

TOWNSHIP OF WASHINGTON
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

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TOWNSHIP OF WASHINGTON

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Township Council
Township of Washington
Township of Washington, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Washington, as of December 31, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Township of Washington on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Township of Washington prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Washington as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Township’s Trust Funds, and represent 49 percent and 48 percent of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2014 and 2013.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of Washington as of December 31, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2014 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

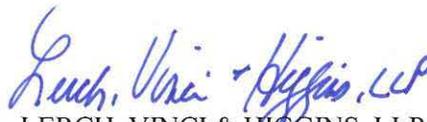
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Washington as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Washington.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2015 on our consideration of the Township of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Washington's internal control over financial reporting and compliance.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 25, 2015

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013**

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash and Investments	A-4	\$ 6,484,993	\$ 5,780,669
Cash - Tax Collector	A-5	24,480	48,690
Cash - Change Fund	A-6	<u>325</u>	<u>325</u>
		<u>6,509,798</u>	<u>5,829,684</u>
Grants Receivable	A-11	15,257	25,048
Due from State of NJ-Seniors & Veterans	A-7	<u>9,360</u>	<u>8,242</u>
		<u>6,534,415</u>	<u>5,862,974</u>
Receivables and Other Assets With Full Reserves			
Taxes Receivable	A-8	382,918	300,021
Tax Title Liens Receivable	A-9	1,062	785
Property Acquired for Taxes - Assessed Valuation	A-10	70,950	70,950
Due from General Capital Fund	C-6	104,083	90,772
Due from Animal Control Fund	B-8	20,398	13,144
Due from Other Trust Fund	B-6	98,421	163,360
Revenue Accounts Receivable	A-12	<u>56,391</u>	<u>57,470</u>
		<u>734,223</u>	<u>696,502</u>
Deferred Charges			
Special Emergency Authorization	A-22	<u>224,000</u>	<u>280,000</u>
Total Assets		<u>\$ 7,492,638</u>	<u>\$ 6,839,476</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013
(Continued)**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 1,542,546	\$ 1,296,865
Accounts Payable	A-20	272,082	228,305
Encumbrances Payable	A-14	568,931	661,587
Prepaid Taxes	A-15	158,693	172,193
Tax Overpayments	A-16	4,543	9,434
Miscellaneous Reserves	A-17	1,234,600	1,171,111
Due to Township Public Library	A-21	64,206	34,785
Appropriated Grant Reserves	A-17	69,696	47,072
Unappropriated Grant Reserves	A-17	16,869	103,366
County Taxes Payable	A-18		4,081
Due to Length of Service Award Program Fund	B	<u>114,200</u>	<u>101,700</u>
		4,046,366	3,830,499
Reserve for Receivables and Other Assets	A	734,223	696,502
Fund Balance	A-1	<u>2,712,049</u>	<u>2,312,475</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,492,638</u>	<u>\$ 6,839,476</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,100,000	\$ 920,000
Miscellaneous Revenue Anticipated	A-2	2,010,121	1,928,511
Receipts from Delinquent Taxes	A-2	296,912	315,785
Receipts from Current Taxes	A-2	35,450,691	34,873,160
Non-Budget Revenue	A-2	98,470	271,703
Other Credits to Income			
Cancellation of Accounts Payable	A-20	7,033	69,680
Statutory Excess - Dog License Fund	B-8	7,253	6,234
Interfunds Returned	A	64,939	
Unexpended Balance of Appropriation Reserves	A-13	859,620	713,380
Cancellation of Payable to Length of Service Award Programs	A	-	15,350
		<u>39,895,039</u>	<u>39,113,803</u>
Total Revenues			
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,719,801	4,431,164
Other Expenses	A-3	5,234,925	5,475,955
Capital Improvements	A-3	35,000	30,000
Municipal Debt Service	A-3	964,939	964,580
Deferred Charges and Statutory Expenditures	A-3	1,000,902	967,164
Other Debits			
County Taxes	A-18	3,812,280	3,880,343
County Open Space Tax	A-18	41,469	43,115
Due County for Added and Omitted Taxes	A-18	475	4,096
Regional School Taxes	A-19	22,503,104	21,943,096
Prior Year Senior Citizen Deduction Disallowed	A-7	750	2,645
Cancellation of Grants Receivable	A-11		8,933
Refund of Prior Year Revenue	A-4	61,255	58,406
Interfunds Originating	A	20,565	145,654
		<u>38,395,465</u>	<u>37,955,151</u>
Total Expenditures			
Excess in Revenue		1,499,574	1,158,652
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred to Budget of Succeeding Year	A-22	-	280,000
Excess in Revenue to Fund Balance		1,499,574	1,438,652
Fund Balance, January 1	A-1	<u>2,312,475</u>	<u>1,793,823</u>
		3,812,049	3,232,475
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,100,000</u>	<u>920,000</u>
Fund Balance, December 31	A	<u>\$ 2,712,049</u>	<u>\$ 2,312,475</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WASHINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Reference	2014 Budget	Added by N.J.S. 40A:4-87	2014 Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 1,100,000	-	\$ 1,100,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-12	15,000		15,166	\$ 166
Other	A-2	2,000		2,095	95
Fees and Permits					
Construction Code Official	A-12	185,000		214,338	29,338
Other	A-2	190,000		186,743	(3,257)
Fines and Costs					
Municipal Court	A-12	60,000		79,500	19,500
Interest and Costs on Taxes	A-12	70,000		66,446	(3,554)
Interest on Investments and Deposits	A-2	15,000		22,230	7,230
Cable Television Franchise Fees	A-12	131,682		131,682	
Sewer Charges	A-12	24,000		31,044	7,044
State Aid					
Energy Receipts Tax	A-12	713,525		713,525	
Interlocal Municipal Services Agreement					
Joint Health Services - Contractual	A-12	54,563		55,654	1,091
State and Federal Programs Offset With Appropriations					
Municipal Alliance on Alcoholism and Drug Abuse	A-11	9,876		9,876	
Bergen County Municipal JIF	A-11	1,000		1,000	
Clean Communities Program	A-11		\$ 15,813	15,813	
Drive Sober or Get Pulled Over	A-11		5,000	5,000	
Body Armor Grant	A-11		2,187	2,187	
Reserve for Body Armor Grant	A-17	2,669		2,669	
Reserve for Over the Limit Under Arrest	A-17	10,093		10,093	
Reserve for CDBG Grant	A-17	1,139		1,139	
Reserve for Pandemic Flu	A-17	7,743		7,743	
Reserve for Recycling Tonnage Grant	A-17	72,194		72,194	
Special Items					
Uniform Fire Safety Act	A-12	17,000		18,475	1,475
Sale of Recyclables	A-12	50,000		52,260	2,260
Library Reimbursement	A-12	120,000		130,409	10,409
Cell Tower	A-12	80,876		81,405	529
Police Outside Billings - Other Trust Fund	A-12	35,000	-	81,435	46,435
Total Miscellaneous Revenues	A-1	<u>1,868,360</u>	<u>23,000</u>	<u>2,010,121</u>	<u>118,761</u>
RECEIPTS FROM DELINQUENT TAXES	A-1, A-8	<u>300,000</u>	<u>-</u>	<u>296,912</u>	<u>(3,088)</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes	A-2, A-8	8,946,259		9,373,623	427,364
Minimum Library Tax	A-2, A-8	567,423	-	567,423	-
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>9,513,682</u>	<u>-</u>	<u>9,941,046</u>	<u>427,364</u>
Total		<u>\$ 12,782,042</u>	<u>\$ 23,000</u>	<u>13,348,079</u>	<u>\$ 543,037</u>
Non-Budget Revenue	A-1, A-2			<u>98,470</u>	
				<u>\$ 13,446,549</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WASHINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1, A-8	\$ 35,450,691
Less: Allocated to School and County Taxes	A-18, A-19	<u>26,357,328</u>
		9,093,363
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>847,683</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 9,941,046</u>
Licenses - Other		
Township Clerk	A-12	\$ 1,960
Board of Health	A-12	<u>135</u>
	A-2	<u>\$ 2,095</u>
Fees and Permits - Other		
Township Clerk	A-12	\$ 17,295
Police Department	A-12	12,137
Zoning Board of Adjustment	A-12	6,550
Planning Board	A-12	5,811
Board of Health	A-12	12,772
Recreation	A-12	<u>132,178</u>
	A-2	<u>\$ 186,743</u>
Interest on Investments and Deposits		
Treasurer	A-12	\$ 2,269
Due from General Capital Fund	C-6	13,311
Due from Animal Control Fund	B-8	1
Due from Other Trust Fund	B-6	<u>6,649</u>
	A-2	<u>\$ 22,230</u>
ANALYSIS OF NON-BUDGET REVENUE		
Tree Removal Application Fees		\$ 2,600
Flu Reimbursements		5,392
Property Maintenance		1,485
Rental of Township Property		11,400
Miscellaneous Reimbursements		297
Miscellaneous		12,213
Sale of Municipal Assets		2,610
Insurance Dividends		10,228
Senior Citizen - Administrative Fees		2,343
FEMA Reimbursements		<u>49,902</u>
	A-2, A-4	<u>\$ 98,470</u>

TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Adopted <u>Budget</u>	Budget After <u>Modification</u>	Total Paid <u>or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 179,503	\$ 179,503	\$ 171,731	\$ 7,772	
Other Expenses	33,350	33,350	19,651	13,699	
Maintenance and Support of Office Equip					
Maint. & Support- Equipment	20,000	20,000	15,677	4,323	
Maint. & Support- Computers/Telephone	10,000	10,000	6,610	3,390	
Energy & Environmental Control	9,000	9,000		9,000	
Mayor & Council					
Salaries and Wages- Mayor	9,501	9,501	9,501		
Other Expenses- Mayor	6,250	6,250	2,202	4,048	
Salaries and Wages- Council	30,038	30,038	30,035	3	
Other Expenses- Council	5,750	5,750	2,355	3,395	
Municipal Clerk					
Salaries and Wages	77,569	77,569	66,249	11,320	
Other Expenses	14,500	14,500	11,182	3,318	
Elections- S&W	1,200	1,200	800	400	
Elections- Other Expenses	10,000	10,000	8,424	1,576	
Financial Administration					
Salaries and Wages	109,016	109,016	52,320	56,696	
Other Expenses					
Financial Services - Fees	27,000	27,000	16,090	10,910	
Miscellaneous Other	18,700	18,700	18,109	591	
Audit Services					
Other Expenses	32,600	32,600	32,600		
Revenue Administration					
Salaries and Wages	44,562	44,562	24,802	19,760	
Other Expenses	8,950	8,950	6,214	2,736	
Tax Assessment Administration					
Salaries and Wages	50,617	50,617	50,617		
Other Expenses	4,425	4,425	2,193	2,232	
Special Emergency					
Special Emergency - Tax Map & Reval.	2,000	2,000	1,020	980	
Legal Services					
Salaries and Wages	68,877	68,877	68,877		
Other Expenses					
Administration	500	500	216	284	
Council	65,000	65,000	1,162	63,838	
Tax Appeals	30,000	30,000	25,177	4,823	
Engineering Services					
Salaries and Wages	1,250	1,250	1,250		
Other Expenses	57,000	57,000	22,212	34,788	
Department of Public Affairs					
Salaries and Wages	1,250	1,250	1,250		
Other Expenses	15,800	15,800	13,323	2,477	
Cable Television Expense	6,000	6,000		6,000	
Land Use Administration					
Planning Board					
Salaries and Wages	8,875	8,875	6,442	2,433	
Other Expenses	6,659	6,659	5,395	1,264	
Zoning Board of Adjustment					
Salaries and Wages	19,765	19,765	17,730	2,035	
Other Expenses	7,969	7,969	6,621	1,348	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Adopted Budget	Budget After Modification	Total Paid or Charged	Reserved	Cancelled
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	\$ 2,825,221	\$ 2,825,221	\$ 2,676,173	\$ 149,048	
Other Expenses	55,150	55,150	46,549	8,601	
Acquisition/Leasing of Police Vehicles	87,010	87,010	75,601	11,409	
Community Policing	1,300	1,300	1,300		
Telephone Support System	4,600	4,600	4,285	315	
Maintenance of Desk Record System	16,000	16,000	7,922	8,078	
Police Range Rental	7,000	7,000	7,000		
Computer Software Leasing	11,000	11,000	11,000		
Police Car Cameras	3,000	3,000	713	2,287	
Reverse 911 System	3,500	3,500		3,500	
Police Dispatchers					
Salaries and Wages	144,663	144,663	90,843	53,820	
Office of Emergency Management					
Salaries and Wages	1,950	1,950	1,950		
Other Expenses	2,500	2,500	110	2,390	
Aid to Volunteer Ambulance Company	41,500	41,500	40,138	1,362	
Fire Department					
Salaries & Wages	1,250	1,250	1,250		
Other Expenses	30,310	30,310	16,587	13,723	
Clothing Allowance	41,000	41,000	36,542	4,458	
Physicals	1,500	1,500	1,500		
Death Benefits	9,700	9,700	9,700		
Maintenance Program	33,000	33,000	18,669	14,331	
Equipment Compliance	6,174	6,174	1,949	4,225	
Uniform Fire Safety Code					
Other Expenses	11,430	10,230	6,680	3,550	
Fire Hydrant Service	157,000	157,000	148,379	8,621	
Municipal Prosecutor					
Salaries & Wages	7,329	7,329	6,429	900	
PUBLIC WORKS FUNCTIONS					
Department of Municipal Facilities					
Salaries and Wages	672,034	672,034	602,841	69,193	
Other Expenses	67,100	67,100	44,866	22,234	
Other Public Works Functions					
Shade Trees - Holiday Decoration	5,500	5,500	422	5,078	
Street Sweeping	18,000	18,000	4,500	13,500	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC WORKS FUNCTIONS (Continued)					
Recycling					
Salaries and Wages	\$ 1,000	\$ 1,000	\$ 1,000		
Other Expenses	358,900	358,900	314,192	\$ 44,708	
Buildings and Grounds					
Building Maintenance	37,200	37,200	20,450	16,750	
Vehicle Maintenance					
Other Expenses	111,600	111,600	81,841	29,759	
Community Services Act	33,000	33,000	29,229	3,771	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Salaries and Wages (Board of Health)	72,519	72,519	71,456	1,063	
Other Expenses (Board of Health)	17,005	17,005	15,422	1,583	
Occ. Safety & Health Blood Pathogens	3,000	3,000	2,600	400	
Animal Control Services					
Other Expenses	13,000	13,000	10,580	2,420	
Recreation Services and Programs					
Salaries and Wages	94,611	94,611	76,242	18,369	
Other Expenses	175,200	175,200	136,358	38,842	
Golden Seniors' Committee	12,300	12,300	9,923	2,377	
Senior Activities	3,000	3,000	2,150	850	
Community Programs					
Salaries and Wages	1,000	1,000	900	100	
Other Expenses	1,600	1,600	56	1,544	
Maintenance of Parks					
Parks and Other Expenses	71,500	71,500	44,419	27,081	
Rental - Athletic Facilities	11,000	11,000	3,520	7,480	
Resurfacing of Memorial Field	13,000	13,000		13,000	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events	20,000	20,000	17,802	2,198	
Accumulated Leave Compensation	85,000	85,000	-	85,000	
MUNICIPAL COURT					
Salaries and Wages	75,028	75,028	73,196	1,832	
Other Expenses	8,295	8,295	2,948	5,347	
Public Defender					
Other Expenses	1,800	3,000	2,600	400	

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Adopted Budget	Budget After Modification	Total Paid or Charged	Reserved	Cancelled
INSURANCE					
Liability Insurance (BJIF)	\$ 175,400	\$ 175,400	\$ 140,202	\$ 35,198	
Workers Compensation Insurance (BJIF)	175,792	175,792	174,992	800	
Employee Group Insurance	837,212	812,212	586,058	226,154	
Unemployment	56,942	56,942	56,942		
CODE ENFORCEMENT & ADMINISTRATION					
Construction Officials					
Salaries and Wages	109,004	109,004	103,783	5,221	
Other Expenses	8,450	8,450	3,940	4,510	
UTILITY EXPENSES & BULK PURCHASES					
Electricity	78,220	78,220	57,620	20,600	
Street Lighting	76,000	76,000	60,284	15,716	
Telephone	44,850	44,850	42,727	2,123	
Water	13,000	13,000	10,236	2,764	
Natural Gas	17,900	17,900	17,880	20	
Gasoline	95,000	95,000	90,718	4,282	
LANDFILL/SOLID WASTE DISPOSAL					
Sanitary Landfill & Dump Fees	92,000	92,000	64,423	27,577	-
Total Operations Within "CAPS"	<u>8,259,525</u>	<u>8,234,525</u>	<u>6,908,624</u>	<u>1,325,901</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges					
Prior Year Bills	16,644	16,644	14,853		1,791
Statutory Charges					
DCRP Pension	4,000	4,000	2,500	1,500	
Affordable Care Tax	2,898	2,898		2,898	
Social Security System (O.A.S.I.)	194,000	194,000	154,574	39,426	
Public Employees Retirement System	135,702	135,702	135,702		
Public Employees Retirement System-Retro	14,049	39,049	30,743	8,306	
Police & Firemen's Retirement System	544,400	544,400	544,400		
Police & Firemen's Retirement System-Retro	10,000	10,000	9,573	427	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>921,693</u>	<u>946,693</u>	<u>892,345</u>	<u>52,557</u>	<u>1,791</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>9,181,218</u>	<u>9,181,218</u>	<u>7,800,969</u>	<u>1,378,458</u>	<u>1,791</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (LOSAP)	96,000	96,000	96,000		
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	567,423	567,423	562,679	4,744	
UTILITY EXPENSES & BULK PURCHASES					
Sewer					
Bergen County Utilities Authority - Contractual	730,000	730,000	720,879	9,121	
Other Municipalities - Contractual	100,000	100,000	69,516	30,484	
INSURANCE					
Employee Group Insurance	19,314	19,314	19,314		

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Adopted Budget	Budget After Modification	Total Paid or Charged	Reserved	Cancelled
Total Other Operations Excluded from "CAPS"	\$ 1,512,737	\$ 1,512,737	\$ 1,468,388	\$ 44,349	-
Interlocal Municipal Service Agreements					
Joint Health Services - Contractual					
Salaries and Wages	27,169	27,169	27,169		
Other Expenses	19,112	19,112	18,066	1,046	-
Total Interlocal Municipal Service Agreements	46,281	46,281	45,235	1,046	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Bergen County Municipal JIF	1,000	1,000		1,000	
CDBG Grant	1,139	1,139		1,139	
Drive Sober or Get Pulled Over		5,000	4,722	278	
Over the Limit Under Arrest	10,093	10,093		10,093	
Recycling Tonnage Grant	72,194	72,194		72,194	
Pandemic Flu	7,743	7,743		7,743	
Body Armor Fund	2,669	2,669	335	2,334	
Body Armor Fund 2014		2,187		2,187	
Clean Communities Program		15,813		15,813	
Municipal Alliance Grant					
State Share	9,876	9,876	4,677	5,199	
Local Match	2,469	2,469	1,756	713	-
Total Public and Private Programs Offset by Revenues	107,183	130,183	11,490	118,693	-
Total Operations Excluded from "CAPS"	1,666,201	1,689,201	1,525,113	164,088	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	30,000	30,000	30,000		
Reserve for Ambulance	5,000	5,000	5,000	-	-
Total Capital Improvements Excluded from "CAPS"	35,000	35,000	35,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	800,000	800,000	800,000		
Interest on Bonds	141,627	141,627	141,627		
Interest on Notes	23,313	23,313	23,312	-	\$ 1
Total Municipal Debt Service Excluded from "CAPS"	964,940	964,940	964,939	-	1
DEFERRED CHARGES					
Emergency Authorizations					
Special Emergency Authorizations - 5 Years	56,000	56,000	56,000	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	56,000	56,000	56,000	-	-
Judgements	31,000	31,000	31,000	-	-

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Adopted Budget	Budget After Modification	Total Paid or Charged	Reserved	Cancelled
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 2,753,141	\$ 2,776,141	\$ 2,612,052	\$ 164,088	\$ 1
Subtotal General Appropriations	11,934,359	11,957,359	10,413,021	1,542,546	1,792
Reserve for Uncollected Taxes	<u>847,683</u>	<u>847,683</u>	<u>847,683</u>	-	-
Total General Appropriations	<u>\$ 12,782,042</u>	<u>\$ 12,805,042</u>	<u>\$ 11,260,704</u>	<u>\$ 1,542,546</u>	<u>\$ 1,792</u>
Reference	A-2			A	

Adopted Budget	A-2	\$ 12,782,042
Added by N.J.S.A. 40A:4-87	A-2	<u>23,000</u>
		<u>\$ 12,805,042</u>

Cash Disbursed	A-4	\$ 9,692,090
Encumbrances Payable	A-14	568,931
Deferred Charges - Special Emergency	A-22	56,000
Due to Length of Service Award Program Fund	B	96,000
Reserve for Uncollected Taxes	A-2	<u>847,683</u>
		<u>\$ 11,260,704</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 29,186	\$ 24,025
Cash - Change Fund	B	25	25
Due from Dog Licensing Official	B-2	<u>1,194</u>	<u>-</u>
		<u>30,405</u>	<u>24,050</u>
OTHER TRUST FUND			
Cash	B-1	<u>1,524,059</u>	<u>1,496,480</u>
		<u>1,524,059</u>	<u>1,496,480</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	<u>124,882</u>	<u>91,743</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Investments	B	1,499,494	1,370,423
Due from Current Fund	B	<u>114,200</u>	<u>101,700</u>
		<u>1,613,694</u>	<u>1,472,123</u>
Total Assets		<u>\$ 3,293,040</u>	<u>\$ 3,084,396</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013
(Continued)

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Reserve for Animal Control Expenditures	B-3	\$ 9,854	\$ 10,895
Due to State of NJ	B-4	153	11
Due to Current Fund	B-8	<u>20,398</u>	<u>13,144</u>
		<u>30,405</u>	<u>24,050</u>
OTHER TRUST FUND			
Reserve for Escrow and Performance Deposits	B-5	746,702	700,969
Reserve for Insurance Settlements	B-9	317,573	329,523
Reserve for Mt. Laurel Senior Housing	B-10	17,259	17,259
Reserve for Payroll Deductions Payable (Deficit)	B-11	(1,318)	6,737
Reserve for Police Private Detail Billings	B-14	48,703	12,900
Due to Current Fund	B-6	98,421	163,360
Miscellaneous Reserves	B-13	<u>296,719</u>	<u>265,732</u>
		<u>1,524,059</u>	<u>1,496,480</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-12	4,582	3,983
Reserve for Unemployment Insurance Claims	B-7	<u>120,300</u>	<u>87,760</u>
		<u>124,882</u>	<u>91,743</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Reserve for Investments in Length of Service Award Program	B	<u>1,613,694</u>	<u>1,472,123</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,293,040</u>	<u>\$ 3,084,396</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash and Investments	C-2, C-3	\$ 1,904,602	\$ 2,626,510
Grants Receivable	C-14	331,135	399,059
Deferred Charges to Future Taxation			
Funded	C-4	3,682,000	4,482,000
Unfunded	C-5	<u>2,455,445</u>	<u>2,703,662</u>
Total Assets		<u>\$ 8,373,182</u>	<u>\$ 10,211,231</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations			
Funded	C-7	\$ 474,356	\$ 813,866
Unfunded	C-7	1,120,311	2,245,336
Due to Current Fund	C-6	104,083	90,772
General Serial Bonds	C-8	3,682,000	4,482,000
Bond Anticipation Notes Payable	C-15	1,855,000	1,865,000
Capital Improvement Fund	C-9	106,960	87,960
Contracts Payable	C-10	516,702	381,144
Reserve for Grants Receivable	C-16	45,000	61,138
Reserve for Payment of Bonds	C-11	14,961	14,961
Reserve for Preliminary Costs	C-12	5,000	5,000
Reserve for Ambulance	C-13	35,000	30,000
Fund Balance	C-1	<u>413,809</u>	<u>134,054</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,373,182</u>	<u>\$ 10,211,231</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 of \$716,280 and \$848,995 respectively, (Exhibit C-16).

TOWNSHIP OF WASHINGTON
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 134,054	\$ 127,787
Increased by:			
Improvement Authorizations Cancelled	C-7	279,755	
Premium on Sale of Bond Anticipation Notes	C-1	<u> -</u>	<u> 6,267</u>
Balance, December 31	C	<u>\$ 413,809</u>	<u>\$ 134,054</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2014 AND 2013**

	Balance, December 31, <u>2014</u>	Balance, December 31, <u>2013</u>
ASSETS		
Land	\$ 11,428,900	\$ 11,428,900
Buildings and Building Improvements	2,549,329	2,549,329
Machinery and Equipment	<u>4,863,033</u>	<u>4,446,351</u>
	<u>\$ 18,841,262</u>	<u>\$ 18,424,580</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 18,841,262</u>	<u>\$ 18,424,580</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Washington (the "Township") was incorporated in 1840 and operates under an elected Mayor and Council form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Township of Washington have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Township.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township. The Township's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Reclassifications - Certain reclassifications have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Township of Washington follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division (“regulatory basis of accounting”) differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Inventories - 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. GAAP requires inventories to be recorded as assets in proprietary-type funds.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist 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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmaturing interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of Washington has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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 are not capitalized.

Fixed Assets purchased after December 31, 1990 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

Fixed Assets purchased prior to December 31, 1990 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

Trust Funds
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2014 and 2013 the Township Council increased the original budget by \$23,000 and \$322,246. The 2014 increase was funded by additional aid allotted to the Township. The 2013 increase funded by additional aid allotted by Township and a special emergency for the revaluation of real property. In addition, the governing body approved several budget transfers during 2014 and 2013.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 and 2013, the book value of the Township's deposits were \$10,092,552 and \$10,068,467 and bank and brokerage firm balances of the Township's deposits amounted to \$10,210,137 and \$10,158,604, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2014</u>	<u>2013</u>
Insured	<u>\$ 10,210,137</u>	<u>\$ 10,158,604</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. None of the deposits were exposed to custodial credit risk.

B. Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Township is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2014 and 2013, the Township had the following investments:

<u>2014</u>	<u>Fair Value</u>
<u>Investment:</u>	
Length of Service Award Program (Unaudited)	\$ 1,499,494
	<u>\$ 1,499,494</u>
<u>2013</u>	<u>Fair Value</u>
<u>Investment:</u>	
Length of Service Award Program (Unaudited)	\$ 1,370,423
	<u>\$ 1,370,423</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk. As of December 31, 2014 and 2013, \$1,499,494 and \$1,370,423 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>2014</u>	<u>2013</u>
<u>Uninsured and Collateralized:</u>		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ 1,499,494	\$ 1,370,423
	<u>\$ 1,499,494</u>	<u>\$ 1,370,423</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices. As of December 31, 2014 and 2013, the Township’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Services.

Concentration of Credit Risk – The Township places no limit in the amount the Township may invest in any one issuer. More than five (5) percent of the Township’s investments are in Lincoln Financial Group. These investments are 100% of the Township’s total investments.

The fair value of the above-listed investment was based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
<u>Current</u>		
Property Taxes	\$ 382,918	\$ 300,021
Tax Title Liens	<u>1,062</u>	<u>785</u>
	<u>\$ 383,980</u>	<u>\$ 300,806</u>

In 2014 and 2013, the Township collected \$296,912 and \$315,785 from delinquent taxes, which represented 99% and 99%, respectively of the prior year delinquent taxes receivable balance.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 222,902	\$ 114,200	\$ 267,276	\$ 101,700
Animal Control Fund		20,398		13,144
Other Trust Fund		98,421		163,360
LOSAP Trust Fund	114,200		101,700	
General Capital Fund	-	104,083	-	90,772
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 337,102	\$ 337,102	\$ 368,976	\$ 368,976

The above balances are the result of expenditures being paid by one fund on behalf of another and/or receipts received in one fund on behalf of another.

The Township expects all interfund balances to be liquidated within one year.

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$224,000</u>	<u>\$56,000</u>	<u>\$168,000</u>
	<u> </u>	<u> </u>	<u> </u>
	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$280,000</u>	<u>\$56,000</u>	<u>\$224,000</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balance in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 2,463,432	\$ 1,325,000	\$ 1,999,185	\$ 1,100,000
Non-Cash Surplus	248,617	-	313,290	-
	<u>\$ 2,712,049</u>	<u>\$ 1,325,000</u>	<u>\$ 2,312,475</u>	<u>\$ 1,100,000</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2014 and 2013.

	<u>Balance December 31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, December 31, 2014</u>
	<u>2014</u>			
Land	\$ 11,428,900			\$ 11,428,900
Buildings and Building Improvement	2,549,329			2,549,329
Machinery and Equipment	4,446,351	\$ 418,682	\$ 2,000	4,863,033
	<u>\$ 18,424,580</u>	<u>\$ 418,682</u>	<u>\$ 2,000</u>	<u>\$ 18,841,262</u>
	<u>Balance December 31, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, December 31, 2013</u>
<u>2013</u>				
Land	\$ 11,428,900			\$ 11,428,900
Buildings and Building Improvement	2,549,329			2,549,329
Machinery and Equipment	4,408,262	\$ 38,089	-	4,446,351
	<u>\$ 18,386,491</u>	<u>\$ 38,089</u>	<u>\$ -</u>	<u>\$ 18,424,580</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Issued		
General		
Bonds and Notes	\$ 5,537,000	\$ 6,347,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>130,796</u>	<u>25,294</u>
Net Debt Issued	5,406,204	6,321,706
Authorized But Not Issued		
General		
Bonds and Notes	<u>716,280</u>	<u>848,995</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 6,122,484</u>	<u>\$ 7,170,701</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of .36% and .41% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 6,253,280	\$ 130,796	\$ 6,122,484
School Debt	<u>6,765,495</u>	<u>6,765,495</u>	<u>-</u>
Total	<u>\$ 13,018,775</u>	<u>\$ 6,896,291</u>	<u>\$ 6,122,484</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 7,195,995	\$ 25,294	\$ 7,170,701
School Debt	<u>6,967,829</u>	<u>6,967,829</u>	<u>-</u>
Total	<u>\$ 14,163,824</u>	<u>\$ 6,993,123</u>	<u>\$ 7,170,701</u>

Statutory Borrowing Power

The Township's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 60,063,923	\$ 61,181,749
Net Debt	<u>6,122,484</u>	<u>7,170,701</u>
Remaining Borrowing Power	<u>\$ 53,941,439</u>	<u>\$ 54,011,048</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Township's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2014</u>	<u>2013</u>
\$3,322,000, 2003 Bonds, due in annual installments of \$367,000 to \$375,000 through September 1, 2018, interest at 4.10%	\$ 1,482,000	\$ 1,847,000
\$3,275,000, 2011 Bonds, due in annual installments of \$440,000 through October 1, 2019, interest at 2.00% to 3.00%	<u>2,200,000</u>	<u>2,635,000</u>
	<u>\$ 3,682,000</u>	<u>\$ 4,482,000</u>

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	<u>General Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 810,000	\$ 117,962	\$ 927,962
2016	810,000	93,992	903,992
2017	815,000	70,022	885,022
2018	807,000	41,447	848,447
2019	<u>440,000</u>	<u>13,200</u>	<u>453,200</u>
	<u>\$ 3,682,000</u>	<u>\$ 336,623</u>	<u>\$ 4,018,623</u>

TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund					
Bonds Payable	\$ 4,482,000	\$ -	\$ 800,000	\$ 3,682,000	\$ 810,000
General Capital Fund Long-Term Liabilities	<u>\$ 4,482,000</u>	<u>\$ -</u>	<u>\$ 800,000</u>	<u>\$ 3,682,000</u>	<u>\$ 810,000</u>
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 5,262,000		\$ 780,000	\$ 4,482,000	\$ 800,000
Intergovernmental Loan Payable	<u>19,498</u>	<u>-</u>	<u>19,498</u>	<u>-</u>	<u>-</u>
General Capital Fund Long-Term Liabilities	<u>\$ 5,281,498</u>	<u>\$ -</u>	<u>\$ 799,498</u>	<u>\$ 4,482,000</u>	<u>\$ 800,000</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Township's short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance December 31, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2014</u>
<u>2014</u>						
<u>General Capital Fund</u>						
Purchase of Equipment	1.25	8/8/2014	\$ 40,211		\$ 40,211	
Purchase of Equipment	0.53	8/7/2015		\$ 40,544		\$ 40,544
Purchase of Equipment/Firehouse Renovation	1.25	8/8/2014	32,000		32,000	
Purchase of Equipment/Firehouse Renovation	0.53	8/7/2015		32,000		32,000
Imprvt of the Storm Water Drainage System	1.25	8/8/2014	8,911		8,911	
Imprvt of the Storm Water Drainage System	0.53	8/7/2015		8,911		8,911
Acq of New Fire Dept Equipment	1.25	8/8/2014	20,000		20,000	
Acq of New Fire Dept Equipment	0.53	8/7/2015		20,000		20,000
Acq of New and Additional Vehicular Equip	1.25	8/8/2014	154,000		154,000	
Acq of New and Additional Vehicular Equip	0.53	8/7/2015		154,000		154,000
Improvements of Memorial Field	1.25	8/8/2014	152,000		152,000	
Improvements of Memorial Field	0.53	8/7/2015		152,000		152,000
Various Road Improvements	1.25	8/8/2014	865,000		865,000	
Various Road Improvements	0.53	8/7/2015		865,000		865,000
Improvement of Colonial Boulevard	1.25	8/8/2014	285,000		285,000	
Improvement of Colonial Boulevard	0.53	8/7/2015		285,000		285,000
Various Improvements	1.25	8/8/2014	218,274		218,274	
Various Improvements	0.53	8/7/2015		207,941		207,941
Improvement of Municipal Complex Site	1.25	8/8/2014	89,604		89,604	
Improvement of Municipal Complex Site	0.53	8/7/2015	-	89,604	-	89,604
Total General Capital Fund			\$ 1,865,000	\$ 1,855,000	\$ 1,865,000	\$ 1,855,000

TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance December 31, 2012</u>	<u>Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2013</u>
<u>2013</u>						
<u>General Capital Fund</u>						
Purchase of Equipment	1.25	8/8/2014		\$ 40,211		\$ 40,211
Purchase of Equipment/Firehouse Renovation	1.25	8/8/2014		32,000		32,000
Imprvt of the Storm Water Drainage System	1.25	8/8/2014		8,911		8,911
Acq of New Fire Dept Equipment	1.25	8/8/2014		20,000		20,000
Acq of New and Additional Vehicular Equip	1.25	8/8/2014		154,000		154,000
Improvements of Memorial Field	1.25	8/8/2014		152,000		152,000
Various Road Improvements	1.25	8/8/2014		865,000		865,000
Improvement of Colonial Boulevard	1.25	8/8/2014		285,000		285,000
Various Improvements	1.25	8/8/2014		218,274		218,274
Improvement of Municipal Complex Site	1.25	8/8/2014		89,604		89,604
			-	89,604	-	89,604
Total General Capital Fund			\$ -	\$ 1,865,000	\$ -	\$ 1,865,000

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Township had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2014</u>		
2014 Road Improvements	\$280,149	2015
Fence Replacement	90,000	2015
<u>2013</u>		
Purchase and Installation of Emergency Generator	\$109,360	2014

As of December 31, the Township has other significant commitments as follows:

<u>Purpose</u>	<u>Remaining Commitment</u>
<u>2013</u>	
Township Revaluation of Real Property	\$209,291

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

Effective December 31, 2011, all terminal leave days of all PBA employees accrued as of that date shall be frozen and the accumulated terminal leave days as of December 31, 2011 shall be paid out or provided as leave at each PBA employee's option, with payment calculated at the employee's daily rate of pay at retirement.

Commencing, January 1, 2012, all PBA employees shall accrue terminal leave days based upon utilization of sick leave however, PBA employees will be paid for terminal leave in January of the year succeeding the calendar year in which it was earned. Terminal leave shall be paid at the employee's rate of pay as of December 31st of the year in which it was earned.

Under the terms of the current bargaining unit agreement with the Local 125 Teamsters Union, employees are permitted to carryover any unused sick days from year-to-year and all such unused sick leave shall be cumulative without limit. Upon retirement, that shall be paid to each employee a sum representing one-half (1/2) of the compensation for all unused sick leave.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$580,598 and \$615,990 at December 31, 2014 and 2013, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2014 and 2013, the Township has reserved \$125,435 and \$135,000, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

The Township's changes in other long-term liabilities for the years ended December 31, 2014 and 2013 were as follows:

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
Compensated Absences	\$ 615,990	\$ -	\$ 35,392	\$ 580,598	\$ -
	<u>\$ 615,990</u>	<u>\$ -</u>	<u>\$ 35,392</u>	<u>\$ 580,598</u>	<u>\$ -</u>
	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
Compensated Absences	\$ 605,877	\$ 10,113	\$ -	\$ 615,990	\$ -
	<u>\$ 605,877</u>	<u>\$ 10,113</u>	<u>\$ -</u>	<u>\$ 615,990</u>	<u>\$ -</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPP (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2014 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2014, 2013 and 2012, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ 553,973	\$ 166,445	\$ 2,500
2013	616,011	156,153	2,256
2012	523,000	157,916	

NOTE 13 RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

The Township of Washington is a member of the Bergen County Municipal Joint Insurance Fund (BJIF), New Jersey Environmental Risk Management Fund and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The Funds coverage amounts are on file with the Township.

The relationship between the Township and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 RISK MANAGEMENT (Continued)

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

<u>Year Ended December 31</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 56,942	\$ 10,104	\$ 34,506	\$ 120,300
2013	56,100	14,886	29,691	87,760
2012	55,000	9,071	47,090	46,465

NOTE 14 CONTINGENT LIABILITIES

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Township’s Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014 and 2013. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2014 and 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2014 and 2013, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Township of Washington Length of Service Award Program (the Plan) was created by a Township ordinance adopted on July 26, 1997 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Washington approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Ambulance Corps, come from contributions made solely by the Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,250 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Township of Washington has contributed \$1,250 for 2014 and 2013, respectively, for each eligible volunteer fire department and ambulance corps member into the Plan. The total Township contributions were \$96,250 and \$69,650 for 2014 and 2013, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Township's Trust Fund.

NOTE 17 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Township has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Township has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2014. For the year ended December 31, 2014, the Township has received \$47,821 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

NOTE 18 SUBSEQUENT EVENTS

Debt Authorized

On March 23, 2015 the Township adopted a Bond Ordinance authorizing the issuance \$142,800 in Bonds or Bond Anticipation Notes to fund improvements to Memorial Field. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

On June 1, 2015 the Township adopted a Bond Ordinance authorizing the issuance of \$714,000 in Bonds or Bond Anticipation Notes to fund improvements to various roads. As of the date of the report the Township has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

**TOWNSHIP OF WASHINGTON
STATEMENT OF CURRENT CASH AND INVESTMENTS**

Balance, December 31, 2013		\$ 5,780,669
Increased by Receipts:		
Tax Collector	\$ 35,705,759	
Non-Budget Revenue	98,470	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	117,132	
Grants Receivable	43,667	
Revenue Accounts Receivable	1,796,000	
Tax Overpayments	15,819	
Receipts from Other Trust Fund	44,588	
Miscellaneous Reserves	<u>23,375</u>	
		<u>37,844,810</u>
		43,625,479
Decreased by Disbursements:		
2014 Budget Appropriations	9,692,090	
2013 Appropriation Reserves	203,055	
Encumbrances Payable	623,438	
Accounts Payable	89,619	
Payment to Length of Service Award Program Fund	87,450	
Tax Overpayments	20,710	
County Taxes Payable	3,858,305	
Regional School Taxes Payable	22,503,104	
Appropriated Grant Reserves	1,460	
Refund of Prior Year Revenue	<u>61,255</u>	
		<u>37,140,486</u>
Balance, December 31, 2014		<u>\$ 6,484,993</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF CASH - TAX COLLECTOR**

Balance, December 31, 2013		\$ 48,690
Increased by Receipts:		
Taxes Receivable	\$ 35,456,410	
Prepaid Taxes	158,693	
Revenue Accounts Receivable	<u>66,446</u>	
		<u>35,681,549</u>
		35,730,239
Decreased by Disbursements:		
Payments to Treasurer - Current Fund		<u>35,705,759</u>
Balance, December 31, 2014		<u>\$ 24,480</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2014</u>
Tax Collector	\$ 100	\$ 100
Municipal Court	200	200
Board of Health	<u>25</u>	<u>25</u>
	<u>\$ 325</u>	<u>\$ 325</u>

**STATEMENT OF DUE FROM STATE OF NEW JERSEY
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2013		\$ 8,242
Increased by:		
Senior Citizens/ Veterans Deductions Per Tax Billings	\$ 117,000	
Senior Citizens' Deductions Allowed Per Tax Collector - Current Year	<u>2,500</u>	
		<u>119,500</u>
		127,742
Decreased by:		
Received in Cash from State	117,132	
Senior Citizens' Deductions Disallowed Per Tax Collector-Prior Year	750	
Senior Citizens' Deductions Disallowed Per Tax Collector-Current Year	<u>500</u>	
		<u>118,382</u>
Balance, December 31, 2014		<u>\$ 9,360</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance,	2014 Levy	Senior	Collected In		Senior	Transferred to Tax Title Liens	Cancelled	Balance,
	December 31, 2013		Citizens' and Veterans' Deductions Disallowed	2013	2014	Citizens' and Veterans' Deductions Allowed			December 31, 2014
2013	\$ 300,021	-	\$ 750	-	\$ 296,912	-	-	\$ 3,575	\$ 284
	300,021	-	750	-	296,912	-	-	3,575	284
2014	-	\$ 35,888,975	500	\$ 172,193	35,159,498	\$ 119,500	\$ 277	55,373	382,634
	<u>\$ 300,021</u>	<u>\$ 35,888,975</u>	<u>\$ 1,250</u>	<u>\$ 172,193</u>	<u>\$ 35,456,410</u>	<u>\$ 119,500</u>	<u>\$ 277</u>	<u>\$ 58,948</u>	<u>\$ 382,918</u>

TAX YIELD

General Purpose Tax	\$ 35,884,558
Added Taxes (54:4-63.1 et seq.)	4,417
	<u>\$ 35,888,975</u>

TAX LEVY

Regional School Tax (Abstract)	\$ 22,503,104
County Taxes	
County Tax (Abstract)	\$ 3,812,280
County Open Space Tax	41,469
Due County for Added and Omitted Taxes (54:4-63.1 et seq.)	<u>475</u>
	3,854,224
Local Tax for Municipal Purposes (Abstract)	8,946,259
Minimum Library Tax	567,423
Add: Additional Tax Levied	<u>17,965</u>
	9,531,647
	<u>\$ 35,888,975</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2013	\$ 785
Increased by:	
Transferred from 2014 Taxes Receivable	<u>277</u>
Balance, December 31, 2014	<u>\$ 1,062</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)**

Balance, December 31, 2013	<u>\$ 70,950</u>
Balance, December 31, 2014	<u>\$ 70,950</u>

**Schedule of Property Acquired for Taxes
(at Assessed Valuation)**

<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2014</u>	<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2014</u>
1103	1	\$ 220	3117	28	\$ 2,300
2102	3	200	3106	41-42	200
2306	13-14	50	3106	24	300
2306	15	20	3202A	2	500
2314	26-27	4,000	3215	35	100
2321	5	2,300	3217	17-21	125
2326	28	20	3206	6	75
2326	69-70	20	3304	53	500
2426	73	3,700	3305	6A	2,000
2406	5-6	3,900	3601	8	500
2406	28-29	3,900	3602	3	4,100
3104	44	7,300	4102A	1	50
3111	1-2	50	4305	5	2,800
3111	3-4	50	306	15	6,700
3111	5-6	50	4308	50	5,000
3111	7-8	50	4310	3-4	40
3111	11-12	50	4315	1-2	20
3112	4-5	50	4315	3	20
3112	6	50	4318	31-32	40
3112	8-11	100	4401	1	500
3112	12-13	50	4404	23-24	40
3112	16-18	75	4409	8	2,000
3113	6-8	75	4411	36	2,500
3113	11-12	50	4412	44	2,100
3113	14	50	4422	12-13	40
3113	15	100	4506	5-8	20
3113	16-17	50	4513	16	2,100
3113	18-19	50	4417	27	<u>9,700</u>
					<u>\$ 70,950</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF GRANTS RECEIVABLE**

	Balance December 31, <u>2013</u>	Accrued in <u>2014</u>	Cash <u>Receipts</u>	Balance December 31, <u>2014</u>
Community Development Block Grant	\$ 17,044		\$ 15,920	\$ 1,124
Drive Sober or Get Pulled Over	325	\$ 5,000	4,722	603
Clean Communities Program		15,813	15,813	
Municipal Alliance Grant	7,679	9,876	4,025	13,530
Bergen County Municipal JIF		1,000	1,000	
Body Armor Grant	-	2,187	2,187	-
	<u>\$ 25,048</u>	<u>\$ 33,876</u>	<u>\$ 43,667</u>	<u>\$ 15,257</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2013</u>	Accrued in <u>2014</u>	<u>Cash Receipts</u>		Balance, December 31, <u>2014</u>
			<u>Collector</u>	<u>Treasurer</u>	
Township Clerk					
Licenses					
Alcoholic Beverages		\$ 15,166		\$ 15,166	
Other		1,960		1,960	
Fees and Permits		19,492		17,295	\$ 2,197
Police Department					
Fees and Permits	\$ 252	12,233		12,137	348
Planning Board					
Fees and Permits		5,811		5,811	
Zoning Board of Adjustment					
Fees and Permits	50	6,950		6,550	450
Construction Code Official					
Fees and Permits	48,500	186,549		214,338	20,711
Recreation Department					
Fees and Permits	4,462	154,354		132,178	26,638
Board of Health					
Licenses		135		135	
Fees and Permits		12,772		12,772	
Municipal Court					
Fines and Costs	4,206	81,341		79,500	6,047
Interest and Cost on Taxes		66,446	\$ 66,446		
Energy Receipts Tax		713,525		713,525	
Interest on Investments and Deposits		2,269		2,269	
Joint Health Services		55,654		55,654	
Uniform Fire Safety Act		18,475		18,475	
Cable Television Franchise Fees		131,682		131,682	
Police Outside Duty-Other Trust Fund		81,435		81,435	
Library Reimbursement		130,409		130,409	
Sale of Recyclables		52,260		52,260	
Cell Tower		81,405		81,405	
Sewer Charges	-	31,044	-	31,044	-
	<u>\$ 57,470</u>	<u>\$ 1,861,367</u>	<u>\$ 66,446</u>	<u>\$ 1,796,000</u>	<u>\$ 56,391</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2013 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance, December 31, 2013	Encumbrances Cancelled	Transfers	Modified Balance	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT						
General Administration						
Salaries and Wages	\$ 1,920	\$ 446		\$ 2,366		\$ 2,366
Other Expenses	5,815		\$ (700)	5,115		5,115
Maintenance and Support of Office Equip						
Maint. & Support- Equipment	844		(100)	744		744
Maint. & Support- Computers/Telephone	15,901		(2,500)	13,401	\$ 10,931	2,470
Energy & Environmental Control	9,000			9,000		9,000
Mayor & Council						
Other Expenses- Mayor	2,119			2,119		2,119
Other Expenses- Council	8,584			8,584		8,584
Municipal Clerk						
Salaries and Wages	12,956	3,358	(400)	15,914		15,914
Other Expenses	8,112	1,203		9,315		9,315
Elections - S&W			400	400	400	
Elections- Other Expenses	1,939			1,939		1,939
Financial Administration						
Salaries and Wages	36,500	6,982		43,482		43,482
Other Expenses						
Financial Services - Fees	11,139			11,139	7,427	3,712
Miscellaneous Other	1,974	2,381		4,355		4,355
Audit Services						
Other Expenses	32,000			32,000	32,000	
Revenue Administration						
Salaries and Wages	3,500			3,500		3,500
Other Expenses	3,238			3,238	600	2,638
Tax Assessment Administration						
Other Expenses	3,083	111		3,194		3,194
Special Emergency - Tax Map & Revaluation	47,455			47,455	47,455	
Legal Services						
Other Expenses						
Administration	500			500		500
Council	46,104			46,104	14,904	31,200
Tax Appeals	68			68		68
Engineering Services						
Other Expenses	37,545			37,545		37,545
Department of Public Affairs						
Other Expenses	4,952	1,475		6,427		6,427
Cable Television Expense	3,933			3,933		3,933
Land Use Administration						
Planning Board						
Salaries and Wages	2,701			2,701		2,701
Other Expenses	1,879			1,879		1,879
Zoning Board of Adjustment						
Salaries and Wages	1,730			1,730		1,730
Other Expenses	3,219			3,219		3,219
PUBLIC SAFETY FUNCTIONS						
Police Department						
Salaries and Wages	3,030		118,000	121,030	45,185	75,845
Other Expenses	55,902		(35,000)	20,902	838	20,064
Acquisition/Leasing of Police Vehicles	8,368			8,368		8,368
Community Policing			335	335	222	113
Computer Software Leasing	185			185		185
Telephone Support System	129		800	929	833	96
Maintenance of Desk Record System	4,783		(3,000)	1,783		1,783
Police Range Repair	3,300			3,300		3,300
Police Car Cameras	8,551			8,551		8,551
Police Dispatchers						
Salaries & Wages	20,722			20,722	2,024	18,698
Office of Emergency Management						
Other Expenses	1,385			1,385	75	1,310

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2013 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance, December 31, 2013	Encumbrances Cancelled	Transfers	Modified Balance	Paid or Charged	Balance Lapsed
Fire Department						
Other Expenses	\$ 22,668		\$ (1,145)	\$ 21,523	\$ 3,908	\$ 17,615
Clothing Allowance	6			6		6
Physicals			1,145	1,145	1,145	
Maintenance Program	8,119			8,119		8,119
Equipment Compliance	675		1,320	1,995	1,503	492
Uniform Fire Safety Code						
Other Expenses	3,226			3,226		3,226
Fire Hydrant Service	8,351			8,351		8,351
Municipal Prosecutor						
Salaries & Wages	600	\$ 50		650		650
PUBLIC WORKS FUNCTIONS						
Department of Municipal Facilities						
Salaries and Wages	59,186	5,242	(55,000)	9,428		9,428
Other Expenses	31,784			31,784	23,571	8,213
Recycling						
Other Expenses	19,337		65,000	84,337	66,399	17,938
Other Public Works Functions						
Shade Tree/Holiday Decorations	4,078			4,078		4,078
Street Sweeping	18,000			18,000		18,000
Buildings and Grounds						
Building Maintenance	14,121	860		14,981		14,981
Vehicle Maintenance						
Other Expenses	44,514		(2,125)	42,389	6,272	36,117
Community Services Act	4,179	65		4,244		4,244
HEALTH AND HUMAN SERVICES						
Public Health Services						
Salaries and Wages (Board of Health)	180	700		880		880
Other Expenses (Board of Health)	1,797			1,797	607	1,190
Occ. Safety & Health Blood Pathogens	400			400		400
Animal Control Services						
Other Expenses	1,635			1,635		1,635
Recreation Services and Programs						
Salaries and Wages	520		1,500	2,020	61	1,959
Other Expenses	24,196			24,196	556	23,640
Golden Seniors Committee	2,611			2,611	974	1,637
Senior Activities	200			200		200
Community Programs						
Salaries and Wages		109		109		109
Other Expenses	1,132			1,132	90	1,042
Maintenance of Parks						
Parks and Other Expenses	24,309			24,309		24,309
Rental - Athletic Facilities	1,824			1,824		1,824
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events	1,459			1,459	285	1,174
Accumulated Leave Compensation	87,000			87,000	87,000	
MUNICIPAL COURT						
Salaries and Wages	1,675	80		1,755		1,755
Other Expenses	6,956			6,956		6,956
INSURANCE						
Liability Insurance (BJIF)	13,969	1,563		15,532		15,532
Workers Compensation Insurance (BJIF)	25,731	1,563		27,294		27,294
Employee Group Insurance	195,116	115	(91,500)	103,731		103,731

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2013 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance, December 31, 2013	Encumbrances Cancelled	Transfers	Modified Balance	Paid or Charged	Balance Lapsed
CODE ENFORCEMENT & ADMINISTRATION						
Construction Officials						
Salaries and Wages	\$ 4,000	\$ 282		\$ 4,282		\$ 4,282
Other Expenses	3,503	210		3,713		3,713
UTILITY EXPENSES & BULK PURCHASES						
Electricity	15,715	4,156	\$ (120)	19,751		19,751
Street Lighting	16,144	469		16,613		16,613
Telephone	755		2,500	3,255	\$ 1,497	1,758
Water	1,486	60		1,546		1,546
Natural Gas	2,085	508	120	2,713		2,713
Gasoline	4,217		470	4,687	4,685	2
LANDFILL/SOLID WASTE DISPOSAL						
Sanitary Landfill & Dump Fees	17,073			17,073		17,073
STATUTORY EXPENDITURES						
Statutory Charges						
DCRP Pension	2,744			2,744		2,744
Social Security System (O.A.S.I.)	28,000	5,836		33,836		33,836
PUBLIC SAFETY FUNCTIONS						
Length of Service Award Program (LOSAP)	10,289			10,289	5,450	4,839
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	33,933			33,933	33,933	-
UTILITY EXPENSES & BULK PURCHASES						
Other Municipalities - Contractual	80,931			80,931	43,957	36,974
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Joint Health Services - Contractual						
Other Expenses	860			860		860
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
Bergen County Municipal JIF	1,500			1,500	1,500	
Clean Communities Program	16,860			16,860	16,860	
CDBG - Senior Activities	3,274			3,274	3,274	
Municipal Alliance Grant						
State Share	3,955			3,955	3,955	
Local Match	229			229		229
Drive Sober Get Pulled Over		325		325	325	
Body Armor Fund	4,693	-	-	4,693	4,693	-
Total General Appropriations	\$ 1,296,865	\$ 38,149	\$ -	\$ 1,335,014	\$ 475,394	\$ 859,620
Cash Disbursements					\$ 203,055	
Transfer to Accounts Payable					140,429	
Due to Length of Service Award Program Fund					3,950	
Transfer to Due To Library					29,421	
Transfer to Miscellaneous Reserves					47,455	
Transfer to Other Trust Fund - Miscellaneous Reserves:						
Accumulated Leave					7,000	
Snow Plowing					20,000	
Transfer to Appropriated Grant Reserves					24,084	
					<u>\$ 475,394</u>	

**TOWNSHIP OF WASHINGTON
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2013		\$ 661,587
Increased by:		
Charges to 2014 Budget Appropriations		<u>568,931</u>
		1,230,518
Decreased by:		
Cash Disbursements	\$ 623,438	
Restored to 2013 Appropriation Reserves	<u>38,149</u>	
		<u>661,587</u>
Balance, December 31, 2014		<u>\$ 568,931</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2013		\$ 172,193
Increased by:		
2015 Prepaid Taxes		<u>158,693</u>
		330,886
Decreased by:		
Applied to 2014 Taxes		<u>172,193</u>
Balance, December 31, 2014		<u>\$ 158,693</u>

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2013		\$ 9,434
Increased by:		
Cash Receipts		<u>15,819</u>
		25,253
Decreased by:		
Cash Disbursements		<u>20,710</u>
Balance, December 31, 2014		<u>\$ 4,543</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF MISCELLANEOUS, APPROPRIATED GRANT
AND UNAPPROPRIATED GRANT RESERVES**

	Balance, December 31, <u>2013</u>	<u>Receipts</u>	Transfer From 2013 Appropriation Reserves	Anticipated Revenue in 2014 Budget	<u>Disbursements</u>	<u>Reclassification</u>	Balance, December 31, 2014
Miscellaneous Reserves:							
Sale of Municipal Assets	\$ 1,021,392	\$ 571					\$ 1,021,963
Insurance Recoveries	39,419	4,058					43,477
Motor Vehicle Inspection Fees	43,300	877				\$ 10,528	54,705
Tax Map and Revaluation			\$ 47,455				47,455
Library Reimbursement	67,000						67,000
Appropriated Grant Reserves:							
Alcohol Education and Rehabilitation	4,132						4,132
Clean Communities Grant	14,324		16,860				31,184
Police Live Scan Fingerprint	35						35
Drunk Driving Enforcement Fund	8,634						8,634
Tobacco Grant	214						214
FEMA - SLAHEOP Grant	75						75
Community Development Block Grant	4,117		3,274				7,391
Public Health Priority Funding	144						144
Health - Nextel PDA Grant	5						5
Police - Click it or Ticket Grant	957						957
Police Body Armor Fund	2,600						2,600
FEMA Firefighter Grant	486						486
LINCS- Core Capacity Infrastructure Grant	3						3
Stormwater Regulation Grant	4,124						4,124
Municipal Alliance Grant	5,486		3,625				9,111
Over the Limit Under Arrest	57						57
Drive Sober or Get Pulled Over	179		325				504
Bergen County Municipal JIF	1,500				\$ 1,460		40
Unappropriated Grant Reserves:							
Truck Inspection Violations	9,528	1,000				\$ (10,528)	
Recycling Tonnage Grant	72,194	16,869		\$ 72,194			16,869
Pandemic Flu Grant	7,743			7,743			
Body Armor Grant	2,669			2,669			
Community Development Block Grant	1,139			1,139			
Over the Limit Under Arrest	10,093	-	-	10,093	-	-	-
	<u>\$ 1,321,549</u>	<u>\$ 23,375</u>	<u>\$ 71,539</u>	<u>\$ 93,838</u>	<u>\$ 1,460</u>	<u>\$ -</u>	<u>\$ 1,321,165</u>
			Miscellaneous Reserves:				
			Reserve for Sale of Assets	\$ 1,021,963			
			Other Miscellaneous Reserves	<u>212,637</u>			\$ 1,234,600
			Appropriated Grant Reserves				69,696
			Unappropriated Grant Reserves				<u>16,869</u>
							<u>\$ 1,321,165</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2013		\$	4,081
Increased by:			
Levy of 2014			
County Tax (Abstract)	\$	3,812,280	
County Open Space Tax (Abstract)		41,469	
County Tax for Added Taxes (54:4-63.1)		<u>475</u>	
			<u>3,854,224</u>
			3,858,305
Decreased by:			
Payments			<u>3,858,305</u>
Balance, December 31, 2014		\$	<u><u>-</u></u>

STATEMENT OF REGIONAL SCHOOL TAXES PAYABLE

Increased by:			
Levy of 2014 (Calendar Year)	\$	<u>22,503,104</u>	
Decreased by:			
Payments	\$	<u>22,503,104</u>	

**TOWNSHIP OF WASHINGTON
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2013		\$ 228,305
Increased by:		
Transferred from Appropriation Reserves		<u>140,429</u>
		368,734
Decreased By:		
Cancelled to Operations	\$ 7,033	
Cash Disbursements	<u>89,619</u>	
		<u>96,652</u>
Balance, December 31, 2014		<u>\$ 272,082</u>

STATEMENT OF DUE TO TOWNSHIP PUBLIC LIBRARY

Balance, December 31, 2013		\$ 34,785
Increased by:		
Transferred from 2013 Appropriation Reserves		<u>29,421</u>
Balance, December 31, 2014		<u>\$ 64,206</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATION**

<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance December 31, 2013</u>	<u>Decreased</u>	<u>Balance December 31, 2014</u>
Revaluation of Real Property	\$ 280,000	\$ 56,000	<u>\$ 280,000</u>	<u>\$ 56,000</u>	<u>\$ 224,000</u>
			<u>\$ 280,000</u>	<u>\$ 56,000</u>	<u>\$ 224,000</u>
				<u>\$ 56,000</u>	
			Budget Appropriation	<u>\$ 56,000</u>	

TRUST FUND

**TOWNSHIP OF WASHINGTON
STATEMENT OF TRUST CASH**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>
Balance, December 31, 2013	\$ 24,025	\$ 1,496,480	\$ 91,743
Increased by Receipts:			
Due from Dog License Official	\$ 5,857		
Miscellaneous Escrow and Performance Deposits		\$ 262,237	
Miscellaneous Reserves		203,578	
Police Outside Billings		223,587	
Employees' Contributions			\$ 10,104
Payroll Deposits		9,135,841	
Budget Appropriation			56,942
Interest on Investments and Deposits	<u>1</u>	<u>6,649</u>	<u>-</u>
	<u>5,858</u>	<u>9,831,892</u>	<u>67,046</u>
	29,883	11,328,372	158,789
Decreased by:			
Payments to Current Fund		44,588	
Due to State of New Jersey			
- Dog License Fees	697		
Miscellaneous Escrow and Performance Deposits		216,504	
Miscellaneous Reserves		199,591	
Payroll Disbursements		9,143,896	
Police Outside Billings		187,784	
Reserve for Insurance Settlement		11,950	
Payments to State of New Jersey - Unemployment Insurance Benefits	<u>-</u>	<u>-</u>	<u>33,907</u>
	<u>697</u>	<u>9,804,313</u>	<u>33,907</u>
Balance, December 31, 2014	<u>\$ 29,186</u>	<u>\$ 1,524,059</u>	<u>\$ 124,882</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF AMOUNT DUE FROM DOG LICENSING OFFICIAL
ANIMAL CONTROL FUND**

Increased by:	
Dog License Fees Collected	\$ 5,227
Cat License Fees Collected	180
Dog Registration Fees - Due State of N.J.	839
Late Fees	<u>805</u>
	\$ 7,051
Decreased by:	
Payments to Treasurer	<u>5,857</u>
Balance, December 31, 2014	<u>\$ 1,194</u>

EXHIBIT B-3

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND**

Balance, December 31, 2013	\$ 10,895
Increased by:	
Dog Licenses Issued	\$ 5,227
Late Fees Collected	805
Cat Licenses Issued	<u>180</u>
	<u>6,212</u>
	17,107
Decreased by:	
Statutory Excess	<u>7,253</u>
Balance, December 31, 2014	<u>\$ 9,854</u>

EXHIBIT B-4

**STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Balance, December 31, 2013	\$ 11
Increased by:	
2014 State Registration Fees	<u>839</u>
	850
Decreased by:	
Payments to State of New Jersey	<u>697</u>
Balance, December 31, 2014	<u>\$ 153</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF RESERVE FOR ESCROW AND PERFORMANCE DEPOSITS
OTHER TRUST FUND**

Balance, December 31, 2013		\$ 700,969
Increased by:		
Cash Receipts		262,237
		963,206
Decreased by:		
Cash Disbursements		216,504
Balance, December 31, 2014		\$ 746,702

Analysis of Balance

Performance Bonds		\$ 174,551
Backfill Bonds		24,920
Escrow Fees		462,231
Escrow - COAH Fees		85,000
		\$ 746,702

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2013		\$ 163,360
Increased by:		
Interest on Investments and Deposits		6,649
		170,009
Decreased by:		
Cash Disbursements	\$ 44,588	
Transfer from 2013 Appropriation Reserves - Accumulated Leave Compensation	7,000	
Transfer from 2013 Appropriation Reserves - Snow Plowing	20,000	
		71,588
Balance, December 31, 2014		\$ 98,421

**TOWNSHIP OF WASHINGTON
STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE CLAIMS
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, December 31, 2013		\$ 87,760
Increased by:		
Budget Appropriation	\$ 56,942	
Employees Contributions	<u>10,104</u>	
		<u>67,046</u>
		154,806
Decreased by:		
Unemployment Insurance Claims		<u>34,506</u>
Balance, December 31, 2014		<u>\$ 120,300</u>

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

Balance, December 31, 2013		\$ 13,144
Increased by:		
Statutory Excess	\$ 7,253	
Interest Earned	<u>1</u>	
		<u>7,254</u>
Balance, December 31, 2014		<u>\$ 20,398</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF RESERVE FOR INSURANCE SETTLEMENT - MUNICIPAL COMPLEX
OTHER TRUST FUND**

Balance, December 31, 2013	\$ 329,523
Decreased by:	
Cash Disbursements	<u>11,950</u>
Balance, December 31, 2014	<u>\$ 317,573</u>

EXHIBIT B-10

**STATEMENT OF RESERVE FOR MT LAUREL SENIOR HOUSING
OTHER TRUST FUND**

Balance, December 31, 2013	<u>\$ 17,259</u>
Balance, December 31, 2014	<u>\$ 17,259</u>

EXHIBIT B-11

**STATEMENT OF RESERVE FOR PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2013	\$ 6,737
Increased by:	
Payroll Deposits	<u>9,135,841</u>
	9,142,578
Decreased by:	
Payroll Disbursements	<u>9,143,896</u>
Balance, December 31, 2014 (Deficit)	<u>\$ (1,318)</u>

TOWNSHIP OF WASHINGTON
STATEMENT OF DUE TO STATE OF NJ - UNEMPLOYMENT INSURANCE TRUST FUND

Balance, December 31, 2013	\$	3,983
Increased by:		
Unemployment Claims		34,506
		38,489
Decreased by:		
Payment of Claims		33,907
Balance, December 31, 2014	\$	4,582

STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance, December 31, <u>2013</u>	Cash <u>Receipts</u>	<u>Expended</u>	Balance, December 31, <u>2014</u>
Marriage Licenses - Due to State	\$ 625	\$ 1,100	\$ 1,150	\$ 575
Tax Sale Premiums	66,400	19,200	14,700	70,900
Celebrations of Public Events	40,990	16,247	1,851	55,386
Municipal Alliance Donation	950			950
Rental Deposits	3,050			3,050
Field House Donations	1,747			1,747
Recreation Donations	1,775	50		1,825
Police Department Donations	27,658		926	26,732
Fire Department/Uniform Fire Safety Penalties	1,657			1,657
Snow Plowing	5,641	46,239	30,507	21,373
Accumulated Leave Compensation	48,000	7,000	14,565	40,435
Fire Department Death Benefits	9,700		68	9,632
Health Insurance Contribution	29,443	140,470	135,824	34,089
Found Money	55			55
Land Sale Deposit	26,121	66		26,187
POAA	1,920	206	-	2,126
	\$ 265,732	\$ 230,578	\$ 199,591	\$ 296,719
		Cash Receipts \$ 203,578		
		Due from Current Fund <u>27,000</u>		
		\$ 230,578		

**TOWNSHIP OF WASHINGTON
STATEMENT OF POLICE PRIVATE DETAIL BILLINGS
OTHER TRUST FUND**

Balance, December 31, 2013		\$	12,900
Increased by:			
Cash Receipts			<u>223,587</u>
			236,487
Decreased by:			
Reimbursements for Payroll Paid to Current Fund	\$	106,349	
Administrative Fees Paid to Current Fund		<u>81,435</u>	
			<u>187,784</u>
Balance, December 31, 2014		\$	<u>48,703</u>

GENERAL CAPITAL FUND

**TOWNSHIP OF WASHINGTON
STATEMENT OF GENERAL CAPITAL CASH**

Balance, December 31, 2013		\$ 2,626,510
Increased by:		
Interest on Investments and Deposits	\$ 13,311	
Grant Receipts - Deferred Charges Unfunded	111,750	
Grants Receivable Receipts	51,786	
Receipts from Current Fund-Reserve for Ambulance	5,000	
Receipts from Current Fund-Capital Improvement Fund	<u>30,000</u>	
		<u>211,847</u>
		2,838,357
Decreased by Disbursements:		
Improvement Authorizations	590,710	
Payment of Bond Anticipation Note Principal	10,000	
Contracts Payable	<u>333,045</u>	
		<u>933,755</u>
Balance, December 31, 2014		<u><u>\$ 1,904,602</u></u>

**TOWNSHIP OF WASHINGTON
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2014</u>
Fund Balance		\$ 413,809
Grants Receivable		(286,135)
Due to Current Fund		104,083
Reserve for Payment of Bonds		14,961
Reserve for Preliminary Costs		5,000
Reserve for Ambulance		35,000
Capital Improvement Fund		106,960
Contracts Payable		516,702
Excess Note Proceeds		115,835
Ordinance		
<u>Number</u>	<u>Improvement Description</u>	
95-5/96-5	Impvt. to Municipal Bldg./Air Conditioning	5,565
96-9/97-9	Various Improvements	(3,363)
95-8/95-11/97-4	Impvt. to Colonial Blvd	(3,737)
97-6	Impvt. of Municipal Complex	1,127
98-10/98-15	Removal of Underground Storage Tanks	(6,917)
99-8	Various Improvements	(2,701)
00-9	Improvement to Municipal Property	2,216
01-8	Acquisition of New and Add'l Vehicle Equipment	(6,794)
02-5/03-6/03-7	Various Improvements	17,617
02-19	Construction of Fieldhouse at Clark Field	104
03-09	Acq. Of New & Add'l Fire Equipment	4,873
06-09	Improvement of Storm Water Drainage System	106,148
06-29	Various Improvements	137,834
06-30	Acquisition of Various Fire Fighting Equipment	3,190
07-08/08-13	Remediation of Property	19,069
07-11	Acquisition of New Computer Equipment	6,220
08-07	Construction of New Park	(5,644)
08-09	Various Improvements	11,756
08-10	Various Improvements	6,686
08-11	Various Improvements	19,020
09-04	Construction of Curbs and Sidewalks	18,273
09-08	Acq. of New Computer Equipment - Police	13,281
09-13	Acq. of New Emergency Communication Equip	90,702
12-06	Acq of New Fire Dept Equipment	3,696
12-12	Acq of New and Additional Vehicular Equip	25,591
12-13	Improvements of Memorial Field	32,161
13-06	Various Road Improvements	230,101
13-07	Improvement of Colonial Boulevard	78,894
13-10	Acquisition of Radios and Pagers	7,000
13-11	Various Improvements	155,435
13-12	Improvement of Municipal Complex Site	64,712
13-20	Various Improvements	(72,078)
14-11	Fencing at Memorial Field	(85,325)
14-13	Various Improvements	3,675
		<u>\$ 1,904,602</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2013	\$ 4,482,000
Decreased by:	
2014 Budget Appropriations	
General Serial Bonds	<u>800,000</u>
Balance, December 31, 2014	<u>\$ 3,682,000</u>

TOWNSHIP OF WASHINGTON
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance December 31, 2013	2014 Authorizations	Grant Receipts	Improvement Authorization Cancelled	Balance December 31, 2014	Analysis of Balance		
							Financed by BANS	Expenditures	Unexpended Improvement Authorizations
89-12	Improvement to Municipal Fieldhouse	\$ 2			\$ 2				
90-5	Improvement to Lafayette	8,301			8,301				
95-8/95-11/ 97-4	Impvt. to Colonial Blvd	26,648				\$ 26,648		\$ 3,737	\$ 22,911
96-4/97-10	Various Improvements	38,000			38,000				
96-8/97-8	Various Improvements	14,250			14,250				
96-9/97-9	Various Improvements	32,000			28,637	3,363		3,363	
97-7/98-9	Impvt. of Municipal Parking Area	80,000			80,000				
98-10/98-15	Removal of Underground Storage Tanks	25,000				25,000		6,917	18,083
98-17/01-3	Traffic Light Improvement	3,000			3,000				
99-7/05-1	Purchase of Equipment	42,700			4,454	38,246	\$ 38,246		
99-8	Various Equipments	14,000			11,299	2,701		2,701	
99-12	Purchase of Equipment/Renovation Firehouse	32,000			1,787	30,213	30,213		
01-8	Acq. Of New and Add'l Vehicle Equip.	20,000			13,206	6,794		6,794	
06-09	Improvement of Storm Water Drainage System	223,500				223,500			223,500
07-04	Improvement of the Storm Water Drainage System	8,911				8,911	8,911		
08-07	Construction of New Park	137,750			132,106	5,644		5,644	
10-08	Acquisition of Lands	425			425				
12-06	Acq of New Fire Dept Equipment	20,000				20,000	20,000		
12-12	Acq of New and Additional Vehicular Equip	154,000				154,000	154,000		
12-13	Improvements of Memorial Field	152,000				152,000	152,000		
13-06	Various Road Improvements	865,000				865,000	865,000		
13-07	Improvement of Colonial Boulevard	285,000		\$ 111,750		173,250	173,250		
13-11	Various Improvements	207,941				207,941	207,941		
13-12	Improvement of Municipal Complex Site	89,604				89,604	89,604		
13-20	Various Improvements	223,630				223,630		72,078	151,552
14-11	Fencing at Memorial Field		\$ 104,000			104,000		85,325	18,675
14-13	Various Improvements		95,000			95,000			95,000
		<u>\$ 2,703,662</u>	<u>\$ 199,000</u>	<u>\$ 111,750</u>	<u>\$ 335,467</u>	<u>\$ 2,455,445</u>	<u>\$ 1,739,165</u>	<u>\$ 186,559</u>	<u>\$ 529,721</u>
					Bond Anticipation Notes	\$ 1,855,000			
					Excess Proceeds:				
					Ord #99-7/05-01	2,298			
					Ord #99-12	1,787			
					Ord #13-07	111,750			
							115,835		
							<u>\$ 1,739,165</u>		
					Improvement Authorizations - Unfunded			\$ 1,120,311	
					Less Unexpended Proceeds:				
					Ord 12-06			3,696	
					Ord 12-12			25,591	
					Ord 12-13			32,161	
					Ord 13-06			230,101	
					Ord 13-07			78,894	
					Ord 13-11			155,435	
					Ord 13-12			64,712	
								<u>\$ 529,721</u>	

**TOWNSHIP OF WASHINGTON
STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2013	\$ 90,772
Increased by:	
Interest on Investments and Deposits	<u>13,311</u>
Balance, December 31, 2014	<u>\$ 104,083</u>

TOWNSHIP OF WASHINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

2014 Authorizations

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2013		Deferred Charges Unfunded	Capital Improvement Fund	Paid or Charged	Cancelled Encumbrance	Improvement Authorizations Cancelled	Balance, December 31, 2014	
			Funded	Unfunded						Funded	Unfunded
89-12	Improvement to Municipal Fieldhouse	\$ 14,000		\$ 2					\$ 2		
90-5	Improvement to Lafayette	165,000		8,301					8,301		
95-5/96-5	Impvt. to Municipal Bldg./Air Cond.	125,000	\$ 5,565							\$ 5,565	
95-8/95-11/97-4	Impvt. to Colonial Blvd	545,000		20,421				\$ 2,490			\$ 22,911
96-1	Acq. of DMF Equipment	105,000	373						373		
96-4/97-10	Various Improvements	311,000	18,709	38,000				2,170	58,879		
96-8/97-8	Various Improvements	153,000	210	14,250					14,460		
96-9/97-9	Various Improvements	128,000		28,637					28,637		
96-11	Acq. of Property	160,000	770						770		
96-13	Acq. of Fire Dept. Equip.	45,000	1,519						1,519		
97-6	Impvt. of Municipal Complex	250,000	1,127							1,127	
97-7/98-9	Impvt. of Municipal Parking Area	220,000	1,433	80,000					81,433		
97-11	Impvts. for the Fire Dept.	28,000	1,525						1,525		
98-13	Installation of Lightening Rod	29,000	1,133						1,133		
98-10/98-15	Removal of Underground Storage Tanks	150,000		20,383			\$ 2,300				18,083
98-16	Improvement of Ridgewood Road	70,000	8,700						8,700		
98-17/01-3	Traffic Light Improvement	110,000	16,196	3,000					19,196		
99-7/05-1	Purchase of Equipment	44,000		4,454					4,454		
99-8	Various Improvements	200,000		11,299					11,299		
99-12	Purch. of Equip./Renovation Firehouse	50,000		1,787					1,787		
00-4	Purchase of Equipment - Fire Dept	5,500	306						306		
00-6	Purchase of Equipment	55,000	7,871						7,871		
00-9	Improvement to Municipal Property	360,000	2,216							2,216	
01-8	Acquisition of New and Add'l Vehicle Equipment	178,000		13,118					13,206		
02-1/04-2	Improvements to Free Public Library	1,250,000	104,055						104,055		
02-5/03-6/03-7	Various Improvements	258,000	17,617							17,617	
02-6	Acq. & Install. Of Exhaust System - Firehouse	30,000	6,067						6,067		
02-12	Acq. Of New & Add'l Equipment	67,000	10,219						10,219		
02-16	Acq. Of New & Add'l Police Equipment	58,000	8						8		
02-19	Construction of Fieldhouse at Clark Field	110,000	104							104	
03-02	Acq. Of New & Add'l Vehicle Equipment	52,000	7,327						7,327		
03-09	Acq. Of New & Add'l Fire Equipment	62,000	4,720					153		4,873	
03-15	Construction of Commuter Curbs/Sidewalks - Washington Avenue	22,000	1,040						1,040		
04-4	Acquisition of Land	180,000	409						409		
04-9	Various Improvements	35,100	4,647						4,647		
04-11	Acquisition of Various Equipment	186,000	6,440						6,440		
04-14	Acquisition of Fire Fighter Equipment	666,000	4						4		
06-07	Acquisition of Police Utility Vehicle	35,000	228					500	728		
06-09	Improvement of Storm Water Drainage System	490,000	106,148	223,500						106,148	223,500
06-15	Acquisition of Fire Fighter Equipment	66,000	22						22		
06-24	Acquisition of Office Equipment	12,000	800						800		

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TOWNSHIP OF WASHINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2013		2014 Authorizations					Balance, December 31, 2014		
			Funded	Unfunded	Deferred Charges Unfunded	Capital Improvement Fund	Paid or Charged	Cancelled Encumbrance	Improvement Authorizations Cancelled	Funded	Unfunded	
06-29	Various Improvements	\$ 445,000	\$ 136,891						\$ 943		\$ 137,834	
06-30	Acquisition of Various Fire Fighting Equipment	48,500	3,190								3,190	
07-08/08-13	Remediation of Property	205,000	19,069								19,069	
07-09	Acquisition of New Fire Fighting Equipment	155,000	242					\$ 242				
07-11	Acquisition of New Computer Equipment	55,000	6,220								6,220	
07-12	Acquisition of a New Dump Truck	90,000	3,336							3,336		
07-13	Various Improvements	68,000	5,775							5,775		
08-07	Construction of New Park	145,000		\$ 132,106						132,106		
08-09	Various Improvements	65,000	11,756								11,756	
08-10	Various Improvements	158,500	15,095				\$ 8,409				6,686	
08-11	Various Improvements	259,500	19,020								19,020	
09-04	Construction of Curbs and Sidewalks	155,000	18,732				459				18,273	
09-08	Acq. of New Computer Equipment - Police	115,000	9,795						3,486		13,281	
09-13	Acq. of New Emergency Communication Equip	254,000	90,702								90,702	
10-08	Acquisition of Lands	475,000	59,655	425						60,080		
10-14	Acq of New and Additional Vehicular Equip	44,000	8,066							8,066		
12-06	Acq of New Fire Dept Equipment	21,000		4,530			834				\$ 3,696	
12-12	Acq of New and Additional Vehicular Equip	162,000		26,425			834				25,591	
12-13	Improvements of Memorial Field	160,000		32,995			834				32,161	
13-06	Various Road Improvements	908,692	40,232	865,000			675,131				230,101	
13-07	Improvement of Colonial Boulevard	300,000	10,418	285,000			216,524				78,894	
13-10	Acquisition of Radios and Pagers	7,000	7,000								7,000	
13-11	Various Improvements	285,897		181,630			26,195				155,435	
13-12	Improvement of Municipal Complex Site	94,320		26,443					38,269		64,712	
13-20	Various Improvements	235,400	11,164	223,630			83,242				151,552	
14-11	Fencing at Memorial Field	110,000			\$ 104,000	\$ 6,000	91,325				18,675	
14-13	Various Improvements	100,000	-	-	95,000	5,000	1,325		-	-	3,675	95,000
			<u>\$ 813,866</u>	<u>\$ 2,245,336</u>	<u>\$ 199,000</u>	<u>\$ 11,000</u>	<u>\$ 1,107,412</u>	<u>\$ 48,099</u>	<u>\$ 615,222</u>	<u>\$ 474,356</u>	<u>\$ 1,120,311</u>	
							Cash Disbursements	\$ 590,710				
							Contracts Payable	516,702				
								<u>\$ 1,107,412</u>				
							Cancelled to Fund Balance	\$ 279,755				
							Cancelled to Deferred Charges - Unfunded	335,467				
								<u>\$ 615,222</u>				

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**TOWNSHIP OF WASHINGTON
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Bond Maturities Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>				
General Bonds of 2003	9/1/2003	\$ 3,322,000	9/1/15-16	\$ 370,000	4.10%	\$ 1,847,000	\$ 365,000	\$ 1,482,000
			9/1/2017	375,000				
			9/1/2018	367,000				
General Bonds of 2011	10/1/2011	3,275,000	10/1/2015-16	440,000	2.00%	<u>2,635,000</u>	<u>435,000</u>	<u>2,200,000</u>
			10/1/2017-19	440,000	3.00%			
						<u>\$ 4,482,000</u>	<u>\$ 800,000</u>	<u>\$ 3,682,000</u>
Paid by Budget Appropriation							<u>\$ 800,000</u>	

**TOWNSHIP OF WASHINGTON
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2013	\$ 87,960
Increased by:	
2014 Budget Appropriation	<u>30,000</u>
	117,960
Decreased by:	
Improvement Authorizations	<u>11,000</u>
Balance, December 31, 2014	<u>\$ 106,960</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2013	\$ 381,144
Increased by:	
Contracts Awarded	<u>516,702</u>
	897,846
Decreased by:	
Cash Disbursements	\$ 333,045
Cancelled	<u>48,099</u>
	<u>381,144</u>
Balance, December 31, 2014	<u>\$ 516,702</u>

EXHIBIT C-11

**TOWNSHIP OF WASHINGTON
STATEMENT OF RESERVE FOR PAYMENT OF BONDS**

Balance, December 31, 2013	<u>\$ 14,961</u>
Balance, December 31, 2014	<u>\$ 14,961</u>

EXHIBIT C-12

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Balance, December 31, 2013	<u>\$ 5,000</u>
Balance, December 31, 2014	<u>\$ 5,000</u>

EXHIBIT C-13

STATEMENT OF RESERVE FOR AMBULANCE

Balance, December 31, 2013	\$ 30,000
Increased by:	
Current Fund Budget Appropriation	<u>5,000</u>
Balance, December 31, 2014	<u>\$ 35,000</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF GRANTS RECEIVABLE**

	<u>Total</u>	<u>Department of Environmental Protection Ord. 6-09</u>	<u>County of Bergen Ord. 8-07</u>	<u>Department of Transportation Ord. 09-04</u>	<u>County of Bergen Open Space Ord. 13-11</u>	<u>County of Bergen Open Space Ord. 14-11</u>
Balance, December 31, 2013	\$ 399,059	\$ 255,000	\$ 61,138	\$ 26,786	\$ 56,135	
Increased by:						
Grants Awarded	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 45,000</u>
	<u>444,059</u>	<u>255,000</u>	<u>61,138</u>	<u>26,786</u>	<u>56,135</u>	<u>45,000</u>
Decreased by:						
Cash Receipts	51,786			26,786	25,000	-
Cancelled	<u>61,138</u>	<u>-</u>	<u>61,138</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2014	<u>\$ 331,135</u>	<u>\$ 255,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,135</u>	<u>\$ 45,000</u>
Pledged to Ordinance	\$ 286,135	\$ 255,000			\$ 31,135	
Pledged to Reserve	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 45,000</u>
	<u>\$ 331,135</u>	<u>\$ 255,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,135</u>	<u>\$ 45,000</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2013	Increased	Decreased	Balance, December 31, 2014
99-7/05-1	Purchase of Equipment	\$ 40,211	8/8/2013	8/8/2013 8/7/2014	8/8/2014 8/7/2015	1.25% 0.53%	\$ 40,211	\$ 40,544	\$ 40,211	\$ 40,544
99-12	Purch. Of Equipment/Firehouse Renovation	32,000	8/8/2013	8/8/2013 8/7/2014	8/8/2014 8/7/2015	1.25% 0.53%	32,000	32,000	32,000	32,000
07-4	Imprvt of the Storm Water Drainage System	8,911	8/8/2013	8/8/2013 8/7/2014	8/8/2014 8/7/2015	1.25% 0.53%	8,911	8,911	8,911	8,911
12-06	Acq of New Fire Dept Equipment	20,000	8/8/2013	8/8/2013 8/7/2014	8/8/2014 8/7/2015	1.25% 0.53%	20,000	20,000	20,000	20,000
12-12	Acq of New and Additional Vehicular Equip	154,000	8/8/2013	8/8/2013 8/7/2014	8/8/2014 8/7/2015	1.25% 0.53%	154,000	154,000	154,000	154,000
12-13	Improvements of Memorial Field	152,000	8/8/2013	8/8/2013 8/7/2014	8/8/2014 8/7/2015	1.25% 0.53%	152,000	152,000	152,000	152,000
13-06	Various Road Improvements	865,000	8/8/2013	8/8/2013 8/7/2014	8/8/2014 8/7/2015	1.25% 0.53%	865,000	865,000	865,000	865,000
13-07	Improvement of Colonial Boulevard	285,000	8/8/2013	8/8/2013 8/7/2014	8/8/2014 8/7/2015	1.25% 0.53%	285,000	285,000	285,000	285,000
13-11	Various Improvements	218,274	8/8/2013	8/8/2013 8/7/2014	8/8/2014 8/7/2015	1.25% 0.53%	218,274	207,941	218,274	207,941
13-12	Improvement of Municipal Complex Site	89,604	8/8/2013	8/8/2013 8/7/2014	8/8/2014 8/7/2015	1.25% 0.53%	89,604 -	89,604	89,604 -	89,604 -
							<u>\$ 1,865,000</u>	<u>\$ 1,855,000</u>	<u>\$ 1,865,000</u>	<u>\$ 1,855,000</u>
							Renewals	\$ 1,855,000	\$ 1,855,000	
							Paid with Capital Cash	-	10,000	
							<u>\$ 1,855,000</u>	<u>\$ 1,865,000</u>		

TOWNSHIP OF WASHINGTON
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	<u>Improvement Description</u>	Balance December 31, 2013	2014 <u>Authorizations</u>	Improvement Authorizations <u>Cancelled</u>	Balance December 31, 2014
89-12	Improvement to Municipal Fieldhouse	\$ 2		\$ 2	
90-5	Improvement to Lafayette	8,301		8,301	
95-8/95-11/97-4	Improvements to Colonial Blvd.	26,648			\$ 26,648
96-4/97-10	Various Improvements	38,000		38,000	
96-8/97-8	Various Improvements	14,250		14,250	
96-9/97-9	Various Improvements	32,000		28,637	3,363
97-7/98-9	Improvements to Municipal Parking Area	80,000		80,000	
98-10/98-15	Removal of Underground Storage Tanks	25,000			25,000
98-17/01-3	Traffic Light Improvement	3,000		3,000	
99-7/05-1	Purchase of Equipment	2,489		2,489	
99-8	Various Improvements	14,000		11,299	2,701
01-8	Acq. Of New and Add'l Vehicle Eq.	20,000		13,206	6,794
06-09	Improvement of Storm Water Drainage System	223,500			223,500
08-07	Construction of New Park	137,750		132,106	5,644
10-08	Acquisition of Lands	425		425	
13-20	Various Improvements	223,630			223,630
14-11	Fencing at Memorial Field	-	\$ 104,000		104,000
14-13	Various Improvements	-	95,000	-	95,000
		<u>\$ 848,995</u>	<u>\$ 199,000</u>	<u>\$ 331,715</u>	<u>\$ 716,280</u>

TOWNSHIP OF WASHINGTON
COUNTY OF BERGEN
PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Township of Washington
Township of Washington, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of Washington as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2015. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Washington's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Washington's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Washington's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2014-001 that we consider to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Washington's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as item 2014-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Township of Washington in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Township of Washington's Responses to Findings

The Township of Washington's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Township of Washington's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Washington's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Washington's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 25, 2015

**TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	CFDA Number	Grant Year	State Account Number	Grant Award Amount	CY 2014 Grant Receipts	Balance, December 31, 2013	Revenue Realized	Expended	Encumbrances Cancelled/ Adjustments	Balance, December 31, 2014	Cumulative Expended
U.S. Department of Housing and Urban Development (Passed through County Dept. of Community Development)											
Community Development Block Grants											
	14.219		Not Applicable								
Community Development Block Grants		2004		\$ 48,000		\$ 4,117				\$ 4,117	\$ 43,883
Senior Activities		2013		3,274		3,274				3,274	
Senior Activities		2014		1,139			\$ 1,139			1,139	
U.S. Department of Law and Public Safety (Passed through Division of Highway Traffic Safety)											
Over the Limit Under Arrest	20.601	2009	066-1160-100-057-09	6,000		25				25	5,975
Over the Limit Under Arrest	20.601	2011	066-1160-100-057-11	4,400		32				32	4,368
Over the Limit Under Arrest	20.601	2014	066-1160-100-057-11	10,093			10,093			10,093	
Alcohol Impaired Driving Countermeasures											
Incentive Grants (Drive Sober or Get Pulled Over)	20.616	2014	066-1160-100-157-14	5,000	\$ 4,722		5,000	\$ 4,722		278	4,722
		2013	066-1160-100-057-13	4,400					\$ 325	325	4,075
		2012	066-1160-100-057-12	4,400		179				179	4,221
U.S. Department of Homeland Security (Passed through Dept. of Law and Public Safety)											
Emergency Management Assistance											
FEMA - SLAHEOP	97.044	2004	Not Available	2,406		75				75	2,331
FEMA - Assistance to Firefighters	97.044	2005	Not Available	3,032		486				486	2,546
FEMA - Hurricane Irene	97.036	2014	066-1200-100-A92-12	2,081	2,081		2,081	2,081			2,081
FEMA - Hurricane Sandy	97.036	2014	066-1200-100-A92-13	47,821	47,821		47,821	47,821			47,821
						<u>\$ 8,188</u>	<u>\$ 66,134</u>	<u>\$ 54,624</u>	<u>\$ 325</u>	<u>\$ 20,023</u>	

The above schedule is not subject to a Single Audit as defined by U.S. OMB A-133.

**TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2014 Grant Receipts</u>	<u>Balance, December 31, 2013</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Expended</u>
Alcohol Education and Rehabilitation Program	4270-760-050000-63-260	2004 Prior	\$ 62 4,070		\$ 62 4,070			\$ 62 4,070	
Public Health Priority Funding Act of 1977	**	2014 2007 2003	7,743 9,042 8,146			\$ 7,743 7 137		7,743 7 137	\$ 9,035 8,009
Clean Communities Grant	042-4900-765-004-14 042-4900-765-004-13 042-4900-765-004-11	2014 2013 2011	15,813 16,860 15,203	\$ 15,813		15,813		15,813 16,860 14,324	879
Drunk Driving Enforcement Fund	1110-448-031020-22	2003 2001 1998 Prior	1,448 190 190 7,081		1,448 15 90 7,081			1,448 15 90 7,081	175 100
Body Armor Fund	066-1020-718-001-15 066-1020-718-001-14 066-1020-718-001-13 066-1020-718-001-12 066-1020-718-001-11 066-1020-718-001-03	2014 2013 2012 2011 2010 2002	2,187 2,669 2,442 2,251 3,194 2,183	2,187		2,187 2,669	\$ 335 2,442 2,251	2,187 2,334 2,442 2,251 417 2,183	335 2,442 2,251 2,777
Tobacco Age Enforcement	**	2006 2002 1998	180 330 90		180 30 4			180 30 4	300 86
Police-Live Scan Fingerprint ID System	**	2008	9,000		35			35	8,965

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**TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2014 Grant Receipts</u>	<u>Balance, December 31, 2013</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Expended</u>
<u>State Grant Program</u>									
Police Click it or Ticket Grant	**	2007	\$ 4,000		\$ 63			\$ 63	\$ 3,937
		2005	4,000		529			529	3,471
		2004	10,000		365			365	9,635
Stormwater Grant	**	2006	23,936		4,124			4,124	19,812
LINCS - Core Capacity Infrastructure	**	2005	3,000		3			3	2,997
<u>Department of Environmental Protection</u>									
State Recycling Grant	042-4910-100-224-15	2015	16,869	\$ 16,869					
	042-4910-100-224-14	2014	72,194			\$ 72,194		72,194	
<u>Department of Environmental Protection</u>									
Imprvt of the Storm Water Drainage System-Ord 06-09	**	2006	255,000		106,148			106,148	148,852
<u>Department of Transportation</u>									
Improvement of Colonial Boulevard-Ord 13-07	078-6320-480-ALW-14	2014	111,750	111,750		111,750	\$ 111,750		111,750
Construction of Curbs and Sidewalks-Ord 09-04	078-6320-480-AKE-09	2009	100,000	26,787					100,000
<u>Passed Through County of Bergen</u>									
Municipal Alliance on Alcoholism and Drug Abuse	**	2014	9,876	4,025		9,876	4,677	5,199	4,677
		2013	9,876		3,955		330	3,625	6,251
		2012	10,356		1,492			1,492	8,864
		2011	10,135		2,085			2,085	8,050
		2010	10,356		1,909			1,909	8,447
					<u>1,909</u>	<u>-</u>	<u>-</u>	<u>1,909</u>	<u>8,447</u>
					<u>\$ 172,309</u>	<u>\$ 222,232</u>	<u>\$ 121,785</u>	<u>\$ 272,756</u>	

The above schedule is not subject to a single audit as defined by New Jersey OMB Circular 15-08.

** Not Available

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**TOWNSHIP OF WASHINGTON
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Township of Washington. The Township is defined in Note 1(A) to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Township's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements. Financial assistance revenues are reported in the Township's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 66,134	\$ 110,482	\$ 176,616
General Capital Fund	<u>-</u>	<u>111,750</u>	<u>111,750</u>
	<u>\$ 66,134</u>	<u>\$ 222,232</u>	<u>\$ 288,366</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Township's fiscal year and grant program year.

**TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued on financial statements	<u>Modified-Unaudited LOSAP Trust Fund</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified	_____ yes	_____ <u>X</u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ <u>X</u> yes	_____ none reported
Noncompliance material to the financial statements noted?	_____ <u>X</u> yes	_____ no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part 2 – Schedule of Financial Statement Findings

This section identified the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of Government Auditing Standards

Finding 2014-001

Certain accounts in the Current Fund and Trust Fund general ledgers for the year ended December 31, 2014 were not in agreement with the subsidiary records and bank reconciliations. In addition, certain transactions were not properly recorded in the general ledgers.

Criteria

NJAC 5:30-5.7 General Ledger Accounting Systems

Condition

The Current Fund and Trust Fund general ledgers were not reconciled to the respective subsidiary ledgers and bank reconciliations of the Township resulting in certain general ledger accounts being misstated at December 31, 2014.

Context

General ledger balances in the Current and Trust Funds are not being reconciled to subsidiary records on a monthly basis.

Effect

Financial statements prepared from the general ledger account balances may be misstated.

Recommendation

The general ledgers be reconciled to the respective subsidiary ledgers and records on a monthly basis.

Management's Response

Management has reviewed this finding and has indicated that corrective action will be taken.

**TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were none.

TOWNSHIP OF WASHINGTON
COUNTY OF BERGEN
PART III
SUPPLEMENTARY DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2014

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,100,000	2.76 %	\$ 920,000	2.35 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,108,591	5.29	2,200,214	5.63
Collection of Delinquent Taxes and Tax Title Liens	296,912	0.74	315,785	0.81
Collection of Current Tax Levy	35,450,691	88.91	34,873,160	89.16
Other Credits	918,280	2.30	804,644	2.05
	<u>39,874,474</u>	<u>100.00</u> %	<u>39,113,803</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	11,955,567	31.15 %	11,868,863	31.27 %
County Taxes	3,854,224	10.04	3,927,554	10.35
Regional School Taxes	22,503,104	58.64	21,943,096	57.81
Other Expenditures	62,005	0.16	215,638	0.57
	<u>38,374,900</u>	<u>100.00</u> %	<u>37,955,151</u>	<u>100.00</u> %
Excess in Revenue	1,499,574		1,158,652	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year	<u>-</u>		<u>280,000</u>	
Excess in Revenue to Fund Balance	1,499,574		1,438,652	
Fund Balance, January 1	<u>2,312,475</u>		<u>1,793,823</u>	
	3,812,049		3,232,475	
Less Utilization as Anticipated Revenue	<u>1,100,000</u>		<u>920,000</u>	
Fund Balance, December 31	<u>\$ 2,712,049</u>		<u>\$ 2,312,475</u>	

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$2.212</u>	<u>\$1.898</u>	<u>\$1.865</u>
 <u>Apportionment of Tax Rate</u>			
Municipal	.552	.477	.466
Library	.035	.031	.031
County	.235	.209	.206
County Open Space	.003	.003	.003
Regional School District	1.387	1.178	1.159

Assessed Valuation

2014	<u>\$1,622,267,552</u>
2013	<u>\$1,863,368,498</u>
2012	<u>\$1,882,350,557</u>

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$ 35,888,975	\$ 35,450,691	98.77%
2013	35,403,399	34,873,160	98.50%
2012	35,141,122	34,500,389	98.17%

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes and Liens</u>	<u>Percentage of Tax Levy</u>
2014	\$ 383,980	1.07%
2013	300,806	0.85%
2012	317,172	0.90%

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:

<u>Year</u>	<u>Amount</u>
2014	\$70,950
2013	70,950
2012	70,950

Comparative Schedule of Fund Balances

<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2014	\$2,712,049	\$1,325,000
2013	2,312,475	1,100,000
2012	1,793,823	920,000
2011	1,682,987	920,000
2010	1,987,562	1,120,000

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
Janet Sobkowicz	Mayor		
Thomas Sears	Council President		
Peter Calamari	Council Vice President		
Dr. Steven Cascio	Councilman		
Glenn Beckmeyer	Councilman		
Richard Hrbek	Councilman		
Catherine Naverro-Steinel	Administrator (1/1/14-6/1/14)		
Matthew A. Cavallo	Administrator (6/3/14-12/31/14)		
Mary Ann Ozment	Township Clerk, Licensing Officer, Assessment Search Officer	\$1,000,000	A
Elaine Erkwin	Acting Township Clerk, Licensing Officer Assessment Search Officer (6/1/14-12/31/14)		
Judith Curran	Acting Chief Financial Officer	1,000,000	A
Elaine Erlewein	Tax Collector and Tax Search Officer		
Paul Azzolina	Municipal Engineer	1,000,000	A
Kenneth Poller	Director of the Department of Law and Township Attorney	1,000,000	A
Christopher Riedel	Director of the Department of Municipal Facilities	1,000,000	A
Brendan O'Sullivan	Director of Department of Fire Protection	1,000,000	A
James Strabone	Chief of Fire Prevention Bureau	1,000,000	A
Randy Ciocco	Police Chief (1/1/14-6/1/14)		
Peter Geiger	Magistrate	1,000,000	A
Margaret A. Koesel	Court Administrator	1,000,000	A
Jeanne Covello	Director of the Department of Health and Welfare	1,000,000	A
Dina Burke	Director of Department of Public Affairs		
David Frank	Director of Department of Engineering		
William Cicchetti	Director of Department of Public Safety		

	<u>Face Value</u>	<u>Bond Number</u>	<u>Issued by</u>	<u>Position Covered</u>	<u>Period Covered</u>
A	\$1,000,000	N/A	Bergen County Municipal Joint Insurance Fund	Township of Washington Township of Washington Volunteer Fire Department Township of Washington Municipal Library	1/1/14 - 12/31/14

**TOWNSHIP OF WASHINGTON
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

Our comments with respect to our examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examination are herewith set forth.

Current Year

Our audit revealed that employee health benefit contributions received were not all transferred to the Current Fund. It is recommended that all employee health benefit contributions be transferred to the Current Fund in a timely manner.

Our audit of payroll revealed that certain employees were paid at the incorrect longevity rate resulting in overpayments of wages. This matter was discovered by Township Administration in 2015, however the overpaid wages have not been collected from the employees as of the date of the audit. It is recommended that procedures be enhanced to ensure the employee's longevity amount is in agreement with the respective labor agreements.

Prior Year Findings – Unresolved

Our audit of the Municipal Court revealed that certain tickets assigned to officers but not issued within six months appear on the monthly management report. It is recommended that tickets assigned but not issued for a period greater than six months be recalled in accordance with Administrative Office of the Courts (AOC) requirements.

Our audit revealed that the contract for purchase of gasoline awarded as a negotiated contract after three bid attempts was not awarded by resolution. In addition, no formal written contract was executed. It is recommended that the negotiated contract for the purchase of gasoline which in the aggregate exceeds the bid threshold be approved by resolution.

Our audit revealed that land and building and building improvement amounts reflected in the Township's fixed asset accounting and reporting system do not agree with audited amounts. In addition certain machinery and equipment additions were not recorded in internal accounting records. It is recommended that land and building/building improvements be reported in fixed asset reporting system at respective assessed values and all machinery and equipment additions be properly reflected in Township's fixed asset reporting system.

Our audit of the Municipal Court revealed several months where fines/costs were not remitted to respective agencies by the 15th of the month following collection. It is recommended that fines and costs received by the Municipal Court be remitted to the respective agencies by the 15th day of the month following collection.

Our audit revealed prior years' outstanding purchase orders remain open in the Current Fund. It is recommended that continued efforts be made to review prior years' open purchase orders for validity and action be taken to clear of record where appropriate.

**TOWNSHIP OF WASHINGTON
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement."

The Purchasing Agent and the Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

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

2014 Road Paving Program	Fence Replacement
Recycling of Organic Materials	2014 Road Improvement Program

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. The Township does maintain an accumulation of cost by vendor. Disbursements were reviewed to determine whether any clear-cut violations existed.

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The following resolution authorizes the rate of interest to be charged on municipal charges:

WHEREAS, the governing body may, pursuant to statute, fix the rate of interest to be charged for the non-payment of taxes, assessments and municipal charges, and to prescribe penalties for delinquencies;

NOW, THEREFORE, BE IT RESOLVED, by the Township Council of the Township of Washington as follows:

- 1) All prior resolutions concerning the rate of interest to be charged for the non-payment of taxes, assessments or municipal charges are hereby rescinded.
- 2) The rate of interest to be charged for the non-payment of taxes, assessments or municipal charges is hereby fixed, pursuant to statute, as follows: eight (8%) percent per annum on the first \$1,500 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500 to be calculated from the date the tax or assessment was payable until the date of actual payment.
- 3) With respect to tax certificates held by the municipality the following additional penalties shall be charged: two (2%) percent on the amount due over \$200 up to \$5,000; four (4%) percent of the amount due over \$5,000 up to \$10,000 and six (6%) percent on the amount in excess of \$10,000.

**TOWNSHIP OF WASHINGTON
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

Delinquent Assessments and Tax Title Liens

There was a tax sale held on November 13, 2014.

There is one Township owned tax title lien receivable as of December 31, 2014.

Suggestions to Management

- Old outstanding checks and bank fees on Township's bank reconciliations be reviewed and action taken to clear them of record.
- Continued efforts should be made to expend and/or cancel aging miscellaneous and grant reserves.

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

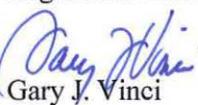
- * 1. Tickets assigned but not issued for a period greater than six months be recalled in accordance with Administrative Office of the Courts (AOC) requirements.
- * 2. The negotiated contract for the purchase of gasoline which in the aggregate exceeds the bid threshold be approved by resolution.
- * 3. Land and building/building improvements be reported in fixed asset reporting system at respective assessed values and all machinery and equipment additions be properly reflected in the Township's fixed asset reporting system.
- * 4. Fines and costs received by the Municipal Court be remitted to the respective agencies by the 15th day of the month following collection.
- * 5. Continued efforts be made to review prior years' open purchase orders for validity and action be taken to clear of record where appropriate.
- 6. All employee health benefit contributions be transferred to the Current Fund in a timely manner.
- 7. Procedures be enhanced to ensure the employee's longevity amount is in agreement with the respective labor agreements.
- 8. The general ledgers be reconciled to the respective subsidiary ledgers and records on a monthly basis.

Status of Prior Year's Audit Findings/Recommendations

Corrective action was taken on all prior year's recommendations except those denoted with an asterisk (*).

The recommendations noted in our review were not such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411