

**TOWNSHIP OF WASHINGTON**

Financial Statements  
with Additional Financial Information

December 31, 2018

(With Independent Auditor's Report Thereon)

# TOWNSHIP OF WASHINGTON

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# ***LOUIS C. MAI CPA & ASSOCIATES***

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## **Independent Auditor's Report**

The 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 regulatory basis balance sheets of the various funds and account groups of the Township of Washington, Bergen County, New Jersey as of December 31, 2018 and 2017, and the related regulatory basis statements of operations and changes in fund balances for the year then ended and the related and the related regulatory basis statements of revenues and statements of expenditures of the Current Fund for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey - regulatory basis. 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 misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, these financial statements were prepared in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey- regulatory basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the State of New Jersey.

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, 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 the Township of Washington, New Jersey, as of December 31, 2018 and the changes in financial position for the year then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Washington, New Jersey, as of December 31, 2018 and 2017 and the related statement of operations and changes in fund balances for the year then ended and the related statement of revenues and statements of expenditures of the Current Fund for the year ended December 31, 2018 on the regulatory basis of accounting described in note 1.

### **Other Matters**

#### **Additional Financial Information**

Our audit was conducted for the purpose of forming opinions on the regulatory financial statements that collectively comprise the Township’s basic financial statements. The additional financial information included in the accompanying table of contents, is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the basic financial statements. Such information and schedules is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional financial information included in the accompanying table of contents is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Township of Washington’s basic financial statements. The information included in the Supplementary Data and the General Comments and Recommendations as listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we do not express an opinion or provide any assurance on it. In

addition, the DLGS requires that the Length of Service Award program (LOSAP) be included as unaudited in the regulatory basis financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2019 on our consideration of the Township'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 solely 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 Township of Washington's internal control over financial reporting and compliance.

*Louis C. Mai CPA & Associates*  
*Louis C. Mai*

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Louis C. Mai, Registered Municipal Accountant  
No. CR00217

June 17, 2019

# ***LOUIS C. MAI CPA & ASSOCIATES***

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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

### **Independent Auditor's Report**

The 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; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying regulatory basis balance sheets of the various funds and account groups as of December 31, 2018 and 2017 of the Township of Washington, Bergen County, New Jersey, and the related regulatory basis statements of operations and changes in fund balances for the years then ended and the related and the related regulatory basis statements of revenues and statements of expenditures of the Current Fund for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 17, 2019, which report expressed an adverse opinion in accordance with accounting principles generally accepted in the United States of America and an unmodified opinion on the regulatory basis of accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we

did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Louis C. Mai CPA & Associates*  
*Louis C. Mai*

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Louis C. Mai, Registered Municipal Accountant  
No. CR00217

June 17, 2019

## FINANCIAL STATEMENTS

TOWNSHIP OF WASHINGTON

Balance Sheet  
Regulatory Basis

Current Fund

December 31, 2018 and 2017

Assets	Ref.	2018	2017
Cash - checking	A-4	\$ 7,509,623	11,040,298
Cash - Tax Collector	A-5	54,476	30
Cash - change fund	A-6	325	325
Grants receivable	A-12	209,125	82,262
Due from State of New Jersey - Senior Citizens' and Veterans' deductions	A-7	8,860	8,360
		<u>7,782,409</u>	<u>11,131,275</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-8	243,469	305,812
Tax title liens	A-9	15,084	11,877
Foreclosed property	A-10	70,950	70,950
Revenue accounts receivable	A-11	69,774	—
Prepaid Regional School Taxes	A-14	242,297	—
Due from:			
Other Trust Funds	A-13	54,775	54,775
General Capital Fund	A-13	—	7,971
Animal Control Fund	A-13	23,660	15,151
		<u>720,009</u>	<u>466,536</u>
Deferred charges:			
Overexpenditure of appropriation	A-24	11,590	29,612
Overexpenditure of appropriation reserve	A-24	413	—
Special emergency authorizations (40A-4:53)	A-24	—	56,000
		<u>12,003</u>	<u>85,612</u>
		<u>\$ 8,514,421</u>	<u>11,683,423</u>

TOWNSHIP OF WASHINGTON

Balance Sheet  
Regulatory Basis

Current Fund

December 31, 2018 and 2017

<b>Liabilities, Reserves and Fund Balance</b>	<b>Ref.</b>	<b>2018</b>	<b>2017</b>
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3,A-15	\$ 1,219,500	718,702
Encumbrances payable	A-16	352,830	328,935
Tax overpayments	A-17	13,900	35,197
Prepaid taxes	A-18	241,200	2,926,441
Accounts paable	A-19	7,892	73,107
Due to:			
County for added taxes	A-20	10,105	9,574
General Capital Fund	A-13	132,366	—
Length of Service Award Program Fund	A-25	9,200	9,200
Appropriated Grant Reserves	A-21	97,242	273,843
Unappropriated Grant Reserves	A-22	48,410	44,662
Various reserves	A-23	1,543,510	1,534,796
		<u>3,676,155</u>	<u>5,954,457</u>
Reserve for receivables and other assets		720,009	466,536
Fund balance	A-1	<u>4,118,257</u>	<u>5,262,430</u>
		<u><u>8,514,421</u></u>	<u><u>11,683,423</u></u>

See accompanying notes to financial statements.

## TOWNSHIP OF WASHINGTON

Statement of Operations and Changes in Fund Balance  
Regulatory Basis

## Current Fund

Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue and other income realized:		
Fund balance utilized	\$ 2,150,000	1,200,000
Miscellaneous revenue anticipated	2,086,331	1,950,856
Receipts from delinquent taxes	306,540	379,027
Receipts from current taxes	38,136,664	37,058,483
Non-budget revenues	105,166	81,941
Other credits to income:		
Budget appropriations canceled		—
Unexpended balance of appropriation reserves	444,428	1,156,917
Interfunds returned	7,971	—
Grant reserves cancelled	53,917	—
	<u>43,291,017</u>	<u>41,827,224</u>
Total income		
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	4,688,058	4,588,130
Other expenses	3,268,245	3,087,844
Deferred charges and statutory expenditures	1,002,964	883,886
Appropriations excluded from "CAPS":		
Operations:		
Other expenses	1,649,016	1,607,611
Capital improvements	738,112	193,871
Municipal debt service	1,084,196	1,053,447
Deferred charges	177,937	62,041
County taxes	4,226,281	4,216,654
County open space tax	179,928	174,667
Amount due County for added and omitted taxes	10,105	9,574
Regional school taxes	25,007,177	24,346,646
Prepaid Regional school taxes	242,297	—
Interfunds advanced	—	54,777
Prior year senior citizens deductions cancelled	3,500	1,943
Prior year tax overpayments	9,022	—
Refund of prior year revenue	10,355	1,846
	<u>42,297,193</u>	<u>40,282,937</u>
Total expenditures		
Excess in revenue	993,824	1,544,287
Adjustments to income before surplus:		
Expenditures included above which are by statute deferred charges to budget of succeeding year - emergency appropriations	12,003	—
Statutory excess to fund balance	1,005,827	1,544,287
Fund balance, January 1	<u>5,262,430</u>	<u>4,918,143</u>
	6,268,257	6,462,430
Decreased by utilized as anticipated revenue	<u>2,150,000</u>	<u>1,200,000</u>
Fund balance, December 31	<u>\$ 4,118,257</u>	<u>5,262,430</u>

See accompanying notes to financial statements.

## TOWNSHIP OF WASHINGTON

Statement of Revenues  
Regulatory Basis

## Current Fund

Year ended December 31, 2018

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 2,150,000	2,150,000	—
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	15,000	15,126	126
Other	2,500	3,838	1,338
Fees and permits			
Construction code official	130,000	151,149	21,149
Other	190,000	204,028	14,028
Fines and costs - municipal court	75,000	61,037	(13,963)
Interest and costs on taxes	75,000	72,517	(2,483)
Interest on investments and deposits	57,000	85,363	28,363
Cable television franchise fee	155,466	85,692	(69,774)
Sewer charges	9,440	34,739	25,299
Energy Receipts Tax (P.L. 1999, Ch 162 & 167)	713,525	713,525	—
State and Federal programs offset with appropriations			
Municipal Alliance on Alcoholism and Drug Abuse	9,876	9,876	—
Recycling tonnage grant	20,585	20,585	—
NJ DOT Mountain Avenue	178,112	178,112	—
Clean Communities Program	18,667	18,667	—
Uniform Fire Safety Act	12,000	17,495	5,495
Sale of recyclables	30,000	13,536	(16,464)
Cell tower	86,212	93,626	7,414
Police outside billings - Other Trust Fund	10,000	139,733	129,733
General Capital Surplus	121,937	121,937	—
Other Trust Fund - Town Day proceeds	45,000	45,000	—
Bergen County Municipal JIF Safety Award	750	750	—
	<u>1,956,070</u>	<u>2,086,331</u>	<u>130,261</u>
			(Continued)
Receipts from delinquent taxes	\$ 307,523	306,540	(983)
Amount to be raised by taxes for support of municipal budget:			
Local Tax for Municipal Purposes including Reserve for Uncollected taxes	8,360,330	8,890,105	529,775
Minimum Library Tax	598,068	598,068	—
Total Amount to be Raised	<u>8,958,398</u>	<u>9,488,173</u>	<u>529,775</u>
Budget totals	\$ <u>13,371,991</u>	14,031,044	<u>659,053</u>
Non-budget revenues		<u>105,166</u>	
		<u>\$ 14,136,210</u>	

## TOWNSHIP OF WASHINGTON

Statement of Revenues  
Regulatory Basis

## Current Fund

Year ended December 31, 2018

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Allocation of current tax collections:			
Revenue from collections		\$ 38,136,664	
Allocated to:			
School, County and Open Space taxes		29,423,491	
Balance for support of municipal budget		8,713,173	
Add appropriation reserve for uncollected taxes		<u>775,000</u>	
Amount for support of municipal budget		<u>\$ 9,488,173</u>	
Receipts from delinquent taxes:			
Delinquent tax collections		\$ 306,540	
		<u>\$ 306,540</u>	
Miscellaneous revenue not anticipated:			
Tree removal application fees		\$ 4,650	
FEMA reimbursements		16,610	
County snow plowing reimbursement		10,215	
Rental of Township property		12,900	
Property maintenace fees		3,446	
Miscellaneous		17,905	
Sale of assets		1,947	
Towing fees		3,948	
Insurance dividends		16,219	
Senior Citizen - administrative fees		1,830	
County reimbursement Open Space		13,629	
State inspection DMV Fees		<u>1,867</u>	
		<u>\$ 105,166</u>	

See accompanying notes to financial statements.

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	Overexpended
General appropriations:							
Operations within "CAPS":							
General Government							
General Administration							
Salaries and wages	\$ 177,233	—	177,233	168,715	8,518	—	—
Other expenses	29,451	—	29,451	27,017	2,434	—	—
Maintenance and support of office equipment							
Maintenance and support - equipment	22,500	—	22,500	23,076	—	—	576
Mayor & Council							
Salaries and wages - Mayor	10,085	—	10,085	10,085	—	—	—
Other expenses - Mayor	3,200	—	3,200	2,269	931	—	—
Salaries and wages - Council	28,289	—	28,289	27,052	1,237	—	—
Other expenses - Council	15,700	—	15,700	12,860	2,840	—	—
Municipal Clerk							
Salaries and wages	100,230	—	100,230	102,372	—	—	2,142
Other expenses	17,145	—	17,145	16,170	975	—	—
Elections							
Salaries and wages	950	—	950	950	—	—	—
Other expenses	8,750	2,000	10,750	8,750	2,000	—	—
Financial Administration							
Salaries and wages	121,113	—	121,113	77,292	43,821	—	—
Other expenses							
Financial Services - Fees	17,000	—	17,000	10,430	6,570	—	—
Miscellaneous other	18,239	—	18,239	11,432	6,807	—	—
Audit Services							
Other expenses	34,000	—	34,000	34,000	—	—	—
Revenue Administration							
Salaries and wages	10,000	—	10,000	7,734	2,266	—	—
Other expenses	10,968	—	10,968	7,156	3,812	—	—
Tax Assessment Administration							
Salaries and wages	25,571	—	25,571	25,557	14	—	—
Other expenses	4,225	—	4,225	3,635	590	—	—

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	Overexpended
Legal Services							
Salaries and wages	\$ 73,104	—	73,104	79,649	—	—	6,545
Other expenses							
Administration	—	—	—	—	—	—	—
Council	62,000	(2,000)	60,000	28,713	31,287	—	—
Tax appeals	12,500	—	12,500	—	12,500	—	—
Engineering Services							
Salaries and wages	1,250	—	1,250	1,250	—	—	—
Other expenses	58,000	—	58,000	47,636	10,364	—	—
Department of Public Affairs							
Salaries and wages	1,250	—	1,250	1,250	—	—	—
Other expenses	41,600	—	41,600	30,581	11,019	—	—
Cable Television Expense	7,000	—	7,000	6,813	187	—	—
Land Use Administration							
Planning Board							
Salaries and wages	10,710	—	10,710	8,329	2,381	—	—
Other exoense	18,525	—	18,525	14,457	4,068	—	—
Zoning Board of Adjustment							
Salaries and wages	25,739	—	25,739	25,697	42	—	—
Other expenses	4,450	—	4,450	3,974	476	—	—
Public Safety Functions							
Police Department							
Salaries and wages	3,038,307	—	3,038,307	2,931,728	106,579	—	—
Other expenses	67,500	—	67,500	55,642	11,858	—	—
Acquisition/Leasing of Police Vehicles	96,656	—	96,656	96,456	200	—	—
Community policing	2,500	—	2,500	2,499	1	—	—
Telephoe support system	5,986	—	5,986	6,011	—	—	25
Maintenance of desk record system	14,000	—	14,000	9,500	4,500	—	—
Police range rental	10,000	—	10,000	7,200	2,800	—	—
Computer software leasing	14,000	—	14,000	11,250	2,750	—	—
Police car cameras	4,000	—	4,000	3,184	816	—	—
Reverse 911 system	3,000	—	3,000	2,995	5	—	—
Police Dispatchers							
Salaries and wages	155,000	—	155,000	131,661	23,339	—	—

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	Overexpended
Office of Emergency Management							
Salaries and wages	\$ 1,800	—	1,800	1,800	—	—	—
Other expenses	2,500	—	2,500	222	2,278	—	—
Aid to Volunteer Ambulance Company	45,090	—	45,090	45,090	—	—	—
Fire Department							
Salaries and wages	1,250	—	1,250	1,250	—	—	—
Other expenses	44,150	—	44,150	30,154	13,996	—	—
Clothing allowance	45,000	—	45,000	37,025	7,975	—	—
Physicals	1,500	—	1,500	753	747	—	—
Maintenance program	35,500	—	35,500	9,956	25,544	—	—
Equipment compliance	8,000	—	8,000	1,450	6,550	—	—
Uniform Fire Safety Code							
Other expenses	9,500	—	9,500	1,356	8,144	—	—
Fire Hydrant Service	150,592	1	150,593	144,497	6,096	—	—
Municipal Prosecutor							
Salaries and wages	7,825	—	7,825	7,025	800	—	—
Public Works Functions							
Department of Municipal Facilities							
Salaries and wages	624,257	—	624,257	582,161	42,096	—	—
Other expenses	92,700	—	92,700	89,551	3,149	—	—
Other Public Works Functions							
Street Sweeping	18,000	—	18,000	13,500	4,500	—	—
Recycling							
Salaries and wages	1,000	—	1,000	1,000	—	—	—
Other expenses	326,703	—	326,703	86,719	239,984	—	—
Buildings and Grounds							
Building Maintenance	37,000	—	37,000	36,866	134	—	—
Vehicle Maintenance							
Other expenses	152,500	—	152,500	82,297	70,203	—	—
Community Services Act	29,000	—	29,000	25,372	3,628	—	—
Health and Human Services							
Public Health Services							
Salaries and wages - Board of Health	5,383	—	5,383	4,951	432	—	—
Other expenses - Board of Health	37,911	—	37,911	37,360	551	—	—
Animal Control Services							
Other expenses	13,000	—	13,000	13,000	—	—	—

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	Overexpended
Recreation Services and Programs							
Salaries and wages	\$ 75,303	—	75,303	68,164	7,139	—	—
Other expenses	140,595	—	140,595	106,224	34,371	—	—
Golden Seniors' Committee	22,000	—	22,000	20,653	1,347	—	—
Senior Activities	3,380	—	3,380	2,365	1,015	—	—
Maintenance of Parks							
Other expenses	42,100	—	42,100	41,430	670	—	—
Rehabilitation of Memorial Field	39,999	—	39,999	7,236	32,763	—	—
Other Common Operation Functions							
Celebration of Public Events	45,000	—	45,000	41,163	3,837	—	—
Municipal Court							
Salaries and wages	52,312	—	52,312	46,980	5,332	—	—
Other expenses	6,750	—	6,750	3,976	2,774	—	—
Public Defender							
Other expenses	2,400	—	2,400	600	1,800	—	—
Insurance							
Liability Insurance (BJIF)	157,676	—	157,676	157,676	—	—	—
Workers Compensation Insurance (BJIF)	187,487	—	187,487	187,487	—	—	—
Employee Group Insurance	655,000	—	655,000	610,310	44,690	—	—
Unemployment	—	—	—	—	—	—	—
Code Enforcement and Administration							
Construction Officials							
Salaries and wages	131,410	—	131,410	113,799	17,611	—	—
Other expenses	4,676	—	4,676	4,622	54	—	—
Utility Expenses & Bulk Purchases							
Electricity	57,000	—	57,000	48,986	8,014	—	—
Street Lighting	60,000	—	60,000	45,806	14,194	—	—
Telephone	41,634	—	41,634	33,004	8,630	—	—
Water	11,000	—	11,000	8,858	2,142	—	—
Natural Gas	15,500	—	15,500	11,032	4,468	—	—
Gasoline	55,500	—	55,500	56,905	—	—	1,405
Landfill/Solid Waste Disposal							
Sanitary Landfill & Dump Fees	67,000	—	67,000	60,231	6,769	—	—
Total operations within "CAPS"	7,945,609	1	7,945,610	7,013,889	942,414	—	10,693
Contingent	—	—	—	—	—	—	—
Total operations including contingent-within "CAPS"	7,945,609	1	7,945,610	7,013,889	942,414	—	10,693

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	Overexpended
Detail:							
Salaries and wages	\$ 4,679,371	—	4,679,371	4,426,451	261,607	—	8,687
Other expenses (including contingent)	3,266,238	1	3,266,239	2,587,438	680,807	—	2,006
	<u>7,945,609</u>	<u>1</u>	<u>7,945,610</u>	<u>7,013,889</u>	<u>942,414</u>	<u>—</u>	<u>10,693</u>
Deferred charges and statutory expenditures - municipal within "CAPS":							
Deferred Charges:							
Overexpenditure of Appropriations	29,612	—	29,612	29,612	—	—	—
Statutory Charges							
DCRP Pension	10,500	—	10,500	7,454	3,046	—	—
Social Security System (OASI)	160,000	—	160,000	160,897	—	—	897
Public Employees Retirement System	129,584	—	129,584	129,584	—	—	—
Police & Firemen's Retirement System	672,371	—	672,371	672,371	—	—	—
Total deferred charges and statutory expenditures - municipal within "CAPS"	<u>1,002,067</u>	<u>—</u>	<u>1,002,067</u>	<u>999,918</u>	<u>3,046</u>	<u>—</u>	<u>897</u>
Total general appropriations for municipal purposes within "CAPS"	<u>8,947,676</u>	<u>1</u>	<u>8,947,677</u>	<u>8,013,807</u>	<u>945,460</u>	<u>—</u>	<u>11,590</u>
Operations excluded from "CAPS" - mandated expenditures per N.J.S.A. 40A:4-45.3g:							
Maintenance - Free Public Library (Chapter 82, PL 1985):							
Other expenses	598,068	—	598,068	597,371	697	—	—
Length of Service Award Program (L.O.S.A.P.)	95,000	—	95,000	90,000	5,000	—	—
Bergen County Utilities Authority - Contractual							
Operating	600,480	—	600,480	600,480	—	—	—
Debt Service	223,872	—	223,872	223,872	—	—	—
Other Municipalities - Contractual	80,000	—	80,000	37,442	42,558	—	—
Public and private programs offset by revenues:							
Recycling Tonnage Grant	20,585	(1)	20,584	—	20,584	—	—
Clean Communities program	18,667	—	18,667	187	18,480	—	—
Municipal Alliance Grant							
State Share	9,876	—	9,876	1,736	8,140	—	—
Local Match	2,469	—	2,469	2,000	469	—	—
Total operations-excluded from "CAPS"	<u>\$ 1,649,017</u>	<u>(1)</u>	<u>1,649,016</u>	<u>1,553,088</u>	<u>95,928</u>	<u>—</u>	<u>—</u>

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2018

	Appropriations			Expended			
	Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	Overexpended
Detail:							
Other expenses	1,649,017	(1)	1,649,016	1,553,088	95,928	—	—
	<u>1,649,017</u>	<u>(1)</u>	<u>1,649,016</u>	<u>1,553,088</u>	<u>95,928</u>	<u>—</u>	<u>—</u>
Capital improvements excluded from "CAPS":							
Capital Improvement Fund	550,000	—	550,000	550,000	—	—	—
NJ DOT - Mountain Avenue	178,112	—	178,112	—	178,112	—	—
Reserve for Ambulance	10,000	—	10,000	10,000	—	—	—
Total capital improvements excluded from "CAPS"	<u>738,112</u>	<u>—</u>	<u>738,112</u>	<u>560,000</u>	<u>178,112</u>	<u>—</u>	<u>—</u>
Municipal debt service excluded from "CAPS":							
Payment of bond principal	807,000	—	807,000	807,000	—	—	—
Payment of bond anticipation notes	140,337	—	140,337	140,337	—	—	—
Interest on bonds	41,500	—	41,500	41,447	—	53	—
Interest on notes	95,412	—	95,412	95,412	—	—	—
Total municipal debt service excluded from "CAPS"	<u>1,084,249</u>	<u>—</u>	<u>1,084,249</u>	<u>1,084,196</u>	<u>—</u>	<u>53</u>	<u>—</u>
Deferred charges - municipal - excluded from "CAPS":							
Emergency Authorization			—				
Special Emergency Authorizations - 3 Years	56,000	—	56,000	56,000	—	—	—
Deferred charges to future taxation - unfunded							
Ordinance 06-09	110,856	—	110,856	110,856	—	—	—
Ordinance 13-11	11,081	—	11,081	11,081	—	—	—
Total deferred charges - municipal - excluded from "CAPS"	<u>177,937</u>	<u>—</u>	<u>177,937</u>	<u>177,937</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total general appropriations excluded from "CAPS"	<u>3,649,315</u>	<u>(1)</u>	<u>3,649,314</u>	<u>3,375,221</u>	<u>274,040</u>	<u>53</u>	<u>—</u>
Subtotal general appropriations	12,596,991	—	12,596,991	11,389,028	1,219,500	53	11,590
Reserve for uncollected taxes	775,000	—	775,000	775,000	—	—	—
Total general appropriations	<u>\$ 13,371,991</u>	<u>—</u>	<u>13,371,991</u>	<u>12,164,028</u>	<u>1,219,500</u>	<u>53</u>	<u>11,590</u>
Original budget			\$ 13,193,879				
Added by NJSA 40A:4-87 (CH 159)			178,112				
			<u>\$ 13,371,991</u>				

**TOWNSHIP OF WASHINGTON**

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2018

<u>Appropriations</u>			<u>Expended</u>			
<u>Budget</u>	<u>Transfers</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Canceled</u>	<u>Overexpended</u>

<u>Analysis of paid or charged</u>						
Cash disbursed			\$	10,822,403		
Encumbrances payable				340,676		
Deferred Charges				85,612		
Due to General Capital				140,337		
Reserve for uncollected taxes				<u>775,000</u>		
			\$	<u>12,164,028</u>		

See accompanying notes to financial statements.

## TOWNSHIP OF WASHINGTON

Balance Sheet  
Regulatory Basis

## Trust Funds

December 31, 2018 and 2017

Assets	Ref.	2018	2017
Animal Control Fund			
Cash	B-1	\$ 37,099	28,471
Cash - change fund		25	25
		<u>37,124</u>	<u>28,496</u>
Other Trust Funds:			
Cash	B-1	2,175,562	2,584,168
Payroll deductions payable (deficit)	B-9	—	1,406
		<u>2,175,562</u>	<u>2,585,574</u>
Unemployment Compensation Fund - cash	B-1	219,443	221,009
Length of Service Award Program Fund (UNAUDITED)			
Investments		2,029,289	2,121,948
Due from Current Fund		9,200	9,200
		<u>2,038,489</u>	<u>2,131,148</u>
		<u>\$ 4,470,618</u>	<u>4,966,227</u>
<b>Liabilities and Reserves</b>			
Animal Control Fund			
Due to Current Fund	B-7	\$ 23,660	15,151
Due to State of New Jersey	B-3	12	—
Reserve for Animal Control Fund expenditures	B-2	13,452	13,345
		<u>37,124</u>	<u>28,496</u>
Other Trust Funds:			
Reserve for:			
Escrow and performance deposits	B-4	1,002,341	932,837
Insurance settlements	B-5	26,319	276,864
Mt Laurel senior housing	B-8	17,842	17,259
Payroll deductions payable (deficit)	B-9	5	—
Police private detail billings	B-10	17,645	951
Due to Current Fund	B-7	54,775	54,775
Various reserves	B-11	1,056,635	1,302,888
		<u>2,175,562</u>	<u>2,585,574</u>
Unemployment Compensation Fund -			
Reserve for Unemployment Insurance Claims	B-12	219,443	221,009
		<u>219,443</u>	<u>221,009</u>
Length of Service Award Program Fund (UNAUDITED)			
Reserve for Investments in Length of Service Award Program		2,038,489	2,131,148
		<u>\$ 4,470,618</u>	<u>4,966,227</u>

See accompanying notes to financial statements.

## TOWNSHIP OF WASHINGTON

Balance Sheet  
Regulatory Basis

## General Capital Fund

December 31, 2018 and 2017

<b>Assets</b>	<b>Ref.</b>	<b>2018</b>	<b>2017</b>
Cash	C-2,C-3	\$ 2,820,825	1,699,933
Grants receivable	C-14	255,000	266,081
Due from Current Fund	C-4	132,366	—
Deferred charges to future taxation funded	C-5	440,000	1,247,000
Deferred charges to future taxation unfunded	C-6	8,826,042	7,840,234
		<u>\$ 12,474,233</u>	<u>11,053,248</u>
<b>Liabilities, Reserves and Fund Balance</b>			
Contracts payable	C-9	\$ 252,542	462,373
Bond anticipation notes	C-11	6,000,000	4,770,579
Improvement authorizations:			
Funded	C-8	1,027,386	529,959
Unfunded	C-8	4,501,337	3,758,101
Due to Current Fund	C-4	—	7,971
Reserve for payment of debt	C-10	4,131	4,131
Reserve for preliminary costs	C-15	5,000	5,000
Reserve for ambulance	C-16	10,000	50,000
General serial bonds payable	C-12	440,000	1,247,000
Capital Improvement Fund	C-7	101,564	14,564
Fund balance	C-1	132,273	203,570
		<u>\$ 12,474,233</u>	<u>11,053,248</u>

There were bonds and notes authorized but not issued at December 31, 2018 and 2017 of \$2,826,042 and \$3,112,908 respectively (Exhibit C-13).

See accompanying notes to financial statements.

**TOWNSHIP OF WASHINGTON**

Statement of Fund Balance  
Regulatory Basis

General Capital Fund

Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Balance, Beginning of year	\$ 203,570	287,928
Increased by:		
Cancellation of funded improvement authorization	—	163,940
Premium on sale of notes	50,640	38,834
	<u>50,640</u>	<u>202,774</u>
	254,210	490,702
Decreased by:		
Appropriated to fund improvement authorizations	—	287,132
Anticipated revenue Current Fund	121,937	—
	<u>121,937</u>	<u>287,132</u>
Balance, End of year	<u>\$ 132,273</u>	<u>203,570</u>

See accompanying notes to financial statements.

**TOWNSHIP OF WASHINGTON**

Statement of General Fixed Assets  
Regulatory Basis

General Fixed Asset Account Group

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Land	\$ 11,383,900	11,383,900
Buildings	2,637,529	2,637,529
General equipment and machinery	<u>5,494,571</u>	<u>5,494,571</u>
Total fixed assets	<u>\$ 19,516,000</u>	<u>19,516,000</u>

See accompanying notes to financial statements.

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2018

### (1) *Summary of Significant Accounting Policies*

The accounting policies of the Township of Washington, State of New Jersey (the Township) conform to the accounting principles applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The following is a summary of the significant policies.

#### ***Reporting Entity***

The financial statements of the Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township do not include the operations of the Board of Education, Volunteer Fire Department, Ambulance and Rescue Services or Free Public Library.

#### ***Fund Accounting***

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Township, the accounts of the Township are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. The operation of each fund is accounted for with a separate set of self balancing accounts that comprise its assets, liabilities reserves, fund balance, revenues and expenditures, as appropriate.

#### ***Fund Types***

Current Fund – is used to account for all revenues and expenditures applicable to the general operations of Township departments and agencies. Federal and state grants are included in the current fund.

Trust Funds – are used to account for assets held by the Township in a trustee capacity or as an agent for individuals or other governmental agencies. Funds held by the Township which have restrictions placed on the use of such funds are recorded in the Trust Funds.

General Capital Fund – is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

General Fixed Assets Account Group – is used to account for all fixed assets purchased by the current and general capital funds.

#### ***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 of Washington and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2018

### ***Basis of Accounting***

The Township follows the following accounting policies:

#### **Revenues**

Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and state grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

#### **Expenditures**

Current Fund, General Capital Fund and Utility Fund 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 the encumbrance accounting system. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on a cash basis; interest on general capital indebtedness is on the cash basis. Trust Fund expenditures are accounted for on the cash basis.

Disbursements for Current Fund and General Capital Fund inventory type items are considered expenditures at the time of purchase. Prepaid expenses are not recorded. The Township's share of contributions for fringe benefits, such as retirement plans, accrued vacation leave, litigation settlements and certain professional fees are accounted for on the cash basis.

Had the Township's financial statements been prepared under generally accepted accounting principles, appropriation reserves would not be recorded; revenues susceptible of accrual would have been reflected without offsetting reserves; Federal grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; and encumbrances would not be considered as expenditures. Taxes collected on behalf of the county and school district and the related payment to those entities would not be reflected in operations. Deferred charges and improvement authorizations would not be recorded as assets and liabilities in the General Capital Fund. The Division of Local Government Services, Department of Community Affairs, State of New Jersey does not require the management's discussion and analysis, required supplemental information or government wide financial statements required by generally accepted accounting principles to be presented.

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2018

### ***Foreclosed Property***

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved. Under GAAP property acquired for taxes would be recorded in the general fixed assets at net realizable value

### ***Interfund Receivables***

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

### ***Deferred Charges to Future Taxation Funded and Unfunded***

Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced. Under GAAP deferred charges to future taxation would not be recorded and proceeds of debt issued would be recognized as revenue

### ***Fixed Assets***

#### **Current Fund and General Capital Fund**

Property and equipment purchased by the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase. Fixed assets are capitalized at cost in the General Fixed Assets Account Group.

### ***Use of Estimates***

The preparation of financial statements requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **(2) Retirement Systems**

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems (retirement systems) which have been established by State statute: the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the State of New Jersey.

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2018

### ***Police and Firemen's Retirement System***

Police and Firemen's Retirement Systems (PFRS)--is a cost-sharing multiple-employer contributory defined benefit plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

### ***Public Employees' Retirement System***

Public Employees' Retirement System (PERS)--is a cost-sharing multiple-employer contributory defined benefit plan which was established as of January 1, 1955, under the provision N.J.S.A. 43:15A to provide retirement, death and disability benefits, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

### ***Defined Contribution Retirement Program***

The Defined Contribution Retirement Program, herein referred to as 'DCRP', was established July 1, 2007 under the provisions of Chapters 92 and 103, P.L. 2007. Individuals eligible for membership in the DCRP include local officials who are elected or appointed on or after July 1, 2007; and employees enrolled in the PERS on or after July 1, 2007 who earn salary in excess of established "maximum compensation" limits.

A local elected official is any individual who holds elected public office. Officials elected on or after July 1, 2007 will only be enrolled in DCRP. Elected officials already enrolled in PERS prior to July 1, 2007 based on elected office will remain a PERS member while serving in that same elected office. Any break in service or election to a different elected office will automatically enroll the elected official in DCRP. If a retired member of another State-administered retirement system is elected to office, that elected official can choose to either continue receiving retirement benefits from the former employment or suspend such benefits and participate in DCRP.

A local appointed official is any individual appointed by the governor, including those requiring advice and consent of the Senate, or an individual appointed in a similar manner by the governing body of a local public entity. On or after July 1, 2007, a newly appointed official who does not have an existing PERS account will only be enrolled in the DCRP. Appointed officials already enrolled in PERS prior to July 1, 2007 will remain a PERS member while serving in that same appointed office.

An appointed official is permitted to join or remain in PERS if that appointed official holds a professional license or certificate to perform and is serving in any of the following capacities: Certified Health Officer, Tax Collector, Chief Financial Officer, Construction Code Official, Qualified Purchasing Agent, Tax Assessor, Municipal Planner, Registered Municipal Clerk, Licensed Uniform Subcode Inspector, or Principal/Certified Public Works Manager.

Additional minimum DCRP eligible criteria for a newly elected or appointed official are the same as for a PERS position. However, in the case of DCRP, eligible officials can elect an irrevocable waiver of their participation when earning less than \$5,000 annually.

## TOWNSHIP OF WASHINGTON

### Notes to Financial Statements

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Eligible PERS members are enrolled in the DCRP when annual salary exceeds the maximum compensation limit. This may occur upon enrollment into the PERS when an annual base salary is reported on the enrollment application that will exceed the maximum compensation; or when PERS member's annual salary is increased to where it will exceed the maximum compensation and it is reported by the employer to the Division of Pensions and benefits.

Enrolled members contribute 5.5% of the base salary to a tax-deferred investment account established with Prudential Financial, which administers the DCRP for the Division of Pensions and Benefits. Members enrolled due to income levels in excess of maximum compensation limits only contribute based on that amount in excess. Member contributions are matched by a 3% employer contribution.

Newly eligible and enrolled members that have existing DCRP accounts or are active or vested members of another State-administered retirement system are immediately vested in DCRP. Conversely, those officials not qualifying for immediate vesting in DCRP will become fully vested upon commencement of their second year of membership. In such case that there is no eligible second year of membership, all employee and employer contributions will be refunded to the appropriate contributing parties.

DCRP members may elect to receive all or a portion of the account in a lump-sum distribution, or as a fixed term or life annuity. There is no minimum retirement age under the DCRP. Any distributions of mandatory contributions will automatically render the member retired. Lump-sum cash distributions to members under the age of 55 are limited to the member's contributions and earnings. Employer matching contributions and earnings are only available after the age of 55. A member may begin collecting an annuity or take a cash distribution at any time after termination of employment, but will no longer be eligible to participate in any State-administered retirement system upon a return to public employment in New Jersey.

DCRP members are covered by employer-paid life insurance, payable to their designated beneficiaries, in the amount of 1 ½ times the annual base salary on which DCRP contributions were based. This benefit continues for up to two years if on an approved leave of absence without pay for personal illness. Life insurance may also be available to members upon retirement at an amount reduced to 3/16 of the annual base salary on which DCRP contributions were based who qualify by being 60 or older with 10 years of participation in DCRP or any age with 25 years of participation. In the case of members enrolled due to income levels in excess of maximum compensation limits, years of participation in either scenario would also include participation in PERS.

DCRP members are eligible employer-paid long term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid so long the member remains disabled or until the age of 70. Benefits terminate should the member begin receiving retirement annuity payments.

#### ***Other Pension Funds***

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of several State-administered retirement systems to purchase annuities to

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

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supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

According to State statutes, 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 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 obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

### ***Significant Legislation***

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rates increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates will increase in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be a least 1.5% of salary.
- In addition, this legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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***Funding Policy***

***Contribution Requirements:***

The contribution policy for PFRS and PERS is set by New Jersey State statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members of PFRS contribute at a uniform rate of 10.0% of base salary, as defined. Members of PERS contribute at a uniform rate of 7.42% of base salary, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PFRS and PERS.

***Township Contributions:***

The Township's required contributions were as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PERS \$	135,569	129,489	126,424	138,169	166,445
PFRS \$	752,067	579,53	534,771	559,157	553,973
DCRP \$	7,454	7,425	2,676	2,370	2,500

***GASB 68 Disclosure in accordance with Division of Local Government Services Local Finance Notice 2015-24***

The amount of the Township's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Specific information on actuarial assumptions and rates of return can be found at [www.state.nj.us/treasury/pensions/amnrprts.shtml](http://www.state.nj.us/treasury/pensions/amnrprts.shtml).

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS.

<u>PERS</u>			
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Covered Employee Payroll	\$1,019,492	\$1,027,938	\$1,035,856
Total Payroll	4,419,906	4,294,302	4,430,534
Actuarial Contribution Requirements	135,569	148,994	135,420
Total Contributions	211,229	221,739	209,792
Employer's Share	135,569	148,994	135,420
% of Covered Payroll	13.30%	14.48%	13.07%
Employee's Share	75,660	72,745	74,372
% of Covered Payroll	7.42%	7.26%	7.18%

**TOWNSHIP OF WASHINGTON**

Notes to Financial Statements

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PFRS	<u>2018</u>	<u>2017</u>	<u>2016</u>
Covered Employee Payroll	\$2,573,080	\$2,559,139	\$2,440,496
Total Payroll	4,419,906	4,294,302	4,430,534
Actuarial Contribution Requirements	752,067	554,741	510,688
Total Contributions	1,009,375	810,655	754,737
Employer's Share	752,067	554,741	510,688
% of Covered Payroll	29.23%	21.68%	20.93%
Employee's Share	257,308	255,914	244,049
% of Covered Payroll	10.00%	10.00%	10.00%

***Assumptions***

The total PERS and PFRS pension liability for June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 using an actuarial experience study for the period July 1, 2011 to June 30, 2014. The pension liability was rolled forward to June 30, 2018. The actuarial valuation used an inflation rate of 2.25%, projected salary increases through 2026 from of 1.65% to 4.15% for PERS and 2.10% to 8.98% for PFRS based on age and thereafter 2.65% to 5.15% for PERS and 3.10% to 9.98% for PFRS based on age and an investment rate of return of 7.00%.

The discount rate used to measure the total pension liability was 5.66% and 5.00% for PERS and 6.51 and 6.14% for PFRS as of June 30, 2018 and 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's PERS and PFRS fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046 and June 30, 2062, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and 2062, respectively, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability. More information on mortality rates and other assumptions, and investment policies, can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The following presents the Township's proportionate share of the PERS net pension liability calculated using the discount rate of 5.66% and 5.00% as of June 30, 2018 and 2017, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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Notes to Financial Statements

December 31, 2018

**Sensitivity of the Township's Proportionate Share of the PERS Local Share Net Pension Liability to Changes in the Discount Rate**

	At 1% decrease (4.00%)	At current discount rate (5.00%)	At 1% increase (6.00%)
2017	<u>\$4,887,144</u>	<u>\$3,939,441</u>	<u>\$3,141,887</u>
	At 1% decrease (4.66%)	At current discount rate (5.66%)	At 1% increase (6.66%)
2018	<u>\$3,374,281</u>	<u>\$2,683,571</u>	<u>\$2,104,109</u>

The following presents the Township's proportionate share of the PFRS net pension liability calculated using the discount rate of 6.51% and 6.14% as of June 30, 2018 and 2017, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

**Sensitivity of the Township's Proportionate Share of the PFRS Local Share Net Pension Liability to Changes in the Discount Rate**

	At 1% decrease (5.14%)	At current discount rate (6.14%)	At 1% increase (7.14%)
2017	<u>\$15,453,516</u>	<u>\$11,728,691</u>	<u>\$8,668,323</u>
	At 1% decrease (5.51%)	At current discount rate (6.51%)	At 1% increase (7.51%)
2018	<u>\$13,931,669</u>	<u>\$10,409,384</u>	<u>\$7,504,141</u>

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

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

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To facilitate the separate (sub) actuarial valuations, The Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2018 and 2017 are based on the ratio of each employer’s contributions to total employer contributions of the group for the fiscal years ended June 30, 2018 and 2017, respectively.

Following is the total of the Township’s portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2018.

	PERS	PFRS
Net Pension Liabilities	\$2,683,571	\$10,409,384
Deferred Outflow of Resources	586,270	1,945,617
Deferred Inflow of Resources	1,665,850	3,074,503
Pension Expense	(16,962)	83,503
Contributions Made After Measurement Date	—	—

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2018 and 2017. The Township’s proportionate share of the collective net pension liability as of June 30, 2018 and 2017 was .013629% and .01692% for PERS and .076926% and .07597% for PFRS respectively.

At June 30, 2018, the amount determined as the Township’s proportionate share of the PERS net pension liability was \$2,683,571. For the year ended June 30, 2018 the Township recognized PERS pension expense of \$(16,962). At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

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Notes to Financial Statements

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$442,208	\$858,063
Difference between expected and actual experience	51,176	13,837
Net Difference Between Projected and Actual Investment Earnings	—	25,172
Net Change in Proportions	92,886	768,778
Net Actual Less Proportionate Share of Contributions	—	—
Total Contributions and Proportionate Share of Contributions after the Measurement Date	—	—
	<u>\$586,270</u>	<u>\$1,665,850</u>

At June 30, 2018, the amount determined as the Township’s proportionate share of the PFRS net pension liability was \$10,409,384. For the year ended June 30, 2018 the Township recognized PFRS pension expense of \$83,503. At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$893,506	\$2,667,745
Differences between expected and actual experience	105,902	43,076
Net Difference Between Projected and Actual Investment Earnings	—	56,949
Net Change in Proportions	946,209	306,733
Net Actual Less Proportionate Share of Contributions	—	—
Total Contributions and Proportionate Share of Contributions after the Measurement Date	—	—
	<u>\$1,945,617</u>	<u>\$3,074,503</u>

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

The arithmetic mean return on the portfolio was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2018 are summarized in the following table.

**TOWNSHIP OF WASHINGTON**

Notes to Financial Statements

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Debt Related Real Estate	1.00%	6.61%
Public High Yield Bonds	2.50%	6.82%
Risk Mitigation Strategies	5.00%	5.51%
US Equities	30.00%	8.19%
Non US Dev Market Equities	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Debt Related Private Equity	2.00%	10.63%
Credit Oriented Hedge Funds	1.00%	6.60%
Equity Related Real Estate	6.25%	9.23%
Private Real Estate	2.50%	11.83%
Global Diversified Credit	5.00%	7.10%
Buyouts/ Venture Capital	8.25%	13.08%

**(3) Municipal Debt**

**Summary of Municipal Debt  
(Excluding Current and Utility Operating Debt and Type I School Debt)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Issued:			
General - bonds and notes	\$ 6,440,000	6,017,579	6,366,437
Total issued	<u>6,440,000</u>	<u>6,017,579</u>	<u>6,366,437</u>
Authorized but not issued:			
General - bonds and notes	2,826,042	3,112,908	475,022
Total authorized but not issued	<u>2,826,042</u>	<u>3,112,908</u>	<u>475,022</u>
Total bonds and notes issued and authorized but not issued	\$ <u>9,266,042</u>	<u>9,112,908</u>	<u>6,841,459</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicates a statutory net debt of .52%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional school district debt	\$ 8,777,805	8,777,805	—
General debt	9,266,042	4,131	9,261,911
	<u>\$ 18,043,847</u>	<u>8,781,936</u>	<u>9,261,911</u>

**TOWNSHIP OF WASHINGTON**

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Net debt of \$9,261,911 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$1,778,458,802 equals .52%.

**Borrowing Power under N.J.S.A. 40A:2-6 as Amended**

3-1/2% of equalized valuation basis (municipal)	\$62,246,058
Net debt	<u>9,261,911</u>
Remaining borrowing power	<u>\$52,984,147</u>

This a summary of bonded debt changes for the years ended December 31, 2017 and 2018:

	<u>Dec. 31, 2016</u>	<u>Increases</u>	<u>Deductions</u>	<u>Dec. 31, 2017</u>
General Capital Fund	2,062,000	—	815,000	1,247,000
\$	<u>2,062,000</u>	<u>—</u>	<u>815,000</u>	<u>1,247,000</u>
	<u>Dec. 31, 2017</u>	<u>Increases</u>	<u>Deductions</u>	<u>Dec. 31, 2018</u>
General Capital Fund	1,247,000	—	807,000	440,000
\$	<u>1,247,000</u>	<u>—</u>	<u>807,000</u>	<u>440,000</u>

Bond debt service requirements at December 31, 2018 were as follows;

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2019	<u>\$440,000</u>	<u>13,200</u>
	<u>\$440,000</u>	<u>13,200</u>

**(4) Bond Anticipation Notes**

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must continue to be paid if the notes are to be renewed beyond the third anniversary date of the original issuance.

**TOWNSHIP OF WASHINGTON**

Notes to Financial Statements

December 31, 2018

The changes in outstanding bond anticipation notes for the years ended December 31, 2018 and 2017 are as follows:

	<b>Dec. 31, 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Dec. 31, 2018</b>
General Capital Fund	4,770,579	1,413,010	183,589	6,000,000
\$	4,770,579	1,413,010	183,589	6,000,000

	<b>Dec. 31, 2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Dec. 31, 2017</b>
General Capital Fund	4,304,437	570,000	103,858	4,770,579
\$	4,304,437	570,000	103,858	4,770,579

**(5) Fund Balances Appropriated**

Fund balances appropriated and included as anticipated revenue in the 2019 budget is as follows:

Current Fund	\$ 1,500,000
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**(6) Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the Township Current Fund had the following deferred charges to be raised in the 2019 or subsequent budgets.

	<b>Balance, Dec. 31, <u>2018</u></b>	<b>2019 Budget <u>Appropriation</u></b>
Current Fund:		
Overexpenditure of appropriation reserves	\$ 413	—
Overexpenditure of appropriation	11,590	5,045

**(7) Deferred Compensation Plans**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary to future years. Individuals are one hundred percent vested. The plan, which began formal operations on November 13, 1985, is funded solely from voluntary employee payroll deductions. Distribution is available to employees upon termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the Township's general creditors.

The Lincoln National Insurance Company, Fort Wayne, Indiana was chosen to serve as the plan's trustee.

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2018

### **(8) Accrued Sick and Vacation Benefits**

By contract some employees are entitled to accrue unused sick pay, which may be taken as time off or paid at a later date upon absence. It is estimated that the current cost of such unpaid compensation approximates \$427,222 and \$481,425 for the years ended December 31, 2018 and 2017 respectively. This amount, in accordance with state accounting requirements, is not reported either as an expenditure or liability. The Township has \$456,834 reserved for this at December 31, 2018.

### **(9) Contingencies**

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2018. 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. Funding of any ultimate liability would be provided for in succeeding years' budgets or through a refunding bond ordinance which would allow the Township to fund these liabilities over a number of years.

The Township is also involved in suits in the normal course of business. These cases, if decided against the Township, would be paid by its insurance carrier. The Township expects such amounts, if any, to be immaterial.

The Township participates in numerous Federal and State of New Jersey grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at December 31, 2018 may be impaired. In the opinion of the Township, there are no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

### **(10) Risk Retention Program**

The Township participates in a joint insurance fund that provides coverage for its automobile, general liability and workers' compensation exposures property, fire, water, utility, boiler and machinery, and employee fidelity. Various deductibles, limits, and coinsurance provisions apply to these policies.

### **(11) Fixed Assets**

The Township records assets with a useful life in excess of five years and with a value over \$5,000 as a fixed asset. The accounts are adjusted for dispositions and abandonment's. Depreciation is not recorded.

Fixed assets used in governmental operation (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("Infrastructure") general fixed assets consisting of certain improvement other than building, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.

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Notes to Financial Statements

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The Township's fixed assets are summarized as follows:

	<b>Balance</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Balance</b>
	<b>Dec 31, 2016</b>			<b>Dec. 31, 2017</b>
General Fixed Assets:				
Land	\$ 11,383,900	—	—	11,428,900
Buildings	2,637,529	—	—	2,637,529
General equip./ machinery	5,330,986	266,036	102,451	5,494,571
	19,352,415	266,036	102,451	19,516,000
	<b>Balance</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Balance</b>
	<b>Dec 31, 2017</b>			<b>Dec. 31, 2018</b>
General Fixed Assets:				
Land	\$ 11,383,900	—	—	11,428,900
Buildings	2,637,529	—	—	2,637,529
General equip./ machinery	5,494,571	—	—	5,494,571
	19,516,000	—	—	19,516,000

**(12) Interfund Balances**

The Township has interfund balances at December 31, 2017 and 2018 as follows:

	2017		2018	
	Due From	Due To	Due From	Due To
Current Fund:				
Other Trust Fund	\$ 54,775		\$ 54,775	
Animal Control Fund	15,151		23,660	
General Capital Fund	7,971			132,366
LOSAP Fund		9,200		9,200
Other Trust Fund				
Current Fund		54,775		54,775
Animal Control Fund:				
Current Fund		15,151		23,660
General Capital Fund:				
Current Fund		7,971	132,366	
LOSAP Fund				
Current Fund	9,200		9,200	

Interfunds are created when one fund receives payment due to another fund or it pays expenses of the other fund prior to reimbursement.

**(13) Volunteer Length of Service Award Plan (Unaudited)**

The Township established a Volunteer Length of Service Award Plan (LOSAP) on behalf of the volunteer firefighters, rescue workers, emergency medical services and ambulances services. The Township contributions to the LOSAP are vested after five years of service and are not taxable to the volunteers until receipt of such funds by the volunteer due to retirement, termination after vesting, death

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2018

or disability or unforeseeable emergency. Lincoln National Insurance Company, Fort Wayne, Indiana was chosen to serve as the plan's trustee. All amounts contributed under the plan are recorded in the LOSAP Fund and shall remain the assets of the Township and are subject to the claims of the Township's general creditors until distributed to the participants.

Township activity for the three years ending December 31, 2018 is as follows:

	<b>January 1</b>	<b>Contributions</b>	<b>Distributions</b>	<b>Fees/tax</b>	<b>Gain/(Loss)</b>	<b>December 31</b>
2018	\$ 2,121,948	90,000	47,769	7,764	(127,126)	2,029,289
2017	\$ 1,746,910	87,500	33,822	2,817	324,176	2,121,948
2016	1,583,280	87,500	37,218	2,750	116,098	1,746,910
2015	1,499,494	101,250	22,000	2,450	6,987	1,583,280

The total value of plan assets at December 31, are determined by the trustees.

### (14) Cash

Cash and cash equivalents include amounts on deposit, and short term investments with original maturities of three months or less from the date of acquisition.

#### *Deposits*

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes (GUDPA) require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party. As of December 31, 2018, the Township's bank deposits are insured or covered by the State's Government Unit Deposit Protection Act.

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2018

### **(15) Taxes Receivable, Tax Title Liens**

In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable and tax title liens 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 taxes receivable and tax title liens that are uncollectible.

Taxes for the Township are levied annually in June and are payable February 1, May 1, August 1, and November 1. The taxes are liens on the property as of the billing date.

### **(16) Subsequent Events**

There have been no other events subsequent to December 31, 2018 that require disclosure in the financial statements

ADDITIONAL FINANCIAL INFORMATION

TOWNSHIP OF WASHINGTON

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>11,040,298</u>
Increased by receipts:	
Collector of taxes	35,719,532
Revenue accounts receivable	1,747,576
Miscellaneous revenue not anticipated	105,166
Due from State of New Jersey	91,500
Grants receivable	79,792
Tax overpayments	14,039
Unappropriated grant reserves	24,333
Various reserves	<u>8,714</u>
	<u>37,790,652</u>
	<u>48,830,950</u>
Decreased by disbursements:	
Budget appropriations	10,822,403
Appropriation reserves	595,317
Local district school taxes	25,249,474
County taxes	4,415,783
Accounts payable	73,107
Grant expenditures	110,530
Tax overpayment refunds	44,358
Refund of prior year revenue	<u>10,355</u>
	<u>41,321,327</u>
Balance, December 31, 2018	\$ <u><u>7,509,623</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Cash - Tax Collector

Current Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>30</u>
Increased by receipts:	
Taxes receivable	35,421,263
Prepaid taxes	241,200
Revenue accounts receivable	111,515
Lien redemptions	<u>334,449</u>
	<u>36,108,427</u>
	<u>36,108,457</u>
Decreased by disbursements:	
Payments to Treasurer - Current Fund	35,719,532
Lien redemptions	<u>334,449</u>
	<u>36,053,981</u>
Balance, December 31, 2018	\$ <u><u>54,476</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Change Funds

Current Fund

Year ended December 31, 2018

	<b>Balance Dec. 31, 2017</b>	<b>Balance Dec. 31, 2018</b>
Tax Collector	\$ 100	100
Municipal Court	200	200
Board of Health	25	25
	<u>325</u>	<u>325</u>
	<u>\$ 325</u>	<u>325</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Due from (to) State of New Jersey -  
Senior Citizens' and Veterans' Deductions

Current Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>8,360</u>
Increased by:	
Senior Citizens' deductions per duplicate	8,250
Veterans' deductions per duplicate	83,750
Senior Citizens' deductions allowed by tax collector	3,250
Senior Citizens' deductions allowed by tax collector - 2017	<u>750</u>
	<u>96,000</u>
	<u>104,360</u>
Decreased by:	
Cash received	91,500
Senior Citizens' and Veterans' deductions disallowed	500
Senior Citizens' and Veterans' deductions disallowed - 2017	<u>3,500</u>
	<u>95,500</u>
Balance, December 31, 2018	\$ <u><u>8,860</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Taxes Receivable

Current Fund

Year ended December 31, 2018

Year	Balance, Dec. 31, 2017	2018 levy	Added Taxes	Cash collections		Transferred to tax title liens	Cancelled	Balance, Dec. 31, 2018
				2017	2018			
2016	2,203	—	—	—	—	—	2,203	—
2017	303,609	—	3,500	—	306,540	—	569	—
	305,812	—	3,500	—	306,540	—	2,203	—
2018	—	38,374,603	88,064	2,926,441	35,210,223	3,207	79,327	243,469
	<u>\$ 305,812</u>	<u>38,374,603</u>	<u>91,564</u>	<u>2,926,441</u>	<u>35,516,763</u>	<u>3,207</u>	<u>81,530</u>	<u>243,469</u>
					\$ 95,500			
					35,421,263			
					<u>\$ 35,516,763</u>			

Senior Citizens' and Veterans' deductions  
Cash

**Analysis of Property Tax Levy**

Tax yield:	
General purpose tax	\$ 38,374,603
Added and omitted taxes	88,064
	<u>\$ 38,462,667</u>
Tax levy:	
County taxes	\$ 4,226,281
County Open Space	179,928
Regional school taxes	25,007,177
Due County for added taxes	10,105
Local tax for municipal purposes	8,360,330
Library tax	598,068
Additional taxes levied	80,778
	<u>\$ 38,462,667</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>11,877</u>
Increased by:	
Transferred from taxes receivable	<u>3,207</u>
	<u>3,207</u>
Balance, December 31, 2018	\$ <u><u>15,084</u></u>



## TOWNSHIP OF WASHINGTON

## Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2018

	<b>Balance, Dec. 31, 2017</b>	<b>Accrued in 2018</b>	<b>Collected by</b>		<b>Balance, Dec. 31, 2018</b>
			<b>Collector</b>	<b>Treasurer</b>	
Township Clerk					
Alcoholic beverage license	\$ —	15,126	—	15,126	—
Licenses - other	—	3,745	—	3,745	—
Fees and permits	—	16,230	—	16,230	—
Police Department - fees and permits	—	9,734	—	9,734	—
Planning Board - fees and permits	—	7,774	—	7,774	—
Zoning Board of Adjustment - fees and permits	—	8,400	—	8,400	—
Construciton Code Official - fees and permits	—	151,149	—	151,149	—
Recreation Department - fees and permits	—	150,354	—	150,354	—
Board of Health					
Licenses	—	93	—	93	—
Fees and permits	—	11,536	—	11,536	—
Municipal Court - fines and costs	—	61,037	—	61,037	—
Interest and cost on taxes	—	72,517	72,517	—	—
Energy receipts tax	—	713,525	—	713,525	—
Interest on investments and deposits	—	85,363	4,259	81,104	—
Joint health services	—	—	—	—	—
Uniform Fire Safety Act	—	17,495	—	17,495	—
Cable television franchise fee	—	155,466	—	85,692	69,774
Police Outside Duty - other Trust Fund	—	139,733	—	139,733	—
Sale of recyclables	—	13,536	—	13,536	—
Cell tower	—	93,626	—	93,626	—
General Capital Surplus	—	121,937	—	121,937	—
Other Trust Fund - Town Day proceeds	—	45,000	—	45,000	—
Bergen County Municipal JIF Safety Award	—	750	—	750	—
Sewer charges	—	34,739	34,739	—	—
	<u>\$ —</u>	<u>1,928,865</u>	<u>111,515</u>	<u>1,747,576</u>	<u>69,774</u>

TOWNSHIP OF WASHINGTON

Schedule of Grants Receivable

Year ended December 31, 2018

	<b>Balance, Dec. 31, 2017</b>	<b>Awarded in 2018</b>	<b>Received</b>	<b>Balance, Dec. 31, 2018</b>
Drive Sober or Get Pulled Over	\$ 1,108	—	—	1,108
Clean Communities Program	8,526	18,667	17,859	9,334
Municipal Alliance Grant	20,072	9,876	9,377	20,571
NJ DOT Mountain Ave.	52,556	—	52,556	—
NJ DOT Robinwood Road	—	178,112	—	178,112
	<u>\$ 82,262</u>	<u>206,655</u>	<u>79,792</u>	<u>209,125</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Interfunds

Current Fund

Year ended December 31, 2018

	<b>Other Trust Fund</b>	<b>General Capital Fund</b>	<b>Animal Control Fund</b>
Balance, December 31, 2017, due from (to)	\$ 54,775	7,971	15,151
Increased by:			
Statutory excess	—	—	8,509
	<u>54,775</u>	<u>7,971</u>	<u>23,660</u>
Decreased by:			
Payment of notes	—	140,337	—
Balance, December 31, 2018, due from (to)	<u>\$ 54,775</u>	<u>(132,366)</u>	<u>23,660</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Regional District School  
Taxes Payable

Current Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$	—
Increased by tax levy		<u>25,007,177</u>
		25,007,177
Decreased by payments		<u>25,249,474</u>
Balance, December 31, 2018	\$	<u><u>(242,297)</u></u>

## TOWNSHIP OF WASHINGTON

## Schedule of Appropriation Reserves

## Current Fund

Year ended December 31, 2018

	Balance Dec. 31, 2017	Transfer of encum- brances	Transfers	Balance after transfers	Paid or charged	Unexpended balances lapsed
General appropriations:						
Operations within "CAPS":						
General Government						
General Administration						
Salaries and wages	23,951	—	—	23,951	1,496	22,455
Other expenses	5,247	1,562	—	6,809	1,562	5,247
Maintenance and support of office equipment						
Maintenance and support - equipment	5,116	3,000	—	8,116	4,360	3,756
Maintenance and support - computers/telephone	296	—	—	296	—	296
Mayor & Council						
Salaries and wages - Mayor	—	—	—	—	—	—
Other expenses - Mayor	1,302	12	—	1,314	12	1,302
Other expenses - Council	4,072	130	—	4,202	(220)	4,422
Municipal Clerk						
Salaries and wages	1,817	—	—	1,817	(40)	1,857
Other expenses	7,352	642	—	7,994	450	7,544
Elections						
Salaries and wages	—	—	—	—	(400)	400
Other expenses	47	—	—	47	—	47
Financial Administration						
Salaries and wages	2,475	—	—	2,475	—	2,475
Other expenses	—	—	—	—	—	—
Financial Services - Fees	8,062	—	—	8,062	8,010	52
Miscellaneous other	6,714	5,392	(199)	11,907	6,350	5,557
Audit Services						
Other expenses	33,000	—	—	33,000	33,000	—
Revenue Administration						
Salaries and wages	887	—	—	887	—	887
Other expenses	215	1,344	—	1,559	1,344	215
Tax Assessment Administration						
Salaries and wages	761	—	—	761	56	705
Other expenses	356	1,988	—	2,344	1,988	356
Legal Services						
Salaries and wages	1,218	—	—	1,218	641	577
Other expenses	—	—	—	—	—	—
Administration	—	—	—	—	—	—
Council	621	8,543	—	9,164	8,778	386
Engineering Services						
Other expenses	3,905	109	—	4,014	1,879	2,135
Department of Public Affairs						
Other expenses	1,364	1,800	—	3,164	1,800	1,364
Cable Television Expense	953	—	—	953	—	953
Land Use Administration						
Planning Board						
Salaries and wages	3,808	—	—	3,808	—	3,808
Other expense	19,197	42	—	19,239	4,080	15,159
Zoning Board of Adjustment						
Salaries and wages	2,388	—	—	2,388	112	2,276
Other expenses	1,210	4,904	—	6,114	4,904	1,210
Public Safety Functions						
Police Department						
Salaries and wages	129,830	—	—	129,830	93,580	36,250
Other expenses	3,770	1,883	—	5,653	2,356	3,297
Acquisition/Leasing of Police Vehicles	4,512	40,487	—	44,999	40,487	4,512
Community policing	43	—	—	43	—	43
Telephone support system	1,625	—	—	1,625	—	1,625
Maintenance of desk record system	92	—	—	92	—	92
Police range rental	1,600	—	—	1,600	—	1,600
Computer software leasing	2,500	—	—	2,500	—	2,500
Police car cameras	326	—	—	326	—	326
Reverse 911 system	305	—	—	305	—	305

## TOWNSHIP OF WASHINGTON

## Schedule of Appropriation Reserves

## Current Fund

Year ended December 31, 2018

	Balance Dec. 31, 2017	Transfer of encum- brances	Transfers	Balance after transfers	Paid or charged	Unexpended balances lapsed
General appropriations:						
Police Dispatchers						
Salaries and wages	\$ 35,919	—	—	35,919	339	35,580
Office of Emergency Management						
Salaries and wages	800	—	—	800	—	800
Other expenses	257	1,393	—	1,650	1,393	257
Fire Department						
Salaries and wages	962	—	—	962	—	962
Other expenses	11,260	490	—	11,750	1,202	10,548
Clothing allowance	5,050	—	—	5,050	—	5,050
Physicals	275	—	—	275	—	275
Maintenance program	5,566	18,734	—	24,300	17,362	6,938
Equipment compliance	4,167	625	—	4,792	406	4,386
Uniform Fire Safety Code						
Other expenses	3,335	—	—	3,335	—	3,335
Municipal Prosecutor						
Salaries and wages	1,000	—	—	1,000	—	1,000
Public Works Functions						
Department of Municipal Facilities						
Salaries and wages	40,915	—	—	40,915	11,617	29,298
Other expenses	15,977	19,799	—	35,776	20,354	15,422
Other Public Works Functions						
Street Sweeping	4,500	—	—	4,500	—	4,500
Recycling						
Other expenses	4,607	136,576	(245)	140,938	136,576	4,362
Buildings and Grounds						
Building Maintenance	1,439	3,200	—	4,639	2,000	2,639
Vehicle Maintenance						
Other expenses	24,109	8,383	—	32,492	9,937	22,555
Community Services Act	2,085	1,019	—	3,104	909	2,195
Health and Human Services						
Public Health Services						
Salaries and wages - Board of Health	303	—	—	303	—	303
Other expenses - Board of Health	1,087	6	—	1,093	7	1,086
Animal Control Services						
Other expenses	1,379	—	—	1,379	950	429
Recreation Services and Programs						
Salaries and wages	10,403	—	—	10,403	43	10,360
Other expenses	2,037	13,451	—	15,488	14,875	613
Golden Seniors' Committee	—	195	—	195	195	—
Senior Activities	1,685	385	—	2,070	55	2,015
Community programs						
Salaries and wages						
Other expense	—	(284)	—	(284)	—	(284)
Maintenance of Parks						
Other expenses	18,163	110	—	18,273	110	18,163
Other Common Operation Functions						
Celebration of Public Events	3,278	—	—	3,278	—	3,278
Municipal Court						
Salaries and wages	26,105	—	—	26,105	1,560	24,545
Other expenses	3,266	12	—	3,278	12	3,266
Public Defender						
Other expenses	400	—	—	400	—	400
Insurance						
Employee Group Insurance	61,436	—	—	61,436	(8,731)	70,167
Code Enforcement and Administration						
Construction Officials						
Salaries and wages	10,286	—	—	10,286	2,158	8,128
Other expenses	5,119	260	—	5,379	98	5,281

## TOWNSHIP OF WASHINGTON

## Schedule of Appropriation Reserves

## Current Fund

Year ended December 31, 2018

	Balance Dec. 31, 2017	Transfer of encum- brances	Transfers	Balance after transfers	Paid or charged	Unexpended balances lapsed
General appropriations:						
Utility Expenses & Bulk Purchases						
Electricity	\$ 574	4,579	—	5,153	4,696	457
Street Lighting	4,089	4,913	—	9,002	5,136	3,866
Telephone	3,968	2,560	—	6,528	3,554	2,974
Water	2,819	1,490	—	4,309	1,187	3,122
Natural Gas	101	3,103	—	3,204	3,204	—
Gasoline	—	7,117	—	7,117	7,117	—
Landfill/Solid Waste Disposal						
Sanitary Landfill & Dump Fees	2,083	—	245	2,328	2,328	—
Deferred charges and statutory expenditures - municipal within "CAPS":						
Deferred Charges:						
Prior year bills	10,015	4,358	—	14,373	14,178	195
Statutory Charges						
DCRP Pension	—	—	199	199	133	66
Social Security System (OASI)	—	—	—	—	(34)	34
Operations excluded from "CAPS" - mandated expenditures per N.J.S.A. 40A:4-45.3g:						
Maintenance - Free Public Library (Chapter 82, PL 1985):						
Other expenses	1,369	—	—	1,369	1,369	—
Length of Service Award Program (L.O.S.A.P.)	90,000	—	—	90,000	90,000	—
Other Municipalities - Contractual	15,577	24,623	—	40,200	40,329	(129)
	<u>\$ 718,702</u>	<u>328,935</u>	<u>—</u>	<u>1,047,637</u>	<u>603,209</u>	<u>444,428</u>
			Disbursed		\$ 595,317	
			Accounts payable		7,892	
					<u>\$ 603,209</u>	

**TOWNSHIP OF WASHINGTON**

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>328,935</u>
Increased by:	
Budget encumbrances	340,676
Grant encumbrances	<u>12,154</u>
	<u>352,830</u>
	<u>681,765</u>
Decreased by:	
Transfer to Appropriation Reserves	<u>328,935</u>
Balance, December 31, 2018	\$ <u><u>352,830</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>35,197</u>
Increased by:	
Cash receipts	14,039
Prior year overpayments	<u>9,022</u>
	<u>23,061</u>
	58,258
Decreased by:	
Cash disbursed	<u>44,358</u>
Balance, December 31, 2018	\$ <u><u>13,900</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$	2,926,441
Increased by cash receipts		<u>241,200</u>
		3,167,641
Decreased by transfer to taxes receivable		<u>2,926,441</u>
Balance, December 31, 2018	\$	<u><u>241,200</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ 73,107
Increased by:	
Transfer from appropriation reserves	<u>7,892</u>
	80,999
Decreased by:	
Cash disbursed	<u>73,107</u>
Balance, December 31, 2018	<u><u>\$ 7,892</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>9,574</u>
Increased by:	
Increased by County tax levy	4,226,281
County Open Space Tax	179,928
Added and Omitted Taxes	<u>10,105</u>
	<u>4,416,314</u>
	4,425,888
Decreased by:	
Payments	<u>4,415,783</u>
Balance, December 31, 2018	\$ <u><u>10,105</u></u>

## TOWNSHIP OF WASHINGTON

## Schedule of Appropriated Grant Reserves

Year ended December 31, 2018

	<b>Balance, Dec. 31, 2017</b>	<b>Expended</b>	<b>Canceled</b>	<b>Balance, Dec. 31, 2018</b>
Alcohol Education and Rehabilitation	\$ 4,132	—	4,132	—
Clean Communities Grant	79,987	1,770	—	78,217
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	9,636	—	9,636	—
Public Health Priority Funding	144	—	144	—
Pandemic Flu	14,281	—	14,281	—
Health - Nectel PDA Grant	5	—	5	—
Police - Click It or Ticket Grant	957	—	957	—
Recycling Tonnage Grant	113,373	109,499	—	3,874
Police Body Armor Fund	6,475	—	—	6,475
FEMA Firefighter Grant	486	—	486	—
LINCS - Core Capacity Infrastructure Grant	3	—	3	—
Stormwater Regulation Grant	4,124	—	4,124	—
Municipal Alliance Grant	15,029	10,415	—	4,614
Municipal Alliance Grant - Local Share	2,469	1,000	—	1,469
Over the Limit Under Arrest	10,150	—	10,150	—
Drive Sober or Get Pulled Over	2,593	—	—	2,593
Bergen County Municipal JIF	1,041	—	1,041	—
	<u>\$ 273,843</u>	<u>122,684</u>	<u>53,917</u>	<u>97,242</u>
Encumbrances		\$ 12,154		
Cash Disbursed		<u>110,530</u>		
		<u>\$ 122,684</u>		

**TOWNSHIP OF WASHINGTON**

Schedule of Unappropriated Grant Reserves

Year ended December 31, 2018

	<b>Balance, Dec. 31, 2017</b>	<b>Transferred to budget</b>	<b>Received</b>	<b>Balance, Dec. 31, 2018</b>
Recycling Tonnage Grant	\$ 21,973	—	—	21,973
Recycling Tonnage Grant	20,585	20,585	20,995	20,995
Community Development Block Grant	—	—	3,338	3,338
Body Armor Grant	2,104	—	—	2,104
	<u>44,662</u>	<u>20,585</u>	<u>24,333</u>	<u>48,410</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Various Reserves

Current Fund

Year ended December 31, 2018

	<b>Balance, Dec. 31, 2017</b>	<b>Receipts</b>	<b>Balance, Dec. 31, 2018</b>
Sale of Municipal Assets	\$ 1,039,338	8,714	1,048,052
Insurance Recoveries	43,298	—	43,298
Motor Vehicle Inspection Fees	54,705	—	54,705
Tax Map and Revaluation	47,455	—	47,455
Tax Appeals	350,000	—	350,000
	<u>\$ 1,534,796</u>	<u>8,714</u>	<u>1,543,510</u>

TOWNSHIP OF WASHINGTON

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2018

	<u>Date</u>	<u>Amount</u>	<u>Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>
	<u>Authorized</u>	<u>Authorized</u>	<u>Dec. 31, 2017</u>			<u>Dec. 31, 2018</u>
Overexpenditure of Appropriations			\$ 29,612	11,590	29,612	11,590
Overexpenditure of Appropriation Reserves			—	413	—	413
Special Emergency:						
Revaluation of Real Property	9/1/2011	\$ 280,000	56,000	—	56,000	—
			<u>\$ 85,612</u>	<u>12,003</u>	<u>85,612</u>	<u>12,003</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Due to Length of Service Award Program Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$	9,200
		<hr/>
Balance, December 31, 2018	\$	<u>9,200</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2018

	<b>Animal Control Fund</b>	<b>Other Trust Funds</b>	<b>Unemployment Compensation Fund</b>
Balance, December 31, 2017	\$ 28,471	2,584,168	221,009
Increased by receipts:			
Due from Dog License Official	10,425	—	—
Escrow and Performance Deposits	—	342,615	—
Various reserves	—	204,310	—
Reserve for Mt Laurel Sr Housing	—	583	—
Police outside billings	—	342,408	—
Employees' contributions	—	—	5,396
Payroll deposits	—	7,931,145	—
Interest on investment and deposits	268	—	1,667
	<u>10,693</u>	<u>8,821,061</u>	<u>7,063</u>
	<u>39,164</u>	<u>11,405,229</u>	<u>228,072</u>
Decreased by disbursements:			
Payments to State of New Jersey	1,219	—	—
Dog license expenditures	578	—	—
Due to Current Fund	268	—	—
Escrow and Performance Deposits	—	273,111	—
Various reserves	—	450,563	—
Payroll disbursements	—	7,929,734	—
Police outside billings	—	325,714	—
Reserve for insurance settlement	—	250,545	—
Unemployment insurance benefits	—	—	8,629
	<u>2,065</u>	<u>9,229,667</u>	<u>8,629</u>
Balance, December 31, 2018	\$ <u><u>37,099</u></u>	<u><u>2,175,562</u></u>	<u><u>219,443</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Animal Control License  
Fund Expenditures - Animal Control Fund

Trust Funds

Year ended December 31, 2018

Balance, December 31, 2017	\$	<u>13,345</u>
Increased by:		
Licenses and fees		7,204
Late fees collected		<u>1,990</u>
		<u>9,194</u>
		<u>22,539</u>
Decreased by:		
Expenditures under R.S. 4:19-15.11:		
Excess balance due to Current Fund		8,509
Other disbursements		<u>578</u>
		<u>9,087</u>
Balance, December 31, 2018	\$	<u><u>13,452</u></u>
2016 license revenue	\$	6,521
2017 license revenue		<u>6,931</u>
	\$	<u><u>13,452</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Due to (from) State of New Jersey -  
Animal Control Fund

Trust Funds

Year ended December 31, 2018

Balance, December 31, 2017	\$	—
Increased by cash collected		<u>1,231</u>
		1,231
Decreased by cash disbursed		<u>1,219</u>
Balance, December 31, 2018	\$	<u><u>12</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Escrow and Performance Deposits  
Other Trust Funds

Trust Funds

Year ended December 31, 2018

Balance, December 31, 2017	\$ 932,837
Increased by cash receipts	<u>342,615</u>
	1,275,452
Decreased by cash disbursements	<u>273,111</u>
Balance, December 31, 2018	<u><u>\$ 1,002,341</u></u>

Analysis of Balance

Performance Bonds	\$ 133,223
Backfill Bonds	24,920
Escrow Fees	759,198
Escrow - COAH Fees	85,000
	<u><u>\$ 1,002,341</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Insurance Settlement - Municipal Complex  
Other Trust Funds

Trust Funds

Year ended December 31, 2018

Balance, December 31, 2017	\$	276,864
Decreased by cash disbursements		<u>250,545</u>
Balance, December 31, 2018	\$	<u><u>26,319</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Amount Due from Dog Licensing Official

Animal Control Fund

Trust Funds

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>          —</u>
Increased by:	
Dog license fees collected	7,204
Dog registration fees - Due State of NJ	1,231
Late fees	<u>1,990</u>
	<u>10,425</u>
	10,425
Decreased by:	
Payments to Treasurer	<u>10,425</u>
Balance, December 31, 2018	\$ <u><u>          —</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Due to Current Fund

Trust Funds

Year ended December 31, 2018

	<b>Animal Control Fund</b>	<b>Other Trust</b>
	<u>          </u>	<u>          </u>
Balance, December 31, 2017, Due to	\$ 15,151	54,775
Increased by:		
Excess balance in Dog License fund	<u>8,509</u>	<u>—</u>
	<u>8,509</u>	<u>—</u>
Balance, December 31, 2018, Due to	<u>\$ 23,660</u>	<u>54,775</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Mt Laurel Senior Housing  
Other Trust Funds

Trust Funds

Year ended December 31, 2018

Balance, December 31, 2017	\$	17,259
Increased by cash receipt		<u>583</u>
Balance, December 31, 2018	\$	<u><u>17,842</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Mt Laurel Senior Housing  
Other Trust Funds

Trust Funds

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>17,259</u>
Increased by cash receipt	<u>583</u>
Balance, December 31, 2018	\$ <u><u>17,842</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Payroll Deductions Payable  
Other Trust Funds

Trust Funds

Year ended December 31, 2018

Balance, December 31, 2017	\$	(1,406)
Increased by payroll deposits		<u>7,931,145</u>
		7,929,739
Decreased by payroll disbursements		<u>7,929,734</u>
Balance, December 31, 2018	\$	<u><u>5</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Police Private Detail Billings  
Other Trust Funds

Trust Funds

Year ended December 31, 2018

Balance, December 31, 2017	\$	951
Increased by cash receipts		<u>342,408</u>
		<u>343,359</u>
Decreased by:		
Reimbursements for payroll paid to Current Fund		190,132
Administrative fees paid to Current Fund		<u>135,582</u>
		<u>325,714</u>
Balance, December 31, 2018	\$	<u><u>17,645</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Various Reserves for Other  
Trust Fund Expenses -  
Other Trust Funds

Trust Funds

Year ended December 31, 2018

	<b>Balance, Dec. 31, 2017</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance, Dec. 31, 2018</b>
Reserve for:				
Marriage Licenses - Due to State	\$ 750	1,050	1,200	600
Tax sale premiums	445,911	111,200	242,050	315,061
Celebrations of public events	88,567	32,647	61,098	60,116
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	25,544	5,094	5,156	25,482
DARE reserve	95	—	—	95
Fire Department/Uniform Fire Safety Penalties	1,657	—	—	1,657
Snow Plowing	113,190	—	2,916	110,274
Accumulated leave compensation	555,338	—	98,504	456,834
Fire department death benefits	12,868	—	—	12,868
Health insurance contribution	19,800	—	—	19,800
Found money	55	—	—	55
Land sale deposit	26,387	67	—	26,454
Recreation	2,596	51,970	38,950	15,616
Township calender	—	2,070	—	2,070
POAA	2,558	212	689	2,081
	<u>\$ 1,302,888</u>	<u>204,310</u>	<u>450,563</u>	<u>1,056,635</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for State  
Unemployment Insurance -  
Unemployment Compensation Fund

Trust Funds

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>221,009</u>
Increased by:	
Employee contributions	5,396
Interest	<u>1,667</u>
	<u>7,063</u>
	228,072
Decreased by disbursed State of New Jersey	<u>8,629</u>
Balance, December 31, 2018	\$ <u><u>219,443</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>1,699,933</u>
Increased by receipts:	
Premium on notes	50,640
Fund Grant	11,081
Deferred charge from Current Fund	110,856
Bond anticipation note proceeds	1,413,010
Resserve for ambulance	10,000
Capital improvement fund	<u>550,000</u>
	<u>2,145,587</u>
	<u>3,845,520</u>
Decreased by disbursements:	
Payment of notes not renewed	43,253
Reserve for ambulance	50,000
Due from Current Fund	140,337
Anticipated revenue Current Fund	121,937
Improvement authorizations	<u>669,168</u>
	<u>1,024,695</u>
Balance, December 31, 2018	\$ <u><u>2,820,825</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Analysis of General Capital Cash

General Capital Fund

December 31, 2018

Contracts payable	\$ 252,542
Due to Current Fund	(132,366)
Grants receivable	(255,000)
Reserve for ambulance	10,000
Reserve for preliminary costs	5,000
Reserve for payment of debt	4,131
Capital Improvement Fund	101,564
Fund balance	132,273

Improvement Authorizations:

<u>Ordinance number</u>	<u>Improvement description</u>	
99-7/05-1	Purchase of equipment	1,855
98-10/98-15	Removal of underground storage tanks	4,901
02-19	Construction of fieldhouse at Clark Field	2
06-09	Improvement of storm water drainage system	255,000
07-08/08-13	Remediation of property	21,220
08-11	Various improvements	1
12-06	Acq of new fire department equipment	3,442
12-12	Acq of new and additional vehiculare equip	2,986
12-13	Improvements of Memorial Field	29,511
13-06	Various road improvements	13,887
13-07	Improvement to Colonial Blvd	65,814
13-11	Various improvements	57,492
13-12	Improvement of municipal complex site	10,216
13-20	Various improvements	31,956
14-11	Fencing at Memorial Field	19,975
14-13	Various improvements	72,875
15-04	Improvement to Memorial Field	123,778
15-07	Improvement of Various Roads	1,208
15-09	Acq of new and additional vehicular equip	26,943
15-19	Acquisition of computer equipment - police dept	4,749
16-02	Various improvements	146,648
16-07	Various capital projects	10,003

(continued)

**TOWNSHIP OF WASHINGTON**

Schedule of Analysis of General Capital Cash

General Capital Fund

December 31, 2018

16-09	Police hardware and peripherals	8,232
17-03	Imprvt of various roads	75,777
17-04	Various improvements	361,697
17-05	Various capital projects	30,425
18-05	Improvement to intersections	400,000
18-06	Various improvements	922,088
		<hr/>
		\$ 2,820,825
		<hr/> <hr/>

**TOWNSHIP OF WASHINGTON**

Schedule of Amount Due from /(to) Current Fund

General Capital Fund

Year ended December 31, 2018

Balance, December 31, 2017 (Due To)	\$	(7,971)
Increased by:		
Disbursement payment of notes		<u>140,337</u>
Balance, December 31, 2018 (Due To)	\$	<u><u>132,366</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Deferred Charges to  
Future Taxation Funded

General Capital Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$	1,247,000
Decreased by bonds paid		<u>807,000</u>
Balance, December 31, 2018	\$	<u><u>440,000</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2018

Ordinance number	Description	Balance, Dec. 31, 2017	Authorizations	Notes paid	Def. Chg. Funded	Balance, Dec. 31, 2018	Bond anticipation notes	Unexpended balance of improvement authorizations
95-8/95-11/97-4	Imprvt to Colonial Blvd	\$ 22,911	—	—	—	22,911	—	22,911
98-10/98-15	Removal of underground storage tanks	12,042	—	—	—	12,042	12,042	—
99-7/05-1	Purchase of equipment	29,310	—	4,468	—	24,842	24,842	—
99-12	Purchase of equip/renovation firehouse	23,101	—	3,556	—	19,545	19,545	—
06-09	Impvnt of storm water drainage system	223,500	—	—	110,856	112,644	—	112,644
07-04	Impvnt of storm water drainage system	8,662	—	113	—	8,549	8,549	—
12-06	Acq of new fire dept equipment	15,554	—	2,223	—	13,331	13,331	—
12-12	Acq of new & add'l vehicular equip	119,776	—	17,112	—	102,664	102,664	—
12-13	Impvnt of Memorial Field	141,516	—	5,242	—	136,274	136,274	—
13-06	Various road improvements	730,693	—	45,527	—	685,166	685,166	—
13-07	Impvnt of Colonial Blvd	111,881	—	15,000	—	96,881	96,881	—
13-11	Various improvements	177,857	—	7,527	—	170,330	170,330	—
13-12	Impvnt of municipal complex site	83,424	—	3,090	—	80,334	80,334	—
13-20	Various improvements	223,630	—	2,968	—	220,662	99,078	121,584
14-11	Fencing at Memorial Field	64,100	—	—	—	64,100	64,100	—
14-13	Various improvements	95,000	—	1,826	—	93,174	93,174	—
15-04	Impvnt to Memorial Field	142,800	—	—	—	142,800	142,800	—
15-07	Impvnt of various roads	714,000	—	31,684	—	682,316	682,316	—
15-09	Acq of new & add'l vehicular equip	728,000	—	—	—	728,000	728,000	—
16-02	Various improvements	958,550	—	—	—	958,550	958,550	—
17-03	Imprvt of various roads	570,000	—	—	—	570,000	570,000	—
17-04	Various improvements	2,643,927	—	—	—	2,643,927	75,024	2,568,903

(continued)

TOWNSHIP OF WASHINGTON

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2018

Ordinance number	Description	Balance, Dec. 31, 2017	Authorizations	Notes paid	Def. Chg. Funded	Balance, Dec. 31, 2018	Bond anticipation notes	Unexpended balance of improvement authori- zations
18-06	Various improvements	—	1,237,000	—	—	1,237,000	1,237,000	—
		\$ 7,840,234	1,237,000	140,336	110,856	8,826,042	6,000,000	2,826,042
								Improvement authorizations unfunded \$ 4,501,337
								Less - Unexpended note proceeds:
								Ordinance 99-7/05-1 1,855
								Ordinance 98-10/98-15 4,901
								Ordinance 12-06 3,442
								Ordinance 12-12 2,986
								Ordinance 12-13 29,511
								Ordinance 13-06 13,887
								Ordinance 13-07 65,814
								Ordinance 13-11 46,411
								Ordinance 13-12 10,216
								Ordinance 13-20 31,956
								Ordinance 14-11 19,975
								Ordinance 14-13 72,875
								Ordinance 15-04 123,778
								Ordinance 15-07 1,208
								Ordinance 15-09 26,943
								Ordinance 16-02 146,648
								Ordinance 17-03 75,777
								Ordinance 17-04 75,024
								Ordinance 18-06 922,088
								<u>1,675,295</u>
								\$ <u>2,826,042</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$	14,564
Increased by:		.
Budget appropriation		<u>550,000</u>
		564,564
Decreased by appropriated to finance improvement authorizations		<u>463,000</u>
Balance, December 31, 2018	\$	<u><u>101,564</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2018

Ordinance number	Improvement description	Ordinance Original Amount	Balance, December 31, 2017		Authorizations	Expended	Balance, December 31, 2018	
			Funded	Unfunded			Funded	Unfunded
95-8/95-11/97/4	Impvnt to Colonial Blvd	\$ 545,000	—	22,911	—	—	—	22,911
98-10/98-15	Removal of underground storage tanks	150,000	—	8,267	—	3,366	—	4,901
99-7/05-01	Purchase of equipment		—	1,855	—	—	—	1,855
02-19	Construction of fieldhouse at Clark Field	110,000	2	—	—	—	2	—
06-09	Imprct of storm water drainage system	490,000	144,144	223,500	—	—	255,000	112,644
07-08/08-13	Remediation of property	205,000	19,069	—	—	(2,151)	21,220	—
08-11	Various improvements	259,500	1	—	—	—	1	—
12-06	Acq of new fire dept equipment	21,000	—	3,442	—	—	—	3,442
12-12	Acq of new & add'l vehicular equip	162,000	—	2,986	—	—	—	2,986
12-13	Imprvt of Memorial Field	160,000	—	33,594	—	4,083	—	29,511
13-06	Various road improvements	908,692	—	137,660	—	123,773	—	13,887
;13-07	Imprvt to Colonial Blvd	300,000	—	65,814	—	—	—	65,814
13-10	Acq of radios and pagers	7,000	2,675	—	—	2,675	—	—
13-11	Various improvements	285,897	—	57,710	—	218	11,081	46,411
13-12	Imprvt of municipal complex site	94,320	—	10,610	—	394	—	10,216
13-20	Various improvements	235,400	—	150,944	—	(2,596)	—	153,540
14-11	Fencing at Memorial Field	110,000	—	19,975	—	—	—	19,975
14-13	Various improvements	100,000	—	72,875	—	—	—	72,875
15-04	Imprvt to Memorial Field	150,000	—	123,778	—	—	—	123,778
15-07	Imprvt of various roads	750,000	—	—	—	(1,208)	—	1,208
15-09	Acq of new & add'l vehicular equip	765,000	—	29,463	—	2,520	—	26,943
15-19	Acq of computer equip - police dept	35,000	4,749	—	—	—	4,749	—
16-02	Various improvements	1,009,000	—	127,217	—	(19,431)	—	146,648
16-07	Various capital projects	53,000	10,003	—	—	—	10,003	—
16-09	Police hardware and peripherals	26,466	8,232	—	—	—	8,232	—
17-03	Imprvt of various roads	600,000	—	21,573	—	(54,204)	—	75,777

(continued)

TOWNSHIP OF WASHINGTON

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2018

Ordinance number	Improvement description	Ordinance Original Amount	Balance, December 31, 2017		Authorizations	Expended	Balance, December 31, 2018	
			Funded	Unfunded			Funded	Unfunded
17-04	Various improvements	\$ 2,946,123	301,696	2,643,927	—	15,023	286,673	2,643,927
17-05	Various capital projects	117,132	39,388	—	—	8,963	30,425	—
18-05	Improvement to intersection	400,000	—	—	400,000	—	400,000	—
18-06	Various improvements	1,300,000	—	—	1,300,000	377,912	—	922,088
			\$ 529,959	3,758,101	1,700,000	459,337	1,027,386	4,501,337
					\$ 1,237,000			
					463,000			
					\$ 1,700,000			
						\$ 252,542		
						(462,373)		
						669,168		
						\$ 459,337		

**TOWNSHIP OF WASHINGTON**

Schedule of Contracts Payable

General Capital Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$	462,373
Increased by contracts awarded		<u>252,542</u>
		714,915
Decreased		
Cancelled		<u>462,373</u>
Balance, December 31, 2018	\$	<u><u>252,542</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Payment of Debt

General Capital Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>4,131</u>
Balance, December 31, 2018	\$ <u>4,131</u>

TOWNSHIP OF WASHINGTON

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2018

Ordinance number	Purpose	Original date of issue	Date of issue	Date of maturity	Interest rate	Balance, Dec. 31, 2017	Increased	Decreased	Balance, Dec. 31, 2018
98-10/98-15	Removal of undergrouns storage tank	8/3/18	8/3/18	8/2/19	2.750%	—	12,042	—	12,042
99-7/05-1	Purchasee of equipment	8/8/13	8/3/18	8/2/19	2.750%	29,310	24,842	29,310	24,842
99-12	Purchase of equip/firehouse renov.	8/8/13	8/3/18	8/2/19	2.750%	23,101	19,545	23,101	19,545
07-04	Imprvt of Stormwater Drainage Sys	8/8/13	8/3/18	8/2/19	2.750%	8,662	8,549	8,662	8,549
12-06	Acq of new fire dept equipment	8/8/13	8/3/18	8/2/19	2.750%	15,554	13,331	15,554	13,331
12-12	Acq of new & additional vehicle equi	8/8/13	8/3/18	8/2/19	2.750%	119,776	102,664	119,776	102,664
12-13	Improvements to Memorial Field	8/8/13	8/3/18	8/2/19	2.750%	141,516	136,274	141,516	136,274
13-06	Various road improvements	8/8/13	8/3/18	8/2/19	2.750%	773,946	685,166	773,946	685,166
13-07	Improvements of Colonial Blvd	8/8/13	8/3/18	8/2/19	2.750%	111,881	96,881	111,881	96,881
13-11	Various improvements	8/8/13	8/3/18	8/2/19	2.750%	177,857	170,330	177,857	170,330
13-12	Improv of municipal complex site	8/8/13	8/3/18	8/2/19	2.750%	83,424	80,334	83,424	80,334
13-20	Various improvements	8/6/15	8/3/18	8/2/19	2.750%	73,835	70,867	73,835	70,867
13-20	Various improvements	8/4/16	8/3/18	8/2/19	2.750%	28,211	28,211	28,211	28,211
14-11	Fencing at memorial Field	8/4/16	8/3/18	8/2/19	2.750%	64,100	64,100	64,100	64,100
14-13	Various improvements	8/6/15	8/3/18	8/2/19	2.750%	95,000	93,174	95,000	93,174
15-04	Improvement to Memorial field	8/4/16	8/3/18	8/2/19	2.750%	142,800	142,800	142,800	142,800
15-07	Improvement of various roads	8/6/15	8/3/18	8/2/19	2.750%	699,800	682,316	699,800	682,316
15-09	Acq. of new and additional vehicles	8/4/16	8/3/18	8/2/19	2.750%	653,256	728,000	653,256	728,000
16-02	Various improvements	8/4/16	8/3/18	8/2/19	2.750%	958,550	958,550	958,550	958,550
17-03	Improvement of various roads	8/4/17	8/3/18	8/2/19	2.750%	570,000	570,000	570,000	570,000
17-04	Various improvements	8/3/18	8/3/18	8/2/19	2.750%	—	75,024	—	75,024
18-06	Various improvements	8/3/18	8/3/48	8/2/19	2.750%	—	1,237,000	—	1,237,000
						\$ 4,770,579	6,000,000	4,770,579	6,000,000
							\$ 4,586,990	4,586,990	
							1,413,010	—	
							—	43,253	
							—	140,336	
						\$ 6,000,000	4,770,579		

**TOWNSHIP OF WASHINGTON**

Schedule of Serial Bonds Payable

General Capital Fund

Year ended December 31, 2018

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2017</u>	<u>Bonds paid</u>	<u>Balance, Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Sept. 1, 2003	General Bonds of 2003	3,220,000	9/1/18	367,000	4.100	367,000	367,000	—
Oct. 1, 2011	General Bonds of 2011	3,275,000	10/1/19	440,000	3.000	880,000	440,000	440,000
						\$ 1,247,000	807,000	440,000

## TOWNSHIP OF WASHINGTON

## Schedule of Bonds and Notes Authorized but not Issued

## General Capital Fund

Year ended December 31, 2018

<b>Ordinance number</b>	<b>Description</b>	<b>Balance, Dec. 31, 2017</b>	<b>2018 authori- zations</b>	<b>Debt Issued</b>	<b>Deferred Charges</b>	<b>Balance, Dec. 31, 2018</b>
95-8/95-11/97-4	Improvements to Colonial Blvd.	\$ 22,911	—	—	—	22,911
98-10/98-15	Removal of Underground Storage Tanks	12,042	—	12,042	—	—
06-09	Improvements of Storm Water Drainage Sy	223,500	—	—	110,856	112,644
13-20	Various Improvements	121,584	—	—	—	121,584
15-07	Improvement of Various Roads	14,200	—	14,200	—	—
15-09	Acq. Of New and Add'l Vehicle Eq.	74,744	—	74,744	—	—
17-04	Various Improvements	2,643,927	—	75,024	—	2,568,903
18-06	Various improvements	—	1,237,000	1,237,000	—	—
		<u>\$ 3,112,908</u>	<u>1,237,000</u>	<u>1,413,010</u>	<u>110,856</u>	<u>2,826,042</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Grant Receivable

General Capital Fund

Year Ended December 31, 2018

	<u>Total</u>	<u>Dept of Environmental Protection Ord 06-09</u>	<u>County of Bergen Open Space Ord 13-11</u>
Balance, December 31, 2017	\$ 266,081	255,000	11,081
	<u>266,081</u>	<u>255,000</u>	<u>11,081</u>
Decreased by:			
Budgeted deferred charges	<u>11,081</u>	<u>—</u>	<u>11,081</u>
Balance, December 31, 2018	<u>\$ 255,000</u>	<u>255,000</u>	<u>—</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Preliminary Costs

General Capital Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ <u>5,000</u>
Balance, December 31, 2018	\$ <u><u>5,000</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Ambulance

General Capital Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$	50,000
Increased by budget appropriation		<u>10,000</u>
		60,000
Decreased by cash disbursed		<u>50,000</u>
Balance, December 31, 2018	\$	<u><u>10,000</u></u>

**Exhibit F-1**

**TOWNSHIP OF WASHINGTON**

Schedule of Changes in General Fixed Assets

General Fixed Assets Account Group

Year Ended December 31, 2018

<b>Category</b>	<b>Balance Dec. 31, 2017</b>	<b>Balance Dec. 31, 2018</b>
Land	\$ 11,383,900	11,383,900
Buildings	2,637,529	2,637,529
General equipment and machinery	5,494,571	5,494,571
	<u>\$ 19,516,000</u>	<u>19,516,000</u>

SUPPLEMENTARY DATA

**TOWNSHIP OF WASHINGTON**

Supplementary Data

December 31, 2018

**Comparative Schedule of Tax Rate Information**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax rate	\$ 2.363	2.325	2.309
Apportionment of tax rate:			
Municipal	0.515	0.515	0.541
Library	0.037	0.036	0.036
County Open Space	0.011	0.010	0.003
County	0.260	0.261	0.262
Regional school	1.540	1.503	1.467
Assessed valuation:			
2018		\$ 1,623,978,045	
2017		1,620,440,890	
2016		1,617,651,763	

**Comparison of Tax Levies and Collections Currently**

<u>Year</u>	<u>Tax levy</u>	<u>Currently</u>	
		<u>Cash collections</u>	<u>Percentage of collection</u>
2018	\$ 38,462,667	38,136,664	99.15 %
2017	37,757,415	37,408,483	99.08
2016	37,408,731	36,982,461	98.86
2015	36,776,001	36,391,753	98.95
2014	35,888,975	35,450,691	98.77

**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 five years.

<u>Dec.31</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2018	\$ 15,084	243,469	258,553	0.67 %
2017	11,877	305,812	317,689	0.84
2016	6,286	384,475	390,761	1.05
2015	2,472	322,878	325,350	0.88
2014	1,062	382,918	383,980	1.07

(Continued)

**TOWNSHIP OF WASHINGTON**

Supplementary Data

December 31, 2018

**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>
2018	\$ 70,950
2017	70,950
2016	70,950
2015	70,950
2014	70,950

**Comparative Schedule of Fund Balances**

<u>Fund</u>	<u>Year</u>	<u>Balance, Dec.31</u>	<u>Utilized in budget of succeeding year</u>	<u>Percent utilized</u>
Current	2018	\$ 4,118,257	1,500,000	36%
	2017	5,262,430	2,150,000	41%
	2016	4,918,143	1,200,000	24%
	2015	1,772,523	1,110,000	63%
	2014	2,712,049	1,325,000	49%

(Continued)

**TOWNSHIP OF WASHINGTON**

Supplementary Data

**Officials in Office and Surety Bonds**

The following officials were in office on December 31, 2018

<u>Name</u>	<u>Title</u>	<u>Amount of blanket bond</u>
Peter Calamari	Mayor	
Michael DeSena	Council President	
Dr. Steven Cascio	Council Vice President	
Michael Ullman	Councilmember	
Arthur Cumming	Councilmember	
Robert Bruno	Councilmember	
Robert Tovo	Business Administrator	
Susan Witkowski	Township Clerk	
Judy Curran	Chief Financial Officer	\$ 1,000,000
Joi Apar	Tax and Collector and Tax Search Officer	1,000,000
Peter G. Geiger	Municipal Court Judge	1,000,000
Lynda Lasini	Court Administrator	1,000,000
Raymond Damiano	Tax Assessor	
Azzolina & Feury Engineering Inc	Municipal Engineer	
Kenneth Poller, Esq	Director Department of Law/ Township Attorney	

**TOWNSHIP OF WASHINGTON**  
General Comments and Recommendations  
Year ended December 31, 2018

## TOWNSHIP OF WASHINGTON

### General Comments

#### **Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4**

N.J.S.A. 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."

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed the statutory bid limit, within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements that exceeded the bid threshold, that may have been negotiated and awarded without public advertising for bids and bidding per N.J.S.A. 40A:11-5.

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

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory bid limit "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those for which bids had been previously sought by public advertisement or for which a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

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

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The governing body adopted resolution No. 18-127 fixing the rate of interest to be charged on delinquent taxes, assessments, or municipal charges.

The penalty for nonpayment of taxes, assessments or municipal charges becoming delinquent on and after January 2, 2018 shall be at the rate of eight per centum (8%) per year for the first \$1,500 of delinquency and eighteen per centum (18%) per year on amounts over \$1,500; and no interest if payment of any installment is made within ten (10) days after the date upon which the same became payable.

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.

It appears from a test of the Tax Collector's record that interest was collected in accordance with the foregoing resolution.

## TOWNSHIP OF WASHINGTON

### General Comments

#### Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 6, 2018 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last two years:

<u>Year</u>	<u>Number of liens</u>
2018	3
2017	3
2016	3

#### Status of Prior Year Comments

Recommendation number 2 of 2017 was partially resolved, all other recommendations were resolved completely.

#### Other Comments

1. The general ledger and subsidiary ledger for tax overpayments do not agree.
2. The Township does not have a current detailed list of fixed assets containing current year additions and deletions that reconciles to the financial statements.
3. There exists old outstanding interfunds that have not been cleared between the Trust Fund, LOSAP and the Current Fund.
4. The Township's Recreation Department was processing refunds without going through the regular approval process.
5. Accounts payable detail is not reviewed for aging and completeness before cancellations.
6. The cash balances per the Annual Financial Statements reflect inaccurate deposits in transit and outstanding checks for the Current and Capital Funds.
7. Individuals were paid, without a council resolution, an additional amount and charged to the vacant positions line item to compensate them for performing necessary duties outside of their usual job descriptions.
8. The appropriations and appropriation reserve budget contain overexpenditures.
9. The Police department opened bank accounts without authorization of the Township.

## **Recommendations**

1. The general ledger and subsidiary ledger for tax overpayments should be reconciled.
2. The Township should perform an in-house inventory of all fixed assets and use that as a basis for the financial statements
3. Interfunds should be investigated and cleared.
4. Recreation refunds should be processed through the regular approval process.
5. Accounts payable subsidiary ledger should be reviewed for aging and completeness prior to cancellations.
6. Only actual deposits in transit and outstanding checks be reflected in the Annual Financial Statement as part of the cash balance.
7. Payments to employees not in agreement with their usual job descriptions be made only after council approving resolution.
8. The current year and reserve budgets should be reviewed for sufficiency prior to authorizing expenditures.
9. Bank accounts should not be opened without the appropriate Township approvals.