

TOWNSHIP OF WASHINGTON
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2012

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**TOWNSHIP OF WASHINGTON
BERGEN COUNTY, NEW JERSEY**

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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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, 2012 and 2011, 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, 2012, 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, 2012 and 2011, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 13 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, 2012 and 2011. The LOSAP Trust Fund financial activities are included in the Township’s Trust Funds, and represent 42 percent and 41 percent of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2012 and 2011.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the 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, 2012 and 2011, 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, 2012 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

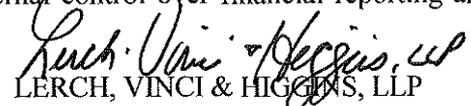
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Washington as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, schedule of expenditures of state financial assistance as required by NJ OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Washington.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 2013 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, 2012 AND 2011**

ASSETS	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Cash and Investments - Treasurer	A-4	\$ 5,050,594	\$ 4,615,109
Cash - Collector	A-5	48,455	13,918
Cash - Change Fund	A-6	<u>325</u>	<u>325</u>
		<u>5,099,374</u>	<u>4,629,352</u>
State/Federal Grants Receivable	A-11	46,789	55,619
Due from State of NJ-Seniors & Veterans	A-7	<u>9,359</u>	<u>10,107</u>
		<u>5,155,522</u>	<u>4,695,078</u>
Receivables and Other Assets With Full Reserves			
Taxes Receivable	A-8	315,021	247,585
Tax Title Liens Receivable	A-9	2,151	1,148
Property Acquired for Taxes - Assessed Valuation	A-10	70,950	70,950
Due from General Capital Fund	C-6	83,000	
Due from Animal Control Fund	B-8	6,910	2,991
Due from Other Trust Fund	B-6	31,712	
Revenue Accounts Receivable	A-12	<u>23,620</u>	<u>159,848</u>
		<u>533,364</u>	<u>482,522</u>
Total Assets		<u>\$ 5,688,886</u>	<u>\$ 5,177,600</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2012 AND 2011
(Continued)**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 984,052	\$ 606,890
Due to General Capital Fund	C-6		6,772
Due to Other Trust Fund	B-6		21,702
Accounts Payable	A-20	231,215	206,248
Encumbrances Payable	A-14	521,407	598,732
Prepaid Taxes	A-15	207,189	156,428
Tax Overpayments	A-16	1,501	
Miscellaneous Reserves	A-17	1,145,470	1,169,328
Appropriated Grant Reserves	A-17	77,067	59,747
Unappropriated Grant Reserves	A-17	79,067	70,881
County Taxes Payable	A-18	3,931	5,813
Due to Length of Service Award Program Fund	B	<u>110,800</u>	<u>109,550</u>
		3,361,699	3,012,091
Reserve for Receivables and Other Assets	A	533,364	482,522
Fund Balance	A-1	<u>1,793,823</u>	<u>1,682,987</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 5,688,886</u>	 <u>\$ 5,177,600</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 920,000	\$ 1,120,000
Miscellaneous Revenue Anticipated	A-2	1,990,165	1,872,619
Receipts from Delinquent Taxes	A-2	245,475	337,292
Receipts from Current Taxes	A-2	34,500,389	34,692,740
Non-Budget Revenue	A-2	314,952	182,911
Other Credits to Income			
Cancellation of Accounts Payable	A-20	127,717	
Statutory Excess Dog License Fund	B-8	3,919	2,991
Interfunds Returned	A		30,096
Unexpended Balance of Appropriation Reserves	A-13	295,547	262,515
		<hr/>	<hr/>
Total Revenues		38,398,164	38,501,164
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,358,333	4,752,571
Other Expenses	A-3	4,899,170	4,688,358
Capital Improvements	A-3	37,000	30,000
Municipal Debt Service	A-3	1,344,186	1,183,690
Deferred Charges and Statutory Expenditures	A-3	860,916	1,009,895
Other Debits			
County Taxes	A-18	3,873,123	3,692,716
County Open Space Tax	A-18	44,894	45,221
Due County for Added and Omitted Taxes	A-18	3,946	5,829
Regional School Taxes	A-19	21,809,767	22,200,799
Senior Citizen Deduction Disallowed	A-7	250	
Refund of Prior Year Revenue	A-4	17,112	76,660
Interfunds Originating	A	118,631	-
		<hr/>	<hr/>
Total Expenditures		37,367,328	37,685,739
Excess in Revenue		1,030,836	815,425
Fund Balance, January 1	A-1	<hr/>	<hr/>
		2,713,823	2,802,987
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<hr/>	<hr/>
		920,000	1,120,000
Fund Balance, December 31	A	<hr/>	<hr/>
		\$ 1,793,823	\$ 1,682,987

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, 2012

	Reference	2012 Budget	Added by N.J.S. 40A:4-87	2012 Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 920,000	-	\$ 920,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-12	12,000		15,091	\$ 3,091
Other	A-2	2,000		2,861	861
Fees and Permits					
Construction Code Official	A-12	110,000		164,771	54,771
Other	A-2	75,000		117,403	42,403
Fines and Costs					
Municipal Court	A-12	60,000		71,155	11,155
Interest and Costs on Taxes	A-12	55,000		80,668	25,668
Interest on Investments and Deposits	A-2	15,000		10,368	(4,632)
Cable Television Franchise Fees	A-12	115,000		125,002	10,002
Sewer Charges	A-12	35,000		24,773	(10,227)
State Aid					
Energy Receipts Tax	A-12	713,525		713,525	
Interlocal Municipal Services Agreement					
Joint Health Services - Contractual	A-12	53,493		54,776	1,283
State and Federal Programs Offset With Appropriations					
Municipal Alliance on Alcoholism and Drug Abuse	A-11	10,356		10,356	
Drive Sober or Get Pulled Over	A-11		\$ 4,400	4,400	
Clean Communities Grant	A-11	14,653		14,653	
Bergen County Municipal JIF	A-11		1,500	1,500	
Special Items					
Uniform Fire Safety Act	A-12	9,000		17,324	8,324
Sale of Recyclables	A-12	55,000		56,539	1,539
Library Reimbursement	A-12	120,000		120,000	
Reserve for Payment of Debt	A-12	100,000		100,000	
Police Outside Billings - Other Trust Fund	A-12	100,000		100,000	
Other Fees and Permits - Recreation	A-12	185,000	-	185,000	-
Total Miscellaneous Revenues	A-1	<u>1,840,027</u>	<u>5,900</u>	<u>1,990,165</u>	<u>144,238</u>
RECEIPTS FROM DELINQUENT TAXES	A-1, A-8	<u>200,000</u>	-	<u>245,475</u>	<u>45,475</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes	A-2,A-8	8,762,178		8,997,143	234,965
Minimum Library Tax	A-2,A-8	601,516	-	601,516	-
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>9,363,694</u>	-	<u>9,598,659</u>	<u>234,965</u>
Total		<u>\$ 12,323,721</u>	<u>\$ 5,900</u>	<u>12,754,299</u>	<u>\$ 424,678</u>
Non-Budget Revenue	A-1, A-2			<u>314,952</u>	
				<u>\$ 13,069,251</u>	

TOWNSHIP OF WASHINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 34,500,389
Less: Allocated to School and County Taxes	A-18, A-19	<u>25,731,730</u>
		8,768,659
 Add: Appropriation "Reserve for Uncollected Taxes"	 A-3	 <u>830,000</u>
 Amount for Support of Municipal Budget Appropriations	 A-2	 <u>\$ 9,598,659</u>
 Licenses - Other		
Township Clerk	A-12	\$ 2,780
Board of Health	A-12	<u>81</u>
	A-2	<u>\$ 2,861</u>
 Fees and Permits - Other		
Township Clerk	A-12	\$ 9,080
Police Department	A-12	14,009
Zoning Board of Adjustment	A-12	8,029
Planning Board	A-12	6,353
Board of Health	A-12	10,585
Recreation	A-12	<u>69,347</u>
	A-2	<u>\$ 117,403</u>
 Interest on Investments and Deposits		
Treasurer	A-12	\$ 3,337
Due from General Capital Fund	C-6	1,772
Due from Other Trust Fund	B-6	<u>5,259</u>
	A-2	<u>\$ 10,368</u>
 ANALYSIS OF NON-BUDGET REVENUE		
Snow Plowing		\$ 270
Flu Reimbursements		11,671
Rental of Township Property		12,350
Miscellaneous Reimbursements		15,953
Miscellaneous		20,363
Insurance Dividends		29,402
Police Off Duty - Administrative Fees		57,328
FEMA Reimbursements		<u>167,615</u>
	A-2, A-4	<u>\$ 314,952</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 163,745	\$ 163,745	\$ 145,669	\$ 18,076	
Other Expenses	31,550	31,550	21,146	10,404	
Maintenance and Support of Office Equip					
Maint. & Support- Equipment	10,000	10,700	10,642	58	
Maint. & Support- Computers/Telephone	20,000	20,000	9,993	10,007	
Energy & Environmental Control	9,000	500		500	
Mayor & Council					
Salaries and Wages- Mayor	9,207	9,207	9,207		
Other Expenses- Mayor	4,250	4,250	2,711	1,539	
Salaries and Wages- Council	29,013	29,013	29,013		
Other Expenses- Council	5,350	5,350	724	4,626	
Municipal Clerk					
Salaries and Wages	74,399	74,399	73,893	506	
Other Expenses	14,500	14,500	12,453	2,047	
Elections- S&W	1,200	1,200	800	400	
Elections- Other Expenses	10,000	10,000	8,900	1,100	
Financial Administration					
Salaries and Wages	122,837	129,837	111,130	18,707	
Other Expenses					
Financial Services - Fees	25,000	25,000	25,000		
Miscellaneous Other	17,500	17,500	15,553	1,947	
Audit Services					
Other Expenses	32,000	32,000	32,000		
Revenue Administration					
Salaries and Wages	44,611	44,611	41,211	3,400	
Other Expenses	8,750	8,750	4,924	3,826	
Tax Assessment Administration					
Salaries and Wages	48,892	48,892	48,892		
Other Expenses	4,055	4,055	3,627	428	
Legal Services					
Salaries and Wages	66,529	66,529	66,529		
Other Expenses					
Administration	500	500		500	
Council	79,000	63,450	6,762	56,688	
Tax Appeals	34,000	34,000	20,361	13,639	
Engineering Services					
Salaries and Wages	1,000	1,000	1,000		
Other Expenses	33,000	33,000	33,000		
Department of Public Affairs					
Salaries and Wages	1,000	1,000	1,000		
Other Expenses	16,600	16,600	7,221	9,379	
Cable Television Expense	7,000	7,000	829	6,171	
Land Use Administration					
Planning Board					
Salaries and Wages	7,841	7,841	4,252	3,589	
Other Expenses	6,809	6,809	4,593	2,216	
Zoning Board of Adjustment					
Salaries and Wages	19,222	19,222	15,905	3,317	
Other Expenses	8,608	8,608	4,767	3,841	

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, 2012**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	\$ 2,718,757	\$ 2,718,757	\$ 2,716,741	\$ 2,016	
Other Expenses	46,700	46,700	46,347	353	
Acquisition/Leasing of Police Vehicles	41,000	41,000	32,657	8,343	
Community Policing	1,500	1,500	75	1,425	
Telephone Support System	4,000	4,750	4,170	580	
Maintenance of Desk Record System	16,000	16,000	15,324	676	
Police Range Repair	6,300	6,300	6,000	300	
Reverse 911 System	500	500		500	
Police Dispatchers					
Salaries and Wages	25,000	25,000	24,525	475	
Contractual	95,000	58,000		58,000	
Office of Emergency Management					
Salaries and Wages	850	850	850		
Other Expenses	2,500	2,500	478	2,022	
Aid to Volunteer Ambulance Company	41,500	41,500	41,500		
Fire Department					
Salaries & Wages	1,000	1,000	1,000		
Other Expenses	28,110	28,110	20,366	7,744	
Clothing Allowance	34,000	34,000	30,357	3,643	
Physicals	1,000	1,000	560	440	
Death Benefits	9,700	9,700		9,700	
Maintenance Program	11,000	11,000	10,378	622	
Equipment Compliance	2,700	2,700	875	1,825	
Uniform Fire Safety Code					
Other Expenses	11,000	11,000	9,422	1,578	
Fire Hydrant Service	157,000	157,000	148,418	8,582	
Municipal Prosecutor					
Salaries & Wages	7,010	7,010	6,299	711	
PUBLIC WORKS FUNCTIONS					
Department of Municipal Facilities					
Salaries and Wages	657,779	657,779	598,571	59,208	
Other Expenses	56,350	56,350	49,713	6,637	
Other Public Works Functions					
Shade Trees - Holiday Decoration	3,500	3,500	883	2,617	
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, 2012**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC WORKS FUNCTIONS (Continued)					
Solid Waste Collection					
Salaries and Wages	\$ 1,000	\$ 1,000	\$ 1,000		
Other Expenses	270,000	300,000	260,775	\$ 39,225	
Buildings and Grounds					
Building Maintenance	28,600	46,600	39,005	7,595	
Vehicle Maintenance					
Other Expenses	104,600	126,000	89,912	36,088	
Community Services Act	32,000	32,000	24,848	7,152	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Salaries and Wages (Board of Health)	69,534	69,534	69,334	200	
Other Expenses (Board of Health)	16,640	16,640	15,545	1,095	
Occ. Safety & Health Blood Pathogens	3,000	3,000	2,650	350	
Animal Control Services					
Other Expenses	13,000	13,000	11,480	1,520	
Recreation Services and Programs					
Salaries and Wages	71,228	71,228	61,512	9,716	
Other Expenses	163,900	163,900	113,359	50,541	
Golden Seniors' Committee	11,300	11,300	10,075	1,225	
Senior Activities	3,000	3,000	3,000		
Community Programs					
Salaries and Wages	1,000	1,000	1,000		
Other Expenses	1,250	1,250	1,017	233	
Maintenance of Parks					
Parks and Other Expenses	65,000	55,000	54,822	178	
Rental - Athletic Facilities	15,000	15,000	9,683	5,317	
Resurfacing of Memorial Field	40,000	40,000		40,000	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events	19,500	19,500	19,063	437	
Accumulated Leave Compensation	12,000	12,000	12,000		
MUNICIPAL COURT					
Salaries and Wages	72,723	72,723	70,978	1,745	
Other Expenses	9,095	7,095	4,030	3,065	
Public Defender					
Other Expenses	1,800	1,800	800	1,000	

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, 2012**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
INSURANCE					
Liability Insurance (BJIF)	\$ 175,400	\$ 175,400	\$ 151,882	\$ 23,518	
Workers Compensation Insurance (BJIF)	169,000	169,000	137,801	31,199	
Employee Group Insurance	739,272	739,272	637,684	101,588	
Unemployment Taxes	55,000	55,000	55,000		
CODE ENFORCEMENT & ADMINISTRATION					
Construction Officials					
Salaries and Wages	97,034	97,034	94,604	2,430	
Other Expenses	5,750	5,750	4,640	1,110	
UTILITY EXPENSES & BULK PURCHASES					
Electricity	75,000	77,700	63,880	13,820	
Street Lighting	97,000	87,000	54,176	32,824	
Telephone	38,900	41,400	40,629	771	
Water	14,000	14,000	6,621	7,379	
Natural Gas	19,500	19,500	11,342	8,158	
Gasoline	83,000	83,000	82,837	163	
LANDFILL/SOLID WASTE DISPOSAL					
Sanitary Landfill & Dump Fees	96,000	96,000	71,300	24,700	-
Total Operations Within "CAPS"	<u>7,654,750</u>	<u>7,654,750</u>	<u>6,845,500</u>	<u>809,250</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Prior Year Bills					
Social Security System (O.A.S.I.)	180,000	180,000	152,000	28,000	
Public Employees Retirement System	157,916	157,916	157,916		
Police & Firemen's Retirement System	523,000	523,000	523,000	-	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>860,916</u>	<u>860,916</u>	<u>832,916</u>	<u>28,000</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>8,515,666</u>	<u>8,515,666</u>	<u>7,678,416</u>	<u>837,250</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (LOSAP)	96,000	96,000	93,000	3,000	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	614,410	614,410	574,328	40,082	
UTILITY EXPENSES & BULK PURCHASES					
Sewer					
Bergen County Utilities Authority - Contractual	674,000	674,000	673,663	337	
Other Municipalities - Contractual	100,000	100,000	18,888	81,112	
INSURANCE					
Employee Group Insurance	35,728	35,728	35,728		

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, 2012**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC WORKS					
Engineering - NJDEP Stormwater					
Other Expenses	\$ 4,000	\$ 4,000	\$ 2,000	\$ 2,000	-
Total Other Operations Excluded from "CAPS"	<u>1,524,138</u>	<u>1,524,138</u>	<u>1,397,607</u>	<u>126,531</u>	<u>-</u>
Interlocal Municipal Service Agreements					
Joint Health Services - Contractual					
Salaries and Wages	26,922	26,922	26,922		
Other Expenses	18,195	18,195	18,183	12	-
Total Interlocal Municipal Service Agreements	<u>45,117</u>	<u>45,117</u>	<u>45,105</u>	<u>12</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Bergen County Municipal JIF		1,500		1,500	
Drive Sober or Get Pulled Over		4,400	4,400		
Clean Communities Program	14,653	14,653		14,653	
Municipal Alliance Grant					
State Share	10,356	10,356	8,789	1,567	
Local Match	2,589	2,589	50	2,539	-
Total Public and Private Programs Offset by Revenues	<u>27,598</u>	<u>33,498</u>	<u>13,239</u>	<u>20,259</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,596,853</u>	<u>1,602,753</u>	<u>1,455,951</u>	<u>146,802</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	25,000	25,000	25,000		
Reserve for Ambulance -Pagers and Radios	7,000	7,000	7,000		
Reserve for Ambulance	5,000	5,000	5,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>37,000</u>	<u>37,000</u>	<u>37,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,125,000	1,125,000	1,125,000		
Interest on Bonds	199,102	199,102	199,101		\$ 1
EDA Loan					
Estimated Loan Repayments for Principal/Interest	20,100	20,100	20,085	-	15
Total Municipal Debt Service Excluded from "CAPS"	<u>1,344,202</u>	<u>1,344,202</u>	<u>1,344,186</u>	<u>-</u>	<u>16</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,978,055</u>	<u>2,983,955</u>	<u>2,837,137</u>	<u>146,802</u>	<u>16</u>
Subtotal General Appropriations	11,493,721	11,499,621	10,515,553	984,052	16
Reserve for Uncollected Taxes	830,000	830,000	830,000	-	-
Total General Appropriations	<u>\$ 12,323,721</u>	<u>\$ 12,329,621</u>	<u>\$ 11,345,553</u>	<u>\$ 984,052</u>	<u>\$ 16</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, 2012
(Continued)

	<u>Reference</u>	<u>Modified Budget</u>	<u>Expended Paid or Charged</u>
Adopted Budget	A-2	\$ 12,323,721	
Added by N.J.S.A. 40A:4-87	A-2	<u>5,900</u>	
		<u>\$ 12,329,621</u>	
Cash Disbursed	A-4		\$ 9,883,896
Encumbrances Payable	A-14		521,407
Transfer to Miscellaneous Reserves	A-17		12,000
Due to Length of Service Award Program Fund	B		86,250
Due to General Capital Fund - Reserve for Ambulance	C-6		5,000
Due to General Capital Fund - Reserve for Ambulance - Pagers	C-6		7,000
Reserve for Uncollected Taxes	A-2		<u>830,000</u>
			<u>\$ 11,345,553</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 19,387	\$ 14,300
Cash - Change Fund	B	<u>25</u>	<u>25</u>
		<u>19,412</u>	<u>14,325</u>
OTHER TRUST FUND			
Cash	B-1	1,541,320	1,360,350
Due from Current Fund	B-6	<u>-</u>	<u>21,702</u>
		<u>1,541,320</u>	<u>1,382,052</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	<u>55,019</u>	<u>29,761</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Investments	B	1,044,437	879,482
Due from Current Fund	B	<u>110,800</u>	<u>109,550</u>
		<u>1,155,237</u>	<u>989,032</u>
Total Assets		<u>\$ 2,770,988</u>	<u>\$ 2,415,170</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2012 AND 2011
(Continued)

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Reserve for Animal Control Expenditures	B-3	\$ 12,408	\$ 11,334
Due to State of NJ	B-4	94	
Due to Current Fund	B-8	<u>6,910</u>	<u>2,991</u>
		19,412	14,325
OTHER TRUST FUND			
Reserve for Escrow and Performance Deposits	B-5	753,363	629,034
Reserve for Insurance Settlements	B-9	338,665	342,666
Reserve for Mt. Laurel Senior Housing	B-10	17,259	17,259
Reserve for Payroll Deductions Payable	B-11	6,920	8,902
Reserve for Police Private Detail Billings	B-14	155,805	219,438
Due to Current Fund	B-6	31,712	
Miscellaneous Reserves	B-13	<u>237,596</u>	<u>164,753</u>
		1,541,320	1,382,052
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-12	8,554	277
Reserve for Unemployment Insurance Claims	B-7	<u>46,465</u>	<u>29,484</u>
		55,019	29,761
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Reserve for Investments in Length of Service Award Program	B	<u>1,155,237</u>	<u>989,032</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,770,988</u>	<u>\$ 2,415,170</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
Cash and Investments	C-2, C-3	\$ 939,387	\$ 1,189,998
Grants Receivable	C-16	342,924	342,924
Due from Current Fund	C-6		6,772
Deferred Charges to Future Taxation			
Funded	C-4	5,281,498	6,425,998
Unfunded	C-5	<u>1,032,487</u>	<u>706,487</u>
 Total Assets		 <u>\$ 7,596,296</u>	 <u>\$ 8,672,179</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations			
Funded	C-7	\$ 913,444	\$ 1,036,733
Unfunded	C-7	675,707	606,245
Due to Current Fund	C-6	83,000	
General Serial Bonds	C-8	5,262,000	6,387,000
Capital Improvement Fund	C-9	149,626	141,626
Contracts Payable	C-10	252,135	132,691
State Loans Payable	C-11	19,498	38,998
Reserve for Grants Receivable	C-15	61,138	61,138
Reserve for Payment of Bonds	C-12	14,961	114,961
Reserve for Preliminary Costs	C-13	5,000	5,000
Reserve for Ambulance	C-14	25,000	20,000
Reserve for Ambulance Pagers and Radios	C-15	7,000	
Fund Balance	C-1	<u>127,787</u>	<u>127,787</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 7,596,296</u>	 <u>\$ 8,672,179</u>

There were bonds and notes authorized but not issued on December 31, 2012 and 2011 of \$1,032,487 and \$706,487 respectively, (Exhibit C-17).

**TOWNSHIP OF WASHINGTON
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Balance, January 1	C	\$ 127,787	\$ 34,078
Increased by:			
Premium on Sale of Serial Bonds	C-6		86,694
Premium on Sale of Bond Anticipation Notes	C-6	-	7,015
Balance, December 31	C	<u>\$ 127,787</u>	<u>\$ 127,787</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2012 AND 2011**

	Balance, December 31, <u>2012</u>	Balance, December 31, <u>2011</u>
ASSETS		
Land	\$ 11,428,900	\$ 11,428,900
Buildings and Building Improvements	2,549,329	2,549,329
Machinery and Equipment	<u>4,408,262</u>	<u>4,276,641</u>
	<u>\$ 18,386,491</u>	<u>\$ 18,254,870</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 18,386,491</u>	<u>\$ 18,254,870</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. 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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The Township has the following funds and account group:

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

Trust Funds - Trust 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 Trust 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 Award 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.

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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:

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

Miscellaneous Revenues - 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 - 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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 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 2012 and 2011 the Township Council increased the original budget by \$5,900 and \$6,720. The increases were funded by additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2012 and 2011.

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

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.

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.

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.

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.

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

General Fixed Assets (Continued)

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks are not capitalized.

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

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, 2011 balances to conform to the December 31, 2012 presentation.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

D. 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 financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

NOTE 2 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.

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 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

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, 2012 and 2011, the book value of the Township's deposits were \$7,517,474 and \$7,086,762 and bank and brokerage firm balances of the Township's deposits amounted to \$7,586,400 and \$7,218,886, 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>2012</u>	<u>2011</u>
Insured	<u>\$ 7,586,400</u>	<u>\$ 7,218,886</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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.

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, 2012 and 2011, the Township had the following investments:

<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>-</u>
	<u>\$ 1,044,437</u>	<u>\$ 137,038</u>
<u>2011</u>	<u>Fair Value</u>	<u>Book Value</u>
<u>Investment:</u>		
Government Money Market Fund (MBIA)		\$ 137,024
Length of Service Award Program (Unaudited)	\$ 885,593	<u>-</u>
	<u>\$ 885,593</u>	<u>\$ 137,024</u>

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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, 2012 and 2011, \$1,181,475 and \$1,022,617 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>2012</u>	<u>2011</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ <u>1,181,475</u>	\$ <u>1,022,617</u>

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing it’s 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, 2012 and 2011, the Township’s investment in Lincoln Financial Group was rated Baa2, 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 88% of the Township’s total investments.

The fair value of the above-listed investments were based on quoted market prices.

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

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
<u>Current</u>		
Property Taxes	\$ 315,021	\$ 247,585
Tax Title Liens	<u>2,151</u>	<u>1,148</u>
	<u>\$ 317,172</u>	<u>\$ 248,733</u>

In 2012 and 2011, the Township collected \$245,475 and \$337,292 from delinquent taxes, which represented 99% and 92% of the prior year delinquent taxes receivable balance.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 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 the 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>2012</u>	<u>2011</u>
Issued		
General		
Bonds and Loans	\$ 5,281,498	\$ 6,425,998
Less Funds Temporarily Held to Pay Bonds and Notes	<u>14,961</u>	<u>114,961</u>
Net Debt Issued	5,266,537	6,311,037
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,032,487</u>	<u>706,487</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 6,299,024</u>	<u>\$ 7,017,524</u>

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 .35% and .38% at December 31, 2012 and 2011, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</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>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2011</u>			
General Debt	\$ 7,132,485	\$ 114,961	\$ 7,017,524
School Debt	<u>7,628,575</u>	<u>7,628,575</u>	<u>-</u>
Total	<u>\$ 14,761,060</u>	<u>\$ 7,743,536</u>	<u>\$ 7,017,524</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

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>2012</u>	<u>2011</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 62,669,603 <u>6,299,024</u>	\$ 64,945,539 <u>7,017,524</u>
Remaining Borrowing Power	<u>\$ 56,370,579</u>	<u>\$ 57,928,015</u>

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>2012</u>	<u>2011</u>
\$4,840,000, 2003 Bonds, due in an annual installment of \$670,000 on October 1, 2012, interest at 3.875%		\$ 670,000
\$3,322,000, 2003 Bonds, due in annual installments of \$360,000 to \$375,000 through September 1, 2018, interest at 4.10%	\$ 2,207,000	2,442,000
\$3,275,000, 2011 Bonds, due in annual installments of \$420,000 to \$440,000 through October 1, 2019, interest at 2.00% to 3.00%	<u>3,055,000</u>	<u>3,275,000</u>
	<u>\$ 5,262,000</u>	<u>\$ 6,387,000</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The Township has entered into loan agreements 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. The general intergovernmental loan outstanding at December 31 is as follows:

	<u>2012</u>	<u>2011</u>
\$390,000, 1993 Loan, due in Annual installments of \$19,498 through August, 2013, interest at 1.5%	\$ 19,498	\$ 38,998

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2012 is as follows:

Calendar Year	<u>General Serial Bonds</u>		<u>General Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ 780,000	\$ 164,787	\$ 19,498	\$ 294	\$ 964,579
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
2018-2019	<u>1,247,000</u>	<u>54,647</u>	<u>-</u>	<u>-</u>	<u>1,301,647</u>
	<u>\$ 5,262,000</u>	<u>\$ 643,037</u>	<u>\$ 19,498</u>	<u>\$ 294</u>	<u>\$ 5,924,829</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2012 and 2011 were as follows:

	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>
	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	Due Within <u>One Year</u>
<u>2011</u>					
General Capital Fund					
Bonds Payable	\$ 3,947,000	\$ 3,275,000	\$ 835,000	\$ 6,387,000	\$ 1,125,000
Intergovernmental Loan Payable	<u>93,583</u>	<u>-</u>	<u>54,585</u>	<u>38,998</u>	<u>19,500</u>
General Capital Fund Long-Term Liabilities	<u>\$ 4,040,583</u>	<u>\$ 3,275,000</u>	<u>\$ 889,585</u>	<u>\$ 6,425,998</u>	<u>\$ 1,144,500</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The Township's short-term capital debt activity for the years ended December 31, 2012 and 2011 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance December 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2011</u>
<u>2012</u>						
None						
<u>2011</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Improvements to Memorial Field	1.00%	2/25/2011	\$ 11,650		\$ 11,650	
	1.00%	10/31/2011		\$ 11,070	11,070	
Construction of New Field House	1.00%	2/25/2011	104,500		104,500	
	1.00%	10/31/2011		104,500	104,500	
Various Improvements	1.00%	2/25/2011	916,201		916,201	
	1.00%	10/31/2011		905,675	905,675	
Washington Ave - Commuter Sidewalks	1.00%	2/25/2011	17,600		17,600	
	1.00%	10/31/2011		16,000	16,000	
Acquisition of Land	1.00%	2/25/2011	615,980		615,980	
	1.00%	10/31/2011		613,780	613,780	
Acquisition of Equipment	1.00%	2/25/2011	1,205,970		1,205,970	
	1.00%	10/31/2011		1,140,831	1,140,831	
Acquisition of Police Utility Vehicle	1.00%	2/25/2011	29,600		29,600	
	1.00%	10/31/2011		25,900	25,900	
Acquisition of Front End Bucket Loader	1.00%	2/25/2011	111,733		111,733	
	1.00%	10/31/2011		97,763	97,763	
Remediation of Property	1.00%	2/25/2011	191,966		191,966	
	1.00%	10/31/2011		189,181	189,181	
Acquisition of New Dump Truck	1.00%	2/25/2011	85,500		85,500	
	1.00%	10/31/2011		76,000	76,000	
Construction of Curbs and Sidewalks	1.00%	2/25/2011	52,300		52,300	
	1.00%	10/31/2011	-	52,300	52,300	-
Total Bond Anticipation Notes Payable			<u>\$ 3,343,000</u>	<u>\$ 3,233,000</u>	<u>\$ 6,576,000</u>	<u>\$ -</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt (Continued)

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.

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2012 and 2011.

	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	<u>4,276,641</u>	\$ 131,621	-	<u>4,408,262</u>
	<u>\$ 18,254,870</u>	<u>\$ 131,621</u>	<u>\$ -</u>	<u>\$ 18,386,491</u>
	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Land	\$ 11,053,900	\$ 375,000		\$ 11,428,900
Buildings and Building Improvement	2,549,329			2,549,329
Machinery and Equipment	<u>4,231,688</u>	44,953	-	<u>4,276,641</u>
	<u>\$ 17,834,917</u>	<u>\$ 419,953</u>	<u>\$ -</u>	<u>\$ 18,254,870</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 6 DUE TO/FROM OTHER FUNDS

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

	<u>2012</u>		<u>2011</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	\$ 121,622	\$ 110,800	\$ 2,991	\$ 138,024
Animal Control Fund		6,910		2,991
Other Trust Fund		31,712	21,702	
LOSAP Trust Fund	110,800		109,550	
General Capital Fund	-	83,000	6,772	-
Total	<u>\$ 232,422</u>	<u>\$ 232,422</u>	<u>\$ 141,015</u>	<u>\$ 141,015</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.

NOTE 7 FUND BALANCES APPROPRIATED

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

	<u>Fund Balance December 31, 2012</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31, 2011</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,737,675	\$ 920,000	\$ 1,617,261	\$ 920,000
Non-Cash Surplus	56,148	-	65,726	-
	<u>\$ 1,793,823</u>	<u>\$ 920,000</u>	<u>\$ 1,682,987</u>	<u>\$ 920,000</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 8 COMPENSATED ABSENCES

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

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

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

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$605,877 and \$592,170 at December 31, 2012 and 2011, respectively. These amounts which are considered material to the financial statements are not reported either as an expenditure or liability. As of December 31, 2012 and 2011, the Township has reserved in the Other Trust Fund \$48,000 and \$36,000, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 9 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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 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.

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 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 or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports 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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 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 limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 20110 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all the retirement systems from 8.25 percent to 7.95 percent; and (b) revised projected salary increases which vary by fund (6.32% for PFRS and 4.52% for PERS).

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% for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 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% employee contribution.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

During the years ended December 31, 2012, 2011 and 2010, 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 year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2012	\$ 523,000	\$ 157,916
2011	661,893	171,000
2010	587,280	136,612

NOTE 10 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.

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

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

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

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 10 RISK MANAGEMENT (Continued)

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

<u>Year Ended December 31</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 55,000	\$ 9,071	\$ 47,090	\$ 46,465
2011	50,000	9,159	32,506	29,484
2010	30,000	10,087	52,813	2,831

NOTE 11 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, 2012 and 2011. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2012 and 2011, 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 12 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, 2012 and 2011, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 13 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 2012 and 2011, 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 is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

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

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

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.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 14 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2012</u>		
Rehabilitation of Memorial Field	\$116,420	2013
<u>2011</u>		
Willow Street and Beech Street Curb and Sidewalk Improvement Program	\$27,066	2012

NOTE 15 SUBSEQUENT EVENTS

Debt Authorized

On April 22, 2013 the Township adopted Bond Ordinances authorizing the issuance of \$1,150,000 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

On May 6, 2013, the Township adopted Bond Ordinances authorizing the issuance of \$307,878 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report, the Township has not issued nor awarded the sale of said bonds or notes.

NOTE 16 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 Borough 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 Borough 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, 2012. As of December 31, 2012, the Borough has not received any payments from FEMA reimbursements relating to Hurricane Sandy.

CURRENT FUND

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

Balance, December 31, 2011		\$ 4,615,109
Increased by Receipts:		
Tax Collector	\$ 34,706,506	
Non-Budget Revenue	314,952	
Due from State of New Jersey -		
Senior Citizens' and Veterans' Deductions	136,748	
State/Federal Grants Receivable	29,700	
Revenue Accounts Receivable	1,671,557	
Receipts from Other Trust Fund	3,845	
Tax Overpayments	10,358	
Miscellaneous Reserves	<u>22,169</u>	
		<u>36,895,835</u>
		41,510,944
Decreased by Disbursements:		
2012 Budget Appropriations	9,883,896	
2011 Appropriation Reserves	145,199	
Encumbrances Payable	534,210	
Accounts Payable	48,662	
Payment to Length of Service Award Program Fund	85,000	
Tax Overpayments	8,857	
Miscellaneous Reserves	3,802	
County Taxes Payable	3,923,845	
Regional School Taxes Payable	21,809,767	
Refund of Prior Year Revenue	<u>17,112</u>	
		<u>36,460,350</u>
Balance, December 31, 2012		<u>\$ 5,050,594</u>

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

Balance, December 31, 2011		\$ 13,918
Increased by Receipts:		
Taxes Receivable	\$ 34,453,186	
Prepaid Taxes	207,189	
Revenue Accounts Receivable	<u>80,668</u>	
		<u>34,741,043</u>
		34,754,961
Decreased by Disbursements:		
Payments to Treasurer - Current Fund		<u>34,706,506</u>
Balance, December 31, 2012		<u>\$ 48,455</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, December 31, <u>2011</u>	Balance, December 31, <u>2012</u>
Tax Collector	\$ 100	\$ 100
Municipal Court	200	200
Board of Health	<u>25</u>	<u>25</u>
	<u>\$ 325</u>	<u>\$ 325</u>

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

Balance, December 31, 2011		\$ 10,107
Increased by:		
Senior Citizens/ Veterans Deductions Per Tax Billings	\$ 134,750	
Senior Citizens' Deductions Allowed Per Tax Collector	<u>2,000</u>	
		<u>136,750</u>
		146,857
Decreased by:		
Received in Cash from State	136,748	
Senior Citizens' Deductions Disallowed Per Tax Collector-Prior Year	250	
Senior Citizens' Deductions Disallowed Per Tax Collector-Current Year	<u>500</u>	
		<u>137,498</u>
Balance, December 31, 2012		<u>\$ 9,359</u>

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

Year	Balance, December 31, 2011	2012 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collected In		Senior Citizens' and Veterans' Deductions Allowed	Transferred to Tax Title Liens	Cancelled	Balance, December 31, 2012
				2011	2012				
2011	\$ 247,585	-	\$ 250	-	\$ 245,475	-	\$ 86	\$ 2,274	-
	247,585	-	250	-	245,475	-	86	2,274	-
2012	-	\$ 35,141,122	500	\$ 156,428	34,207,711	\$ 136,750	895	324,817	\$ 315,021
	\$ 247,585	\$ 35,141,122	\$ 750	\$ 156,428	\$ 34,453,186	\$ 136,750	\$ 981	\$ 327,091	\$ 315,021

TAX YIELD

General Purpose Tax	\$ 35,105,846
Added Taxes (54:4-63.1 et seq.)	35,276
	<u>\$ 35,141,122</u>

TAX LEVY

Regional School Tax (Abstract)	\$ 21,809,767
County Taxes	
County Tax (Abstract)	\$ 3,873,123
County Open Space Tax	44,894
Due County for Added and Omitted Taxes (54:4-63.1 et seq.)	<u>3,946</u>
	3,921,963
Local Tax for Municipal Purposes (Abstract)	8,762,178
Minimum Library Tax	601,516
Add: Additional Tax Levied	<u>45,698</u>
	9,409,392
	<u>\$ 35,141,122</u>

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

Balance, December 31, 2011		\$	1,148
Increased by:			
Transferred from 2012 Taxes Receivable	\$	895	
Interest and Costs - 2012 Tax Sale		22	
Transferred from 2011 Taxes Receivable		<u>86</u>	
			<u>1,003</u>
Balance, December 31, 2012		\$	<u>2,151</u>

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

Balance, December 31, 2011 \$ 70,950

Balance, December 31, 2012 \$ 70,950

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

<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2012</u>	<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2012</u>
1103	1	\$ 220	3117	28	\$ 2,300
2102	3	200	3106	41-42	200
2306	13-14	50	3106	24	300
2306	15	20	3202A	2	500
2314	26-27	4,000	3215	35	100
2321	5	2,300	3217	17-21	125
2326	28	20	3206	6	75
2326	69-70	20	3304	53	500
2426	73	3,700	3305	6A	2,000
2406	5-6	3,900	3601	8	500
2406	28-29	3,900	3602	3	4,100
3104	44	7,300	4102A	1	50
3111	1-2	50	4305	5	2,800
3111	3-4	50	306	15	6,700
3111	5-6	50	4308	50	5,000
3111	7-8	50	4310	3-4	40
3111	11-12	50	4315	1-2	20
3112	4-5	50	4315	3	20
3112	6	50	4318	31-32	40
3112	8-11	100	4401	1	500
3112	12-13	50	4404	23-24	40
3112	16-18	75	4409	8	2,000
3113	6-8	75	4411	36	2,500
3113	11-12	50	4412	44	2,100
3113	14	50	4422	12-13	40
3113	15	100	4506	5-8	20
3113	16-17	50	4513	16	2,100
3113	18-19	50	4417	27	<u>9,700</u>
					<u><u>\$ 70,950</u></u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF STATE/FEDERAL GRANTS RECEIVABLE**

	Balance December 31, <u>2011</u>	Accrued in <u>2012</u>	Cash <u>Receipts</u>	Adjustment: Transfer from Unappropriated <u>Reserve</u>	Balance December 31, <u>2012</u>
Police Click It or Ticket It Grant	\$ 1,550				\$ 1,550
Bergen County Handgun Grant	2,000				2,000
Community Development Block Grant	3,330		\$ 3,330		
Child Passenger Safety Grant	5,389				5,389
Assistance to Firefighters	3,032				3,032
Stormwater Drainage	19,702				19,702
Pandemic Flu Preparedness	10,000			\$ 10,000	
Police Body Armor	39			39	
Drive Sober or Get Pulled Over		\$ 4,400	4,222		178
Clean Communities Program	593	14,653	14,361		885
Municipal Alliance Grant	5,381	10,356	6,287		9,450
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>\$ 55,619</u>	<u>\$ 30,909</u>	<u>\$ 29,700</u>	<u>\$ 10,039</u>	<u>\$ 46,789</u>

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

	Balance, December 31, <u>2011</u>	Accrued in 2012	Cash Receipts		Balance, December 31, <u>2012</u>
			Collector	Treasurer	
Township Clerk					
Licenses					
Alcoholic Beverages		\$ 15,091		\$ 15,091	
Other		2,780		2,780	
Fees and Permits		9,080		9,080	
Police Department					
Fees and Permits	\$ 114	14,219		14,009	\$ 324
Planning Board					
Fees and Permits		6,353		6,353	
Zoning Board of Adjustment					
Fees and Permits	1,358	7,021		8,029	350
Construction Code Official					
Fees and Permits	34,501	148,880		164,771	18,610
Recreation Department					
Fees and Permits		69,347		69,347	
Board of Health					
Licenses		81		81	
Fees and Permits		10,585		10,585	
Municipal Court					
Fines and Costs	6,343	69,126		71,155	4,314
Interest and Cost on Taxes		80,668	\$ 80,668		
Energy Receipts Tax		713,525		713,525	
Interest on Investments and Deposits		3,337		3,337	
Joint Health Services		54,776		54,776	
Uniform Fire Safety Act		17,324		17,324	
Cable Television Fees		125,002		125,002	
Police Outside Duty-Other Trust Fund		100,000		100,000	
Reserve for Payment of Debt-General Capital Fund		100,000		100,000	
Library Reimbursement		120,000		120,000	
Sale of Recyclables		56,539		56,539	
Other Fees and Permits - Recreation	117,532	67,490		185,000	22
Sewer Charges	-	24,773	-	24,773	-
	<u>\$ 159,848</u>	<u>\$ 1,815,997</u>	<u>\$ 80,668</u>	<u>\$ 1,871,557</u>	<u>\$ 23,620</u>
				\$ 1,671,557	
				100,000	
				<u>100,000</u>	
				<u>\$ 1,871,557</u>	

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2011 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Balance, December 31, <u>2011</u>	Encumbrances Cancelled	Transfers	Modified Balance	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT						
General Administration						
Salaries and Wages	\$ 9,600	\$ 803	\$ (10,403)			
Other Expenses	1,042			\$ 1,042	\$ 182	\$ 860
Maintenance and Support of Office Equip						
Maint. & Support- Equipment	436			436		436
Maint. & Support- Computers/Telephone	1,925	90		2,015		2,015
Mayor & Council						
Other Expenses- Mayor	2,212			2,212	229	1,983
Other Expenses- Council	2,064			2,064		2,064
Municipal Clerk						
Salaries and Wages	3,667	590	(3,091)	1,166		1,166
Other Expenses	122		3,500	3,622	1,965	1,657
Elections- Other Expenses	2,137		(2,000)	137		137
Financial Administration						
Salaries and Wages	450	216		666		666
Other Expenses						
Financial Services - Fees			6,600	6,600	3,199	3,401
Miscellaneous Other	177		1,500	1,677	1,517	160
Revenue Administration						
Salaries and Wages	14,655	2,991	(17,600)	46		46
Other Expenses	2,529	1,790	(1,775)	2,544		2,544
Tax Assessment Administration						
Salaries and Wages		1		1		1
Other Expenses	30			30	6	24
Legal Services						
Other Expenses						
Council	46,419		(7,950)	38,469	20,853	17,616
Tax Appeals		800	2,400	3,200		3,200
Engineering Services						
Other Expenses	14,509			14,509	14,367	142
Department of Public Affairs						
Other Expenses	1,691	1,400		3,091		3,091
Cable Television Expense						
	111			111	111	
Land Use Administration						
Planning Board						
Salaries and Wages	200	1,627		1,827		1,827
Other Expenses	2,050			2,050		2,050
Zoning Board of Adjustment						
Salaries and Wages		1,273		1,273		1,273
Other Expenses	4,245			4,245		4,245
PUBLIC SAFETY FUNCTIONS						
Police Department						
Salaries and Wages	128,646	2,894	(21,100)	110,440		110,440
Other Expenses	4,663		(1,380)	3,283	2,242	1,041
Maintenance of Desk Record System	4,867		1,200	6,067	6,000	67
Telephone Support System			278	278	278	
Police Range Rental		1,870	(1,870)			
Reverse 911 System	500			500		500
Police Dispatching	1,250	11,265	(5,148)	7,367		7,367
Office of Emergency Management						
Other Expenses	26			26		26
Fire Department						
Other Expenses	1,028		1,439	2,467	2,448	19
Physicals		85		85		85
Maintenance Program		215		215		215
Equipment Compliance		384		384		384
Uniform Fire Safety Code						
Other Expenses	528			528		528
Fire Hydrant Service	406			406	226	180
Municipal Prosecutor						
Salaries & Wages	500	262		762		762

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2011 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Balance, December 31, 2011	Encumbrances Cancelled	Transfers	Modified Balance	Paid or Charged	Balance Lapsed
PUBLIC WORKS FUNCTIONS						
Department of Municipal Facilities						
Salaries and Wages	\$ 3,649			\$ 3,649	\$ 1,059	\$ 2,590
Other Expenses	1,842		\$ (153)	1,689	497	1,192
Solid Waste Collection						
Other Expenses	108,001		39,345	147,346	144,239	3,107
Other Public Works Functions						
Shade Trees - Holiday Decoration	2,218			2,218		2,218
Buildings and Grounds						
Building Maintenance	1,612		4,400	6,012	4,924	1,088
Vehicle Maintenance						
Other Expenses	1,781		5,569	7,350	4,000	3,350
Community Services Act	10,653			10,653	3,437	7,216
HEALTH AND HUMAN SERVICES						
Public Health Services						
Salaries and Wages (Board of Health)		\$ 8,410		8,410		8,410
Other Expenses (Board of Health)	319			319		319
Occ. Safety & Health Blood Pathogens	3,000			3,000	2,600	400
Animal Control Services						
Other Expenses	1,960			1,960		1,960
Recreation Services and Programs						
Salaries and Wages	3,268	1,664		4,932		4,932
Other Expenses	28,022			28,022	20,074	7,948
Senior Activities	903			903		903
Community Programs						
Salaries and Wages	1,100	136		1,236		1,236
Other Expenses	1,103			1,103		1,103
Maintenance of Parks						
Parks and Other Expenses	218		375	593	510	83
Rental - Athletic Facilities	1,590			1,590		1,590
OTHER COMMON OPERATING FUNCTIONS						
Accumulated Leave Compensation	12,000			12,000	12,000	
MUNICIPAL COURT						
Salaries and Wages	1,750	411		2,161		2,161
Other Expenses	248		195	443	362	81
Public Defender	600			600		600
INSURANCE						
Liability Insurance (BJIF)	2,663			2,663	2,663	
Workers Compensation Insurance (BJIF)	72			72		72
Employee Group Insurance			2,000	2,000	1,904	96
CODE ENFORCEMENT & ADMINISTRATION						
Construction Officials						
Salaries and Wages	600	6,924		7,524		7,524
Other Expenses	1,176			1,176		1,176
UTILITY EXPENSES & BULK PURCHASES						
Electricity	9,960		150	10,110	8,061	2,049
Street Lighting	27,126			27,126	21,023	6,103
Telephone	3,112			3,112	2,691	421
Water	65		1,752	1,817	1,815	2
Natural Gas	2,393			2,393	471	1,922
Gasoline	6,479		1,767	8,246	7,524	722

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2011 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Balance, December 31, <u>2011</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
LANDFILL/SOLID WASTE DISPOSAL						
Sanitary Landfill & Dump Fees	\$ 26,167			\$ 26,167	\$ 7,494	\$ 18,673
STATUTORY EXPENDITURES						
Statutory Charges						
Public Employees Retirement System	2			2		2
Social Security System (O.A.S.I.)		\$ 520		520		520
PUBLIC SAFETY FUNCTIONS						
Length of Service Award Program (LOSAP)	6,000			6,000	6,000	
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	45,293			45,293	43,685	1,608
UTILITY EXPENSES & BULK PURCHASES						
Sewer - BCUA - Contractual	538			538		538
Other Municipalities - Contractual		17,401		17,401		17,401
PUBLIC WORKS						
Engineering - NJDEP Stormwater	2,000			2,000		2,000
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Joint Health Services - Contractual						
Salaries and Wages	2,769			2,769		2,769
Other Expenses	10,659			10,659	4,449	6,210
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
Clean Communities Program	15,203			15,203	15,203	
Municipal Alliance Grant						
State Share	1,585	500		2,085	2,085	
Local Match	1,034			1,034		1,034
Community Development Block Grant						
Federal Share	3,440			3,440	3,440	
Over the Limit under arrest	32	-	-	32	32	-
Total General Appropriations	<u>\$ 606,890</u>	<u>\$ 64,522</u>	<u>\$ -</u>	<u>\$ 671,412</u>	<u>\$ 375,865</u>	<u>\$ 295,547</u>
					\$ 145,199	
					201,346	
					12,000	
					17,320	
					<u>\$ 375,865</u>	

**TOWNSHIP OF WASHINGTON
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2011		\$ 598,732
Increased by:		
Charges to 2012 Budget Appropriations		<u>521,407</u>
		1,120,139
Decreased by:		
Cash Disbursements	\$ 534,210	
Restored to 2011 Appropriation Reserves	<u>64,522</u>	
		<u>598,732</u>
Balance, December 31, 2012		<u>\$ 521,407</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2011		\$ 156,428
Increased by:		
2013 Prepaid Taxes		<u>207,189</u>
		363,617
Decreased by:		
Applied to 2012 Taxes		<u>156,428</u>
Balance, December 31, 2012		<u>\$ 207,189</u>

STATEMENT OF TAX OVERPAYMENTS

Increased by:		
Cash Receipts	\$ 10,358	
Decreased by:		
Cash Disbursements		<u>8,857</u>
Balance, December 31, 2012		<u>\$ 1,501</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2011</u>	<u>Receipts</u>	Transfer From 2012 <u>Budget</u>	Transfer From 2011 Appropriation <u>Reserves</u>	Due to Other Trust <u>Fund</u>	Transfer to State/ Federal Grants <u>Receivable</u>	<u>Disbursements</u>	Balance, December 31, <u>2012</u>
Miscellaneous Reserves:								
Sale of Municipal Assets	\$ 1,019,822	\$ 916						\$ 1,020,738
Insurance Recoveries	15,906	2,328					\$ 3,802	14,432
Motor Vehicle Inspection Fees	42,600	700						43,300
Accumulated Leave Comp	24,000		\$ 12,000	\$ 12,000	\$ 48,000			
Library Reimbursement	67,000							67,000
Appropriated Reserves:								
Alcohol Education and Rehabilitation	4,132							4,132
Clean Communities Grant	6			15,203				15,209
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							521
Bergen County Handgun Grant	2,000							2,000
Health - Nextel PDA Grant	5							5
Police - Click it or Ticket Grant	2,507							2,507
Child Passenger Safety Grant	3,811							3,811
Police Body Armor Fund	2,600							2,600
FEMA Firefighter Grant	486							486
LINCS- Core Capacity Infrastructure Grant	3							3
Stormwater Regulation Grant	23,826							23,826
Motorecycle Safety Grant	50							50
Municipal Alliance Grant	6,669			2,085				8,754
Over the Limit Under Arrest	25			32				57
Emergency Preparedness Grant	31							31
Unappropriated Reserves:								
Truck Inspection Violations	5,282	2,049						7,331
Recycling Tonnage Grant	35,282	12,786						48,068
Pandemic Flu Grant	17,743					\$ 10,000		7,743
Body Armor Grant	2,481	2,251				39		4,693
Community Development Block Grant		1,139						1,139
Over the Limit Under Arrest	10,093	-	-	-	-	-	-	10,093
	<u>\$ 1,299,956</u>	<u>\$ 22,169</u>	<u>\$ 12,000</u>	<u>\$ 29,320</u>	<u>\$ 48,000</u>	<u>\$ 10,039</u>	<u>\$ 3,802</u>	<u>\$ 1,301,604</u>
				Reserve for Sale of Assets				\$ 1,020,738
				Other Miscellaneous Reserves				124,732
				Appropriated Grant Reserves				77,067
				Unappropriated Grant Reserves				79,067
								<u>\$ 1,301,604</u>

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

Balance, December 31, 2011		\$ 5,813
Increased by:		
Levy of 2012		
County Tax (Abstract)	\$ 3,873,123	
County Open Space Tax (Abstract)	44,894	
County Tax for Added Taxes (54:4-63.1)	<u>3,946</u>	
		<u>3,921,963</u>
		3,927,776
Decreased by:		
Payments		<u>3,923,845</u>
Balance, December 31, 2012		<u>\$ 3,931</u>

STATEMENT OF REGIONAL SCHOOL TAXES PAYABLE

Increased by:		
Levy of 2012 (Calendar Year)		<u>\$ 21,809,767</u>
Decreased by:		
Payments		<u>\$ 21,809,767</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2011		\$ 206,248
Increased by:		
Transferred from Appropriation Reserves		<u>201,346</u>
		407,594
Decreased By:		
Cancelled to Operations	\$ 127,717	
Cash Disbursements	<u>48,662</u>	
		<u>176,379</u>
Balance, December 31, 2012		<u>\$ 231,215</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, 2011	\$ 14,300	\$ 1,360,350	\$ 29,761
Increased by Receipts:			
Due from Dog License Official	\$ 6,738		
Miscellaneous Escrow and Performance Deposits		\$ 307,165	
Miscellaneous Reserves		119,025	
Reserve for Insurance Settlement		3,942	
Police Outside Billings		235,613	
Employees' Contributions			\$ 9,071
Payroll Deposits		5,861,794	
Budget Appropriation			55,000
Interest on Investments and Deposits	-	5,259	-
	<u>6,738</u>	<u>6,532,798</u>	<u>64,071</u>
	21,038	7,893,148	93,832
Decreased by:			
Payments to Current Fund		3,845	
Expenditures Under R.S. 4:19-15.1	879		
Due to State of New Jersey - Dog License Fees	772		
Miscellaneous Escrow and Performance Deposits		182,836	
Miscellaneous Reserves		94,182	
Payroll Disbursements		5,863,776	
Police Outside Billings		199,246	
Reserve for Insurance Settlement		7,943	
Payments to State of New Jersey - Unemployment Insurance Benefits	-	-	38,813
	<u>1,651</u>	<u>6,351,828</u>	<u>38,813</u>
Balance, December 31, 2012	<u>\$ 19,387</u>	<u>\$ 1,541,320</u>	<u>\$ 55,019</u>

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

Increased by:	
Dog License Fees Collected	\$ 5,157
Cat License Fees Collected	250
Dog Registration Fees - Due State of N.J.	866
Late Fees	<u>465</u>
	<u>\$ 6,738</u>
Decreased by:	
Payments to Treasurer	<u>\$ 6,738</u>

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

Balance, December 31, 2011	\$ 11,334
Increased by:	
Dog Licenses Issued	\$ 5,157
Late Fees Collected	465
Cat Licenses Issued	<u>250</u>
	<u>5,872</u>
	17,206
Decreased by:	
Expenditures Under R.S. 4:19-15.11	879
Statutory Excess	<u>3,919</u>
	<u>4,798</u>
Balance, December 31, 2012	<u>\$ 12,408</u>

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

Increased by:	
2012 State Registration Fees	\$ 866
Decreased by:	
Payments to State of New Jersey	<u>772</u>
Balance, December 31, 2012	<u>\$ 94</u>

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

Balance, December 31, 2011		\$ 629,034
Increased by:		
Cash Receipts		307,165
		936,199
Decreased by:		
Cash Disbursements		182,836
Balance, December 31, 2012		\$ 753,363

Analysis of Balance

Performance Bonds		\$ 180,652
Backfill Bonds		25,420
Escrow Fees		462,291
Escow - COAH Fees		85,000
		\$ 753,363

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

Balance, December 31, 2011 (Due From)		\$ 21,702
Increased by:		
Payments to Current Fund	\$ 3,845	
Transfer Miscellaneous Reserves - Accumulated Leave Compensation	48,000	51,845
		73,547
Decreased by:		
Interest on Investments and Deposits	5,259	
Other Trust Revenue Anticipated in Current Fund	100,000	105,259
Balance, December 31, 2012 (Due To)		\$ 31,712

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

Balance, December 31, 2011		\$ 29,484
Increased by:		
Budget Appropriation	\$ 55,000	
Employees Contributions	<u>9,071</u>	
		<u>64,071</u>
Decreased by:		93,555
Unemployment Insurance Claims		<u>47,090</u>
Balance, December 31, 2012		<u>\$ 46,465</u>

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

Balance, December 31, 2011		\$ 2,991
Increased by:		
Statutory Excess		<u>3,919</u>
Balance, December 31, 2012		<u>\$ 6,910</u>

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

Balance, December 31, 2011	\$	342,666
Increased by:		
Cash Receipts		3,942
		346,608
Decreased by:		
Cash Disbursements		7,943
Balance, December 31, 2012	\$	338,665

EXHIBIT B-10

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

Balance, December 31, 2011	\$	17,259
Balance, December 31, 2012	\$	17,259

EXHIBIT B-11

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

Balance, December 31, 2011	\$	8,902
Increased by:		
Payroll Deposits		5,861,794
		5,870,696
Decreased by:		
Payroll Disbursements		5,863,776
Balance, December 31, 2012	\$	6,920

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

Balance, December 31, 2011	\$	277
Increased by:		
Unemployment Claims		47,090
		47,367
Decreased by:		
Payment of Claims		38,813
Balance, December 31, 2012	\$	8,554

STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance, December 31, <u>2011</u>	Cash Receipts	Cash Disbursements	Balance, December 31, <u>2012</u>
Marriage Licenses - Due to State	\$ 1,750	\$ 925	\$ 2,075	\$ 600
Tax Sale Premiums	79,000		23,600	55,400
Celebrations of Public Events	11,087	19,000		30,087
Municipal Alliance Donation	950			950
Rental Deposits	3,050			3,050
Field House Donations	1,767		20	1,747
Recreation Donations	1,775			1,775
Police Department Donations	26,668	1,313		27,981
Fire Department/Uniform Fire Safety Penalties	1,200	2,300	1,123	2,377
Snow Plowing	16,785		7,046	9,739
Accumulated Leave Compensation		48,000		48,000
Health Insurance Contribution	19,169	67,382	60,318	26,233
Found Money		1,924		1,924
Land Sale Deposit		26,055		26,055
POAA	1,552	126	-	1,678
	\$ 164,753	\$ 167,025	\$ 94,182	\$ 237,596
		Cash Receipts \$ 119,025		
		Due from Current Fund <u>48,000</u>		
		\$ 167,025		

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

Balance, December 31, 2011		\$ 219,438
Increased by:		
Cash Receipts		<u>235,613</u>
		455,051
Decreased by:		
Reimbursements for Payroll Paid to Current Fund	\$ 143,654	
Administrative Fees Paid to Current Fund	<u>55,592</u>	
	\$ 199,246	
Amount Anticipated as Revenue in Current Fund Budget		<u>100,000</u>
		<u>299,246</u>
Balance, December 31, 2012		<u><u>\$ 155,805</u></u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2011		\$ 1,189,998
Increased by:		
Interest on Investments and Deposits	\$ 1,772	
Receipts from Current Fund-Capital Improvement Fund	<u>25,000</u>	
		<u>26,772</u>
		1,216,770
Decreased by Disbursements:		
Improvement Authorizations	147,657	
Contracts Payable	<u>129,726</u>	
		<u>277,383</u>
Balance, December 31, 2012		<u>\$ 939,387</u>

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

		Balance, December 31, <u>2012</u>
Fund Balance		\$ 127,787
Grants Receivable		(281,786)
Due to Current Fund		83,000
Reserve for Payment of Bonds		14,961
Reserve for Preliminary Costs		5,000
Reserve for Ambulance		25,000
Reserve for Ambulance Pagers and Radios		7,000
Capital Improvement Fund		149,626
Contracts Payable		252,135
<u>Ordinance</u>		
<u>Number</u>	<u>Improvement Description</u>	
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	(2,319)
98-16	Improvement of Ridgewood Road	8,700
98-17/01-3	Traffic Light Improvement	16,196
99-7/05-1	Purchase of Equipment	(38,246)
99-8	Various Improvements	(2,701)
99-12	Purchase of Equipment/Renovation Firehouse	(30,213)
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>	Balance, December 31, <u>2012</u>
06-29	Various Improvements	\$ 136,891
06-30	Acquisition of Various Fire Fighting Equipment	3,190
07-4	Improvement of the Storm Water Drainage System	(8,911)
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	137,445
08-11	Various Improvements	19,020
09-04	Construction of Curbs and Sidewalks	19,124
09-08	Acq. of New Computer Equipment - Police	10,648
09-13	Acq. of New Emergency Communication Equip	130,899
10-08	Acquisition of Lands	64,255
10-14	Acq of New and Additional Vehicular Equip	8,066
12-06	Acq of New Fire Dept Equipment	(15,470)
12-12	Acq of New and Additional Vehicular Equip	(127,075)
12-13	Improvements of Memorial Field	(109,729)
		<u>\$ 939,387</u>

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

Balance, December 31, 2011		\$ 6,425,998
Decreased by:		
2012 Budget Appropriations		
Bonds	\$ 1,125,000	
EDA Loans	<u>19,500</u>	
		<u>1,144,500</u>
Balance, December 31, 2012		<u>\$ 5,281,498</u>

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

Ord. No.	Improvement Description	Balance December 31, 2011	2012 Auhtorizations	Balance December 31, 2012	Analysis of Balance	
					Expenditures	Unexpended Improvement Authorizations
89-12	Improvement to Municipal Fieldhouse	\$ 2		\$ 2		\$ 2
90-5	Improvement to Lafayette	8,301		8,301		8,301
95-8/95-11/ 97-4	Impvt. to Colonial Blvd	26,648		26,648	\$ 6,227	20,421
96-4/97-10	Various Improvements	38,000		38,000		38,000
96-8/97-8	Various Improvements	14,250		14,250		14,250
96-9/97-9	Various Improvements	32,000		32,000	3,363	28,637
97-7/98-9	Impvt. of Municipal Parking Area	80,000		80,000		80,000
98-10/98-15	Removal of Underground Storage Tanks	25,000		25,000	2,319	22,681
98-17/01-3	Traffic Light Improvement	3,000		3,000		3,000
99-7/05-1	Purchase of Equipment	42,700		42,700	38,246	4,454
99-8	Various Improvements	14,000		14,000	2,701	11,299
99-12	Purchase of Equipment/Renovation Firehouse	32,000		32,000	30,213	1,787
01-8	Acq. Of New and Add'l Vehicle Equip.	20,000		20,000	6,882	13,118
06-09	Improvement of Storm Water Drainage System	223,500		223,500		223,500
07-04	Improvement of the Storm Water Drainage System	8,911		8,911	8,911	
08-07	Construction of New Park	137,750		137,750	5,644	132,106
10-08	Acquisition of Lands	425		425		425
12-06	Acq of New Fire Dept Equipment		\$ 20,000	20,000	15,470	4,530
12-12	Acq of New and Additional Vehicular Equip		154,000	154,000	127,075	26,925
12-13	Improvements of Memorial Field	-	152,000	152,000	109,729	42,271
		<u>\$ 706,487</u>	<u>\$ 326,000</u>	<u>\$ 1,032,487</u>	<u>\$ 356,780</u>	<u>\$ 675,707</u>
					Improvement Authorizations - Unfunded	<u>\$ 675,707</u>

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

Balance, December 31, 2011 (Due from)		\$	6,772
Increased by:			
Budget Appropriation:			
Reserve for Ambulance		\$	5,000
Reserve for Ambulance - Pagers and Radios			<u>7,000</u>
			<u>12,000</u>
			18,772
Decreased by:			
Interest on Investments and Deposits			1,772
Anticipated Current Fund Revenue			
Reserve for Payment of Debt			<u>100,000</u>
			<u>101,772</u>
Balance, December 31, 2012 (Due To)		\$	<u>83,000</u>

TOWNSHIP OF WASHINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2011		2012 Authorizations		Paid or Charged	Improvement Authorizations Cancelled	Balance, December 31, 2012	
			Funded	Unfunded	Deferred Charges Unfunded	Capital Improvement Fund			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	\$ 7,184				\$ 1,619		\$ 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	Impvts. for the Fire Dept.	28,000	1,525						1,525	
98-13	Installation of Lightening Rod	29,000	1,133						1,133	
98-10/98-15	Removal of Underground Storage Tanks	150,000		24,981			2,300			22,681
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		6,309			1,855			4,454
99-8	Various Improvements	200,000		11,299						11,299
99-12	Purch. of Equip./Renovation Firehouse	50,000		1,787						1,787
00-4	Purchase of Equipment - Fire Dept	5,500	306						306	
00-6	Purchase of Equipment	55,000	7,871						7,871	
00-9	Improvement to Municipal Property	360,000	22,328				20,112		2,216	
01-8	Acquisition of New and Add'l Vehicle Equipment	178,000		13,227			109			13,118
02-1/04-2	Improvements to Free Public Library	1,250,000	104,055						104,055	
02-5/03-6/03-7	Various Improvements	258,000	19,754				2,137		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	1,104				1,000		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	1,486				446		1,040	
04-4	Acquisition of Land	180,000	569				160		409	
04-9	Various Improvements	35,100	4,647						4,647	
04-11	Acquisition of Various Equipment	186,000	7,100				660		6,440	
04-14	Acquisition of Fire Fighter Equipment	666,000	139				135		4	
06-07	Acquisition of Police Utility Vehicle	35,000	2,784				2,556		228	
06-09	Improvement of Storm Water Drainage System	490,000	144,463	223,500			38,315		106,148	223,500
06-15	Acquisition of Fire Fighter Equipment	66,000	3,101				3,079		22	
06-23	Acquisition of Front End Bucket Loader	132,000	1,337				1,337			
06-24	Acquisition of Office Equipment	12,000	2,122				1,322		800	

TOWNSHIP OF WASHINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2011		2012 Authorizations		Paid or Charged	Encumbrances Cancelled	Balance, December 31, 2012	
			Funded	Unfunded	Deferred Charges Unfunded	Capital Improvement Fund			Funded	Unfunded
06-29	Various Improvements	\$ 445,000	\$ 151,238				\$ 14,347		\$ 136,891	
06-30	Acquisition of Various Fire Fighting Equipment	48,500	7,135				3,945		3,190	
07-08/08-13	Remediation of Property	205,000	20,302				1,233		19,069	
07-09	Acquisition of New Fire Fighting Equipment	155,000	6,018				5,776		242	
07-11	Acquisition of New Computer Equipment	55,000	9,505				3,285		6,220	
07-12	Acquisition of a New Dump Truck	90,000	8,027				4,691		3,336	
07-13	Various Improvements	68,000	5,775						5,775	
08-07	Construction of New Park	145,000		\$ 132,106						\$ 132,106
08-09	Various Improvements	65,000	8,791					\$ 2,965	11,756	
08-10	Various Improvements	158,500	151,345				13,900		137,445	
08-11	Various Improvements	259,500	19,020						19,020	
09-04	Construction of Curbs and Sidewalks	155,000	25,323				6,199		19,124	
09-08	Acq. of New Computer Equipment - Police	115,000	10,648						10,648	
09-13	Acq. of New Emergency Communication Equip	254,000	130,899						130,899	
10-08	Acquisition of Lands	475,000	64,255	425					64,255	425
10-14	Acq of New and Additional Vehicular Equip	44,000	8,066						8,066	
12-06	Acq of New Fire Dept Equipment	21,000			\$ 20,000	\$ 1,000	16,470			4,530
12-12	Acq of New and Additional Vehicular Equip	162,000			154,000	8,000	135,075			26,925
12-13	Improvements of Memorial Field	160,000	-	-	152,000	8,000	117,729	-	-	42,271
			<u>\$ 1,036,733</u>	<u>\$ 606,245</u>	<u>\$ 326,000</u>	<u>\$ 17,000</u>	<u>\$ 399,792</u>	<u>\$ 2,965</u>	<u>\$ 913,444</u>	<u>\$ 675,707</u>
							Cash Disbursements	\$ 147,657		
							Contracts Payable	252,135		
								<u>\$ 399,792</u>		

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Bond Maturities Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31,</u>		<u>Balance, December 31,</u>
			<u>Date</u>	<u>Amount</u>		<u>2011</u>	<u>Decreased</u>	
Refunding Bonds of 2003	8/15/2003	\$ 4,840,000				\$ 670,000	\$ 670,000	
General Bonds of 2003	9/1/2003	3,322,000	9/1/2013	\$ 360,000				
			9/1/2014	365,000				
			9/1/15-16	370,000				
			9/1/2017	375,000				
			9/1/2018	367,000	4.10%	2,442,000	235,000	\$ 2,207,000
General Bonds of 2011	10/1/2011	3,275,000	10/1/2013	420,000	2.00%			
			10/1/2014	435,000	2.00%			
			10/1/2015-16	440,000	2.00%			
			10/1/2017-19	440,000	3.00%	<u>3,275,000</u>	<u>220,000</u>	<u>3,055,000</u>
						<u>\$ 6,387,000</u>	<u>\$ 1,125,000</u>	<u>\$ 5,262,000</u>

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

Balance, December 31, 2011	\$ 141,626
Increased by:	
2012 Budget Appropriation	<u>25,000</u>
	166,626
Decreased by:	
Improvement Authorizations	<u>17,000</u>
Balance, December 31, 2012	<u>\$ 149,626</u>

EXHIBIT C-10

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2011	\$ 132,691
Increased by:	
Contracts Awarded	<u>252,135</u>
	384,826
Decreased by:	
Cancelled	\$ 2,965
Cash Disbursements	<u>129,726</u>
	<u>132,691</u>
Balance, December 31, 2012	<u>\$ 252,135</u>

EXHIBIT C-11

STATEMENT OF STATE LOANS PAYABLE

Balance, December 31, 2011	\$ 38,998
Decreased by:	
2012 Budget Appropriation to Pay Loan Principal	<u>19,500</u>
Balance, December 31, 2012	<u>\$ 19,498</u>

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

Balance, December 31, 2011	\$ 114,961
Decreased by:	
Anticipated Revenue in Current Fund Budget	<u>100,000</u>
Balance, December 31, 2012	<u>\$ 14,961</u>

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Balance, December 31, 2011	<u>\$ 5,000</u>
Balance, December 31, 2012	<u>\$ 5,000</u>

STATEMENT OF RESERVE FOR AMBULANCE

Balance, December 31, 2011	\$ 20,000
Increased by:	
Current Fund Budget Appropriation	<u>5,000</u>
Balance, December 31, 2012	<u>\$ 25,000</u>

STATEMENT OF RESERVE FOR AMBULANCE PAGERS AND RADIOS

Increased by:	
Current Fund Budget Appropriation	<u>\$ 7,000</u>
Balance, December 31, 2012	<u>\$ 7,000</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF GRANTS RECEIVABLE**

	<u>Total</u>	<u>Department of Environmental Protection Ord. 6-09</u>	<u>County of Bergen Ord. 8-07</u>	<u>Department of Transportation Ord. 09-04</u>
Balance, December 31, 2011	\$ 342,924	\$ 255,000	\$ 61,138	\$ 26,786
Balance, December 31, 2012	<u>\$ 342,924</u>	<u>\$ 255,000</u>	<u>\$ 61,138</u>	<u>\$ 26,786</u>
Pledged to Ordinance	\$ 281,786	\$ 255,000		\$ 26,786
Pledged to Reserve	<u>61,138</u>	<u>-</u>	<u>\$ 61,138</u>	<u>-</u>
	<u>\$ 342,924</u>	<u>\$ 255,000</u>	<u>\$ 61,138</u>	<u>\$ 26,786</u>

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

Ord. No.	<u>Improvement Description</u>	Balance December 31, <u>2011</u>	2012 <u>Authorizations</u>	Balance December 31, <u>2012</u>
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		42,700
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
		<u>\$ 706,487</u>	<u>\$ 326,000</u>	<u>\$ 1,032,487</u>

TOWNSHIP OF WASHINGTON
COUNTY OF BERGEN
PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2012

LERCH, VINCI & HIGGINS, LLP

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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

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, 2012, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2013. Our report on the financial statements – regulatory basis indicated 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 qualified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

Management of the Township of Washington is responsible for establishing and maintaining effective 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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
June 17, 2013

**TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>CFDA Number</u>	<u>Grant Year</u>	<u>State Account Number</u>	<u>Grant Award Amount</u>	<u>CY 2012 Grant Receipts</u>	<u>Balance, December 31, 2011</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2012</u>	<u>Cumulative Expended</u>
U.S. Department of Housing and Urban Development (Passed through County Dept. of Community Development)										
Community Development Block Grants	14.219		Not Applicable							
Community Development Block Grants		2004		\$ 48,000		\$ 4,117			\$ 4,117	\$ 43,883
Community Development Block Grants		2011		4,950	\$ 3,330	3,440		\$ 3,440		4,950
U.S. Department of Health (Passed through Dept. of Health)										
Division of Epidemiology Comm Dis Cont	93.069									
Public Health Emergency Preparedness		2009		2,500		31			31	2,469
U.S. Department of Law and Public Safety (Passed through Division of Highway Traffic Safety)										
Motorcycle Safety Grant	20.609	2007		7,200		50			50	7,150
Over the Limit Under Arrest	20.601	2009		6,000		25			25	5,975
Over the Limit Under Arrest	20.601	2011		4,400		32			32	4,368
Alcohol Impaired Driving Countermeasures										
Incentive Grants (Drive Sober or Get Pulled Over)	20.601	2012	100-057-2013	4,400	4,222		\$ 4,400	4,400		
U.S. Department of Homeland Security (Passed through Dept. of Law and Public Safety)										
Emergency Management Assistance										
FEMA - SLAHEOP	97.044	2004		2,406		75			75	2,331
FEMA - Assistance to Firefighters	97.044	2005		3,032		486			486	2,546
FEMA - Hurricane Irene	97.036	2012	066-1200-100-A70-12	37,343	37,343		37,343	37,343		37,343
FEMA - Storm Damage	97.036	2012	066-1200-100-A77-13	130,272	130,272	-	130,272	130,272	-	130,272
						<u>\$ 8,256</u>	<u>\$ 172,015</u>	<u>\$ 175,455</u>	<u>\$ 4,816</u>	

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

**TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2012 Grant Receipts</u>	<u>Balance, December 31, 2011</u>	<u>Revenue</u>	<u>Expended</u>	<u>Encumbrances Cancelled/ Adjustments</u>	<u>Balance, December 31, 2012</u>	<u>Cumulative Expended</u>
Alcohol Education and Rehabilitation Program	4270-760-050000-63-260	2004 Prior	\$ 62 4,070		\$ 62 4,070				\$ 62 4,070	
Public Health Priority Funding Act of 1977	4220-150-021030-60	2007 2003 2001	9,042 8,146 10,542		7 274 240				7 274 240	\$ 9,035 7,872 10,302
Clean Communities Grant	4900-765-178900	2012 2011 2007	14,653 15,203 10,851	\$ 14,361		\$ 14,653			14,653 15,203 6	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	**	2010 2002	3,194 2,183		417 2,183				417 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, 2012**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2012 Grant Receipts</u>	<u>Balance, December 31, 2011</u>	<u>Revenue</u>	<u>Expended</u>	<u>Encumbrances Cancelled/ Adjustments</u>	<u>Balance, December 31, 2012</u>	<u>Cumulative Expended</u>
Police Click it or Ticket Grant	**	2007	\$ 4,000		\$ 63				\$ 63	\$ 3,937
		2005	4,000		529				529	3,471
		2004	10,000		517				517	9,483
		2003	4,000		1,398				1,398	2,602
Stormwater Grant	**	2006	23,936		23,826				23,826	110
LINCS - Core Capacity Infrastructure	**	2005	3,000		3				3	2,997
Department of Environmental Protection Imprvt of the Storm Water Drainage System-Ord 06-09	**	2006	255,000		144,463		38,315		106,148	148,852
⊗ <u>Passed Through County of Bergen</u>										
Municipal Alliance on Alcoholism and Drug Abuse	**	2012	10,356			10,356	8,789		1,567	8,789
		2011	10,135	6,287	1,585			\$ 500	2,085	8,050
		2010	10,356		6,295				6,295	4,061
		2009	11,017		374	-	-	-	374	10,643
					<u>\$ 214,209</u>	<u>\$ 25,009</u>	<u>\$ 47,104</u>	<u>\$ 500</u>	<u>\$ 192,614</u>	

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

** Not Available

**TOWNSHIP OF WASHINGTON
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012**

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	<u>\$ 172,015</u>	<u>\$ 25,009</u>	<u>\$ 197,024</u>
	<u>\$ 172,015</u>	<u>\$ 25,009</u>	<u>\$ 197,024</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
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012**

NOTE 5 STATE LOAN OUTSTANDING

The Township's state loan outstanding at December 31, 2012, which is not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
NJ Economic Development Authority	<u>\$19,498</u>

**TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued on financial statements

Qualified-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, 2012**

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, 2012**

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

Finding 2011-1

Condition

Certain accounts in the Current Fund, General Capital Fund and Trust Fund general ledgers for the year ended December 31, 2011 were not in agreement with the subsidiary records and bank reconciliations. In addition, certain transactions were not properly recorded in the general ledgers.

Current Status

Corrective action has been taken.

Finding 2011-2

Condition

Our audit revealed prior years' outstanding purchase orders are deemed invalid and should be cancelled in Township's internal accounting records.

Current Status

Corrective action has been taken.

Finding 2011-3

Condition

Purchases of gasoline exceeded the bid threshold in aggregate and were not awarded by public bid in accordance with N.J.S.A. 40A:11, et. seq. or by state contract.

Current Status

Corrective action has been taken.

TOWNSHIP OF WASHINGTON

COUNTY OF BERGEN

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

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

	<u>Year 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 920,000	2.40 %	\$ 1,120,000	2.91 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,305,117	6.00	2,055,530	5.34
Collection of Delinquent Taxes and Tax Title Liens	245,475	0.64	337,292	0.87
Collection of Current Tax Levy	34,500,389	89.85	34,692,740	90.11
Other Credits	<u>427,183</u>	<u>1.11</u>	<u>295,602</u>	<u>0.77</u>
Total Income	<u>38,398,164</u>	<u>100.00</u> %	<u>38,501,164</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	11,499,605	30.77 %	11,664,514	30.95 %
County Taxes	3,921,963	10.50	3,743,766	9.93
Regional School Taxes	21,809,767	58.37	22,200,799	58.91
Other Expenditures	<u>135,993</u>	<u>0.36</u>	<u>76,660</u>	<u>0.21</u>
Total Expenditures	<u>37,367,328</u>	<u>100.00</u> %	<u>37,685,739</u>	<u>100.00</u> %
Excess in Revenue	1,030,836		815,425	
Fund Balance, January 1	<u>1,682,987</u>		<u>1,987,562</u>	
	2,713,823		2,802,987	
Less Utilization as Anticipated Revenue	<u>920,000</u>		<u>1,120,000</u>	
Fund Balance, December 31	<u>\$ 1,793,823</u>		<u>\$ 1,682,987</u>	

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	<u>\$1.865</u>	<u>\$1.858</u>	<u>\$1.811</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.466	.455	.475
Library (1)	.031	.032	
County	.206	.196	.196
County Open Space	.003	.003	.003
Regional School District	1.159	1.172	1.137

(1) Prior to 2011 this levy was included as part of the municipal tax rate.

Assessed Valuation

2012	<u>\$1,882,350,557</u>
2011	<u>\$1,892,909,946</u>
2010	<u>\$1,916,771,267</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>
2012	\$ 35,141,122	\$ 34,500,389	98.17%
2011	35,224,658	34,692,740	98.48%
2010	34,759,983	34,151,400	98.24%

**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.

December 31 <u>Year</u>	Amount of Delinquent <u>Taxes and Liens</u>	Percentage of <u>Tax Levy</u>
2012	\$ 317,172	0.90%
2011	248,733	0.71%
2010	366,984	1.06%

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>
2012	\$70,950
2011	70,950
2010	70,950

Comparative Schedule of Fund Balances

	<u>Year</u>	Balance, <u>December 31</u>	Utilized in Budget of <u>Succeeding Year</u>
Current Fund	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 Sobkowicz	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
Jacqueline Do	Director of the Department of Finance and Township Treasurer (1/1/12-11/30/12)	1,000,000	A
Judith Curran	Acting Chief Financial Officer (12/1/12-12/31/12)	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 Giocco	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	1/1/12 - 12/31/12

**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 certain prior year grant receivable balances exist in the Current Fund and General Capital Fund. In addition, there are various inactive miscellaneous and/or appropriated grant reserves balances that remain unexpended. It is recommended that grant receivable balances in the Current Fund and General Capital Fund be reviewed for collectability or otherwise cleared of record. Additionally, inactive miscellaneous and appropriated grant reserves be expended or cancelled.

Current Year

Our audit of the payroll records revealed that the Police Department employee's time and attendance records supporting the sick, vacation and personal days used during the calendar year, as well as those accumulated days available are not centrally located in the Township's Administrative offices. The individual department is maintaining the personnel information. It is recommended that the Police Department provide to the Administration on at least a monthly basis, a certification by employee, to support the sick, vacation and personal time used during the period as well as the remaining balance of sick, vacation and personal time available.

Our audit revealed that amounts reflected in the Township's fixed asset accounting and reporting system do not agree with audited amounts. In addition, certain current year acquisitions were not added to the Township's internal fixed asset inventory. It is recommended that consideration be given for a physical inventory of all property, plant and equipment to be completed and the inventory listing be integrated into the Township's accounting software.

Our audit revealed that the service provider which processes the Township's payroll did not submit a 2012 report on internal controls (SSAE No. 16) to the Township. It is recommended that the Township obtain a current report on internal controls (SSAE No. 16) from their payroll service provider.

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 fees collected by the Police Department revealed deposits are not being made timely, but rather usually twice a month. It is recommended that all monies collected by the Police Department be deposited within 48 hours of receipt.

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.

Suggestions to Management

- Prior year unexpended improvement authorization balances be reviewed for potential cancellation.
- Old outstanding checks on Township's bank reconciliations be reviewed and action taken to clear them of record.

**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:

Memorial Field Rehabilitation
Acquisition of Front End Bucket Loader

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

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

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

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

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

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

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

GENERAL COMMENTS

Delinquent Assessments and Tax Title Liens

There was a tax sale held on November 14, 2012.

There are four Township owned tax title liens receivable as of December 31, 2012.

**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. Grant receivable balances in the Current Fund and General Capital Fund be reviewed for collectability or otherwise cleared of record. Additionally, inactive miscellaneous and appropriated grant reserves be expended or cancelled.
- 3. The Police Department provide to the Administration, on at least a monthly basis, a time and attendance certification by employee to support the sick, vacation and personal time used during the period as well as the remaining balance of sick, vacation and personal time available.
- 4. Consideration be given for a physical inventory of all property, plant and equipment to be completed and the inventory listing be integrated into the Township's accounting software.
- 5. The Township obtain a current report on Internal Controls (SSAE No. 16) from their payroll service provider.
- 6. The negotiated contract for the purchase of gasoline which in the aggregate exceeds the bid threshold be approved by resolution.
- 7. All monies collected by the Police Department be deposited within 48 hours of receipt.
- 8. The General Capital Fund improvement authorization balances be in agreement with the audited balances.

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