

TOWNSHIP OF WASHINGTON
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2011

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TOWNSHIP OF WASHINGTON

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITOR'S REPORT

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

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, 2011 and 2010 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, 2011. These financial statements are the responsibility of the Township of Washington's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the fourth paragraph, 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 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township of Washington's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, the financial statements of the Length of Service Awards Program (LOSAP) 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 Fund financial statements as part of our audit of the Township's financial statements. The LOSAP Fund financial activities are included in the Township's Trust Fund, and represent 41 percent and 38 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2011 and 2010.

In our opinion, because of the effects of the Township preparing its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Washington as of December 31, 2011 and 2010, or the changes in its financial position, for the years then ended. Further, the Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - regulatory basis referred to previously 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, 2011 and 2010 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 the expenditures - regulatory basis of the Current Fund for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 20, 2012 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 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 and schedules of expenditures of federal awards and 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. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.



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



Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 20, 2012

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash and Investments - Treasurer	A-4	\$ 4,615,109	\$ 4,864,590
Cash - Collector	A-5	13,918	11,109
Cash - Change Fund	A-6	<u>325</u>	<u>325</u>
		<u>4,629,352</u>	<u>4,876,024</u>
State/Federal Aid Receivable	A-11	55,619	43,326
Due from State of NJ-Seniors & Veterans	A-7	<u>10,107</u>	<u>10,857</u>
		<u>4,695,078</u>	<u>4,930,207</u>
Receivables and Other Assets With Full Reserves			
Taxes Receivable	A-8	247,585	364,370
Tax Title Liens Receivable	A-9	1,148	2,614
Property Acquired for Taxes - Assessed Valuation	A-10	70,950	70,950
Due from General Capital Fund	C-6		16,265
Due from Animal Control Fund	B-8	2,991	16,822
Revenue Accounts Receivable	A-12	<u>159,848</u>	<u>5,787</u>
		<u>482,522</u>	<u>476,808</u>
Total Assets		<u>\$ 5,177,600</u>	<u>\$ 5,407,015</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2011 AND 2010
(Continued)**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 606,890	\$ 389,579
Due to General Capital Fund	C-6	6,772	
Due to Other Trust Fund	B-6	21,702	44,292
Accounts Payable	A-20	206,248	104,668
Encumbrances Payable	A-14	598,732	768,119
Prepaid Taxes	A-15	156,428	138,155
Tax Overpayments	A-16		106,803
Miscellaneous Reserves	A-17	1,299,956	1,286,937
County Taxes Payable	A-18	5,813	5,192
Due to Length of Service Award Program Fund	B	<u>109,550</u>	<u>98,900</u>
		3,012,091	2,942,645
Reserve for Receivables and Other Assets	A	482,522	476,808
Fund Balance	A-1	<u>1,682,987</u>	<u>1,987,562</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,177,600</u>	<u>\$ 5,407,015</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,120,000	\$ 1,020,000
Miscellaneous Revenue Anticipated	A-2	1,872,619	1,911,492
Receipts from Delinquent Taxes	A-2	337,292	279,636
Receipts from Current Taxes	A-2	34,692,740	34,151,400
Non-Budget Revenue	A-2	182,911	113,626
Other Credits to Income			
Cancellation of Accounts Payable	A-20		317,314
Statutory Excess Dog License Fund	B-8	2,991	8,018
Prior Years Senior Citizen/Veterans Deduction Allowed	A-7		500
Interfunds Returned	A	30,096	94,877
Unexpended Balance of Appropriation Reserves	A-13	<u>262,515</u>	<u>236,968</u>
 Total Revenues		 <u>38,501,164</u>	 <u>38,133,831</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,752,571	4,561,933
Other Expenses	A-3	4,688,358	4,526,468
Capital Improvements	A-3	30,000	30,000
Municipal Debt Service	A-3	1,183,690	1,162,381
Deferred Charges and Statutory Expenditures	A-3	1,009,895	945,831
Other Debits			
County Taxes	A-18	3,692,716	3,739,288
County Open Space Tax	A-18	45,221	48,459
Due County for Added and Omitted Taxes	A-18	5,829	5,192
Regional School Taxes	A-19	22,200,799	21,803,028
Refund of Prior Year Revenue	A-4	76,660	14,616
Interfunds Originating	A	<u>-</u>	<u>24,284</u>
 Total Expenditures		 <u>37,685,739</u>	 <u>36,861,480</u>
 Excess in Revenue		 815,425	 1,272,351
 Fund Balance, January 1	 A-1	 <u>1,987,562</u>	 <u>1,735,211</u>
		2,802,987	3,007,562
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,120,000</u>	<u>1,020,000</u>
 Fund Balance, December 31	 A	 <u>\$ 1,682,987</u>	 <u>\$ 1,987,562</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Reference	2011 Budget	Added by N.J.S. 40A:4-87	2011 Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 1,120,000	-	\$ 1,120,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-12	10,000		14,899	\$ 4,899
Other	A-2	2,000		2,274	274
Fees and Permits					
Construction Code Official	A-12	135,000		117,686	(17,314)
Other	A-2	163,080		77,769	(85,311)
Fines and Costs					
Municipal Court	A-12	70,000		62,169	(7,831)
Interest and Costs on Taxes	A-12	55,000		68,339	13,339
Interest on Investments and Deposits	A-2	15,000		22,185	7,185
Cable Television Franchise Fees	A-12	106,275		118,287	12,012
Sewer Charges	A-12	11,000		65,688	54,688
State Aid					
Energy Receipts Tax	A-12	707,123		707,123	
Consolidated Municipal Property Tax Relief Act	A-12	6,402		6,402	
Interlocal Municipal Services Agreement					
Joint Health Services - Contractual	A-12	94,415		94,415	
State and Federal Programs Offset With Appropriations					
Municipal Alliance on Alcoholism and Drug Abuse	A-11	10,135		10,135	
Community Development Block Grant	A-11	4,950		4,950	
Clean Communities Grant	A-11	15,203		15,203	
Pandemic Flu Preparedness	A-11	10,000		10,000	
Reserve for Recycling Tonnage Grant	A-17	21,758		21,758	
Bergen County 200 Club	A-11		\$ 2,320	2,320	
Over the Limit, Under Arrest	A-11		4,400	4,400	
Special Items					
Uniform Fire Safety Act	A-12	8,000		9,748	1,748
Sale of Recyclables	A-12	35,000		82,164	47,164
Library Reimbursement	A-12	120,000		120,000	
Reserve for Payment of Debt	C-13	100,000		100,000	
Police Outside Billings - Other Trust Fund	A-12	100,000		100,000	
FEMA Reimbursement	A-12	49,133	-	34,705	(14,428)
Total Miscellaneous Revenues	A-1	1,849,474	6,720	1,872,619	16,425
RECEIPTS FROM DELINQUENT TAXES	A-1, A-8	275,000	-	337,292	62,292
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes	A-2, A-8	8,613,251	-	8,948,084	334,833
Minimum Library Tax	A-2, A-8	610,091	-	610,091	-
Total Amount to be Raised by Taxes for Support of Municipal Budget		9,223,342	-	9,558,175	334,833
Total		\$ 12,467,816	\$ 6,720	12,888,086	\$ 413,550
Non-Budget Revenue	A-1, A-2			182,911	
				\$ 13,070,997	

TOWNSHIP OF WASHINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 34,692,740
Less: Allocated to School and County Taxes	A-18, A-19	<u>25,944,565</u>
		8,748,175
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>810,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 9,558,175</u>
Licenses - Other		
Township Clerk	A-13	\$ 2,130
Board of Health	A-13	<u>144</u>
	A-2	<u>\$ 2,274</u>
Fees and Permits - Other		
Township Clerk	A-13	\$ 8,480
Police Department	A-13	15,043
Zoning Board of Adjustment	A-13	9,450
Planning Board	A-13	4,684
Board of Health	A-13	12,147
Recreation	A-13	<u>27,965</u>
	A-2	<u>\$ 77,769</u>
Interest on Investments and Deposits		
Treasurer and Collector	A-13	\$ 6,947
Due from General Capital Fund	C-6	8,937
Due from Other Trust Fund	B-6	<u>6,301</u>
	A-2	<u>\$ 22,185</u>
ANALYSIS OF NON-BUDGET REVENUE		
Rental of Township Property		\$ 8,550
Miscellaneous		56,123
Snow Plowing		6,390
Insurance Dividends		17,474
Police Outside Billings		20,875
Bergen County Open Space Fund Reimbursement		27,237
Miscellaneous Reimbursements		<u>46,262</u>
	A-2, A-4	<u>\$ 182,911</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<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	\$ 109,181	\$ 109,181	\$ 99,581	\$ 9,600	
Other Expenses	28,850	28,850	27,808	1,042	
Maintenance and Support of Office Equip					
Maint. & Support- Equipment	10,000	10,000	9,564	436	
Maint. & Support- Computers/Telephone	20,000	20,000	18,075	1,925	
Energy & Environmental Control	9,000				
Mayor & Council					
Salaries and Wages- Mayor	9,026	9,026	9,026		
Other Expenses- Mayor	4,300	4,300	2,088	2,212	
Salaries and Wages- Council	28,444	28,444	28,444		
Other Expenses- Council	5,700	5,700	3,636	2,064	
Municipal Clerk					
Salaries and Wages	73,801	73,801	70,134	3,667	
Other Expenses	11,800	11,800	11,678	122	
Elections- S&W	1,200	1,200	1,200		
Elections- Other Expenses	10,000	10,000	7,863	2,137	
Financial Administration					
Salaries and Wages	119,958	119,958	119,508	450	
Other Expenses					
Financial Services - Fees	24,000	24,000	24,000		
Miscellaneous Other	15,800	15,800	15,623	177	
Audit Services					
Other Expenses	32,000	32,000	32,000		
Revenue Administration					
Salaries and Wages	59,305	59,305	44,650	14,655	
Other Expenses	12,179	12,179	9,650	2,529	
Tax Assessment Administration					
Salaries and Wages	47,934	47,934	47,934		
Other Expenses	3,935	3,935	3,905	30	
Legal Services					
Salaries and Wages	65,224	65,224	65,224		
Other Expenses					
Administration	500				
Council	79,000	79,000	32,581	46,419	
Tax Appeals	29,000	29,000	29,000		
Engineering Services					
Salaries and Wages	1,000	1,000	1,000		
Other Expenses	35,000	35,000	20,491	14,509	
Department of Public Affairs					
Salaries and Wages	1,000	1,000	1,000		
Other Expenses	19,500	19,500	17,809	1,691	
Cable Television Expense	7,000	7,000	6,889	111	
Land Use Administration					
Planning Board					
Salaries and Wages	7,711	7,711	7,511	200	
Other Expenses	6,719	6,719	4,669	2,050	
Zoning Board of Adjustment					
Salaries and Wages	18,682	18,682	18,682		
Other Expenses	9,844	9,844	5,599	4,245	

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, 2011

	<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	\$ 3,051,344	\$ 3,138,944	\$ 3,010,298	\$ 128,646	
Other Expenses	81,300	81,300	76,637	4,663	
Acquisition/Leasing of Police Vehicles	36,000	36,000	36,000		
Community Policing	1,000	1,000	1,000		
Telephone Support System	4,000	4,000	4,000		
Maintenance of Desk Record System	14,000	14,000	9,133	4,867	
Police Range Repair	4,000	4,000	4,000		
Reverse 911 System	500	500		500	
Police Dispatching	70,000	30,000	28,750	1,250	
Office of Emergency Management					
Salaries and Wages	750	750	750		
Other Expenses	300	300	274	26	
Aid to Volunteer Ambulance Company	33,000	33,000	33,000		
Fire Department					
Salaries & Wages	1,000	1,000	1,000		
Other Expenses	27,610	27,610	26,582	1,028	
Clothing Allowance	33,550	31,650	31,650		
Physicals	900	900	900		
Death Benefits	9,700	9,700	9,700		
Maintenance Program	11,000	10,606	10,606		
Equipment Compliance	2,700	2,700	2,700		
Uniform Fire Safety Code					
Other Expenses	10,800	10,800	10,272	528	
Fire Hydrant Service	156,000	149,000	148,594	406	
Municipal Prosecutor					
Salaries & Wages	8,640	8,640	8,140	500	
PUBLIC WORKS FUNCTIONS					
Department of Municipal Facilities					
Salaries and Wages	661,087	679,077	675,428	3,649	
Other Expenses	47,650	47,650	45,808	1,842	
Other Public Works Functions					
Shade Trees - Holiday Decoration	7,500	7,500	5,282	2,218	
Street Sweeping	17,200	12,200	12,200		

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, 2011**

	<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	250,000	364,853	256,852	\$ 108,001	
Buildings and Grounds					
Building Maintenance	29,750	29,750	28,138	1,612	
Vehicle Maintenance					
Other Expenses	99,000	80,339	78,558	1,781	
Community Services Act	38,000	38,000	27,347	10,653	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Salaries and Wages (Board of Health)	83,774	83,774	83,774		
Other Expenses (Board of Health)	24,979	24,979	24,660	319	
Occ. Safety & Health Blood Pathogens	3,000	3,000		3,000	
Animal Control Services					
Other Expenses	13,000	13,000	11,040	1,960	
Recreation Services and Programs					
Salaries and Wages	72,546	72,546	69,278	3,268	
Other Expenses	152,772	152,772	124,750	28,022	
Golden Seniors' Committee	10,000	10,000	10,000		
Senior Activities	3,000	3,000	2,097	903	
Community Programs					
Salaries and Wages	1,500	1,500	400	1,100	
Other Expenses	1,600	1,600	497	1,103	
Maintenance of Parks					
Parks and Other Expenses	71,100	61,100	60,882	218	
Rental - Athletic Facilities	2,400	2,400	810	1,590	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events	19,500	18,599	18,599		
Accumulated Leave Compensation	12,000	12,000		12,000	
MUNICIPAL COURT					
Salaries and Wages	71,636	71,636	69,886	1,750	
Other Expenses	6,545	6,545	6,297	248	
Public Defender					
Other Expenses	1,800	1,800	1,200	600	

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, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
INSURANCE					
Liability Insurance (BJIF)	\$ 152,000	\$ 152,000	\$ 149,337	\$ 2,663	
Workers Compensation Insurance (BJIF)	156,000	133,000	132,928	72	
Employee Group Insurance	765,258	651,171	651,171		
Unemployment Taxes	50,000	50,000	50,000		
CODE ENFORCEMENT & ADMINISTRATION					
Construction Officials					
Salaries and Wages	92,567	92,567	91,967	600	
Other Expenses	6,600	6,600	5,424	1,176	
UTILITY EXPENSES & BULK PURCHASES					
Electricity	75,000	75,000	65,040	9,960	
Street Lighting	85,000	76,000	48,874	27,126	
Telephone	40,000	40,000	36,888	3,112	
Water	9,000	9,000	8,935	65	
Natural Gas	20,000	20,000	17,607	2,393	
Gasoline	83,300	83,300	76,821	6,479	
LANDFILL/SOLID WASTE DISPOSAL					
Sanitary Landfill & Dump Fees	94,000	94,000	67,833	26,167	-
Total Operations Within "CAPS"	<u>7,805,751</u>	<u>7,786,751</u>	<u>7,268,416</u>	<u>518,335</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Prior Year Bills					
Social Security System (O.A.S.I.)	158,000	177,000	177,000		
Public Employees Retirement System	171,002	171,002	171,000	2	
Police & Firemen's Retirement System	661,893	661,893	661,893	-	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>990,895</u>	<u>1,009,895</u>	<u>1,009,893</u>	<u>2</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>8,796,646</u>	<u>8,796,646</u>	<u>8,278,309</u>	<u>518,337</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (LOSAP)	96,000	96,000	90,000	6,000	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	610,091	610,091	564,798	45,293	
UTILITY EXPENSES & BULK PURCHASES					
Sewer					
Bergen County Utilities Authority - Contractual	624,000	624,000	623,462	538	
Other Municipalities - Contractual	109,300	109,300	109,300		
INSURANCE					
Employee Group Insurance	59,667	59,667	59,667		

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, 2011

	<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>1,503,058</u>	<u>1,503,058</u>	<u>1,449,227</u>	<u>53,831</u>	<u>-</u>
Interlocal Municipal Service Agreements					
Joint Health Services - Contractual					
Salaries and Wages	16,671	16,671	13,902	2,769	
Other Expenses	63,149	63,149	52,490	10,659	-
Total Interlocal Municipal Service Agreements	<u>79,820</u>	<u>79,820</u>	<u>66,392</u>	<u>13,428</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Public Health Priority Funding Act of 1977					
State Share		2,320	2,320		
Reserve for Recycling Tonnage Grant	21,758	21,758	21,758		
Clean Communities Program	15,203	15,203		15,203	
Municipal Alliance Grant					
State Share	10,135	10,135	8,550	1,585	
Local Match	2,534	2,534	1,500	1,034	
Community Development Block Grant					
Federal Share	4,950	4,950	1,510	3,440	
2010 State Health Ser Grant H1N1	10,000	10,000	10,000	-	
Over the Limit under arrest	-	4,400	4,368	32	-
Total Public and Private Programs Offset by Revenues	<u>64,580</u>	<u>71,300</u>	<u>50,006</u>	<u>21,294</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,647,458</u>	<u>1,654,178</u>	<u>1,565,625</u>	<u>88,553</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	25,000	25,000	25,000		
Reserve for Ambulance	5,000	5,000	5,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	835,000	835,000	835,000		
Principal on Bond Anticipation Notes	110,000	110,000	110,000		
Interest on Bonds	158,027	158,027	158,027		
Interest on Notes	25,200	25,200	25,200		
EDA Loan					
Tank Remediation	35,085	35,085	35,085		
Estimated Loan Repayments for Principal/Interest	20,400	20,400	20,378	-	\$ 22
Total Municipal Debt Service Excluded from "CAPS"	<u>1,183,712</u>	<u>1,183,712</u>	<u>1,183,690</u>	<u>-</u>	<u>22</u>

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, 2011**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 2,861,170	\$ 2,867,890	\$ 2,779,315	\$ 88,553	\$ 22
Subtotal General Appropriations	11,657,816	11,664,536	11,057,624	606,890	22
Reserve for Uncollected Taxes	<u>810,000</u>	<u>810,000</u>	<u>810,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 12,467,816</u>	<u>\$ 12,474,536</u>	<u>\$ 11,867,624</u>	<u>\$ 606,890</u>	<u>\$ 22</u>
<u>Reference</u>	A-2			A	

TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Reference</u>	<u>Modified Budget</u>	<u>Expended Paid or Charged</u>
Adopted Budget	A-2	\$ 12,467,816	
Added by N.J.S.A. 40A:4-87	A-2	<u>6,720</u>	
		<u>\$ 12,474,536</u>	
Cash Disbursed	A-4		\$ 10,364,311
Encumbrances Payable	A-14		598,732
Due from Other Trust Fund	B-6		(25,419)
Due to Length of Service Award Program Fund	B		90,000
Due to General Capital Fund - Capital Improvement Fund	C-6		25,000
Due to General Capital Fund - Reserve for Ambulance	C-6		5,000
Reserve for Uncollected Taxes	A-2		<u>810,000</u>
			<u>\$ 11,867,624</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 14,300	\$ 24,689
Cash - Change Fund	B	<u>25</u>	<u>25</u>
		<u>14,325</u>	<u>24,714</u>
OTHER TRUST FUND			
Cash	B-1	1,360,350	1,422,510
Due from Current Fund	B-6	<u>21,702</u>	<u>44,292</u>
		<u>1,382,052</u>	<u>1,466,802</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	<u>29,761</u>	<u>7,961</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Investments	B	885,593	812,219
Due from Current Fund	B	<u>109,550</u>	<u>98,900</u>
		<u>995,143</u>	<u>911,119</u>
Total Assets		<u>\$ 2,421,281</u>	<u>\$ 2,410,596</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2011 AND 2010
(Continued)

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Reserve for Animal Control Expenditures	B-3	\$ 11,334	\$ 7,500
Due to State of NJ	B-4		392
Due to Current Fund	B-8	<u>2,991</u>	<u>16,822</u>
		<u>14,325</u>	<u>24,714</u>
OTHER TRUST FUND			
Reserve for Escrow and Performance Deposits	B-5	629,034	627,412
Reserve for Insurance Settlements	B-9	342,666	342,666
Reserve for Mt. Laurel Senior Housing	B-10	17,259	17,259
Reserve for Payroll Deductions Payable	B-11	8,902	93,822
Reserve for Police Private Detail Billings	B-14	219,438	270,142
Miscellaneous Reserves	B-13	<u>164,753</u>	<u>115,501</u>
		<u>1,382,052</u>	<u>1,466,802</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-12	277	5,130
Reserve for Unemployment Insurance Claims	B-7	<u>29,484</u>	<u>2,831</u>
		<u>29,761</u>	<u>7,961</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Reserve for Investments in Length of Service Award Program	B	<u>995,143</u>	<u>911,119</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,421,281</u>	<u>\$ 2,410,596</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash and Investments	C-2, C-3	\$ 1,189,998	\$ 1,643,589
Grants Receivable	C-16	342,924	416,138
Due from Current Fund	C-6	6,772	
Deferred Charges to Future Taxation			
Funded	C-4	6,425,998	4,040,583
Unfunded	C-5	<u>706,487</u>	<u>4,091,487</u>
 Total Assets		 <u>\$ 8,672,179</u>	 <u>\$ 10,191,797</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations			
Funded	C-7	\$ 1,036,733	\$ 383,758
Unfunded	C-7	606,245	1,711,611
Due to Current Fund	C-6		16,265
General Serial Bonds	C-8	6,387,000	3,947,000
Bond Anticipation Notes	C-9		3,343,000
Capital Improvement Fund	C-10	141,626	116,626
Contracts Payable	C-11	132,691	249,777
State Loans Payable	C-12	38,998	93,583
Reserve for Grants Receivable	C-16	61,138	61,138
Reserve for Payment of Bonds	C-13	114,961	214,961
Reserve for Preliminary Costs	C-14	5,000	5,000
Reserve for Ambulance	C-15	20,000	15,000
Fund Balance	C-1	<u>127,787</u>	<u>34,078</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 8,672,179</u>	 <u>\$ 10,191,797</u>

There were bonds and notes authorized but not issued on December 31, 2011 and 2010 of \$706,487 and \$748,487 respectively, (Exhibit C-17).

TOWNSHIP OF WASHINGTON
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	C	\$ 34,078	\$ 30,702
Increased by:			
Premium on Sale of Serial Bonds	C-6	86,694	
Premium on Sale of Bond Anticipation Notes	C-6	<u>7,015</u>	<u>3,376</u>
Balance, December 31	C	<u>\$ 127,787</u>	<u>\$ 34,078</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2011 AND 2010**

	Balance, December 31, <u>2011</u>	Balance, December 31, <u>2010</u>
ASSETS		
Land	\$ 11,428,900	\$ 11,053,900
Buildings and Building Improvements	2,549,329	2,549,329
Machinery and Equipment	<u>4,276,641</u>	<u>4,231,688</u>
	<u>\$ 18,254,870</u>	<u>\$ 17,834,917</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 18,254,870</u>	<u>\$ 17,834,917</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

A. Reporting Entity

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

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

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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 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:

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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 2011 and 2010 the Township Council increased the original budget by \$6,720 and \$21,759. The increases were funded by additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2011 and 2010.

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, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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, 2010 balances to conform to the December 31, 2011 presentation.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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.

C. Basic Financial Statements

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 for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2011 and 2010, the book value of the Township's deposits were \$7,086,762 and \$7,837,813 and bank and brokerage firm balances of the Township's deposits amounted to \$7,218,886 and \$8,028,176, 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>2011</u>	<u>2010</u>
Insured	\$ <u>7,218,886</u>	\$ <u>8,028,176</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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, 2011 and 2010, the Township had the following investments:

<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>
<u>2010</u>	<u>Fair Value</u>	<u>Book Value</u>
<u>Investment:</u>		
Government Money Market Fund (MBIA)		\$ 136,985
Length of Service Award Program (Unaudited)	\$ 812,219	<u>-</u>
	<u>\$ 812,219</u>	<u>\$ 136,985</u>

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

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, 2011 and 2010, \$1,022,617 and \$949,204 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>2011</u>	<u>2010</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ 1,022,617	\$ 949,204

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, 2011 and 2010, 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 87% 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, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
<u>Current</u>		
Property Taxes	\$ 247,585	\$ 364,370
Tax Title Liens	1,148	2,614
	<u>\$ 248,733</u>	<u>\$ 366,984</u>

In 2011 and 2010, the Township collected \$337,292 and \$279,636 from delinquent taxes, which represented 92% and 94% of the prior year delinquent taxes receivable balance.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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>2011</u>	<u>2010</u>
Issued		
General		
Bonds, Notes and Loans	\$ 6,425,998	\$ 7,383,583
Less Funds Temporarily Held to Pay Bonds and Notes	<u>114,961</u>	<u>214,961</u>
Net Debt Issued	6,311,037	7,168,622
Authorized But Not Issued		
General		
Bonds and Notes	<u>706,487</u>	<u>748,487</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 7,017,524</u>	<u>\$ 7,917,109</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 .38% and .41% at December 31, 2011 and 2010, respectively.

	<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>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 8,132,070	\$ 214,961	\$ 7,917,109
School Debt	<u>8,109,293</u>	<u>8,109,293</u>	<u>-</u>
Total	<u>\$ 16,241,363</u>	<u>\$ 8,324,254</u>	<u>\$ 7,917,109</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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>2011</u>	<u>2010</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 64,945,539 <u>7,017,524</u>	\$ 67,057,877 <u>7,917,109</u>
Remaining Borrowing Power	<u>\$ 57,928,015</u>	<u>\$ 59,140,768</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>2011</u>	<u>2010</u>
\$4,840,000, 2003 Bonds, due in an annual installment of \$670,000 on October 1, 2012, interest at 3.875%	\$ 670,000	\$ 1,325,000
\$3,322,000, 2003 Bonds, due in annual installments of \$235,000 to \$375,000 through September 1, 2018, interest at 4.10%	2,442,000	2,622,000
\$3,275,000, 2011 Bonds, due in annual installments of \$220,000 to \$440,000 through October 1, 2019, interest at 2.00% to 3.00%	<u>3,275,000</u>	<u>-</u>
	<u>\$ 6,387,000</u>	<u>\$ 3,947,000</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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 and Underground Storage Tanks Removal. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2011</u>	<u>2010</u>
\$390,000, 1993 Loan, due in Annual installments of \$19,500 through August, 2013, interest at 1.5%	\$ 38,998	\$ 58,500
\$350,845, 2001 Loan, due in Annual installments of \$35,085 through January, 2011, interest free	<u>-</u>	<u>35,083</u>
	<u>\$ 38,998</u>	<u>\$ 93,583</u>

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2011 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>	
2012	\$ 1,125,000	\$ 199,101	\$ 19,500	\$ 585	\$ 1,344,186
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
2017-2019	<u>2,062,000</u>	<u>124,669</u>	<u>-</u>	<u>-</u>	<u>2,186,669</u>
	<u>\$ 6,387,000</u>	<u>\$ 842,138</u>	<u>\$ 38,998</u>	<u>\$ 879</u>	<u>\$ 7,269,015</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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, 2011 and 2010 were as follows:

	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 Loans 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>
	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>2010</u>					
General Capital Fund					
Bonds Payable	\$ 4,757,000		\$ 810,000	\$ 3,947,000	\$ 835,000
Intergovernmental Loans Payable	<u>148,168</u>	<u>-</u>	<u>54,585</u>	<u>93,583</u>	<u>54,585</u>
General Capital Fund Long-Term Liabilities	<u>\$ 4,905,168</u>	<u>\$ -</u>	<u>\$ 864,585</u>	<u>\$ 4,040,583</u>	<u>\$ 889,585</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The Township's short-term capital debt activity for the years ended December 31, 2011 and 2010 was as follows:

	Balance December 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2011</u>
General Capital Fund Bond Anticipation Notes	\$ 3,343,000	\$ 3,233,000	\$ 6,576,000	\$ -
	Balance December 31, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2010</u>
General Capital Fund Bond Anticipation Notes	\$ 2,250,000	\$ 3,343,000	\$ 2,250,000	\$ 3,343,000

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, 2011 and 2010.

	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	4,231,688	44,953	-	4,276,641
	<u>\$ 17,834,917</u>	<u>\$ 419,953</u>	<u>\$ -</u>	<u>\$ 18,254,870</u>
	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Land	\$ 11,053,900			\$ 11,053,900
Buildings and Building Improvement	2,549,329			2,549,329
Machinery and Equipment	4,161,449	\$ 70,239	-	4,231,688
	<u>\$ 17,764,678</u>	<u>\$ 70,239</u>	<u>\$ -</u>	<u>\$ 17,834,917</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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>2011</u>		<u>2010</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	\$ 2,991	\$ 138,024	\$ 33,087	\$ 143,192
Animal Control Fund		2,991		16,822
Other Trust Fund	21,702		44,292	
LOSAP Trust Fund	109,550		98,900	
General Capital Fund	<u>6,772</u>	<u>-</u>	<u>-</u>	<u>16,265</u>
 Total	 <u>\$ 141,015</u>	 <u>\$ 141,015</u>	 <u>\$ 176,279</u>	 <u>\$ 176,279</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:

	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,617,261	\$ 920,000	\$ 1,933,379	\$ 1,120,000
Non-Cash Surplus	<u>65,726</u>	<u>-</u>	<u>54,183</u>	<u>-</u>
	 <u>\$ 1,682,987</u>	 <u>\$ 920,000</u>	 <u>\$ 1,987,562</u>	 <u>\$ 1,120,000</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$592,170 and \$736,392 at December 31, 2011 and 2010, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability. As of December 31, 2011 and 2010, the Township has reserved in the Current Fund \$36,000 and \$24,000, 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.

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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

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.

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, 2011 AND 2010**

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:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is 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), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. 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 and PERS Prosecutors Part 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 is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 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.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2010 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 (1) 8.25 percent for investment rate of return for all the retirement systems; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% for PERS, 8.50% 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, 2011 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.

During the years ended December 31, 2011, 2010 and 2009, 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>
2011	\$ 661,893	\$ 171,000
2010	587,280	136,612
2009	611,736	116,371

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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 RISK MANAGEMENT (Continued)

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

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

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

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

<u>Year Ended December 31</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 50,000	\$ 9,159	\$ 32,506	\$ 29,484
2010	30,000	10,087	52,813	2,831
2009	10,000	9,032	11,311	15,556

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, 2011 and 2010. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 11 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2011 and 2010, 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, 2011 and 2010, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

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 \$1,150 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 \$1,150 for 2011 and 2010, 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.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 13 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 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>2011</u>		
Willow Street and Beech Street Curb and Sidewalk Improvement Program	\$27,066	2012
<u>2010</u>		
Willow Street and Beech Street Curb and Sidewalk Improvement Program	\$97,618	2012

NOTE 15 SUBSEQUENT EVENTS

Debt Authorized

On April 9, 2012, the Township adopted a bond ordinance authorizing the issuance of \$20,000 in Bonds or Bond Anticipation Notes to fund a certain capital project. As of the date of this report, the Township has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

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

Balance, December 31, 2010		\$ 4,864,590
Increased by Receipts:		
Tax Collector	\$ 34,900,264	
Non-Budget Revenue	182,911	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	138,000	
State/Federal Aid Receivable	34,715	
Revenue Accounts Receivable	1,620,276	
General Capital Receipts Deposited in Current Fund	135,709	
Other Trust Receipts Deposited in Current Fund	5,210	
Receipts from Other Trust Fund	3,920	
Receipts from Animal Control Trust Fund	16,822	
Miscellaneous Reserves	<u>28,065</u>	
		<u>37,065,892</u>
		41,930,482
Decreased by Disbursements:		
2011 Budget Appropriations	10,364,311	
2010 Appropriation Reserves	97,499	
Encumbrances Payable	669,265	
Accounts Payable	20,127	
Payments to General Capital Fund	33,735	
Payment to Length of Service Award Program Fund	79,350	
Tax Overpayments	30,482	
County Taxes Payable	3,743,145	
Regional School Taxes Payable	22,200,799	
Refund of Prior Year Revenue	<u>76,660</u>	
		<u>37,315,373</u>
Balance, December 31, 2011		<u>\$ 4,615,109</u>

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

Balance, December 31, 2010		\$ 11,109
Increased by Receipts:		
Taxes Receivable	\$ 34,678,306	
Prepaid Taxes	156,428	
Revenue Accounts Receivable	<u>68,339</u>	
		<u>34,903,073</u>
		34,914,182
Decreased by Disbursements:		
Payments to Treasurer - Current Fund		<u>34,900,264</u>
Balance, December 31, 2011		<u>\$ 13,918</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, December 31, <u>2010</u>	Balance, December 31, <u>2011</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, 2010		\$ 10,857
Increased by:		
Senior Citizens/ Veterans Deductions Per Tax Billings	\$ 135,750	
Senior Citizens' Deductions Allowed Per Tax Collector	<u>3,500</u>	
		<u>139,250</u>
		150,107
Decreased by:		
Received in Cash from State	138,000	
Senior Citizens' Deductions Disallowed Per Tax Collector	<u>2,000</u>	
		<u>140,000</u>
Balance, December 31, 2011		<u>\$ 10,107</u>

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

Year	Balance, December 31, 2010	2011 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collected In		Senior Citizens' and Veterans' Deductions Allowed	Overpayments Applied	Transferred to Tax Title Liens	Cancelled	Balance, December 31, 2011
				2010	2011					
2009	\$ 174	-	-	-	\$ 337,292	-	-	-	\$ 174	-
2010	<u>364,196</u>	-	-	-	<u>337,292</u>	-	-	-	<u>26,904</u>	-
	364,370	-	-	-	337,292	-	-	-	27,078	-
2011	<u>-</u>	<u>\$ 35,224,658</u>	<u>\$ 2,000</u>	<u>\$ 138,155</u>	<u>34,341,014</u>	<u>\$ 139,250</u>	<u>\$ 76,321</u>	<u>\$ 557</u>	<u>283,776</u>	<u>\$ 247,585</u>
	<u>\$ 364,370</u>	<u>\$ 35,224,658</u>	<u>\$ 2,000</u>	<u>\$ 138,155</u>	<u>\$ 34,678,306</u>	<u>\$ 139,250</u>	<u>\$ 76,321</u>	<u>\$ 557</u>	<u>\$ 310,854</u>	<u>\$ 247,585</u>

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TAX YIELD

General Purpose Tax	\$ 35,170,267
Added Taxes (54:4-63.1 et seq.)	<u>54,391</u>
	<u>\$ 35,224,658</u>

TAX LEVY

Regional School Tax (Abstract)	\$ 22,200,799
County Taxes	
County Tax (Abstract)	\$ 3,692,716
County Open Space Tax	45,221
Due County for Added and Omitted Taxes (54:4-63.1 et seq.)	<u>5,829</u>
	3,743,766
Local Tax for Municipal Purposes (Abstract)	8,613,251
Minimum Library Tax	610,091
Add: Additional Tax Levied	<u>56,751</u>
	<u>9,280,093</u>
	<u>\$ 35,224,658</u>

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

Balance, December 31, 2010	\$ 2,614
Increased by:	
Transferred to 2011 Taxes Receivable	<u>557</u>
	3,171
Decreased by:	
Cancelled	<u>2,023</u>
Balance, December 31, 2011	<u>\$ 1,148</u>

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

Balance, December 31, 2010 \$ 70,950

Balance, December 31, 2011 \$ 70,950

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

<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2011</u>	<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2011</u>
1103	1	\$ 220	3117	28	\$ 2,300
2102	3	200	3106	41-42	200
2306	13-14	50	3106	24	300
2306	15	20	3202A	2	500
2314	26-27	4,000	3215	35	100
2321	5	2,300	3217	17-21	125
2326	28	20	3206	6	75
2326	69-70	20	3304	53	500
2426	73	3,700	3305	6A	2,000
2406	5-6	3,900	3601	8	500
2406	28-29	3,900	3602	3	4,100
3104	44	7,300	4102A	1	50
3111	1-2	50	4305	5	2,800
3111	3-4	50	306	15	6,700
3111	5-6	50	4308	50	5,000
3111	7-8	50	4310	3-4	40
3111	11-12	50	4315	1-2	20
3112	4-5	50	4315	3	20
3112	6	50	4318	31-32	40
3112	8-11	100	4401	1	500
3112	12-13	50	4404	23-24	40
3112	16-18	75	4409	8	2,000
3113	6-8	75	4411	36	2,500
3113	11-12	50	4412	44	2,100
3113	14	50	4422	12-13	40
3113	15	100	4506	5-8	20
3113	16-17	50	4513	16	2,100
3113	18-19	50	4417	27	<u>9,700</u>
					<u>\$ 70,950</u>

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

	Balance December 31, <u>2010</u>	Accrued in <u>2011</u>	Cash <u>Receipts</u>	Balance December 31, <u>2011</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	\$ 4,950	\$ 4,950	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
Bergen County 200 Club		2,320	2,320	
Clean Communities Program		15,203	14,610	593
Municipal Alliance Grant	3,406	10,135	8,160	5,381
Over the Limit Under Arrest	275	4,400	4,675	
Emergency Preparedness - Health Dept	2,500			2,500
2010 State Health Services Grant - H1N1	377			377
Motorcycle Safety Grant	1,726	-	-	1,726
	<u>\$ 43,326</u>	<u>\$ 47,008</u>	<u>\$ 34,715</u>	<u>\$ 55,619</u>

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

	Balance, December 31, <u>2010</u>	Accrued in <u>2011</u>	<u>Cash Receipts</u>		Balance, December 31, <u>2011</u>
			<u>Collector</u>	<u>Treasurer</u>	
Township Clerk					
Licenses					
Alcoholic Beverages		\$ 14,899		\$ 14,899	
Other		2,130		2,130	
Fees and Permits		8,480		8,480	
Police Department					
Fees and Permits		15,157		15,043	\$ 114
Planning Board					
Fees and Permits		4,684		4,684	
Zoning Board of Adjustment					
Fees and Permits		10,808		9,450	1,358
Construction Code Official					
Fees and Permits		152,187		117,686	34,501
Recreation Department					
Fees and Permits		145,497		27,965	117,532
Board of Health					
Licenses		144		144	
Fees and Permits		12,147		12,147	
Municipal Court					
Fines and Costs	\$ 5,787	62,725		62,169	6,343
Interest and Cost on Taxes		68,339	\$ 68,339		
Energy Receipts Tax		707,123		707,123	
Consolidated Municipal Property					
Tax Relief Aid		6,402		6,402	
Interest on Investments and Deposits		6,947		6,947	
Joint Health Services		94,415		94,415	
Uniform Fire Safety Act		9,748		9,748	
Cable Television Fees		118,287		118,287	
Police Outside Duty-Other Trust Fund		100,000		100,000	
Library Reimbursement		120,000		120,000	
Sale of Recyclables		82,164		82,164	
FEMA Reimbursement		34,705		34,705	
Sewer Charges	-	65,688	-	65,688	-
	<u>\$ 5,787</u>	<u>\$ 1,842,676</u>	<u>\$ 68,339</u>	<u>\$ 1,620,276</u>	<u>\$ 159,848</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2010 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Balance, December 31, <u>2010</u>	Encumbrances <u>Cancelled</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 309	\$ 647	\$ 956		\$ 956
Other Expenses	227	1,863	2,090		2,090
Maintenance and Support of Office Equip					
Maint. & Support- Equipment	32	200	232		232
Mayor & Council					
Salaries and Wages- Mayor		538	538		538
Other Expenses- Mayor	412	344	756		756
Other Expenses- Council	492	1,061	1,553		1,553
Municipal Clerk					
Salaries and Wages	1,034		1,034	\$ 464	570
Other Expenses	637		637	270	367
Elections- Other Expenses	10,000		7,429	7,429	
Financial Administration					
Salaries and Wages	1,000	1,425	2,125		2,125
Other Expenses					
Financial Services - Fees			18,145	18,145	
Miscellaneous Other	201	389	890		890
Revenue Administration					
Salaries and Wages	6,719	12,525	9,244		9,244
Other Expenses	5,922		3,617	449	3,168
Tax Assessment Administration					
Other Expenses	61	34	95		95
Legal Services					
Other Expenses					
Administration	500		500		500
Council	27,190		27,190	3,725	23,465
Tax Appeals	4,606		4,606	4,606	
Department of Public Affairs					
Salaries and Wages	359		359		359
Other Expenses		942	942		942
Land Use Administration					
Planning Board					
Salaries and Wages	1,220	50	1,270		1,270
Other Expenses	1,019	7	1,026		1,026
Zoning Board of Adjustment					
Salaries and Wages	261	110	371		371
Other Expenses	1,463		1,463	969	494

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2010 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Balance, December 31, <u>2010</u>	Encumbrances <u>Cancelled</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	\$ 38,056	\$ 21,193	\$ 12,908		\$ 12,908
Other Expenses	86	2,274	2,360		2,360
Maintenance of Desk Record System	4,342		4,342	\$ 2,860	1,482
Reverse 911 System	500		500		500
Police Dispatching	7,006	1,790	3,026		3,026
Office of Emergency Management					
Salaries and Wages	750		750	750	
Other Expenses	300		300		300
Fire Department					
Salaries & Wages					
Other Expenses	17,715		13,224	13,224	
Clothing Allowance	1,050		1,050		1,050
Physicals	700		700	108	592
Maintenance Program	350		350		350
Internet	225	20	245		245
Length of Service Awards Program (LOSAP)	7,750		7,750	7,750	
Uniform Fire Safety Code					
Other Expenses	2,942		2,942	1,144	1,798
Fire Hydrant Service	11,845		11,845	244	11,601
Municipal Prosecutor					
Salaries & Wages	245	255	500		500
PUBLIC WORKS FUNCTIONS					
Department of Municipal Facilities					
Salaries and Wages	427		4,427	1,549	2,878
Other Expenses	3,354		33,354	29,133	4,221
Solid Waste Collection					
Other Expenses			4,876	4,876	
Other Public Works Functions					
Shade Trees - Holiday Decoration	3,000		3,000		3,000
Buildings and Grounds					
Building Maintenance	454		13,684	12,200	1,484
Vehicle Maintenance					
Other Expenses	4,055		9,616	6,229	3,387
Community Services Act	14,383		14,383	5,070	9,313

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2010 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Balance, December 31, <u>2010</u>	Encumbrances <u>Cancelled</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
HEALTH AND HUMAN SERVICES					
Public Health Services					
Salaries and Wages (Board of Health)	\$ 351	\$ 34	\$ 385		\$ 385
Other Expenses (Board of Health)	3,934		3,934	\$ 2,293	1,641
Occ. Safety & Health Blood Pathogens	2,250		2,250	2,250	
Animal Control Services					
Other Expenses	2,932		2,932	835	2,097
Recreation Services and Programs					
Salaries and Wages	4,490	2,714	7,204		7,204
Other Expenses	8,181		12,277	7,529	4,748
Community Programs					
Salaries and Wages	63	657	720		720
Other Expenses	1,751	520	2,271		2,271
Maintenance of Parks					
Parks and Other Expenses	17,459	1,115	5,344		5,344
Rental - Athletic Facilities	2,400		2,400		2,400
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events	1,035	1,499	2,534		2,534
Accumulated Leave Compensation	12,000		12,000	12,000	
MUNICIPAL COURT					
Salaries and Wages	2,365	6,214	8,579		8,579
Other Expenses	1,268	1,075	2,343		2,343
INSURANCE					
Liability Insurance (BJIF)		3,850	3,850		3,850
Workers Compensation Insurance (BJIF)	232	447	679		679
Employee Group Insurance	235	33,336	33,571		33,571
CODE ENFORCEMENT & ADMINISTRATION					
Construction Officials					
Salaries and Wages	7,174	974	8,148		8,148
Other Expenses	99	752	851		851
UTILITY EXPENSES & BULK PURCHASES					
Electricity	7,602		7,602	5,105	2,497
Street Lighting	24,152		24,152	5,637	18,515
Telephone	2,395		4,895	2,800	2,095
Water	6		2,306	1,728	578
Natural Gas	9,054		9,054	3,310	5,744
Gasoline	18,205		18,205	8,272	9,933
Sewer					
Other Municipalities - Contractual	2,064		2,064	2,064	

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2010 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Balance, December 31, <u>2010</u>	Encumbrances <u>Cancelled</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
LANDFILL/SOLID WASTE DISPOSAL					
Sanitary Landfill & Dump Fees	\$ 14,723		\$ 14,723	\$ 6,088	\$ 8,635
STATUTORY EXPENDITURES					
Statutory Charges					
Prior Year Bills	1		1		1
Social Security System (O.A.S.I.)	9,713		9,713		9,713
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	5,499		5,499	5,499	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Joint Health Services - Contractual					
Other Expenses	8,298		8,298	3,454	4,844
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Public Health Priority Funding Act of 1977					
State Share					
Clean Communities Program	15,203		15,203	15,203	
Municipal Alliance Grant					
State Share	6,295		6,295	6,295	
Local Match	589		589		589
Community Development Block Grant					
Federal Share	3,000		3,000	3,000	
Police Body Armor	3,194		3,194	3,194	
2010 State Health Ser Grant H1N1	7,918		7,918	7,918	
Over the Limit under arrest	250	-	250	250	-
	<u>389,579</u>	<u>98,854</u>	<u>488,433</u>	<u>225,918</u>	<u>262,515</u>
Total General Appropriations	\$ 389,579	\$ 98,854	\$ 488,433	\$ 225,918	\$ 262,515
				Cash Disbursements	\$ 97,499
				Accounts Payable	121,707
				Appropriated Grant Reserves	<u>6,712</u>
				\$ 225,918	

**TOWNSHIP OF WASHINGTON
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2010		\$ 768,119
Increased by:		
Charges to 2011 Budget Appropriations		<u>598,732</u>
		1,366,851
Decreased by:		
Cash Disbursements	\$ 669,265	
Restored to 2010 Appropriation Reserves	<u>98,854</u>	
		<u>768,119</u>
Balance, December 31, 2011		<u>\$ 598,732</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2010		\$ 138,155
Increased by:		
2012 Prepaid Taxes		<u>156,428</u>
		294,583
Decreased by:		
Applied to 2011 Taxes		<u>138,155</u>
Balance, December 31, 2011		<u>\$ 156,428</u>

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2010		<u>\$ 106,803</u>
Decreased by:		
Applied to 2011 Taxes	\$ 76,321	
Cash Disbursements	<u>30,482</u>	
		<u>\$ 106,803</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2010</u>	<u>Receipts</u>	Transfer From 2010 Appropriation <u>Reserves</u>	Realized as 2011 Budget <u>Revenue</u>	Balance, December 31, <u>2011</u>
Miscellaneous Reserves:					
Sale of Municipal Assets	\$ 1,018,471	\$ 1,351			\$ 1,019,822
Insurance Recoveries	12,268	3,638			15,906
Motor Vehicle Inspection Fees	40,300	2,300			42,600
Accumulated Leave Comp	24,000				24,000
Library Reimbursement	67,000				67,000
Appropriated Reserves:					
Alcohol Education and Rehabilitation	4,132				4,132
Clean Communities Grant	6				6
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	2,183		\$ 417		2,600
FEMA Firefighter Grant	486				486
LINCS- Core Capacity Infrastructure Grant	3				3
Stormwater Regulation Grant	23,826				23,826
Motorcycle Safety Grant	50				50
Municipal Alliance Grant	374		6,295		6,669
Over the Limit Under Arrest	25				25
Emergency Preparedness Grant	31				31
Unappropriated Reserves:					
Truck Inspection Violations	5,282				5,282
Recycling Tonnage Grant	48,646	8,394		\$ 21,758	35,282
Pandemic Flu Grant	17,743				17,743
Body Armor Grant	192	2,289			2,481
Over the Limit Under Arrest	-	10,093		-	10,093
	<u>\$ 1,286,937</u>	<u>\$ 28,065</u>	<u>\$ 6,712</u>	<u>\$ 21,758</u>	<u>\$ 1,299,956</u>
			Reserve for Sale of Assets		\$ 1,019,822
			Other Miscellaneous Reserves		149,506
			Appropriated Grant Reserves		59,747
			Unappropriated Grant Reserves		<u>70,881</u>
					<u>\$ 1,299,956</u>

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

Balance, December 31, 2010		\$ 5,192
Increased by:		
Levy of 2011		
County Tax (Abstract)	\$ 3,692,716	
County Open Space Tax (Abstract)	45,221	
County Tax for Added Taxes (54:4-63.1)	<u>5,829</u>	
		<u>3,743,766</u>
		3,748,958
Decreased by:		
Payments		<u>3,743,145</u>
Balance, December 31, 2011		<u>\$ 5,813</u>

STATEMENT OF REGIONAL SCHOOL TAXES PAYABLE

Increased by:		
Levy of 2011 (Calendar Year)		<u>\$ 22,200,799</u>
Decreased by:		
Payments		<u>\$ 22,200,799</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2010	\$ 104,668
Increased by:	
Transferred from Appropriation Reserves	<u>121,707</u>
	226,375
Decreased By:	
Cash Disbursements	<u>20,127</u>
Balance, December 31, 2011	<u>\$ 206,248</u>

TRUST FUND

TOWNSHIP OF WASHINGTON
STATEMENT OF TRUST CASH AND INVESTMENTS - TREASURER

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>
Balance, December 31, 2010	\$ 24,689	\$ 1,422,510	\$ 7,961
Increased by Receipts:			
Due from Dog License Official	\$ 8,635		
Miscellaneous Escrow and Performance Deposits		\$ 194,056	
Miscellaneous Reserves		80,581	
Police Outside Billings		154,653	
Employee Contributions			\$ 9,159
Payroll Deposits		5,555,020	
Budget Appropriation			50,000
Interest on Investments and Deposits	-	6,301	-
	<u>8,635</u>	<u>5,990,611</u>	<u>59,159</u>
	33,324	7,413,121	67,120
Decreased by:			
Payments to Current Fund	16,822	3,920	
Expenditures Under R.S. 4:19-15.1	848		
Due to State of New Jersey - Dog License Fees	1,354		
Miscellaneous Escrow and Performance Deposits		192,434	
Miscellaneous Reserves		11,120	
Payroll Disbursements		5,639,940	
Police Outside Billings		105,357	
Payments to Current Fund - Anticipated As Current Fund Revenue		100,000	
Payments to State of New Jersey - Unemployment Insurance Benefits	-	-	37,359
	<u>19,024</u>	<u>6,052,771</u>	<u>37,359</u>
Balance, December 31, 2011	<u>\$ 14,300</u>	<u>\$ 1,360,350</u>	<u>\$ 29,761</u>

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

Increased by:	
Dog License Fees Collected	\$ 5,738
Cat License Fees Collected	290
Dog Registration Fees - Due State of N.J.	962
Late Fees	<u>1,645</u>
	<u>\$ 8,635</u>
Decreased by:	
Payments to Treasurer	<u>\$ 8,635</u>

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

Balance, December 31, 2010	\$ 7,500
Increased by:	
Dog Licenses Issued	\$ 5,738
Late Fees Collected	1,645
Cat Licenses Issued	<u>290</u>
	<u>7,673</u>
	15,173
Decreased by:	
Expenditures Under R.S. 4:19-15.11	848
Statutory Excess	<u>2,991</u>
	<u>3,839</u>
Balance, December 31, 2011	<u>\$ 11,334</u>

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

Balance, December 31, 2010	\$ 392
Increased by:	
2011 State Registration Fees	<u>962</u>
	<u>1,354</u>
Decreased by:	
Payments to State of New Jersey	<u>\$ 1,354</u>

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

Balance, December 31, 2010		\$ 627,412
Increased by:		
Cash Receipts		194,056
		821,468
Decreased by:		
Cash Disbursements		192,434
Balance, December 31, 2011		\$ 629,034

Analysis of Balance

Performance Bonds		\$ 118,652
Backfill Bonds		25,420
Escrow Fees		399,962
Escrow - COAH Fees		85,000
		\$ 629,034

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

Balance, December 31, 2010		\$ 44,292
Increased by:		
Payments to Current Fund	\$ 3,920	
Other Trust Fund Receipts Deposited in Current Fund	5,210	
		9,130
		53,422
Decreased by:		
Interest on Investments and Deposits	6,301	
Current Fund Receipts (Budget Offset) Deposited in Other Trust Fund	25,419	
		31,720
Balance, December 31, 2011		\$ 21,702

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

Balance, December 31, 2010	\$	2,831
Increased by:		
Budget Appropriation	\$	50,000
Employee Contributions		<u>9,159</u>
		<u>59,159</u>
		61,990
Decreased by:		
Unemployment Insurance Claims		<u>32,506</u>
Balance, December 31, 2011	\$	<u>29,484</u>

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

Balance, December 31, 2010	\$	16,822
Increased by:		
Statutory Excess		<u>2,991</u>
		19,813
Decreased by:		
Payments to Current Fund		<u>16,822</u>
Balance, December 31, 2011	\$	<u>2,991</u>

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

Balance, December 31, 2010	\$ <u>342,666</u>
Balance, December 31, 2011	\$ <u>342,666</u>

EXHIBIT B-10

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

Balance, December 31, 2010	\$ <u>17,259</u>
Balance, December 31, 2011	\$ <u>17,259</u>

EXHIBIT B-11

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

Balance, December 31, 2010	\$ 93,822
Increased by:	
Payroll Deposits	<u>5,555,020</u>
	5,648,842
Decreased by:	
Payroll Disbursements	<u>5,639,940</u>
Balance, December 31, 2011	<u>\$ 8,902</u>

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

Balance, December 31, 2010	\$	5,130
Increased by:		
Unemployment Claims		32,506
		37,636
Decreased by:		
Payment of Claims		37,359
Balance, December 31, 2011	\$	277

**STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

	Balance, December 31, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2011</u>
Marriage Licenses - Due to State	\$ 700	\$ 1,325	\$ 275	\$ 1,750
Tax Sale Premiums	61,000	27,800	9,800	79,000
Celebrations of Public Events	11,664		577	11,087
Municipal Alliance Donation	950			950
Rental Deposits	2,100	950		3,050
Miscellaneous	1,392	2,150		3,542
Police Department Donations	11,145	15,991	468	26,668
Fire Department/Uniform Fire Safety Penalties		1,200		1,200
Snow Plowing	8,100	8,685		16,785
Health Insurance Contribution	17,092	27,496	25,419	19,169
POAA	1,358	194	-	1,552
	<u>\$ 115,501</u>	<u>\$ 85,791</u>	<u>\$ 36,539</u>	<u>\$ 164,753</u>
Cash Receipts				
Due from Current Fund		\$ 80,581		
		5,210		
		<u>\$ 85,791</u>		
Cash Disbursements				
Due to Current Fund			\$ 11,120	
			25,419	
			<u>\$ 36,539</u>	

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

Balance, December 31, 2010		\$ 270,142
Increased by:		
Cash Receipts		<u>154,653</u>
		424,795
Decreased by:		
Reimbursements for Payroll	\$ 105,357	
Amount Anticipated as Revenue in Current Fund Budget	<u>100,000</u>	
		<u>205,357</u>
Balance, December 31, 2011		<u>\$ 219,438</u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2010		\$ 1,643,589
Increased by:		
Interest on Investments and Deposits	\$ 8,937	
Receipts from Current Fund	33,735	
Bond Sale Proceeds	3,233,000	
Grants Receivable	<u>73,214</u>	
		<u>3,348,886</u>
		4,992,475
Decreased by Disbursements:		
Improvement Authorizations	319,700	
Contracts Payable	249,777	
Payment of Bond Anticipation Notes	<u>3,233,000</u>	
		<u>3,802,477</u>
Balance, December 31, 2011		<u>\$ 1,189,998</u>

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

	Balance, December 31, <u>2011</u>
Fund Balance	\$ 127,787
Grants Receivable	(281,786)
Due from Current Fund	(6,772)
Reserve for Payment of Bonds	114,961
Reserve for Preliminary Costs	5,000
Reserve for Ambulance	20,000
Capital Improvement Fund	141,626
Contracts Payable	132,691

<u>Ordinance Number</u>	<u>Improvement Description</u>	
95-5/96-5	Impvt. to Municipal Bldg./Air Conditioning	7,184
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	(19)
98-16	Improvement of Ridgewood Road	8,700
98-17/01-3	Traffic Light Improvement	16,196
99-7/05-1	Purchase of Equipment	(36,391)
99-8	Various Improvements	(2,701)
99-12	Purchase of Equipment/Renovation Fire	(30,213)
00-4	Purchase of Equipment - Fire Dept	306
00-6	Purchase of Equipment	7,871
00-9	Improvement to Property	22,328
01-8	Acquisition of New and Add'l Vehicle Equipment	(6,773)
02-1/04-2	Improvements to Free Public Library	104,055
02-5/03-6/03-7	Various Improvements	19,754
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	1,104
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	1,486
04-4	Acquisition of Land	569
04-9	Various Improvements	4,647
04-11	Acquisition of Various Equipment	7,100
04-14	Acquisition of Fire Fighter Equipment	139
06-07	Acquisition of Police Utility Vehicle	2,784
06-09	Improvement of Storm Water Drainage System	144,463
06-15	Acquisition of Fire Fighter Equipment	3,101
06-23	Acquisition of Front End Bucket Loader	1,337
06-24	Acquisition of Office Equipment	2,122

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2011</u>
06-29	Various Improvements	\$ 151,238
06-30	Acquisition of Various Fire Fighting Equipment	7,135
07-4	Improvement of the Storm Water Drainage System	(8,911)
07-08/08-13	Remediation of Property	20,302
07-09	Acquisition of New Fire Fighting Equipment	6,018
07-11	Acquisition of New Computer Equipment	9,505
07-12	Acquisition of a New Dump Truck	8,027
07-13	Various Improvements	5,775
08-07	Construction of New Park	(5,644)
08-09	Various Improvements	8,791
08-10	Various Improvements	151,345
08-11	Various Improvements	19,020
09-04	Construction of Curbs and Sidewalks	25,323
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	<u>8,066</u>
		<u>\$ 1,189,998</u>

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

Balance, December 31, 2010		\$ 4,040,583
Increased by:		
Serial Bonds Issued		<u>3,275,000</u>
		7,315,583
Decreased by:		
2011 Budget Appropriations		
Bonds	\$ 835,000	
EDA Loans	<u>54,585</u>	
		<u>889,585</u>
Balance, December 31, 2011		<u>\$ 6,425,998</u>

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

Ord. No.	Improvement Description	Balance December 31, 2010	Funded by Serial Bonds	Paid By Budget Appropriation	Balance December 31, 2011	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	19	24,981
98-17/01-3	Traffic Light Improvement	3,000			3,000		3,000
98-18/98-20	Improvement of Memorial Field	11,650	\$ 11,070	\$ 580			
99-7/05-1	Purchase of Equipment	42,700			42,700	36,391	6,309
99-8	Various Improvements	14,000			14,000	2,701	11,299
99-12	Purchase of Equipment/Renovation Fire	32,000			32,000	30,213	1,787
01-8	Acq. Of New and Add'l Vehicle Equip.	20,000			20,000	6,773	13,227
02-5/03-6/03-7	Various Improvements	8,056	5,500	2,556			
02-19	Construction of Fieldhouse at Clark Field	104,500	104,500				
03-15	Construction of Commuter Curbs/Sidewalks - Washington Avenue	17,600	16,000	1,600			
04-4	Acquisition of Land	164,505	162,305	2,200			
04-11	Acquisition of Various Equipment	19,788	17,383	2,405			
04-14	Acquisition of Fire Fighter Equipment	534,061	500,681	33,380			
06-07	Acquisition of Police Utility Vehicle	29,600	25,900	3,700			
06-09	Improvement of Storm Water Drainage System	223,500			223,500		223,500
06-15	Acquisition of Fire Fighter Equipment	55,822	48,842	6,980			
06-23	Acquisition of Front End Bucket Loader	111,733	97,763	13,970			
06-24	Acquisition of Office Equipment	11,007	10,608	399			
06-29	Various Improvements	414,395	408,655	5,740			
06-30	Acquisition of Various Fire Fighting Equipment	44,486	42,896	1,590			
07-04	Improvement of the Storm Water Drainage System	8,911			8,911	8,911	
07-08/08-13	Remediation of Property	191,966	189,181	2,785			
07-09	Acquisition of New Fire Fighting Equipment	142,172	125,807	16,365			
07-11	Acquisition of New Computer Equipment	48,084	44,064	4,020			
07-12	Acquisition of a New Dump Truck	85,500	76,000	9,500			
07-13	Various Improvements	64,600	62,370	2,230			
08-07	Construction of New Park	137,750			137,750	5,644	132,106
08-09	Various Improvements	61,900	61,900				
08-10	Various Improvements	150,500	150,500				
08-11	Various Improvements	216,750	216,750				
09-04	Construction of Curbs and Sidewalks	52,300	52,300				
09-08	Acq. of New Computer Equipment - Police	109,250	109,250				
09-13	Acq. of New Emergency Communication Equip	241,300	241,300				
10-08	Acquisition of Lands	452,000	451,575		425		425
10-14	Acq of New and Additional Vehicular Equip	41,900	41,900	-	-	-	-
		<u>\$ 4,091,487</u>	<u>\$ 3,275,000</u>	<u>\$ 110,000</u>	<u>\$ 706,487</u>	<u>\$ 100,242</u>	<u>\$ 606,245</u>
						Improvement Authorizations - Unfunded	<u>\$ 606,245</u>

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

Balance, December 31, 2010 (Due to)		\$	16,265
Increased by:			
Interest on Investments and Deposits		\$	8,937
Receipts from Current Fund			33,735
Anticipated Current Fund Revenue			
Reserve for Payment of Debt			<u>100,000</u>
			<u>142,672</u>
			158,937
Decreased by:			
Receipts Deposited in Current Fund			
Bond Sale Proceeds	\$		42,000
Premium on Sale of Serial Bonds			86,694
Premium on Sale of Bond Anticipation Notes			<u>7,015</u>
			135,709
Budget Appropriation - Reserve for Ambulance			5,000
Budget Appropriation - Capital Improvement Fund			<u>25,000</u>
			<u>165,709</u>
Balance, December 31, 2011 (Due from)		\$	<u>6,772</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2010		Paid or Charged	Balance, December 31, 2011	
			Funded	Unfunded		Funded	Unfunded
89-12	Improvement to Municipal Fieldhouse	\$ 14,000		\$ 2		\$ 2	
90-5	Improvement to Lafayette	165,000		8,301		8,301	
95-5/96-5	Impvt. to Municipal Bldg./Air Cond.	125,000	\$ 7,184		\$ 7,184		
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		24,981	
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		6,309	
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		22,328		
01-8	Acquisition of Vehicle Equipment	178,000		13,227		13,227	
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	11,698	8,056		19,754	
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		4,895	\$ 3,791	1,104	
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		2,786	1,300	1,486	
04-4	Acquisition of Land	180,000		865	296	569	
04-9	Various Improvements	35,100	4,647		4,647		
04-11	Acquisition of Various Equipment	186,000		12,070	4,970	7,100	
04-14	Acquisition of Fire Fighter Equipment	666,000		1,235	1,096	139	
06-07	Acquisition of Police Utility Vehicle	35,000		3,976	1,192	2,784	
06-09	Improvement of Storm Water Drainage System	490,000	144,463	223,500		144,463	223,500
06-15	Acquisition of Fire Fighter Equipment	66,000		3,101		3,101	
06-23	Acquisition of Front End Bucket Loader	132,000		2,829	1,492	1,337	
06-24	Acquisition of Office Equipment	12,000		2,122		2,122	

TOWNSHIP OF WASHINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2010		Paid or Charged	Balance, December 31, 2011	
			Funded	Unfunded		Funded	Unfunded
06-29	Various Improvements	\$ 445,000		\$ 151,381	\$ 143	\$ 151,238	
06-30	Acquisition of Various Fire Fighting Equipment	48,500		7,135		7,135	
07-08/08-13	Remediation of Property	205,000		21,363	1,061	20,302	
07-09	Acquisition of New Fire Fighting Equipment	155,000		15,600	9,582	6,018	
07-11	Acquisition of New Computer Equipment	55,000		29,224	19,719	9,505	
07-12	Acquisition of a New Dump Truck	90,000		10,660	2,633	8,027	
07-13	Various Improvements	68,000		8,546	2,771	5,775	
08-07	Construction of New Park	145,000		132,106			\$ 132,106
08-09	Various Improvements	65,000		9,500	709	8,791	
08-10	Various Improvements	158,500	\$ 1,170	150,500	325	151,345	
08-11	Various Improvements	259,500		19,242	222	19,020	
09-04	Construction of Curbs and Sidewalks	155,000		39,953	14,630	25,323	
09-08	Acq. of New Computer Equipment - Police	115,000		11,088	440	10,648	
09-13	Acq. of New Emergency Communication Equip	254,000		138,078	7,179	130,899	
10-08	Acquisition of Lands	475,000		442,892	378,212	64,255	425
10-14	Acq of New and Additional Vehicular Equip	44,000		8,694	628	8,066	-
			\$ 383,758	\$ 1,711,611	\$ 452,391	\$ 1,036,733	\$ 606,245
					\$ 319,700		
					132,691		
					\$ 452,391		

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Bond Maturities Outstanding December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2011</u>	
			<u>Date</u>	<u>Amount</u>						
Refunding Bonds of 2003	8/15/2003	\$ 4,840,000	10/1/2012	\$ 670,000	3.875%	\$ 1,325,000		\$ 655,000	\$ 670,000	
General Bonds of 2003	9/1/2003	3,322,000	9/1/2012	235,000						
			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%	2,622,000		180,000	2,442,000	
General Bonds of 2011	10/1/2011	3,275,000	10/1/2012	220,000	2.00%					
			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%	-	\$ 3,275,000	-	3,275,000	
						<u>\$ 3,947,000</u>	<u>\$ 3,275,000</u>	<u>\$ 835,000</u>	<u>\$ 6,387,000</u>	
						Cash Receipts	\$ 3,233,000			
						Due from Current Fund	<u>42,000</u>			
							<u>\$ 3,275,000</u>			
						Paid by Budget Appropriation	<u>\$ 835,000</u>			

TOWNSHIP OF WASHINGTON
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
98-20	Improvements to Memorial Field	\$ 13,000	11/3/2005	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	\$ 11,650	\$ 11,070	\$ 11,070	11,650
02-19	Construction of New Field House	104,500	10/31/2009	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	104,500	104,500	104,500	104,500
02-05/03-06/ 03-7	Various Improvements	70,900	11/3/2005	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	8,056	5,500	5,500	8,056
03-15	Washington Ave - Commuter Sidewalks	20,900	11/3/2005	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	17,600	16,000	16,000	17,600
04-4	Acquisition of Land	171,000	11/3/2005	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	164,505	162,305	162,305	164,505
04-11	Acquisition of Equipment	27,000	11/3/2005	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	19,788	17,383	17,383	19,788
04-14	Acquisition of Equipment	634,200	11/3/2005	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	534,061	500,681	500,681	534,061
06-07	Acquisition of Police Utility Vehicle	33,300	11/1/2007	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	29,600	25,900	25,900	29,600
06-15	Acquisition of Fire Fighter Equipment	62,800	11/1/2007	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	55,822	48,842	48,842	55,822
06-23	Acquisition of Front End Bucket Loader	125,700	11/1/2007	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	111,733	97,763	97,763	111,733
06-24	Acquisition of Office Equipment	11,400	11/1/2007	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	11,007	10,608	10,608	11,007
06-29	Various Improvements	290,375	11/1/2007	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	414,395	408,655	408,655	414,395
06-30	Acquisition of Various Fire Fighting Equipment	46,075	11/1/2007	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	44,486	42,896	42,896	44,486
07-08/08-13	Remediation of Property	80,750	11/1/2007	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	191,966	189,181	189,181	191,966
07-09	Acquisition of New Fire Fighting Equipment	147,250	11/1/2007	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	142,172	125,807	125,807	142,172

TOWNSHIP OF WASHINGTON
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
07-11	Acquisition of New Computer Equipment	\$ 52,250	11/1/2007	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	\$ 48,084	\$ 44,064	\$ 44,064	48,084
07-12	Acquisition of a New Dump Truck	85,500	11/1/2007	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	85,500	76,000	76,000	85,500
07-13	Various Improvements	64,600	11/1/2007	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	64,600	62,370	62,370	64,600
08-09	Various Improvements	61,900	10/31/2009	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	61,900	61,900	61,900	61,900
08-10	Various Improvements	98,225	10/31/2009	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	150,500	150,500	150,500	150,500
08-11	Various Improvements	216,750	10/28/2010	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00%	216,750	216,750	216,750	216,750
09-04	Construction of Curbs and Sidewalks	52,300	10/28/2010	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	52,300	52,300	52,300	52,300
09-08	Acq. of New Computer Equipment - Police	109,250	10/28/2010	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	109,250	109,250	109,250	109,250
09-13	Acq. of New Emergency Communication Equip	241,300	10/28/2010	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	241,300	241,300	241,300	241,300
10-08	Acquisition of Lands	451,475	10/28/2010	2/24/2011 10/28/2010	10/31/2011 2/25/2011	1.00% 1.00%	451,475	451,475	451,475	-
							<u>\$ 3,343,000</u>	<u>\$ 3,233,000</u>	<u>\$ 6,576,000</u>	<u>\$ -</u>

Paid by Budget Appropriation	\$ 110,000
Paid with Bond Proceeds	3,233,000
Renewals	<u>\$ 3,233,000</u>
	<u>\$ 3,233,000</u>
	<u>\$ 6,576,000</u>

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

Balance, December 31, 2010	\$ 116,626
Increased by:	
2011 Budget Appropriation	<u>25,000</u>
Balance, December 31, 2011	<u>\$ 141,626</u>

EXHIBIT C-11

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2010	\$ 249,777
Increased by:	
Contract Awarded	<u>132,691</u>
	382,468
Decreased by:	
Cash Disbursements	<u>249,777</u>
Balance, December 31, 2011	<u>\$ 132,691</u>

EXHIBIT C-12

STATEMENT OF STATE LOANS PAYABLE

Balance, December 31, 2010	\$ 93,583
Decreased by:	
2011 Budget Appropriation to Pay Loan Principal	<u>54,585</u>
Balance, December 31, 2011	<u>\$ 38,998</u>

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

Balance, December 31, 2010	\$ 214,961
Decreased by:	
Anticipated Revenue in Current Fund Budget	<u>100,000</u>
Balance, December 31, 2011	<u>\$ 114,961</u>

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Balance, December 31, 2010	<u>\$ 5,000</u>
Balance, December 31, 2011	<u>\$ 5,000</u>

STATEMENT OF RESERVE FOR AMBULANCE

Balance, December 31, 2010	\$ 15,000
Increased by:	
Current Fund Budget Appropriation	<u>5,000</u>
Balance, December 31, 2011	<u>\$ 20,000</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF GRANTS RECEIVABLE**

	<u>Total</u>	Department of Environmental <u>Protection</u> <u>Ord. 6-09</u>	County of <u>Bergen</u> <u>Ord. 8-07</u>	Department of <u>Transportation</u> <u>Ord. 09-04</u>
Balance, December 31, 2010	\$ 416,138	\$ 255,000	\$ 61,138	\$ 100,000
Decreased by:				
Collections	<u>73,214</u>	<u>-</u>	<u>-</u>	<u>73,214</u>
Balance, December 31, 2011	<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.	Improvement Description	Balance December 31, 2010	Bonds Issued	Balance December 31, 2011
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	525	\$ 100	425
10-14	Acq of New and Additional Vehicular Equip	41,900	41,900	-
		<u>\$ 748,487</u>	<u>\$ 42,000</u>	<u>\$ 706,487</u>

TOWNSHIP OF WASHINGTON
COUNTY OF BERGEN
PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2011

LERCH, VINCI & HIGGINS, LLP

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EDWARD N. KERE, CPA

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 the financial statements – regulatory basis of the Township of Washington as of and for the year ended December 31, 2011, and have issued our report thereon dated June 20, 2012 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified because of the presentation of the unaudited LOSAP Fund financial statements. Except as discussed in the preceding sentence, we conducted our audit 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and responses as items 2011-1, 2011-2 and 2011-3 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Washington's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as items 2011-1, 2011-2 and 2011-3.

We also 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".

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

This report is intended solely for the information and use of management, the governing body, others within the Township, New Jersey Department of Community Affairs and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 20, 2012

**TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2011 Grant Receipts</u>	<u>Balance, December 31, 2010</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2011</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								
Community Development Block Grants		2004	\$ 48,000		\$ 4,117			\$ 4,117	\$ 43,883
Community Development Block Grants		2010	3,000		3,000		\$ 3,000		3,000
Community Development Block Grants		2011	4,950	\$ 4,950		\$ 4,950	1,510	3,440	1,510
U.S. Department of Health (Passed through Dept. of Health)									
Division of Epidemiology Comm Dis Cont									
Public Health Emergency Preparedness	93.069	2009	2,500		31			31	2,469
Public Health Emergency Preparedness - H1N1		2010	20,349		7,918		7,918		20,349
Public Health Emergency Preparedness - H1N1		2011	10,000			10,000	10,000		10,000
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
State and Community Highway Safety	20.601	2009	6,000	25	25			25	5,975
State and Community Highway Safety	20.601	2010	4,400	250	250		250		4,400
Over the Limit Under Arrest		2011	4,400	4,400		4,400	4,368	32	4,368
				10,093					
Highway Planning and Construction (Pass through N.J. Department of Transportation)									
Local Municipal Aid, NJTPA									
Construction of Curbs and Sidewalk - Ord 09-04	20.205	2009	100,000	73,214					100,000
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		2005	3,032		486			486	2,546
FEMA - Storm Damage		2010	34,705	34,705	-	34,705	34,705	-	34,705
					<u>\$ 15,952</u>	<u>\$ 54,055</u>	<u>\$ 61,751</u>	<u>\$ 8,256</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, 2011

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2011 Grant Receipts</u>	<u>Balance, December 31, 2010</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2011</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	2011 2007 2003 2001	2,320 9,042 8,146 10,542			\$ 2,320	\$ 2,320	\$ 7 274 240	\$ 2,320 9,035 7,872 10,302
Clean Communities Grant	4900-765-178900	2011 2010 2007	15,203 15,203 10,851	\$ 14,610		15,203	15,203	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 2,289			1,448 15 90 7,081	175 100
Body Armor Fund	**	2010 2002	3,194 2,183		3,194 2,183		2,777	417 2,183	
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, 2011**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2011 Grant Receipts</u>	<u>Balance, December 31, 2010</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2011</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
Recycling Tonnage Grant	**	2011	21,758	\$ 8,394		\$ 21,758	\$ 21,758		21,758
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			144,463	110,537
<u>Passed Through County of Bergen</u>									
Municipal Alliance on Alcoholism and Drug Abuse	**	2011	10,135	8,160		10,135	8,550	1,585	8,550
		2010	10,356		6,295			6,295	4,061
		2009	11,017		374	-	-	374	10,643
					<u>\$ 215,401</u>	<u>\$ 49,416</u>	<u>\$ 50,608</u>	<u>\$ 214,209</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, 2011**

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 presented using the regulatory basis of accounting as prescribed or permitted 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(B) 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	\$ 54,055	\$ 49,416	\$ 103,471
	<u>\$ 54,055</u>	<u>\$ 49,416</u>	<u>\$ 103,471</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, 2011**

NOTE 5 STATE LOANS OUTSTANDING

The Township's state loans outstanding at December 31, 2011, which are 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>\$38,998</u>

**TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued on financial statements	<u>Qualified-Unaudited LOSAP Trust Fund</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified	_____ yes	_____ <u>X</u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ <u>X</u> yes	_____ no
Noncompliance material to the financial statements noted?	_____ <u>X</u> yes	_____ no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2011-1

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.

Criteria

NJAC 5:30-5.7 General Ledger Accounting Systems

Condition

The Current Fund, General Capital Fund and Trust Fund general ledgers were not reconciled to the respective subsidiary ledgers and bank reconciliations of the Township resulting in certain general ledger accounts being misstated at December 31, 2011.

Context

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

Effect

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

Recommendation

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

Management's Response

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

**TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2011-2

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

Criteria

NJAC 5:30-5.2 Encumbrance Systems

Condition

Numerous prior years' purchase orders were deemed invalid; however these orders remain open in the Township's accounting records.

Context

In the Current Fund, purchase orders totaling \$181,016 remain outstanding from 2009 and prior in the Township's purchase order system. These balances have been cancelled by audit adjustment and should be void in the Township's purchase order system.

Effect

Commitments may be recorded in the financial statements that are deemed invalid. Audit adjustments have been made to cancel known invalid balances.

Cause

Unknown.

Recommendation

The encumbrance system be enhanced to ensure that outstanding purchase orders are reviewed to determine their validity and be cleared of record where applicable.

Management's Response

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

**TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2011-3

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.

Criteria

NJ Local Public Contracts Law – N.J.S.A. 40A:11.

Condition

The Township contracted for purchase of gasoline from a vendor after only one attempt to solicit bids rendered no successful bidders. NJ Local Public Contracts Law requires that the municipality solicit public bids on at least two occasions and if no qualified successful bids are received the contract may only then be negotiated and awarded by resolution of the Governing Body.

Context

The Township purchased \$83,838 of gasoline without properly awarding contract through public bidding process.

Effect

The Township is not in compliance with NJ Local Public Contracts Law.

Cause

Unknown.

Recommendation

Contracts for purchases of gasoline which in the aggregate exceed the bid threshold, respectively, be publicly bid in accordance with Local Public Contracts Law.

Management's Response

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

**TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 2010-1

Condition

The Current Fund and Other Trust Fund general ledgers were not reconciled to the respective subsidiary ledgers and bank reconciliations of the Township resulting in certain general ledger accounts being misstated at December 31, 2010.

Current Status

See Finding 2011-1.

Finding 2010-2

Condition

Numerous prior years' purchase orders were deemed invalid; however these orders remain open in the Township's accounting records. In addition, purchase orders were not always encumbered upon award of a capital contract.

Current Status

See Finding 2011-2

Finding 2010-3

Condition

The Township contracted for purchase of gasoline from a vendor after only one attempt to solicit bids rendered no successful bidders. NJ Local Public Contracts Law requires that the municipality solicit public bids on at least two occasions and if no qualified successful bids are received the contract may only then be negotiated and awarded by resolution of the governing body.

Current Status

See Finding 2011-3

TOWNSHIP OF WASHINGTON

COUNTY OF BERGEN

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

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

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,120,000	2.91 %	\$ 1,020,000	2.68 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,055,530	5.34	2,025,118	5.31
Collection of Delinquent Taxes and Tax Title Liens	337,292	0.87	279,636	0.73
Collection of Current Tax Levy	34,692,740	90.11	34,151,400	89.56
Other Credits	<u>295,602</u>	<u>0.77</u>	<u>657,677</u>	<u>1.72</u>
 Total Income	 <u>38,501,164</u>	 <u>100.00</u> %	 <u>38,133,831</u>	 <u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	11,664,514	30.95 %	11,226,613	30.46 %
County Taxes	3,743,766	9.93	3,792,939	10.29
Regional School Taxes	22,200,799	58.91	21,803,028	59.15
Other Expenditures	<u>76,660</u>	<u>0.21</u>	<u>38,900</u>	<u>0.10</u>
 Total Expenditures	 <u>37,685,739</u>	 <u>100.00</u> %	 <u>36,861,480</u>	 <u>100.00</u> %
 Excess in Revenue	 815,425		 1,272,351	
 Fund Balance, January 1	 <u>1,987,562</u>		 <u>-</u>	
	2,802,987		1,272,351	
 Less Utilization as Anticipated Revenue	 <u>1,120,000</u>		 <u>1,020,000</u>	
 Fund Balance, December 31	 <u>\$ 1,682,987</u>		 <u>\$ 252,351</u>	

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	<u>\$1.858</u>	<u>\$1.811</u>	<u>\$1.752</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.455	.475	.459
Library (1)	.032		
County	.196	.196	.189
County Open Space	.003	.003	.011
Regional School District	1.172	1.137	1.093

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

Assessed Valuation

2011	<u>\$1,892,909,946</u>
2010	<u>\$1,916,771,267</u>
2009	<u>\$1,915,851,475</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>
2011	\$ 35,224,658	\$ 34,692,740	98.48%
2010	34,759,983	34,151,400	98.24%
2009	33,625,549	33,234,567	98.83%

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes and Liens</u>	<u>Percentage of Tax Levy</u>
2011	\$ 248,733	0.71%
2010	366,984	1.06%
2009	298,467	0.89%

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>
2011	\$70,950
2010	70,950
2009	70,950

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	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		
Frederic Goetz	Council President		
Steven Cascio	Council Vice President		
Joseph D'Urso	Councilman		
Glenn Beckmeyer	Councilman		
Richard Hrbek	Councilman		
Lilly Chin	Acting 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	1,000,000	A
Judith Curran	Tax Collector and Tax Search Officer (1/1/11-10/13/11)	1,000,000	A
Elaine Erlewein	Tax Collector and Tax Search Officer (10/14/11-12/31/11)		
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
Michele Beltram	Director of the Department of Health and Welfare (1/1/11-8/31/11)	1,000,000	A
Jeanne Covello	Director of the Department of Health and Welfare (10/17/11-12/31/11)		
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	1/1/11 - 12/31/11

**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 amounts reflected in the Township's fixed asset accounting and reporting system do not agree with audited amounts. It is recommended that the Township's fixed asset accounting and reporting system be reviewed and updated to ensure audited amounts are reflected.

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 various municipal departments indicated that bank accounts are not always reconciled and funds are not always turned over to the Treasurer on a timely basis. It is recommended that internal controls over the various municipal departments be reviewed and enhanced to ensure that bank accounts are properly reconciled and that funds are turned over to the Treasurer on a monthly basis.

Our audit of the Building Department revealed that permit fees under the electrical subcode were not charged in accordance with the Township's approved fee ordinance. It is recommended that electrical subcode fees for the Building Department be charged in accordance with the approved Township fee ordinance.

Our audit revealed of the Recreation Department revealed the following:

- A cash receipts ledger was not available for audit.
- Bank account reconciliations were not performed.
- Funds were not turned over to the municipal treasurer on a timely basis.
- Deposits were not always made within forty-eight (48) hours of collection.

It is recommended that internal controls over the Recreation Department be reviewed and monthly procedures be implemented to ensure appropriate recordkeeping is maintained.

Our audit revealed that mileage allowances paid to certain employees were not included as taxable income on the individual's year end IRS Form W-2. Furthermore, such allowances were not approved by the governing body. It is recommended that mileage allowances paid be approved by the governing body and be included as taxable wages on the respective employees W-2 form, as applicable.

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

GENERAL COMMENTS

Current Year (Continued)

Our audit of the payroll records revealed that the 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. In certain instances the individual department is maintaining the personnel information. It is recommended that the respective Township Departments provide to the Administrative 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.

Suggestions to Management

Prior year unexpended improvement authorization balances be reviewed for potential cancellation.

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 \$26,000, 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 \$26,000 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.

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.

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

GENERAL COMMENTS

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

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.

Delinquent Assessments and Tax Title Liens

There was a tax sale held on October 18, 2011.

There are four Township owned tax title liens receivable as of December 31, 2011.

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. The general ledgers be reconciled to the respective subsidiary ledgers and records on a monthly basis.
- * 2. The encumbrance system be enhanced to ensure that outstanding purchase orders are reviewed to determine their validity and be cleared of record, where applicable.
- * 3. Contracts for purchases of gasoline which in the aggregate exceed the bid threshold, respectively, be publicly bid in accordance with Local Public Contracts Law.
- * 4. Tickets assigned but not issued for a period greater than six months be recalled in accordance with Administrative Office of the Courts (AOC) requirements.
- * 5. The Township's fixed asset accounting and reporting system be reviewed and updated to ensure audited amounts are reflected.
- * 6. 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.
- 7. Internal controls over the various municipal departments be reviewed and enhanced to ensure that bank accounts are properly reconciled and that funds are turned over to the Treasurer on a monthly basis.
- 8. It is recommended that electrical subcode fees for the Building Department be charged in accordance with the approved Township fee ordinance.
- 9. Internal controls over the Recreation Department be reviewed and monthly procedures be implemented to ensure appropriate recordkeeping is maintained.
- 10. Mileage allowance payments be approved by the governing body and be properly included as taxable wages on the respective employee's W-2 form, as applicable.
- 11. The respective Township departments 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.

Status of Prior Year's Audit Findings/Recommendations

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

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

RECOMMENDATIONS (Continued)

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