

**TOWNSHIP OF WASHINGTON**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2015**

**TOWNSHIP OF WASHINGTON  
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
<b><u>PART I Report on Audit of Financial Statements and Supplementary Schedules</u></b>		
	<b>Independent Auditor's Report</b>	1-3
	<b>Financial Statements</b>	
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-14
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	15-16
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	17
C-1	Comparative Statements of Fund Balance – Regulatory Basis - General Capital Fund	18
D	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	19
	Notes to Financial Statements	20-52
	<b>Supplementary Schedules</b>	
	<b><u>Current Fund</u></b>	
A-4	Statement of Current Cash	53
A-5	Statement of Cash – Tax Collector	54
A-6	Statement of Change Fund	55
A-7	Statement of Due From State of New Jersey for Senior Citizens' and Veterans' Deductions	55
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	56
A-9	Statement of Tax Title Liens	57
A-10	Statement of Property Acquired for Taxes (at Assessed Valuation)	58
A-11	Statement of Grants Receivable	59
A-12	Statement of Revenue Accounts Receivable	60
A-13	Statement of 2014 Appropriation Reserves	61-64
A-14	Statement of Encumbrances Payable	65
A-15	Statement of Prepaid Taxes	65
A-16	Statement of Tax Overpayments	65
A-17	Statement of Miscellaneous, Appropriated Grant and Unappropriated Grant Reserves	66
A-18	Statement of County Taxes Payable	67
A-19	Statement of Regional School Taxes Payable	67
A-20	Statement of Accounts Payable	67
A-21	Statement of Due to Township Public Library	68
A-22	Statement of Emergency Authorizations	68
A-23	Statement of Deferred Charges Special Emergency Authorization	69
	<b><u>Trust Fund</u></b>	
B-1	Statement of Trust Cash	70
B-2	Statement of Amount Due From Dog Licensing Official – Animal Control Fund	71
B-3	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	71
B-4	Statement of Due to State of New Jersey - Animal Control Fund	71
B-5	Statement of Reserve for Escrow and Performance Deposits – Animal Control Fund	72
B-6	Statement of Due to Current Fund - Other Trust Fund	72
B-7	Statement of Reserve for Unemployment Insurance Claims – Unemployment Insurance Trust Fund	73

**TOWNSHIP OF WASHINGTON  
TABLE OF CONTENTS**

**Exhibits**

**Page**

**PART I Report on Audit of Financial Statements and Supplementary Schedules**

**Supplementary Schedules (Continued)**

**Trust Fund (Continued)**

B-8	Statement of Due to Current Fund - Animal Control Fund	73
B-9	Statement of Reserve for Insurance Settlement – Municipal Complex – Other Trust Fund	74
B-10	Statement of Reserve for Mt. Laurel Senior Housing – Other Trust Fund	74
B-11	Statement of Reserve for Payroll Deductions Payable – Other Trust Fund	74
B-12	Statement of Due to State of NJ – Unemployment Insurance Trust Fund	75
B-13	Statement of Miscellaneous Reserves – Other Trust Fund	75
B-14	Statement of Police Private Detail Billings – Other Trust Fund	76

**General Capital Fund**

C-2	Statement of General Capital Cash	77
C-3	Analysis of General Capital Cash	78
C-4	Statement of Deferred Charges to Future Taxation - Funded	79
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	80
C-6	Statement of Due To/From Current Fund	81
C-7	Statement of Improvement Authorizations	82
C-8	Statement of General Serial Bonds	83
C-9	Statement of Capital Improvement Fund	84
C-10	Statement of Contracts Payable	84
C-11	Statement of Reserve for Payment of Bonds	85
C-12	Statement of Reserve for Preliminary Costs	85
C-13	Statement of Reserve for Ambulance	85
C-14	Statement of Grants Receivable	86
C-15	Statement of Bond Anticipation Notes	87
C-16	Statement of Bonds and Notes Authorized But Not Issued	88

**Part II – Government Auditing Standards**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards – Independent Auditor’s Report	89-90
Schedule of Expenditures of Federal Awards	91
Schedule of Expenditures of State Financial Assistance	92-93
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	94
Schedule of Findings and Responses	95-96
Status of Prior Year Findings	97

**TOWNSHIP OF WASHINGTON  
TABLE OF CONTENTS**

**Page**

**Part III – Supplementary Data and Letter of Comments and Recommendations**

Comparative Statement of Operations and Changes in Fund Balance - Current Fund	98
Comparative Schedule of Tax Rate Information	99
Comparison of Tax Levies and Collection Currently	99
Delinquent Taxes and Tax Title Liens	100
Property Acquired by Tax Title Lien Liquidation	100
Comparative Schedule of Fund Balances	100
Officials in Office and Surety Bonds	101
General Comments	102-103
Recommendations	104

**TOWNSHIP OF WASHINGTON**

**BERGEN COUNTY, NEW JERSEY**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Washington, as of December 31, 2015 and 2014, 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, 2015, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Washington as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Township’s Trust Funds, and represent 39 percent and 49 percent of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2015 and 2014.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of Washington as of December 31, 2015 and 2014, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2015 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

*Other Matters*

*Other Information*

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated May 17, 2016 on our consideration of the Township of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Washington's internal control over financial reporting and compliance.

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

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
May 17, 2016

**TOWNSHIP OF WASHINGTON  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
CURRENT FUND  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	A-4	\$ 5,468,637	\$ 6,484,993
Cash - Tax Collector	A-5	31,099	24,480
Cash - Change Fund	A-6	<u>325</u>	<u>325</u>
		<u>5,500,061</u>	<u>6,509,798</u>
Grants Receivable	A-11	20,019	15,257
Due from State of NJ-Seniors & Veterans	A-7	<u>8,110</u>	<u>9,360</u>
		<u>5,528,190</u>	<u>6,534,415</u>
Receivables and Other Assets With Full Reserves			
Taxes Receivable	A-8	322,878	382,918
Tax Title Liens Receivable	A-9	2,472	1,062
Property Acquired for Taxes - Assessed Valuation	A-10	70,950	70,950
Prepaid Regional School Taxes	A-19	1,951,574	
Due from General Capital Fund	C-6		104,083
Due from Animal Control Fund	B-8	3,515	20,398
Due from Other Trust Fund	B-6	52,116	98,421
Revenue Accounts Receivable	A-12	<u>-</u>	<u>56,391</u>
		<u>2,403,505</u>	<u>734,223</u>
Deferred Charges			
Emergency Authorization	A-22	11,200	
Special Emergency Authorization	A-23	<u>168,000</u>	<u>224,000</u>
		<u>179,200</u>	<u>224,000</u>
Total Assets		<u>\$ 8,110,895</u>	<u>\$ 7,492,638</u>

**TOWNSHIP OF WASHINGTON  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
CURRENT FUND  
AS OF DECEMBER 31, 2015 AND 2014  
(Continued)**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 1,216,414	\$ 1,542,546
Accounts Payable	A-20	50,820	272,082
Encumbrances Payable	A-14	909,300	568,931
Prepaid Taxes	A-15	193,629	158,693
Tax Overpayments	A-16	1,798	4,543
Miscellaneous Reserves	A-17	1,239,155	1,234,600
Due to Township Public Library	A-21	-	64,206
Appropriated Grant Reserves	A-17	182,043	69,696
Unappropriated Grant Reserves	A-17	9,828	16,869
County Taxes Payable	A-18	3,606	
Due to General Capital Fund	C-6	31,574	
Due to Length of Service Award Program Fund	B	<u>96,700</u>	<u>114,200</u>
		3,934,867	4,046,366
Reserve for Receivables and Other Assets	A	2,403,505	734,223
Fund Balance	A-1	<u>1,772,523</u>	<u>2,712,049</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 8,110,895</u>	<u>\$ 7,492,638</u>

**TOWNSHIP OF WASHINGTON**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,325,000	\$ 1,100,000
Miscellaneous Revenue Anticipated	A-2	1,936,492	2,010,121
Receipts from Delinquent Taxes	A-2	373,018	296,912
Receipts from Current Taxes	A-2	36,391,753	35,450,691
Non-Budget Revenue	A-2	83,009	98,470
Other Credits to Income			
Cancellation of Accounts Payable	A-20	263,332	7,033
Cancellation of Prior Year LOSAP Contributions	B	3,750	
Statutory Excess - Dog License Fund	B-8	3,504	7,253
Interfunds Returned	A	167,271	64,939
Unexpended Balance of Appropriation Reserves	A-13	1,121,371	859,620
Cancellation of Other Liabilities	A-21	64,206	-
		<hr/>	<hr/>
Total Revenues		41,732,706	39,895,039
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,844,540	4,719,801
Other Expenses	A-3	5,267,812	5,234,925
Capital Improvements	A-3	155,000	35,000
Municipal Debt Service	A-3	937,794	964,939
Deferred Charges and Statutory Expenditures	A-3	935,601	1,000,902
Other Debits			
County Taxes	A-18	4,049,170	3,812,280
County Open Space Tax	A-18	42,646	41,469
Due County for Added and Omitted Taxes	A-18	3,606	475
Regional School Taxes	A-19	23,089,564	22,503,104
Prepaid Regional School Taxes	A-19	1,951,574	
Prior Year Senior Citizen Deduction Disallowed	A-7	250	750
Refund of Prior Year Revenue	A-4	80,875	61,255
Interfunds Originating	A	-	20,565
		<hr/>	<hr/>
Total Expenditures		41,358,432	38,395,465
Excess in Revenue		374,274	1,499,574
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred to Budget of Succeeding Year	A-22	11,200	-
		<hr/>	<hr/>
Excess in Revenue to Fund Balance		385,474	1,499,574
<b>Fund Balance, January 1</b>	A-1	<hr/> 2,712,049	<hr/> 2,312,475
		3,097,523	3,812,049
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<hr/> 1,325,000	<hr/> 1,100,000
<b>Fund Balance, December 31</b>	A	<hr/> <u>\$ 1,772,523</u>	<hr/> <u>\$ 2,712,049</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, 2015**

	<u>Reference</u>	2015 <u>Budget</u>	Added by N.J.S. <u>40A:4-87</u>	2015 <u>Realized</u>	Excess or <u>(Deficit)</u>
<b>FUND BALANCE ANTICIPATED</b>	A-1	\$ 1,325,000	-	\$ 1,325,000	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-12	15,000		15,126	\$ 126
Other	A-2	2,000		4,242	2,242
Fees and Permits					
Construction Code Official	A-12	210,000		214,318	4,318
Other	A-2	185,000		224,610	39,610
Fines and Costs					
Municipal Court	A-12	75,000		111,262	36,262
Interest and Costs on Taxes	A-12	65,000		106,314	41,314
Interest on Investments and Deposits	A-2	20,000		55,625	35,625
Cable Television Franchise Fees	A-12	142,168		142,169	1
Sewer Charges	A-12	30,000		27,286	(2,714)
State Aid					
Energy Receipts Tax	A-12	713,525		713,525	
Interlocal Municipal Services Agreement					
Joint Health Services - Contractual	A-12	54,563		56,767	2,204
State and Federal Programs Offset With Appropriations					
Municipal Alliance on Alcoholism and Drug Abuse	A-11	9,876		9,876	
Bergen County Municipal JIF	A-11	2,000		2,000	
Clean Communities Program	A-11		\$ 19,217	19,217	
Drive Sober or Get Pulled Over	A-11		5,000	5,000	
Reserve for Recycling Tonnage Grant	A-17	16,869		16,869	
Special Items					
Uniform Fire Safety Act	A-12	18,250		15,702	(2,548)
Sale of Recyclables	A-12	52,000		45,015	(6,985)
Cell Tower	A-12	82,482		78,332	(4,150)
Police Outside Billings - Other Trust Fund	A-12	45,000	-	73,237	28,237
<b>Total Miscellaneous Revenues</b>	A-1	<u>1,738,733</u>	<u>24,217</u>	<u>1,936,492</u>	<u>173,542</u>
<b>RECEIPTS FROM DELINQUENT TAXES</b>	A-1, A-8	<u>350,000</u>	-	<u>373,018</u>	<u>23,018</u>
<b>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</b>					
Local Tax for Municipal Purposes	A-2, A-8	8,986,301		9,499,998	513,697
Minimum Library Tax	A-2, A-8	569,498	-	569,498	-
<b>Total Amount to be Raised by Taxes for Support of Municipal Budget</b>		<u>9,555,799</u>	-	<u>10,069,496</u>	<u>513,697</u>
<b>Total</b>		<u>\$ 12,969,532</u>	<u>\$ 24,217</u>	<u>13,704,006</u>	<u>\$ 710,257</u>
<b>Non-Budget Revenue</b>	A-1, A-2			<u>83,009</u>	
				<u>\$ 13,787,015</u>	

**TOWNSHIP OF WASHINGTON  
STATEMENT OF REVENUES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

	<u>Reference</u>	
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1, A-8	\$ 36,391,753
Less: Allocated to School and County Taxes	A-18, A-19	<u>27,184,986</u>
		9,206,767
 Add: Appropriation "Reserve for Uncollected Taxes"	 A-3	 <u>862,729</u>
 Amount for Support of Municipal Budget Appropriations	 A-2	 <u>\$ 10,069,496</u>
 Licenses - Other		
Township Clerk	A-12	\$ 3,060
Board of Health	A-12	<u>1,182</u>
	A-2	<u>\$ 4,242</u>
 Fees and Permits - Other		
Township Clerk	A-12	\$ 17,988
Police Department	A-12	11,795
Zoning Board of Adjustment	A-12	6,404
Planning Board	A-12	3,716
Board of Health	A-12	11,271
Recreation	A-12	<u>173,436</u>
	A-2	<u>\$ 224,610</u>
 Interest on Investments and Deposits		
Treasurer	A-12	\$ 37,788
Due from General Capital Fund	C-6	10,281
Due from Animal Control Fund	B-8	105
Due from Other Trust Fund	B-6	<u>7,451</u>
	A-2	<u>\$ 55,625</u>
 <b>ANALYSIS OF NON-BUDGET REVENUE</b>		
Tree Removal Application Fees		\$ 3,529
Motor Vehicle Inspection Fines		2,106
Stale Dated Checks Cancelled		7,309
Rental of Township Property		10,450
Garbage Bag Fees		10,840
Miscellaneous		18,450
Insurance Dividends		9,539
Senior Citizen - Administrative Fees		2,330
Bank Accounts Closed		<u>18,456</u>
	A-2, A-4	<u>\$ 83,009</u>

**TOWNSHIP OF WASHINGTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration					
Salaries and Wages	\$ 175,882	\$ 175,882	\$ 166,221	\$ 9,661	
Other Expenses	32,850	32,850	18,481	14,369	
Maintenance and Support of Office Equip					
Maint. & Support- Equipment	20,000	20,000	12,916	7,084	
Maint. & Support- Computers/Telephone	10,000	10,000	6,760	3,240	
Energy & Environmental Control	9,000	9,000		9,000	
Mayor & Council					
Salaries and Wages- Mayor	9,644	9,644	9,644		
Other Expenses- Mayor	6,250	6,250	2,620	3,630	
Salaries and Wages- Council	30,484	30,484	30,484		
Other Expenses- Council	6,500	6,500	1,860	4,640	
Municipal Clerk					
Salaries and Wages	68,806	68,806	67,614	1,192	
Other Expenses	14,250	14,250	9,104	5,146	
Elections					
Elections- S&W	1,200	1,200	800	400	
Elections- Other Expenses	10,000	10,000	7,645	2,355	
Financial Administration					
Salaries and Wages	87,450	87,450	42,133	45,317	
Other Expenses					
Financial Services - Fees	28,500	28,500	22,844	5,656	
Miscellaneous Other	22,400	22,400	17,030	5,370	
Audit Services					
Other Expenses	33,200	33,200	33,200		
Revenue Administration					
Salaries and Wages	19,286	19,286	12,127	7,159	
Other Expenses	13,500	13,500	6,437	7,063	
Tax Assessment Administration					
Salaries and Wages	51,376	51,376	47,120	4,256	
Other Expenses	5,175	5,175	2,216	2,959	
Legal Services					
Salaries and Wages	69,910	69,910	69,910		
Other Expenses					
Administration	500	500	-	500	
Council	78,000	78,000	40,483	37,517	
Tax Appeals	30,000	30,000	18,495	11,505	
Codification of Ordinances	17,000	17,000	15,460	1,540	
Engineering Services					
Salaries and Wages	1,250	1,250	1,146	104	
Other Expenses	47,000	47,000	10,407	36,593	
Department of Public Affairs					
Salaries and Wages	1,250	1,250	1,250		
Other Expenses	15,800	15,800	10,407	5,393	
Cable Television Expense	8,000	8,000	6,975	1,025	
Land Use Administration					
Planning Board					
Salaries and Wages	6,992	6,992	3,867	3,125	
Other Expenses	6,950	6,950	5,807	1,143	
Zoning Board of Adjustment					
Salaries and Wages	18,136	18,136	14,257	3,879	
Other Expenses	9,290	9,290	8,281	1,009	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>PUBLIC SAFETY FUNCTIONS</b>					
Police Department					
Salaries and Wages	\$ 2,994,286	\$ 2,994,286	\$ 2,994,286		
Other Expenses	50,250	50,250	33,767	\$ 16,483	
Acquisition/Leasing of Police Vehicles	101,000	101,000	99,701	1,299	
Community Policing	4,500	4,500	4,500		
Telephone Support System	5,500	5,500	5,500		
Maintenance of Desk Record System	9,000	9,000	6,000	3,000	
Police Range Rental	6,500	6,500	6,000	500	
Computer Software Leasing	12,000	12,000	11,250	750	
Police Car Cameras	3,000	3,000	2,815	185	
Reverse 911 System	3,500	3,500	3,345	155	
Police Dispatchers					
Salaries and Wages	130,000	130,000	107,465	22,535	
Office of Emergency Management					
Salaries and Wages	2,500	2,500	2,500		
Other Expenses	5,000	5,000	347	4,653	
Aid to Volunteer Ambulance Company	42,000	42,000	41,871	129	
Fire Department					
Salaries & Wages	1,250	1,250	1,250		
Other Expenses	29,360	33,260	29,185	4,075	
Clothing Allowance	41,000	41,000	40,850	150	
Physicals	1,800	1,800	1,800		
Death Benefits	9,700	9,700		9,700	
Maintenance Program	28,700	24,800	22,313	2,487	
Equipment Compliance	6,175	6,175	2,271	3,904	
Uniform Fire Safety Code					
Other Expenses	13,500	13,500	9,770	3,730	
Fire Hydrant Service	159,000	159,000	148,135	10,865	
Municipal Prosecutor					
Salaries & Wages	7,525	7,525	6,525	1,000	
<b>PUBLIC WORKS FUNCTIONS</b>					
Department of Municipal Facilities					
Salaries and Wages	686,579	686,579	560,384	126,195	
Other Expenses	79,100	79,100	49,699	29,401	
Other Public Works Functions					
Shade Trees - Holiday Decoration	4,000	4,000		4,000	
Street Sweeping	18,000	18,000	4,500	13,500	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>PUBLIC WORKS FUNCTIONS (Continued)</b>					
Recycling					
Salaries and Wages	\$ 1,000	\$ 1,000	\$ 1,000		
Other Expenses	375,000	375,000	332,506	\$ 42,494	
Buildings and Grounds					
Building Maintenance	26,200	26,200	19,548	6,652	
Emergency - Garbage Bags		11,200	11,200		
Vehicle Maintenance					
Other Expenses	111,200	111,200	61,336	49,864	
Community Services Act	33,000	33,000	28,552	4,448	
<b>HEALTH AND HUMAN SERVICES</b>					
Public Health Services					
Salaries and Wages (Board of Health)	73,317	73,317	72,637	680	
Other Expenses (Board of Health)	17,323	17,323	17,029	294	
Occ. Safety & Health Blood Pathogens	2,600	2,600		2,600	
Animal Control Services					
Other Expenses	15,000	15,000	11,700	3,300	
Recreation Services and Programs					
Salaries and Wages	91,816	91,816	58,327	33,489	
Other Expenses	159,100	159,100	103,826	55,274	
Golden Seniors' Committee	14,000	14,000	14,000		
Senior Activities	3,000	3,000	2,455	545	
Community Programs					
Salaries and Wages	1,000	1,000		1,000	
Other Expenses	1,600	1,600	558	1,042	
Maintenance of Parks					
Parks and Other Expenses	63,600	63,600	27,123	36,477	
Rental - Athletic Facilities	11,000	11,000	4,023	6,977	
Resurfacing of Memorial Field	13,000	13,000	5,700	7,300	
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Celebration of Public Events	26,500	26,500	22,340	4,160	
Accumulated Leave Compensation	100,000	100,000	100,000		
<b>MUNICIPAL COURT</b>					
Salaries and Wages	75,031	75,031	73,553	1,478	
Other Expenses	8,795	8,795	3,985	4,810	
Public Defender					
Other Expenses	2,000	2,000	800	1,200	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Adopted Budget	Budget After Modification	Total Paid or Charged	Reserved	Cancelled
<b>INSURANCE</b>					
Liability Insurance (BJIF)	\$ 179,500	\$ 179,500	\$ 146,521	\$ 32,979	
Workers Compensation Insurance (BJIF)	180,000	180,000	178,354	1,646	
Employee Group Insurance	850,500	850,500	669,910	180,590	
Unemployment	57,512	57,512	57,512		
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>					
Construction Officials					
Salaries and Wages	111,292	111,292	103,082	8,210	
Other Expenses	7,800	7,800	4,615	3,185	
<b>UTILITY EXPENSES &amp; BULK PURCHASES</b>					
Electricity	79,210	79,210	60,109	19,101	
Street Lighting	76,000	76,000	60,033	15,967	
Telephone	43,750	43,750	41,843	1,907	
Water	13,000	13,000	10,878	2,122	
Natural Gas	19,500	19,500	14,726	4,774	
Gasoline	101,700	101,700	63,967	37,733	
<b>LANDFILL/SOLID WASTE DISPOSAL</b>					
Sanitary Landfill & Dump Fees	92,000	92,000	65,939	26,061	-
Total Operations Within "CAPS"	<u>8,457,402</u>	<u>8,468,602</u>	<u>7,369,717</u>	<u>1,098,885</u>	<u>-</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>					
Deferred Charges					
Prior Year Bills					
General Code	269	269			\$ 269
Borough of Ho-Ho-Kus - 2012 Sewer Charges	1,204	1,204			1,204
Statutory Charges					
DCRP Pension	4,000	4,000	2,370	1,630	
Social Security System (O.A.S.I.)	199,000	199,000	157,213	41,787	
Public Employees Retirement System	117,444	117,444	117,444		
Police & Firemen's Retirement System	559,157	559,157	559,157	-	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>881,074</u>	<u>881,074</u>	<u>836,184</u>	<u>43,417</u>	<u>1,473</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>9,338,476</u>	<u>9,349,676</u>	<u>8,205,901</u>	<u>1,142,302</u>	<u>1,473</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
<b>PUBLIC SAFETY FUNCTIONS</b>					
Length of Service Awards Program (LOSAP)	125,000	125,000	125,000		
<b>EDUCATION FUNCTIONS</b>					
Maintenance of Free Public Library	569,498	569,498	569,498		
<b>UTILITY EXPENSES &amp; BULK PURCHASES</b>					
Sewer					
Bergen County Utilities Authority - Contractual					
Operating	521,752	521,752	521,752		
Debt Service	225,019	225,019	225,019		
Other Municipalities - Contractual	100,000	100,000	69,516	30,484	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total Other Operations Excluded from "CAPS"	\$ 1,541,269	\$ 1,541,269	\$ 1,510,785	\$ 30,484	-
<b>Interlocal Municipal Service Agreements</b>					
Joint Health Services - Contractual					
Salaries and Wages	27,278	27,278	27,134	144	
Other Expenses	19,772	19,772	19,016	756	-
Total Interlocal Municipal Service Agreements	47,050	47,050	46,150	900	-
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
Bergen County Municipal JIF	2,000	2,000	1,999	1	
Drive Sober or Get Pulled Over		5,000	3,419	1,581	
Reserve for Recycling Tonnage Grant	16,869	16,869		16,869	
Clean Communities Program		19,217		19,217	
Municipal Alliance Grant					
State Share	9,876	9,876	7,285	2,591	
Local Match	2,469	2,469	-	2,469	-
Total Public and Private Programs Offset by Revenues	31,214	55,431	12,703	42,728	-
Total Operations Excluded from "CAPS"	1,619,533	1,643,750	1,569,638	74,112	-
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	150,000	150,000	150,000		
Reserve for Ambulance	5,000	5,000	5,000	-	-
Total Capital Improvements Excluded from "CAPS"	155,000	155,000	155,000	-	-
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	810,000	810,000	810,000		
Interest on Bonds	117,962	117,962	117,962		
Interest on Notes	9,832	9,832	9,832	-	-
Total Municipal Debt Service Excluded from "CAPS"	937,794	937,794	937,794	-	-
<b>DEFERRED CHARGES</b>					
Emergency Authorizations					
Special Emergency Authorizations - 5 Years	56,000	56,000	56,000	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	56,000	56,000	56,000	-	-

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Total Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 2,768,327	\$ 2,792,544	\$ 2,718,432	\$ 74,112	-
Subtotal General Appropriations	12,106,803	12,142,220	10,924,333	1,216,414	\$ 1,473
Reserve for Uncollected Taxes	<u>862,729</u>	<u>862,729</u>	<u>862,729</u>	-	-
Total General Appropriations	<u>\$ 12,969,532</u>	<u>\$ 13,004,949</u>	<u>\$ 11,787,062</u>	<u>\$ 1,216,414</u>	<u>\$ 1,473</u>
<u>Reference</u>	A-2			A	

Adopted Budget	A-2	\$ 12,969,532
Added by N.J.S.A. 40A:4-87 Emergency Authorization	A-2	24,217
	A-23	<u>11,200</u>
		<u>\$ 13,004,949</u>

Cash Disbursed	A-4	\$ 9,871,533
Encumbrances Payable	A-14	909,300
Deferred Charges - Special Emergency	A-23	56,000
Due to Length of Service Award Program Fund	B	87,500
Reserve for Uncollected Taxes	A-2	<u>862,729</u>
		<u>\$ 11,787,062</u>

**TOWNSHIP OF WASHINGTON  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 13,792	\$ 29,186
Cash - Change Fund	B	25	25
Due from Dog Licensing Official	B-2	<u>-</u>	<u>1,194</u>
		<u>13,817</u>	<u>30,405</u>
<b>OTHER TRUST FUND</b>			
Cash	B-1	<u>2,456,365</u>	<u>1,524,059</u>
		<u>2,456,365</u>	<u>1,524,059</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-1	<u>166,038</u>	<u>124,882</u>
<b>LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)</b>			
Investments	B	1,583,280	1,499,494
Due from Current Fund	B	<u>96,700</u>	<u>114,200</u>
		<u>1,679,980</u>	<u>1,613,694</u>
Total Assets		<u>\$ 4,316,200</u>	<u>\$ 3,293,040</u>

**TOWNSHIP OF WASHINGTON  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2015 AND 2014  
(Continued)**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Reserve for Animal Control Expenditures	B-3	\$ 9,927	\$ 9,854
Due to State of NJ	B-4	375	153
Due to Current Fund	B-8	<u>3,515</u>	<u>20,398</u>
		<u>13,817</u>	<u>30,405</u>
<b>OTHER TRUST FUND</b>			
Reserve for Escrow and Performance Deposits	B-5	844,176	746,702
Reserve for Insurance Settlements	B-9	313,418	317,573
Reserve for Mt. Laurel Senior Housing	B-10	17,261	17,259
Reserve for Payroll Deductions Payable (Deficit)	B-11	6,488	(1,318)
Reserve for Police Private Detail Billings	B-14	91,099	48,703
Due to Current Fund	B-6	52,116	98,421
Miscellaneous Reserves	B-13	<u>1,131,807</u>	<u>296,719</u>
		<u>2,456,365</u>	<u>1,524,059</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Due to State of New Jersey	B-12	1,041	4,582
Reserve for Unemployment Insurance Claims	B-7	<u>164,997</u>	<u>120,300</u>
		<u>166,038</u>	<u>124,882</u>
<b>LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)</b>			
Reserve for Investments in Length of Service Award Program	B	<u>1,679,980</u>	<u>1,613,694</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 4,316,200</u>	<u>\$ 3,293,040</u>

**TOWNSHIP OF WASHINGTON  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 1,343,731	\$ 1,904,602
Grants Receivable	C-14	354,024	331,135
Due from Current Fund	C-6	31,574	
Deferred Charges to Future Taxation			
Funded	C-4	2,872,000	3,682,000
Unfunded	C-5	<u>4,002,995</u>	<u>2,455,445</u>
 Total Assets		 <u>\$ 8,604,324</u>	 <u>\$ 8,373,182</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Improvement Authorizations			
Funded	C-7	\$ 396,812	\$ 474,356
Unfunded	C-7	1,205,276	1,120,311
Due to Current Fund	C-6		104,083
General Serial Bonds	C-8	2,872,000	3,682,000
Bond Anticipation Notes Payable	C-15	2,510,000	1,855,000
Capital Improvement Fund	C-9	176,760	106,960
Contracts Payable	C-10	997,817	516,702
Reserve for Grants Receivable	C-16	67,889	45,000
Reserve for Payment of Bonds	C-11	14,961	14,961
Reserve for Preliminary Costs	C-12	5,000	5,000
Reserve for Ambulance	C-13	40,000	35,000
Fund Balance	C-1	<u>317,809</u>	<u>413,809</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 8,604,324</u>	 <u>\$ 8,373,182</u>

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$1,530,245 and \$716,280 respectively, (Exhibit C-16).

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON**  
**COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	C	\$ 413,809	\$ 134,054
Increased by:			
Improvement Authorizations Cancelled	C-1	<u>-</u>	<u>279,755</u>
		<u>-</u>	<u>279,755</u>
Decreased by:		413,809	413,809
Appropriated to Finance Improvement Authorization	C-7	<u>96,000</u>	<u>-</u>
Balance, December 31	C	<u>\$ 317,809</u>	<u>\$ 413,809</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF WASHINGTON  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2015 AND 2014**

	Balance, December 31, <u>2015</u>	Balance, December 31, <u>2014</u>
<b>ASSETS</b>		
Land	\$ 11,428,900	\$ 11,428,900
Buildings and Building Improvements	2,637,529	2,549,329
Machinery and Equipment	<u>4,965,022</u>	<u>4,863,033</u>
	<u>\$ 19,031,451</u>	<u>\$ 18,841,262</u>
<b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 19,031,451</u>	<u>\$ 18,841,262</u>

**NOTES TO FINANCIAL STATEMENTS**

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Township of Washington (the "Township") was incorporated in 1840 and operates under an elected Mayor and Council form of government under the Faulkner Act. The Mayor is elected to a four-year term and the five council members are elected at-large, for terms of four years each. The Mayor is the Chief Executive and Administrative Officer of the Township. The Township Council exercises all legislative powers including final adoption of the municipal budget, bond ordinances and certain confirmations of the Mayor's appointments. A Township Administrator is appointed by the Mayor, with the advice and consent of the Township Council, and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Township affairs and for the day to day operations of the Township. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

**B. Description of Regulatory Basis of Accounting**

The financial statements of the Township of Washington have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

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

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Township has the following funds and account group:

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

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

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

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

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

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

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

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

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

**Financial Statements – Regulatory Basis**

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

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting**

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

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

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

**Inventories** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

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

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

Appropriation Reserves - Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

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

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

General 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.

General 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.

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgets and Budgetary Accounting (Continued)**

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 2015 and 2014 the Township Council increased the original budget by \$35,417 and \$23,000. The 2015 increase was funded by additional aid of \$24,217 allotted to the Township and a emergency authorization for garbage and trash removal in the amount of \$11,200. The 2014 increase was funded by additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2015 and 2014.

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

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

**A. Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Township's deposits were \$9,480,012 and \$10,092,552 and bank and brokerage firm balances of the Township's deposits amounted to \$11,994,065 and \$10,210,137, 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>2015</u>	<u>2014</u>
Insured	\$ 11,994,065	\$ 10,210,137

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**A. Cash 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 deposits were exposed to custodial credit risk.

**B. Investments**

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

As of December 31, 2015 and 2014, the Township had the following investments:

<u>2015</u>	<u>Fair Value</u>
<u>Investment:</u>	
Length of Service Award Program (Unaudited)	\$ 1,583,280
	<u>\$ 1,583,280</u>
<u>2014</u>	<u>Fair Value</u>
<u>Investment:</u>	
Length of Service Award Program (Unaudited)	\$ 1,499,494
	<u>\$ 1,499,494</u>

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (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, 2015 and 2014, \$1,583,280 and \$1,499,494 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ 1,583,280	\$ 1,499,494

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices. As of December 31, 2015 and 2014, the Township’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Services.

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

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

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

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
<u>Current</u>		
Property Taxes	\$ 322,878	\$ 382,918
Tax Title Liens	2,472	1,062
	<u>\$ 325,350</u>	<u>\$ 383,980</u>

In 2015 and 2014, the Township collected \$373,018 and \$296,912 from delinquent taxes, which represented 97% and 99%, respectively of the prior year delinquent taxes receivable balance.

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

	<u>2015</u>		<u>2014</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	\$ 55,631	\$ 128,274	\$ 222,902	\$ 114,200
Animal Control Fund		3,515		20,398
Other Trust Fund		52,116		98,421
LOSAP Trust Fund	96,700		114,200	
General Capital Fund	<u>31,574</u>	<u>-</u>	<u>-</u>	<u>104,083</u>
Total	<u>\$ 183,905</u>	<u>\$ 183,905</u>	<u>\$ 337,102</u>	<u>\$ 337,102</u>

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

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

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2015</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$168,000	\$56,000	\$112,000
Emergency Authorization	<u>11,200</u>	<u>11,200</u>	<u>-</u>
	<u>\$179,200</u>	<u>\$67,200</u>	<u>\$112,000</u>
<u>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$224,000</u>	<u>\$56,000</u>	<u>\$168,000</u>

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 7 FUND BALANCES APPROPRIATED**

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

	<b>2015</b>		<b>2014</b>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,565,194	\$ 1,110,000	\$ 2,463,432	\$ 1,325,000
Non-Cash Surplus	<u>207,329</u>	<u>-</u>	<u>248,617</u>	<u>-</u>
	<u>\$ 1,772,523</u>	<u>\$ 1,110,000</u>	<u>\$ 2,712,049</u>	<u>\$ 1,325,000</u>

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2015 and 2014.

	<b>2015</b>			<b>Balance, December 31, 2015</b>
	<u>Balance December 31, 2014</u>	<u>Additions</u>	<u>Deletions</u>	
<b>2015</b>				
Land	\$ 11,428,900			\$ 11,428,900
Buildings and Building Improvement	2,549,329	\$ 88,200		2,637,529
Machinery and Equipment	<u>4,863,033</u>	<u>101,989</u>	<u>-</u>	<u>4,965,022</u>
	<u>\$ 18,841,262</u>	<u>\$ 190,189</u>	<u>\$ -</u>	<u>\$ 19,031,451</u>
	<b>2014</b>			<b>Balance, December 31, 2014</b>
	<u>Balance December 31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	
<b>2014</b>				
Land	\$ 11,428,900			\$ 11,428,900
Buildings and Building Improvement	2,549,329			2,549,329
Machinery and Equipment	<u>4,446,351</u>	<u>\$ 418,682</u>	<u>\$ 2,000</u>	<u>4,863,033</u>
	<u>\$ 18,424,580</u>	<u>\$ 418,682</u>	<u>\$ 2,000</u>	<u>\$ 18,841,262</u>

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT**

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

The Township's debt is summarized as follows:

	<u>2015</u>	<u>2014</u>
Issued		
General		
Bonds and Notes	\$ 5,382,000	\$ 5,537,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>52,211</u>	<u>130,796</u>
Net Debt Issued	5,329,789	5,406,204
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,530,245</u>	<u>716,280</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 6,860,034</u>	<u>\$ 6,122,484</u>

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of .40% and .36% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2015</u></b>			
General Debt	\$ 6,912,245	\$ 52,211	\$ 6,860,034
School Debt	<u>6,478,880</u>	<u>6,478,880</u>	<u>-</u>
Total	<u>\$ 13,391,125</u>	<u>\$ 6,531,091</u>	<u>\$ 6,860,034</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2014</u></b>			
General Debt	\$ 6,253,280	\$ 130,796	\$ 6,122,484
School Debt	<u>6,765,495</u>	<u>6,765,495</u>	<u>-</u>
Total	<u>\$ 13,018,775</u>	<u>\$ 6,896,291</u>	<u>\$ 6,122,484</u>

**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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 60,077,678	\$ 60,063,923
Less: Net Debt	<u>6,860,034</u>	<u>6,122,484</u>
Remaining Borrowing Power	<u>\$ 53,217,644</u>	<u>\$ 53,941,439</u>

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

	<u>2015</u>	<u>2014</u>
\$3,322,000, 2003 Bonds, due in annual installments of \$367,000 to \$375,000 through September 1, 2018, interest at 4.10%	\$ 1,112,000	\$ 1,482,000
\$3,275,000, 2011 Bonds, due in annual installments of \$440,000 through October 1, 2019, interest at 2.00% to 3.00%	<u>1,760,000</u>	<u>2,200,000</u>
	<u>\$ 2,872,000</u>	<u>\$ 3,682,000</u>

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2015 is as follows:

<u>Calendar Year</u>	<u>General Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 810,000	\$ 93,992	\$ 903,992
2017	815,000	70,022	885,022
2018	807,000	41,447	848,447
2019	<u>440,000</u>	<u>13,200</u>	<u>453,200</u>
	<u>\$ 2,872,000</u>	<u>\$ 218,661</u>	<u>\$ 3,090,661</u>

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt**

The Township's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
General Capital Fund Bonds Payable	\$ 3,682,000	\$ -	\$ 810,000	\$ 2,872,000	\$ 810,000
General Capital Fund Long-Term Liabilities	<u>\$ 3,682,000</u>	<u>\$ -</u>	<u>\$ 810,000</u>	<u>\$ 2,872,000</u>	<u>\$ 810,000</u>
	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<b><u>2014</u></b>					
General Capital Fund Bonds Payable	\$ 4,482,000	\$ -	\$ 800,000	\$ 3,682,000	\$ 810,000
General Capital Fund Long-Term Liabilities	<u>\$ 4,482,000</u>	<u>\$ -</u>	<u>\$ 800,000</u>	<u>\$ 3,682,000</u>	<u>\$ 810,000</u>

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Township's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance December 31, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2015</u>
<b><u>2015</u></b>						
<u>General Capital Fund</u>						
Purchase of Equipment	0.53	8/7/2015	\$ 40,544		\$ 40,544	
Purchase of Equipment	0.78	8/5/2016		\$ 38,246		\$ 38,246
Purchase of Equipment/Firehouse Renovation	0.53	8/7/2015	32,000		32,000	
Purchase of Equipment/Firehouse Renovation	0.78	8/5/2016		30,213		30,213
Imprvt of the Storm Water Drainage System	0.53	8/7/2015	8,911		8,911	
Imprvt of the Storm Water Drainage System	0.78	8/5/2016		8,911		8,911
Acq of New Fire Dept Equipment	0.53	8/7/2015	20,000		20,000	
Acq of New Fire Dept Equipment	0.78	8/5/2016		20,000		20,000
Acq of New and Additional Vehicular Equip	0.53	8/7/2015	154,000		154,000	
Acq of New and Additional Vehicular Equip	0.78	8/5/2016		154,000		154,000
Improvements of Memorial Field	0.53	8/7/2015	152,000		152,000	
Improvements of Memorial Field	0.78	8/5/2016		152,000		152,000
Various Road Improvements	0.53	8/7/2015	865,000		865,000	
Various Road Improvements	0.78	8/5/2016		865,000		865,000
Improvement of Colonial Boulevard	0.53	8/7/2015	285,000		285,000	
Improvement of Colonial Boulevard	0.78	8/5/2016		173,250		173,250
Various Improvements	0.53	8/7/2015	207,941		218,274	
Various Improvements	0.78	8/5/2016		207,941		207,941
Improvement of Municipal Complex Site	0.53	8/7/2015	89,604		89,604	
Improvement of Municipal Complex Site	0.78	8/5/2016		89,604		89,604
Various Improvements	0.78	8/5/2016		168,835		168,835
Improvements to Various Roads	0.78	8/5/2016	-	602,000	-	602,000
<b>Total General Capital Fund</b>			<b>\$ 1,855,000</b>	<b>\$ 2,510,000</b>	<b>\$ 1,865,333</b>	<b>\$ 2,510,000</b>

TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

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

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>Capital Project</u>	<u>Construction Commitment/ Other Purpose</u>	<u>Estimated Date of Completion/ Acquisition</u>
<b><u>2015</u></b>		
2015 Road Program	\$153,270	2016
2015 Drainage Repairs	94,003	2016
Acquisition of (2) DPW Trucks	613,256	2016
<b><u>2014</u></b>		
2014 Road Improvements	\$280,149	2015
Fence Replacement	90,000	2015

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

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

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)**

**A. Compensated Absences (Continued)**

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

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$547,001 and \$580,598 at December 31, 2015 and 2014, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2015 and 2014, the Township has reserved \$380,338 and \$125,435, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**Changes in Other Long-Term Liabilities**

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the footnotes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Township's changes in other long-term liabilities for the years ended December 31, 2015 and 2014 were as follows:

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
Compensated Absences	\$ 580,598		\$ 33,597	\$ 547,001	
Net Pension Liability - PERS	3,137,975	\$ 729,902	142,671	3,725,206	\$ 142,671
Net Pension Liability - PFRS	<u>9,157,609</u>	<u>2,329,929</u>	<u>534,516</u>	<u>10,953,022</u>	<u>534,516</u>
	<u>\$ 12,876,182</u>	<u>\$ 3,059,831</u>	<u>\$ 710,784</u>	<u>\$ 15,225,229</u>	<u>\$ 677,187</u>

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities (Continued)**

	Balance December 31, <u>2013</u>	<u>Adjustment</u> (A)	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<b><u>2014</u></b>					
Compensated Absences	\$ 615,990		\$ 35,392	\$ 580,598	
Net Pension Liability - PERS		\$ 3,442,077	304,102	3,137,975	\$ 142,671
Net Pension Liability - PFRS	-	9,919,857	762,248	9,157,609	534,516
	<u>\$ 615,990</u>	<u>\$ 13,361,934</u>	<u>\$ 1,101,742</u>	<u>\$ 12,876,182</u>	<u>\$ 677,187</u>

(A) Represents the proportionate share of the Township's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's statement No. 68 "Accounting and Financial Reporting for Pensions".

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

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

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

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

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

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The CPFPPF system is 65.4 percent funded with an unfunded actuarial accrued liability of \$1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases of 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 5.50% for DCRP and 6.92 for fiscal year 2015 for PERS of employee's annual compensation.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC) (Continued)**

During the years ended December 31, 2015, 2014 and 2013, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2015	\$ 559,157	\$ 138,169	\$ 2,370
2014	553,973	166,445	2,500
2013	616,011	156,153	2,256

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

At December 31, 2015 and 2014, the Township had a liability of \$3,725,206 and \$3,137,975, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Township's proportionate share was .01659 percent, which was a decrease of .00017 percent from its proportionate share measured as of June 30, 2014 of .01676 percent.

For the year ended December 31, 2015 and 2014, the pension system has determined the Township's pension expense to be \$232,459 and \$124,241, respectively, for PERS based on the actuarial valuation which is more/less than the actual contributions reported in the Township's financial statements of \$138,169 and \$166,445, respectively. At December 31, 2015 and 2014, the Township's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township's financial statements are from the following sources:

	<u>2015</u>		<u>2014</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 88,870			
Changes of Assumptions	400,057		\$ 98,675	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 59,894		\$ 187,006
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	-	190,954	-	201,772
<b>Total</b>	<b>\$ 488,927</b>	<b>\$ 250,848</b>	<b>\$ 98,675</b>	<b>\$ 388,778</b>

**TOWNSHIP OF WASHINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2016	\$ 35,344
2017	35,344
2018	35,344
2019	82,095
2020	49,952
Thereafter	<u>-</u>
	<u>\$ 238,079</u>

***Actuarial Assumptions***

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40% Based on Age	2.15-4.40% Based on Age
Thereafter	3.15-5.40% Based on Age	3.15-5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

**TOWNSHIP OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

*Discount Rate*

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

**TOWNSHIP OF WASHINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

**Discount Rate (Continued)**

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Sensitivity of Net Pension Liability**

The following presents the Township's proportionate share of the PERS net pension liability as of December 31, 2015 calculated using the discount rate of 4.90%, as well as what the Township's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
Township's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,629,975</u>	<u>\$ 3,725,206</u>	<u>\$ 2,966,654</u>

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2015. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

**Pension Plan Fiduciary Net Position**

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**TOWNSHIP OF WASHINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Police and Firemen's Retirement System (PFRS)**

At December 31, 2015 and 2014, the Township had a liability of \$10,953,022 and \$9,157,609, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Township's proportionate share was .06575 percent, which was a decrease of .00530 percent from its proportionate share measured as of June 30, 2014 of .07280 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Township pension expense to be \$744,991 and \$590,433, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Township's financial statements of \$559,157 and \$553,973, respectively. At December 31, 2015 and 2014, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township's financial statements are from the following sources:

	2015		2014	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 94,473		
Changes of Assumptions	\$ 2,022,200		\$ 343,808	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		190,628		\$ 934,503
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	-	935,818	-	202,532
<b>Total</b>	<u>\$ 2,022,200</u>	<u>\$ 1,220,919</u>	<u>\$ 343,808</u>	<u>\$ 1,137,035</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2016	\$ 115,072
2017	115,072
2018	115,072
2019	348,698
2020	107,367
Thereafter	-
	<u>\$ 801,281</u>

**TOWNSHIP OF WASHINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**TOWNSHIP OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

**TOWNSHIP OF WASHINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the Township’s proportionate share of the PFRS net pension liability as of December 31, 2015 calculated using the discount rate of 5.79% ,as well as what the Township’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	<b>Decrease <u>(4.79%)</u></b>	<b>Discount Rate <u>(5.79%)</u></b>	<b>Increase <u>(6.79%)</u></b>
Township's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 14,439,560</u>	<u>\$ 10,953,022</u>	<u>\$ 8,110,062</u>

The sensitivity analysis was based on the proportionate share of the Township’s net pension liability at December 31, 2015. A sensitivity analysis specific to the Township’s net pension liability was not provided by the pension system.

**TOWNSHIP OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

***Special Funding Situation – PFRS***

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$960,543 and \$986,121, respectively. For the years ended December 31, 2015 and 2014, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$119,814 and \$124,946, respectively, which is more than the actual contributions the State made on behalf of the Township of \$50,001 and \$40,947, respectively. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

***Pension Plan Fiduciary Net Position***

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NOTE 13 RISK MANAGEMENT**

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

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

**TOWNSHIP OF WASHINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 13 RISK MANAGEMENT (Continued)**

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

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

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

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

<u>Year Ended December 31</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 57,512	\$ 4,119	\$ 17,454	\$ 164,997
2014	56,942	10,104	34,506	120,300
2013	56,100	14,886	29,691	87,760

**NOTE 14 CONTINGENT LIABILITIES**

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

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2015 and 2014. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**TOWNSHIP OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 14 CONTINGENT LIABILITIES (Continued)**

**Federal and State Awards** - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2015 and 2014, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

**NOTE 15 FEDERAL ARBITRAGE REGULATIONS**

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2015 and 2014, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

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

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

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

The Township of Washington has contributed \$1,250 for 2015 and 2014, respectively, for each eligible volunteer fire department and ambulance corps member into the Plan. The total Township contributions were \$87,500 and \$96,250 for 2015 and 2014, respectively.

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

**TOWNSHIP OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

**Vesting and Benefits**

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

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

**Reporting Requirements**

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

**NOTE 17 SUBSEQUENT EVENTS**

**Debt Authorized**

On April 18, 2016 the Township adopted a Bond Ordinance appropriating \$1,009,000 and authorizing the issuance \$958,550 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

**CURRENT FUND**

**TOWNSHIP OF WASHINGTON  
STATEMENT OF CURRENT CASH**

Balance, December 31, 2014		\$ 6,484,993
Increased by Receipts:		
Tax Collector	\$ 36,783,902	
Non-Budget Revenue	83,009	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	116,500	
Grants Receivable	31,331	
Revenue Accounts Receivable	1,714,379	
Tax Overpayments	26,519	
Receipts from Other Trust Fund	98,756	
Receipts from Animal Control Trust Fund	20,492	
Receipts from General Capital Fund	108,688	
General Capital Receipts Deposited in Current Fund	37,250	
Miscellaneous and Unappropriated Grant Reserves	<u>28,122</u>	
		<u>39,048,948</u>
		45,533,941
Decreased by Disbursements:		
2015 Budget Appropriations	9,871,533	
2014 Appropriation Reserves	367,368	
Encumbrances Payable	459,571	
Accounts Payable	8,750	
Payment to Length of Service Award Program Fund	101,250	
Tax Overpayments	29,264	
County Taxes Payable	4,091,816	
Regional School Taxes Payable	25,041,138	
Appropriated Miscellaneous Reserves	13,739	
Refund of Prior Year Revenue	<u>80,875</u>	
		<u>40,065,304</u>
Balance, December 31, 2015		<u>\$ 5,468,637</u>

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

Balance, December 31, 2014		\$ 24,480
Increased by Receipts:		
Taxes Receivable	\$ 36,490,578	
Prepaid Taxes	193,629	
Revenue Accounts Receivable	<u>106,314</u>	
		<u>36,790,521</u>
		36,815,001
Decreased by Disbursements:		
Payments to Treasurer - Current Fund		<u>36,783,902</u>
Balance, December 31, 2015		<u>\$ 31,099</u>

**TOWNSHIP OF WASHINGTON  
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, December 31, <u>2014</u>	Balance, December 31, <u>2015</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, 2014		\$ 9,360
Increased by:		
Senior Citizens/ Veterans Deductions Per Tax Billings	\$ 115,000	
Senior Citizens' Deductions Allowed Per Tax Collector - Current Year	<u>1,750</u>	
		<u>116,750</u>
		126,110
Decreased by:		
Received in Cash from State	116,500	
Senior Citizens' Deductions Disallowed Per Tax Collector-Prior Year	250	
Senior Citizens' Deductions Disallowed Per Tax Collector-Current Year	<u>1,250</u>	
		<u>118,000</u>
Balance, December 31, 2015		<u>\$ 8,110</u>

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

Year	Balance, December 31, 2014	2015 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collected In		Senior Citizens' and Veterans' Deductions Allowed	Transferred to Tax Title Liens	Cancelled	Balance, December 31, 2015
				2014	2015				
2013	\$ 284						\$ 284		
2014	382,634	-	\$ 250	-	\$ 373,018	-	391	\$ 9,475	-
	382,918	-	250	-	373,018	-	675	9,475	-
2015	-	\$ 36,776,001	1,250	\$ 158,693	36,117,560	\$ 116,750	686	60,684	\$ 322,878
	<u>\$ 382,918</u>	<u>\$ 36,776,001</u>	<u>\$ 1,500</u>	<u>\$ 158,693</u>	<u>\$ 36,490,578</u>	<u>\$ 116,750</u>	<u>\$ 1,361</u>	<u>\$ 70,159</u>	<u>\$ 322,878</u>

**TAX YIELD**

General Purpose Tax	\$ 36,743,775
Added Taxes (54:4-63.1 et seq.)	32,226
	<u>\$ 36,776,001</u>

**TAX LEVY**

Regional School Tax (Abstract)	\$ 23,089,564
County Taxes	
County Tax (Abstract)	\$ 4,049,170
County Open Space Tax	42,646
Due County for Added and Omitted Taxes (54:4-63.1 et seq.)	<u>3,606</u>
	4,095,422
Local Tax for Municipal Purposes (Abstract)	8,986,301
Minimum Library Tax	569,498
Add: Additional Tax Levied	<u>35,216</u>
	<u>9,591,015</u>
	<u>\$ 36,776,001</u>

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

Balance, December 31, 2014		\$ 1,062
Increased by:		
Transferred from 2015 Taxes Receivable	\$ 686	
Transferred from 2014 Taxes Receivable	391	
Transferred from 2013 Taxes Receivable	284	
Interest and Costs - 2015 Tax Sale	<u>49</u>	
		<u>1,410</u>
Balance, December 31, 2015		<u>\$ 2,472</u>

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

Balance, December 31, 2014 \$ 70,950

Balance, December 31, 2015 \$ 70,950

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

<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2015</u>	<u>Block</u>	<u>Lot</u>	Balance, December 31, <u>2015</u>
1103	1	\$ 220	3117	28	\$ 2,300
2102	3	200	3106	41-42	200
2306	13-14	50	3106	24	300
2306	15	20	3202A	2	500
2314	26-27	4,000	3215	35	100
2321	5	2,300	3217	17-21	125
2326	28	20	3206	6	75
2326	69-70	20	3304	53	500
2426	73	3,700	3305	6A	2,000
2406	5-6	3,900	3601	8	500
2406	28-29	3,900	3602	3	4,100
3104	44	7,300	4102A	1	50
3111	1-2	50	4305	5	2,800
3111	3-4	50	306	15	6,700
3111	5-6	50	4308	50	5,000
3111	7-8	50	4310	3-4	40
3111	11-12	50	4315	1-2	20
3112	4-5	50	4315	3	20
3112	6	50	4318	31-32	40
3112	8-11	100	4401	1	500
3112	12-13	50	4404	23-24	40
3112	16-18	75	4409	8	2,000
3113	6-8	75	4411	36	2,500
3113	11-12	50	4412	44	2,100
3113	14	50	4422	12-13	40
3113	15	100	4506	5-8	20
3113	16-17	50	4513	16	2,100
3113	18-19	50	4417	27	<u>9,700</u>
					<u>\$ 70,950</u>

**TOWNSHIP OF WASHINGTON  
STATEMENT OF GRANTS RECEIVABLE**

	Balance December 31, <u>2014</u>	Accrued in <u>2015</u>	Cash <u>Receipts</u>	Balance December 31, <u>2015</u>
Community Development Block Grant	\$ 1,124		\$ 1,124	
Drive Sober or Get Pulled Over	603	\$ 5,000	4,725	\$ 878
Clean Communities Program		19,217	19,217	
Municipal Alliance Grant	13,530	9,876	4,265	19,141
Bergen County Municipal JIF	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
	<u>\$ 15,257</u>	<u>\$ 36,093</u>	<u>\$ 31,331</u>	<u>\$ 20,019</u>

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

	Balance, December 31, <u>2014</u>	Accrued in <u>2015</u>	<u>Cash Receipts</u>		Balance, December 31, <u>2015</u>
			<u>Collector</u>	<u>Treasurer</u>	
Township Clerk					
Licenses					
Alcoholic Beverages		\$ 15,126		\$ 15,126	
Other		3,060		3,060	
Fees and Permits	\$ 2,197	15,791		17,988	
Police Department					
Fees and Permits	348	11,447		11,795	
Planning Board					
Fees and Permits		3,716		3,716	
Zoning Board of Adjustment					
Fees and Permits	450	5,954		6,404	
Construction Code Official					
Fees and Permits	20,711	193,607		214,318	
Recreation Department					
Fees and Permits	26,638	146,798		173,436	
Board of Health					
Licenses		1,182		1,182	
Fees and Permits		11,271		11,271	
Municipal Court					
Fines and Costs	6,047	105,215		111,262	
Interest and Cost on Taxes		106,314	\$ 106,314		
Energy Receipts Tax		713,525		713,525	
Interest on Investments and Deposits		37,788		37,788	
Joint Health Services		56,767		56,767	
Uniform Fire Safety Act		15,702		15,702	
Cable Television Franchise Fees		142,169		142,169	
Police Outside Duty-Other Trust Fund		73,237		73,237	
Sale of Recyclables		45,015		45,015	
Cell Tower		78,332		78,332	
Sewer Charges	-	27,286	-	27,286	-
	<u>\$ 56,391</u>	<u>\$ 1,809,302</u>	<u>\$ 106,314</u>	<u>\$ 1,759,379</u>	<u>\$ -</u>
				Cash Receipts	\$ 1,714,379
				Due from Other Trust Fund	<u>45,000</u>
					<u>\$ 1,759,379</u>

**TOWNSHIP OF WASHINGTON  
STATEMENT OF 2014 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance, December 31, <u>2014</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>GENERAL GOVERNMENT</b>						
General Administration						
Salaries and Wages	\$ 7,772			\$ 7,772		\$ 7,772
Other Expenses	13,699			13,699	\$ 50	13,649
Maintenance and Support of Office Equip						
Maint. & Support- Equipment	4,323			4,323	931	3,392
Maint. & Support- Computers/Telephone	3,390	\$ 1,300		4,690		4,690
Energy & Environmental Control	9,000			9,000		9,000
Mayor & Council						
Other Expenses- Mayor	4,048			4,048	328	3,720
S/W- Council	3			3		3
Other Expenses- Council	3,395			3,395	844	2,551
Municipal Clerk						
Salaries and Wages	11,320	140		11,460		11,460
Other Expenses	3,318			3,318	268	3,050
Elections - S&W	400			400		400
Elections- Other Expenses	1,576			1,576		1,576
Financial Administration						
Salaries and Wages	56,696	2,334		59,030		59,030
Other Expenses						
Financial Services - Fees	10,910			10,910	3,500	7,410
Miscellaneous Other	591			591	73	518
Revenue Administration						
Salaries and Wages	19,760	1,426		21,186		21,186
Other Expenses	2,736			2,736		2,736
Tax Assessment Administration						
Other Expenses	2,232	34		2,266		2,266
Special Emergency - Tax Map & Revaluation	980			980		980
Legal Services						
Other Expenses						
Administration	284			284		284
Council	63,838		\$ (13,400)	50,438	5,230	45,208
Tax Appeals	4,823		13,400	18,223	13,149	5,074
Engineering Services						
Other Expenses	34,788			34,788	1,557	33,231
Department of Public Affairs						
Other Expenses	2,477	1,050		3,527		3,527
Cable Television Expense	6,000			6,000		6,000
Land Use Administration						
Planning Board						
Salaries and Wages	2,433	75		2,508		2,508
Other Expenses	1,264			1,264		1,264
Zoning Board of Adjustment						
Salaries and Wages	2,035	75		2,110		2,110
Other Expenses	1,348	660		2,008		2,008
<b>PUBLIC SAFETY FUNCTIONS</b>						
Police Department						
Salaries and Wages	149,048	59,822	(200,349)	8,521		8,521
Other Expenses	8,601	133		8,734	500	8,234
Acquisition/Leasing of Police Vehicles	11,409			11,409		11,409
Telephone Support System	315		575	890	889	1
Maintenance of Desk Record System	8,078		(575)	7,503		7,503
Reverse 911 Call	3,500			3,500		3,500
Police Car Cameras	2,287			2,287		2,287
Police Dispatchers						
Salaries & Wages	53,820	1,159		54,979		54,979
Contractual		4,663		4,663		4,663
Office of Emergency Management						
Other Expenses	2,390			2,390		2,390

**TOWNSHIP OF WASHINGTON  
STATEMENT OF 2014 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance, December 31, 2014	Encumbrances Cancelled	Transfers	Modified Balance	Paid or Charged	Balance Lapsed
<b>Fire Department</b>						
Other Expenses	\$ 13,723			\$ 13,723	\$ 1,265	\$ 12,458
Clothing Allowance	4,458		\$ (1,500)	2,958		2,958
Maintenance Program	14,331			14,331		14,331
Equipment Compliance	4,225			4,225		4,225
Aid to Volunteer Ambulance Company	1,362			1,362		1,362
<b>Uniform Fire Safety Code</b>						
Other Expenses	3,550	\$ 200	(1,200)	2,550		2,550
Fire Hydrant Service	8,621			8,621		8,621
LOSAP Program			1,500	1,500	1,500	
<b>Municipal Prosecutor</b>						
Salaries & Wages	900			900		900
<b>PUBLIC WORKS FUNCTIONS</b>						
<b>Department of Municipal Facilities</b>						
Salaries and Wages	69,193	13,605		82,798		82,798
Other Expenses	22,234		55,017	77,251	56,863	20,388
<b>Recycling</b>						
Other Expenses	44,708	910		45,618		45,618
<b>Other Public Works Functions</b>						
Shade Tree/Holiday Decorations	5,078			5,078		5,078
Street Sweeping	13,500			13,500		13,500
<b>Buildings and Grounds</b>						
Building Maintenance	16,750			16,750	1,200	15,550
<b>Vehicle Maintenance</b>						
Other Expenses	29,759		(27,936)	1,823	1,823	
Community Services Act	3,771			3,771		3,771
<b>HEALTH AND HUMAN SERVICES</b>						
<b>Public Health Services</b>						
Salaries and Wages (Board of Health)	1,063			1,063		1,063
Other Expenses (Board of Health)	1,583			1,583		1,583
Occ. Safety & Health Blood Pathogens	400			400		400
<b>Animal Control Services</b>						
Other Expenses	2,420			2,420	880	1,540
<b>Recreation Services and Programs</b>						
Salaries and Wages	18,369	191		18,560		18,560
Other Expenses	38,842			38,842	5,051	33,791
Golden Seniors Committee	2,377			2,377	195	2,182
Senior Activities	850			850		850
<b>Community Programs</b>						
Salaries and Wages	100	900		1,000		1,000
Other Expenses	1,544			1,544		1,544
<b>Maintenance of Parks</b>						
Parks and Other Expenses	27,081		(27,081)	-		
Rental - Athletic Facilities	7,480			7,480		7,480
Resurfacing of Memorial Field	13,000			13,000		13,000
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Events	2,198			2,198		2,198
Accumulated Leave Compensation	85,000		200,349	285,349	285,349	
<b>MUNICIPAL COURT</b>						
Salaries and Wages	1,832	50		1,882		1,882
Other Expenses	5,347			5,347		5,347

**TOWNSHIP OF WASHINGTON  
STATEMENT OF 2014 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance, December 31, <u>2014</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>PUBLIC DEFENDER</b>						
Other Expenses	\$ 400		\$ 1,200	\$ 1,600	\$ 1,200	\$ 400
<b>INSURANCE</b>						
Liability Insurance (BJIF)	35,198	\$ 1,064		36,262		36,262
Workers Compensation Insurance (BJIF)	800			800		800
Employee Group Insurance	226,154	11,723	(25,000)	212,877		212,877
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>						
Construction Officials						
Salaries and Wages	5,221	509		5,730		5,730
Other Expenses	4,510			4,510		4,510
<b>UTILITY EXPENSES &amp; BULK PURCHASES</b>						
Electricity	20,600	134		20,734		20,734
Street Lighting	15,716			15,716		15,716
Telephone	2,123			2,123	295	1,828
Water	2,764			2,764	105	2,659
Natural Gas	20		1,805	1,825	1,314	511
Gasoline	4,282	1,005	(1,805)	3,482		3,482
<b>LANDFILL/SOLID WASTE DISPOSAL</b>						
Sanitary Landfill & Dump Fees	27,577			27,577	1,069	26,508
<b>STATUTORY EXPENDITURES</b>						
Statutory Charges						
DCRP Pension	1,500			1,500		1,500
Affordable Care Act	2,898			2,898		2,898
Social Security System (O.A.S.I.)	39,426			39,426	1,487	37,939
Public Employees Retirement System- Retro	8,306		25,000	33,306	25,000	8,306
Police & Firemen's Retirement System- Retro	427			427		427
<b>EDUCATION FUNCTIONS</b>						
Maintenance of Free Public Library	4,744			4,744	120	4,624
<b>UTILITY EXPENSES &amp; BULK PURCHASES</b>						
Sewer						
Bergen County Utilities Authority - Contractual	9,121			9,121		9,121
Other Municipalities - Contractual	30,484	6,155		36,639		36,639
<b>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</b>						
Joint Health Services - Contractual						
Other Expenses	1,046	43		1,089		1,089

**TOWNSHIP OF WASHINGTON  
STATEMENT OF 2014 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance, December 31, <u>2014</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>PUBLIC AND PRIVATE PROGRAMS</b>						
<b>OFFSET BY REVENUES</b>						
Bergen County Municipal JIF	\$ 1,000			\$ 1,000	\$ 1,000	
CDBG Grant	1,139			1,139	1,139	
Driver Sober or Get Pulled Over	278			278	278	
Over the Limit Under Arrest	10,093			10,093	10,093	
Recycling Tonnage Grant	72,194			72,194	72,194	
Pandemic Flu	7,743			7,743	7,743	
Body Armor Fund	2,334			2,334	2,334	
Body Armor Fund 2014	2,187			2,187	2,187	
Clean Communities Program	15,813			15,813	15,813	
<b>Municipal Alliance Grant</b>						
State Share	5,199			5,199	5,199	
Local Match	713	-	-	713	520	\$ 193
<b>Total General Appropriations</b>	<b>\$ 1,542,546</b>	<b>\$ 109,360</b>	<b>\$ -</b>	<b>\$ 1,651,906</b>	<b>\$ 530,535</b>	<b>\$ 1,121,371</b>
					Cash Disbursements	\$ 367,368
					Transfer to Accounts Payable	50,820
					Transfer to Appropriated Grant Reserves	112,347
					<u>\$ 530,535</u>	

**TOWNSHIP OF WASHINGTON  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2014		\$ 568,931
Increased by:		
Charges to 2015 Budget Appropriations		<u>909,300</u>
		1,478,231
Decreased by:		
Cash Disbursements	\$ 459,571	
Restored to 2014 Appropriation Reserves	<u>109,360</u>	
		<u>568,931</u>
Balance, December 31, 2015		<u>\$ 909,300</u>

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2014		\$ 158,693
Increased by:		
2016 Prepaid Taxes		<u>193,629</u>
		352,322
Decreased by:		
Applied to 2015 Taxes		<u>158,693</u>
Balance, December 31, 2015		<u>\$ 193,629</u>

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2014		\$ 4,543
Increased by:		
Cash Receipts		<u>26,519</u>
		31,062
Decreased by:		
Cash Disbursements		<u>29,264</u>
Balance, December 31, 2015		<u>\$ 1,798</u>

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

	Balance, December 31, <u>2014</u>	<u>Receipts</u>	Transfer From 2014 Appropriation <u>Reserves</u>	Anticipated Revenue in <u>2015 Budget</u>	<u>Disbursements</u>	Balance, December 31, <u>2015</u>
<b>Miscellaneous Reserves:</b>						
Sale of Municipal Assets	\$ 1,021,963	\$ 4,734				\$ 1,026,697
Insurance Recoveries	43,477	13,560			\$ 13,739	43,298
Motor Vehicle Inspection Fees	54,705					54,705
Tax Map and Revaluation	47,455					47,455
Library Reimbursement	67,000					67,000
<b>Appropriated Grant Reserves:</b>						
Alcohol Education and Rehabilitation	4,132					4,132
Clean Communities Grant	31,184		\$ 15,813			46,997
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	7,391		1,139			8,530
Public Health Priority Funding	144					144
Pandemic Flu			7,743			7,743
Health - Nextel PDA Grant	5					5
Police - Click it or Ticket Grant	957					957
Recycling Tonnage Grant				72,194		72,194
Police Body Armor Fund	2,600		4,087			6,687
FEMA Firefighter Grant	486					486
LINCS- Core Capacity Infrastructure Grant	3					3
Stormwater Regulation Grant	4,124					4,124
Municipal Alliance Grant	9,111					9,111
Over the Limit Under Arrest	57		10,093			10,150
Drive Sober or Get Pulled Over	504		278			782
Bergen County Municipal JIF	40		1,000			1,040
<b>Unappropriated Grant Reserves:</b>						
Truck Inspection Violations						
Recycling Tonnage Grant	16,869			\$ 16,869		
Pandemic Flu Grant		6,538				6,538
Body Armor Grant		2,184				2,184
Community Development Block Grant	-	1,106	-	-	-	1,106
	<u>\$ 1,321,165</u>	<u>\$ 28,122</u>	<u>\$ 112,347</u>	<u>\$ 16,869</u>	<u>\$ 13,739</u>	<u>\$ 1,431,026</u>
			Miscellaneous Reserves:			
			Reserve for Sale of Assets		\$ 1,026,697	
			Other Miscellaneous Reserves		<u>212,458</u>	
						\$ 1,239,155
			Appropriated Grant Reserves			182,043
			Unappropriated Grant Reserves			<u>9,828</u>
						<u>\$ 1,431,026</u>

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

Balance, December 31, 2014		\$	-
Increased by:			
Levy of 2015			
County Tax (Abstract)	\$ 4,049,170		
County Open Space Tax (Abstract)	42,646		
County Tax for Added Taxes (54:4-63.1)	<u>3,606</u>		
			<u>4,095,422</u>
			4,095,422
Decreased by:			
Payments			<u>4,091,816</u>
Balance, December 31, 2015		\$	<u>3,606</u>

**STATEMENT OF REGIONAL SCHOOL TAXES PAYABLE**

Increased by:			
Levy of 2015 (Calendar Year)		\$	23,089,564
Decreased by:			
Payments			<u>25,041,138</u>
Balance, December 31, 2015 (Prepaid)		\$	<u>1,951,574</u>

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2014		\$	272,082
Increased by:			
Transferred from Appropriation Reserves			<u>50,820</u>
			322,902
Decreased By:			
Cancelled to Operations	\$ 263,332		
Cash Disbursements	<u>8,750</u>		
			<u>272,082</u>
Balance, December 31, 2015		\$	<u>50,820</u>

**TOWNSHIP OF WASHINGTON  
STATEMENT OF DUE TO TOWNSHIP PUBLIC LIBRARY**

Balance, December 31, 2014	\$ 64,206
Decreased by:	
Cancelled to Operations	<u>\$ 64,206</u>

**STATEMENT OF EMERGENCY AUTHORIZATIONS**

Increased by:	
Amount resulting from 2015	<u>\$ 11,200</u>
Balance, December 31, 2015	<u>\$ 11,200</u>

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

<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance December 31, 2014</u>	<u>Decreased</u>	<u>Balance December 31, 2015</u>
Revaluation of Real Property	\$ 280,000	\$ 56,000	<u>\$ 224,000</u>	<u>\$ 56,000</u>	<u>\$ 168,000</u>
			<u>\$ 224,000</u>	<u>\$ 56,000</u>	<u>\$ 168,000</u>
				<u>\$ 56,000</u>	
			Budget Appropriation	<u>\$ 56,000</u>	

**TRUST FUND**

**TOWNSHIP OF WASHINGTON  
STATEMENT OF TRUST CASH**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>
Balance, December 31, 2014	\$ 29,186	\$ 1,524,059	\$ 124,882
Increased by Receipts:			
Due from Dog License Official	\$ 11,131		
Miscellaneous Escrow and Performance Deposits		\$ 232,244	
Miscellaneous Reserves		898,749	
Police Outside Billings		273,542	
Employees' Contributions			\$ 4,119
Payroll Deposits		6,979,882	
Budget Appropriation	7,694		57,512
Interest on Investments and Deposits	<u>105</u>	<u>7,453</u>	<u>520</u>
	<u>18,930</u>	<u>8,391,870</u>	<u>62,151</u>
	48,116	9,915,929	187,033
Decreased by:			
Payments to Current Fund	20,492	98,756	
Bank Service Charges	7,694		
Due to State of New Jersey - Dog License Fees	820		
Expenditures Under R.S. 4:19-15.11	5,318		
Miscellaneous Escrow and Performance Deposits		134,770	
Miscellaneous Reserves		63,661	
Payroll Disbursements		6,972,076	
Police Outside Billings		186,146	
Reserve for Insurance Settlement		4,155	
Payments to State of New Jersey - Unemployment Insurance Benefits	<u>-</u>	<u>-</u>	<u>20,995</u>
	<u>34,324</u>	<u>7,459,564</u>	<u>20,995</u>
Balance, December 31, 2015	<u>\$ 13,792</u>	<u>\$ 2,456,365</u>	<u>\$ 166,038</u>

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

Balance, December 31, 2014		\$	1,194
Increased by:			
Dog License Fees Collected	\$	6,494	
Cat License Fees Collected		1,621	
Dog Registration Fees - Due State of N.J.		1,042	
Prior Year Voided Check		450	
Late Fees		<u>330</u>	
			<u>9,937</u>
			11,131
Payments to Treasurer			<u>11,131</u>
Balance, December 31, 2015		\$	<u>-</u>

EXHIBIT B-3

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

Balance, December 31, 2014		\$	9,854
Increased by:			
Dog Licenses Issued	\$	6,494	
Prior Year Voided Check		450	
Budget Appropriation		7,694	
Late Fees Collected		330	
Cat Licenses Issued		<u>1,621</u>	
			<u>16,589</u>
			26,443
Decreased by:			
Expenditures Under R.S. 4:19-15.11		5,318	
Bank Service Charges		7,694	
Statutory Excess		<u>3,504</u>	
			<u>16,516</u>
Balance, December 31, 2015		\$	<u>9,927</u>

EXHIBIT B-4

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

Balance, December 31, 2014		\$	153
Increased by:			
2015 State Registration Fees			<u>1,042</u>
			1,195
Decreased by:			
Payments to State of New Jersey			<u>820</u>
Balance, December 31, 2015		\$	<u>375</u>

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

Balance, December 31, 2014	\$	746,702
Increased by:		
Cash Receipts		232,244
		978,946
Decreased by:		
Cash Disbursements		134,770
Balance, December 31, 2015	\$	844,176

Analysis of Balance

Performance Bonds	\$	162,551
Backfill Bonds		24,920
Escrow Fees		571,705
Escow - COAH Fees		85,000
	\$	844,176

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

Balance, December 31, 2014	\$	98,421
Increased by:		
Interest on Investments and Deposits	\$	7,451
Anticipated Revenue in Current Fund - Police Outside Billings		45,000
		52,451
		150,872
Decreased by:		
Cash Disbursements		98,756
Balance, December 31, 2015	\$	52,116

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

Balance, December 31, 2014		\$ 120,300
Increased by:		
Budget Appropriation	\$ 57,512	
Interest Earned	520	
Employees Contributions	<u>4,119</u>	
		<u>62,151</u>
		182,451
Decreased by:		
Unemployment Insurance Claims		<u>17,454</u>
Balance, December 31, 2015		<u>\$ 164,997</u>

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

Balance, December 31, 2014		\$ 20,398
Increased by:		
Statutory Excess	\$ 3,504	
Budget Appropriation - Current Fund	7,694	
Interest Earned	<u>105</u>	
		<u>11,303</u>
		31,701
Decreased by:		
Bank Service Charges	7,694	
Payments to Current Fund	<u>20,492</u>	
		<u>28,186</u>
Balance, December 31, 2015		<u>\$ 3,515</u>

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

Balance, December 31, 2014	\$ 317,573
Decreased by:	
Cash Disbursements	<u>4,155</u>
Balance, December 31, 2015	<u>\$ 313,418</u>

EXHIBIT B-10

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

Balance, December 31, 2014	\$ 17,259
Increased by:	
Interest Earned	<u>2</u>
Balance, December 31, 2015	<u>\$ 17,261</u>

EXHIBIT B-11

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

Balance, December 31, 2014 (Deficit)	\$ (1,318)
Increased by:	
Payroll Deposits	<u>6,979,882</u>
	6,978,564
Decreased by:	
Payroll Disbursements	<u>6,972,076</u>
Balance, December 31, 2015	<u>\$ 6,488</u>

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

Balance, December 31, 2014	\$	4,582
Increased by:		
Unemployment Claims		17,454
		22,036
Decreased by:		
Payment of Claims		20,995
		1,041
Balance, December 31, 2015	\$	1,041

**STATEMENT OF MISCELLANEOUS RESERVES  
OTHER TRUST FUND**

	Balance, December 31, <u>2014</u>	Cash <u>Receipts</u>	<u>Expended</u>	Balance, December 31, <u>2015</u>
Marriage Licenses - Due to State	\$ 575	\$ 1,225	\$ 1,050	\$ 750
Tax Sale Premiums	70,900	429,100	11,000	489,000
Celebrations of Public Events	55,386	15,468	2,336	68,518
Municipal Alliance Donation	950			950
Rental Deposits	3,050			3,050
Field House Donations	1,747			1,747
Recreation Donations	1,825			1,825
Police Department Donations	26,732	450	1,000	26,182
Fire Department/Uniform Fire Safety Penalties	1,657			1,657
Snow Plowing	21,373	96,242	18,825	98,790
Accumulated Leave Compensation	40,435	347,491	7,588	380,338
Fire Department Death Benefits	9,632			9,632
Health Insurance Contribution	34,089		14,289	19,800
Found Money	55			55
Land Sale Deposit	26,187	66		26,253
Recreation		8,463	7,573	890
POAA	2,126	244	-	2,370
	<u>\$ 296,719</u>	<u>\$ 898,749</u>	<u>\$ 63,661</u>	<u>\$ 1,131,807</u>

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

Balance, December 31, 2014		\$	48,703
Increased by:			
Cash Receipts			<u>273,542</u>
			322,245
Decreased by:			
Reimbursements for Payroll Paid to Current Fund	\$	43,836	
Anticipated as Current Fund Revenue		45,000	
Administrative Fees Paid to Current Fund		<u>142,310</u>	
			<u>231,146</u>
Balance, December 31, 2015		\$	<u>91,099</u>

**GENERAL CAPITAL FUND**

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

Balance, December 31, 2014		\$ 1,904,602
Increased by:		
Interest on Investments and Deposits	\$ 10,281	
Bond Anticipation Note Proceeds	770,835	
Receipts from Current Fund-Reserve for Ambulance	5,000	
Receipts from Current Fund-Capital Improvement Fund	<u>150,000</u>	
		<u>936,116</u>
		2,840,718
Decreased by Disbursements:		
Improvement Authorizations	755,762	
Payments to Current Fund	108,688	
Payment of Bond Anticipation Note Principal	115,835	
Contracts Payable	<u>516,702</u>	
		<u>1,496,987</u>
Balance, December 31, 2015		<u>\$ 1,343,731</u>

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

		Balance, December 31, <u>2015</u>
Fund Balance		\$ 317,809
Grants Receivable		(286,135)
Due from Current Fund		(31,574)
Reserve for Payment of Bonds		14,961
Reserve for Preliminary Costs		5,000
Reserve for Ambulance		40,000
Capital Improvement Fund		176,760
Contracts Payable		997,817
Excess Note Proceeds - Ord. 13-07		37,250
<u>Ordinance</u>	<u>Improvement Description</u>	
<u>Number</u>		
95-5/96-5	Impvt. to Municipal Bldg./Air Conditioning	5,565
96-9/97-9	Various Improvements	(3,363)
95-8/95-11/97-4	Impvt. to Colonial Blvd	(3,737)
97-6	Impvt. of Municipal Complex	1,127
98-10/98-15	Removal of Underground Storage Tanks	(9,798)
99-8	Various Improvements	(2,701)
00-9	Improvement to Municipal Property	2,216
01-8	Acquisition of New and Add'l Vehicle Equipment	(6,794)
02-5/03-6/03-7	Various Improvements	17,617
02-19	Construction of Fieldhouse at Clark Field	104
03-09	Acq. Of New & Add'l Fire Equipment	4,873
06-09	Improvement of Storm Water Drainage System	106,148
06-29	Various Improvements	53,834
06-30	Acquisition of Various Fire Fighting Equipment	3,190
07-08/08-13	Remediation of Property	19,069
07-11	Acquisition of New Computer Equipment	6,220
08-07	Construction of New Park	(5,644)
08-09	Various Improvements	11,756
08-10	Various Improvements	6,686
08-11	Various Improvements	19,020
09-04	Construction of Curbs and Sidewalks	18,273
09-08	Acq. of New Computer Equipment - Police	13,281
09-13	Acq. of New Emergency Communication Equip	62,452
12-06	Acq of New Fire Dept Equipment	3,664
12-12	Acq of New and Additional Vehicular Equip	25,343
12-13	Improvements of Memorial Field	31,916
13-06	Various Road Improvements	80,749
13-07	Improvement of Colonial Boulevard	66,196
13-10	Acquisition of Radios and Pagers	7,000
13-11	Various Improvements	116,310
13-12	Improvement of Municipal Complex Site	64,567
13-20	Various Improvements	1,513
14-11	Fencing at Memorial Field	(85,825)
14-13	Various Improvements	14
15-04	Improvement to Memorial Field	(59,950)
15-07	Improvement of Various Roads	43,572
15-08	Jack Woods Senior Center Flooring Replacement	2,112
15-09	Acquisition of New and Additional Vehicular Equip	(581,001)
15-18	In-Vehicle Computers and Patrol Car Radar Units	1,269
15-19	Acquisition of Computer Equipment-Police Dept	35,000
		<u>\$ 1,343,731</u>

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

Balance, December 31, 2014	\$ 3,682,000
Decreased by:	
2015 Budget Appropriations	
General Serial Bonds	<u>810,000</u>
Balance, December 31, 2015	<u>\$ 2,872,000</u>

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

Ord. No.	Improvement Description	Balance December 31, 2014	2015 Authorizations	Grant Receipts	Balance December 31, 2015	Analysis of Balance		Unexpended Improvement Authorizations
						Financed by Notes	Expenditures	
95-8/95-11/ 97-4	Impvt. to Colonial Blvd	26,648			\$ 26,648		\$ 3,737	\$ 22,911
96-9/97-9	Various Improvements	3,363			3,363		3,363	
97-7/98-9	Impvt. of Municipal Parking Area							
98-10/98-15	Removal of Underground Storage Tanks	25,000			25,000		9,798	15,202
98-17/01-3	Traffic Light Improvement							
99-7/05-1	Purchase of Equipment	38,246			38,246	\$ 38,246		
99-8	Various Improvements	2,701			2,701		2,701	
99-12	Purchase of Equipment/Renovation Firehouse	30,213			30,213	30,213		
01-8	Acq. Of New and Add'l Vehicle Equip.	6,794			6,794		6,794	
06-09	Improvement of Storm Water Drainage System	223,500			223,500			223,500
07-04	Improvement of the Storm Water Drainage System	8,911			8,911	8,911		
08-07	Construction of New Park	5,644			5,644		5,644	
10-08	Acquisition of Lands							
12-06	Acq of New Fire Dept Equipment	20,000			20,000	20,000		
12-12	Acq of New and Additional Vehicular Equip	154,000			154,000	154,000		
12-13	Improvements of Memorial Field	152,000			152,000	152,000		
13-06	Various Road Improvements	865,000			865,000	865,000		
13-07	Improvement of Colonial Boulevard	173,250		\$ 37,250	136,000	136,000		
13-11	Various Improvements	207,941			207,941	207,941		
13-12	Improvement of Municipal Complex Site	89,604			89,604	89,604		
13-20	Various Improvements	223,630			223,630	73,835		149,795
14-11	Fencing at Memorial Field	104,000			104,000		85,825	18,175
14-13	Various Improvements	95,000			95,000	95,000		
15-04	Improvement to Memorial Field		\$ 142,800		142,800		59,950	82,850
15-07	Improvement of Various Roads		714,000		714,000	602,000		112,000
15-09	Acquisition of New and Additional Vehicular Equip	-	728,000	-	728,000	-	581,001	146,999
		<u>\$ 2,455,445</u>	<u>\$ 1,584,800</u>	<u>\$ 37,250</u>	<u>\$ 4,002,995</u>	<u>\$ 2,472,750</u>	<u>\$ 758,813</u>	<u>\$ 771,432</u>

Bond Anticipation Notes Payable \$ 2,510,000  
Less: Excess Proceeds - Ord 13-07 37,250  
\$ 2,472,750

Improvement Authorizations - Unfunded \$ 1,205,276  
Less Unexpended Proceeds:  
Ord 12-06 3,664  
Ord 12-12 25,343  
Ord 12-13 31,916  
Ord 13-06 80,749  
Ord 13-07 66,196  
Ord 13-11 116,310  
Ord 13-12 64,567  
Ord 13-20 1,513  
Ord 14-13 14  
Ord 15-07 43,572  
\$ 771,432

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

Balance, December 31, 2014 (Due To)		\$ 104,083
Increased by:		
Interest on Investments and Deposits		<u>10,281</u>
		114,364
Decreased by:		
General Capital Grant Receipt Deposited in Current Fund	\$ 37,250	
Payments to Current Fund	<u>108,688</u>	
		<u>145,938</u>
Balance, December 31, 2015 (Due From)		<u>\$ 31,574</u>

TOWNSHIP OF WASHINGTON  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

2015 Authorizations

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2014		Deferred Charges Unfunded	Capital Improvement Fund	Fund Balance	Paid or Charged	Balance, December 31, 2015	
			Funded	Unfunded					Funded	Unfunded
95-5/96-5	Impvt. to Municipal Bldg./Air Cond.	125,000	\$ 5,565					\$ 5,565		
95-8/95-11/97-4	Impvt. to Colonial Blvd	545,000		\$ 22,911					\$ 22,911	
97-6	Impvt. of Municipal Complex	250,000	1,127						1,127	
98-10/98-15	Removal of Underground Storage Tanks	150,000		18,083			\$ 2,881			15,202
00-9	Improvement to Municipal Property	360,000	2,216						2,216	
02-5/03-6/03-7	Various Improvements	258,000	17,617						17,617	
02-19	Construction of Fieldhouse at Clark Field	110,000	104						104	
03-09	Acq. Of New & Add'l Fire Equipment	62,000	4,873						4,873	
06-09	Improvement of Storm Water Drainage System	490,000	106,148	223,500					106,148	223,500
06-29	Various Improvements	445,000	137,834				84,000		53,834	
06-30	Acquisition of Various Fire Fighting Equipment	48,500	3,190						3,190	
07-08/08-13	Remediation of Property	205,000	19,069						19,069	
07-11	Acquisition of New Computer Equipment	55,000	6,220						6,220	
08-09	Various Improvements	65,000	11,756						11,756	
08-10	Various Improvements	158,500	6,686						6,686	
08-11	Various Improvements	259,500	19,020						19,020	
09-04	Construction of Curbs and Sidewalks	155,000	18,273						18,273	
09-08	Acq. of New Computer Equipment - Police	115,000	13,281						13,281	
09-13	Acq. of New Emergency Communication Equip	254,000	90,702				28,250		62,452	
12-06	Acq of New Fire Dept Equipment	21,000		3,696			32			3,664
12-12	Acq of New and Additional Vehicular Equip	162,000		25,591			248			25,343
12-13	Improvements of Memorial Field	160,000		32,161			245			31,916
13-06	Various Road Improvements	908,692		230,101			149,352			80,749
13-07	Improvement of Colonial Boulevard	300,000		78,894			12,698			66,196
13-10	Acquisition of Radios and Pagers	7,000	7,000						7,000	
13-11	Various Improvements	285,897		155,435			39,125			116,510
13-12	Improvement of Municipal Complex Site	94,320		64,712			145			64,567
13-20	Various Improvements	235,400		151,552			244			151,308
14-11	Fencing at Memorial Field	110,000		18,675			500			18,175
14-13	Various Improvements	100,000	3,675	95,000			98,661			14
15-04	Improvement to Memorial Field	150,000			\$ 142,800	\$ 7,200		67,150		82,850
15-07	Improvement of Various Roads	750,000			714,000	36,000		594,428		155,572
15-08	Jack Woods Senior Center Flooring Replacement	25,000					\$ 25,000	22,888	2,112	
15-09	Acquisition of New and Additional Vehicular Equip	765,000			728,000	37,000		618,001		146,999
15-18	In-Vehicle Computers and Patrol Car Radar Units	36,000					36,000	34,731	1,269	
15-19	Acquisition of Computer Equipment-Police Dept	35,000					35,000		35,000	
		\$ 474,356	\$ 1,120,311	\$ 1,584,800	\$ 80,200	\$ 96,000	\$ 1,753,579	\$ 396,812	\$ 1,205,276	
								Cash Disbursements	\$ 755,762	
								Contracts Payable	997,817	
									\$ 1,753,579	

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Bond Maturities Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
General Bonds of 2003	9/1/2003	\$ 3,322,000	9/1/2016	\$ 370,000	4.10%	\$ 1,482,000	\$ 370,000	\$ 1,112,000
			9/1/2017	375,000				
			9/1/2018	367,000				
General Bonds of 2011	10/1/2011	3,275,000	10/1/2016	440,000	2.00%	<u>2,200,000</u>	<u>440,000</u>	<u>1,760,000</u>
			10/1/2017-19	440,000	3.00%			
						<u>\$ 3,682,000</u>	<u>\$ 810,000</u>	<u>\$ 2,872,000</u>
Paid by Budget Appropriation							<u>\$ 810,000</u>	

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

Balance, December 31, 2014	\$ 106,960
Increased by:	
2015 Budget Appropriation	<u>150,000</u>
	256,960
Decreased by:	
Improvement Authorizations	<u>80,200</u>
Balance, December 31, 2015	<u>\$ 176,760</u>

**STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2014	\$ 516,702
Increased by:	
Contracts Awarded	<u>997,817</u>
	1,514,519
Decreased by:	
Cash Disbursements	<u>516,702</u>
Balance, December 31, 2015	<u>\$ 997,817</u>

EXHIBIT C-11

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

Balance, December 31, 2014	\$ <u>14,961</u>
Balance, December 31, 2015	\$ <u>14,961</u>

EXHIBIT C-12

**STATEMENT OF RESERVE FOR PRELIMINARY COSTS**

Balance, December 31, 2014	\$ <u>5,000</u>
Balance, December 31, 2015	\$ <u>5,000</u>

EXHIBIT C-13

**STATEMENT OF RESERVE FOR AMBULANCE**

Balance, December 31, 2014	\$ 35,000
Increased by:	
Current Fund Budget Appropriation	<u>5,000</u>
Balance, December 31, 2015	\$ <u>40,000</u>

**TOWNSHIP OF WASHINGTON  
STATEMENT OF GRANTS RECEIVABLE**

	<u>Total</u>	<u>Department of Environmental Protection</u>	<u>County of Bergen Open Space</u>	<u>County of Bergen Open Space</u>	<u>Community Development Block Grant</u>
		<u>Ord. 6-09</u>	<u>Ord. 13-11</u>	<u>Ord. 14-11</u>	<u>Ord. 15-08</u>
Balance, December 31, 2014	\$ 331,135	\$ 255,000	\$ 31,135	\$ 45,000	
Increased by:					
Grants Awarded	<u>22,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 22,889</u>
Balance, December 31, 2015	<u>\$ 354,024</u>	<u>\$ 255,000</u>	<u>\$ 31,135</u>	<u>\$ 45,000</u>	<u>\$ 22,889</u>
Pledged to Ordinance	\$ 286,135	\$ 255,000	\$ 31,135		
Pledged to Reserve	<u>67,889</u>	<u>-</u>	<u>-</u>	<u>\$ 45,000</u>	<u>\$ 22,889</u>
	<u>\$ 354,024</u>	<u>\$ 255,000</u>	<u>\$ 31,135</u>	<u>\$ 45,000</u>	<u>\$ 22,889</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, 2014	Increased	Decreased	Balance, December 31, 2015
99-7/05-1	Purchase of Equipment	\$ 40,211	8/8/2013	8/7/2014 8/6/2015	8/7/2015 8/5/2016	0.53% 0.78%	\$ 40,544	\$ 38,246	\$ 40,544	\$ 38,246
99-12	Purch. Of Equipment/Firehouse Renovation	32,000	8/8/2013	8/7/2014 8/6/2015	8/7/2015 8/5/2016	0.53% 0.78%	32,000	30,213	32,000	30,213
07-4	Imprvt of the Storm Water Drainage System	8,911	8/8/2013	8/7/2014 8/6/2015	8/7/2015 8/5/2016	0.53% 0.78%	8,911	8,911	8,911	8,911
12-06	Acq of New Fire Dept Equipment	20,000	8/8/2013	8/7/2014 8/6/2015	8/7/2015 8/5/2016	0.53% 0.78%	20,000	20,000	20,000	20,000
12-12	Acq of New and Additional Vehicular Equip	154,000	8/8/2013	8/7/2014 8/6/2015	8/7/2015 8/5/2016	0.53% 0.78%	154,000	154,000	154,000	154,000
12-13	Improvements of Memorial Field	152,000	8/8/2013	8/7/2014 8/6/2015	8/7/2015 8/5/2016	0.53% 0.78%	152,000	152,000	152,000	152,000
13-06	Various Road Improvements	865,000	8/8/2013	8/7/2014 8/6/2015	8/7/2015 8/5/2016	0.53% 0.78%	865,000	865,000	865,000	865,000
13-07	Improvement of Colonial Boulevard	285,000	8/8/2013	8/7/2014 8/6/2015	8/7/2015 8/5/2016	0.53% 0.78%	285,000	173,250	285,000	173,250
13-11	Various Improvements	218,274	8/8/2013	8/7/2014 8/6/2015	8/7/2015 8/5/2016	0.53% 0.78%	207,941	207,941	207,941	207,941
13-12	Improvement of Municipal Complex Site	89,604	8/8/2013	8/7/2014 8/6/2015	8/7/2015 8/5/2016	0.53% 0.78%	89,604	89,604	89,604	89,604
13-20	Various Improvements	73,835	8/6/2015	8/6/2015	8/5/2016	0.78%		73,835		73,835
14-13	Various Improvements	95,000	8/6/2015	8/6/2015	8/5/2016	0.78%		95,000		95,000
15-07	Improvement of Various Roads	602,000	8/6/2015	8/6/2015	8/5/2016	0.78%	-	602,000	-	602,000
							<u>\$ 1,855,000</u>	<u>\$ 2,510,000</u>	<u>\$ 1,855,000</u>	<u>\$ 2,510,000</u>
							Renewals	\$ 1,739,165	\$ 1,739,165	
							Notes Issued	770,835		
							Paid with Capital Cash	-	115,835	
								<u>\$ 2,510,000</u>	<u>\$ 1,855,000</u>	

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

Ord. No.	<u>Improvement Description</u>	Balance December 31, <u>2014</u>	2015 <u>Authorizations</u>	Bond Anticipation Notes <u>Issued</u>	Balance December 31, <u>2015</u>
95-8/95-11/97-4	Improvements to Colonial Blvd.	\$ 26,648			\$ 26,648
96-9/97-9	Various Improvements	3,363			3,363
98-10/98-15	Removal of Underground Storage Tanks	25,000			25,000
99-8	Various Improvements	2,701			2,701
01-8	Acq. Of New and Add'l Vehicle Eq.	6,794			6,794
06-09	Improvement of Storm Water Drainage System	223,500			223,500
08-07	Construction of New Park	5,644			5,644
13-20	Various Improvements	223,630		\$ 73,835	149,795
14-11	Fencing at Memorial Field	104,000			104,000
14-13	Various Improvements	95,000		95,000	
15-04	Improvement to Memorial Field		\$ 142,800		142,800
15-07	Improvement of Various Roads		714,000	602,000	112,000
15-09	Acquisition of New and Additional Vehicular Equipment	-	728,000	-	728,000
		<u>\$ 716,280</u>	<u>\$ 1,584,800</u>	<u>\$ 770,835</u>	<u>\$ 1,530,245</u>

**TOWNSHIP OF WASHINGTON**  
**COUNTY OF BERGEN**  
**PART II**  
**GOVERNMENT AUDITING STANDARDS**  
**YEAR ENDED DECEMBER 31, 2015**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
ROBERT AMPONSAH, CPA

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of Washington as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated May 17, 2016. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

### **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2015-001 that we consider to be a significant deficiency in internal control over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of Washington's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as item 2015-001.

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

### **Township of Washington's Responses to Findings**

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

### **Purpose of this Report**

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

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

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
May 17, 2016

**TOWNSHIP OF WASHINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	CFDA <u>Number</u>	Grant <u>Year</u>	<u>State Account Number</u>	Grant Award <u>Amount</u>	CY 2015 Grant <u>Receipts</u>	Balance, December 31, <u>2014</u>	Revenue <u>Realized</u>	<u>Expended</u>	Balance, December 31, <u>2015</u>	Cumulative <u>Expended</u>
U.S. Department of Housing and Urban Development (Passed through County Dept. of Community Development)										
Community Development Block Grants	14.219		Not Applicable							
Community Development Block Grants		2004		\$ 48,000		\$ 4,117		\$ 4,117	\$ 43,883	
Senior Activities		2013		3,274		3,274		3,274		
Senior Activities		2014		1,139	\$ 1,124	1,139		1,139		
Senior Activities		2015			1,106					
Senior Center Flooring Replacement (Ord. 15-08)		2015		22,889			\$ 22,889	\$ 22,888	1	22,888
U.S. Department of Law and Public Safety (Passed through Division of Highway Traffic Safety)										
Over the Limit Under Arrest	20.601	2009	066-1160-100-057-09	6,000		25		25	5,975	
Over the Limit Under Arrest	20.601	2011	066-1160-100-057-11	4,400		32		32	4,368	
Over the Limit Under Arrest	20.601	2014	066-1160-100-057-11	10,093		10,093		10,093		
Alcohol Impaired Driving Countermeasures Incentive Grants (Drive Sober or Get Pulled Over)										
	20.616	2015	066-1160-100-157-15	5,000	4,725		5,000	3,419	1,581	3,419
		2014	066-1160-100-157-14	5,000		278		278	4,722	
		2013	066-1160-100-057-13	4,400		325		325	4,075	
		2012	066-1160-100-057-12	4,400		179		179	4,221	
U.S. Department of Homeland Security (Passed through Dept. of Law and Public Safety)										
Emergency Management Assistance										
FEMA - SLAHEOP	97.044	2004	Not Available	2,406		75		75	2,331	
FEMA - Assistance to Firefighters	97.044	2005	Not Available	3,032		486	-	486	2,546	
						<u>\$ 20,023</u>	<u>\$ 27,889</u>	<u>\$ 26,307</u>	<u>\$ 21,605</u>	

The above schedule is not subject to a Single Audit as defined by U.S. Uniform Guidance.

TOWNSHIP OF WASHINGTON  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2015

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2015 Grant Receipts</u>	<u>Balance, December 31, 2014</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2015</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	**	2015 2014 2007 2003		\$ 6,538 7,743 9,042 8,146				7,743 7 137	\$ 9,035 8,009
Clean Communities Grant	042-4900-765-004-15 042-4900-765-004-14 042-4900-765-004-13 042-4900-765-004-11	2015 2014 2013 2011	19,217 15,813 16,860 15,203	19,217		\$ 19,217		19,217 15,813 16,860 14,324	879
Drunk Driving Enforcement Fund	1110-448-031020-22	2003 2001 1998 Prior	1,448 190 190 7,081		1,448 15 90 7,081			1,448 15 90 7,081	175 100
Body Armor Fund	066-1020-718-001-16 066-1020-718-001-15 066-1020-718-001-14 066-1020-718-001-13 066-1020-718-001-12 066-1020-718-001-11 066-1020-718-001-03	2015 2014 2013 2012 2011 2010 2002		2,184 2,187 2,669 2,442 2,251 3,194 2,183			\$ 434	1,753 2,334 2,442 2,251 417 2,183	434 335 2,442 2,251 2,777
Tobacco Age Enforcement	**	2006 2002 1998	180 330 90		180 30 4			180 30 4	300 86
Police-Live Scan Fingerprint ID System	**	2008	9,000		35			35	8,965

TOWNSHIP OF WASHINGTON  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>CY 2015 Grant Receipts</u>	<u>Balance, December 31, 2014</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2015</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		365			365	9,635
Stormwater Grant	**	2006	23,936		4,124			4,124	19,812
LINCS - Core Capacity Infrastructure	**	2005	3,000		3			3	2,997
<u>Department of Environmental Protection</u>									
State Recycling Grant	042-4910-100-224-15	2015	16,869			\$ 16,869		16,869	
	042-4910-100-224-14	2014	72,194		72,194			72,194	
<u>Department of Environmental Protection</u>									
Imprvt of the Storm Water Drainage System-Ord 06-09	**	2006	255,000		106,148			106,148	148,852
<u>Department of Transportation</u>									
Improvement of Colonial Boulevard-Ord 13-07	078-6320-480-ALW-14	2014	111,750	\$ 37,250					111,750
<u>Passed Through County of Bergen</u>									
Municipal Alliance on Alcoholism and Drug Abuse	**	2015	9,876			9,876	\$ 7,285	2,591	
		2014	9,876	4,265	5,199		5,199	-	9,876
		2013	9,876		3,625			3,625	6,251
		2012	10,356		1,492			1,492	8,864
		2011	10,135		2,085			2,085	8,050
		2010	10,356		1,909	-	-	1,909	8,447
					<u>\$ 272,756</u>	<u>\$ 45,962</u>	<u>\$ 12,918</u>	<u>\$ 305,800</u>	

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

\*\* Not Available

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

**TOWNSHIP OF WASHINGTON  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 5,000	\$ 45,962	\$ 50,962
General Capital Fund	<u>22,889</u>	<u>-</u>	<u>22,889</u>
	<u>\$ 27,889</u>	<u>\$ 45,962</u>	<u>\$ 73,851</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**TOWNSHIP OF WASHINGTON  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

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

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE

**TOWNSHIP OF WASHINGTON  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

*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 2015-001**

Certain accounts in the Current Fund, General Capital Fund and Trust Fund general ledgers for the year ended December 31, 2015 were not in agreement with the subsidiary records and bank reconciliations. In addition, certain transactions were not properly recorded in the general ledgers.

**Criteria**

NJAC 5:30-5.7 General Ledger Accounting Systems

**Condition**

The Current Fund, General Capital Fund and Trust Fund general ledgers were not reconciled to the respective subsidiary ledgers and bank reconciliations of the Township resulting in certain general ledger accounts being misstated at December 31, 2015.

**Context**

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

**Effect**

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

**Recommendation**

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

**Management's Response**

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

**TOWNSHIP OF WASHINGTON  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 2014-001**

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

**Status**

See Finding 2015-001.

**TOWNSHIP OF WASHINGTON**  
**COUNTY OF BERGEN**  
**PART III**  
**SUPPLEMENTARY DATA**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2015**

**TOWNSHIP OF WASHINGTON  
SUPPLEMENTARY DATA**

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

	Year 2015		Year 2014	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,325,000	3.18 %	\$ 1,100,000	2.76 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,019,501	4.84	2,108,591	5.29
Collection of Delinquent Taxes and Tax Title Liens	373,018	0.89	296,912	0.74
Collection of Current Tax Levy	36,391,753	87.20	35,450,691	88.91
Other Credits	<u>1,623,434</u>	<u>3.88</u>	<u>918,280</u>	<u>2.30</u>
Total Income	<u>41,732,706</u>	<u>99.99 %</u>	<u>39,874,474</u>	<u>100.00 %</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	12,140,747	29.35 %	11,955,567	31.15 %
County Taxes	4,095,422	9.90	3,854,224	10.04
Regional School Taxes	23,089,564	55.83	22,503,104	58.64
Other Expenditures	<u>2,032,699</u>	<u>4.91</u>	<u>62,005</u>	<u>0.16</u>
Total Expenditures	<u>41,358,432</u>	<u>100.00 %</u>	<u>38,374,900</u>	<u>100.00 %</u>
Excess in Revenue	374,274		1,499,574	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year	<u>11,200</u>		<u>-</u>	
Excess in Revenue to Fund Balance	385,474		1,499,574	
Fund Balance, January 1	<u>2,712,049</u>		<u>2,312,475</u>	
	3,097,523		3,812,049	
Less Utilization as Anticipated Revenue	<u>1,325,000</u>		<u>1,100,000</u>	
Fund Balance, December 31	<u>\$ 1,772,523</u>		<u>\$ 2,712,049</u>	

**TOWNSHIP OF WASHINGTON  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$2.270</u>	<u>\$2.212</u>	<u>\$1.898</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.555	.552	.477
Library	.035	.035	.031
County	.251	.235	.209
County Open Space	.003	.003	.003
Regional School District	1.426	1.387	1.178

Assessed Valuation

2015	<u>\$1,618,668,512</u>
2014	<u>\$1,622,267,552</u>
2013	<u>\$1,863,368.498</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>
2015	\$ 36,776,001	\$ 36,391,753	98.95%
2014	35,888,975	35,450,691	98.77%
2013	35,403,399	34,873,160	98.50%

**TOWNSHIP OF WASHINGTON  
SUPPLEMENTARY DATA**

**Delinquent Taxes and Tax Title Liens**

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes and Liens</u>	<u>Percentage of Tax Levy</u>
2015	\$ 325,350	0.88%
2014	383,980	1.07%
2013	300,806	0.85%

**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>
2015	\$70,950
2014	70,950
2013	70,950

**Comparative Schedule of Fund Balances**

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2015	\$1,772,523	\$1,110,000
	2014	2,712,049	1,325,000
	2013	2,312,475	1,100,000
	2012	1,793,823	920,000
	2011	1,682,987	920,000

**TOWNSHIP OF WASHINGTON  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
Janet Sobkowicz	Mayor		
Thomas Sears	Council President		
Peter Calamari	Council Vice President		
Dr. Steven Cascio	Councilman		
Glenn Beckmeyer	Councilman		
Richard Hrbek	Councilman		
Mary Anne Groh	Administrator (12/17/15-12/31/15)		
Matthew A. Cavallo	Administrator (1/1/15-11/30/15)		
Elaine Erlewein	Acting Township Clerk, Licensing Officer Assessment Search Officer		
Judith Curran	Acting Chief Financial Officer	1,000,000	A
Elaine Erlewein	Tax Collector and Tax Search Officer		
Christopher Statile	Municipal Engineer	1,000,000	A
Kenneth Poller	Director of the Department of Law and Township Attorney	1,000,000	A
Christopher Riedel	Director of the Department of Municipal Facilities	1,000,000	A
Brendan O'Sullivan	Director of Department of Fire Protection	1,000,000	A
Mark Henry	Chief of Fire Prevention Bureau	1,000,000	A
Glenn Hooper	Police Chief		
Peter Geiger	Magistrate	1,000,000	A
Margaret A. Koesel	Court Administrator	1,000,000	A
Jeanne Covello	Director of the Department of Health and Welfare	1,000,000	A
Dina Burke	Director of Department of Public Affairs		
David Frank	Director of Department of Engineering		
William Cicchetti	Director of Department of Public Safety		

	<u>Face Value</u>	<u>Bond Number</u>	<u>Issued by</u>	<u>Position Covered</u>	<u>Period Covered</u>
A	\$1,000,000	N/A	Bergen County Municipal Joint Insurance Fund	Township of Washington Township of Washington Volunteer Fire Department Township of Washington Municipal Library	1/1/15 - 12/31/15

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

**GENERAL COMMENTS**

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

**Current Year**

Our audit of payroll revealed that the contact address reported on the Federal 941 form filed on behalf of the Township was that of the payroll service provider rather than the Township. It is recommended that all state and federal tax filings report the Township's contact information not the payroll service provider.

Our audit revealed that certain prior year grant receivable balances exist in the General Capital Fund. It is recommended that grant receivable balances in the General Capital Fund be reviewed for collectability or otherwise cleared of record.

Our audit revealed there are various inactive miscellaneous and/or appropriated grant reserve balances that remain unexpended. It is recommended that inactive miscellaneous and appropriated grant reserves be expended or cancelled.

Our audit revealed that certain trust bank accounts (i.e., Other Trust and Payroll) were not reconciled on a monthly basis. It is recommended that all bank accounts be reconciled on a monthly basis.

**Prior Year Findings – Unresolved**

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

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

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

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

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

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

**GENERAL COMMENTS**

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

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

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

2015 Road Paving Program  
Recycling of Organic Materials

2015 Drainage Repairs to Julia Court and Woodfield Road  
Acquisition of DMF Vehicles

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.

**Collection of Interest on Delinquent Taxes and Assessments**

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.

**Delinquent Assessments and Tax Title Liens**

There was a tax sale held on November 17, 2015.

There are two Township owned tax title liens receivable as of December 31, 2015.

**TOWNSHIP OF WASHINGTON  
SUPPLEMENTARY DATA**

**RECOMMENDATIONS**

It is recommended that:

- \* 1. Land and building/building improvements be reported in fixed asset reporting system at respective assessed values and all machinery and equipment additions be properly reflected in the Township's fixed asset reporting system.
- \* 2. Continued efforts be made to review prior years' open purchase orders for validity and action be taken to clear of record where appropriate.
- \* 3. The general ledgers be reconciled to the respective subsidiary ledgers and records on a monthly basis.
- 4. All state and federal tax filings report the Township's contact information not the payroll service provider.
- 5. Grant receivable balances in the General Capital Fund be reviewed for collectability or otherwise cleared of record.
- 6. Inactive miscellaneous and appropriated grant reserves be expended or cancelled.
- 7. All bank accounts be reconciled on a monthly basis.

**Status of Prior Year's Audit Findings/Recommendations**

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

\*\*\*\*\*

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

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

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

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411