

TOWNSHIP OF WASHINGTON
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2013

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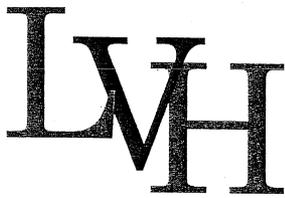
TOWNSHIP OF WASHINGTON

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013



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, 2013 and 2012, 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, 2013, 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 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, 2013 and 2012, 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, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Township’s Trust Funds, and represent 48 percent and 42 percent of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2013 and 2012.

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, 2013 and 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2013 in accordance with the basis of 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

Required Supplementary Information

The Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

Other Information

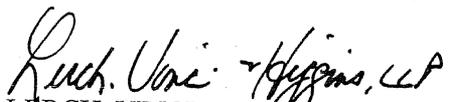
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Washington as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary 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.

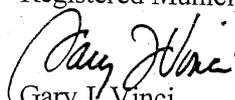
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare 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 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 May 15, 2014 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

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2013 AND 2012

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash and Investments - Treasurer	A-4	\$ 5,780,669	\$ 5,050,594
Cash - Collector	A-5	48,690	48,455
Cash - Change Fund	A-6	<u>325</u>	<u>325</u>
		<u>5,829,684</u>	<u>5,099,374</u>
Grants Receivable	A-11	25,048	46,789
Due from State of NJ-Seniors & Veterans	A-7	<u>8,242</u>	<u>9,359</u>
		<u>5,862,974</u>	<u>5,155,522</u>
Receivables and Other Assets With Full Reserves			
Taxes Receivable	A-8	300,021	315,021
Tax Title Liens Receivable	A-9	785	2,151
Property Acquired for Taxes - Assessed Valuation	A-10	70,950	70,950
Due from General Capital Fund	C-6	90,772	83,000
Due from Animal Control Fund	B-8	13,144	6,910
Due from Other Trust Fund	B-6	163,360	31,712
Revenue Accounts Receivable	A-12	<u>57,470</u>	<u>23,620</u>
		<u>696,502</u>	<u>533,364</u>
Deferred Charges			
Special Emergency Authorization	A-22	<u>280,000</u>	<u>-</u>
Total Assets		<u>\$ 6,839,476</u>	<u>\$ 5,688,886</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2013 AND 2012
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 1,296,865	\$ 984,052
Accounts Payable	A-20	228,305	231,215
Encumbrances Payable	A-14	661,587	521,407
Prepaid Taxes	A-15	172,193	207,189
Tax Overpayments	A-16	9,434	1,501
Miscellaneous Reserves	A-17	1,171,111	1,145,470
Due to Township Public Library	A-21	34,785	
Appropriated Grant Reserves	A-17	47,072	77,067
Unappropriated Grant Reserves	A-17	103,366	79,067
County Taxes Payable	A-18	4,081	3,931
Due to Length of Service Award Program Fund	B	<u>101,700</u>	<u>110,800</u>
		3,830,499	3,361,699
Reserve for Receivables and Other Assets	A	696,502	533,364
Fund Balance	A-1	<u>2,312,475</u>	<u>1,793,823</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,839,476</u>	<u>\$ 5,688,886</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 920,000	\$ 920,000
Miscellaneous Revenue Anticipated	A-2	1,928,511	1,990,165
Receipts from Delinquent Taxes	A-2	315,785	245,475
Receipts from Current Taxes	A-2	34,873,160	34,500,389
Non-Budget Revenue	A-2	271,703	314,952
Other Credits to Income			
Cancellation of Accounts Payable	A-20	69,680	127,717
Statutory Excess - Dog License Fund	B-8	6,234	3,919
Unexpended Balance of Appropriation Reserves	A-13	713,380	295,547
Cancellation of Payable to Length of Service Award Programs	A	<u>15,350</u>	<u>-</u>
 Total Revenues		 <u>39,113,803</u>	 <u>38,398,164</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,431,164	4,358,333
Other Expenses	A-3	5,475,955	4,899,170
Capital Improvements	A-3	30,000	37,000
Municipal Debt Service	A-3	964,580	1,344,186
Deferred Charges and Statutory Expenditures	A-3	967,164	860,916
Other Debits			
County Taxes	A-18	3,880,343	3,873,123
County Open Space Tax	A-18	43,115	44,894
Due County for Added and Omitted Taxes	A-18	4,096	3,946
Regional School Taxes	A-19	21,943,096	21,809,767
Prior Year Senior Citizen Deduction Disallowed	A-7	2,645	250
Cancellation of Grants Receivable	A-11	8,933	
Refund of Prior Year Revenue	A-4	58,406	17,112
Interfunds Originating	A	<u>145,654</u>	<u>118,631</u>
 Total Expenditures		 <u>37,955,151</u>	 <u>37,367,328</u>
 Excess in Revenue		 1,158,652	 1,030,836
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred to Budget of Succeeding Year	A-22	<u>280,000</u>	<u>-</u>
 Excess in Revenue to Fund Balance		 1,438,652	 1,030,836
Fund Balance, January 1	A-1	<u>1,793,823</u>	<u>1,682,987</u>
		3,232,475	2,713,823
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>920,000</u>	<u>920,000</u>
 Fund Balance, December 31	A	 <u>\$ 2,312,475</u>	 <u>\$ 1,793,823</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, 2013**

	<u>Reference</u>	<u>2013 Budget</u>	<u>Added by N.J.S. 40A:4-87</u>	<u>2013 Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 920,000	-	\$ 920,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-12	12,000		15,376	\$ 3,376
Other	A-2	2,000		2,450	450
Fees and Permits					
Construction Code Official	A-12	149,000		225,858	76,858
Other	A-2	185,000		218,598	33,598
Fines and Costs					
Municipal Court	A-12	60,000		77,171	17,171
Interest and Costs on Taxes	A-12	70,000		73,824	3,824
Interest on Investments and Deposits	A-2	15,000		16,171	1,171
Cable Television Franchise Fees	A-12	115,000		126,203	11,203
Sewer Charges	A-12	24,000		26,127	2,127
State Aid					
Energy Receipts Tax	A-12	713,525		713,525	
Interlocal Municipal Services Agreement					
Joint Health Services - Contractual	A-12	54,563		54,563	
State and Federal Programs Offset With Appropriations					
Municipal Alliance on Alcoholism and Drug Abuse	A-11	9,876		9,876	
Drive Sober or Get Pulled Over	A-11		\$ 4,400	4,400	
CDBG-ADA Doors	A-11		13,770	13,770	
CDBG-Senior Activities	A-11		3,274	3,274	
Clean Communities Grant	A-11		16,860	16,860	
Bergen County Municipal JIF	A-11		1,500	1,500	
Reserve for Body Armor Grant	A-17	2,251	2,442	4,693	
Special Items					
Uniform Fire Safety Act	A-12	14,000		21,318	7,318
Sale of Recyclables	A-12	55,000		52,273	(2,727)
Library Reimbursement	A-12	120,000		125,681	5,681
Police Outside Billings - Other Trust Fund	A-12	125,000	-	125,000	-
Total Miscellaneous Revenues	A-1	<u>1,726,215</u>	<u>42,246</u>	<u>1,928,511</u>	<u>160,050</u>
RECEIPTS FROM DELINQUENT TAXES	A-1, A-8	<u>265,000</u>	<u>-</u>	<u>315,785</u>	<u>50,785</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes	A-2,A-8	8,901,699		9,268,807	367,108
Minimum Library Tax	A-2,A-8	580,303	-	580,303	-
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>9,482,002</u>	<u>-</u>	<u>9,849,110</u>	<u>367,108</u>
Total		<u>\$ 12,393,217</u>	<u>\$ 42,246</u>	<u>13,013,406</u>	<u>\$ 577,943</u>
Non-Budget Revenue	A-1, A-2			<u>271,703</u>	
				<u>\$ 13,285,109</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, 2013
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 34,873,160
Less: Allocated to School and County Taxes	A-18, A-19	<u>25,870,650</u>
		9,002,510
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>846,600</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 9,849,110</u>
Licenses - Other		
Township Clerk	A-12	\$ 2,320
Board of Health	A-12	<u>130</u>
	A-2	<u>\$ 2,450</u>
Fees and Permits - Other		
Township Clerk	A-12	\$ 10,875
Police Department	A-12	14,432
Zoning Board of Adjustment	A-12	9,207
Planning Board	A-12	7,160
Board of Health	A-12	12,877
Recreation	A-12	<u>164,047</u>
	A-2	<u>\$ 218,598</u>
Interest on Investments and Deposits		
Treasurer	A-12	\$ 2,026
Due from General Capital Fund	C-6	7,772
Due from Other Trust Fund	B-6	<u>6,373</u>
	A-2	<u>\$ 16,171</u>
ANALYSIS OF NON-BUDGET REVENUE		
Snow Plowing		\$ 540
Tree Removal Application Fees		1,625
Flu Reimbursements		13,115
Cell Tower		17,625
Rental of Township Property		11,400
Miscellaneous Reimbursements		848
Miscellaneous		40,041
Sale of Municipal Assets		11,100
Insurance Dividends		11,890
Police Off Duty - Administrative Fees		84,523
FEMA Reimbursements		<u>78,996</u>
	A-2, A-4	<u>\$ 271,703</u>

TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT				
General Administration				
Salaries and Wages	\$ 175,960	\$ 175,960	\$ 174,040	\$ 1,920
Other Expenses	32,750	32,750	26,935	5,815
Maintenance and Support of Office Equip				
Maint. & Support- Equipment	10,000	10,000	9,156	844
Maint. & Support- Computers/Telephone	20,000	20,000	4,099	15,901
Energy & Environmental Control	9,000	9,000		9,000
Mayor & Council				
Salaries and Wages- Mayor	9,361	9,361	9,361	
Other Expenses- Mayor	4,250	4,250	2,131	2,119
Salaries and Wages- Council	29,594	29,594	29,594	
Other Expenses- Council	10,050	10,050	1,466	8,584
Municipal Clerk				
Salaries and Wages	83,997	83,997	71,041	12,956
Other Expenses	19,700	19,700	11,588	8,112
Elections- S&W	1,200	1,200	1,200	
Elections- Other Expenses	10,000	10,000	8,061	1,939
Financial Administration				
Salaries and Wages	91,287	91,287	54,787	36,500
Other Expenses				
Financial Services - Fees	27,000	27,000	15,861	11,139
Miscellaneous Other	18,600	18,600	16,626	1,974
Audit Services				
Other Expenses	32,000	32,000		32,000
Revenue Administration				
Salaries and Wages	45,433	45,433	41,933	3,500
Other Expenses	9,090	9,090	5,852	3,238
Tax Assessment Administration				
Salaries and Wages	49,869	49,869	49,869	
Other Expenses	20,655	20,655	17,572	3,083
Special Emergency				
Special Emergency - Tax Map & Reval.		280,000	232,545	47,455
Legal Services				
Salaries and Wages	67,859	67,859	67,859	
Other Expenses				
Administration	500	500		500
Council	79,000	79,000	32,896	46,104
Tax Appeals	30,000	30,000	29,932	68
Engineering Services				
Salaries and Wages	1,000	1,000	1,000	
Other Expenses	58,000	57,000	19,455	37,545
Department of Public Affairs				
Salaries and Wages	1,000	1,000	1,000	
Other Expenses	16,600	16,600	11,648	4,952
Cable Television Expense	7,000	7,000	3,067	3,933
Land Use Administration				
Planning Board				
Salaries and Wages	8,173	8,173	5,472	2,701
Other Expenses	7,179	7,179	5,300	1,879
Zoning Board of Adjustment				
Salaries and Wages	19,286	19,286	17,556	1,730
Other Expenses	8,599	8,599	5,380	3,219

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, 2013

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>
PUBLIC SAFETY FUNCTIONS				
Police Department				
Salaries and Wages	\$ 2,668,828	\$ 2,668,828	\$ 2,665,798	\$ 3,030
Other Expenses	94,950	84,950	29,048	55,902
Acquisition/Leasing of Police Vehicles	68,000	68,000	59,632	8,368
Community Policing	1,000	1,000	1,000	
Telephone Support System	4,000	4,000	3,871	129
Maintenance of Desk Record System	16,000	16,000	11,217	4,783
Police Range Rental	6,300	6,300	3,000	3,300
Computer Software Leasing		11,000	10,815	185
Police Car Cameras	47,000	47,000	38,449	8,551
Police Dispatchers				
Salaries and Wages	70,000	70,000	49,278	20,722
Office of Emergency Management				
Salaries and Wages	1,950	1,950	1,950	
Other Expenses	2,500	2,500	1,115	1,385
Aid to Volunteer Ambulance Company	50,600	50,600	50,600	
Fire Department				
Salaries & Wages	1,000	1,000	1,000	
Other Expenses	39,710	39,710	17,042	22,668
Clothing Allowance	34,000	34,000	33,994	6
Physicals	1,500	1,500	1,500	
Death Benefits	9,700	9,700	9,700	
Maintenance Program	27,500	27,500	19,381	8,119
Equipment Compliance	5,174	5,174	4,499	675
Uniform Fire Safety Code				
Other Expenses	11,350	11,350	8,124	3,226
Fire Hydrant Service	157,000	157,000	148,649	8,351
Municipal Prosecutor				
Salaries & Wages	7,134	7,134	6,534	600
PUBLIC WORKS FUNCTIONS				
Department of Municipal Facilities				
Salaries and Wages	646,219	646,219	587,033	59,186
Other Expenses	65,500	65,500	33,716	31,784
Other Public Works Functions				
Shade Trees - Holiday Decoration	4,500	4,500	422	4,078
Street Sweeping	18,000	18,000		18,000

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, 2013

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>
PUBLIC WORKS FUNCTIONS (Continued)				
Recycling				
Salaries and Wages	\$ 1,000	\$ 1,000	\$ 1,000	
Other Expenses	270,000	270,000	250,663	\$ 19,337
Buildings and Grounds				
Building Maintenance	50,700	50,700	36,579	14,121
Vehicle Maintenance				
Other Expenses	109,790	109,790	65,276	44,514
Community Services Act	32,000	32,000	27,821	4,179
HEALTH AND HUMAN SERVICES				
Public Health Services				
Salaries and Wages (Board of Health)	70,985	70,985	70,805	180
Other Expenses (Board of Health)	17,062	17,062	15,265	1,797
Occ. Safety & Health Blood Pathogens	3,000	3,000	2,600	400
Animal Control Services				
Other Expenses	13,000	13,000	11,365	1,635
Recreation Services and Programs				
Salaries and Wages	88,200	88,200	87,680	520
Other Expenses	168,850	168,850	144,654	24,196
Golden Seniors' Committee	12,300	12,300	9,689	2,611
Senior Activities	3,000	3,000	2,800	200
Community Programs				
Salaries and Wages	1,000	1,000	1,000	
Other Expenses	1,900	1,900	768	1,132
Maintenance of Parks				
Parks and Other Expenses	73,500	73,500	49,191	24,309
Rental - Athletic Facilities	11,000	11,000	9,176	1,824
Resurfacing of Memorial Field	20,000	20,000	20,000	
OTHER COMMON OPERATING FUNCTIONS				
Celebration of Public Events	19,500	19,500	18,041	1,459
Accumulated Leave Compensation	87,000	87,000		87,000
MUNICIPAL COURT				
Salaries and Wages	74,046	74,046	72,371	1,675
Other Expenses	9,295	9,295	2,339	6,956
Public Defender				
Other Expenses	1,800	1,800	1,800	

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, 2013

	<u>Adopted</u> <u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Total Paid</u> <u>or Charged</u>	<u>Reserved</u>
INSURANCE				
Liability Insurance (BJIF)	\$ 175,400	\$ 175,400	\$ 161,431	\$ 13,969
Workers Compensation Insurance (BJIF)	170,295	170,295	144,564	25,731
Employee Group Insurance	806,048	806,048	610,932	195,116
Unemployment Taxes	56,100	56,100	56,100	
CODE ENFORCEMENT & ADMINISTRATION				
Construction Officials				
Salaries and Wages	102,721	102,721	98,721	4,000
Other Expenses	7,250	7,250	3,747	3,503
UTILITY EXPENSES & BULK PURCHASES				
Electricity	77,200	77,200	61,485	15,715
Street Lighting	76,000	76,000	59,856	16,144
Telephone	43,500	43,500	42,745	755
Water	13,000	13,000	11,514	1,486
Natural Gas	18,000	18,000	15,915	2,085
Gasoline	91,000	91,000	86,783	4,217
LANDFILL/SOLID WASTE DISPOSAL				
Sanitary Landfill & Dump Fees	92,000	92,000	74,927	17,073
Total Operations Within "CAPS"	<u>7,940,849</u>	<u>8,220,849</u>	<u>7,111,252</u>	<u>1,109,597</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"				
Statutory Charges				
DCRP Pension	5,000	5,000	2,256	2,744
Social Security System (O.A.S.I.)	190,000	190,000	162,000	28,000
Public Employees Retirement System	156,153	156,153	156,153	
Police & Firemen's Retirement System	616,011	616,011	616,011	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>967,164</u>	<u>967,164</u>	<u>936,420</u>	<u>30,744</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>8,908,013</u>	<u>9,188,013</u>	<u>8,047,672</u>	<u>1,140,341</u>
OPERATIONS - EXCLUDED FROM "CAPS"				
PUBLIC SAFETY FUNCTIONS				
Length of Service Awards Program (LOSAP)	96,000	96,000	85,711	10,289
EDUCATION FUNCTIONS				
Maintenance of Free Public Library	580,303	580,303	546,370	33,933
UTILITY EXPENSES & BULK PURCHASES				
Sewer				
Bergen County Utilities Authority - Contractual	767,115	767,115	767,115	
Other Municipalities - Contractual	100,000	100,000	19,069	80,931
INSURANCE				
Employee Group Insurance	40,300	40,300	40,300	-

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, 2013

	Adopted <u>Budget</u>	Budget After <u>Modification</u>	Total Paid <u>or Charged</u>	<u>Reserved</u>
Total Other Operations Excluded from "CAPS"	\$ 1,583,718	\$ 1,583,718	\$ 1,458,565	\$ 125,153
Interlocal Municipal Service Agreements				
Joint Health Services - Contractual				
Salaries and Wages	27,062	27,062	27,062	
Other Expenses	18,648	18,648	17,788	860
Total Interlocal Municipal Service Agreements	<u>45,710</u>	<u>45,710</u>	<u>44,850</u>	<u>860</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES				
Bergen County Municipal JIF		1,500		1,500
CDBG - ADA Handicapped Door Opener		13,770	13,770	
Drive Sober or Get Pulled Over		4,400	4,400	
CDBG - Senior Activities		3,274		3,274
Clean Communities Program		16,860		16,860
Body Armor Fund	2,251	4,693		4,693
Municipal Alliance Grant				
State Share	9,876	9,876	5,921	3,955
Local Match	2,469	2,469	2,240	229
Total Public and Private Programs Offset by Revenues	<u>14,596</u>	<u>56,842</u>	<u>26,331</u>	<u>30,511</u>
Total Operations Excluded from "CAPS"	<u>1,644,024</u>	<u>1,686,270</u>	<u>1,529,746</u>	<u>156,524</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"				
Capital Improvement Fund	25,000	25,000	25,000	
Reserve for Ambulance	5,000	5,000	5,000	-
Total Capital Improvements Excluded from "CAPS"	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"				
Payment of Bond Principal	780,000	780,000	780,000	
Interest on Bonds	164,787	164,787	164,787	
EDA Loan				
Estimated Loan Repayments for Principal/Interest	19,793	19,793	19,793	-
Total Municipal Debt Service Excluded from "CAPS"	<u>964,580</u>	<u>964,580</u>	<u>964,580</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,638,604</u>	<u>2,680,850</u>	<u>2,524,326</u>	<u>156,524</u>
Subtotal General Appropriations	11,546,617	11,868,863	10,571,998	1,296,865
Reserve for Uncollected Taxes	846,600	846,600	846,600	-
Total General Appropriations	<u>\$ 12,393,217</u>	<u>\$ 12,715,463</u>	<u>\$ 11,418,598</u>	<u>\$ 1,296,865</u>

Reference

A-2

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The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Reference</u>	<u>Modified Budget</u>	<u>Expended Paid or Charged</u>
Adopted Budget	A-2	\$ 12,393,217	
Added by N.J.S.A. 40A:4-87	A-2	42,246	
Special Emergency Authorization	A-22	<u>280,000</u>	
		<u>\$ 12,715,463</u>	
Cash Disbursed	A-4		\$ 9,825,411
Encumbrances Payable	A-14		661,587
Due to Length of Service Award Program Fund	B		85,000
Reserve for Uncollected Taxes	A-2		<u>846,600</u>
			<u>\$ 11,418,598</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 24,025	\$ 19,387
Cash - Change Fund	B	<u>25</u>	<u>25</u>
		<u>24,050</u>	<u>19,412</u>
OTHER TRUST FUND			
Cash	B-1	<u>1,496,480</u>	<u>1,541,320</u>
		<u>1,496,480</u>	<u>1,541,320</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	<u>91,743</u>	<u>55,019</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Investments	B	1,370,423	1,044,437
Due from Current Fund	B	<u>101,700</u>	<u>110,800</u>
		<u>1,472,123</u>	<u>1,155,237</u>
Total Assets		<u>\$ 3,084,396</u>	<u>\$ 2,770,988</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2013 AND 2012
(Continued)

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Reserve for Animal Control Expenditures	B-3	\$ 10,895	\$ 12,408
Due to State of NJ	B-4	11	94
Due to Current Fund	B-8	<u>13,144</u>	<u>6,910</u>
		<u>24,050</u>	<u>19,412</u>
OTHER TRUST FUND			
Reserve for Escrow and Performance Deposits	B-5	700,969	753,363
Reserve for Insurance Settlements	B-9	329,523	338,665
Reserve for Mt. Laurel Senior Housing	B-10	17,259	17,259
Reserve for Payroll Deductions Payable	B-11	6,737	6,920
Reserve for Police Private Detail Billings	B-14	12,900	155,805
Due to Current Fund	B-6	163,360	31,712
Miscellaneous Reserves	B-13	<u>265,732</u>	<u>237,596</u>
		<u>1,496,480</u>	<u>1,541,320</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-12	3,983	8,554
Reserve for Unemployment Insurance Claims	B-7	<u>87,760</u>	<u>46,465</u>
		<u>91,743</u>	<u>55,019</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Reserve for Investments in Length of Service Award Program	B	<u>1,472,123</u>	<u>1,155,237</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,084,396</u>	<u>\$ 2,770,988</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash and Investments	C-2, C-3	\$ 2,626,510	\$ 939,387
Grants Receivable	C-16	399,059	342,924
Deferred Charges to Future Taxation			
Funded	C-4	4,482,000	5,281,498
Unfunded	C-5	<u>2,703,662</u>	<u>1,032,487</u>
Total Assets		<u>\$ 10,211,231</u>	<u>\$ 7,596,296</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations			
Funded	C-7	\$ 813,866	\$ 913,444
Unfunded	C-7	2,245,336	675,707
Due to Current Fund	C-6	90,772	83,000
General Serial Bonds	C-8	4,482,000	5,262,000
Bond Anticipation Notes Payable	C-17	1,865,000	
Capital Improvement Fund	C-9	87,960	149,626
Contracts Payable	C-10	381,144	252,135
State Loans Payable	C-11		19,498
Reserve for Grants Receivable	C-16	61,138	61,138
Reserve for Payment of Bonds	C-12	14,961	14,961
Reserve for Preliminary Costs	C-13	5,000	5,000
Reserve for Ambulance	C-14	30,000	25,000
Reserve for Ambulance Pagers and Radios	C-15		7,000
Fund Balance	C-1	<u>134,054</u>	<u>127,787</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,211,231</u>	<u>\$ 7,596,296</u>

There were bonds and notes authorized but not issued on December 31, 2013 and 2012 of \$848,995 and \$1,032,487 respectively, (Exhibit C-18).

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WASHINGTON
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 127,787	\$ 127,787
Increased by:			
Premium on Sale of Bond Anticipation Notes	C-6	<u>6,267</u>	<u>-</u>
Balance, December 31	C	<u>\$ 134,054</u>	<u>\$ 127,787</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2013 AND 2012**

	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2012</u>
ASSETS		
Land	\$ 11,428,900	\$ 11,428,900
Buildings and Building Improvements	2,549,329	2,549,329
Machinery and Equipment	<u>4,446,351</u>	<u>4,408,262</u>
	<u>\$ 18,424,580</u>	<u>\$ 18,386,491</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 18,424,580</u>	<u>\$ 18,386,491</u>

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NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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/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.

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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.

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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 unmatured 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.

TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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, and 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.

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.

Reclassifications - Certain reclassifications have been made to the December 31, 2012 balances to conform to the December 31, 2013 presentation.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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 2013 and 2012 the Township Council increased the original budget by \$322,246 and \$5,900. The 2013 increase was funded by additional aid allotted to the Township and a special emergency for the revaluation of property. The 2012 increase was funded by additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2013 and 2012.

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.

TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2013 and 2012, the book value of the Township's deposits were \$10,068,467 and \$7,517,474 and bank and brokerage firm balances of the Township's deposits amounted to \$10,158,604 and \$7,586,400, 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>2013</u>	<u>2012</u>
Insured	\$ 10,158,604	\$ 7,586,400

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 Township's 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.

As of December 31, 2013 and 2012, the Township had the following investments:

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

TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

<u>2012</u>	<u>Fair Value</u>	<u>Book Value</u>
<u>Investment:</u>		
Government Money Market Fund (MBIA)		\$ 137,038
Length of Service Award Program (Unaudited)	\$ 1,044,437	-
	<u>\$ 1,044,437</u>	<u>\$ 137,038</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, 2013 and 2012, \$1,370,423 and \$1,181,475 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>2013</u>	<u>2012</u>
<u>Uninsured and Collateralized:</u>		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ 1,370,423	\$ 1,181,475

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, 2013 and 2012, the Township’s investment in Lincoln Financial Group was rated Baal, respectively, 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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
<u>Current</u>		
Property Taxes	\$ 300,021	\$ 315,021
Tax Title Liens	<u>785</u>	<u>2,151</u>
	<u>\$ 300,806</u>	<u>\$ 317,172</u>

In 2013 and 2012, the Township collected \$315,785 and \$245,475 from delinquent taxes, which represented 99% and 99% of the prior year delinquent taxes receivable balance.

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>2013</u>		<u>2012</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	\$ 267,276	\$ 101,700	\$ 121,622	\$ 110,800
Animal Control Fund		13,144		6,910
Other Trust Fund		163,360		31,712
LOSAP Trust Fund	101,700		110,800	
General Capital Fund	<u>-</u>	<u>90,772</u>	<u>-</u>	<u>83,000</u>
Total	<u>\$ 368,976</u>	<u>\$ 368,976</u>	<u>\$ 232,422</u>	<u>\$ 232,422</u>

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

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

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

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>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$280,000</u>	<u>\$56,000</u>	<u>\$224,000</u>

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 balance at December 31, which was appropriated and included as anticipated revenue in the Current Fund's budget for the succeeding year was as follows:

	<u>Fund Balance December 31, 2013</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31, 2012</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,999,185	\$ 1,100,000	\$ 1,737,675	\$ 920,000
Non-Cash Surplus	<u>313,290</u>	<u>-</u>	<u>56,148</u>	<u>-</u>
	<u>\$ 2,312,475</u>	<u>\$ 1,100,000</u>	<u>\$ 1,793,823</u>	<u>\$ 920,000</u>

The above fund balance amount appropriated represents the surplus anticipated in the 2014 introduced municipal budget. The 2014 municipal budget has not been legally adopted as of the date of audit.

TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

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, 2013 and 2012.

	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>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>
	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land	\$ 11,428,900			\$ 11,428,900
Buildings and Building Improvement	2,549,329			2,549,329
Machinery and Equipment	4,276,641	\$ 131,621	-	4,408,262
	<u>\$ 18,254,870</u>	<u>\$ 131,621</u>	<u>\$ -</u>	<u>\$ 18,386,491</u>

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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>2013</u>	<u>2012</u>
Issued		
General		
Bonds, Notes and Loans	\$ 6,347,000	\$ 5,281,498
Less Funds Temporarily Held to Pay Bonds and Notes	<u>25,294</u>	<u>14,961</u>
Net Debt Issued	6,321,706	5,266,537
Authorized But Not Issued		
General		
Bonds and Notes	<u>848,995</u>	<u>1,032,487</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 7,170,701</u>	<u>\$ 6,299,024</u>

TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

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 .41% and .35% at December 31, 2013 and 2012, respectively.

	<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>
<u>2012</u>			
General Debt	\$ 6,313,985	\$ 14,961	\$ 6,299,024
School Debt	<u>7,253,996</u>	<u>7,253,996</u>	<u>-</u>
Total	<u>\$ 13,567,981</u>	<u>\$ 7,268,957</u>	<u>\$ 6,299,024</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>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 61,181,749	\$ 62,669,603
	<u>7,170,701</u>	<u>6,299,024</u>
Remaining Borrowing Power	<u>\$ 54,011,048</u>	<u>\$ 56,370,579</u>

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

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>2013</u>	<u>2012</u>
\$3,322,000, 2003 Bonds, due in annual installments of \$365,000 to \$375,000 through September 1, 2018, interest at 4.10%	\$ 1,847,000	\$ 2,207,000
\$3,275,000, 2011 Bonds, due in annual installments of \$435,000 to \$440,000 through October 1, 2019, interest at 2.00% to 3.00%	<u>2,635,000</u>	<u>3,055,000</u>
	<u>\$ 4,482,000</u>	<u>\$ 5,262,000</u>

General Intergovernmental Loans Payable

The Township has entered into a loan agreement with the State of New Jersey for the financing relating to the Senior Center Municipal Complex. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loan outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$390,000, 1993 Loan, due in Annual installments of \$19,498 through August, 2013, interest at 1.5%	<u>\$ -</u>	<u>\$ 19,498</u>

TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2013 is as follows:

Calendar Year	<u>General Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 800,000	\$ 141,627	\$ 941,627
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>\$ 4,482,000</u>	<u>\$ 478,250</u>	<u>\$ 4,960,250</u>

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	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>
	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<u>2012</u>					
General Capital Fund					
Bonds Payable	\$ 6,387,000		\$ 1,125,000	\$ 5,262,000	\$ 780,000
Intergovernmental Loan Payable	<u>38,998</u>	<u>-</u>	<u>19,500</u>	<u>19,498</u>	<u>19,498</u>
General Capital Fund Long-Term Liabilities	<u>\$ 6,425,998</u>	<u>\$ -</u>	<u>\$ 1,144,500</u>	<u>\$ 5,281,498</u>	<u>\$ 799,498</u>

TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Township's short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance December 31, 2012</u>	<u>Increases</u>	<u>Decreases</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
			\$ -	\$ 1,865,000	\$ -	\$ 1,865,000

2012

None

The purpose of these short-time 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.

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.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>2013</u>	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion/Acquisition</u>
	Purchase and Installation of Emergency Generator	\$109,360	2014
<u>2012</u>			
	Rehabilitation of Memorial Field	116,420	2013

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

<u>2013</u>	<u>Purpose</u>	<u>Remaining Commitment</u>
	Township Revaluation of Property	\$209,291
<u>2012</u>		
	None	

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

A. Compensated Absences (Continued)

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 \$615,990 and \$605,877 at December 31, 2013 and 2012, respectively. These amounts which are considered material to the financial statements are not reported either as an expenditure or liability. As of December 31, 2013 and 2012, the Township has reserved \$135,000 and \$48,000, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

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.

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.

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.

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 employers 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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.
- 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; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

- 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.

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 CPFPPF (2.00%) and (b) changes to projected salary increases, which vary by fund.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. 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.

During the years ended December 31, 2013, 2012 and 2011, 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>
2013	\$ 616,011	\$ 156,153	\$ 2,256
2012	523,000	157,916	
2011	661,893	171,000	

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 Municipal 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 Fund's coverage amounts are on file with the Township.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13 RISK MANAGEMENT (Continued)

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.

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>
2013	\$ 56,100	\$ 14,886	\$ 29,691	\$ 87,760
2012	55,000	9,071	47,090	46,465
2011	50,000	9,159	32,506	29,484

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, 2013 and 2012. 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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 14 CONTINGENT LIABILITIES (Continued)

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, 2013 and 2012, 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.

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, 2013 and 2012, 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 2013 and 2012, respectively, for each eligible volunteer fire department and ambulance corps member into the Plan.

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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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.

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, 2013. As of December 31, 2013, the Township has received \$78,996 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

CURRENT FUND

TOWNSHIP OF WASHINGTON
STATEMENT OF CURRENT CASH AND INVESTMENTS - TREASURER

Balance, December 31, 2012		\$ 5,050,594
Increased by Receipts:		
Tax Collector	\$ 35,102,906	
Non-Budget Revenue	271,703	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	123,104	
Grants Receivable	29,322	
Revenue Accounts Receivable	1,661,169	
Tax Overpayments	82,587	
Miscellaneous Reserves	<u>54,633</u>	
		<u>37,325,424</u>
		42,376,018
Decreased by Disbursements:		
2013 Budget Appropriations	9,825,411	
2012 Appropriation Reserves	168,540	
Encumbrances Payable	418,711	
Accounts Payable	100,102	
Payment to Length of Service Award Program Fund	78,750	
Tax Overpayments	74,654	
County Taxes Payable	3,927,404	
Regional School Taxes Payable	21,943,096	
Other Trust Fund Expenditures Paid by Current Fund	275	
Refund of Prior Year Revenue	<u>58,406</u>	
		<u>36,595,349</u>
Balance, December 31, 2013		<u>\$ 5,780,669</u>

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

Balance, December 31, 2012		\$ 48,455
Increased by Receipts:		
Taxes Receivable	\$ 34,854,847	
Prepaid Taxes	172,193	
Tax Title Liens	2,277	
Revenue Accounts Receivable	<u>73,824</u>	
		<u>35,103,141</u>
		35,151,596
Decreased by Disbursements:		
Payments to Treasurer - Current Fund		<u>35,102,906</u>
Balance, December 31, 2013		<u><u>\$ 48,690</u></u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, December 31, <u>2012</u>	Balance, December 31, <u>2013</u>
Tax Collector	\$ 100	\$ 100
Municipal Court	200	200
Board of Health	<u>25</u>	<u>25</u>
	<u>\$ 325</u>	<u>\$ 325</u>

EXHIBIT A-7

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

Balance, December 31, 2012		\$ 9,359
Increased by:		
Senior Citizens/ Veterans Deductions Per Tax Billings	\$ 124,750	
Senior Citizens' Deductions Allowed Per Tax Collector - Prior Year	250	
Senior Citizens' Deductions Allowed Per Tax Collector - Current Year	<u>1,750</u>	
		<u>126,750</u>
		136,109
Decreased by:		
Received in Cash from State	123,104	
Senior Citizens' Deductions Disallowed Per Tax Collector-Prior Year	145	
Deductions Disallowed By State Audit	2,500	
Senior Citizens' Deductions Disallowed Per Tax Collector-Current Year	<u>2,118</u>	
		<u>127,867</u>
Balance, December 31, 2013		<u>\$ 8,242</u>

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

Year	Balance, December 31, 2012	2013 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collected In 2012	2013	Senior Citizens' and Veterans' Deductions Allowed	Transferred to Tax Title Liens	Cancelled	Balance, December 31, 2013
2012	\$ 315,021	-	\$ 145	-	\$ 313,258	\$ 250	-	\$ 1,658	-
	315,021	-	145	-	313,258	250	-	1,658	-
2013	-	\$ 35,403,399	2,118	\$ 207,189	34,541,589	126,500	\$ 911	229,307	\$ 300,021
	\$ 315,021	\$ 35,403,399	2,263	\$ 207,189	\$ 34,854,847	\$ 126,750	\$ 911	\$ 230,965	\$ 300,021

TAX YIELD

General Purpose Tax \$ 35,366,735
 Added Taxes (54:4-63.1 et seq.) 36,664
\$ 35,403,399

TAX LEVY

Regional School Tax (Abstract) \$ 21,943,096
 County Taxes
 County Tax (Abstract) \$ 3,880,343
 County Open Space Tax 43,115
 Due County for Added and Omitted Taxes (54:4-63.1 et seq.) 4,096
3,927,554

Local Tax for Municipal Purposes (Abstract)

Minimum Library Tax 8,901,699
 Add: Additional Tax Levied 580,303
50,747
9,532,749
\$ 35,403,399

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

Balance, December 31, 2012	\$ 2,151
Increased by:	
Transferred from 2013 Taxes Receivable	<u>911</u>
	3,062
Decreased by;	
Cash Receipts	<u>2,277</u>
Balance, December 31, 2013	<u><u>\$ 785</u></u>

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

Balance, December 31, 2012

\$ 70,950

Balance, December 31, 2013

\$ 70,950

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

<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2013</u>	<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2013</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	9,700
					<u>9,700</u>
					\$ <u>70,950</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF GRANTS RECEIVABLE**

	Balance December 31, <u>2012</u>	Accrued in <u>2013</u>	Cash Receipts	Cancelled	Balance December 31, <u>2013</u>
Police Click It or Ticket It Grant	\$ 1,550			\$ 1,550	
Bergen County Handgun Grant	2,000			2,000	
Community Development Block Grant		\$ 17,044			\$ 17,044
Child Passenger Safety Grant	5,389			5,389	
Assistance to Firefighters	3,032			3,032	
Stormwater Drainage	19,702			19,702	
Drive Sober or Get Pulled Over	178	4,400	\$ 4,075	178	325
Clean Communities Program	885	16,860	16,860	885	
Municipal Alliance Grant	9,450	9,876	6,887	4,760	7,679
Bergen County Municipal JIF		1,500	1,500		
Emergency Preparedness - Health Dept	2,500			2,500	
2010 State Health Services Grant - H1N1	377			377	
Motorcycle Safety Grant	1,726			1,726	
	<u>\$ 46,789</u>	<u>\$ 49,680</u>	<u>\$ 29,322</u>	<u>\$ 42,099</u>	<u>\$ 25,048</u>
			Appropriated Grant Reserves	\$ 33,166	
			Fund Balance	8,933	
				<u>\$ 42,099</u>	

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

	Balance, December 31, <u>2012</u>	Accrued in 2013	Cash Receipts		Balance, December 31, <u>2013</u>
			Collector	Treasurer	
Township Clerk					
Licenses					
Alcoholic Beverages		\$ 15,376		\$ 15,376	
Other		2,320		2,320	
Fees and Permits		10,875		10,875	
Police Department					
Fees and Permits	\$ 324	14,360		14,432	\$ 252
Planning Board					
Fees and Permits		7,160		7,160	
Zoning Board of Adjustment					
Fees and Permits	350	8,907		9,207	50
Construction Code Official					
Fees and Permits	18,610	255,748		225,858	48,500
Recreation Department					
Fees and Permits		168,487		164,025	4,462
Board of Health					
Licenses		130		130	
Fees and Permits		12,877		12,877	
Municipal Court					
Fines and Costs	4,314	77,063		77,171	4,206
Interest and Cost on Taxes		73,824	\$ 73,824		
Energy Receipts Tax		713,525		713,525	
Interest on Investments and Deposits		2,026		2,026	
Joint Health Services		54,563		54,563	
Uniform Fire Safety Act		21,318		21,318	
Cable Television Fees		126,203		126,203	
Police Outside Duty-Other Trust Fund		125,000		125,000	
Library Reimbursement		125,681		125,681	
Sale of Recyclables		52,273		52,273	
Other Fees and Permits - Recreation	22			22	
Sewer Charges	-	26,127	-	26,127	-
	<u>\$ 23,620</u>	<u>\$ 1,893,843</u>	<u>\$ 73,824</u>	<u>\$ 1,786,169</u>	<u>\$ 57,470</u>
				\$ 1,661,169	
				125,000	
				<u>\$ 1,786,169</u>	

TOWNSHIP OF WASHINGTON
STATEMENT OF 2012 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance, December 31, <u>2012</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT						
General Administration						
Salaries and Wages	\$ 18,076					
Other Expenses	10,404	\$ 416	\$ (5,000)	\$ 13,076		\$ 13,076
Maintenance and Support of Office Equip			(3,400)	7,420		7,420
Maint. & Support- Equipment	58		700	758	\$ 700	58
Maint. & Support- Computers/Telephone	10,007			10,007		10,007
Energy & Environmental Control	500	8,500	(8,500)	500		500
Mayor & Council						
Other Expenses- Mayor	1,539			1,539		
Other Expenses- Council	4,626			4,626	165	1,374
Municipal Clerk						4,626
Salaries and Wages	506	1,026		1,532		1,532
Other Expenses	2,047	442		2,489		2,489
Elections - S&W	400			400		400
Elections- Other Expenses	1,100			1,100		1,100
Financial Administration						
Salaries and Wages	18,707		7,000	25,707	6,225	19,482
Other Expenses						
Miscellaneous Other	1,947		200	2,147	96	2,050
Revenue Administration						
Salaries and Wages	3,400	100		3,500		3,500
Other Expenses	3,826	40		3,866		3,866
Tax Assessment Administration						
Other Expenses	428	10		438		438
Legal Services						
Other Expenses						
Administration	500			500		500
Council	56,688	3,349	(21,650)	38,387		38,387
Tax Appeals	13,639			13,639		13,639
Engineering Services						
Other Expenses	-	66	2,000	2,066		2,066
Department of Public Affairs						
Other Expenses	9,379			9,379	3,700	5,679
Cable Television Expense	6,171	33		6,204		6,204
Land Use Administration						
Planning Board						
Salaries and Wages	3,589	7		3,596		3,596
Other Expenses	2,216			2,216		2,180
Zoning Board of Adjustment					36	
Salaries and Wages	3,317	8		3,325		3,325
Other Expenses	3,841			3,841	1,008	2,833
PUBLIC SAFETY FUNCTIONS						
Police Department						
Salaries and Wages	2,016					
Other Expenses	353	68	46,000	48,016	45,791	2,225
Acquisition/Leasing of Police Vehicles	8,343			421		421
Acquisition of Police Vehicles - Cap Ex	-	8,334		8,343	8,082	261
Community Policing	1,425			8,334		8,334
Telephone Support System	580			1,425		1,425
Maintenance of Desk Record System	676		750	1,330	1,118	212
Police Range Repair	300			676		676
Reverse 911 System	500			300		300
Police Dispatchers						500
Salaries & Wages	475	400		875		875
Contractual	58,000	37,000	(93,000)	2,000		2,000
Office of Emergency Management						
Other Expenses	2,022			2,022		2,022

TOWNSHIP OF WASHINGTON
STATEMENT OF 2012 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance, December 31, <u>2012</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Fire Department						
Other Expenses	\$ 7,744		\$ (1,450)	\$ 6,294	\$ 2,679	\$ 3,615
Clothing Allowance	3,643			3,643		3,643
Physicals	440		1,450	1,890	1,631	259
Death Benefits	9,700			9,700		9,700
Maintenance Program	622			622		622
Equipment Compliance	1,825		174	1,999	1,862	137
Uniform Fire Safety Code						
Other Expenses	1,578	\$ 12		1,590		1,590
Fire Hydrant Service	8,582	40		8,622		8,622
Municipal Prosecutor						
Salaries & Wages	711			711		711
PUBLIC WORKS FUNCTIONS						
Department of Municipal Facilities						
Salaries and Wages	59,208			59,208	3,021	56,187
Other Expenses	6,637	2,434	3,200	12,271		12,271
Solid Waste Collection						
Other Expenses	39,225		40,000	79,225	52,087	27,138
Other Public Works Functions						
Shade Tree		1,000	(1,000)			
Holiday Decoration	2,617			2,617	1,000	1,617
Buildings and Grounds						
Building Maintenance	7,595		18,000	25,595	20,412	5,183
Vehicle Maintenance						
Other Expenses	36,088		21,326	57,414	29,762	27,652
Community Services Act	7,152			7,152	3,116	4,036
HEALTH AND HUMAN SERVICES						
Public Health Services						
Salaries and Wages (Board of Health)	200	475		675		675
Other Expenses (Board of Health)	1,095			1,095		1,095
Occ. Safety & Health Blood Pathogens	350			350		350
Animal Control Services						
Other Expenses	1,520	380		1,900		1,900
Recreation Services and Programs						
Salaries and Wages	9,716	239		9,955		9,955
Other Expenses	50,541		(400)	50,141	10,779	39,362
Golden Seniors Committee	1,225			1,225	1,225	0
Senior Activities		127		127		127
Community Programs						
Salaries and Wages			100	100	89	11
Other Expenses	233		300	533		533
Maintenance of Parks						
Parks and Other Expenses	178	22,556	(10,000)	12,734		12,734
Rental - Athletic Facilities	5,316			5,316	720	4,596
Resurfacing of Memorial Field	40,000			40,000	20,299	19,701
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events	437			437	40	397
MUNICIPAL COURT						
Salaries and Wages	1,745	40		1,785		1,785
Other Expenses	3,065	1,331	(2,000)	2,396		2,396
Public Defender	1,000			1,000		1,000
INSURANCE						
Liability Insurance (BJIF)	23,518	325		23,843		23,843
Workers Compensation Insurance (BJIF)	31,199	1,234		32,433		32,433
Employee Group Insurance	101,588			101,588	162	101,426

TOWNSHIP OF WASHINGTON
STATEMENT OF 2012 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance, December 31, <u>2012</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
CODE ENFORCEMENT & ADMINISTRATION						
Construction Officials						
Salaries and Wages	\$ 2,430	\$ 1,264		\$ 3,694		\$ 3,694
Other Expenses	1,110	62		1,172		1,172
UTILITY EXPENSES & BULK PURCHASES						
Electricity	13,820	105	\$ (5,300)	8,625		8,625
Street Lighting	32,824	10,731	(10,000)	33,555		33,555
Telephone	771		5,500	6,271	\$ 3,969	2,302
Water	7,379			7,379	966	6,413
Natural Gas	8,158			8,158	4	8,154
Gasoline	163		15,000	15,163	8,755	6,408
LANDFILL/SOLID WASTE DISPOSAL						
Sanitary Landfill & Dump Fees	24,700			24,700	1,387	23,313
STATUTORY EXPENDITURES						
Statutory Charges						
Social Security System (O.A.S.I.)	28,000	363		28,363		28,363
PUBLIC SAFETY FUNCTIONS						
Length of Service Award Program (LOSAP)	3,000			3,000	1,500	1,500
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	40,082			40,082	40,082	-
UTILITY EXPENSES & BULK PURCHASES						
Sewer - BCUA - Contractual	337			337		337
Other Municipalities - Contractual	81,112			81,112	81,001	111
PUBLIC WORKS						
Engineering - NJDEP Stormwater	2,000			2,000	2,000	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Joint Health Services - Contractual						
Other Expenses	12			12		12
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
Bergen County Municipal JIF	1,500			1,500	1,500	
Clean Communities Program	14,653			14,653	14,653	
Municipal Alliance Grant						
State Share	1,567			1,567	1,567	
Local Match	2,539			2,539		2,539
Drive Sober or Get Pulled Over	-	179	-	179	179	-
Total General Appropriations	\$ 984,052	\$ 102,696	\$ -	\$ 1,086,748	\$ 373,368	\$ 713,380
Cash Disbursements				\$ 168,540		
Transfer to Accounts Payable				166,872		
Transfer to Due To Library				34,785		
Transfer to Appropriated Grant Reserves				3,171		
				<u>\$ 373,368</u>		

**TOWNSHIP OF WASHINGTON
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2012		\$ 521,407
Increased by:		
Charges to 2013 Budget Appropriations		<u>661,587</u>
		1,182,994
Decreased by:		
Cash Disbursements	\$ 418,711	
Restored to 2012 Appropriation Reserves	<u>102,696</u>	
		<u>521,407</u>
Balance, December 31, 2013		<u>\$ 661,587</u>

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

Balance, December 31, 2012		\$ 207,189
Increased by:		
2014 Prepaid Taxes		<u>172,193</u>
		379,382
Decreased by:		
Applied to 2013 Taxes		<u>207,189</u>
Balance, December 31, 2013		<u>\$ 172,193</u>

EXHIBIT A-16

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2012		\$ 1,501
Increased by:		
Cash Receipts		<u>82,587</u>
		84,088
Decreased by:		
Cash Disbursements		<u>74,654</u>
Balance, December 31, 2013		<u>\$ 9,434</u>

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

	Balance, December 31, 2012	Receipts	Transfer From 2012 Appropriation Reserves	Anticipated Revenue in 2013 Budget	Cancelled: to Grants Receivable	Balance, December 31, 2013
Miscellaneous Reserves:						
Sale of Municipal Assets	\$ 1,020,738	\$ 654				\$ 1,021,392
Insurance Recoveries	14,432	24,987				39,419
Motor Vehicle Inspection Fees	43,300					43,300
Library Reimbursement	67,000					67,000
Appropriated Grant Reserves:						
Alcohol Education and Rehabilitation	4,132					4,132
Clean Communities Grant	15,209			\$	885	14,324
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					4,117
Public Health Priority Funding	521				377	144
Bergen County Handgun Grant	2,000				2,000	
Health - Nextel PDA Grant	5					5
Police - Click it or Ticket Grant	2,507					957
Child Passenger Safety Grant	3,811				1,550	2,261
Police Body Armor Fund	2,600				3,811	
FEMA Firefighter Grant	486					486
LINCS- Core Capacity Infrastructure Grant	3					3
Stormwater Regulation Grant	23,826				19,702	4,124
Motorcycle Safety Grant	50				50	
Municipal Alliance Grant	8,754		\$ 1,492		4,760	5,486
Over the Limit Under Arrest	57					57
Drive Sober or Get Pulled Over			179			179
Bergen County Municipal JIF			1,500			1,500
Emergency Preparedness Grant	31				31	
Unappropriated Grant Reserves:						
Truck Inspection Violations	7,331	2,197				9,528
Recycling Tonnage Grant	48,068	24,126				72,194
Pandemic Flu Grant	7,743					7,743
Body Armor Grant	4,693	2,669		\$ 4,693		2,669
Community Development Block Grant	1,139					1,139
Over the Limit Under Arrest	10,093					10,093
	<u>\$ 1,301,604</u>	<u>\$ 54,633</u>	<u>\$ 3,171</u>	<u>\$ 4,693</u>	<u>\$ 33,166</u>	<u>\$ 1,321,549</u>
Miscellaneous Reserves:						
Reserve for Sale of Assets				\$	1,021,392	
Other Miscellaneous Reserves					149,719	
						\$ 1,171,111
Appropriated Grant Reserves						
						47,072
Unappropriated Grant Reserves						
						<u>103,366</u>
						<u>\$ 1,321,549</u>

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

Balance, December 31, 2012		\$ 3,931
Increased by:		
Levy of 2013		
County Tax (Abstract)	\$ 3,880,343	
County Open Space Tax (Abstract)	43,115	
County Tax for Added Taxes (54:4-63.1)	<u>4,096</u>	
		<u>3,927,554</u>
		3,931,485
Decreased by:		
Payments		<u>3,927,404</u>
Balance, December 31, 2013		<u>\$ 4,081</u>

STATEMENT OF REGIONAL SCHOOL TAXES PAYABLE

Increased by:		
Levy of 2013 (Calendar Year)		<u>\$ 21,943,096</u>
Decreased by:		
Payments		<u>\$ 21,943,096</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2012		\$	231,215
Increased by:			
Transferred from Appropriation Reserves			166,872
			398,087
Decreased By:			
Cancelled to Operations	\$	69,680	
Cash Disbursements		100,102	
			169,782
Balance, December 31, 2013		\$	228,305

EXHIBIT A-21

STATEMENT OF DUE TO TOWNSHIP PUBLIC LIBRARY

Increased by:			
Transferred from Appropriation Reserves			\$ 34,785
Balance, December 31, 2013		\$	34,785

**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, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2013</u>
<u>Special Emergency Authorization (N.J.S. 40A:4-53):</u>						
Revaluation Update	\$ 280,000	\$ 56,000	\$ -	\$ 280,000	\$ -	\$ 280,000
			<u>\$ -</u>	<u>\$ 280,000</u>	<u>\$ -</u>	<u>\$ 280,000</u>

TRUST FUND

TOWNSHIP OF WASHINGTON
STATEMENT OF TRUST CASH - TREASURER

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>
Balance, December 31, 2012	\$ 19,387	\$ 1,541,320	\$ 55,019
Increased by Receipts:			
Due from Dog License Official	\$ 6,831		
Miscellaneous Escrow and Performance Deposits		\$ 251,783	
Miscellaneous Reserves		157,095	
Police Outside Billings		142,000	
Employees' Contributions			\$ 14,886
Payroll Deposits		6,038,948	56,100
Budget Appropriation		6,373	
Interest on Investments and Deposits	-	<u>6,596,199</u>	<u>70,986</u>
	26,218	8,137,519	126,005
Decreased by:			
Expenditures Under R.S. 4:19-15.1	1,328		
Due to State of New Jersey - Dog License Fees	865		
Miscellaneous Escrow and Performance Deposits		304,177	
Miscellaneous Reserves		128,684	
Payroll Disbursements		6,039,131	
Police Outside Billings		159,905	
Reserve for Insurance Settlement		9,142	
Payments to State of New Jersey - Unemployment Insurance Benefits	-	-	34,262
	<u>2,193</u>	<u>6,641,039</u>	<u>34,262</u>
Balance, December 31, 2013	\$ 24,025	\$ 1,496,480	\$ 91,743

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

Increased by:	
Dog License Fees Collected	\$ 4,699
Cat License Fees Collected	240
Dog Registration Fees - Due State of N.J.	782
Late Fees	<u>1,110</u>
	<u>\$ 6,831</u>
Decreased by:	
Payments to Treasurer	<u>\$ 6,831</u>

EXHIBIT B-3

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

Balance, December 31, 2012	\$ 12,408
Increased by:	
Dog Licenses Issued	\$ 4,699
Late Fees Collected	1,110
Cat Licenses Issued	<u>240</u>
	<u>6,049</u>
	18,457
Decreased by:	
Expenditures Under R.S. 4:19-15.11	1,328
Statutory Excess	<u>6,234</u>
	<u>7,562</u>
Balance, December 31, 2013	<u>\$ 10,895</u>

EXHIBIT B-4

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

Balance, December 31, 2012	\$ 94
Increased by:	
2013 State Registration Fees	<u>782</u>
	876
Decreased by:	
Payments to State of New Jersey	<u>865</u>
Balance, December 31, 2013	<u>\$ 11</u>

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

Balance, December 31, 2012	\$	753,363
Increased by:		
Cash Receipts		251,783
		1,005,146
Decreased by:		
Cash Disbursements		304,177
Balance, December 31, 2013	\$	700,969

Analysis of Balance

Performance Bonds	\$	151,001
Backfill Bonds		24,920
Escrow Fees		440,048
Escow - COAH Fees		85,000
	\$	700,969

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

Balance, December 31, 2012	\$	31,712
Increased by:		
Interest on Investments and Deposits	\$	6,373
Other Trust Fund Expenditures Paid by Current Fund		275
Other Trust Fund Revenue Anticipated in Current Fund		125,000
		131,648
Balance, December 31, 2013	\$	163,360

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

Balance, December 31, 2012		\$ 46,465
Increased by:		
Budget Appropriation	\$ 56,100	
Employees Contributions	<u>14,886</u>	
		<u>70,986</u>
		117,451
Decreased by:		
Unemployment Insurance Claims		<u>29,691</u>
Balance, December 31, 2013		<u><u>\$ 87,760</u></u>

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

Balance, December 31, 2012		\$ 6,910
Increased by:		
Statutory Excess		<u>6,234</u>
Balance, December 31, 2013		<u><u>\$ 13,144</u></u>

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

Balance, December 31, 2012	\$	338,665
Decreased by:		
Cash Disbursements		9,142
Balance, December 31, 2013	\$	329,523

EXHIBIT B-10

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

Balance, December 31, 2012	\$	17,259
Balance, December 31, 2013	\$	17,259

EXHIBIT B-11

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

Balance, December 31, 2012	\$	6,920
Increased by:		
Payroll Deposits		6,038,948
		6,045,868
Decreased by:		
Payroll Disbursements		6,039,131
Balance, December 31, 2013	\$	6,737

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

Balance, December 31, 2012	\$	8,554
Increased by:		
Unemployment Claims		29,691
		38,245
Decreased by:		
Payment of Claims		34,262
Balance, December 31, 2013	\$	3,983

EXHIBIT B-13

STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance, December 31, <u>2012</u>	Cash <u>Receipts</u>	<u>Expended</u>	Balance, December 31, <u>2013</u>
Marriage Licenses - Due to State	\$ 600	\$ 1,050	\$ 1,025	\$ 625
Tax Sale Premiums	55,400	14,000	3,000	66,400
Celebrations of Public Events	30,087	17,872	6,969	40,990
Municipal Alliance Donation	950			950
Rental Deposits	3,050			3,050
Field House Donations	1,747			1,747
Recreation Donations	1,775			1,775
Police Department Donations	27,981	200	523	27,658
Fire Department/Uniform Fire Safety Penalties	2,377		720	1,657
Snow Plowing	9,739		4,098	5,641
Accumulated Leave Compensation	48,000			48,000
Fire Department Death Benefits		9,700		9,700
Health Insurance Contribution	26,233	113,930	110,720	29,443
Found Money	1,924	35	1,904	55
Land Sale Deposit	26,055	66		26,121
POAA	1,678	242	-	1,920
	<u>\$ 237,596</u>	<u>\$ 157,095</u>	<u>\$ 128,959</u>	<u>\$ 265,732</u>
		Cash Disbursements	\$ 128,684	
		Due to Current Fund	275	
			<u>\$ 128,959</u>	

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

Balance, December 31, 2012		\$ 155,805
Increased by:		
Cash Receipts		<u>142,000</u>
		297,805
Decreased by:		
Reimbursements for Payroll Paid to Current Fund	\$ 75,382	
Administrative Fees Paid to Current Fund	<u>84,523</u>	
		\$ 159,905
Amount Anticipated as Revenue in Current Fund Budget		<u>125,000</u>
		<u>284,905</u>
Balance, December 31, 2013		<u>\$ 12,900</u>

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GENERAL CAPITAL FUND

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

Balance, December 31, 2012		\$ 939,387
Increased by:		
Interest on Investments and Deposits	\$ 7,772	
Bond Anticipation Notes Issued	1,865,000	
Premium on Bond Anticipation Notes Issued	6,267	
Grant Receipts	10,333	
Receipts from Current Fund-Reserve for Ambulance	5,000	
Receipts from Current Fund-Capital Improvement Fund	<u>25,000</u>	
		<u>1,919,372</u>
		2,858,759
Decreased by Disbursements:		
Improvement Authorizations	70,228	
Contracts Payable	<u>162,021</u>	
		<u>232,249</u>
Balance, December 31, 2013		<u>\$ 2,626,510</u>

TOWNSHIP OF WASHINGTON
ANALYSIS OF GENERAL CAPITAL CASH

	Balance, December 31, <u>2013</u>
Fund Balance	\$ 134,054
Grants Receivable	(337,921)
Due to Current Fund	90,772
Reserve for Payment of Bonds	14,961
Reserve for Preliminary Costs	5,000
Reserve for Ambulance	30,000
Capital Improvement Fund	87,960
Contracts Payable	381,144
Excess Note Proceeds	10,333

Ordinance
Number

Improvement Description

95-5/96-5	Impvt. to Municipal Bldg./Air Conditioning	5,565
96-1	Acq. of DMF Equipment	373
96-4/97-10	Various Improvements	18,709
96-8/97-8	Various Improvements	210
96-9/97-9	Various Improvements	(3,363)
96-11	Acq. of Property	770
96-13	Acq. of Fire Dept. Equipment	1,519
95-8/95-11/97-4	Impvt. to Colonial Blvd	(6,227)
97-6	Impvt. of Municipal Complex	1,127
97-7/98-9	Impvt. of Municipal Parking Area	1,433
97-11	Impvts. for the Fire Dept.	1,525
98-13	Installation of Lightening Rod	1,133
98-10/98-15	Removal of Underground Storage Tanks	(4,617)
98-16	Improvement of Ridgewood Road	8,700
98-17/01-3	Traffic Light Improvement	16,196
99-7/05-1	Purchase of Equipment	1,965
99-8	Various Improvements	(2,701)
99-12	Purchase of Equipment/Renovation Firehouse	1,787
00-4	Purchase of Equipment - Fire Dept	306
00-6	Purchase of Equipment	7,871
00-9	Improvement to Municipal Property	2,216
01-8	Acquisition of New and Add'l Vehicle Equipment	(6,882)
02-1/04-2	Improvements to Free Public Library	104,055
02-5/03-6/03-7	Various Improvements	17,617
02-6	Acq. & Installation of Exhaust System - Firehouse	6,067
02-12	Acq. Of New and Additional Equipment	10,219
02-16	Acq. Of New and Additional Police Equipment	8
02-19	Construction of Fieldhouse at Clark Field	104
03-02	Acq. Of New & Add'l Vehicle Equipment	7,327
03-09	Acq. Of New & Add'l Fire Equipment	4,720
03-15	Construction of Commuter Curbs/Sidewalks - Washington Avenue	1,040
04-4	Acquisition of Land	409
04-9	Various Improvements	4,647
04-11	Acquisition of Various Equipment	6,440
04-14	Acquisition of Fire Fighter Equipment	4
06-07	Acquisition of Police Utility Vehicle	228
06-09	Improvement of Storm Water Drainage System	106,148
06-15	Acquisition of Fire Fighter Equipment	22
06-24	Acquisition of Office Equipment	800

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2013</u>
06-29	Various Improvements	\$ 136,891
06-30	Acquisition of Various Fire Fighting Equipment	3,190
07-08/08-13	Remediation of Property	19,069
07-09	Acquisition of New Fire Fighting Equipment	242
07-11	Acquisition of New Computer Equipment	6,220
07-12	Acquisition of a New Dump Truck	3,336
07-13	Various Improvements	5,775
08-07	Construction of New Park	(5,644)
08-09	Various Improvements	11,756
08-10	Various Improvements	15,095
08-11	Various Improvements	19,020
09-04	Construction of Curbs and Sidewalks	18,732
09-08	Acq. of New Computer Equipment - Police	9,795
09-13	Acq. of New Emergency Communication Equip	90,702
10-08	Acquisition of Lands	59,655
10-14	Acq of New and Additional Vehicular Equip	8,066
12-06	Acq of New Fire Dept Equipment	4,530
12-12	Acq of New and Additional Vehicular Equip	26,425
12-13	Improvements of Memorial Field	32,995
13-06	Various Road Improvements	905,232
13-07	Improvement of Colonial Boulevard	295,418
13-10	Acquisition of Radios and Pagers	7,000
13-11	Various Improvements	181,630
13-12	Improvement of Municipal Complex Site	26,443
13-20	Various Improvements	11,164
		<u>\$ 2,626,510</u>

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

Balance, December 31, 2012		\$ 5,281,498
Decreased by:		
2013 Budget Appropriations		
Bonds	\$ 780,000	
EDA Loans	<u>19,498</u>	
		<u>799,498</u>
Balance, December 31, 2013		<u>\$ 4,482,000</u>

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

Balance, December 31, 2012	\$ 83,000
Increased by:	
Interest on Investments and Deposits	<u>7,772</u>
Balance, December 31, 2013	<u>\$ 90,772</u>

TOWNSHIP OF WASHINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

2013 Authorizations

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2012		Deferred Charges Unfunded	Capital Improvement Fund	Funded by County Grant	Reserve for Ambulance Pagers & Radios	Paid or Charged	Balance, December 31, 2013	
			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							\$	
95-8/95-11/97-4	Impvt. to Colonial Blvd	545,000		20,421							20,421
96-1	Acq. of DMF Equipment	105,000	373							373	
96-4/97-10	Various Improvements	311,000	18,709	38,000						18,709	38,000
96-8/97-8	Various Improvements	153,000	210	14,250						210	14,250
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						1,433	80,000
97-11	Impmts. 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		22,681				\$ 2,298			20,383
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						16,196	3,000
99-7/05-1	Purchase of Equipment	44,000	4,454	4,454						4,454	4,454
99-8	Various Improvements	200,000		11,299							11,299
99-12	Purch. of Equip./Renovation Firehouse	50,000	306	1,787						306	1,787
00-4	Purchase of Equipment - Fire Dept	5,500									
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									
02-1/04-2	Improvements to Free Public Library	1,250,000	104,055	13,118						104,055	13,118
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							4,720	
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							228	
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	

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

Balance, December 31, 2012	\$ 149,626
Increased by:	
2013 Budget Appropriation	<u>25,000</u>
	174,626
Decreased by:	
Improvement Authorizations	<u>86,666</u>
Balance, December 31, 2013	<u>\$ 87,960</u>

EXHIBIT C-10

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2012	\$ 252,135
Increased by:	
Contracts Awarded	<u>291,030</u>
	543,165
Decreased by:	
Cash Disbursements	<u>162,021</u>
Balance, December 31, 2013	<u>\$ 381,144</u>

EXHIBIT C-11

STATEMENT OF STATE LOANS PAYABLE

Balance, December 31, 2012	\$ 19,498
Decreased by:	
2013 Budget Appropriation to Pay Loan Principal	<u>19,498</u>
Balance, December 31, 2013	<u>\$ -</u>

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

Balance, December 31, 2012	\$ <u>14,961</u>
Balance, December 31, 2013	\$ <u>14,961</u>

EXHIBIT C-13

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Balance, December 31, 2012	\$ <u>5,000</u>
Balance, December 31, 2013	\$ <u>5,000</u>

EXHIBIT C-14

STATEMENT OF RESERVE FOR AMBULANCE

Balance, December 31, 2012	\$ 25,000
Increased by:	
Current Fund Budget Appropriation	<u>5,000</u>
Balance, December 31, 2013	\$ <u>30,000</u>

EXHIBIT C-15

STATEMENT OF RESERVE FOR AMBULANCE PAGERS AND RADIOS

Balance, December 31, 2012	\$ 7,000
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>7,000</u>
Balance, December 31, 2013	\$ <u>-</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>
Balance, December 31, 2012	\$ 342,924	\$ 255,000	\$ 61,138	\$ 26,786	
Increased by:					
Grants Awarded	<u>56,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 56,135</u>
Balance, December 31, 2013	<u>\$ 399,059</u>	<u>\$ 255,000</u>	<u>\$ 61,138</u>	<u>\$ 26,786</u>	<u>\$ 56,135</u>
Pledged to Ordinance	\$ 337,921	\$ 255,000		\$ 26,786	\$ 56,135
Pledged to Reserve	<u>61,138</u>	<u>-</u>	<u>\$ 61,138</u>	<u>-</u>	<u>-</u>
	<u>\$ 399,059</u>	<u>\$ 255,000</u>	<u>\$ 61,138</u>	<u>\$ 26,786</u>	<u>\$ 56,135</u>

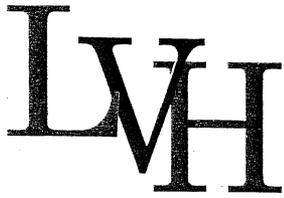
**TOWNSHIP OF WASHINGTON
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
99-7/05-1	Purchase of Equipment	\$ 40,211	8/8/2013	8/8/2013	8/8/2014	1.25%	\$ -	\$ 40,211	-	\$ 40,211
99-12	Purch. Of Equipment/Firehouse Renovation	32,000	8/8/2013	8/8/2013	8/8/2014	1.25%	-	32,000	-	32,000
07-4	Imprvmt of the Storm Water Drainage System	8,911	8/8/2013	8/8/2013	8/8/2014	1.25%	-	8,911	-	8,911
12-06	Acq of New Fire Dept Equipment	20,000	8/8/2013	8/8/2013	8/8/2014	1.25%	-	20,000	-	20,000
12-12	Acq of New and Additional Vehicular Equip	154,000	8/8/2013	8/8/2013	8/8/2014	1.25%	-	154,000	-	154,000
12-13	Improvements of Memorial Field	152,000	8/8/2013	8/8/2013	8/8/2014	1.25%	-	152,000	-	152,000
13-06	Various Road Improvements	865,000	8/8/2013	8/8/2013	8/8/2014	1.25%	-	865,000	-	865,000
13-07	Improvement of Colonial Boulevard	285,000	8/8/2013	8/8/2013	8/8/2014	1.25%	-	285,000	-	285,000
13-11	Various Improvements	218,274	8/8/2013	8/8/2013	8/8/2014	1.25%	-	218,274	-	218,274
13-12	Improvement of Municipal Complex Site	89,604	8/8/2013	8/8/2013	8/8/2014	1.25%	-	89,604	-	89,604
							\$ -	\$ 1,865,000	\$ -	\$ 1,865,000

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

Ord. No.	<u>Improvement Description</u>	Balance December 31, 2012	2013 <u>Authorizations</u>	Grant <u>Receipts</u>	Bond Anticipation Notes <u>Issued</u>	Balance December 31, 2013
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				32,000
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	42,700			\$ 40,211	2,489
99-8	Various Improvements	14,000				14,000
99-12	Purch. Of Equipment/Fire Renovation	32,000			32,000	
01-8	Acq. Of New and Add'l Vehicle Eq.	20,000				20,000
06-09	Improvement of Storm Water Drainage System	223,500				223,500
07-4	Imprvt of the Storm Water Drainage System	8,911			8,911	
08-07	Construction of New Park	137,750				137,750
10-08	Acquisition of Lands	425				425
12-06	Acq of New Fire Dept Equipment	20,000			20,000	
12-12	Acq of New and Additional Vehicular Equip	154,000			154,000	
12-13	Improvements of Memorial Field	152,000			152,000	
13-06	Various Road Improvements		\$ 865,000		865,000	
13-07	Improvement of Colonial Boulevard		285,000		285,000	
13-11	Various Improvements		218,274	\$ 10,333	207,941	
13-12	Improvement of Municipal Complex Site		89,604		89,604	
13-20	Various Improvements	-	223,630	-	-	223,630
		<u>\$ 1,032,487</u>	<u>\$ 1,681,508</u>	<u>\$ 10,333</u>	<u>\$ 1,854,667</u>	<u>\$ 848,995</u>

TOWNSHIP OF WASHINGTON
COUNTY OF BERGEN
PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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, 2013, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2014. 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. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we noted certain matters that we reported to management of the Township of Washington in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

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
May 15, 2014

TOWNSHIP OF WASHINGTON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

CFDA Number	Grant Year	State Account Number	Grant Award Amount	CY 2013 Grant Receipts	Balance, December 31, 2012	Revenue Realized	Expended	Encumbrances Cancelled/ Adjustments	Balance, December 31, 2013	Cumulative Expended
U.S. Department of Housing and Urban Development (Passed through County Dept. of Community Development)										
14-219	2004	Not Applicable	\$ 48,000		\$ 4,117	\$ 13,770	\$ 13,770		\$ 4,117	\$ 43,883
	2013		13,770			10,333	10,333			13,770
	2012		10,333	10,333						
	2013		3,274			3,274			3,274	
U.S. Department of Health (Passed through Dept. of Health) Division of Epidemiology Comm Dis Cont Public Health Emergency Preparedness										
93-069	2009		2,500		31			(31)		2,469
U.S. Department of Law and Public Safety (Passed through Division of Highway Traffic Safety)										
20-609	2007		7,200		50			(50)		7,150
20-601	2009	066-1160-100-057-09	6,000		25				25	5,975
20-601	2011	066-1160-100-057-11	4,400		32				32	4,368
Alcohol Impaired Driving Countermeasures Incentive Grants (Drive Sober or Get Pulled Over)										
20-601	2013	066-1160-100-057-13	4,400	4,075		4,400	4,400		179	4,400
	2012	066-1160-100-057-12	4,400							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
97-044	2005	Not Available	3,032		486				486	2,546
97-036	2013	066-1200-100-A92-13	78,996	78,996		78,996	78,996		-	78,996
					\$ 4,816	\$ 110,773	\$ 107,499	\$ 98	\$ 8,188	

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, 2013

State Grant Program	Grant Number	Grant Year	Grant Award Amount	CY 2013 Grant Receipts	Balance, December 31, 2012	Revenue	Expended	Encumbrances Cancelled/ Adjustments	Balance, December 31, 2013	Cumulative Expended
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	4220-150-021030-60	2007 2003 2001	9,042 8,146 10,542		7 274 240			\$ (137) (240)	7 137	\$ 9,035 7,872 10,302
Clean Communities Grant	4900-765-178900	2013 2012 2011 2007	16,860 14,653 15,203 10,851	\$ 16,860	\$ 16,860 14,653 15,203 6	\$ 16,860	\$ 14,653	(879) (6)	16,860 14,324	14,653 10,845
Drunk Driving Enforcement Fund	1110-448-031020-22	2003 2001 1998 Prior 2011	1,448 190 190 7,081		1,448 15 90 7,081				1,448 15 90 7,081	175 100
Body Armor Fund	066-1020-718-001-014	2013 2012 2011 2010 2002	2,669 2,442 2,251 3,194 2,183	2,669		2,442 2,251			2,442 2,251 2,183	2,777
Tobacco Age Enforcement	**	2006 2002 1998	180 330 90		180 30 4				180 30 4	300 86
Division of Highway Traffic - Child Passenger Safety	**	2007 2006 2004	1,656 5,000 5,705		1,034 1,951 826			(1,034) (1,951) (826)		622 3,049 4,879
Police-Live Scan Fingerprint ID System	**	2008	9,000		35				35	8,965

TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

State Grant Program	Grant Number	Grant Year	Grant Award Amount	CY 2013 Grant Receipts	Balance, December 31, 2012	Revenue	Expended	Encumbrances Cancelled/Adjustments	Balance, December 31, 2013	Cumulative Expended
Police Click it or Ticket Grant	**	2007	\$ 4,000		\$ 63				\$ 63	\$ 3,937
		2005	4,000		529				529	3,471
		2004	10,000		517				365	9,483
		2003	4,000		1,398			\$ (1,398)		2,602
Stormwater Grant	**	2006	23,936		23,826			(19,702)	4,124	110
LINCS - Core Capacity Infrastructure	**	2005	3,000		3				3	2,997
Department of Environmental Protection State Recycling Grant		2014	24,126	\$ 24,126						
Department of Environmental Protection Imprvmt of the Storm Water Drainage System-Ord 06-09	**	2006	255,000		106,148				106,148	148,852
Passed Through County of Bergen Municipal Alliance on Alcoholism and Drug Abuse	**	2013	9,876	6,887		\$ 9,876	\$ 5,921		3,955	5,921
		2012	10,356		1,567		75		1,492	8,864
		2011	10,135		2,085				2,085	8,050
		2010	10,356		6,295			(4,386)	1,909	4,061
		2009	11,017		374			(374)	-	10,643
					\$ 192,614	\$ 31,429	\$ 20,649	\$ (31,085)	\$ 172,309	

The above schedule is not subject to a single audit as defined by New Jersey OMB Circular 04-04.

** Not Available

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**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, 2013**

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 schedule 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	\$ 100,440	\$ 31,429	\$ 131,869
General Capital Fund	<u>10,333</u>	<u>-</u>	<u>10,333</u>
	<u>\$ 110,773</u>	<u>\$ 31,429</u>	<u>\$ 142,202</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, 2013**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on financial statements

Modified-Unaudited LOSAP Trust Fund

Internal control over financial reporting:

1) Material weakness(es) identified

_____ yes X no

2) Significant deficiency(ies) that are not considered to be material weakness(es)?

_____ yes X none reported

Noncompliance material to the financial statements noted?

_____ yes X 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, 2013**

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

THERE ARE NONE.

**TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2013

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

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

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 920,000	2.35 %	\$ 920,000	2.40 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,200,214	5.63	2,305,117	6.00
Collection of Delinquent Taxes and Tax Title Liens	315,785	0.81	245,475	0.64
Collection of Current Tax Levy	34,873,160	89.16	34,500,389	89.85
Other Credits	804,644	2.05	427,183	1.11
	<u>39,113,803</u>	<u>100.00</u> %	<u>38,398,164</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	11,868,863	31.27 %	11,499,605	30.77 %
County Taxes	3,927,554	10.35	3,921,963	10.50
Regional School Taxes	21,943,096	57.81	21,809,767	58.37
Other Expenditures	215,638	0.57	135,993	0.36
	<u>37,955,151</u>	<u>100.00</u> %	<u>37,367,328</u>	<u>100.00</u> %
Excess in Revenue	1,158,652		1,030,836	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year	<u>280,000</u>		<u>-</u>	
Excess in Revenue to Fund Balance	1,438,652		1,030,836	
Fund Balance, January 1	<u>1,793,823</u>		<u>1,682,987</u>	
	3,232,475		2,713,823	
Less Utilization as Anticipated Revenue	<u>920,000</u>		<u>920,000</u>	
Fund Balance, December 31	<u>\$ 2,312,475</u>		<u>\$ 1,793,823</u>	

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>\$1.898</u>	<u>\$1.865</u>	<u>\$1.858</u>
 <u>Apportionment of Tax Rate</u>			
Municipal	.477	.466	.455
Library	.031	.031	.032
County	.209	.206	.196
County Open Space	.003	.003	.003
Regional School District	1.178	1.159	1.172
 <u>Assessed Valuation</u>			
2013	<u>\$1,863,368,498</u>		
2012		<u>\$1,882,350,557</u>	
2011			<u>\$1,892,909,946</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>
2013	\$ 35,403,399	\$ 34,873,160	98.50%
2012	35,141,122	34,500,389	98.17%
2011	35,224,658	34,692,740	98.48%

**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>
2013	\$ 300,806	0.85%
2012	317,172	0.90%
2011	248,733	0.71%

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>
2013	\$70,950
2012	70,950
2011	70,950

Comparative Schedule of Fund Balances

<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund		
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
2009	1,735,211	1,020,000
2008	1,976,887	1,100,000
2007	2,047,601	1,100,000

**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 Sobkowitz	Mayor		
Richard Hrbek	Council President		
Dr. Steven Cascio	Council Vice President		
Joseph D'Urso	Councilman		
Glenn Beckmeyer	Councilman		
Frederic Goetz	Councilman		
Catherine Naverro-Steinel	Administrator		
Mary Ann Ozment	Township Clerk, Licensing Officer, Assessment Search Officer	\$1,000,000	A
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
Tom Sears	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		
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	1/1/13 - 12/31/13

**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.

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 purpose of gasoline which in the aggregate exceeds the bid threshold be approved by resolution.

Our audit of the General Capital Fund revealed that the improvement authorization balances in the budget appropriation report were not in agreement with the audit. It is recommended that the General Capital Fund improvement authorization balances be in agreement with the audited balances.

Current Year

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 reflected in internal reporting system. 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 and the General Capital Fund. Although during 2013 administration has cancelled numerous prior years' purchase orders, there remain purchase orders dating back several years. It is recommended that continued efforts be made to review prior years' purchase orders for validity and action be taken to clear of record where appropriate.

Our audit revealed three employee health benefit contributions were incorrectly calculated. Discrepancies were reviewed with township and have been subsequently corrected, therefore no recommendation is warranted.

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.
- Prior years unexpended General Capital improvement authorization balances be reviewed for possible cancellation.

**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:

- Recycling – Curbside Collection
- Acquisition of an Emergency Generator

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 September 18, 2013.

There is one Township owned tax title lien receivable as of December 31, 2013.

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. The General Capital Fund improvement authorization balances be in agreement with the audited balances.
- 4. 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.
- 5. Fines and costs received by the Municipal Court be remitted to the respective agencies by the 15th day of the month following collection.
- 6. Continued efforts be made to review prior years' purchase orders for validity and action be taken to clear of record where appropriate.

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