Fund	4,693.53	-	4,693.53		-
Clean Communities	-	50,706.35	50,706.35		-
Smart Growth Planning Grant	10,000.00				10,000.00
Click It or Ticket	5.00	4,000.00	4,000.00	5.00	-
Enhanced 911 General Assistance Grant	3.00			3.00	-
Flood Control Grant	640,897.00				640,897.00
Drunk Driving Enforcement Program	-	11,889.00	11,889.00		-
Recycling Tonnage Grant	-	51,877.30	27,021.27		24,856.03
Gypsy Moth Aerial Suppression Program	8,155.19			8,155.19	-
Booster Seat Enforcement 2009	1,400.00			1,400.00	-
Reforestation Grant	432,900.00		380,100.00		52,800.00
Year End Impaired Driving Grant	5,200.00		5,000.00		200.00
NJ Transportation Trust Fund:					
Chris Gaupp Drive Phases 1&2	695,075.37	-	419,025.00		276,050.37
Emergency Management Assistance		5,000.00			5,000.00
Federal:					
Small Cities Community Development Block Grant	144,930.00			144,930.00	-
COPS More	60,000.00			60,000.00	-
COPS in Shops	7,200.00	4,400.00	7,200.00		4,400.00
Wildlife Habitat Incentive Program	389.00			389.00	-
Local Law Enforcement Block Grant	23,969.74			23,969.74	-
Community Development Block Grant	247,294.00	255,831.00	123,931.40		379,193.60
Secure our Schools	-				-
JAG Grant	-	28,419.00	14,748.00		13,671.00
Energy Efficiency Retrofit Grant		143,900.00	143,900.00		-
Other:					
Atlantic County Open Space Trust Fund	162,250.00				162,250.00
Sustainable Jersey Small Grant-WalMart		10,000.00	5,000.00		5,000.00
Community Garden Grant	1,968.58				1,968.58
TOTALS	$ 2,574,947.78	$ 587,492.65	$ 1,235,366.30	$ 308,736.15	$ 1,618,337.98
Ref.	A				A

Exhibit A-12

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

Purpose	Balance Dec. 31, 2009	Received	Anticipated Revenues	Balance Dec. 31, 2010
State:				
Clean Communities Program	$ 13,024.32	$ 12,048.20	$	$ 25,072.52
JAG Grant	14,748.00		14,748.00	-
Recycling Tonnage Grant	27,021.27		27,021.27	-
Body Armor Grant	-	5,948.80	-	5,948.80
Drunk Driving Enforcement	11,889.00	15,407.43	11,889.00	15,407.43
TOTALS	$ 66,682.59	$ 33,404.43	$ 53,658.27	$ 46,428.75
Ref.	A			A

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

Purpose	Balance Dec. 31, 2009	Budget Appropriations	Expended	Cancelled	Balance Dec. 31, 2010
State:					
New Jersey Transportation Trust Fund					
Pothole Repair Program	$ 1,948.36	$	$	$ 1,948.36	$ -
Chris Gaupp Drive	421,400.50	-	384,453.34		36,947.16
Recycling Tonnage Grant	15,097.97	51,877.30	50,054.76		16,920.51
Drunk Driving Enforcement Program	41,746.67	11,889.00	18,116.20		35,519.47
Child Passenger Safety Education Grant	1,091.83			1,091.83	-
Law and Public Safety - Domestic Violence	2,593.90			2,593.90	-
Law and Public Safety - Aggressive Driving	9,104.99			9,104.99	-
Clean Communities Program	12,689.03	50,706.35	27,294.58		36,100.80
Safe and Secure Program	7,837.33		(43,216.63)	51,053.96	-
Body Armor Fund	28,362.42	-	12,825.00		15,537.42
Municipal Drug Alliance Program	23,195.63	26,905.00	26,963.11		23,137.52
Alcohol Education & Rehabilitation Program	225.93			225.93	-
Stormwater Management	13,582.25	-	5,560.59		8,021.66
Click-it or Ticket	300.00	4,000.00	4,000.00	300.00	-
Enhanced 911 General Assistance Grant	58,759.36		(280.00)		59,039.36
Flood Control Grant - Storm Sewer Recon.	640,897.00		1,185.00		639,712.00
Booster Seat Enforcement 2009	1,400.00			1,400.00	-
Year End Impaired Driving Grant	8,800.00		4,000.00		4,800.00
Gypsy Moth Aerial Suppression Program	29,516.04			29,516.04	-
Reforestation Grant	163,191.90		72,183.85		91,008.05
Emergency Management Assistance	-	5,000.00			5,000.00
Federal:					
Small Cities	144,326.52			144,326.52	-
COPS Universal Hiring Grant	167,442.95			167,442.95	-
COPS More	36,856.54			36,856.54	-
COPS in Shops	5,176.12	4,400.00	2,800.00		6,776.12
Community Development Block Grant	222,876.86	255,831.00	363,441.46		115,266.40
Wildlife Habitat Incentive Program	246.67			246.67	-
Local Law Enforcement Block Grant	16,046.74			16,046.74	-
Energy Efficiency Retrofit Grant		143,900.00	143,900.00		-
Secure our Schools	30,298.00		30,298.00		-
JAG Grant	42,323.97	28,419.00	54,857.07		15,885.90
Other:					
Atlantic County Open Space Partnership	206,391.06				206,391.06
Atlantic County Regional Traffic Education	1,935.00			1,935.00	-
Sustainable Jersey Small Grant-WalMart		10,000.00			10,000.00
Highway Safety Program - DWI Enforcement	912.50			912.50	-
Community Garden Grant	0.10				0.10
TOTALS	$ 2,356,574.14	$ 592,927.65	$ 1,158,436.33	$ 465,001.93	$ 1,326,063.53
Ref.	A				A

Cash Disbursements	$ 1,035,569.28
Encumbrances Payable	493,333.70
Encumbrances Cancelled	(370,466.65)
	$ 1,158,436.33

Exhibit B-1

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

	Ref.				
Balance December 31, 2009	B			$	18,484.56
Increased By Receipts:					
Dog Licenses Fees		$	17,881.60		
Change Fund for Clinic			300.00		
Late Fees			797.00		
					18,978.60
					37,463.16
Decreased By Disbursements:					
Change Fund for Clinic			300.00		
Due to Current Fund			9,043.76		
Animal Control Expenditures			18,406.32		
					27,750.08
Balance December 31, 2010	B			$	9,713.08

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

	Ref.	Other		Assessment	
Balance December 31, 2009	B		$ 5,228,023.56		$ 463,028.37
Increased By Receipts:					
Insurance Funds:					
Workers' Compensation Insurance Fund		$ 35,083.04		$	
General Liability Insurance Fund		189,107.25			
Funds Held in Escrow - Inspection Fees		342,959.27			
Funds Held in Escrow - Developer Escrow Fees		112,830.25			
Reserve for N.J. Unemployment Compensation Trust		123,156.78			
Payroll Deductions		13,209,287.78			
Reserve for Compensated Absences		60,031.74			
Reserve for Special Law Enforcement		10,291.16			
Reserve for Housing Trust Fund		66,473.16			
Reserve for Utility Escrow Deposits		29,458.00			
Reserve for Media Relations		18.00			
Reserve for Community Events		181,543.85			
Reserve for Police Special Detail		156,301.87			
Reserve for Public Defender Trust		41,268.07			
Reserve for Uniform Fire Safety		703.25			
Reserve for Health Insurance		2,114,645.45			
Reserve for Landfill Closure		575,716.84			
Reserve for Parking Offenses Adjudication Act		30.92			
Assessments Receivable				185,426.20	
Due to Bank		0.55			
Due to Current Fund:					
Assessment Trust				1,630.37	
			17,248,907.23		187,056.57
			22,476,930.79		650,084.94

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

	Ref.	Other		Assessment	
Decreased By Disbursements:					
Due to Current Fund:					
Assessment Trust		$		$ 20.14	
Reserve for Escrow - Inspection Fees		392,513.29			
Developer Escrow Funds		173,668.91			
Reserve for N.J. Unemployment Compensation Trust		135,960.21			
Payroll Deductions		13,213,948.86			
Due to Current Fund - Community Events		293.67			
Insurance Funds:					
Workers' Compensation Insurance Fund		70,847.76			
General Liability Insurance Fund		145,445.65			
Reserve for Compensated Absences		140,804.42			
Reserve for Housing Trust Fund		87,779.63			
Reserve for Utility Escrow Deposits		61,507.85			
Reserve for Health Insurance Trust		2,033,275.29			
Reserve for Public Defender Trust		30,792.17			
Reserve for Community Events		178,954.33			
Reserve for Police Special Detail		141,061.85			
			16,806,853.89		20.14
Balance December 31, 2010	B		$ 5,670,076.90		$ 650,064.80

Exhibit B-3

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

	Ref.		
Balance December 31, 2009	B		$ 46,272.32
Increased By Receipts:			
Deposits for Redemption of Tax Sale Certificates		$ 2,833,079.21	
Deposits for Premiums		231,810.50	
Received from Bank		20.00	
			3,064,909.71
			3,111,182.03
Decreased By Disbursements:			
Refunds - Deposits for Redemption of Tax Sale Certificates		2,828,970.74	
Refunds of Tax Sale Premiums		143,510.50	
Due to Current Fund		75.00	
Due from Taxpayer		0.74	
			2,972,556.98
Balance December 31, 2010	B		$ 138,625.05

Exhibit B-4

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

	Ref.		
Balance December 31, 2009	B		$ 7,144.42
Increased By:			
Interest Earned		$ 1,611.59	
Transferred from General Capital Fund		574,105.25	
			575,716.84
			582,861.26
Decreased By:			
None		-	
			-
Balance December 31, 2010	B		$ 582,861.26

Exhibit B-5

TOWNSHIP OF GALLOWAY
TRUST ASSESSMENT FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2009	Receipts		Disbursements		Transfers		Balance Dec. 31, 2010
		Assessments	Misc.	Assessments	Misc.	From	To	
Due from Current Fund	$ -	$ 1,100.00	$ 530.37	$	$	$	$	$ 1,630.37
Due to Bank	16.41							16.41
Assessments Receivable	(723,095.53)	185,426.20					1,697.92	(535,971.41)
Assessment Lien Receivable						1,697.92		(1,697.92)
Reserve for Assessments	1,186,107.49				20.14			1,186,087.35
	$ 463,028.37	$ 186,526.20	$ 530.37	$ -	$ 20.14	$ 1,697.92	$ 1,697.92	$ 650,064.80
Ref.	B							B

TOWNSHIP OF GALLOWAY
TRUST ASSESSMENT FUND
STATEMENT OF ASSESSMENTS RECEIVABLE

Ord. Num.	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2009	Confirmed	Collected	Transferred to Lien	Balance Dec. 31, 2010	Balance Pledged to Due General Capital Fund	Balance Pledged to Reserve
1192	Construction and Extension of the Water Distribution System into Pinehurst, Absecon Highlands and Key Development Areas	7/12/2005	10	09/19/05-14	$ 446,044.51	$	$ 118,183.12	$ 1,697.92	$ 326,163.47	$	$ 326,163.47
1261	Construction and Extension of the Water Distribution System into the Pinehurst, Vienna Gardens, Koch & Langley area of Pomona, and Absecon Highland III, Sub-Basin IV	4/11/2006	10	06/10/06-15	277,900.02		67,243.08		210,656.94		210,656.94
					$ 723,944.53	$ -	$ 185,426.20	$ 1,697.92	$ 536,820.41	$ -	$ 536,820.41
			Ref.		C					C	C

Exhibit B-7

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

	Ref.		
Balance December 31, 2009	B		$ 9,440.80
Increased By:			
Dog Licenses Fees Collected - Township Share		$ 17,881.60	
Late Fees		797.00	
			18,678.60
			28,119.40
Decreased By:			
Dog License Expenses		18,406.32	
			18,406.32
Balance December 31, 2010	B		$ 9,713.08

License Fees Collected	Year	
	2008	$ 4,732.60
	2009	9,791.80
		$ 14,524.40

Exhibit B-8

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

	Ref.		
Balance December 31, 2009	B		$ 9,043.76
Increased By:			
Statutory Excess Due to Current Fund		$ -	
			-
			9,043.76
Decreased By:			
Statutory Excess Paid to Current Fund		9,043.76	
			9,043.76
Balance December 31, 2010	B		$ -

Exhibit C-2

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	Ref.		
Balance December 31, 2009	C		$ 3,099,733.33
Increased By Receipts:			
Bond Anticipation Notes		$ 8,500,000.00	
Reserve for Bond/Note Premium		15,299.85	
Due to Sewer Capital Fund		4,785.15	
			8,520,085.00
			11,619,818.33
Decreased By Disbursements:			
Improvement Authorizations		2,733,598.94	
Bond Anticipation Notes		7,000,000.00	
			9,733,598.94
Balance December 31, 2010	C		$ 1,886,219.39

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

			Receipts			Disbursements		Transfers		
		Balance Dec. 31, 2009	Notes Issued	Grants Received	Misc.	Improvement Authorizations	Misc.	From	To	Balance Dec. 31, 2010
Fund Balance		$ 151,374.60	$	$	$	$	$	$	$	$ 151,374.60
Capital Improvement Fund		64,544.93								64,544.93
Reserve for Preliminary Expenses		500.00								500.00
Reserve for Purchase of Fire Truck		5,825.00								5,825.00
Due to Sewer Utility Capital					4,785.15					4,785.15
Cash Pledged to the Payment of Bonds - Ord. 875/987		17,282.86								17,282.86
Reserve for Bond/Note Premium		48,076.00			15,299.85				720.00	64,095.85
Due from Bank		(2.40)						720.00		(722.40)
State Aid Receivable		(176,168.00)								(176,168.00)
State Aid Receivable - New Jersey Transportation Trust Fund		(250,217.79)								(250,217.79)
Contracts Payable		1,472,640.09						1,472,640.09	806,506.79	806,506.79
Improvement Authorizations										
Ord. Number										
875/897	Various Improvements	1,445.87								1,445.87
1032	Closure/Expansion of Landfill	(60,818.63)				623,054.01		162,546.69	275,318.49	(571,100.84)
1192	Construction/Extension of Water Distribution System	905,000.22								905,000.22
1261	Construction of Water System	(789,109.07)								(789,109.07)
1208	Pedestrian Path Construction	2,074.68								2,074.68
1325	Phase I Landfill Closure	(1,327,606.44)	1,400,000.00			9,798.90			65.00	62,659.66
1329	Funding of Self-Insurance Pool	1,272.80								1,272.80
1343	Various Improvements	1.00								1.00
1360	Construction of Water System	(161,402.98)								(161,402.98)
1394	Preliminary Assessment and/or Site Investigation	76,603.00								76,603.00
1432	Various Improvements	18,325.01				10,748.33		195.19	10,748.33	18,129.82
1438	Construction of Water System	(1,159.28)								(1,159.28)
1467	Various Improvements	(650.00)				7,112.92			7,112.92	(650.00)
1505	Various Improvements	54,744.34								54,744.34
1507	Green Acres Program	110,126.34								110,126.34
1512	Construction of Water System	9,269.50								9,269.50
1533	Various Improvements	116,006.41				14,152.98		2,200.00	4,515.00	104,168.43
1556	Genoa Avenue Water System	12,230.50								12,230.50
1561	Collins Road Improvements	130,750.00								130,750.00
1562	Recreation Improvements	9,851.52								9,851.52

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

			Receipts			Disbursements		Transfers		
		Balance Dec. 31, 2009	Notes Issued	Grants Received	Misc.	Improvement Authorizations	Misc.	From	To	Balance Dec. 31, 2010
1565	Various Improvements	$ 321,044.36	$	$	$	$ 30,120.58	$	$ 4,831.48	$ 17,341.65	$ 303,433.95
1568	Patriots Lake Projects	(184,246.25)	100,000.00			1,547.50				(85,793.75)
1574	Vehicles and Equipment	19,701.87								19,701.87
1601	Public Safety Info'n System	15,104.41								15,104.41
1611	Various Capital Improvements	1,864,163.56	-			1,271,888.59	-	437,062.16	1,083,113.03	1,238,325.84
1617	Drainage Improvements and Pedestrian Paths	78,374.47						195.19	50.23	78,229.51
1632	Fire Equipment Purchase	(33,915.00)								(33,915.00)
1658	Construction of Tennis Courts	(298,406.66)								(298,406.66)
1660	Various Capital Improvements	297,980.54	-			339,666.17	-	104,595.39	57,645.67	(88,635.35)
1689	Purchase of Fire Truck	(1,799.85)	-			3,621.00	-		3,621.00	(1,799.85)
1718	Various Capital Improvements	580,921.80	-			18,198.22	-	40,007.43	13,108.77	535,824.92
1784	Stormwater Mngmnt-New Leaf Ct.					402,287.24		50,373.26		(452,660.50)
1807	Stormwater Mngmnt-Patriot Lake					1,402.50		4,500.00		(5,902.50)
										-
		$ 3,099,733.33	$ 1,500,000.00	$ -	$ 20,085.00	$ 2,733,598.94	$ -	$ 2,279,866.88	$ 2,279,866.88	$ 1,886,219.39
	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, 2009	Increased	Decreased	Balance Dec. 31, 2010
1360	Construction and Extension of the Water Distrubution System into Absecon Highlands II and Sub-Basin II	10/27/1998	$ 275,000.00	$ 13,750.00	$ 13,750.00	$	$	$ 13,750.00
1438	Construction and Extension of the Water Distribution Systems on Ridegwood Avenue	9/12/2000	35,000.00	1,750.00	1,750.00			1,750.00
					$ 15,500.00	$ -	$ -	$ 15,500.00
					C			C

Exhibit C-5

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.		
Balance December 31, 2009	C		$ 64,544.93
Increased By:			
None		$ -	
			-
			64,544.93
Decreased By:			
None		-	
			-
Balance December 31, 2010	C		$ 64,544.93

Exhibit C-6

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	Ref.		
Balance December 31, 2009	C		$ 15,350,115.77
Increased By:			
None		$ -	
			-
			15,350,115.77
Decreased By:			
Serial Bonds Paid		2,350,000.00	
Green Trust Loan Program		10,175.92	
			2,360,175.92
Balance December 31, 2010	C		$ 12,989,939.85

Exhibit C-7

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

Ord. Number	Improvement Description	Balance Dec. 31, 2009	2010 Authorizations	Notes Issued	Grants Received	Balance Dec. 31, 2010	Analysis of Balance: Bond Anticipation Note	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorization
General Improvements									
1032	Closure/Expansion of Landfill	$ 936,882.08	$	$	$ -	$ 936,882.08	$	$ 571,100.84	$ 365,781.24
1325/1692	Construction of Athletic Fields	1,465,000.00				1,465,000.00	1,400,000.00		65,000.00
1432	Various Capital Improvements	900.00				900.00			900.00
1467	Various Capital Improvements	650.00				650.00		650.00	
1505	Various Capital Improvements	150.00				150.00			150.00
1507	Green Acres Program	133,000.00				133,000.00			133,000.00
1533	Various Capital Improvements	15,763.00				15,763.00			15,763.00
1556	Water Distribution System in Genoa Avenue Area	8,653.25				8,653.25			8,653.25
1565	Various Capital Improvements	1,000.00				1,000.00			1,000.00
1568	Patriot Lake Recreation Project	186,200.00				186,200.00	100,000.00	85,793.75	406.25
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	1,100,000.00		556,660.00
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	2,975,372.00				2,975,372.00	2,250,000.00	88,635.35	636,736.65
1689	Purchase of a Fire Truck	902,500.00				902,500.00	900,000.00	1,799.85	700.15
1718	Various Capital Improvements	3,231,999.00				3,231,999.00	2,750,000.00	-	481,999.00
1784	Stormwater Management Project New Leaf Court	725,000.00	-			725,000.00		452,660.50	272,339.50
1807	Stormwater Management Project Patriot Lake		815,000.00			815,000.00		5,902.50	809,097.50

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

Ord. Number	Improvement Description	Balance Dec. 31, 2009	2010 Authorizations	Notes Issued	Grants Received	Balance Dec. 31, 2010	Analysis of Balance: Bond Anticipation Note	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorization
Local Improvements									
1192	Construction and Extension of Water Distribution Systems	$ 3,079,024.12	$	$	$	$ 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		161,402.98	99,847.02
1438	Construction and Extension of Water Distribution Systems	33,250.00				33,250.00		1,159.28	32,090.72
		$ 18,048,168.45	$ 815,000.00	$ -	$ -	$ 18,863,168.45	$ 8,500,000.00	$ 2,490,535.78	$ 7,872,632.67
	Ref.	C				C			

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2009 Funded	Balance December 31, 2009 Unfunded	2010 Authorizations: Capital Improvement Fund and Other	2010 Authorizations: Deferred Charges to Future Taxation	Other	Paid or Charged	Balance December 31, 2010 Funded	Balance December 31, 2010 Unfunded
875/987	Various Improvements and Purchases	9/8/1987	$ 736,000	$ 1,445.87	$	$	$	$	$	$ 1,445.87	$
1032	Closure and Expansion of Landfill	2/26/1991	7,625,000		876,063.45				510,282.21		365,781.24
1208	Construction of Pedestrian Path	7/1/1995	63,514	2,074.68						2,074.68	
1325/1692	Construction of Athletic Fields	12/9/1997	1,700,000		137,393.56				9,733.90		127,659.66
1329	Funding of Self-Insurance Pool	2/24/1998	500,000	1,272.80						1,272.80	
1343	Various Capital Improvements	5/26/1998	680,000	1.00						1.00	
1394	Preliminary Assessment and/or Site Investigation	6/9/1999	79,213	76,603.00						76,603.00	
1432	Various Capital Improvements	8/8/2000	803,347	18,325.01	900.00				195.19	18,129.82	900.00
1505	Various Capital Improvements	5/28/2002	2,433,950	54,744.34	150.00					54,744.34	150.00
1507	Green Acres Program	5/28/2002	600,000	110,126.34	133,000.00					110,126.34	133,000.00
1512	Construction and Extension of Water Distribution Systems	7/23/2002	375,000	9,269.50						9,269.50	
1533	Various Capital Improvements	5/27/2003	1,846,813	116,006.41	15,763.00				11,837.98	104,168.43	15,763.00
1556	Construction & Extension of of Water Distribution Systems in Genoa Avenue Area	2/24/2004	55,000	12,230.50	8,653.25					12,230.50	8,653.25
1561	Collins Road Improvements	4/13/2004	270,000	130,750.00						130,750.00	
1562	Recreation Improvements	4/13/2004	154,400	9,851.52						9,851.52	
1565	Various Capital Improvements	6/22/2004	3,522,350	321,044.36	1,000.00				17,610.41	303,433.95	1,000.00

TOWNSHIP OF GALLOWAY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2009 Funded	Balance December 31, 2009 Unfunded	2010 Authorizations: Capital Improvement Fund and Other	2010 Authorizations: Deferred Charges to Future Taxation	2010 Authorizations: Other	Paid or Charged	Balance December 31, 2010 Funded	Balance December 31, 2010 Unfunded
1568	Patriot Lake Recreation Project	6/9/2004	$ 196,000	$	$ 1,953.75	$	$	$	$ 1,547.50	$	$ 406.25
1574	Various Vehicles & Equipment	7/27/2004	217,000	19,701.87						19,701.87	
1601	Public Safety Info'n System	3/22/2005	160,000	15,104.41	2,000.00					15,104.41	2,000.00
1611	Various Capital Improvements	6/28/2005	7,622,310	764,163.56	1,656,660.00				625,837.72	138,325.84	1,656,660.00
1617	Drainage Improvements and Pedestrian Paths	8/9/2005	79,570	78,374.47					144.96	78,229.51	
1658	Construction of Tennis Courts	5/23/2006	420,000		100,593.34						100,593.34
1660	Various Capital Improvements	7/11/2006	3,403,528		1,023,352.54				386,615.89		636,736.65
1689	Purchase of a Fire Truck	3/27/2007	950,000		700.15						700.15
1718	Various Capital Improvements	7/10/2007	3,560,000		1,062,920.80				45,096.88		1,017,823.92
1784	Stormwater Management Project New Leaf Court	5/12/2009	725,000		725,000.00		-		452,660.50		272,339.50
1807	Stormwater Management Patriot Lake	4/13/2010	815,000				815,000.00		5,902.50		809,097.50
Local Improvements:											
1192	Construction and Extension of Water Distribution Systems	12/13/1994	5,300,000	15,000.00	3,969,024.34					15,000.00	3,969,024.34
1261	Construction and Extension of Water Distribution Systems	11/26/1996	2,000,000		1,210,890.93						1,210,890.93
1360	Construction and Extension of Water Distribution Systems	10/27/1998	275,000		99,847.02						99,847.02
1438	Construction and Extension of Water Distribution Systems	9/12/2000	35,000		32,090.72						32,090.72
				$ 1,756,089.64	$ 11,057,956.85	$ -	$ 815,000.00	$ -	$ 2,067,465.64	$ 1,100,463.38	$ 10,461,117.47
			Ref.	C	C					C	C

$ 2,733,598.94	Cash Disbursed
806,506.79	Contracts Payable 12/31/10
(1,472,640.09)	Contracts Payable 12/31/09
$ 2,067,465.64	

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, 2010 Date	Amount	Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
Refunding Bonds of 2001	9/1/2001	$ 4,355,000	11/1/2011	$ 700,000.00	4.000%	$ 1,405,000.00	$	$ 705,000.00	$ 700,000.00
General Obligation Bonds of 2002	12/1/2002	3,845,000	12/1/2011	300,000.00	3.625%	2,395,000.00		300,000.00	2,095,000.00
			12/1/2012	300,000.00	3.625%				
			12/1/2013	300,000.00	3.750%				
			12/1/2014	300,000.00	4.000%				
			12/1/2015	300,000.00	4.000%				
			12/1/2016	300,000.00	4.125%				
			12/1/2017	295,000.00	4.250%				
General Obligation Bonds of 2005	12/1/2005	10,400,000	12/1/2011	900,000.00	4.000%	8,650,000.00		850,000.00	7,800,000.00
			12/1/2012	900,000.00	4.000%				
			12/1/2013	900,000.00	4.125%				
			12/1/2014	900,000.00	4.125%				
			12/1/2015	900,000.00	4.125%				
			12/1/2016	900,000.00	4.125%				
			12/1/2017	900,000.00	4.125%				
			12/1/2018	800,000.00	4.125%				
			12/1/2019	700,000.00	4.250%				
Refunding Bonds of 2006	1/18/2006	3,790,000	12/15/2011	555,000.00	3.375%	2,785,000.00		495,000.00	2,290,000.00
			12/15/2012	550,000.00	4.000%				
			12/15/2013	595,000.00	4.000%				
			12/15/2014	590,000.00	4.500%				
						$ 15,235,000.00	$ -	$ 2,350,000.00	$ 12,885,000.00
					Ref.	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, 2010 Date	Amount	Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
Gabriel Field Extension	1989	$ 18,475	2011	$ 1,087.67	2.000%	$ 4,395.27	$	$ 1,066.23	$ 3,329.04
			2012	1,109.52					
			2013	1,131.85					
Ponzio Park	2002	150,000	2011	9,292.79	2.000%	128,003.36		9,109.69	118,893.67
			2012	9,479.58					
			2013	9,670.11					
			2014	9,864.49					
			2015	10,062.76					
			2016	10,265.03					
			2017	10,471.35					
			2018	10,681.82					
			2019	10,896.53					
			2020	11,115.56					
			2021	11,338.97					
			2022	5,754.68					
						$ 132,398.63	$ -	$ 10,175.92	$ 122,222.71
					Ref.	C			C

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, 2009	Increased	Decreased	Balance Dec. 31, 2010
1611	Various Capital Improvements	9/12/2008	9/8/2010	9/7/2011	1.000%	$ -	$ 1,100,000.00	$	$ 1,100,000.00
1611	Various Capital Improvements	9/12/2008	9/11/2009	9/10/2010	1.220%	1,100,000.00		1,100,000.00	-
1660	Various Capital Improvements	9/12/2008	9/8/2010	9/7/2011	1.000%	-	2,250,000.00		2,250,000.00
1660	Various Capital Improvements	9/12/2008	9/11/2009	9/10/2010	1.220%	2,250,000.00		2,250,000.00	-
1689	Purchase of Fire Truck	9/12/2008	9/8/2010	9/7/2011	1.000%	-	900,000.00		900,000.00
1689	Purchase of Fire Truck	9/12/2008	9/11/2009	9/10/2010	1.220%	900,000.00		900,000.00	-
1718	Various Capital Improvements	9/12/2008	9/8/2010	9/7/2011	1.000%	-	2,750,000.00		2,750,000.00
1718	Various Capital Improvements	9/12/2008	9/11/2009	9/10/2010	1.220%	2,750,000.00		2,750,000.00	-
1325	Phase I - Closure of Landfill/ Construction of Athletic Fields	9/8/2010	9/8/2010	9/7/2011	1.000%		1,400,000.00		1,400,000.00
1568	Patriot Lake Project	9/8/2010	9/8/2010	9/7/2011	1.000%		100,000.00		100,000.00
						$ 7,000,000.00	$ 8,500,000.00	$ 7,000,000.00	$ 8,500,000.00
					Ref.	C			C

Exhibit C-11

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

Ord. Number	Improvement Description	Balance Dec. 31, 2009	2010 Authorizations	Other Receipts	Grants Received	Balance December 31, 2010 Assessment Fund	Balance December 31, 2010 General Capital Fund
General Improvements:							
1032	Closure and Expansion of Landfill	$ 936,882.08	$	$	$	$	$ 936,882.08
1325/1692	Construction of Athletic Fields	1,465,000.00		1,400,000.00			65,000.00
1432	Various Capital Improvements	900.00					900.00
1467	Various Capital Improvements	650.00					650.00
1505	Various Capital Improvements	150.00					150.00
1507	Green Acres Program	133,000.00					133,000.00
1533	Various Capital Improvements	15,763.00					15,763.00
1556	Genoa Avenue Water Distribution	8,653.25					8,653.25
1565	Various Capital Improvements	1,000.00					1,000.00
1568	Patriot Lake Project	186,200.00		100,000.00			86,200.00
1601	Public Safety Information System	2,000.00					2,000.00
1611	Various Capital Improvements	556,660.00					556,660.00
1632	Fire Equipment	33,915.00					33,915.00
1658	Construction of Tennis Courts	399,000.00					399,000.00
1660	Various Capital Improvements	725,372.00					725,372.00
1689	Purchase of Fire Truck	2,500.00					2,500.00
1718	Various Capital Improvements	481,999.00					481,999.00
1784	Stormwater Management Project New Leaf Court	725,000.00					725,000.00
1807	Stormwater Management Project Patriot Lake		815,000.00				815,000.00
Local Improvements:							
1192	Construction and Extension of the Water Dist. System - Various	3,079,024.12					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
		$ 11,048,168.45	$ 815,000.00	$ 1,500,000.00	$ -	$ -	$ 10,363,168.45
	Ref.	C					C

Exhibit D-5

TOWNSHIP OF GALLOWAY
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Operating		Capital	
Balance December 31, 2009	D		$ 1,601,871.40		$ 5,744.10
Increased by Receipts:					
Sewer Rent Collections		$ 5,611,754.88		$	
Miscellaneous Revenues		195,928.67			
Due from Utility Operating		100,000.00		-	
Due from Current		1,211.85			
Sewer Rent Overpayments		8,427.38			
Due from Bank		2.08			
Due to Current Fund		25,173.01			
Bond Anticipation Notes				2,500,000.00	
Capital Improvement Fund				70,000.00	
			5,942,497.87		2,570,000.00
			7,544,369.27		2,575,744.10
Decreased by Disbursements:					
Current Appropriations		5,356,151.46			
Appropriation Reserves		64,867.20			
Interest Paid on Bonds		376,119.69			
Due from Utility Operating		-		100,000.00	
Improvement Authorizations				517,497.30	
			5,797,138.35		617,497.30
Balance December 31, 2010	D		$ 1,747,230.92		$ 1,958,246.80

TOWNSHIP OF GALLOWAY
SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2009	Receipts: Bonds Issued	Receipts: Notes Issued	Receipts: Misc.	Disbursements: Improvement Authorizations	Disbursements: Misc.	Transfers: From	Transfers: To	Balance Dec. 31, 2010
Fund Balance	$ 12,011.43	$	$	$	$	$	$	$	$ 12,011.43
Capital Improvement Fund	175,068.25			70,000.00					245,068.25
Contracts Payable	162,040.18						162,040.18	370,136.80	370,136.80
Reserve for Payment of Bonds/Notes	5,485.36							4,785.15	10,270.51
Cash Pledged to Payment of Bonds	17,694.42								17,694.42
Due from General Capital Fund	-						4,785.15		(4,785.15)
Due to Utility Operating Fund	100,000.00					100,000.00		7,876.71	7,876.71
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
1091 Purchase of Equipment and Various Improvements	12,878.27				-				12,878.27
1168 Construction of Sewer System	18,652.24								18,652.24
1203/1221 Sewer Equipment and Improvements	10,819.71								10,819.71
1253 Remediation of Lorraine Ave.	86,985.32				15,080.00			15,080.00	86,985.32
1290 Installation of Sewer System	80,897.19				-				80,897.19
1342 Various Sewer Improvements	354,059.27				-				354,059.27
1390 Ridgewood Ave. Extension/ Jim Leeds Rd. Pump Station	32,144.98								32,144.98
1431 Construction - Various and Pump Studies	135,728.81								135,728.81
1468 Various Sewer Improvements	230,985.41				2,840.00				228,145.41
1506 Various Sewer Improvements	4,719.76				-				4,719.76
1534 Various Sewer Improvements	(33,974.83)		50,000.00		15,240.00		8,699.23	18,689.23	10,775.17
1566 Various Sewer Improvements	(1,019,486.67)		2,000,000.00		146,973.42		138,140.07	40,418.00	735,817.84
1612 Various Sewer Improvements	(463,012.35)		450,000.00		45,448.05		19,646.15	49,225.97	(28,880.58)
1661 Various Sewer Improvements	143,534.84				40,982.90		11,841.67	9,456.98	100,167.25
1719 Various Sewer Improvements	(85,601.47)				27,201.25		21,961.25	29,170.00	(105,593.97)
1785 Sanitary Sewer Improvements					150,685.29		120,225.14		(270,910.43)
1806 Sanitary Sewer Improvements					73,046.39		57,500.00		(130,546.39)
	$ 5,744.10	$ -	$ 2,500,000.00	$ 70,000.00	$ 517,497.30	$ 100,000.00	$ 544,838.84	$ 544,838.84	$ 1,958,246.80
Ref.	D								D

Exhibit D-7

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

	Ref.		
Balance December 31, 2009	D		$ 6,487.59
Increased By:			
Sewer Rents Levied		$ 5,612,851.48	
			5,612,851.48
			5,619,339.07
Decreased By:			
Collections		5,610,697.89	
Transferred to Liens		1,596.93	
Cancellations		2,641.54	
			5,614,936.36
Balance December 31, 2010	D		$ 4,402.71

Exhibit D-8

SCHEDULE OF UTILITY LIENS

	Ref.		
Balance December 31, 2009	D		$ 1,292.16
Increased By:			
Transferred from Accounts Receivable		$ 1,596.93	
Penalties and Costs		539.72	
			2,136.65
			3,428.81
Decreased By:			
Collections		1,056.99	
			1,056.99
Balance December 31, 2010	D		$ 2,371.82

Exhibit D-9

TOWNSHIP OF GALLOWAY
SEWER UTILITY OPERATING FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2009	Reclassification/ Additions	Balance Dec. 31, 2010
Installation of Sewer Line Preliminary Costs	$ 224,400.92	$	$ 224,400.92
Pump Station Alarm System	5,278.00	5,234.00	10,512.00
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	7,992,647.02		7,992,647.02
Vehicles	69,048.46	717,802.45	786,850.91
General Equipment	49,724.28	153,120.81	202,845.09
Sewer Line Video System	7,445.00	75,039.00	82,484.00
Municipal Complex Renovations	48,198.49		48,198.49
South Egg Harbor Sewer Line Extension	251,403.73		251,403.73
Construction and Improvements to Sanitary Sewer Line	15,975,701.36		15,975,701.36
Remediation of Lorraine Avenue	620,856.72		620,856.72
Preliminary Costs for Phase III - Absecon Highlands	297,000.00		297,000.00
Total Revenue	$ 25,930,455.00	$ 938,696.26	$ 26,869,151.26

Exhibit D-10

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

	Balance Dec. 31, 2009	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operating:					
Salaries and Wages	$ 94,830.06	$ 94,830.06	$ 5,543.32	$ 89,286.74	$
Other Expenses	71,346.16	71,346.16	60,162.68	11,183.48	
Deferred Charges and Statutory Expenditures:					
Social Security System	12,549.86	12,549.86		12,549.86	
PERS	180.00	180.00		180.00	
TOTALS	$ 178,906.08	$ 178,906.08	$ 65,706.00	$ 113,200.08	$ -
Ref.	D				

Appropriation Reserves	$ 145,679.92
Encumbrances Payable	33,226.16
	$ 178,906.08

Cash Disbursements	$ 64,867.20
Accounts Payable	838.80
	$ 65,706.00

Exhibit D-11

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

	Ref.		
Balance December 31, 2009	D		$ 175,068.25
Increased By:			
Cash Received		$ 70,000.00	
			70,000.00
			245,068.25
Decreased By:			
None		-	
			-
Balance December 31, 2010	D		$ 245,068.25

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

	Ref.		
Balance December 31, 2009	D		$ 33,869.25
Increased By:			
Budget Appropriation:			
Interest on Bonds		$ 377,583.87	
Due from Sewer Capital		7,876.71	
			385,460.58
			419,329.83
Decreased By:			
Interest Paid on Bonds		376,119.69	
			376,119.69
Balance December 31, 2010	D		$ 43,210.14

Analysis of Accrued Interest December 31, 2010

Principal Outstanding Dec. 31, 2010	Interest Rate	From	To	Days	Amount
Serial Bonds					
$ 335,000.00	4.000%	11/01/10	12/31/10	60	$ 2,233.33
975,000.00	4.500%	11/01/10	12/31/10	60	7,312.50
315,000.00	4.625%	11/01/10	12/31/10	60	2,428.13
315,000.00	4.750%	11/01/10	12/31/10	60	2,493.75
400,000.00	3.625%	12/01/10	12/31/10	30	1,208.33
250,000.00	3.750%	12/01/10	12/31/10	30	781.25
680,000.00	4.000%	12/01/10	12/31/10	30	2,266.67
250,000.00	4.125%	12/01/10	12/31/10	30	859.38
210,000.00	4.250%	12/01/10	12/31/10	30	743.75
630,000.00	4.125%	12/01/10	12/31/10	30	2,165.63
120,000.00	4.250%	12/01/10	12/31/10	30	425.00
2,965,000.00	4.000%	12/15/10	12/31/10	16	5,198.90
415,000.00	3.375%	12/15/10	12/31/10	16	613.97
455,000.00	4.500%	12/15/10	12/31/10	16	897.53
8,315,000.00					29,628.12
Bond Anticipation Notes					
2,500,000.00	1.000%	09/08/10	12/31/10	115	7,876.71
NJEIT Loans					
150,000.00	various	08/01/10	12/31/10	150	2,487.50
810,000.00	5.000%	12/02/10	12/31/10	29	3,217.81
					5,705.31
$ 9,125,000.00					$ 43,210.14

TOWNSHIP OF GALLOWAY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2009 Funded	Balance December 31, 2009 Unfunded	2010 Authorizations: Capital Improvement Fund	2010 Authorizations: Deferred Charges to Future Revenue	2010 Authorizations: Canceled	Paid or Charged	Balance December 31, 2010 Funded	Balance December 31, 2010 Unfunded
935	Construction of Sanitary Sewer Lines - Pinehurst Sect.	12/13/88	$ 890,000	$ 7,377.18	$	$	$	$	$	$ 7,377.18	$
963	Acquisition of Various Sewer Equipment and Construction of New Sanitary Sewers	06/19/89	2,211,961	16,736.80						16,736.80	
1091/1255	Purchase of Equipment and Various Improvements	09/08/92	5,100,000	12,878.27						12,878.27	
1168	Construction of Sewer Systems	06/28/94	885,000	18,652.24						18,652.24	
1203/1221	Sewer Capital Equipment and Various Improvements	06/13/95	3,570,000	10,819.71						10,819.71	
1253	Remediation of Lorraine Ave.	07/09/96	730,000	86,985.32						86,985.32	
1290	Installation of Sewer System	03/25/97	2,160,000	80,897.19						80,897.19	
1342	Various Sewer Improvements	05/26/98	682,000	354,059.27						354,059.27	
1390	Ridgewood Avenue Extension and Jim Leeds Road Pump Station Study	04/27/99	150,000	32,144.98						32,144.98	
1431	Sewer Construction - Various	08/08/00	1,990,000	135,728.81						135,728.81	
1468	Various Sewer Improvements	05/22/01	1,137,000	230,985.41					2,840.00	228,145.41	
1506	Various Sewer Improvements	06/24/02	763,000	4,719.76	650.00					4,719.76	650.00
1534	Various Sewer Improvements	05/27/03	1,710,000		16,625.17				5,250.00		11,375.17
1566	Various Sewer Improvements	07/07/04	3,257,258		1,968,513.33				244,695.49		1,723,817.84
1612	Various Sewer Improvements	06/28/05	999,000		219,087.65				15,868.23		203,219.42
1661	Various Sewer Improvements	07/11/06	1,024,000	143,534.84	648,375.00				43,367.59	100,167.25	648,375.00
1719	Various Sewer Improvements	07/10/07	847,800		621,198.53				19,992.50		601,206.03
1785	Sanitary Sewer Improvements	05/12/09	1,325,000		1,325,000.00		-		270,910.43	1,054,089.57	
1806	Sanitary Sewer Improvements	04/13/10	1,375,000				1,375,000.00		130,546.39	1,244,453.61	
				$ 1,135,519.78	$ 4,799,449.68	$ -	$ 1,375,000.00	$ -	$ 733,470.63	$ 3,387,855.37	$ 3,188,643.46
			Ref.	D	D					D	D

$ 517,497.30	Cash Disbursed
7,876.71	Due to Sewer Operating
370,136.80	Contracts Payable 12/31/10
(162,040.18)	Contracts Payable 12/31/09
$ 733,470.63	

TOWNSHIP OF GALLOWAY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2010 Date	Amount	Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
Refunding Bonds of 2001	9/1/2001	$ 3,790,000	11/1/2011	$ 335,000.00	4.000%	$ 2,275,000.00	$	$ 335,000.00	$ 1,940,000.00
			11/1/2012	330,000.00	4.500%				
			11/1/2013	325,000.00	4.500%				
			11/1/2014	320,000.00	4.500%				
			11/1/2015	315,000.00	4.625%				
			11/1/2016	315,000.00	4.750%				
Sewer Bonds of 2002	12/1/2002	2,960,000	12/1/2011	200,000.00	3.625%	1,810,000.00		200,000.00	1,610,000.00
			12/1/2012	200,000.00	3.625%				
			12/1/2013	250,000.00	3.750%				
			12/1/2014	250,000.00	4.000%				
			12/1/2015	250,000.00	4.000%				
			12/1/2016	250,000.00	4.125%				
			12/1/2017	210,000.00	4.250%				
Sewer Bonds of 2005	12/1/2005	1,300,000	12/1/2011	90,000.00	4.000%	1,020,000.00		90,000.00	930,000.00
			12/1/2012	90,000.00	4.000%				
			12/1/2013	100,000.00	4.125%				
			12/1/2014	100,000.00	4.125%				
			12/1/2015	100,000.00	4.125%				
			12/1/2016	100,000.00	4.125%				
			12/1/2017	110,000.00	4.125%				
			12/1/2018	120,000.00	4.125%				
			12/1/2019	120,000.00	4.250%				
Refunding Bonds of 2006	1/18/2006	5,225,000	12/15/2011	415,000.00	3.375%	4,165,000.00		330,000.00	3,835,000.00
			12/15/2012	410,000.00	4.000%				
			12/15/2013	455,000.00	4.000%				
			12/15/2014	455,000.00	4.500%				
			12/15/2015	505,000.00	4.000%				
			12/15/2016	500,000.00	4.000%				
			12/15/2017	550,000.00	4.000%				
			12/15/2018	545,000.00	4.000%				
						$ 9,270,000.00	$ -	$ 955,000.00	$ 8,315,000.00
					Ref.	D			D

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

Ord. Number	Improvement Description	Date of Original Issue	Maturities of Bonds Outstanding December 31, 2010 Date	Amount	Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
1785	Sanitary Sewer Improvements	3/10/2010	2011	$ 5,000.00	4.000%	$ -	$ 150,000.00	$	$ 150,000.00
			2012-2018	5,000.00	5.000%				
			2019	10,000.00	4.000%				
			2020	10,000.00	5.000%				
			2021	10,000.00	3.000%				
			2022-2025	10,000.00	4.000%				
			2026	10,000.00	3.500%				
			2027-2029	10,000.00	4.000%				
1785	Sanitary Sewer Improvements	3/10/2010	2011-2029	22,617.81	0.000%	-	444,817.00	15,078.54	429,738.46
1785/1806	Sanitary Sewer Improvements	12/2/2010	2011	29,461.22	0.000%	-	869,106.00		869,106.00
			2012-2030	44,191.83					
1785/1806	Sanitary Sewer Improvements	12/2/2010	2012	25,000.00	5.000%	-	810,000.00		810,000.00
			2013-2016	30,000.00	5.000%				
			2017-2019	35,000.00	5.000%				
			2020-2021	40,000.00	5.000%				
			2022-2023	45,000.00	5.000%				
			2024-2026	50,000.00	5.000%				
			2027	55,000.00	5.000%				
			2028-2029	60,000.00	5.000%				
			2030	65,000.00	5.000%				
						$ -	$ 2,273,923.00	$ 15,078.54	$ 2,258,844.46
					Ref.	D			D

Exhibit D-16

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

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
1534	Various Sewer Improvements	9/8/2010	9/8/2010	9/7/2011	1.000%	$	$ 50,000.00	$	$ 50,000.00
1566	Various Sewer Improvements	9/8/2010	9/8/2010	9/7/2011	1.000%		2,000,000.00		2,000,000.00
1612	Various Sewer Improvements	9/8/2010	9/8/2010	9/7/2011	1.000%		450,000.00		450,000.00
						$ -	$ 2,500,000.00	$ -	$ 2,500,000.00
					Ref.	D			D

Exhibit D-17

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

Ord. Number	Improvement Description	Balance Dec. 31, 2009	2010 Authorizations	Bonds, Notes or Grants Issued	Cancelled	Balance Dec. 31, 2010
1506	Various Sewer Capital Improvements	$ 650.00	$	$	$	$ 650.00
1534	Various Sewer Capital Improvements	50,600.00		50,000.00		600.00
1566	Various Sewer Capital Improvements	2,988,000.00		2,000,000.00		988,000.00
1612	Various Sewer Capital Improvements	682,100.00		450,000.00		232,100.00
1661	Various Sewer Capital Improvements	648,375.00				648,375.00
1719	Various Sewer Capital Improvements	706,800.00				706,800.00
1785	Sanitary Sewer Improvements	1,325,000.00				1,325,000.00
1806	Sanitary Sewer Improvements		1,375,000.00			1,375,000.00
		$ 6,401,525.00	$ 1,375,000.00	$ 2,500,000.00	$ -	$ 5,276,525.00
	Ref.	D				D

Exhibit E-1

TOWNSHIP OF GALLOWAY
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Trust Fund I		Trust Fund II	
Balance December 31, 2009	E		$ 12,054.03		$ 21,399.03
Increased By Receipts:					
Interest Earned on Deposits		$ 26.30		$ 43.09	
			26.30		43.09
			12,080.33		21,442.12
Decreased By Disbursements:					
Emergency Assistance				2,770.00	
			-		2,770.00
Balance December 31, 2010	E		$ 12,080.33		$ 18,672.12

TOWNSHIP OF GALLOWAY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

December 31, 2010

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710

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, 2010, and have issued our report thereon dated April 28, 2011. 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to the Township's management in a separate letter dated April 28, 2011.

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

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

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

April 28, 2011

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." The Township's bid threshold was $29,000 through June 30, 2010 and increased to $36,000 as of July 1, 2010.

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

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

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

Flood Control Project
Mower
Well Testing Service
Road Realignment
Chris Gaupp Drive Paving - Phases IV & V
Cape May Ave. Drainage Improvements
Sports Clothing
New Leaf Court Drainage Improvements
Pump Station Upgrades

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 2010.

This Resolution shall take effect January 1, 2010.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held and was complete.

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

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

Year	Tax Liens	Utility Liens
2010	877	15
2009	682	5
2008	601	0

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.

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:

Type	Number Mailed
Payments of 2010 and 2011 Taxes	25
Payment of 2010 and 2011 Sewer Charges	25
Total	50

Deposit of Municipal Funds

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

> "All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either
>
> a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
> b. be deposited to the credit of the local unit in its designated legal depository."

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

FINDINGS AND RECOMMENDATIONS

2010-01

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

Criteria:

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

Condition:

There were vehicle and equipment assets tested which were disposed of in prior years' auctions, discarded or not found, and one equipment item never purchased. In addition, one vehicle sold in the current year was not included in the deletion list. Some assets did not have the matching Township of Galloway tag affixed to the item, and sewer related assets are being combined with general fixed assets.

Cause:

The Township does not maintain written documentation and approval of all disposals and does not assure tagging of all assets. Assets are being disposed of without utilizing an effective disposal form to document the date, reason, specific items and means of disposition. Sewer related assets are being entered into the same system rather than being properly recorded in the sewer capital fund. Many assets items listed do not have sufficient identifying model/serial numbers stated and many are in bulk purchase values and not specifically listed and valued.

Effect:

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

Recommendation:

That the Township utilize an approved disposal and transfer form, tag all its fixed asset equipment, and take steps to ensure the categorical and complete accuracy of all items detailed in their fixed asset accounting system.

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

Ford, Scott & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

April 28, 2011

TOWNSHIP OF GALLOWAY

PART III

STATE AWARD PROGRAMS

FOR THE YEAR ENDED

December 31, 2010

Schedule 1

TOWNSHIP OF GALLOWAY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2010

State Grantor Department	Program Title	State Account Number	Grant Period From	Grant Period To	Cash Receipts	Expenditures	Cumulative Expenditures
New Jersey Transportation Trust Fund	Chris Gaupp Drive	09-480-078-6320-AKJ-6010	01/01/08	12/31/10	$ 419,025.00	$ 384,453.34	$ 504,352.84
Department of Law and Public Safety	Drunk Driving Enforcement	1110-448-031020-220040	01/01/09	12/31/10	11,889.00	18,116.20	33,876.48
	Safe and Secure Communities	08-100-066-1020-232	01/01/06	Open	16,974.00		680,507.20
	Body Armor Replacement Program	N/A	01/01/09	12/31/10	4,693.53	12,825.00	12,825.00
	Click It or Ticket	N/A	01/01/10	12/31/10	4,000.00	4,000.00	4,000.00
	Year End Impaired Driving Grant		01/01/09	12/31/10	5,000.00	4,000.00	10,200.00
Department of the Treasury	Municipal Alliance Program	N/A	01/01/10	12/31/10	21,177.75	26,963.11	26,963.11
Department of Environmental Protection	Recycling Tonnage Grant	4830-752-050550-50	01/01/10	12/31/10		50,054.76	50,054.76
	Clean Communities Program	N/A	01/01/10	12/31/10	50,706.35	27,294.58	27,294.58
	Stormwater Management	4840-150-057500	01/01/07	Open		5,560.59	20,398.59
Division of Parks and Forestry	Reforestation Grant	09-100-042-4870-074	10/01/08	03/01/12		72,183.85	341,891.95
Total Expenditures of State Financial Assistance					$ 533,465.63	$ 605,451.43	$ 1,208,011.67

See Accompanying Notes to Schedules of Expenditures of Federal and State Financial Assistance

TOWNSHIP OF GALLOWAY
NOTES TO THE SCHEDULES OF EXPENDITURES
OF STATE AWARDS
DECEMBER 31, 2010

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 Township accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

3. Relationship to Financial Statements

Amounts reported in the accompanying schedule agree with amounts reported in the Township's financial statements – 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.

	State
Grant Fund	$ 605,451.43
	$ 605,451.43

4. Relationship to State Financial Reports

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

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710

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

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

Compliance

We have audited the compliance of the Township of Galloway, State of New Jersey (the "Township"), with the types of compliance requirements described in the New Jersey Compliance Manual, State Grant Compliance Supplement and New Jersey OMB Circular 04-04 that could have a direct and material effect on each of its major programs for the year ended December 31, 2010. The Township's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major programs is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

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

In our opinion, the Township complied in all material respects with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2010.

Internal Control Over Compliance

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis.

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

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

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

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

April 28, 2011

TOWNSHIP OF GALLOWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2010

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	**Unqualified Opinion issued on the Financial Statements – Statutory Basis, presented in accordance with an "Other Comprehensive Basis of Accounting" dated April 28, 2011.**
Internal control over financial reporting:	
1) Material weakness identified?	**No**
2) Significant deficiencies identified that are not considered to be a material weakness?	**None Reported**
Non-compliance material to financial statements – statutory basis noted?	**No**

State Awards

Internal control over major programs:	
1) Material weakness identified?	**No**
2) Reportable conditions 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 April 28, 2011.**
Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular 04-04?	**No**

GMIS Number(s)	Name of State Program
10-480-078-6320-AKJ-6010	Dept. of Transportation – Chris Gaupp Drive, Phase 4

Dollar threshold used to distinguish between type A and type B Programs:	**$300,000**
Auditee qualified as low-risk auditee?	**Yes**

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 STATE ASSISTANCE

State:

None

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings or questioned costs.