

TOWNSHIP OF WASHINGTON
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2010

**TOWNSHIP OF WASHINGTON
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
	<u>PART I</u>	
	Independent Auditors' Report	1-2
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	3-4
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	5-6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-15
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	16-17
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	18
C-1	Comparative Statements of Fund Balance – Regulatory Basis - General Capital Fund	19
D	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	20
	Notes to Financial Statements	21-43
	<u>Current Fund</u>	
A-4	Statement of Current Cash and Investments- Treasurer	44
A-5	Statement of Cash – Tax Collector	45
A-6	Statement of Change Fund	46
A-7	Statement of Due From State of New Jersey for Senior Citizens' and Veterans' Deductions	46
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	47
A-9	Statement of Tax Title Liens	48
A-10	Statement of Property Acquired for Taxes (at Assessed Valuation)	49
A-11	Statement of Deferred Charges – Special Emergency Authorizations	50
A-12	Statement of State/Federal Aid Receivable	50
A-13	Statement of Revenue Accounts Receivable	51
A-14	Statement of 2009 Appropriation Reserves	52-55
A-15	Statement of Encumbrances Payable	56
A-16	Statement of Prepaid Taxes	56
A-17	Statement of Tax Overpayments	56
A-18	Statement of Miscellaneous Reserves	57
A-19	Statement of County Taxes Payable	58
A-20	Statement of Regional School Taxes Payable	58
A-21	Statement of Accounts Payable	59
A-22	Statement of Deferred Charges – Emergency Authorizations	59
	<u>Trust Fund</u>	
B-2	Statement of Trust Cash and Investments - Treasurer	60
B-3	Statement of Amount Due From Dog Licensing Official – Animal Control Fund	61
B-4	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	61
B-5	Statement of Due to State of New Jersey - Animal Control Fund	61
B-6	Statement of Reserve for Escrow and Performance Deposits – Animal Control Fund	62
B-7	Statement of Due to/from Current Fund - Other Trust Fund	62
B-8	Statement of Reserve for Unemployment Insurance Claims – Unemployment Insurance Trust Fund	63

**TOWNSHIP OF WASHINGTON
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
<u>PART I</u>		
<u>Trust Fund (Continued)</u>		
B-9	Statement of Due to Current Fund - Animal Control Fund	63
B-10	Statement of Reserve for Insurance Settlement – Municipal Complex – Other Trust Fund	64
B-11	Statement of Reserve for Mt. Laurel Senior Housing – Other Trust Fund	64
B-12	Statement of Reserve for Payroll Deductions Payable – Other Trust Fund	64
B-13	Statement of Due to State of NJ – Unemployment Insurance Trust Fund	65
B-14	Statement of Miscellaneous Reserves – Other Trust Fund	65
B-15	Statement of Police Private Detail Billings – Other Trust Fund	65
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Treasurer	66
C-3	Analysis of General Capital Cash	67-68
C-4	Statement of Deferred Charges to Future Taxation - Funded	69
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	70
C-6	Statement of Due To/From Current Fund	71
C-7	Statement of Improvement Authorizations	72-73
C-8	Statement of General Serial Bonds	74
C-9	Statement of Bond Anticipation Notes	75-76
C-10	Statement of Capital Improvement Fund	77
C-11	Statement of Contracts Payable	77
C-12	Statement of EDA Loans Payable	77
C-13	Statement of Reserve for Payment of Bonds	78
C-14	Statement of Reserve for Preliminary Costs	78
C-15	Statement of Reserve for Ambulance	78
C-16	Statement of Grants Receivable	79
C-17	Statement of Bonds and Notes Authorized But Not Issued	80
<u>Part II</u>		
	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	81-82
	Schedule of Expenditures of Federal Awards	83
	Schedule of Expenditures of State Financial Assistance	84-85
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	86-87
	Schedule of Findings and Responses	88-91
	Status of Prior Year Findings	92

**TOWNSHIP OF WASHINGTON
TABLE OF CONTENTS**

Page

Part III

Comparative Statement of Operations and Changes in Fund Balance - Current Fund	93
Comparative Schedule of Tax Rate Information	94
Comparison of Tax Levies and Collection Currently	94
Delinquent Taxes and Tax Title Liens	95
Property Acquired by Tax Title Lien Liquidation	95
Comparative Schedule of Fund Balances	95
Officials in Office and Surety Bonds	96-97
General Comments	98-100
Recommendations	101

TOWNSHIP OF WASHINGTON

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' 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, 2010 and 2009 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, 2010. 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.

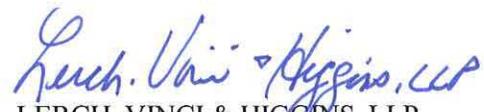
In addition, the financial statements of the Length of Service Awards Program (LOSAP) Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Fund financial 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 38 percent and 35 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2010 and 2009.

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

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 2011 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. 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken 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
May 10, 2011

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2010 AND 2009**

ASSETS	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Cash and Investments - Treasurer	A-4	\$ 4,864,590	\$ 5,021,449
Cash - Collector	A-5	11,109	13,555
Cash - Change Fund	A-6	<u>325</u>	<u>325</u>
		<u>4,876,024</u>	<u>5,035,329</u>
State/Federal Aid Receivable	A-12	43,326	66,802
Due from State of NJ-Seniors & Veterans	A-7	<u>10,857</u>	<u>13,367</u>
		<u>4,930,207</u>	<u>5,115,498</u>
Receivables and Other Assets With Full Reserves			
Taxes Receivable	A-8	364,370	295,853
Tax Title Liens Receivable	A-9	2,614	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	16,822	8,803
Due from Other Trust Fund	B-7		94,877
Revenue Accounts Receivable	A-13	<u>5,787</u>	<u>9,743</u>
		<u>476,808</u>	<u>482,840</u>
Deferred Charges			
Emergency Authorizations	A-22		21,000
Special Emergency Authorizations	A-11	<u>-</u>	<u>53,800</u>
		<u>-</u>	<u>74,800</u>
Total Assets		<u>\$ 5,407,015</u>	<u>\$ 5,673,138</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2010 AND 2009
(Continued)

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-14	\$ 389,579	\$ 702,884
Due to General Capital Fund	C-6		8,534
Due to Other Trust Fund	B-6	44,292	
Accounts Payable	A-21	104,668	608,396
Encumbrances Payable	A-15	768,119	673,571
Prepaid Taxes	A-16	138,155	179,219
Tax Overpayments	A-17	106,803	5,240
Miscellaneous Reserves	A-18	1,286,937	1,174,963
County Taxes Payable	A-19	5,192	6,830
Due to Length of Service Award Program Fund	B	98,900	95,450
		<u>2,942,645</u>	<u>3,455,087</u>
Reserve for Receivables and Other Assets	A	476,808	482,840
Fund Balance	A-1	<u>1,987,562</u>	<u>1,735,211</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,407,015</u>	<u>\$ 5,673,138</u>

TOWNSHIP OF WASHINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,020,000	\$ 1,100,000
Miscellaneous Revenue Anticipated	A-2	1,911,492	2,153,732
Receipts from Delinquent Taxes	A-2	279,636	235,663
Receipts from Current Taxes	A-2	34,151,400	33,234,567
Non-Budget Revenue	A-2	113,626	144,606
Other Credits to Income			
Cancellation of Accounts Payable	A-21	317,314	55,667
Statutory Excess Dog License Fund	B-8	8,018	5,081
Tax Overpayments Cancelled	A-17		11,605
Prior Years Senior Citizen/Veterans Deduction Allowed	A-7	500	
Interfunds Returned	A-1	94,877	
Unexpended Balance of Appropriation Reserves	A-14	<u>236,968</u>	<u>28,749</u>
 Total Revenues		 <u>38,133,831</u>	 <u>36,969,670</u>
 EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,561,933	4,268,234
Other Expenses	A-3	4,526,468	4,910,584
Capital Improvements	A-3	30,000	58,480
Municipal Debt Service	A-3	1,162,381	1,163,025
Deferred Charges and Statutory Expenditures	A-3	945,831	943,907
Other Debits			
County Taxes	A-19	3,739,288	3,619,132
County Open Space Tax	A-19	48,459	198,927
Due County for Added and Omitted Taxes	A-19	5,192	6,830
Regional School Taxes	A-20	21,803,028	20,923,500
Refund of Prior Year Revenue	A-4	14,616	37,378
Interfunds Originating	A	<u>24,284</u>	<u>2,349</u>
 Total Expenditures		 <u>36,861,480</u>	 <u>36,132,346</u>
 Excess in Revenue		 1,272,351	 837,324

TOWNSHIP OF WASHINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Excess in Revenue		\$ 1,272,351	\$ 837,324
Adjustments to Income Before Surplus:			
Expenditures Included Above Which by Statute are Deferred Charges to Budget of Succeeding Years	A-3, A-22	-	21,000
		1,272,351	858,324
FUND BALANCE, JANUARY 1	A-1	1,735,211	1,976,887
		3,007,562	2,835,211
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	1,020,000	1,100,000
FUND BALANCE, DECEMBER 31	A	\$ 1,987,562	\$ 1,735,211

**TOWNSHIP OF WASHINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Reference</u>	<u>2010 Budget</u>	<u>Added by N.J.S. 40A:4-87</u>	<u>2010 Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 1,020,000	-	\$ 1,020,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-13	10,000		12,793	\$ 2,793
Other	A-2	2,000		2,686	686
Fees and Permits					
Construction Code Official	A-13	105,000		152,759	47,759
Other	A-2	140,000		182,445	42,445
Fines and Costs					
Municipal Court	A-13	70,000		74,719	4,719
Interest and Costs on Taxes	A-13	50,000		68,240	18,240
Energy Receipts Tax	A-13	693,141		693,141	
Interest on Investments and Deposits	A-2	30,000		19,834	(10,166)
Consolidated Municipal Property					
Tax Relief Aid	A-13	20,384		20,045	(339)
State and Federal Offset With Appropriations					
Public Health Priority Funding Act					
of 1977	A-12	3,813		3,813	
Clean Communities Grant	A-12		\$ 15,203	15,203	
Municipal Alliance on Alcoholism and					
Drug Abuse	A-12	10,356		10,356	
Police Body Armor Grant	A-12	1,038	2,156	3,194	
Community Development Block Grant	A-12	3,000		3,000	
Pandemic Flu Preparedness	A-12	20,349		20,349	
Over the Limit Under Arrest	A-12		4,400	4,400	
Special Items					
Joint Health Services - Contractual	A-13	117,495		117,495	
Cable Television Fees	A-13	106,275		106,275	
Uniform Fire Safety Act	A-13	9,000		8,360	(640)
Library Reimbursement	A-13	120,901		120,901	
Reserve for Payment of Debt	C-13	100,000		100,000	
Police Outside Billings - Other Trust Fund	B-14	100,000		100,000	
Donations - Police Dept - Other Trust Fund	B-13	5,000		5,000	
Miscellaneous Reserves - County of Bergen	A-18	4,901		4,901	
Sale of Recyclables	A-13	20,000		50,174	30,174
Sewer Charges	A-13	40,000	-	11,409	(28,591)
Total Miscellaneous Revenues	A-1	<u>1,782,653</u>	<u>\$ 21,759</u>	<u>1,911,492</u>	<u>107,080</u>
RECEIPTS FROM DELINQUENT TAXES	A-1, A-8	<u>210,000</u>	<u>-</u>	<u>279,636</u>	<u>69,636</u>
AMOUNT TO BE RAISED FOR SUPPORT					
OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes	A-2,A-8	<u>9,118,961</u>	<u>-</u>	<u>9,344,502</u>	<u>225,541</u>
Total		<u>\$ 12,131,614</u>	<u>\$ 21,759</u>	<u>12,555,630</u>	<u>\$ 402,257</u>
Non-Budget Revenue	A-1, A-2			<u>113,626</u>	
				<u>\$ 12,669,256</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, 2009
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$34,151,400
Less: Allocated to School and County Taxes	A-19, A-20	<u>25,595,967</u>
		8,555,433
 Add: Appropriation "Reserve for Uncollected Taxes"	 A-3	 <u>789,069</u>
 Amount for Support of Municipal Budget Appropriations	 A-2	 <u>\$ 9,344,502</u>
 Licenses - Other		
Township Clerk	A-13	\$ 2,540
Board of Health	A-13	<u>146</u>
	A-2	<u>\$ 2,686</u>
 Fees and Permits - Other		
Township Clerk	A-13	\$ 12,720
Police Department	A-13	9,941
Zoning Board of Adjustment	A-13	6,850
Planning Board	A-13	5,894
Board of Health	A-13	10,483
Recreation	A-13	<u>136,557</u>
	A-2	<u>\$ 182,445</u>
 Interest on Investments and Deposits		
Treasurer and Collector	A-13	\$ 11,976
Due from General Capital Fund	C-6	2,775
Due from Animal Control Fund	B-8	1
Due from Other Trust Fund	B-6	<u>5,082</u>
	A-2	<u>\$ 19,834</u>
 ANALYSIS OF NON-BUDGET REVENUE		
Sale of Municipal Assets		\$ 3,940
Miscellaneous		11,189
Rent Fees - Washington Ave		11,000
Snow Plowing		120
Insurance Dividends		4,894
Flu Vaccine Reimbursements		22,229
Miscellaneous Reimbursements		<u>60,254</u>
	A-2, A-4	<u>\$ 113,626</u>

TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<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	\$ 144,432	\$ 144,432	\$ 134,123	\$ 309	\$ 10,000
Other Expenses	29,150	28,950	28,723	227	
Maintenance and Support of Office Equip					
Maint. & Support- Equipment	10,000	10,000	9,968	32	
Maint. & Support- Computers/Telephone	25,000	25,000	25,000		
Energy & Environmental Control	14,000				
Mayor & Council					
Salaries and Wages- Mayor	8,849	8,849	8,849		
Other Expenses- Mayor	4,300	4,300	3,888	412	
Salaries and Wages- Council	27,886	27,886	27,886		
Other Expenses- Council	5,500	5,500	5,008	492	
Municipal Clerk					
Salaries and Wages	67,130	67,130	66,096	1,034	
Other Expenses	11,335	11,335	10,698	637	
Elections- S&W	1,200	1,200	1,200	-	
Elections- Other Expenses	10,000	10,000	-	10,000	
Financial Administration					
Salaries and Wages	117,762	117,762	116,762	1,000	
Other Expenses					
Financial Services - Fees	24,000	24,000	24,000		
Miscellaneous Other	14,600	14,800	14,599	201	
Audit Services					
Other Expenses	31,500	31,500	31,500		
Revenue Administration					
Salaries and Wages	55,201	54,601	47,882	6,719	
Other Expenses	14,420	15,020	9,098	5,922	
Tax Assessment Administration					
Salaries and Wages	46,993	46,993	46,993		
Other Expenses	3,810	3,810	3,749	61	
Legal Services					
Salaries and Wages	63,945	63,945	63,945		
Other Expenses					
Administration	500	500		500	
Council	79,000	79,000	51,810	27,190	
Tax Appeals	30,000	30,000	25,394	4,606	
Engineering Services					
Salaries and Wages	1,000	1,000	1,000		
Other Expenses	25,000	25,000	25,000		
Department of Public Affairs					
Salaries and Wages	1,000	1,000	641	359	
Other Expenses	20,200	20,200	20,200		
Cable Television Expense	7,000	7,000	7,000		
Land Use Administration					
Planning Board					
Salaries and Wages	7,683	7,983	6,763	1,220	
Other Expenses	8,231	8,231	7,212	1,019	
Zoning Board of Adjustment					
Salaries and Wages	17,714	17,869	17,608	261	
Other Expenses	11,400	11,400	9,937	1,463	

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, 2010**

	<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	\$ 3,000,000	\$ 3,000,000	\$ 2,961,944	\$ 38,056	
Other Expenses	30,900	30,900	30,814	86	
Acquisition/Leasing of Police Vehicles	9,200	9,200	9,200		
Community Policing	1,000	1,000	1,000		
Telephone Support System	4,000	4,000	4,000		
Maintenance of Desk Record System	17,000	17,000	12,658	4,342	
Police Range Repair	6,600	6,600	6,600		
Reverse 911 System	500	500		500	
Police Dispatching	15,000	15,000	7,994	7,006	
Office of Emergency Management					
Salaries and Wages	750	750		750	
Other Expenses	300	300		300	
Aid to Volunteer Ambulance Company	33,000	33,000	33,000		
Fire Department					
Salaries & Wages	1,000	1,000	1,000		
Other Expenses	21,800	39,400	21,685	17,715	
Clothing Allowance	32,050	32,050	31,000	1,050	
Physicals	1,000	1,000	300	700	
Death Benefits	9,000	4,690			\$ 4,690
Maintenance Program	11,000	11,000	10,650	350	
Equipment Compliance	2,200	2,200	2,200		
Internet	250	250	25	225	
Uniform Fire Safety Code					
Other Expenses	10,350	10,350	7,408	2,942	
Fire Hydrant Service	156,000	156,000	144,155	11,845	
Municipal Prosecutor					
Salaries & Wages	7,969	8,224	7,979	245	
PUBLIC WORKS FUNCTIONS					
Department of Municipal Facilities					
Salaries and Wages	646,388	646,388	645,961	427	
Other Expenses	46,600	59,600	56,246	3,354	
Other Public Works Functions					
Shade Trees - Holiday Decoration	3,000	3,000		3,000	
Street Sweeping	17,200	10,700	10,700		

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, 2010**

	<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	235,000	235,000	235,000		
Buildings and Grounds					
Building Maintenance	11,000	11,000	10,546	\$ 454	
Vehicle Maintenance					
Other Expenses	93,500	87,000	82,945	4,055	
Community Services Act	38,000	38,000	23,617	14,383	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Salaries and Wages (Board of Health)	82,151	82,151	81,800	351	
Other Expenses (Board of Health)	22,279	22,279	18,345	3,934	
Occ. Safety & Health Blood Pathogens	3,000	3,000	750	2,250	
Animal Control Services					
Other Expenses	15,100	15,100	12,168	2,932	
Recreation Services and Programs					
Salaries and Wages	73,975	73,975	69,485	4,490	
Other Expenses	124,430	124,430	116,249	8,181	
Golden Seniors' Committee	14,000	14,000	14,000		
Senior Activities	3,000	3,000	3,000		
Community Programs					
Salaries and Wages	1,500	1,500	1,437	63	
Other Expenses	2,750	2,750	999	1,751	
Maintenance of Parks					
Parks and Other Expenses	74,500	74,500	57,041	17,459	
Rental - Athletic Facilities	2,400	2,400		2,400	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events	16,000	16,000	14,965	1,035	
Accumulated Leave Compensation	12,000	12,000		12,000	
MUNICIPAL COURT					
Salaries and Wages	70,975	70,975	68,610	2,365	
Other Expenses	10,495	10,495	9,227	1,268	
Public Defender					
Other Expenses	1,800	1,800	1,800		

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<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	\$ 152,000		
Workers Compensation Insurance (BJIF)	153,892	153,892	130,660	\$ 232	\$ 23,000
Employee Group Insurance	744,009	744,009	735,590	235	8,184
Unemployment Taxes	30,000	30,000	30,000		
CODE ENFORCEMENT & ADMINISTRATION					
Construction Officials					
Salaries and Wages	96,977	96,977	89,803	7,174	
Other Expenses	6,750	6,750	6,651	99	
UTILITY EXPENSES & BULK PURCHASES					
Electricity	75,000	75,000	67,398	7,602	
Street Lighting	86,000	86,000	61,848	24,152	
Telephone	36,700	36,700	34,305	2,395	
Water	7,300	7,300	7,294	6	
Natural Gas	23,000	23,000	13,946	9,054	
Gasoline	81,000	81,000	62,795	18,205	
LANDFILL/SOLID WASTE DISPOSAL					
Sanitary Landfill & Dump Fees	95,000	95,000	80,277	14,723	-
Total Operations Within "CAPS"	<u>7,520,281</u>	<u>7,520,281</u>	<u>7,154,602</u>	<u>319,805</u>	<u>45,874</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Prior Year Bills	1,307	1,307	1,306	1	
Social Security System (O.A.S.I.)	162,000	162,000	152,287	9,713	-
Public Employees Retirement System	120,444	120,444	120,444		
Police & Firemen's Retirement System	587,280	587,280	587,280	-	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>871,031</u>	<u>871,031</u>	<u>861,317</u>	<u>9,714</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>8,391,312</u>	<u>8,391,312</u>	<u>8,015,919</u>	<u>329,519</u>	<u>\$ 45,874</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (LOSAP)	94,000	94,000	86,250	7,750	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	647,074	647,074	641,575	5,499	
UTILITY EXPENSES & BULK PURCHASES					
Sewer					
Bergen County Utilities Authority - Contractual	584,036	584,036	584,036		
Other Municipalities - Contractual	107,300	107,300	105,236	2,064	
INSURANCE					
Employee Group Insurance	91,816	91,816			91,816
STATUTORY EXPENDITURES					
Public Employees Retirement System	16,168	16,168	16,168		

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, 2010**

	Budget	Budget After Modification	Total Paid or Charged	Reserved	Cancelled
PUBLIC WORKS					
Engineering - NJDEP Stormwater					
Other Expenses	\$ 4,000	\$ 4,000	\$ 4,000	-	-
Total Other Operations Excluded from "CAPS"	<u>1,544,394</u>	<u>1,544,394</u>	<u>1,437,265</u>	\$ 15,313	\$ 91,816
Interlocal Municipal Service Agreements					
Joint Health Services - Contractual					
Salaries and Wages	16,343	16,343	16,343		
Other Expenses	82,169	82,169	73,871	8,298	-
Total Interlocal Municipal Service Agreements	<u>98,512</u>	<u>98,512</u>	<u>90,214</u>	8,298	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Public Health Priority Funding Act of 1977					
State Share	3,813	3,813	3,813		
Clean Communities Program		15,203		15,203	
Municipal Alliance Grant					
State Share	10,356	10,356	4,061	6,295	
Local Match	2,589	2,589	2,000	589	
Community Development Block Grant					
Federal Share	3,000	3,000		3,000	
Police Body Armor	1,038	3,194		3,194	
2010 State Health Ser Grant H1N1	20,349	20,349	12,431	7,918	
Over the Limit under arrest	-	4,400	4,150	250	-
Total Public and Private Programs Offset by Revenues	<u>41,145</u>	<u>62,904</u>	<u>26,455</u>	36,449	-
Total Operations Excluded from "CAPS"	<u>1,684,051</u>	<u>1,705,810</u>	<u>1,553,934</u>	60,060	\$ 91,816
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund					
Reserve for Ambulance	25,000	25,000	25,000		
	5,000	5,000	5,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal					
Principal on Bond Anticipation Notes	810,000	810,000	810,000		
Interest on Bonds	88,950	88,950	88,950		
Interest on Notes	187,427	187,427	187,427		
EDA Loan	20,250	20,250	20,250		
Tank Remediation	35,085	35,085	35,084		1
Estimated Loan Repayments for Principal/Interest	20,670	20,670	20,670	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>1,162,382</u>	<u>1,162,382</u>	<u>1,162,381</u>	-	1

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, 2010**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"					
Deferred Charges					
Emergency Authorization	\$ 21,000	\$ 21,000	\$ 21,000		
Special Emergency Authorizations	<u>53,800</u>	<u>53,800</u>	<u>53,800</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>74,800</u>	<u>74,800</u>	<u>74,800</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,951,233</u>	<u>2,972,992</u>	<u>2,821,115</u>	<u>\$ 60,060</u>	<u>\$ 91,817</u>
Subtotal General Appropriations	11,342,545	11,364,304	10,837,034	389,579	137,691
Reserve for Uncollected Taxes	<u>789,069</u>	<u>789,069</u>	<u>789,069</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 12,131,614</u>	<u>\$ 12,153,373</u>	<u>\$ 11,626,103</u>	<u>\$ 389,579</u>	<u>\$ 137,691</u>
<u>Reference</u>	A-2			A	

TOWNSHIP OF WASHINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

	<u>Reference</u>	<u>Modified Budget</u>	<u>Expended Paid or Charged</u>
Adopted Budget	A-2	\$ 12,131,614	
N.J.S.A. 40A:4-87	A-2	<u>21,759</u>	
		<u>\$ 12,153,373</u>	
Cash Disbursed	A-4		\$ 9,877,865
Encumbrances Payable	A-15		768,119
Due to Length of Service Award Program Fund	B		86,250
Due to General Capital Fund - Capital Improvement Fund	C-6		25,000
Due to General Capital Fund - Reserve for Ambulance	C-6		5,000
Deferred Charges-Special Emergency Authorizations	A-11		53,800
Deferred Charge - Emergency Authorization	A-22		21,000
Reserve for Uncollected Taxes	A-2		<u>789,069</u>
			<u>\$ 11,626,103</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-2	\$ 24,689	\$ 14,705
Cash - Change Fund	B	<u>25</u>	<u>25</u>
		<u>24,714</u>	<u>14,730</u>
OTHER TRUST FUND			
Cash	B-2	1,422,510	1,259,804
Due from Current Fund	B-6	<u>44,292</u>	<u>-</u>
		<u>1,466,802</u>	<u>1,259,804</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-2	<u>7,961</u>	<u>15,969</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Investments	B	812,219	609,534
Due from Current Fund	B	<u>98,900</u>	<u>95,450</u>
		<u>911,119</u>	<u>704,984</u>
Total Assets		<u>\$ 2,410,596</u>	<u>\$ 1,995,487</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, 2010 AND 2009
(Continued)

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Reserve for Animal Control Expenditures	B-3	\$ 7,500	\$ 5,927
Due to State of NJ	B-4	392	
Due to Current Fund	B-8	<u>16,822</u>	<u>8,803</u>
		<u>24,714</u>	<u>14,730</u>
OTHER TRUST FUND			
Reserve for Escrow and Performance Deposits	B-5	627,412	457,313
Reserve for Insurance Settlements	B-9	342,666	342,666
Reserve for Mt. Laurel Senior Housing	B-10	17,259	102,259
Reserve for Payroll Deductions Payable	B-11	93,822	33,589
Reserve for Police Private Detail Billings	B-14	270,142	207,668
Due to Current Fund	B-7		94,877
Miscellaneous Reserves	B-13	<u>115,501</u>	<u>21,432</u>
		<u>1,466,802</u>	<u>1,259,804</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-12	5,130	413
Reserve for Unemployment Insurance Claims	B-7	<u>2,831</u>	<u>15,556</u>
		<u>7,961</u>	<u>15,969</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Reserve for Investments in Length of Service Award Program	B	<u>911,119</u>	<u>704,984</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,410,596</u>	<u>\$ 1,995,487</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Cash and Investments	C-2, C-3	\$ 1,643,589	\$ 872,988
Grants Receivable	C-16	416,138	416,138
Due from Current Fund	C-6		8,534
Deferred Charges to Future Taxation			
Funded	C-4	4,040,583	4,905,168
Unfunded	C-5	<u>4,091,487</u>	<u>3,686,537</u>
 Total Assets		 <u>\$ 10,191,797</u>	 <u>\$ 9,889,365</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations			
Funded	C-7	\$ 383,758	\$ 496,080
Unfunded	C-7	1,711,611	1,400,310
Due to Current Fund	C-6	16,265	
General Serial Bonds	C-8	3,947,000	4,757,000
Bond Anticipation Notes	C-9	3,343,000	2,250,000
Capital Improvement Fund	C-10	116,626	116,726
Contracts Payable	C-11	249,777	299,280
State Loans Payable	C-12	93,583	148,168
Reserve for Grants Receivable	C-16	61,138	61,138
Reserve for Payment of Bonds	C-13	214,961	314,961
Reserve for Preliminary Costs	C-14	5,000	5,000
Reserve for Ambulance	C-15	15,000	10,000
Fund Balance	C-1	<u>34,078</u>	<u>30,702</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 10,191,797</u>	 <u>\$ 9,889,365</u>

There were bonds and notes authorized but not issued on December 31, 2010 and 2009 of \$748,487 and \$1,491,937 respectively, (Exhibit C-17).

TOWNSHIP OF WASHINGTON
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Balance, January 1	C	\$ 30,702	\$ 30,702
Increased by:			
Premium on Sale of Bond Anticipation Notes	C-6	<u>3,376</u>	<u>-</u>
Balance, December 31	C	<u>\$ 34,078</u>	<u>\$ 30,702</u>

**TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2010 AND 2009**

	Balance, December 31, <u>2010</u>	Balance, December 31, <u>2009</u>
ASSETS		
Land	\$ 11,053,900	\$ 11,053,900
Buildings and Building Improvements	2,549,329	2,549,329
Machinery and Equipment	<u>4,231,688</u>	<u>4,161,449</u>
	<u>\$ 17,834,917</u>	<u>\$ 17,764,678</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 17,834,917</u>	<u>\$ 17,764,678</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of 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, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of 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, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of 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 2010 and 2009 the Township Council increased the original budget by \$21,759 and \$221,028. The increases in 2010 were funded by additional aid allotted to the Township. The increases for 2009 were funded by additional aid allotted to the Township in the amount of \$200,028 as well as an emergency resolution totaling \$21,000 for Department of Municipal Facilities other expenses. In addition, the governing body approved several budget transfers during 2010 and 2009.

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, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of 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, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of 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, 2009 balances to conform to the December 31, 2010 presentation.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of 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 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, 2010 and 2009, the book value of the Township's deposits were \$7,837,813 and \$7,062,068 and bank and brokerage firm balances of the Township's deposits amounted to \$8,028,176 and \$7,207,760, 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>2010</u>	<u>2009</u>
Insured	<u>\$ 8,028,176</u>	<u>\$ 7,207,760</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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, 2010 and 2009, the Township had the following investments:

<u>2010</u>	<u>Fair Value</u>	<u>Book Value</u>
<u>Investment:</u>		
Government Money Market Fund (MBIA)	\$ 812,219	\$ 136,985
Length of Service Award Program	-	-
	<u>\$ 812,219</u>	<u>\$ 136,985</u>
<u>2009</u>	<u>Fair Value</u>	<u>Book Value</u>
<u>Investment:</u>		
Government Money Market Fund (MBIA)	\$ 609,534	\$ 136,752
Length of Service Award Program	-	-
	<u>\$ 609,534</u>	<u>\$ 136,752</u>

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

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, 2010 and 2009, \$949,209 and \$746,286 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>2010</u>	<u>2009</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ 949,204	\$ 746,286

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, 2010 and 2009, 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 86% 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, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
<u>Current</u>		
Property Taxes	\$ 364,370	\$ 295,853
Tax Title Liens	<u>2,614</u>	<u>2,614</u>
	<u>\$ 366,984</u>	<u>\$ 298,467</u>

In 2010 and 2009, the Township collected \$279,636 and \$235,663 from delinquent taxes, which represented 94% and 99% of the prior year delinquent taxes receivable balance.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

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. 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>2010</u>	<u>2009</u>
Issued		
General		
Bonds, Notes and Loans	\$ 7,383,583	\$ 7,155,168
Less Funds Temporarily Held to Pay Bonds and Notes	<u>214,961</u>	<u>370,361</u>
Net Debt Issued	7,168,622	6,784,807
Authorized But Not Issued		
General		
Bonds and Notes	<u>748,487</u>	<u>1,491,937</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 7,917,109</u>	<u>\$ 8,276,744</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 .41% and .42% at December 31, 2010 and 2009, respectively.

	<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>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2009</u>			
General Debt	\$ 8,647,105	\$ 370,361	\$ 8,276,744
School Debt	<u>8,616,949</u>	<u>8,616,949</u>	<u>-</u>
Total	<u>\$ 17,264,054</u>	<u>\$ 8,987,310</u>	<u>\$ 8,276,744</u>

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

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>2010</u>	<u>2009</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 67,057,877 <u>7,917,109</u>	\$ 68,959,211 <u>8,276,744</u>
Remaining Borrowing Power	<u>\$ 59,140,768</u>	<u>\$ 60,682,467</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>2010</u>	<u>2009</u>
\$4,840,000, 2003 Bonds, due in annual installments of \$655,000 to \$670,000 through October 2012, interest at 3.75%-3.875%	\$ 1,325,000	\$ 1,960,000
\$3,322,000, 2003 Bonds, due in annual installments of \$180,000 to \$375,000 through September 2018, interest at 4.10%	<u>2,622,000</u>	<u>2,797,000</u>
	<u>\$ 3,947,000</u>	<u>\$ 4,757,000</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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>2010</u>	<u>2009</u>
\$390,000, 1993 Loan, due in Annual installments of \$19,500 through August, 2013, interest at 1.5%	\$ 58,500	\$ 78,000
\$350,845, 2001 Loan, due in Annual installments of \$35,085 through January, 2011, interest free	<u>35,083</u>	<u>70,168</u>
	<u>\$ 93,583</u>	<u>\$ 148,168</u>

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2010 is as follows:

<u>Calendar Year</u>	<u>General Serial Bonds</u>		<u>General Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$ 835,000	\$ 158,027	\$ 54,585	\$ 878	\$ 1,048,490
2012	905,000	126,085	19,500	585	1,051,170
2013	360,000	90,487	19,498	294	470,279
2014	365,000	75,727			440,727
2015	370,000	60,762			430,762
2016-2018	<u>1,112,000</u>	<u>91,059</u>	<u>-</u>	<u>-</u>	<u>1,203,059</u>
	<u>\$ 3,947,000</u>	<u>\$ 602,147</u>	<u>\$ 93,583</u>	<u>\$ 1,757</u>	<u>\$ 4,644,487</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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 2010 and 2009 were as follows:

	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>
	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>	Due Within <u>One Year</u>
<u>2009</u>					
General Capital Fund					
Bonds Payable	\$ 5,537,000		\$ 780,000	\$ 4,757,000	\$ 810,000
Intergovernmental Loans Payable	<u>209,938</u>	<u>-</u>	<u>61,770</u>	<u>148,168</u>	<u>54,585</u>
General Capital Fund Long-Term Liabilities	<u>\$ 5,746,938</u>	<u>\$ -</u>	<u>\$ 841,770</u>	<u>\$ 4,905,168</u>	<u>\$ 864,585</u>

Short-Term Debt

The Township's short-term capital debt activity for the years 2010 and 2009 was as follows:

	Balance December 31, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2010</u>
General Capital Fund				
Bond Anticipation Notes	\$ <u>2,250,000</u>	\$ <u>3,343,000</u>	\$ <u>2,250,000</u>	\$ <u>3,343,000</u>
	Balance December 31, <u>2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2009</u>
General Capital Fund				
Bond Anticipation Notes	\$ <u>1,895,000</u>	\$ <u>2,250,000</u>	\$ <u>1,895,000</u>	\$ <u>2,250,000</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2010 and 2009.

	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	<u>4,161,449</u>	\$ <u>70,239</u>	<u>-</u>	<u>4,231,688</u>
	<u>\$ 17,764,678</u>	<u>\$ 70,239</u>	<u>\$ -</u>	<u>\$ 17,834,917</u>
	Balance December 31, <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Land	\$ 11,053,900			\$ 11,053,900
Buildings and Building Improvement	2,510,404	\$ 38,925		2,549,329
Machinery and Equipment	<u>3,967,986</u>	<u>302,853</u>	<u>\$ 109,390</u>	<u>4,161,449</u>
	<u>\$ 17,532,290</u>	<u>\$ 341,778</u>	<u>\$ 109,390</u>	<u>\$ 17,764,678</u>

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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>2010</u>		<u>2009</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 33,087	\$ 143,192	\$ 103,680	\$ 103,984
Animal Control Fund		16,822		8,803
Other Trust Fund	44,292			94,877
LOSAP Trust Fund	98,900		95,450	
General Capital Fund	-	16,265	8,534	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ <u>176,279</u>	\$ <u>176,279</u>	\$ <u>207,664</u>	\$ <u>207,664</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>2010</u>	Utilized in Subsequent <u>Year's Budget</u>		Fund Balance December 31, <u>2009</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund					
Cash Surplus	\$ 1,933,379	\$ 1,120,000 (1)	\$	1,580,242	\$ 1,020,000
Non-Cash Surplus	<u>54,183</u>	<u>-</u>	<u>\$</u>	<u>154,969</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ <u>1,987,562</u>	\$ <u>1,120,000</u>	\$	\$ <u>1,735,211</u>	\$ <u>1,020,000</u>

(1) The above fund balance amount appropriated represents the surplus anticipated in the 2011 introduced municipal budget. The 2011 municipal budget has not been legally adopted as of the date of audit.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2010</u>			
None			
<u>2009</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$53,800	\$53,800	
Emergency Authorization	<u>21,000</u>	<u>21,000</u>	_____
	<u>\$74,800</u>	<u>\$74,800</u>	<u>\$ -</u>

NOTE 9 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 \$736,392 and \$610,942 at December 31, 2010 and 2009, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability. As of December 31, 2010 and 2009, the Township has reserved in the Current Fund \$24,000 and \$12,000, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 10 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 8 to 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

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

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems 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/pension.

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, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from this plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on 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, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the June 30, 2009 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 5.50% for PERS, 8.50% for PFRS and 5.50% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

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, 2010, 2009 and 2008, 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 December 31</u>	<u>PFRS</u>	<u>PERS</u>
2010	\$ 587,280	\$ 136,612
2009	611,736	116,371
2008	559,875	91,426

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 11 RISK MANAGEMENT

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

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

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

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

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

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>
2010	\$ 30,000	\$ 10,087	\$ 52,813	\$ 2,831
2009	10,000	9,032	11,311	15,556
2008	10,000	7,626	16,334	7,834

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 12 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, 2010 and 2009. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2010 and 2009, 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 13 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, 2010 and 2009, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 14 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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 14 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

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 2010 and 2009, respectively, for each eligible volunteer fire department and ambulance corps member into the Plan.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 15 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>2010</u>		
Willow Street and Beech Street Curb and Sidewalk Improvement Program	\$97,618	2011
<u>2009</u>		
None		

NOTE 16 SUBSEQUENT EVENTS

Bond Anticipation Notes

On February 24, 2011 the Township issued Bond Anticipation Notes in the amount of \$3,233,000 to temporarily finance expenditures related to various capital projects. The Township has awarded the sale of said notes to TD Securities USA LLC at an interest rate of 1%. These notes dated February 24, 2011 will mature on October 31, 2011.

CURRENT FUND

TOWNSHIP OF WASHINGTON
STATEMENT OF CURRENT CASH AND INVESTMENTS - TREASURER

Balance, December 31, 2009		\$ 5,021,449
Increased by Receipts:		
Tax Collector	\$ 34,334,317	
Non-Budget Revenue	113,626	
Due from State of New Jersey -		
Senior Citizens' and Veterans' Deductions	140,760	
State/Federal Aid Receivable	81,031	
Revenue Accounts Receivable	1,553,769	
General Capital Receipts Deposited in Current Fund	3,376	
Other Trust Receipts Deposited in Current Fund	57,500	
Receipts from Other Trust Fund	86,751	
General Capital Fund -Reserve for Payment of Debt	100,000	
Police Outside Billings - Other Trust Fund	100,000	
Donations - Police Dept - Other Trust Fund	5,000	
Tax Overpayments	118,287	
Miscellaneous Reserves	<u>132,017</u>	
		<u>36,826,434</u>
		41,847,883
Decreased by Disbursements:		
2010 Budget Appropriations	9,877,865	
2009 Appropriation Reserves	477,458	
Encumbrances Payable	554,478	
Accounts Payable	281,535	
General Capital Expenditures Paid by Current Fund	55,400	
Payment to Length of Service Award Program Fund	82,800	
Tax Overpayments	16,724	
County Taxes Payable	3,794,577	
Regional School Taxes Payable	21,803,028	
Miscellaneous Reserves	24,812	
Refund of Prior Year Revenue	<u>14,616</u>	
		<u>36,983,293</u>
Balance, December 31, 2010		<u>\$ 4,864,590</u>

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

Balance, December 31, 2009		\$ 13,555
Increased by Receipts:		
Taxes Receivable	\$ 34,114,067	
Prepaid Taxes	138,155	
Revenue Accounts Receivable	<u>79,649</u>	
		<u>34,331,871</u>
		34,345,426
Decreased by Disbursements:		
Payments to Treasurer - Current Fund		<u>34,334,317</u>
Balance, December 31, 2010		<u>\$ 11,109</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, December 31, <u>2009</u>	Balance, December 31, <u>2010</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, 2009		\$ 13,367
Increased by:		
Senior Citizens/ Veterans Deductions Per Tax Billings	\$ 137,000	
Senior Citizens' Deductions Allowed Per Tax Collector-2009	500	
Senior Citizens' Deductions Allowed Per Tax Collector-2010	<u>750</u>	
		<u>138,250</u>
		151,617
Decreased by:		
Received in Cash from State		<u>140,760</u>
Balance, December 31, 2010		<u>\$ 10,857</u>

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

Year	Balance, December 31, <u>2009</u>	2010 <u>Levy</u>	<u>Collected In</u>		Senior Citizens' and Veterans' Deductions <u>Allowed</u>	<u>Cancelled</u>	Balance, December 31, <u>2010</u>
			<u>2009</u>	<u>2010</u>			
2009	\$ 295,853	-	-	\$ 279,636	\$ 500	\$ 15,543	\$ 174
	295,853	-	-	279,636	500	15,543	174
2010	-	\$ 34,759,983	\$ 179,219	33,834,431	137,750	244,387	364,196
	<u>\$ 295,853</u>	<u>\$ 34,759,983</u>	<u>\$ 179,219</u>	<u>\$ 34,114,067</u>	<u>\$ 138,250</u>	<u>\$ 259,930</u>	<u>\$ 364,370</u>

TAX YIELD

General Purpose Tax	\$ 34,712,730
Added Taxes (54:4-63.1 et seq.)	47,253
	<u>\$ 34,759,983</u>

TAX LEVY

Regional School Tax (Abstract)	\$ 21,803,028
County Taxes	
County Tax (Abstract)	\$ 3,739,288
County Open Space Tax	48,459
Due County for Added and Omitted Taxes (54:4-63.1 et seq.)	<u>5,192</u>
	3,792,939
Local Tax for Municipal Purposes (Abstract)	9,118,961
Add: Additional Tax Levied	<u>45,055</u>
	<u>9,164,016</u>
	<u>\$ 34,759,983</u>

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

Balance, December 31, 2009	\$ <u>2,614</u>
Balance, December 31, 2010	\$ <u>2,614</u>

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

Balance, December 31, 2009 \$ 70,950

Balance, December 31, 2010 \$ 70,950

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

<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2010</u>	<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2010</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 DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS (N.J.S. 40A:4-53)**

<u>Purpose</u>	<u>Not Less Than 1/5 of Amount Authorized</u>	<u>Balance, December 31, 2009</u>	<u>Decreased by: 2010 Budget</u>	<u>Balance, December 31, 2010</u>
Revaluation of Real Property	\$ 51,800	\$ 51,800	\$ 51,800	
Revision of Tax Maps	2,000	2,000	2,000	-
	<u>\$ 53,800</u>	<u>53,800</u>	<u>\$ 53,800</u>	<u>\$ -</u>

STATEMENT OF STATE/FEDERAL AID RECEIVABLE

	<u>Balance December 31, 2009</u>	<u>Accrued in 2010</u>	<u>Cash Receipts</u>	<u>Transferred from Unappropriated Grants</u>	<u>Balance December 31, 2010</u>
Police Click It or Ticket It Grant	\$ 1,550				\$ 1,550
Bergen County Handgun Grant	2,000				2,000
Community Development Block Grant	3,330	\$ 3,000	\$ 3,000		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	4	20,349	20,353		
Police Body Armor	317	3,194	3,472		39
Public Health Priority Funding		3,813	3,813		
Clean Communities Program		15,203	15,203		
Municipal Alliance Grant		10,356	4,190	\$ 2,760	3,406
Over the Limit Under Arrest	25	4,400	4,150		275
Emergency Preparedness - Health Dept	2,500				2,500
2010 State Health Services Grant - H1N1	20,164		19,787		377
Motorcycle Safety Grant	8,789	-	7,063	-	1,726
	<u>\$ 66,802</u>	<u>\$ 60,315</u>	<u>\$ 81,031</u>	<u>\$ 2,760</u>	<u>\$ 43,326</u>

TOWNSHIP OF WASHINGTON
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2009</u>	Accrued in <u>2010</u>	<u>Cash Receipts</u>		Balance, December 31, <u>2010</u>
			<u>Collector</u>	<u>Treasurer</u>	
Township Clerk					
Licenses					
Alcoholic Beverages		\$ 12,793		\$ 12,793	
Other		2,540		2,540	
Fees and Permits		12,720		12,720	
Police Department					
Fees and Permits		9,941		9,941	
Planning Board					
Fees and Permits		5,894		5,894	
Zoning Board of Adjustment					
Fees and Permits		6,850		6,850	
Construction Code Official					
Fees and Permits		152,759		152,759	
Recreation Department					
Fees and Permits		136,557		136,557	
Board of Health					
Licenses		146		146	
Fees and Permits		10,483		10,483	
Municipal Court					
Fines and Costs	\$ 9,743	70,763		74,719	\$ 5,787
Interest and Cost on Taxes		68,240	\$ 68,240		
Energy Receipts Tax		693,141		693,141	
Consolidated Municipal Property					
Tax Relief Aid		20,045		20,045	
Interest on Investments and Deposits		11,976		11,976	
Joint Health Services		117,495		117,495	
Uniform Fire Safety Act		8,360		8,360	
Cable Television Fees		106,275		106,275	
Library Reimbursement		120,901		120,901	
Sale of Recyclables		50,174		50,174	
Sewer Charges	-	11,409	11,409	-	-
	<u>\$ 9,743</u>	<u>\$ 1,629,462</u>	<u>\$ 79,649</u>	<u>\$ 1,553,769</u>	<u>\$ 5,787</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2009 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance, December 31, <u>2009</u>	Encumbrances Cancelled	Modified Balance	Paid or Charged	Balance Lapsed
OPERATIONS - WITHIN "CAPS"					
General Government					
General Administration					
Other Expenses	\$ 388		\$ 388	\$ 344	\$ 44
Maint. & Support- Equipment	822		822	790	32
Maint. & Support- Computers/Telephone	17,072		17,072	17,072	
Mayor & Council					
Other Expenses- Mayor	1,012	\$ 676	1,688		1,688
Salaries and Wages - Council		750	750		750
Other Expenses- Council	2,621		2,621	1,858	763
Municipal Clerk					
Salaries and Wages		1,057	1,057		1,057
Other Expenses	260	9	269		269
Elections - Salaries & Wages		400	400		400
Elections - Other Expenses	1,423		1,423	1,423	
Financial Administration					
Other Expenses					
Financial Services - Fees	13,700	5,744	19,444		19,444
Miscellaneous Other	102	18	120		120
Audit Services					
Other Expenses	31,500		31,500	31,500	
Revenue Administration					
Salaries and Wages	1,013	212	1,225		1,225
Other Expenses	3,019		3,019	3,019	
Tax Assessment Administration					
Other Expenses	106	45	151		151
Legal Services					
Other Expenses					
Administration	500		500		500
Council	17,585		17,585	17,584	1
Tax Appeals		1,076	1,076		1,076
Engineering Services					
Salaries and Wages		105	105		105
Other Expenses		24,555	24,555		24,555
Department of Public Affairs					
Other Expenses	4,835		4,835	4,835	
Cable Television Expense					
Cable Television Expense		19	19		19
Land Use Administration					
Planning Board					
Salaries and Wages	28	50	78		78
Other Expenses	899	55	954		954
Zoning Board of Adjustment					
Salaries and Wages	388	51	439		439
Other Expenses	783		783		783
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	30,000	62,609	92,609		92,609
Other Expenses	8		8	8	
Acquisition/Leasing of Police Vehicles	43		43	43	
Community Policing	28		28		28
Telephone Support System		18	18		18
Maintenance of Desk Record System	168		168	168	
Police Range Repair	2,500		2,500	2,500	
Reverse 911 System	500		500	500	
Police Dispatching	3,495		3,495	3,495	
Office of Emergency Management					
Salaries and Wages	250		250	250	
Aid to Volunteer Ambulance Company					
Aid to Volunteer Ambulance Company	3,493		3,493	3,493	

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2009 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance, December 31, <u>2009</u>	Encumbrances <u>Cancelled</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Fire Department					
Other Expenses	\$ 3,894		\$ 3,894	\$ 3,894	
Clothing Allowance	500		500		\$ 500
Internet	330		330		330
Death Benefits	9,500		9,500	9,500	
Maintenance Program	79		79	79	
Equipment Compliance	1,279		1,279	1,000	279
Purchase Pagers	2,500		2,500	1,984	516
Physicals		\$ 442	442		442
Uniform Fire Safety Code					
Other Expenses	123	25	148		148
Fire Hydrant Service	8,617		8,617	8,617	
Municipal Prosecutor					
Salaries & Wages	750		750		750
PUBLIC WORKS FUNCTIONS					
Department of Municipal Facilities					
Salaries and Wages	2,490		2,490	2,449	41
Other Expenses	4,960		4,960	4,960	
Other Public Works Functions					
Shade Trees - Holiday Decoration	1,593		1,593	1,593	
Street Sweeping	28,000		28,000	28,000	
Solid Waste Collection					
Salaries and Wages			-		
Other Expenses	20,525		20,525	20,525	
Buildings and Grounds					
Building Maintenance	4,963		4,963	4,883	80
Vehicle Maintenance					
Other Expenses	6,945		6,945	6,945	
Community Services Act	3,730		3,730		3,730
HEALTH AND HUMAN SERVICES					
Public Health Services					
Salary and Wages (Board of Health)		2	2		2
Other Expenses (Board of Health)	4,726		4,726		4,726
Occ. Safety & Health Blood Pathogens	2,500		2,500	2,500	
Animal Control Services					
Other Expenses	500		500	500	
Recreation Services and Programs					
Salaries and Wages	2,476		2,476		2,476
Other Expenses	1,293		1,293	1,210	83
Senior Activities	720		720	611	109
Community Programs	50	420	470		470
Maintenance of Parks					
Parks and Other Expenses	41,522		41,522	18,657	22,865
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events	421		421	421	
Accumulated Leave Compensation	12,000		12,000	12,000	

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2009 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance, December 31, <u>2009</u>	Encumbrances Cancelled	Modified Balance	Paid or Charged	Balance Lapsed
MUNICIPAL COURT					
Salaries and Wages	\$ 2,375	\$ 1,133	\$ 3,508		\$ 3,508
Other Expenses	584	4,071	4,655		4,655
Public Defender					
Other Expenses	39		39		39
INSURANCE					
Liability Insurance (BJIF)	6,261		6,261	\$ 6,215	46
Workers Compensation Insurance (BJIF)	26,232		26,232	26,232	
Employee Group Insurance	176,275		176,275	176,174	101
CODE ENFORCEMENT & ADMINISTRATION					
Construction Officials					
Salaries and Wages	810		810	810	
Other Expenses	1		1	1	
UTILITY EXPENSES & BULK PURCHASES					
Electricity	5,000		5,000	5,000	
Street Lighting	20,000	4,047	24,047		24,047
Telephone	197	986	1,183		1,183
Water		61	61		61
Natural Gas	4,287		4,287	1,400	2,887
Gasoline	27,399		27,399	27,399	
LANDFILL/SOLID WASTE DISPOSAL					
Sanitary Landfill & Dump Fees	<u>9,250</u>	-	<u>9,250</u>	<u>9,250</u>	-
Total Operations Within "CAPS"	<u>584,237</u>	<u>108,636</u>	<u>692,873</u>	<u>471,691</u>	<u>221,182</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security		10,141	10,141		10,141
Police and Firemen's Retirement System	<u>300</u>	-	<u>300</u>	-	<u>300</u>
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>300</u>	<u>10,141</u>	<u>10,441</u>	<u>-</u>	<u>10,441</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>584,537</u>	<u>118,777</u>	<u>703,314</u>	<u>471,691</u>	<u>231,623</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (LOSAP)	11,500		11,500	11,500	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	11,476		11,476	11,476	
UTILITY EXPENSES & BULK PURCHASES					
PUBLIC WORKS					
Engineering - NJDEP Stormwater					
Other Expenses	<u>14,000</u>	-	<u>14,000</u>	<u>14,000</u>	-
Total Other Operations Excluded from "CAPS"	<u>36,976</u>	-	<u>36,976</u>	<u>36,976</u>	-
Interlocal Municipal Service Agreements					
Joint Health Services - Contractual					
Other Expenses	<u>2,585</u>	260	<u>2,845</u>	-	<u>2,845</u>
Total Interlocal Municipal Service Agreements	<u>2,585</u>	<u>260</u>	<u>2,845</u>	<u>-</u>	<u>2,845</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF 2009 APPROPRIATION RESERVES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance, December 31, <u>2009</u>	Encumbrances <u>Cancelled</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Clean Communities Program	\$ 8,774		\$ 8,774	\$ 8,774	
Motorcycle Safety Grant	7,800		7,800	7,800	
Emergency Preparedness Grant		\$ 31	31	31	
Municipal Alliance Grant					
State Share	1,822		1,822	1,822	
Matching Funds for Grants	2,500		2,500		\$ 2,500
2010 State Health Service Grant - H1N1	57,890		57,890	57,890	
Over The Limit Under Arrest	-	25	25	25	-
	<u>78,786</u>	<u>56</u>	<u>78,842</u>	<u>76,342</u>	<u>2,500</u>
Total Public and Private Programs Offset by Revenues	<u>78,786</u>	<u>56</u>	<u>78,842</u>	<u>76,342</u>	<u>2,500</u>
Total Operations Excluded from "CAPS"	<u>118,347</u>	<u>316</u>	<u>118,663</u>	<u>113,318</u>	<u>5,345</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>118,347</u>	<u>316</u>	<u>118,663</u>	<u>113,318</u>	<u>5,345</u>
Total General Appropriations	<u>\$ 702,884</u>	<u>\$ 119,093</u>	<u>\$ 821,977</u>	<u>\$ 585,009</u>	<u>\$ 236,968</u>
				Transfer to Accounts Payable	\$ 95,121
				Transferred to Miscellaneous Reserves	12,000
				Transferred to Appropriated Grant Reserves	430
				Cash Disbursements	<u>477,458</u>
				<u>\$ 585,009</u>	

**TOWNSHIP OF WASHINGTON
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2009		\$ 673,571
Increased by:		
Charges to 2010 Budget Appropriations		<u>768,119</u>
		1,441,690
Decreased by:		
Cash Disbursements	\$ 554,478	
Restored to 2009 Appropriation Reserves	<u>119,093</u>	
		<u>673,571</u>
Balance, December 31, 2010		<u>\$ 768,119</u>

EXHIBIT A-16

STATEMENT OF PREPAID TAXES

Balance, December 31, 2009		\$ 179,219
Increased by:		
2011 Prepaid Taxes		<u>138,155</u>
		317,374
Decreased by:		
Applied to 2010 Taxes		<u>179,219</u>
Balance, December 31, 2010		<u>\$ 138,155</u>

EXHIBIT A-17

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2009		\$ 5,240
Increased by:		
Cash Receipts		<u>118,287</u>
		123,527
Decreased by:		
Cash Disbursements		<u>16,724</u>
Balance, December 31, 2010		<u>\$ 106,803</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2009</u>	<u>Receipts</u>	Transfer From 2009 Appropriation <u>Reserves</u>	Realized as 2010 Budget <u>Revenue</u>	Transferred to Grants <u>Receivable</u>	<u>Expended</u>	Balance, December 31, <u>2010</u>
Miscellaneous Reserves:							
Sale of Municipal Assets	\$ 1,018,471						\$ 1,018,471
Insurance Recoveries	16,741	\$ 20,339				\$ 24,812	12,268
Motor Vehicle Inspection Fees	34,402	5,898					40,300
Reserve for Federal ADA Ramp	4,901			\$ 4,901			
Accumulated Leave Comp	12,000		\$ 12,000				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						2,183
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			374
Over the Limit Under Arrest				25			25
Emergency Preparedness Grant				31			31
Unappropriated Reserves:							
Truck Inspection Violations	5,282						5,282
Recycling Tonnage Grant	21,758	26,888					48,646
Municipal Alliance Grant	2,760				\$ 2,760		
Pandemic Flu Grant	5,851	11,892					17,743
Body Armor Grant	192	-	-	-	-	-	192
	<u>\$ 1,174,963</u>	<u>\$ 132,017</u>	<u>\$ 12,430</u>	<u>\$ 4,901</u>	<u>\$ 2,760</u>	<u>\$ 24,812</u>	<u>\$ 1,286,937</u>

Reserve for Sale of Assets	\$ 1,018,471
Other Miscellaneous Reserves	143,568
Appropriated Grant Reserves	53,035
Unappropriated Grant Reserves	<u>71,863</u>
	<u>\$ 1,286,937</u>

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

Balance, December 31, 2009		\$	6,830
Increased by:			
Levy of 2010			
County Tax (Abstract)	\$ 3,739,288		
County Open Space Tax (Abstract)	48,459		
County Tax for Added Taxes (54:4-63.1)	<u>5,192</u>		
			<u>3,792,939</u>
			3,799,769
Decreased by:			
Payments			<u>3,794,577</u>
Balance, December 31, 2010		\$	<u>5,192</u>

STATEMENT OF REGIONAL SCHOOL TAXES PAYABLE

Increased by:			
Levy of 2010 (Calendar Year)		\$	<u>21,803,028</u>
Decreased by:			
Payments		\$	<u>21,803,028</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2009		\$ 608,396
Increased by:		
Transferred from Appropriation Reserves		95,121
		703,517
Decreased By:		
Cash Disbursements	\$ 281,535	
Cancelled to Operations	317,314	
		598,849
Balance, December 31, 2010		\$ 104,668

STATEMENT OF DEFERRED CHARGES - EMERGENCY AUTHORIZATIONS

Balance, December 31, 2009		\$ 21,000
Decreased by:		
Amount Raised in 2010 Budget		21,000
Balance, December 31, 2010		\$ -

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, 2009	\$ 14,705	\$ 1,259,804	\$ 15,969
Increased by Receipts:			
Due from Dog License Official	\$ 11,170		
Miscellaneous Escrow and Performance Deposits		\$ 231,824	
Miscellaneous Reserves		50,672	
Police Outside Billings		423,267	
Employee Contributions			\$ 10,087
Payroll Deposits		6,388,206	
Budget Appropriation			30,000
Interest on Investments and Deposits	<u>1</u>	<u>5,082</u>	<u>1</u>
	<u>11,171</u>	<u>7,099,051</u>	<u>40,088</u>
	25,876	8,358,855	56,057
Decreased by:			
Payments to Current Fund		86,751	
Expenditures Under R.S. 4:19-15.1	429		
Due to State of New Jersey - Dog License Fees	758		
Miscellaneous Escrow and Performance Deposits		146,725	
Miscellaneous Reserves		14,103	
Payroll Disbursements		6,327,973	
Police Outside Billings		260,793	
Payments to Current Fund - Anticipated As Current Fund Revenue		100,000	
Payments to State of New Jersey - Unemployment Insurance Benefits	<u>-</u>	<u>-</u>	<u>48,096</u>
	<u>1,187</u>	<u>6,936,345</u>	<u>48,096</u>
Balance, December 31, 2010	<u>\$ 24,689</u>	<u>\$ 1,422,510</u>	<u>\$ 7,961</u>

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

Increased by:	
Dog License Fees Collected	\$ 6,670
Cat License Fees Collected	300
Dog Registration Fees - Due State of N.J.	1,150
Late Fees	<u>3,050</u>
	<u>\$ 11,170</u>
Decreased by:	
Payments to Treasurer	<u>\$ 11,170</u>

EXHIBIT B-3

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

Balance, December 31, 2009	\$ 5,927
Increased by:	
Dog Licenses Issued	\$ 6,670
Late Fees Collected	3,050
Cat Licenses Issued	<u>300</u>
	<u>10,020</u>
	15,947
Decreased by:	
Expenditures Under R.S. 4:19-15.11	429
Statutory Excess	<u>8,018</u>
	<u>8,447</u>
Balance, December 31, 2010	<u>\$ 7,500</u>

EXHIBIT B-4

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

Increased by:	
2010 State Registration Fees	\$ 1,150
Decreased by:	
Payments to State of New Jersey	<u>758</u>
Balance, December 31, 2010	<u>\$ 392</u>

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

Balance, December 31, 2009		\$ 457,313
Increased by:		
Cash Receipts	\$ 231,824	
Transfer from Reserve for Mount Laurel Senior Housing	85,000	
		316,824
Decreased by:		
Cash Disbursements		774,137
		146,725
Balance, December 31, 2010		\$ 627,412

Analysis of Balance

Performance Bonds		\$ 122,581
Backfill Bonds		25,420
Escrow Fees		394,411
Escow - COAH Fees		85,000
		\$ 627,412

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

Balance, December 31, 2009 (Due To)		\$ 94,877
Increased by:		
Interest on Investments and Deposits		5,082
		99,959
Decreased by:		
Payments to Current Fund	\$ 86,751	
Other Trust Receipts Deposited in Current Fund	57,500	
		144,251
Balance, December 31, 2010 (Due From)		\$ 44,292

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

Balance, December 31, 2009		\$ 15,556
Increased by:		
Interest Earned on Deposits	\$ 1	
Budget Appropriation	30,000	
Employee Contributions	<u>10,087</u>	
		<u>40,088</u>
		55,644
Decreased by:		
Unemployment Insurance Claims		<u>52,813</u>
Balance, December 31, 2010		<u>\$ 2,831</u>

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

Balance, December 31, 2009		\$ 8,803
Increased by:		
Interest on Investments and Deposits	\$ 1	
Statutory Excess	<u>8,018</u>	
		<u>8,019</u>
Balance, December 31, 2010		<u>\$ 16,822</u>

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

Balance, December 31, 2009	\$ <u>342,666</u>
Balance, December 31, 2010	\$ <u><u>342,666</u></u>

EXHIBIT B-10

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

Balance, December 31, 2009	\$ 102,259
Decreased by:	
Transfer to Reserve for Escrow and Performance Deposits	<u>85,000</u>
Balance, December 31, 2010	\$ <u><u>17,259</u></u>

EXHIBIT B-11

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

Balance, December 31, 2009	\$ 33,589
Increased by:	
Payroll Deposits	<u>6,388,206</u>
	6,421,795
Decreased by:	
Payroll Disbursements	<u>6,327,973</u>
Balance, December 31, 2010	\$ <u><u>93,822</u></u>

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

Balance, December 31, 2009	\$	413
Increased by:		
Unemployment Claims		52,813
		53,226
Decreased by:		
Payment of Claims		48,096
Balance, December 31, 2010	\$	5,130

**STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

	Balance, December 31, 2009	Cash Receipts	Cash Disbursements	Balance, December 31, 2010
Marriage Licenses - Due to State	\$ 825	\$ 1,150	\$ 1,275	\$ 700
Tax Sale Premiums	3,500	57,500		61,000
Celebrations of Public Events	3,670	15,822	7,828	11,664
Municipal Alliance Donation	950			950
Rental Deposits	2,100			2,100
Miscellaneous	9,092	8,350	5,000	12,442
Dare Donations	95			95
Snow Plowing		8,100		8,100
Health Insurance Contribution		17,092		17,092
POAA	1,200	158	-	1,358
	<u>\$ 21,432</u>	<u>\$ 108,172</u>	<u>\$ 14,103</u>	<u>\$ 115,501</u>
		Cash Receipts \$ 50,672		
		Due from Current Fund <u>57,500</u>		
		<u>\$ 108,172</u>		

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

Balance, December 31, 2009	\$	207,668
Increased by:		
Cash Receipts		423,267
		630,935
Decreased by:		
Reimbursements for Payroll	\$	260,793
Amount Anticipated as Revenue in Current Fund Budget		100,000
		360,793
Balance, December 31, 2010	\$	270,142

GENERAL CAPITAL FUND

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

Balance, December 31, 2009		\$ 872,988
Increased by:		
Interest on Investments and Deposits	\$ 2,775	
Bond Anticipation Note Proceeds	<u>1,237,350</u>	
		<u>1,240,125</u>
		2,113,113
Decreased by Disbursements:		
Improvement Authorizations	223,004	
Encumbrances Payable	146,520	
Reserve for Payment of Bonds	<u>100,000</u>	
		<u>469,524</u>
Balance, December 31, 2010		<u>\$ 1,643,589</u>

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

	Balance, December 31, <u>2010</u>
Fund Balance	\$ 34,078
Grants Receivable	(355,000)
Due to Current Fund	16,265
Reserve for Payment of Bonds	214,961
Reserve for Preliminary Costs	5,000
Reserve for Ambulance	15,000
Capital Improvement Fund	116,626
Contracts Payable	249,777

<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)
02-5/03-6/03-7	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	4,895
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	2,786
02-1/04-2	Improvements to Free Public Library - Supplemental	104,055
04-4	Acquisition of Land	865
04-9	Various Improvements	4,647
04-11	Acquisition of Various Equipment	12,070
04-14	Acquisition of Fire Fighter Equipment	1,235
06-07	Acquisition of Police Utility Vehicle	3,976
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	2,829
06-24	Acquisition of Office Equipment	2,122

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

06-29	Various Improvements	\$ 151,381
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	21,363
07-09	Acquisition of New Fire Fighting Equipment	15,600
07-11	Acquisition of New Computer Equipment	29,224
07-12	Acquisition of a New Dump Truck	10,660
07-13	Various Improvements	8,546
08-07	Construction of New Park	(5,644)
08-09	Various Improvements	9,500
08-10	Various Improvements	151,670
08-11	Various Improvements	19,242
09-04	Construction of Curbs and Sidewalks	39,953
09-08	Acq. of New Computer Equipment - Police	11,088
09-13	Acq. of New Emergency Communication Equip	138,078
10-08	Acquisition of Lands	442,367
10-14	Acq of New and Additional Vehicular Equip	<u>(33,206)</u>
		<u>\$ 1,643,589</u>

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

Balance, December 31, 2009		\$ 4,905,168
Decreased by:		
2010 Budget Appropriations		
Bonds	\$ 810,000	
EDA Loans	<u>54,585</u>	
		<u>864,585</u>
Balance, December 31, 2010		<u>\$ 4,040,583</u>

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

Ord. No.	Improvement Description	Balance December 31, 2009	2010 Authorizations	Paid By Budget Appropriation	Balance December 31, 2010	Analysis of Balance		
						Bond Anticipation Note	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	12,100		\$ 450	11,650	\$ 11,650		
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	10,500		2,444	8,056	8,056		
02-19	Construction of Fieldhouse at Clark Field	104,500			104,500	104,500		
03-15	Construction of Commuter Curbs/Sidewalks - Washington Avenue	18,700		1,100	17,600	17,600		
04-4	Acquisition of Land	166,670		2,165	164,505	164,505		
04-11	Acquisition of Various Equipment	22,190		2,402	19,788	19,788		
04-14	Acquisition of Fire Fighter Equipment	567,440		33,379	534,061	534,061		
06-07	Acquisition of Police Utility Vehicle	33,300		3,700	29,600	29,600		
06-09	Improvement of Storm Water Drainage System	223,500			223,500			223,500
06-15	Acquisition of Fire Fighter Equipment	62,800		6,978	55,822	55,822		
06-23	Acquisition of Front End Bucket Loader	125,700		13,967	111,733	111,733		
06-24	Acquisition of Office Equipment	11,400		393	11,007	11,007		
06-29	Various Improvements	422,750		8,355	414,395	414,395		
06-30	Acquisition of Various Fire Fighting Equipment	46,075		1,589	44,486	44,486		
07-04	Improvement of the Storm Water Drainage System	8,911			8,911		8,911	
07-08/08-13	Remediation of Property	194,750		2,784	191,966	191,966		
07-09	Acquisition of New Fire Fighting Equipment	147,250		5,078	142,172	142,172		
07-11	Acquisition of New Computer Equipment	52,250		4,166	48,084	48,084		
07-12	Acquisition of a New Dump Truck	85,500			85,500	85,500		
07-13	Various Improvements	64,600			64,600	64,600		
08-07	Construction of New Park	137,750			137,750		5,644	132,106
08-09	Various Improvements	61,900			61,900	61,900		
08-10	Various Improvements	150,500			150,500	150,500		
08-11	Various Improvements	216,750			216,750	216,750		
09-04	Construction of Curbs and Sidewalks	52,300			52,300	52,300		
09-08	Acq. of New Computer Equipment - Police	109,250			109,250	109,250		
09-13	Acq. of New Emergency Communication Equip	241,300			241,300	241,300		
10-08	Acquisition of Lands	-	\$ 452,000		452,000	451,475	525	
10-14	Acq of New and Additional Vehicular Equip	-	41,900		41,900	-	33,206	8,694
		<u>\$ 3,686,537</u>	<u>\$ 493,900</u>	<u>\$ 88,950</u>	<u>\$ 4,091,487</u>	<u>\$ 3,343,000</u>	<u>\$ 133,973</u>	<u>\$ 614,514</u>
						Improvement Authorizations - Unfunded		\$ 1,711,611
						Less: Unexpended Proceeds		<u>1,097,097</u>
								<u>\$ 614,514</u>

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

Balance, December 31, 2009 (Due From)	\$	8,534
Increased by:		
Transfer from 2010 Budget Appropriation:		
Acquisition of Ambulance	\$	5,000
Capital Improvement Fund		25,000
Premium on Sale of Bond Anticipation Notes		3,376
		33,376
		41,910
Decreased by:		
Interest on Investments and Deposits	2,775	
General Capital Expenditures Paid by Current Fund	55,400	
		58,175
Balance, December 31, 2010 (Due To)	\$	16,265

TOWNSHIP OF WASHINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	2010 Authorizations				Paid or Charged	Contracts Payable Cancelled	Balance,	
			December 31, 2009		Capital Improvement Fund	Deferred Charges to Future Taxation Unfunded			December 31, 2010	
			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	Improvements to Free Public Library	1,250,000	104,055					104,055		
02-5/03-6/03-7	Various Improvements	258,000		19,754				11,698	8,056	
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					4,895	
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					2,786	
04-4	Acquisition of Land	180,000		865					865	
04-9	Various Improvements	35,100	4,647					4,647		
04-11	Acquisition of Various Equipment	186,000		12,070					12,070	
04-14	Acquisition of Fire Fighter Equipment	666,000		1,235					1,235	
06-07	Acquisition of Police Utility Vehicle	35,000		3,976					3,976	
06-09	Improvement of Storm Water Drainage System	490,000	153,106	223,500		\$ 8,643		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					2,829	
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, 2009		2010 Authorizations		Paid or Charged	Contracts Payable Cancelled	Balance, December 31, 2010		
			Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation Unfunded			Funded	Unfunded	
06-29	Various Improvements	\$ 445,000		\$ 161,797			\$ 10,416			\$ 151,381	
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						21,363	
07-09	Acquisition of New Fire Fighting Equipment	155,000		15,600						15,600	
07-11	Acquisition of New Computer Equipment	55,000		29,224						29,224	
07-12	Acquisition of a New Dump Truck	90,000		10,660						10,660	
07-13	Various Improvements	68,000		8,546						8,546	
08-07	Construction of New Park	145,000		133,786			1,680			132,106	
08-09	Various Improvements	65,000		9,500						9,500	
08-10	Various Improvements	158,500	\$ 1,170	150,500					\$ 1,170	150,500	
08-11	Various Improvements	259,500		18,641				\$ 601		19,242	
09-04	Construction of Curbs and Sidewalks	155,000	102,677	52,300			115,024			39,953	
09-08	Acq. of New Computer Equipment - Police	115,000		12,611			1,523			11,088	
09-13	Acq. of New Emergency Communication Equip	254,000	12,700	241,300			115,922			138,078	
10-08	Acquisition of Lands	475,000			\$ 23,000	\$ 452,000	32,108			442,892	
10-14	Acq of New and Additional Vehicular Equip	44,000	-	-	2,100	41,900	35,306			8,694	
			<u>\$ 496,080</u>	<u>\$ 1,400,310</u>	<u>\$ 25,100</u>	<u>\$ 493,900</u>	<u>\$ 320,622</u>	<u>\$ 601</u>	<u>\$ 383,758</u>	<u>\$ 1,711,611</u>	
							Cash Disbursements	\$ 223,004			
							Contacts Payable	97,618			
								<u>\$ 320,622</u>			

73

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

Purpose	Date of Issue	Original Issue	Bond Maturities Outstanding		Interest Rate	Balance, December 31,		Balance, December 31,
			Date	Amount		2009	Decreased	
Refunding Bonds of 2003	8/15/2003	\$ 4,840,000	10/1/2011	\$ 655,000	3.75%	\$ 1,960,000	\$ 635,000	\$ 1,325,000
			10/1/2012	670,000	3.875%			
General Bonds of 2003	9/1/2003	3,322,000	9/1/2011	180,000	4.10%	<u>2,797,000</u>	<u>175,000</u>	<u>2,622,000</u>
			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				
						<u>\$ 4,757,000</u>	<u>\$ 810,000</u>	<u>\$ 3,947,000</u>
Paid by Budget Appropriation							<u>\$ 810,000</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,			
							2009	Increased	Decreased	2010
98-20	Improvements to Memorial Field	\$ 13,000	11/3/2005	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	\$ 12,100	\$ 11,650	\$ 12,100	\$ 11,650
02-19	Construction of New Field House	104,500	10/31/2009	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	104,500	104,500	104,500	104,500
02-05/03-06/ 03-7	Various Improvements	70,900	11/3/2005	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	65,900	8,056	65,900	8,056
03-15	Washington Ave - Commuter Sidewalks	20,900	11/3/2005	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	18,700	17,600	18,700	17,600
04-4	Acquisition of Land	171,000	11/3/2005	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	166,670	164,505	166,670	164,505
04-11	Acquisition of Equipment	27,000	11/3/2005	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	22,190	19,788	22,190	19,788
04-14	Acquisition of Equipment	634,200	11/3/2005	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	567,440	534,061	567,440	534,061
06-07	Acquisition of Police Utility Vehicle	33,300	11/1/2007	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	33,300	29,600	33,300	29,600
06-15	Acquisition of Fire Fighter Equipment	62,800	11/1/2007	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	62,800	55,822	62,800	55,822
06-23	Acquisition of Front End Bucket Loader	125,700	11/1/2007	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	125,700	111,733	125,700	111,733
06-24	Acquisition of Office Equipment	11,400	11/1/2007	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	11,400	11,007	11,400	11,007
06-29	Various Improvements	290,375	11/1/2007	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	422,750	414,395	422,750	414,395
06-30	Acquisition of Various Fire Fighting Equipment	46,075	11/1/2007	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	46,075	44,486	46,075	44,486
07-08/08-13	Remediation of Property	80,750	11/1/2007	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	80,750	191,966	80,750	191,966
07-09	Acquisition of New Fire Fighting Equipment	147,250	11/1/2007	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	147,250	142,172	147,250	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,			
							2009	Increased	Decreased	2010
07-11	Acquisition of New Computer Equipment	\$ 52,250	11/1/2007	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	\$ 52,250	\$ 48,084	\$ 52,250	\$ 48,084
07-12	Acquisition of a New Dump Truck	85,500	11/1/2007	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	85,500	85,500	85,500	85,500
07-13	Various Improvements	64,600	11/1/2007	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	64,600	64,600	64,600	64,600
08-09	Various Improvements	61,900	10/31/2009	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	61,900	61,900	61,900	61,900
08-10	Various Improvements	98,225	10/31/2009	10/31/2009 10/28/2010	10/29/2010 2/26/2011	0.90% 1.00%	98,225	150,500	98,225	150,500
08-11	Various Improvements	216,750	10/28/2010	10/28/2010	2/26/2011	1.00%		216,750		216,750
09-04	Construction of Curbs and Sidewalks	52,300	10/28/2010	10/28/2010	2/26/2011	1.00%		52,300		52,300
09-08	Acq. of New Computer Equipment - Police	109,250	10/28/2010	10/28/2010	2/26/2011	1.00%		109,250		109,250
09-13	Acq. of New Emergency Communication Equip	241,300	10/28/2010	10/28/2010	2/26/2011	1.00%		241,300		241,300
10-08	Acquisition of Lands	451,475	10/28/2010	10/28/2010	2/26/2011	1.00%	-	451,475	-	451,475
							<u>\$ 2,250,000</u>	<u>\$ 3,343,000</u>	<u>\$ 2,250,000</u>	<u>\$ 3,343,000</u>
									\$ 88,950	
										55,400
								\$ 1,237,350		
								<u>2,105,650</u>	<u>2,105,650</u>	
								<u>\$ 3,343,000</u>	<u>\$ 2,250,000</u>	

Paid by Budget Appropriation \$ 88,950
 Paid by Capital Cash -
 Excess Note Proceeds 55,400
 Issued for Cash \$ 1,237,350
 Renewals 2,105,650 2,105,650
\$ 3,343,000 \$ 2,250,000

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

Balance, December 31, 2009		\$ 116,726
Increased by:		
2010 Budget Appropriation		<u>25,000</u>
		141,726
Decreased by:		
Appropriations to Finance Improvement Authorizations		<u>25,100</u>
Balance, December 31, 2010		<u>\$ 116,626</u>

EXHIBIT C-11

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2009		\$ 299,280
Increased by:		
Contract Awarded		<u>97,618</u>
		396,898
Decreased by:		
Cash Disbursements	\$ 146,520	
Cancelled	<u>601</u>	
		<u>147,121</u>
Balance, December 31, 2010		<u>\$ 249,777</u>

EXHIBIT C-12

STATEMENT OF STATE LOANS PAYABLE

Balance, December 31, 2009		\$ 148,168
Decreased by:		
2010 Budget Appropriation to Pay Loan Principal		<u>54,585</u>
Balance, December 31, 2010		<u>\$ 93,583</u>

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

Balance, December 31, 2009	\$ 314,961
Decreased by:	
Cash Disbursement - Anticipated Revenue in Current Fund Budget	<u>100,000</u>
Balance, December 31, 2010	<u>\$ 214,961</u>

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Balance, December 31, 2009	\$ <u>5,000</u>
Balance, December 31, 2010	<u>\$ 5,000</u>

STATEMENT OF RESERVE FOR AMBULANCE

Balance, December 31, 2009	\$ 10,000
Increased by:	
Due from Current Fund	<u>5,000</u>
Balance, December 31, 2010	<u>\$ 15,000</u>

**TOWNSHIP OF WASHINGTON
STATEMENT OF GRANTS RECEIVABLE**

		Department of Environmental <u>Protection</u>	County of <u>Bergen</u>	Department of <u>Transportation</u>
	<u>Total</u>	<u>Ord. 6-09</u>	<u>Ord. 8-07</u>	<u>Ord. 09-04</u>
Balance, December 31, 2009	\$ 416,138	\$ 255,000	\$ 61,138	\$ 100,000
Increased by:				
Grants Awarded	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	416,138	255,000	61,138	100,000
Decreased by:				
Cancelled Collections	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2010	<u>\$ 416,138</u>	<u>\$ 255,000</u>	<u>\$ 61,138</u>	<u>\$ 100,000</u>
Pledged to Ordinance	\$ 355,000	\$ 255,000		\$ 100,000
Pledged to Reserve	<u>61,138</u>	<u>-</u>	<u>\$ 61,138</u>	<u>-</u>
	<u>\$ 416,138</u>	<u>\$ 255,000</u>	<u>\$ 61,138</u>	<u>\$ 100,000</u>

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

Ord. No.	Improvement Description	Balance December 31, 2009	2010 Authorizations	Bond Anticipation Notes Issued	Balance December 31, 2010
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
08-10	Various Improvements	52,275		\$ 52,275	
08-11	Various Improvements	216,750		216,750	
08-13	Remediation of Property	114,000		114,000	
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	451,475	525
10-14	Acq of New and Additional Vehicular Equip	-	41,900	-	41,900
		<u>\$ 1,491,937</u>	<u>\$ 493,900</u>	<u>\$ 1,237,350</u>	<u>\$ 748,487</u>

TOWNSHIP OF WASHINGTON
COUNTY OF BERGEN
PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2010

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

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

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, 2010, and have issued our report thereon dated May 10, 2011 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

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 2010-1, 2010-2 and 2010-3 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.

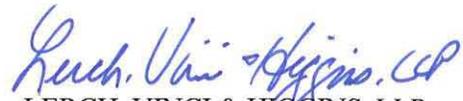
Compliance and Other Matters

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 2010-1, 2010-2 and 2010-3.

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 the governing body, management, 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
May 10, 2011

**TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2010 Grant Receipts</u>	<u>Balance, December 31, 2009</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>(1) Cancelled/ Adjustments</u>	<u>Balance, December 31, 2010</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		2009	77,502		4,901		\$ 4,901			77,502
Community Development Block Grants		2010	3,000	\$ 3,000		\$ 3,000			3,000	
U.S. Department of Health (Passed through Dept. of Health)										
Division of Epidemiology Comm Dis Cont										
Public Health Emergency Preparedness	93.069	2008	9,419		4			\$ (4)		9,419
Public Health Emergency Preparedness		2009	2,500					31	31	2,469
Public Health Emergency Preparedness - H1N1		2009	96,110	19,787	57,890		57,890			96,110
Public Health Emergency Preparedness - H1N1		2010	20,349	20,353		20,349	12,431		7,918	12,431
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
Motorcycle Safety Grant	20.609	2009	7,800	7,063	7,800		7,800			7,800
State and Community Highway Safety	20.601	2009	6,000					25	25	5,975
State and Community Highway Safety	20.601	2010	4,400	4,150		4,400	4,150		250	4,150
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		100,000		100,000			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
					<u>\$ 175,323</u>	<u>\$ 27,749</u>	<u>\$ 187,172</u>	<u>\$ 52</u>	<u>\$ 15,952</u>	

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

(1) - Adjustments were due to cancellation of prior year encumbrances payable and grants receivable.

TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2010 Grant Receipts</u>	<u>Balance, December 31, 2009</u>	<u>Revenue</u>	<u>Expended</u>	<u>Cancelled/ Adjustments</u>	<u>Balance, December 31, 2010</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	2010 2007 2003 2001	3,813 9,042 8,146 10,542	\$ 3,813	7 274 240	\$ 3,813	\$ 3,813		7 274 240	\$ 3,813 9,035 7,872 10,302
Clean Communities Grant	4900-765-178900	2010 2009 2007	15,203 14,600 10,851	15,203	8,774 6	15,203	8,774		15,203 - 6	14,600 10,845
Drunk Driving Enforcement Fund	1110-448-031020-22	2003 2001 1998 Prior	1,448 190 190 7,081		1,448 15 90 7,081				1,448 15 90 7,081	175 100
Body Armor Fund	**	2010 2002	3,194 2,183	3,194 317	2,183	3,194			3,194 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, 2010

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2010 Grant Receipts</u>	<u>Balance, December 31, 2009</u>	<u>Revenue</u>	<u>Expended</u>	<u>Cancelled/ Adjustments</u>	<u>Balance, December 31, 2010</u>	<u>Cumulative Expended</u>
Police Click it or Ticket Grant	**	2007	\$ 4,000		\$ 63				\$ 63	\$ 3,937
		2005	4,000		529				529	3,471
		2004	10,000		517				517	9,483
		2003	4,000		1,398				1,398	2,602
Stormwater Grant	**	2006	23,936		23,826				23,826	110
LINCS - Core Capacity Infrastructure	**	2005	3,000		3				3	2,997
Department of Environmental Protection Imprvt of the Storm Water Drainage System-Ord 06-09	**	2006	255,000		153,106		\$ 8,643		144,463	110,537
<u>Passed Through County of Bergen</u>										
Municipal Alliance on Alcoholism and Drug Abuse	**	2010	10,356	\$ 4,190		\$ 10,356	4,061		6,295	4,061
		2009	11,017		1,822	-	1,448	-	374	10,643
					<u>\$ 209,574</u>	<u>\$ 32,566</u>	<u>\$ 26,739</u>	<u>\$ -</u>	<u>\$ 215,401</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, 2010**

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	\$ 27,749	\$ 32,566	\$ 60,315
	<u>\$ 27,749</u>	<u>\$ 32,566</u>	<u>\$ 60,315</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, 2010**

NOTE 5 STATE LOANS OUTSTANDING

The Township's state loans outstanding at December 31, 2010, 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>\$93,583</u>

**TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

2) Significant deficiency(ies) that are not considered to be material weakness(es)? X yes no

Noncompliance material to the financial statements noted? X 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, 2010**

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 2010-1

Certain accounts in the Current Fund and Other Trust Fund general ledgers for the year ended December 31, 2010 were not in agreement with the subsidiary records and bank reconciliations. In addition, certain transactions were not properly recorded in the general ledgers.

Criteria

NJAC 5:30-5.7 General Ledger Accounting Systems

Condition

The Current Fund and 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.

Context

Project status activity is not integrated with the Other Trust Fund general ledger function resulting in cash disbursements being posted as journal entries. In addition, general ledger balances in the Current and Other 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 Current Fund and Other Trust Fund general ledgers be reconciled to the 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, 2010**

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 2010-2

Our audit revealed prior years' outstanding purchase orders are deemed invalid and should be cancelled in Township's internal accounting records. In addition, a certain capital contract was not encumbered when awarded by Council resolution.

Criteria

NJAC 5:30-5.2 Encumbrance Systems

Condition

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

Context

In the Current Fund, encumbrances/payables totaling \$235,140 were deemed invalid and cancelled by audit adjustment. In addition, a capital contract awarded for curb and sidewalk replacement for \$97,618 was not encumbered as of December 31, 2010.

Effect

Commitments may be recorded in the financial statements that are deemed invalid. In addition, valid commitments may exist and not be recorded in the financial statements. Audit adjustments have been made to record known encumbrances and cancel invalid balances.

Cause

Unknown.

Recommendation

The encumbrance system be enhanced to ensure that outstanding purchase orders are reviewed to determine their validity and that any contracts awarded are properly encumbered.

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, 2010**

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 2010-3

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 \$66,152 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 exceeds the bid threshold 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, 2010**

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 2009-1

Condition

The Other Trust Fund general ledger was not reconciled to the respective subsidiary project status reports of the Township resulting in certain general ledger accounts being materially misstated at December 31, 2009. In addition, certain transactions of the Unemployment Fund were not properly recorded in the general ledger resulting in the cash balance per the general ledger not in agreement with the bank reconciliation.

Current Status

Corrective action has been taken for the Unemployment Fund general ledger, however see Finding 2010-1 in regards to the Other Trust Fund.

Finding 2009-2

Condition

The Township contracted for various goods/services where no evidence of public bidding or state contract existing.

Current Status

See Finding 2010-3

TOWNSHIP OF WASHINGTON

COUNTY OF BERGEN

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

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

	<u>Year 2010</u>		<u>Year 2009</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,020,000	2.68 %	\$ 1,100,000	2.97 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,025,118	5.31	2,298,338	6.22
Collection of Delinquent Taxes and Tax Title Liens	279,636	0.73	235,663	0.64
Collection of Current Tax Levy	34,151,400	89.56	33,234,567	89.90
Other Credits	<u>657,677</u>	<u>1.72</u>	<u>101,102</u>	<u>0.27</u>
 Total Income	 <u>38,133,831</u>	 <u>100.00 %</u>	 <u>36,969,670</u>	 <u>100.00 %</u>
 EXPENDITURES				
Budget Expenditures				
Municipal Purposes	11,226,613	30.46 %	11,344,230	31.40 %
County Taxes	3,792,939	10.29	3,824,889	10.59
Regional School Taxes	21,803,028	59.15	20,923,500	57.90
Other Expenditures	<u>38,900</u>	<u>0.10</u>	<u>39,727</u>	<u>0.11</u>
 Total Expenditures	 <u>36,861,480</u>	 <u>100.00 %</u>	 <u>36,132,346</u>	 <u>100.00 %</u>
Less: Expenditures to be Raised by Future Revenue	 <u>-</u>		 <u>21,000</u>	
 Total Adjusted Expenditures	 <u>36,861,480</u>		 <u>36,111,346</u>	
 Excess in Revenue	 1,272,351		 858,324	
 Fund Balance, January 1	 <u>1,735,211</u>		 <u>1,976,887</u>	
	3,007,562		2,835,211	
Less Utilization as Anticipated Revenue	<u>1,020,000</u>		<u>1,100,000</u>	
 Fund Balance, December 31	 <u>\$ 1,987,562</u>		 <u>\$ 1,735,211</u>	

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Tax Rate</u>	<u>\$1.811</u>	<u>\$1.752</u>	<u>\$1.70</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.475	.459	.444
County	.196	.189	.183
County Open Space	.003	.011	.011
Regional School District	1.137	1.093	1.062

Assessed Valuation

2010	<u>\$1,916,771,267</u>
2009	<u>\$1,915,851,475</u>
2008	<u>\$1,913,535,975</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>
2010	\$ 34,759,983	\$ 34,151,400	98.24%
2009	33,625,549	33,234,567	98.83%
2008	32,614,391	32,367,694	99.24%

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

December 31 <u>Year</u>	Amount of Delinquent <u>Taxes and Liens</u>	Percentage of <u>Tax Levy</u>
2010	\$ 366,984	1.06%
2009	298,467	0.89%
2008	238,185	0.73%

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>
2010	\$70,950
2009	70,950
2008	70,950

Comparative Schedule of Fund Balances

	<u>Year</u>	Balance, <u>December 31</u>	Utilized in Budget of <u>Succeeding Year</u>
Current Fund	2010	\$1,987,562	\$1,120,000 (1)
	2009	1,735,211	1,020,000
	2008	1,976,887	1,100,000
	2007	2,047,601	1,100,000
	2006	2,038,232	1,000,000
	2005	2,170,027	1,100,000

(1) The above fund balance amount appropriated represents the surplus anticipated in the 2011 introduced municipal budget. The 2011 municipal budget has not been legally adopted as of the date of audit.

**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		
Robert Schroeder	Council President (1/1/10-1/25/10)		
Joseph D'Urso	Council Vice President (1/1/10-1/25/10)		
Joseph D'Urso	Council President (1/25/10-12/31/10)		
Frederic Goetz	Council Vice President (1/25/10-12/31/10)		
Glenn Beckmeyer	Councilman (1/25/10-12/31/10)		
Frederic Goetz	Councilman (1/1/10-1/25/10)		
Richard Hrbek	Councilman		
Scott Spezial	Councilman (1/1/10-4/6/10)		
Steven Cascio	Councilman (5/10/10-12/31/10)		
Lilly Chin	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	1,000,000	A
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
Thomas Mechan	Chief of Fire Prevention Bureau	1,000,000	A
William Cicchetti	Police Chief - 1/1/10-5/1/10	1,000,000	A
Randy Giocco	Police Chief - 5/1/10-12/31/10		
Peter Geiger	Magistrate	1,000,000	A
Margaret A. Koesel	Court Administrator	1,000,000	A
Steven Cascio	Director of the Department of Health and Welfare	1,000,000	A
Rosemarie Hannan	Director of Department of Public Affairs (1/1/10-5/19/10)	1,000,000	A
Dina Burke	Director of Department of Public Affairs (5/10/10-12/31/10)		

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS (Continued)

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
David Frank	Director of Department of Engineering	1,000,000	A
Joseph Rinaldi	Director of Department of Public Safety (1/1/10-7/31/10)	1,000,000	A
William Cicchetti	Director of Department of Public Safety (8/9/10-12/31/10)		

	<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	1/1/10 - 12/31/10

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

GENERAL COMMENTS

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

Prior Year Findings – Unresolved

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

Our audit revealed that the Township's fixed asset accounting and reporting system was not updated for certain current year additions. The financial statements as presented reflect unrecorded additions. It is recommended that the Township's fixed asset accounting and reporting system be currently maintained.

Current Year

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 returned.

Our audit revealed that certain purchases which in the aggregate exceed the bid threshold made under State procurement contracts were not approved by resolution of the Governing Body. It is recommended that State contract vendors utilized by Township be awarded by resolution as required by the Local Public Contracts Law.

Our audit revealed the Township's Affordable Housing annual report was not filed with the State Council on Affordable Housing. It is recommended that the Township's Affordable Housing annual report be filed with the State Council on Affordable Housing.

Our audit revealed that the reconciled bank balance of the Township's payroll account does not agree to the general ledger book balance. In addition, the reconciled balance appears to be in a deficit. It is recommended that the payroll account be reconciled and any deficit balance in the account be reviewed and cleared of record.

Suggestions to Management

Federal tax withholdings paid by the third party agency be verified through the Electronic Federal Tax Payment System (EFTPS).

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 \$21,000, except by contract or agreement."

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

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

The Purchasing Agent and the Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$21,000 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.

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

Recycling-Curbside Collections
Transporting and Disposal of Seasonal Leaves
Street Curb and Sidewalk Improvement Program

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

Our examination of expenditures did not reveal instances where expenditures were made in excess of \$25,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

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

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

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

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

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

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

Delinquent Assessments and Tax Title Liens

There was a tax sale held on October 28, 2010.

There is one Township owned tax title lien receivable as of December 31, 2010.

**TOWNSHIP OF WASHINGTON
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. The Current Fund and Other Trust Fund general ledgers be reconciled to the 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 that any contracts awarded are properly encumbered.
- * 3. Contract for purchase of gasoline which in the aggregate exceeds the bid threshold be public 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 currently maintained.
- 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 returned.
- 7. State contract vendors utilized by Township be awarded by resolution as required by the Local Public Contracts Law.
- 8. The Township's Affordable Housing annual report be filed with the State Council on Affordable Housing.
- 9. The Payroll Account be reconciled and any deficit balance in the account be reviewed and cleared of record.

Status of Prior Year's Audit Findings/Recommendations

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

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

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



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



Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411