

TOWNSHIP OF WASHINGTON

Financial Statements
with Additional Financial Information

December 31, 2019

(With Independent Auditor's Report Thereon)

TOWNSHIP OF WASHINGTON

Table of Contents

Part I	Page
Independent Auditor's Report	1-3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	4-5
 Exhibit	
 Financial Statements – Regulatory Basis	
 <i>Current Fund</i>	
A	Balance Sheets 6-7
A-1	Statement of Operations and Changes in Fund Balances 8
A-2	Statement of Revenues 9-10
A-3	Statement of Expenditures 11-17
 <i>Trust Funds</i>	
B	Balance Sheets 18
 <i>General Capital Fund</i>	
C	Balance Sheets 19
C-1	Statement of Fund Balances 20
 <i>General Fixed Assets Account Group</i>	
F	Statement of General Fixed Assets 21
 <i>Notes to Financial Statements</i> 22-39	

TOWNSHIP OF WASHINGTON

Table of Contents

Additional Financial Information

Part I		Page
	<i>Current Fund</i>	
A-4	Schedule of Cash - Treasurer	40
A-5	Schedule of Cash - Tax Collector	41
A-6	Schedule of Change Funds	42
A-7	Schedule of Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	43
A-8	Schedule of Taxes Receivable	44
A-9	Schedule of Tax Title Liens	45
A-10	Schedule of Foreclosed Property	46
A-11	Schedule of Revenue Accounts Receivable	47
A-12	Schedule of Grants Receivable	48
A-13	Schedule of Interfunds	49
A-14	Schedule of Regional District School Taxes Payable	50
A-15	Schedule of Appropriation Reserves	51-53
A-16	Schedule of Encumbrances Payable	54
A-17	Schedule of Tax Overpayments	55
A-18	Schedule of Prepaid Taxes	56
A-19	Schedule of Accounts Payable	57
A-20	Schedule of County Taxes Payable	58
A-21	Schedule of Appropriated Grant Reserves	59
A-22	Schedule of Unappropriated Grant Reserves	60
A-23	Schedule of Various Reserves	61
A-24	Schedule of Deferred Charges	62
A-25	Schedule of Due to Length of Service Award Program	63
	<i>Trust Funds</i>	
B-1	Schedule of Cash - Treasurer	64
B-2	Schedule of Reserve for Animal Control License Fund Expenditures – Animal Control Fund	65
B-3	Schedule of Due to (from) State of New Jersey – Animal Control Fund	66
B-4	Schedule of Reserve for Escrow and Performance Deposits - Other Trust Funds	67
B-5	Schedule of Reserve for Insurance Settlement - Municipal Complex - Other Trust Funds	68
B-6	Schedule of Amount Due from Dog Licensing Official – Animal Control Fund	69
B-7	Schedule of Due to Current Fund	70
B-8	Schedule of Reserve for Mt. Laurel Senior Housing – Other Trust Funds	71
B-9	Schedule of Reserve for Payroll Deductions Payable – Other Trust Funds	72
B-10	Schedule of Police Private Detail Billings – Other Trust Funds	73
B-11	Schedule of Reserve of Various Reserves for Other Trust Fund Expenditures – Other Trust Funds	74
B-12	Schedule of Reserve for State Unemployment Insurance - Unemployment Insurance Trust Fund	75
B-13	Schedule of Due to State of New Jersey – Unemployment Insurance Trust Fund	76

TOWNSHIP OF WASHINGTON

Table of Contents

Part I		Page
	<i>General Capital Fund</i>	
C-2	Schedule of Cash - Treasurer	77
C-3	Schedule of Analysis of General Capital Cash	78
C-4	Schedule of Amount Due from (to) Current Fund	79
C-5	Schedule of Deferred Charges to Future Taxation - Funded	80
C-6	Schedule of Deferred Charges to Future Taxation - Unfunded	81
C-7	Schedule of Capital Improvement Fund	82
C-8	Schedule of Improvement Authorizations	83-84
C-9	Schedule of Contracts Payable	85
C-10	Schedule of Reserve for Payment of Debt	86
C-11	Schedule of Bond Anticipation Notes	87
C-12	Schedule of Serial Bonds Payable	88
C-13	Schedule of Bonds and Notes Authorized but not Issued	89
C-14	Schedule of Grant Receivable	90
C-15	Schedule of Reserve for Preliminary Costs	91
C-16	Schedule of Reserve for Ambulance	92
	<i>General Fixed Assets Account Group</i>	
F-1	Schedule of Changes in General Fixed Assets	93
	<i>Supplementary Data</i>	
	Comparative Schedule of Tax Rate Information	94
	Comparison of Tax Levies and Collections Currently	94
	Delinquent Taxes and Tax Title Liens	94
	Property Acquired by Tax Title Lien Liquidation	95
	Comparative Schedule of Fund Balances	95
	Officials in Office and Surety Bonds	96
Part II		
	General Comments and Recommendations	97-99

LOUIS C. MAI CPA & ASSOCIATES

P.O. Box 624
Pompton Plains, N.J. 07444

Phone: 973-492-2524
Fax: 973-492-9515

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, 2019 and 2018, 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, 2019, 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, 2019 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, 2019 and 2018 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, 2019 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 September 29, 2020 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

Louis C. Mai, Registered Municipal Accountant
No. CR00217

September 29, 2020

LOUIS C. MAI CPA & ASSOCIATES

P.O. Box 624
Pompton Plains, N.J. 07444

Phone: 973-492-2524
Fax: 973-492-9515

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, 2019 and 2018 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, 2019, 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 September 29, 2020, 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

Louis C. Mai, Registered Municipal Accountant
No. CR00217

September 29, 2020

FINANCIAL STATEMENTS

TOWNSHIP OF WASHINGTON

Balance Sheet
Regulatory Basis

Current Fund

December 31, 2019 and 2018

Assets	Ref.	2019	2018
Cash - checking	A-4	\$ 6,487,039	7,509,623
Cash - Tax Collector	A-5	90,455	54,476
Cash - change fund	A-6	325	325
Grants receivable	A-12	316,260	209,125
Due from State of New Jersey - Senior Citizens' and Veterans' deductions	A-7	9,360	8,860
		<u>6,903,439</u>	<u>7,782,409</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-8	271,905	243,469
Tax title liens	A-9	18,380	15,084
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	93,433	54,775
Animal Control Fund	A-13	6,546	23,660
		<u>461,214</u>	<u>720,009</u>
Deferred charges:			
Overexpenditure of appropriation	A-24	25,609	11,590
Overexpenditure of appropriation reserve	A-24	4,554	413
Expenditure without appropriation	A-24	10,000	—
Emergency authorizations	A-24	89,224	—
		<u>129,387</u>	<u>12,003</u>
		<u>\$ 7,494,040</u>	<u>8,514,421</u>

TOWNSHIP OF WASHINGTON

Balance Sheet
Regulatory Basis

Current Fund

December 31, 2019 and 2018

Liabilities, Reserves and Fund Balance	Ref.	2019	2018
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3,A-15	\$ 1,130,943	1,219,500
Encumbrances payable	A-16	445,393	352,830
Tax overpayments	A-17	7,096	13,900
Prepaid taxes	A-18	259,593	241,200
Accounts paable	A-19	27,583	7,892
Due to:			
County for added taxes	A-20	5,467	10,105
General Capital Fund	A-13	91,933	132,366
Length of Service Award Program Fund	A-25	8,050	9,200
Appropriated Grant Reserves	A-21	532,208	97,242
Unappropriated Grant Reserves	A-22	7,235	48,410
Various reserves	A-23	568,391	1,543,510
		<u>3,083,892</u>	<u>3,676,155</u>
Reserve for receivables and other assets		461,214	720,009
Fund balance	A-1	<u>3,948,934</u>	<u>4,118,257</u>
		<u><u>7,494,040</u></u>	<u><u>8,514,421</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue and other income realized:		
Fund balance utilized	\$ 1,500,000	2,150,000
Miscellaneous revenue anticipated	2,257,339	2,086,331
Receipts from delinquent taxes	234,126	306,540
Receipts from current taxes	39,202,194	38,136,664
Non-budget revenues	36,089	105,166
Other credits to income:		
Budget appropriations canceled		
Unexpended balance of appropriation reserves	657,699	444,428
Interfunds returned	78,435	7,971
Grant reserves cancelled	—	53,917
Prior year receivable	69,774	—
Accounts payable canceled	1,680	—
Total income	<u>44,037,336</u>	<u>43,291,017</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	4,965,360	4,688,058
Other expenses	3,561,125	3,268,245
Deferred charges and statutory expenditures	1,093,363	1,002,964
Appropriations excluded from "CAPS":		
Operations:		
Other expenses	1,919,224	1,649,016
Capital improvements	560,000	738,112
Municipal debt service	917,137	1,084,196
Deferred charges	—	177,937
County taxes	4,207,961	4,226,281
County open space tax	180,327	179,928
Amount due County for added and omitted taxes	5,467	10,105
Regional school taxes	25,272,144	25,007,177
Prepaid Regional school taxes	—	242,297
Interfunds advanced	93,433	—
Expenditure without appropriation	10,000	—
Prior year senior citizens deductions cancelled	1,084	3,500
Overexpenditures	23,205	—
Prior year tax overpayments	—	9,022
Refund of prior year revenue	19,258	10,355
Total expenditures	<u>42,829,088</u>	<u>42,297,193</u>
Excess in revenue	1,208,248	993,824
Adjustments to income before surplus:		
Expenditures included above which are by statute deferred charges to budget of succeeding year	122,429	12,003
Statutory excess to fund balance	1,330,677	1,005,827
Fund balance, January 1	<u>4,118,257</u>	<u>5,262,430</u>
	5,448,934	6,268,257
Decreased by utilized as anticipated revenue	<u>1,500,000</u>	<u>2,150,000</u>
Fund balance, December 31	<u>\$ 3,948,934</u>	<u>4,118,257</u>

See accompanying notes to financial statements.

TOWNSHIP OF WASHINGTON

Statement of Revenues
Regulatory Basis

Current Fund

Year ended December 31, 2019

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 1,500,000	1,500,000	—
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	15,000	15,126	126
Other	3,300	2,185	(1,115)
Fees and permits			
Construction code official	142,000	160,695	18,695
Other	189,500	67,814	(121,686)
Fines and costs - municipal court	59,000	77,989	18,989
Interest and costs on taxes	70,000	73,537	3,537
Interest on investments and deposits	73,000	168,806	95,806
Cable television franchise fee	150,000	151,587	1,587
Sewer charges	17,000	35,405	18,405
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	—
Community Development Block Grant ADA Grant	51,750	51,750	—
Recycling tonnage grant	20,995	20,995	—
CDBG Denier Citizen	3,338	3,338	—
NJ DOT Woodfield Road (Ch 159)	111,651	111,651	—
Clean Communities Program	21,973	21,973	—
Body armor replacement program	2,104	2,104	—
Body Armour (Ch 159)	2,320	2,320	—
Clean Communities Program (Ch 159)	19,933	19,933	—
BC Open Space Memorial Field (Ch 159)	21,093	21,093	—
BC Open Space Gardner Field (Ch 159)	13,500	13,500	—
BC Open Space Bocce (Ch 159)	30,000	30,000	—
BCUA Enhancement Grant	2,658	2,658	—
Uniform Fire Safety Act	15,000	22,892	7,892
Sale of recyclables	5,000	3,953	(1,047)
Cell tower	88,000	97,119	9,119
Police outside billings - Other Trust Fund	17,000	113,218	96,218
Prepaid Regional School Taxes	242,297	242,297	—
	<u>2,110,813</u>	<u>2,257,339</u>	<u>146,526</u>
			(Continued)
Receipts from delinquent taxes	\$ 248,909	234,126	(14,783)
Amount to be raised by taxes for support of municipal budget:			
Local Tax for Municipal Purposes including Reserve for Uncoll	9,186,287	9,650,850	464,563
Minimum Library Tax	600,445	600,445	—
Total Amount to be Raised	<u>9,786,732</u>	<u>10,251,295</u>	<u>464,563</u>
Budget totals	<u>\$ 13,646,454</u>	<u>14,242,760</u>	<u>596,306</u>
Non-budget revenues		<u>36,089</u>	
		<u>\$ 14,278,849</u>	(continued)

TOWNSHIP OF WASHINGTON

Statement of Revenues
Regulatory Basis

Current Fund

Year ended December 31, 2019

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Allocation of current tax collections:			
Revenue from collections		\$ 39,202,194	
Allocated to:			
School, County and Open Space taxes		29,665,899	
Balance for support of municipal budget		9,536,295	
Add appropriation reserve for uncollected taxes		715,000	
Amount for support of municipal budget		<u>\$ 10,251,295</u>	
Receipts from delinquent taxes:			
Delinquent tax collections		\$ 234,126	
		<u>\$ 234,126</u>	
Miscellaneous revenue not anticipated:			
Tree removal application fees		\$ 4,275	
FEMA reimbursements		23,828	
Police Teterboro jet crash		861	
State reimbursement mailing fees		872	
TTL premium forfeiture		3,000	
Senior Citizen - administrative fees		1,773	
State inspection DMV Fees		<u>1,480</u>	
		<u>\$ 36,089</u>	

See accompanying notes to financial statements.

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriations			Expended			
	Budget	Emergency appropriations	Transfers	Budget after modification	Paid or charged	Reserved	Canceled
General appropriations:							
Operations within "CAPS":							
General Government							
General Administration							
Salaries and wages	\$ 242,913	—	—	242,913	226,544	16,369	—
Other expenses	76,800	—	—	76,800	75,802	998	—
Maintenance and support of office equipment							
Maintenance and support - equipment	18,500	—	—	18,500	18,493	7	—
Mayor & Council							
Salaries and wages - Mayor	10,085	—	—	10,085	10,085	—	—
Other expenses - Mayor	2,850	—	—	2,850	2,542	308	—
Salaries and wages - Council	28,289	—	3,230	31,519	30,170	1,349	—
Other expenses - Council	18,700	—	(1,000)	17,700	16,719	981	—
Municipal Clerk							
Salaries and wages	109,000	—	—	109,000	109,000	—	—
Other expenses	17,950	—	—	17,950	14,784	3,166	—
Elections							
Salaries and wages	950	—	—	950	950	—	—
Other expenses	12,500	—	(3,700)	8,800	8,649	151	—
Financial Administration							
Salaries and wages	116,250	—	—	116,250	115,000	1,250	—
Other expenses							
Financial Services - Fees	20,500	—	3,000	23,500	14,814	8,686	—
Miscellaneous other	20,650	—	—	20,650	12,631	8,019	—
Audit Services							
Other expenses	35,000	—	—	35,000	—	35,000	—
Revenue Administration							
Salaries and wages	52,500	—	—	52,500	51,526	974	—
Other expenses	11,975	—	—	11,975	4,454	7,521	—
Tax Assessment Administration							
Salaries and wages	26,369	—	—	26,369	26,369	—	—
Other expenses	3,850	—	—	3,850	3,026	824	—
Legal Services							
Salaries and wages	74,201	—	—	74,201	74,201	—	—
Other expenses							
Council	54,500	—	—	54,500	49,331	5,169	—
Tax appeals	5,500	—	(1,800)	3,700	—	3,700	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriations			Budget after modification	Expended		
	Budget	Emergency appropriations	Transfers		Paid or charged	Reserved	Canceled
Engineering Services		—					
Salaries and wages	\$ 1,250	—	—	1,250	1,250	—	—
Other expenses	71,000	—	—	71,000	39,125	31,875	—
Department of Public Affairs							
Salaries and wages	1,250	—	—	1,250	885	365	—
Other expenses	38,200	—	(2,000)	36,200	23,431	12,769	—
Cable Television Expense	30,000	—	—	30,000	26,210	3,790	—
Land Use Administration							
Planning Board							
Salaries and wages	15,593	—	250	15,843	15,268	575	—
Other exoense	13,035	—	4,000	17,035	12,158	4,877	—
Zoning Board of Adjustment							
Salaries and wages	30,543	—	—	30,543	30,463	80	—
Other expenses	4,900	—	—	4,900	3,407	1,493	—
Public Safety Functions							
Police Department							
Salaries and wages	3,068,764	—	(6,200)	3,062,564	2,877,057	185,507	—
Other expenses	114,950	—	(2,500)	112,450	103,227	9,223	—
Acquisition/ Leasing of Police Vehicles	134,300	—	—	134,300	122,156	12,144	—
Community policing	2,500	—	—	2,500	2,237	263	—
Telephoe support system	6,200	—	—	6,200	6,200	—	—
Maintenance of desk record system	14,000	—	—	14,000	14,000	—	—
Police range rental	10,000	—	—	10,000	8,500	1,500	—
Computer software leasing	17,000	—	—	17,000	15,853	1,147	—
Police car cameras	4,500	—	(2,000)	2,500	1,147	1,353	—
Reverse 911 system	3,500	—	—	3,500	2,995	505	—
Police Dispatchers							
Salaries and wages	200,000	—	—	200,000	187,980	12,020	—
Office of Emergency Management							
Salaries and wages	2,400	—	—	2,400	1,250	1,150	—
Other expenses	3,000	—	(1,000)	2,000	—	2,000	—
Aid to Volunteer Ambulance Company	45,200	—	—	45,200	44,305	895	—
Fire Department							
Salaries and wages	1,250	—	—	1,250	1,250	—	—
Other expenses	38,150	—	—	38,150	37,213	937	—
Clothing allowance	45,000	—	—	45,000	36,425	8,575	—
Physicals	1,000	—	—	1,000	550	450	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriations			Budget after modification	Expended		
	Budget	Emergency appropriations	Transfers		Paid or charged	Reserved	Canceled
Hose testing	\$ 2,500		—	2,500	1,967	533	—
Maintenance program	35,000	—	—	35,000	25,783	9,217	—
Ladder Testing	2,500	—	—	2,500	1,575	925	—
Uniform Fire Safety Code							
Other expenses	9,500	—	(1,230)	8,270	1,081	7,189	—
Fire Hydrant Service	150,000	—	—	150,000	144,873	5,127	—
Municipal Prosecutor							
Salaries and wages	7,927	—	—	7,927	6,927	1,000	—
Public Works Functions		—					
Department of Municipal Facilities							
Salaries and wages	690,522	—	—	690,522	655,549	34,973	—
Other expenses	158,350	—	(6,250)	152,100	145,102	6,998	—
Other Public Works Functions							
Street Sweeping	18,000	—	—	18,000	9,000	9,000	—
Recycling							
Salaries and wages	1,000	—	—	1,000	1,000	—	—
Other expenses	357,860	—	—	357,860	226,512	131,348	—
Buildings and Grounds							
Building Maintenance	38,000	—	—	38,000	30,771	7,229	—
Vehicle Maintenance							
Other expenses	115,000	—	—	115,000	111,325	3,675	—
Community Services Act	30,000	—	—	30,000	20,896	9,104	—
Health and Human Services							
Public Health Services							
Salaries and wages - Board of Health	5,439	—	—	5,439	5,439	—	—
Other expensees - Board of Health	39,760	—	—	39,760	38,846	914	—
Animal Control Serives							
Other expenses	11,700	—	—	11,700	11,145	555	—
Recreation Services and Programs		—					
Salaries and wages	85,050	—	—	85,050	34,233	50,817	—
Other expenses	128,775	—	—	128,775	94,888	33,887	—
Golden Seniors' Committee	22,500	—	—	22,500	23,110	(610)	—
Senior Activities	3,600	—	—	3,600	2,160	1,440	—
Maintenance of Parks							
Other expenses	43,100	—	—	43,100	45,254	(2,154)	—
Rehabilitation of Memorial Field	40,000	—	(10,000)	30,000	9,533	20,467	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriations			Budget after modification	Expended		
	Budget	Emergency appropriations	Transfers		Paid or charged	Reserved	Canceled
Other Common Operation Functions							
Celebration of Public Events	\$ 15,000		(3,000)	12,000	6,651	5,349	—
Municipal Court							
Salaries and wages	53,692	—	—	53,692	43,591	10,101	—
Other expenses	14,900			14,900	8,449	6,451	—
Public Defender							
Other expenses	2,400	—	1,000	3,400	3,200	200	—
Insurance							
Liability Insurance (BJIF)	176,000		—	176,000	126,187	49,813	—
Workers Compensation Insurance (BJIF)	186,500	—	—	186,500	141,768	44,732	—
Employee Group Insurance	780,000	—	—	780,000	695,385	84,615	—
Code Enforcement and Administration							
Construction Officials							
Salaries and wages	142,843		—	142,843	125,148	17,695	—
Other expenses	9,250		—	9,250	8,268	982	—
Utility Expenses & Bulk Purchases							
Electricity	59,000		—	59,000	46,663	12,337	—
Street Lighting	60,000		—	60,000	66,070	(6,070)	—
Telephone	40,000		—	40,000	30,861	9,139	—
Water	11,000		6,200	17,200	11,000	6,200	—
Natural Gas	13,500		—	13,500	4,553	8,947	—
Gasoline	44,000		—	44,000	40,097	3,903	—
Landfill/Solid Waste Disposal							
Sanitary Landfill & Dump Fees	68,000	—	—	68,000	65,057	2,943	—
Total operations within "CAPS"	8,549,485	—	(23,000)	8,526,485	7,549,549	976,936	—
Contingent	—	—	—	—	—	—	—
Total operations including contingent-within "CAPS"	8,549,485	—	(23,000)	8,526,485	7,549,549	976,936	—
Detail:							
Salaries and wages	\$ 4,968,080	—	(2,720)	4,965,360	4,631,135	334,225	—
Other expenses (including contingent)	3,581,405	—	(20,280)	3,561,125	2,918,414	642,711	—
	8,549,485	—	(23,000)	8,526,485	7,549,549	976,936	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriations			Expended			
	Budget	Emergency appropriations	Transfers	Budget after modification	Paid or charged	Reserved	Canceled
Deferred charges and statutory expenditures - municipal within "CAPS":							
Deferred Charges:							
Overexpenditure of Appropriations	\$ 5,045	—	—	5,045	5,045	—	—
Prior year bills	1,120			1,120	1,120	—	—
Statutory Charges							
DCRP Pension	10,500		—	10,500	4,802	5,698	—
Social Security System (OASI)	165,000		23,000	188,000	198,230	(10,230)	—
Public Employees Retirement System	136,631		—	136,631	136,631	—	—
Police & Firemen's Retirement System	752,067		—	752,067	752,067	—	—
Total deferred charges and statutory expenditures - municipal within "CAPS"	1,070,363	—	23,000	1,093,363	1,097,895	(4,532)	—
Total general appropriations for municipal purposes within "CAPS"	9,619,848	—	—	9,619,848	8,647,444	972,404	—
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	625,445	—	—	625,445	597,837	27,608	—
Length of Service Award Program (L.O.S.A.P.)	96,500	—	—	96,500	—	96,500	—
Bergen County Utilities Authority - Contractual							
Operating	739,026	—	—	739,026	739,025	1	—
Debt Service	—	—	—	—	—	—	—
Other Municipalities - Contractual	80,000	—	—	80,000	64,634	15,366	—
Public and private programs offset by revenues:							
CDBG	3,338		—	3,338	3,338	—	—
Body Armor Replacement Program	2,104	—	—	2,104	2,104	—	—
Recycling Tonnage Grant	20,995		—	20,995	20,995	—	—
Body Armor Replacement Program (Ch. 159)	2,320		—	2,320	2,320	—	—
Clean Communities program	21,973		—	21,973	21,973	—	—
Woodfield Road (CH 159)	111,651		—	111,651	111,651	—	—
CDBG ADA Compliant Parking Stalls	51,750		—	51,750	51,750	—	—
Clean Communities 2019 (Ch 159)	19,933		—	19,933	19,933	—	—
BC Open Space Memorial Field Court (CH 159)	21,093	21,093	—	42,186	—	—	—
BC Open Space Gardner Field (Ch 159)	13,500	13,500	—	27,000	27,000	—	—
BC Open Space Bocce (Ch 159)	30,000	30,000	—	60,000	60,000	—	—
Green Team BCUA Enhancement (CH 159)	2,658	—	—	2,658	2,658	—	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriations			Budget after modification	Expended		
	Budget	Emergency appropriations	Transfers		Paid or charged	Reserved	Canceled
Municipal Alliance Grant							
State Share	\$ 9,876	—	—	9,876	9,876	—	—
Local Match	2,469	—	—	2,469	2,469	—	—
Total operations-excluded from "CAPS"	\$ 1,854,631	64,593	—	1,919,224	1,779,749	139,475	—
Detail:							
Other expenses	1,854,631	64,593	—	1,919,224	1,779,749	139,475	—
	1,854,631	64,593	—	1,919,224	1,779,749	139,475	—
Capital improvements excluded from "CAPS":							
Capital Improvement Fund	550,000	—	—	550,000	550,000	—	—
Reserve for Ambulance	10,000	—	—	10,000	10,000	—	—
Total capital improvements excluded from "CAPS"	560,000	—	—	560,000	560,000	—	—
Municipal debt service excluded from "CAPS":							
Payment of bond principal	440,000	—	—	440,000	440,000	—	—
Payment of bond anticipation notes	275,000	—	—	275,000	274,306	—	694
Interest on bonds	13,200	—	—	13,200	13,200	—	—
Interest on notes	165,000	24,631	—	189,631	189,631	—	—
Total municipal debt service excluded from "CAPS"	893,200	24,631	—	917,831	917,137	—	694
Deferred charges - municipal - excluded from "CAPS":							
Deferred charges to future taxation - unfunded Ordinance 98-15	3,775	—	—	3,775	—	—	3,775
Total deferred charges - municipal - excluded from "CAPS"	3,775	—	—	3,775	—	—	3,775
Total general appropriations excluded from "CAPS"	3,311,606	89,224	—	3,400,830	3,256,886	139,475	4,469
Subtotal general appropriations	12,931,454	89,224	—	13,020,678	11,904,330	1,111,879	4,469
Reserve for uncollected taxes	715,000	—	—	715,000	715,000	—	—
Total general appropriations	\$ 13,646,454	89,224	—	13,735,678	12,619,330	1,111,879	4,469
Original budget				\$ 13,445,299	Overexpended \$	(19,064)	
Added by NJSA 40A:4-87 (CH 159)				201,155	Reserved	1,130,943	
Emergency Authorization				89,224	\$	1,111,879	
				\$ 13,735,678			

TOWNSHIP OF WASHINGTON

Statement of Expenditures
Regulatory Basis

Current Fund

Year ended December 31, 2019

Appropriations			Expended			
Budget	Emergency appropriations	Transfers	Budget after modification	Paid or charged	Reserved	Canceled
<u>Analysis of paid or charged</u>						
				\$ 10,932,655		
				438,808		
				5,045		
				338,191		
				189,631		
				<u>715,000</u>		
				\$ <u>12,619,330</u>		

See accompanying notes to financial statements.

TOWNSHIP OF WASHINGTON

Balance Sheet
Regulatory Basis

Trust Funds

December 31, 2019 and 2018

Assets	Ref.	2019	2018
Animal Control Fund			
Cash	B-1	\$ 22,726	37,099
Cash - change fund		25	25
		<u>22,751</u>	<u>37,124</u>
Other Trust Funds:			
Cash	B-1	2,042,623	2,175,562
Payroll deductions payable (deficit)	B-9	347	—
		<u>2,042,970</u>	<u>2,175,562</u>
Unemployment Compensation Fund - cash	B-1	209,154	219,443
Length of Service Award Program Fund (UNAUDITED)			
Investments		2,516,996	2,029,289
Due from Current Fund		8,050	9,200
		<u>2,525,046</u>	<u>2,038,489</u>
		<u>\$ 4,799,921</u>	<u>4,470,618</u>
Liabilities and Reserves			
Animal Control Fund			
Due to Current Fund	B-7	\$ 6,546	23,660
Due to State of New Jersey	B-3	80	12
Reserve for Animal Control Fund expenditures	B-2	16,125	13,452
		<u>22,751</u>	<u>37,124</u>
Other Trust Funds:			
Reserve for:			
Escrow and performance deposits	B-4	962,303	1,002,341
Insurance settlements	B-5	24,369	26,319
Mt Laurel senior housing	B-8	18,431	17,842
Payroll deductions payable (deficit)	B-9	—	5
Police private detail billings	B-10	132,306	17,645
Due to Current Fund	B-7	93,433	54,775
Various reserves	B-11	812,128	1,056,635
		<u>2,042,970</u>	<u>2,175,562</u>
Unemployment Compensation Fund -			
Due to State of New Jersey	B-13	4,986	—
Reserve for Unemployment Insurance Claims	B-12	204,168	219,443
		<u>209,154</u>	<u>219,443</u>
Length of Service Award Program Fund (UNAUDITED)			
Reserve for Investments in Length of Service Award Program		2,525,046	2,038,489
		<u>\$ 4,799,921</u>	<u>4,470,618</u>

See accompanying notes to financial statements.

TOWNSHIP OF WASHINGTON

Balance Sheet
Regulatory Basis

General Capital Fund

December 31, 2019 and 2018

Assets	Ref.	2019	2018
Cash	C-2,C-3	\$ 4,747,882	2,820,825
Grants receivable	C-14	—	255,000
Due from Current Fund	C-4	91,933	132,366
Deferred charges to future taxation funded	C-5	6,785,000	440,000
Deferred charges to future taxation unfunded	C-6	9,831,398	8,826,042
		<u>\$ 21,456,213</u>	<u>12,474,233</u>
Liabilities, Reserves and Fund Balance			
Contracts payable	C-9	\$ 603,525	252,542
Bond anticipation notes	C-11	—	6,000,000
Improvement authorizations:			
Funded	C-8	3,804,369	1,027,386
Unfunded	C-8	9,831,398	4,501,337
Reserve for payment of debt	C-10	4,131	4,131
Reserve for grants receivable	C-14	—	—
Reserve for preliminary costs	C-15	5,000	5,000
Reserve for ambulance	C-16	20,000	10,000
Reserve for Library Renovations		25,000	—
General serial bonds payable	C-12	6,785,000	440,000
Capital Improvement Fund	C-7	212,564	101,564
Fund balance	C-1	165,226	132,273
		<u>\$ 21,456,213</u>	<u>12,474,233</u>

There were bonds and notes authorized but not issued at December 31, 2018 and 2019 of \$2,826,042 and \$9,831,398 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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Balance, Beginning of year	\$ 132,273	203,570
Increased by:		
Premium on sale of bonds	9,831	—
Cancellation of funded improvement authorization	11,081	—
Cancellation of funded contracts	8,100	—
Premium on sale of notes	3,941	50,640
	<u>32,953</u>	<u>50,640</u>
	165,226	254,210
Decreased by:		
Anticipated revenue Current Fund	—	121,937
	<u>—</u>	<u>121,937</u>
Balance, End of year	<u>\$ 165,226</u>	<u>132,273</u>

See accompanying notes to financial statements.

TOWNSHIP OF WASHINGTON

Statement of General Fixed Assets
Regulatory Basis

General Fixed Asset Account Group

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Land	\$ 11,383,900	11,383,900
Buildings	2,637,529	2,637,529
General equipment and machinery	<u>4,816,338</u>	<u>5,494,571</u>
Total fixed assets	<u>\$ 18,837,767</u>	<u>19,516,000</u>

See accompanying notes to financial statements.

TOWNSHIP OF WASHINGTON

Notes to Financial Statements

December 31, 2019

(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, 2019

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, 2019

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, 2019

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

December 31, 2019

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

December 31, 2019

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).

TOWNSHIP OF WASHINGTON

Notes to Financial Statements

December 31, 2019

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PERS \$	140,101	135,569	129,489	126,424	138,169
PFRS \$	788,048	752,067	579,953	534,771	559,157
DCRP \$	4,802	7,454	2,676	2,676	2,370

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.

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

PERS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Covered Employee Payroll	\$1,236,169	\$1,019,492	\$1,027,938
Total Payroll	4,916,676	4,419,906	4,294,302
Actuarial Contribution Requirements	140,101	135,569	148,994
Total Contributions	232,814	211,229	221,739
Employer's Share	140,101	135,569	148,994
% of Covered Payroll	11.33%	13.30%	14.48%
Employee's Share	92,713	75,660	72,745
% of Covered Payroll	7.50%	7.42%	7.26%

TOWNSHIP OF WASHINGTON

Notes to Financial Statements

December 31, 2019

PFRS	<u>2019</u>	<u>2018</u>	<u>2017</u>
Covered Employee Payroll	\$2,510,732	\$2,573,080	\$2,559,139
Total Payroll	4,916,676	4,419,906	4,294,302
Actuarial Contribution Requirements	788,048	752,067	554,741
Total Contributions	1,039,121	1,009,375	810,655
Employer's Share	788,048	752,067	554,741
% of Covered Payroll	31.39%	29.23%	21.68%
Employee's Share	251,073	257,308	255,914
% of Covered Payroll	10.00%	10.00%	10.00%

Assumptions

The total PERS and PFRS pension liability for June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 using an actuarial experience study for the period July 1, 2014 to June 30, 2018. The pension liability was rolled forward to June 30, 2019. The actuarial valuation used an inflation rate of 2.75%, projected salary increases through 2026 of 2.00% to 6.00% based on age and thereafter 3.00% to 7.00% for PERS based on age and an investment rate of return of 7.00%. Projected salary increases through all future years of 3.25% to 15.25% 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 6.28% for PERS and 6.51% and 6.85% for PFRS as of June 30, 2018 and 2019 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 3.50% as of June 30, 2019, 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 70% 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, 2057 and June 30, 2076, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and 2076, 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.

The following presents the Township's proportionate share of the PERS net pension liability calculated using the discount rate of 5.66% and 6.28% as of June 30, 2018 and 2019, 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.

TOWNSHIP OF WASHINGTON

Notes to Financial Statements

December 31, 2019

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

	At 1% decrease (5.28%)	At current discount rate (6.28%)	At 1% increase (7.28%)
2019	<u>\$3,278,215</u>	<u>42,595,244</u>	<u>42,019,744</u>
<hr/>			
	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 6.85% as of June 30, 2018 and 2019, 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 (5.85%)	At current discount rate (6.85%)	At 1% increase (7.85%)
2019	<u>\$12,310,747</u>	<u>\$9,547,458</u>	<u>\$7,294,162</u>
<hr/>			
	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.

TOWNSHIP OF WASHINGTON

Notes to Financial Statements

December 31, 2019

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 2019 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 2019, 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, 2019.

	PERS	PFRS
Net Pension Liabilities	\$2,595,244	\$9,547,458
Deferred Outflow of Resources	504,100	1,204,129
Deferred Inflow of Resources	3,124,195	3,372,501
Pension Expense	112,063	965,607
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 2019. The Township's proportionate share of the collective net pension liability as of June 30, 2018 and 2019 was .013629% and .014403% for PERS and .076926% and .078016% for PFRS respectively.

At June 30, 2019, the amount determined as the Township's proportionate share of the PERS net pension liability was \$2,595,244. For the year ended June 30, 2019 the Township recognized PERS pension expense of \$112,063. At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

TOWNSHIP OF WASHINGTON

Notes to Financial Statements

December 31, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$259,145	\$2,324,210
Difference between expected and actual experience	46,581	29,581
Net Difference Between Projected and Actual Investment Earnings	—	105,701
Net Change in Proportions	198,374	664,703
Net Actual Less Proportionate Share of Contributions	—	—
Total Contributions and Proportionate Share of Contributions after the Measurement Date	—	—
	<u>\$504,100</u>	<u>3,124,195</u>

At June 30, 2019, the amount determined as the Township’s proportionate share of the PFRS net pension liability was \$9,547,458. For the year ended June 30, 2018 the Township recognized PFRS pension expense of \$583,405. At June 30, 2019, 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	\$327,148	\$3,085,651
Differences between expected and actual experience	80,593	60,447
Net Difference Between Projected and Actual Investment Earnings	—	129,365
Net Change in Proportions	796,388	97,038
Net Actual Less Proportionate Share of Contributions	—	—
Total Contributions and Proportionate Share of Contributions after the Measurement Date	—	—
	<u>\$1,204,129</u>	<u>\$3,372,501</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, 2019 are summarized in the following table.

TOWNSHIP OF WASHINGTON

Notes to Financial Statements

December 31, 2019

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

(3) Municipal Debt

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Issued:			
General - bonds and notes	\$ 6,785,000	6,440,000	6,017,579
Total issued	<u>6,785,000</u>	<u>6,440,000</u>	<u>6,017,579</u>
Authorized but not issued:			
General - bonds and notes	9,831,398	2,826,042	3,112,908
Total authorized but not issued	<u>9,831,398</u>	<u>2,826,042</u>	<u>3,112,908</u>
Total bonds and notes issued and authorized but not issued	<u>\$ 16,616,398</u>	<u>9,266,042</u>	<u>9,112,908</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	\$ 8,281,826	8,281,826	—
General debt	<u>16,616,398</u>	<u>4,131</u>	<u>16,612,267</u>
	<u>\$ 24,898,224</u>	<u>8,285,957</u>	<u>16,612,267</u>

Net debt of \$16,616,267 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$1,807,605,049 equals .919%

TOWNSHIP OF WASHINGTON

Notes to Financial Statements

December 31, 2019

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

3-1/2% of equalized valuation basis (municipal)	\$63,266,176
Net debt	<u>16,616,267</u>
Remaining borrowing power	\$46,649,909

This a summary of bonded debt changes for the years ended December 31, 2019 and 2018:

	<u>Dec. 31, 2018</u>	<u>Increases</u>	<u>Deductions</u>	<u>Dec. 31, 2019</u>
General Capital Fund	440,000	6,785,000	440,000	6,785,000
\$	<u>440,000</u>	<u>6,785,000</u>	<u>440,000</u>	<u>6,785,000</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>
2020	\$750,000	215,700
2021	750,000	200,700
2022	700,000	178,200
2023	655,000	157,200
2024	655,000	131,000
2025-2029	<u>3,275,000</u>	<u>281,650</u>
	<u>\$6,785,000</u>	<u>1,164,450</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, 2019

The changes in outstanding bond anticipation notes for the years ended December 31, 2018 and 2019 are as follows:

	Dec. 31, 2017	Increases	Decreases	Dec. 31, 2018
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

	Dec. 31, 2018	Increases	Decreases	Dec. 31, 2019
General Capital Fund	6,000,000	5,630,000	11,630,000	—
\$	6,000,000	5,630,000	11,630,000	—

(5) Fund Balances Appropriated

Fund balances appropriated and included as anticipated revenue in the 2020 budget is as follows:

Current Fund	\$ 1,800,000
--------------	--------------

(6) Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, the Township Current Fund had the following deferred charges to be raised in the 2020 or subsequent budgets.

	Balance, Dec. 31, <u>2019</u>	2020 Budget <u>Appropriation</u>
Current Fund:		
Overexpenditure of appropriation reserves	\$ 4,554	413
Overexpenditure of appropriation	25,609	20,203
Expenditure without appropriation	10,000	—
Emergency appropriations	89,224	89,224

(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, 2019

(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 \$238,013 for the years ended December 31, 2018 and 2019 respectively. This amount, in accordance with state accounting requirements, is not reported either as an expenditure or liability. The Township has \$330,146 reserved for this at December 31, 2019.

(9) Contingencies

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2019. 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 has \$350,000 in reserved for tax appeals.

The Township is in litigation concerning planning and zoning issues. The liability for monetary claims and its defense is being handled by the Township's insurer and its counsel.

There is a claim filed by a former employee with EEOC which is being handled by the Township's insurer and its counsel and we have been advised that the case is likely to be dismissed.

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, 2019 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.

TOWNSHIP OF WASHINGTON

Notes to Financial Statements

December 31, 2019

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.

During 2019 a fixed asset inventory was performed and the financial statements reflect the new detailed list.

The Township’s fixed assets are summarized as follows:

	Balance Dec 31, 2018	Additions	Dispositions	Balance Dec. 31, 2019
General Fixed Assets:				
Land	\$ 11,428,900	—	—	11,428,900
Buildings	2,637,529	—	—	2,637,529
General equip./ machinery	5,494,571	175,719	853,952	4,816,338
	19,516,000	175,719	853,952	18,837,767

	Balance Dec 31, 2017	Additions	Dispositions	Balance Dec. 31, 2018
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, 2019 and 2018 as follows:

	2019		2018	
	Due From	Due To	Due From	Due To
Current Fund:				
Other Trust Fund	\$ 93,433		\$ 54,775	
Animal Control Fund	6,546		23,660	
General Capital Fund		91,933		132,366
LOSAP Fund		8,050		9,200
Other Trust Fund				
Current Fund		93,43		54,775
Animal Control Fund:				
Current Fund		6,546		23,660
General Capital Fund:				
Current Fund	91,933		132,366	
LOSAP Fund				
Current Fund	8,050		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.

TOWNSHIP OF WASHINGTON

Notes to Financial Statements

December 31, 2019

(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 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, 2019 is as follows:

	January 1	Contributions	Distributions	Fees/tax	Gain/(Loss)	December 31
2019	\$ 2,029,289	86,250	125,355	2,875	529,687	2,516,996
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

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.

TOWNSHIP OF WASHINGTON

Notes to Financial Statements

December 31, 2019

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, 2019, the Township's bank deposits are insured or covered by the State's Government Unit Deposit Protection Act.

(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

A subsequent event is an event or transaction occurring after the balance sheet date, but before the financial statements are either issued or available to be issued. A review of the Townships operating activity has been performed to identify events that provide evidence about conditions that did not exist as of the balance sheet date; instead, they arose subsequent to that date.

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United Nations declared a public health emergency for the United States and on, March 31, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020, and has since issued multiple Executive Orders regarding the Pandemic. The Township expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic has negatively affected travel, commerce and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide.

The Township cannot reasonably predict how long the Pandemic in New Jersey is expected to last, how the outbreak may impact the financial condition or operations of the Township, whether there will be any impact on the assessed values of property within the Township or unexpected deferrals of tax payments to the Township or the costs associated with his or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the Township.

ADDITIONAL FINANCIAL INFORMATION

TOWNSHIP OF WASHINGTON

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>7,509,623</u>
Increased by receipts:	
Collector of taxes	39,450,333
Revenue accounts receivable	1,640,205
Miscellaneous revenue not anticipated	36,089
Due from State of New Jersey	88,666
Grants receivable	204,056
Tax overpayments	35,890
Unappropriated grant reserves	7,235
Various reserves	78,793
Due from Animal Control Fund	23,660
Due from General Capital Fund	1,111,651
Due from Other Trust Fund	<u>54,775</u>
	<u>42,731,353</u>
	<u>50,240,976</u>
Decreased by disbursements:	
Budget appropriations	10,932,655
Appropriation reserves	652,414
Local district school taxes	25,029,847
County taxes	4,398,393
Due from Other Trust Funds	93,433
Due from General Capital Fund	1,337,938
Various reserves	1,053,912
Accounts payable	6,212
Grant expenditures	174,641
Length of Service Award Program Fund	1,150
Tax overpayment refunds	42,694
Expenditure without appropriation	10,000
Refund of tax appeals	1,390
Refund of prior year revenue	<u>19,258</u>
	<u>43,753,937</u>
Balance, December 31, 2019	\$ <u><u>6,487,039</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Cash - Tax Collector

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>54,476</u>
Increased by receipts:	
Taxes receivable	39,104,870
Prepaid taxes	259,593
Revenue accounts receivable	86,444
Sewer charges	35,405
	<u>39,486,312</u>
	<u>39,540,788</u>
Decreased by disbursements:	
Payments to Treasurer - Current Fund	<u>39,450,333</u>
Balance, December 31, 2019	\$ <u><u>90,455</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Change Funds

Current Fund

Year ended December 31, 2019

	Balance Dec. 31, 2018	Balance Dec. 31, 2019
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, 2019

Balance, December 31, 2018	\$ <u>8,860</u>
Increased by:	
Senior Citizens' deductions per duplicate	8,500
Veterans' deductions per duplicate	80,000
Senior Citizens' deductions allowed by tax collector	1,750
Senior Citizens' deductions allowed by tax collector - 2018	<u>250</u>
	<u>90,500</u>
	<u>99,360</u>
Decreased by:	
Cash received	88,666
Senior Citizens' and Veterans' deductions disallowed	250
Senior Citizens' and Veterans' deductions disallowed - 2018	<u>1,084</u>
	<u>90,000</u>
Balance, December 31, 2019	\$ <u><u>9,360</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Taxes Receivable

Current Fund

Year ended December 31, 2019

Year	Balance, Dec. 31, 2018	2019 levy	Added Taxes	Cash collections		Transferred to tax title liens	Cancelled	Balance, Dec. 31, 2019
				2018	2019			
2018	243,469	—	1,084	—	234,126	—	10,177	250
	243,469	—	1,084	—	234,126	—	—	250
2019	—	39,463,405	48,975	241,200	38,960,994	3,296	35,235	271,655
	\$ 243,469	39,463,405	50,059	241,200	39,195,120	3,296	35,235	271,905
Senior Citizens' and Veterans' deductions					\$ 90,250			
Cash					39,104,870			
					\$ 39,195,120			

Analysis of Property Tax Levy

Tax yield:	
General purpose tax	\$ 39,463,405
Added and omitted taxes	48,975
	\$ 39,512,380
Tax levy:	
County taxes	\$ 4,207,961
County Open Space	180,327
Regional school taxes	25,272,144
Due County for added taxes	5,467
Local tax for municipal purposes	9,186,287
Library tax	600,445
Additional taxes levied	59,749
	\$ 39,512,380

TOWNSHIP OF WASHINGTON

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>15,084</u>
Increased by:	
Transferred from taxes receivable	<u>3,296</u>
	<u>3,296</u>
Balance, December 31, 2019	\$ <u><u>18,380</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, 2018	Accrued in 2019	Collected by		Balance, Dec. 31, 2019
			Collector	Treasurer	
Township Clerk					
Alcoholic beverage license	\$ —	15,126	—	15,126	—
Licenses - other	—	2,140	—	2,140	—
Fees and permits	—	12,218	—	12,218	—
Police Department - fees and permits	—	9,135	—	9,135	—
Planning Board - fees and permits	—	6,153	—	6,153	—
Zoning Board of Adjustment - fees and permits	—	8,575	—	8,575	—
Construciton Code Official - fees and permits	—	160,695	—	160,695	—
Recreation Department - fees and permits	—	19,113	—	19,113	—
Board of Health					
Licenses	—	45	—	45	—
Fees and permits	—	12,907	—	12,907	—
Municipal Court - fines and costs	—	77,989	—	77,989	—
Interest and cost on taxes	—	73,537	73,537	—	—
Energy receipts tax	—	713,525	—	713,525	—
Interest on investments and deposits	# —	168,806	12,907	155,899	—
Uniform Fire Safety Act	—	22,892	—	22,892	—
Cable television franchise fee	69,774	151,587	—	221,361	—
Police Outside Duty - other Trust Fund	—	113,218	—	113,218	—
Sale of recyclables	—	3,953	—	3,953	—
Cell tower	—	97,119	—	97,119	—
Prepaid Regional School Taxes	—	242,297	—	242,297	—
Sewer charges	—	410	—	410	—
	<u>\$ 69,774</u>	<u>1,911,440</u>	<u>86,444</u>	<u>1,894,770</u>	<u>—</u>
Cash			\$ 86,444	1,640,205	
Prepaid school tax applied			—	242,297	
Court			—	7,507	
Interest			—	4,761	
			<u>\$ 86,444</u>	<u>1,894,770</u>	

TOWNSHIP OF WASHINGTON

Schedule of Grants Receivable

Year ended December 31, 2019

	Balance, Dec. 31, 2018	Awarded in 2019	Received	Balance, Dec. 31, 2019
Drive Sober or Get Pulled Over	\$ 1,108	—	—	1,108
Clean Communities Program	9,334	19,933	29,267	—
Municipal Alliance Grant	20,571	9,876	9,750	20,697
NJ DOT Woodfield Road	—	111,651	111,651	—
NJ DOT Robinwood Road	178,112	—	—	178,112
Body Armor Grant	—	2,320	2,320	—
CDBG ADA Compliant Parking Stalls	—	51,750	—	51,750
County Open Space - Memeorial Park Basketball Courts	—	21,093	—	21,093
County Open Space Bocce Ball Court	—	30,000	—	30,000
County Open Space Gardner Park	—	13,500	—	13,500
Recycling Tonnage Grant	—	20,995	20,995	—
CDBG Denier Citizen	—	3,338	3,338	—
Body Armor replacement program	—	2,104	2,104	—
Clean Communities Program	—	21,973	21,973	—
Recycling Enhancement Grant BCUA	—	2,658	2,658	—
	<u>\$ 209,125</u>	<u>311,191</u>	<u>204,056</u>	<u>316,260</u>

TOWNSHIP OF WASHINGTON

Schedule of Interfunds

Current Fund

Year ended December 31, 2019

	<u>Other Trust Fund</u>	<u>General Capital Fund</u>	<u>Animal Control Fund</u>
Balance, December 31, 2018, due from (to)	\$ 54,775	(132,366)	23,660
Increased by:			
Cash disbursed	93,433	1,337,938	—
Statutory excess	—	—	6,546
Interest earned	—	3,776	—
	<u>93,433</u>	<u>1,341,714</u>	<u>6,546</u>
	<u>148,208</u>	<u>1,209,348</u>	<u>30,206</u>
Decreased by:			
Cash receipts	54,775	1,000,000	23,660
Grant receipts deposited in Current Fund	—	111,650	—
Payment of notes	—	189,631	—
	<u>54,775</u>	<u>1,301,281</u>	<u>23,660</u>
Balance, December 31, 2019, due from (to)	<u>\$ 93,433</u>	<u>(91,933)</u>	<u>6,546</u>

TOWNSHIP OF WASHINGTON

Schedule of Regional District School
Taxes Payable

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	(242,297)
Increased by tax levy		<u>25,272,144</u>
		25,029,847
Decreased by payments		<u>25,029,847</u>
Balance, December 31, 2019	\$	<u><u>—</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance Dec. 31, 2018	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	8,518	—	(7,000)	1,518	—	1,518
Other expenses	2,434	3,201	(2,000)	3,635	3,195	440
Maintenance and support of office equipment						
Maintenance and support - computers/telephone	—	2,785	—	2,785	1,665	1,120
Mayor & Council						
Other expenses - Mayor	931	—	—	931	—	931
Salaries and wages - Council	1,237	—	—	1,237	—	1,237
Other expenses - Council	2,840	110	—	2,950	1,467	1,483
Municipal Clerk						
Salaries and wages	—	—	—	—	—	—
Other expenses	975	3,322	—	4,297	3,016	1,281
Elections						
Other expenses	2,000	—	—	2,000	—	2,000
Financial Administration						
Salaries and wages	43,821	—	(6,000)	37,821	—	37,821
Other expenses						—
Financial Services - Fees	6,570	1,017	1,117	8,704	10,187	(1,483)
Miscellaneous other	6,807	205 x	(1,117)	5,895	4,892	1,003
Audit Services						
Other expenses	—	34,000 x	—	34,000	34,000	—
Revenue Administration						
Salaries and wages	2,266	—	—	2,266	—	2,266
Other expenses	3,812	—	—	3,812	1,455	2,357
Tax Assessment Administration						
Salaries and wages	14	—	—	14	—	14
Other expenses	590	111	—	701	111	590
Legal Services						
Other expenses						—
Administration				—	—	—
Council	31,214	272	—	31,486	2,140	29,346
Tax appeals	12,500	—	—	12,500	—	12,500
Engineering Services						
Other expenses	10,364	—	—	10,364	3,105	7,259
Department of Public Affairs						
Other expenses	11,019	360	—	11,379	704	10,675
Cable Television Expense	187	4,274	—	4,461	4,274	187
Land Use Administration						
Planning Board						
Salaries and wages	2,381	—	—	2,381	—	2,381
Other expense	4,068	7,642	—	11,710	9,899	1,811
Zoning Board of Adjustment						
Salaries and wages	42	—	—	42	—	42
Other expenses	476	804	—	1,280	803	477
Public Safety Functions						
Police Department						
Salaries and wages	106,579	—	—	106,579	65,442	41,137
Other expenses	11,858	6,236	—	18,094	6,298	11,796
Acquisition/Leasing of Police Vehicles	200	3,434	—	3,634	3,434	200
Community policing	1	—	—	1	—	1
Maintenance of desk record system	4,500	—	—	4,500	703	3,797
Police range rental	2,800	—	—	2,800	—	2,800
Computer software leasing	2,750	—	—	2,750	—	2,750
Police car cameras	816	—	—	816	—	816
Reverse 911 system	5	—	—	5	—	5
Police Dispatchers						
Salaries and wages	\$ 23,339	—	—	23,339	882	22,457

(continued)

TOWNSHIP OF WASHINGTON

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance Dec. 31, 2018	Transfer of encum- brances	Transfers	Balance after transfers	Paid or charged	Unexpended balances lapsed
General appropriations:						
Office of Emergency Management						
Other expenses	2,278	77	—	2,355	77	2,278
Aid to Volunteer Ambulance Company	—	1,273	—	1,273	1,273	—
Fire Department						
Other expenses	13,996	10,525	—	24,521	10,324	14,197
Clothing allowance	7,975	1,050	—	9,025	1,050	7,975
Physicals	747	348	—	1,095	348	747
Maintenance program	25,544	10,996	—	36,540	12,535	24,005
Equipment compliance	3,704	—	—	3,704	154	3,550
Uniform Fire Safety Code						
Other expenses	8,144	—	—	8,144	6,500	1,644
Fire Hydrant Service	6,096	—	—	6,096	—	6,096
LOSAP Program	5,000	90,000	—	95,000	93,750	1,250
Municipal Prosecutor						
Salaries and wages	800	200	—	1,000	200	800
Public Works Functions						
Department of Municipal Facilities						
Salaries and wages	42,096	—	—	42,096	4,067	38,029
Other expenses	5,229	15,166	—	20,395	20,273	122
Other Public Works Functions						
Street Sweeping	4,500	—	—	4,500	—	4,500
Recycling						
Other expenses	239,984	19,490	—	259,474	151,766	107,708
Buildings and Grounds						
Building Maintenance	134	130	—	264	2,922	(2,658)
Vehicle Maintenance						
Other expenses	70,203	23,613	—	93,816	26,596	67,220
Community Services Act	3,628	—	—	3,628	2,828	800
Health and Human Services						
Public Health Services						
Salaries and wages - Board of Health	432	—	—	432	—	432
Other expenses - Board of Health	551	—	—	551	—	551
Animal Control Services						
Other expenses	—	2,960	—	2,960	1,960	1,000
Recreation Services and Programs						
Salaries and wages	7,139	—	—	7,139	—	7,139
Other expenses	34,371	5,828	—	40,199	12,037	28,162
Golden Seniors' Committee	1,347	—	—	1,347	—	1,347
Senior Activities	1,015	55	—	1,070	—	1,070
Maintenance of Parks						
Other expenses	670	—	—	670	135	535
Rehabilitation of Memorial Field	32,763	2,200	—	34,963	3,400	31,563
Other Common Operation Functions						
Celebration of Public Events	3,837	117	—	3,954	117	3,837
Municipal Court						
Salaries and wages	5,332	—	—	5,332	640	4,692
Other expenses	2,774	470	—	3,244	470	2,774
Public Defender						
Other expenses	1,800	400	—	2,200	1,400	800
Insurance						
Liability Insurance (BJIF)	—	39,446	—	39,446	39,446	—
Workers Compensation Insurance (BJIF)	—	46,904	—	46,904	46,904	—
Employee Group Insurance	44,690	—	—	44,690	—	44,690
Code Enforcement and Administration						
Construction Officials						
Salaries and wages	17,611	—	—	17,611	1,905	15,706
Other expenses	54	123	—	177	123	54

(continued)

TOWNSHIP OF WASHINGTON

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance Dec. 31, 2018	Transfer of encum- brances	Transfers	Balance after transfers	Paid or charged	Unexpended balances lapsed
General appropriations:						
Utility Expenses & Bulk Purchases						
Electricity	\$ 8,014	—	—	8,014	6,567	1,447
Street Lighting	14,194	—	—	14,194	12,633	1,561
Telephone	8,630	940	—	9,570	379	9,191
Water	2,142	—	—	2,142	—	2,142
Natural Gas	4,468	—	—	4,468	2,367	2,101
Gasoline	—	—	15,000	15,000	7,420	7,580
Landfill/Solid Waste Disposal						
Sanitary Landfill & Dump Fees	6,769	—	—	6,769	5,457	1,312
Deferred charges and statutory expenditures - municipal within "CAPS":						
Statutory Charges						
DCRP Pension	3,046	—	—	3,046	—	3,046
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	690	3,438	—	4,128	3,850	278
Other Municipalities - Contractual	42,558	—	—	42,558	40,452	2,106
Public and private programs offset by revenues:						
Recycling Tonnage Grant	20,584	—	—	20,584	20,584	—
Clean Communities Program	18,480	—	—	18,480	18,480	—
Municipal Alliance Grant						
State Share	8,140	—	—	8,140	8,140	—
Local Match	469	—	—	469	469	—
Capital improvements excluded from "CAPS":						
NJ DOT - Mountain Avenue	178,112	—	—	178,112	178,112	—
	<u>\$ 1,218,654</u>	<u>343,522</u>	<u>—</u>	<u>1,562,176</u>	<u>905,782</u>	<u>656,394</u>
					\$ 652,414	
					27,583	
					225,785	
					<u>\$ 905,782</u>	
				Overexpended		\$ (4,141)
				Lapsed		<u>660,535</u>
						<u>\$ 656,394</u>

TOWNSHIP OF WASHINGTON

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>352,830</u>
Increased by:	
Budget encumbrances	438,808
Grant encumbrances	<u>6,585</u>
	<u>445,393</u>
	<u>798,223</u>
Decreased by:	
Transfer to Appropriation Reserves	340,676
Transfer to Appropriation Grant Reserves	<u>12,154</u>
	<u>352,830</u>
Balance, December 31, 2019	\$ <u><u>445,393</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>13,900</u>
Increased by:	
Cash receipts	<u>35,890</u>
	<u>35,890</u>
	49,790
Decreased by:	
Cash disbursed	<u>42,694</u>
Balance, December 31, 2019	\$ <u><u>7,096</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	241,200
Increased by cash receipts		<u>259,593</u>
		500,793
Decreased by transfer to taxes receivable		<u>241,200</u>
Balance, December 31, 2019	\$	<u><u>259,593</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	7,892
Increased by:		
Transfer from appropriation reserves		<u>27,583</u>
		35,475
Decreased by:		
Cancelled to operations		1,680
Cash disbursed		<u>6,212</u>
Balance, December 31, 2019	\$	<u><u>27,583</u></u>

TOWNSHIP OF WASHINGTON

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>10,105</u>
Increased by:	
Increased by County tax levy	4,207,961
County Open Space Tax	180,327
Added and Omitted Taxes	<u>5,467</u>
	<u>4,393,755</u>
	4,403,860
Decreased by:	
Payments	<u>4,398,393</u>
Balance, December 31, 2019	\$ <u><u>5,467</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Appropriated Grant Reserves

Year ended December 31, 2019

	Balance, Dec. 31, 2018	Transferred from Encumbrances	Transferred from 2019 budget	Transferred From 2018 Reserves	Expended	Balance, Dec. 31, 2019
Alcohol Education and Rehabilitation	\$ —	—	—	—	—	—
Clean Communities Grant	78,217	—	41,906	18,480	—	138,603
Community Development Block Grant	—	—	51,750	—	39,858	11,892
Recycling Tonnage Grant	3,874	12,154	20,995	20,585	12,154	45,454
Police Body Armor Fund	6,475	—	4,424	—	4,335	6,564
County Open Space - Memorial Park Basketball Court	—	—	21,093	—	—	21,093
County Open Space - Memorial Park Basketball Court match	—	—	21,093	—	—	21,093
County Open Space - Bocce Ball	—	—	30,000	—	—	30,000
County Open Space - Bocce Ball match	—	—	30,000	—	—	30,000
County Open Space - Gardner Park	—	—	13,500	—	—	13,500
County Open Space - Gardner Park match	—	—	13,500	—	—	13,500
Municipal Alliance Grant	4,614	—	9,876	8,139	9,102	13,527
Municipal Alliance Grant - Local Share	1,469	—	2,469	469	1,469	2,938
Recycling Enhancement Grant BCUA	—	—	2,658	—	2,658	—
Drive Sober or Get Pulled Over	2,593	—	—	—	—	2,593
CDBG - Senior Citizens	—	—	3,338	—	—	3,338
NJ DOT Robbinwood Road	—	—	—	178,112	—	178,112
NJ DOT Woodfield Road	—	—	111,651	—	111,650	1
	<u>\$ 97,242</u>	<u>12,154</u>	<u>378,253</u>	<u>225,785</u>	<u>181,226</u>	<u>532,208</u>

Match	\$ 67,062	Encumbrances	\$ 6,585
Grants	<u>311,191</u>	Cash Disbursed	<u>174,641</u>
	<u>\$ 378,253</u>		<u>\$ 181,226</u>

TOWNSHIP OF WASHINGTON

Schedule of Unappropriated Grant Reserves

Year ended December 31, 2019

	Balance, Dec. 31, 2018	Transferred to budget	Received	Balance, Dec. 31, 2019
Recycling Tonnage Grant	\$ 21,973	21,973	7,235	7,235
Recycling Tonnage Grant	20,995	20,995	—	—
Community Development Block Grant	3,338	3,338	—	—
Body Armor Grant	2,104	2,104	—	—
	<u>48,410</u>	<u>48,410</u>	<u>7,235</u>	<u>7,235</u>

TOWNSHIP OF WASHINGTON

Schedule of Various Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, 2018	Increased	Decreased	Balance, Dec. 31, 2019
Sale of Municipal Assets	\$ 1,048,052	20,169	1,000,000	68,221
Insurance Recoveries	43,298	—	—	43,298
Motor Vehicle Inspection Fees	54,705	—	—	54,705
Tax Map and Revaluation	47,455	—	—	47,455
Due to DCA for fees	—	2,316	197	2,119
Library insurance expenses	—	56,308	53,715	2,593
Tax Appeals	350,000	—	—	350,000
	<u>\$ 1,543,510</u>	<u>78,793</u>	<u>1,053,912</u>	<u>568,391</u>
Ordinance approj\$		—	1,000,000	
Disbursed		—	53,912	
Receipts		78,793	—	
		<u>\$ 78,793</u>	<u>1,053,912</u>	

TOWNSHIP OF WASHINGTON

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2019

	<u>Date</u> <u>Authorized</u>	<u>Amount</u> <u>Authorized</u>	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Overexpenditure of Appropriations			\$ 11,590	19,064	5,045	25,609
Overexpenditure of Appropriation Reserves			413	4,141	—	4,554
Emergency Appropriation			—	89,224	—	89,224
Expenditure without appropriation			—	10,000	—	10,000
			<u>\$ 12,003</u>	<u>122,429</u>	<u>5,045</u>	<u>129,387</u>

TOWNSHIP OF WASHINGTON

Schedule of Due to Length of Service Award Program Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	9,200
Decreased by:		
Paid by Current Fund		<u>1,150</u>
Balance, December 31, 2019	\$	<u><u>8,050</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2019

	Animal Control Fund	Other Trust Funds	Unemployment Compensation Fund
Balance, December 31, 2018	\$ 37,099	2,175,562	219,443
Increased by receipts:			
Due from Dog License Official	10,969	—	—
Escrow and Performance Deposits	—	222,674	—
Reserve for Ins Settlement	—	1,300	—
Various reserves	—	628,664	—
Reserve for Mt Laurel Sr Housing	—	589	—
Police outside billings	—	716,294	—
Employees' contributions	—	—	6,413
Payroll deposits	—	8,406,506	—
Interest on investment and deposits	—	—	3,760
Due from Current Fund	—	93,433	—
	<u>10,969</u>	<u>10,069,460</u>	<u>10,173</u>
	<u>48,068</u>	<u>12,245,022</u>	<u>229,616</u>
Decreased by disbursements:			
Payments to State of New Jersey	1,154	—	—
Dog license expenditures	528	—	—
Due to Current Fund	23,660	54,775	—
Escrow and Performance Deposits	—	262,712	—
Various reserves	—	873,171	—
Payroll disbursements	—	8,406,858	—
Police outside billings	—	601,633	—
Reserve for insurance settlement	—	3,250	—
Unemployment insurance benefits	—	—	20,462
	<u>25,342</u>	<u>10,202,399</u>	<u>20,462</u>
Balance, December 31, 2019	<u>\$ 22,726</u>	<u>2,042,623</u>	<u>209,154</u>

TOWNSHIP OF WASHINGTON

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

Trust Funds

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>13,452</u>
Increased by:	
Licenses and fees	7,207
Late fees collected	<u>2,540</u>
	<u>9,747</u>
	<u>23,199</u>
Decreased by:	
Expenditures under R.S. 4:19-15.11:	
Excess balance due to Current Fund	6,546
Other disbursements	<u>528</u>
	<u>7,074</u>
Balance, December 31, 2019	\$ <u><u>16,125</u></u>
2018 license revenue	\$ 9,194
2017 license revenue	<u>6,931</u>
	\$ <u><u>16,125</u></u>

TOWNSHIP OF WASHINGTON

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

Trust Funds

Year ended December 31, 2019

Balance, December 31, 2018	\$	12
Increased by cash collected		<u>1,222</u>
		1,234
Decreased by cash disbursed		<u>1,154</u>
Balance, December 31, 2019	\$	<u><u>80</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Reserve for Escrow and Performance Deposits
Other Trust Funds

Trust Funds

Year ended December 31, 2019

Balance, December 31, 2018	\$ 1,002,341
Increased by cash receipts	<u>222,674</u>
	1,225,015
Decreased by cash disbursements	<u>262,712</u>
Balance, December 31, 2019	<u><u>\$ 962,303</u></u>

Analysis of Balance

Performance Bonds	\$ 133,223
Backfill Bonds	24,920
Escrow Fees	721,972
Escrow - COAH Fees	82,188
	<u><u>\$ 962,303</u></u>

TOWNSHIP OF WASHINGTON

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

Trust Funds

Year ended December 31, 2019

Balance, December 31, 2018	\$	26,319
Increased by contributions		<u>1,300</u>
		27,619
Decreased by cash disbursements		<u>3,250</u>
Balance, December 31, 2019	\$	<u><u>24,369</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Amount Due from Dog Licensing Official

Animal Control Fund

Trust Funds

Year ended December 31, 2019

Balance, December 31, 2018	\$	<u>—</u>
Increased by:		
Dog license fees collected		7,207
Dog registration fees - Due State of NJ		1,222
Late fees		<u>2,540</u>
		<u>10,969</u>
		10,969
Decreased by:		
Payments to Treasurer		<u>10,969</u>
Balance, December 31, 2019	\$	<u><u>—</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Due to Current Fund

Trust Funds

Year ended December 31, 2019

	Animal Control Fund	Other Trust
	<u> </u>	<u> </u>
Balance, December 31, 2018, Due to	\$ 23,660	54,775
Increased by:		
Excess balance in Dog License fund	6,546	—
Cash received	<u> </u>	<u>93,433</u>
	<u>6,546</u>	<u>93,433</u>
	<u>30,206</u>	<u>148,208</u>
Decreased by:		
Cash disbursed	<u>23,660</u>	<u>54,775</u>
	<u>23,660</u>	<u>54,775</u>
Balance, December 31, 2019, Due to	<u>\$ 6,546</u>	<u>93,433</u>

TOWNSHIP OF WASHINGTON

Schedule of Reserve for Mt Laurel Senior Housing
Other Trust Funds

Trust Funds

Year ended December 31, 2019

Balance, December 31, 2018	\$	17,842
Increased by cash receipt		<u>589</u>
Balance, December 31, 2019	\$	<u><u>18,431</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Reserve for Payroll Deductions Payable
Other Trust Funds

Trust Funds

Year ended December 31, 2019

Balance, December 31, 2018	\$	5
Increased by payroll deposits		<u>8,406,506</u>
		8,406,511
Decreased by payroll disbursements		<u>8,406,858</u>
Balance, December 31, 2019	\$	<u><u>(347)</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Police Private Detail Billings
Other Trust Funds

Trust Funds

Year ended December 31, 2019

Balance, December 31, 2018	\$ 17,645
Increased by cash receipts	<u>716,294</u>
	<u>733,939</u>
Decreased by:	
Reimbursements for payroll paid to Current Fund	488,415
Administrative fees paid to Current Fund	<u>113,218</u>
	<u>601,633</u>
Balance, December 31, 2019	<u><u>\$ 132,306</u></u>

TOWNSHIP OF WASHINGTON

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

Trust Funds

Year ended December 31, 2019

	Balance, Dec. 31, 2018	Increased	Decreased	Balance, Dec. 31, 2019
Reserve for:				
Marriage Licenses - Due to State	\$ 600	1,225	700	1,125
Tax sale premiums	315,061	33,100	208,600	139,561
Celebrations of public events	60,116	39,634	65,579	34,171
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	25,482	797	5,939	20,340
DARE reserve	95	—	—	95
Fire Department/Uniform Fire Safety Penalties	1,657	—	—	1,657
Snow Plowing	110,274	6,710	15,658	101,326
Accumulated leave compensation	456,834	72,429	199,117	330,146
Fire department death benefits	12,868	—	—	12,868
Health insurance contribution	19,800	—	—	19,800
Found money	55	15,769	15,769	55
Land sale deposit	26,454	67	—	26,521
Recreation	15,616	423,586	328,169	111,033
Township calender	2,070	950	2,070	950
Green Team Fill it Forward	—	1,356	—	1,356
Library Improvements	—	25,000	25,000	—
Junior Police Academy	—	7,909	6,570	1,339
POAA	2,081	132	—	2,213
	<u>\$ 1,056,635</u>	<u>628,664</u>	<u>873,171</u>	<u>812,128</u>

TOWNSHIP OF WASHINGTON

Schedule of Reserve for State
Unemployment Insurance -
Unemployment Compensation Fund

Trust Funds

Year ended December 31, 2019

Balance, December 31, 2018	\$	<u>219,443</u>
Increased by:		
Employee contributions		6,413
Interest		<u>3,760</u>
		<u>10,173</u>
		229,616
Decreased by disbursed State of New Jersey		<u>25,448</u>
Balance, December 31, 2019	\$	<u><u>204,168</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Due to State of NJ -
Unemployment Insurance Trust Fund

Trust Funds

Year ended December 31, 2019

Balance, December 31, 2018	\$	—
Increased by unemployment claims		<u>25,448</u>
		25,448
Decreased by payment of claims		<u>20,462</u>
Balance, December 31, 2019	\$	<u><u>4,986</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>2,820,825</u>
Increased by receipts:	
Due to Current Fund	1,341,714
Premium on notes and bonds	13,772
Bonds issued	7,250,000
Reserve for Library renovations	25,000
Resserve for ambulance	10,000
Capital improvement fund	<u>550,000</u>
	<u>9,190,486</u>
	<u>12,011,311</u>
Decreased by disbursements:	
Payment of notes not renewed	95,694
Due from Current Fund	189,631
Notes renewed	5,630,000
Improvement authorizations	<u>1,348,104</u>
	<u>7,263,429</u>
Balance, December 31, 2019	\$ <u><u>4,747,882</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Analysis of General Capital Cash

General Capital Fund

December 31, 2019

Contracts payable	\$ 603,525
Due to (from) Current Fund	(91,933)
Reserve for ambulance	20,000
Reserve for preliminary costs	5,000
Reserve for payment of debt	4,131
Reserve for Library Renovations	25,000
Capital Improvement Fund	212,564
Fund balance	165,226

Improvement Authorizations:

<u>Ordinance number</u>	<u>Improvement description</u>	
98-10/98-15	Removal of underground storage tanks	1,167
02-19	Construction of fieldhouse at Clark Field	2
07-08/08-13	Remediation of property	21,220
08-11	Various improvements	1
12-13	Improvements of Memorial Field	16,212
13-06	Various road improvements	136,855
13-12	Improvement of municipal complex site	7,229
13-20	Various improvements	31,956
15-18	Acquisition of computer equipment - police dept	4,749
16-07	Various capital projects	10,003
16-09	Police hardware and peripherals	8,232
17-03	Imprvt of various roads	24,583
17-04	Various improvements	138,412
17-05	Various capital projects	29,110
18-05	Improvement to intersections	367,496
18-06	Various improvements	48,269
19-15	Various improvements	163,452
19-17	Various improvements	2,510,042
19-19	Const. of new fire and emergency facility	285,379
		\$ 4,747,882

TOWNSHIP OF WASHINGTON

Schedule of Amount Due from /(to) Current Fund

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018 (Due To)	\$ <u>132,366</u>
Increased by:	
Grant receipt deposited in Current Fund	111,650
Res. For sale of assets Ord. 19-17	1,000,000
Disbursement payment of note interest	<u>189,631</u>
	<u>1,301,281</u>
	<u>1,433,647</u>
Decreased by:	
Interest on investments and deposits	3,776
Cash receipts	<u>1,337,938</u>
	<u>1,341,714</u>
Balance, December 31, 2019 (Due To)	\$ <u><u>91,933</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Deferred Charges to
Future Taxation Funded

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	440,000
Increased by bond sale		<u>6,785,000</u>
		7,225,000
Decreased by bonds paid		<u>440,000</u>
Balance, December 31, 2019	\$	<u><u>6,785,000</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2019

Ordinance number	Description	Balance, Dec. 31, 2018	Authorizations	Notes paid	Cancelled	Bonded	Balance, Dec. 31, 2019	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	—	—	414	11,628	—	—
99-7/05-1	Purchase of equipment	24,842	—	4,468	1,855	18,519	—	—
99-12	Purchase of equip/renovation firehouse	19,545	—	3,556	—	15,989	—	—
06-09	Impvnt of storm water drainage system	112,644	—	—	112,644	—	—	—
07-04	Impvnt of storm water drainage system	8,549	—	113	—	8,436	—	—
12-06	Acq of new fire dept equipment	13,331	—	2,222	3,442	7,667	—	—
12-12	Acq of new & add'l vehicular equip	102,664	—	17,111	2,986	82,567	—	—
12-13	Impvnt of Memorial Field	136,274	—	5,241	—	131,033	—	—
13-06	Various road improvements	685,166	—	45,526	—	639,640	—	—
13-07	Impvnt of Colonial Blvd	96,881	—	15,000	65,814	16,067	—	—
13-11	Various improvements	170,330	—	7,527	—	162,803	—	—
13-12	Impvnt of municipal complex site	80,334	—	3,090	—	77,244	—	—
13-20	Various improvements	220,662	—	4,102	—	94,976	121,584	121,584
14-11	Fencing at Memorial Field	64,100	—	2,210	19,975	41,915	—	—
14-13	Various improvements	93,174	—	1,826	—	91,348	—	—
15-04	Impvnt to Memorial Field	142,800	—	4,924	—	137,876	—	—
15-07	Impvnt of various roads	682,316	—	36,831	1,208	644,277	—	—
15-09	Acq of new & add'l vehicular equip	728,000	—	72,584	—	655,416	—	—
16-02	Various improvements	958,550	—	47,975	—	910,575	—	—
17-03	Imprvt of various roads	570,000	—	—	—	570,000	—	—
17-04	Various improvements	2,643,927	—	—	—	75,024	2,568,903	2,568,903
18-06	Various improvements	1,237,000	—	—	—	1,237,000	—	—
19-17	Various improvements	—	3,024,000	—	—	1,620,000	1,404,000	1,404,000
19-19	Const. of new fire and emergency facili	—	5,714,000	—	—	—	5,714,000	5,714,000
		<u>\$ 8,826,042</u>	<u>8,738,000</u>	<u>274,306</u>	<u>208,338</u>	<u>7,250,000</u>	<u>9,831,398</u>	<u>9,831,398</u>

Issued \$ 6,785,000
 Premium 465,000
\$ 7,250,000

TOWNSHIP OF WASHINGTON

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	101,564
Increased by:		.
Budget appropriation		<u>550,000</u>
		651,564
Decreased by appropriated to finance improvement authorizations		<u>439,000</u>
Balance, December 31, 2019	\$	<u><u>212,564</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2019

Ordinance number	Improvement description	Ordinance Original Amount	Balance, December 31, 2018		Authorizations	Expended	Authorizations Canceled/ Reappropriated	Balance, December 31, 2019	
			Funded	Unfunded				Funded	Unfunded
95-8/95-11/97/4	Imprvt to Colonial Blvd	\$ 545,000	—	22,911	—	—	—	—	22,911
98-10/98-15	Removal of underground storage tanks	150,000	—	4,901	—	3,320	414	1,167	—
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	Imprvt of storm water drainage system	490,000	255,000	112,644	—	—	367,644	—	—
07-08/08-13	Remediation of property	205,000	21,220	—	—	—	—	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	—	29,511	—	13,299	—	16,212	—
13-06	Various road improvements	908,692	—	13,887	—	(122,968)	—	136,855	—
13-07	Imprvt to Colonial Blvd	300,000	—	65,814	—	—	65,814	—	—
13-11	Various improvements	285,897	11,081	46,411	(46,411)	—	11,081	—	—
13-12	Imprvt of municipal complex site	94,320	—	10,216	—	2,987	—	7,229	—
13-20	Various improvements	235,400	—	153,540	—	—	—	31,956	121,584
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	—	26,943	—	26,943	—	—	—
15-19	Acq of computer equip - police dept	35,000	4,749	—	—	—	—	4,749	—
16-02	Various improvements	1,009,000	—	146,648	(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	—	75,777	—	51,194	—	24,583	—
17-04	Various improvements	\$ 2,946,123	286,673	2,643,927	—	223,285	—	138,412	2,568,903
17-05	Various capital projects	117,132	30,425	—	—	1,315	—	29,110	—
18-05	Improvement to intersection	400,000	400,000	—	—	32,504	—	367,496	—
18-06	Various improvements	1,300,000	—	922,088	—	873,819	—	48,269	—
19-15	Various improvements	389,712	—	—	389,712	226,260	—	163,452	—
19-17	Various improvements	4,288,650	—	—	4,288,650	374,608	—	2,510,042	1,404,000

(continued)

TOWNSHIP OF WASHINGTON

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2019

Ordinance number	Improvement description	Ordinance Original Amount	Balance, December 31, 2018		Authorizations	Expended	Authorizations Canceled/ Reappropriated	Balance, December 31, 2019	
			Funded	Unfunded				Funded	Unfunded
19-19	Const. of new fire and emergency facility	6,000,000	—	—	6,000,000	621	—	285,379	5,714,000
			\$ 1,027,386	4,501,337	10,288,650	1,707,187	474,419	3,804,369	9,831,398
	Deferred Charges Unfunded				\$ 8,738,000	Grant cancelled	\$ 255,000		
	Reappropriation				—	Fund balance	11,081		
	Grant Woodfield Road				111,650	Unfunded canceled	208,338		
	Due from Current Fund				1,000,000		\$ 474,419		
	Capital Improvement Fund				439,000				
					\$ 10,288,650				
	Contracts payable					\$ 603,525			
	Encumbrances canceled					(244,442)			
	Cash					1,348,104			
						\$ 1,707,187			

TOWNSHIP OF WASHINGTON

Schedule of Contracts Payable

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	252,542
Increased by contracts awarded		<u>603,525</u>
		856,067
Decreased		
Cancelled		244,442
Cancelled to Fund Balance		<u>8,100</u>
		<u>252,542</u>
Balance, December 31, 2019	\$	<u><u>603,525</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Reserve for Payment of Debt

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>4,131</u>
Balance, December 31, 2019	\$ <u>4,131</u>

TOWNSHIP OF WASHINGTON

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2019

Ordinance number	Purpose	Balance, Dec. 31, 2018	Increased	Decreased	Balance, Dec. 31, 2019
98-10/98-15	Removal of undergrounds storage tank	12,042	11,628	23,670	—
99-7/05-1	Purchase of equipment	24,842	18,519	43,361	—
99-12	Purchase of equip/firehouse renov.	19,545	15,989	35,534	—
07-04	Imprvt of Stormwater Drainage Sys	8,549	8,436	16,985	—
12-06	Acq of new fire dept equipment	13,331	7,667	20,998	—
12-12	Acq of new & additional vehicle equip	102,664	82,567	185,231	—
12-13	Improvements to Memorial Field	136,274	131,033	267,307	—
13-06	Various road improvements	685,166	639,640	1,324,806	—
13-07	Improvements of Colonial Blvd	96,881	16,067	112,948	—
13-11	Various improvements	170,330	162,803	333,133	—
13-12	Improv of municipal complex site	80,334	77,244	157,578	—
13-20	Various improvements	99,078	94,976	194,054	—
14-11	Fencing at memorial Field	64,100	41,915	106,015	—
14-13	Various improvements	93,174	91,348	184,522	—
15-04	Improvement to Memorial field	142,800	137,876	280,676	—
15-07	Improvement of various roads	682,316	644,277	1,326,593	—
15-09	Acq. of new and additional vehicles	728,000	655,416	1,383,416	—
16-02	Various improvements	958,550	910,575	1,869,125	—
17-03	Improvement of various roads	570,000	570,000	1,140,000	—
17-04	Various improvements	75,024	75,024	150,048	—
18-06	Various improvements	1,237,000	1,237,000	2,474,000	—
		<u>\$ 6,000,000</u>	<u>5,630,000</u>	<u>11,630,000</u>	<u>—</u>
	Renewal		\$ 5,630,000	5,630,000	
	Bonded		—	5,630,000	
	Non-renewed (Grant p		—	95,694	
	Paid by budget		—	274,306	
			<u>\$ 5,630,000</u>	<u>11,630,000</u>	

TOWNSHIP OF WASHINGTON

Schedule of Serial Bonds Payable

General Capital Fund

Year ended December 31, 2019

Date of Issue	Purpose	Original Issue	Maturity of Bonds			Balance, Dec. 31, 2018	Bonds Issued	Bonds paid	Balance, Dec. 31, 2019
			Date	Amount	Interest Rate				
Nov. 1, 2019	General Bonds of 2019 (Bonds maturing on or after Nov. 1, 2027 are redeemable on or after Nov. 1, 2026)	\$ 6,785,000	11/1/20	750,000	2.00%	—	6,785,000	—	6,785,000
			11/1/21	750,000	3.00%				
			11/1/22	700,000	3.00%				
			11/1/23	655,000	4.00%				
			11/1/24	655,000	4.00%				
			11/1/25	655,000	4.00%				
			11/1/26	655,000	4.00%				
			11/1/27	655,000	3.00%				
			11/1/28	655,000	3.00%				
			11/1/29	655,000	2.00%				
Oct. 1, 2011	General Bonds of 2011	3,275,000	—	—	—	440,000	—	440,000	—
					\$	<u>440,000</u>	<u>6,785,000</u>	<u>440,000</u>	<u>6,785,000</u>

TOWNSHIP OF WASHINGTON

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2019

Ordinance number	Description	Balance, Dec. 31, 2018	2019 authori- zations	Debt Issued	Cancelled	Balance, Dec. 31, 2019
95-8/95-11/97-4	Improvements to Colonial Blvd.	\$ 22,911	—	—	—	22,911
06-09	Improvements of Storm Water Drainage Sy	112,644	—	—	112,644	—
13-20	Various Improvements	121,584	—	—	—	121,584
17-04	Various Improvements	2,568,903	—	—	—	2,568,903
19-17	Various improvements	—	3,024,000	1,620,000	—	1,404,000
19-19	Const. of new fire and emergency facility	—	5,714,000	—	—	5,714,000
		<u>\$ 2,826,042</u>	<u>8,738,000</u>	<u>1,620,000</u>	<u>112,644</u>	<u>9,831,398</u>

TOWNSHIP OF WASHINGTON

Schedule of Grant Receivable

General Capital Fund

Year Ended December 31, 2019

	<u>Total</u>	<u>Dept of Environmental Protection Ord 06-09</u>	<u>Woodfield Rd. NJ DOT Ord 19-17</u>
Balance, December 31, 2018	\$ 255,000	255,000	—
Increased by:			
Grants awarded	111,650	—	111,650
	<u>366,650</u>	<u>255,000</u>	<u>111,650</u>
Decreased by:			
Due from Current Fund	111,650	—	111,650
Cancelled	255,000	255,000	—
	<u>366,650</u>	<u>255,000</u>	<u>111,650</u>
Balance, December 31, 2019	\$ —	—	—

TOWNSHIP OF WASHINGTON

Schedule of Reserve for Preliminary Costs

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>5,000</u>
Balance, December 31, 2019	\$ <u><u>5,000</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Reserve for Ambulance

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	10,000
Increased by budget appropriation		<u>10,000</u>
Balance, December 31, 2019	\$	<u><u>20,000</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Changes in General Fixed Assets

General Fixed Assets Account Group

Year Ended December 31, 2019

Category	Balance Dec. 31, 2018	Additions	Deletions	Balance Dec. 31, 2019
Land	\$ 11,383,900	—	—	11,383,900
Buildings	2,637,529	—	—	2,637,529
General equipment and machinery	5,494,571	175,719	853,952	4,816,338
	<u>\$ 19,516,000</u>	<u>175,719</u>	<u>853,952</u>	<u>18,837,767</u>

SUPPLEMENTARY DATA

TOWNSHIP OF WASHINGTON

Supplementary Data

December 31, 2019

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax rate	\$ 2.429	2.363	2.325
Apportionment of tax rate:			
Municipal	0.565	0.515	0.515
Library	0.037	0.037	0.036
County Open Space	0.011	0.011	0.010
County	0.260	0.260	0.261
Regional school	1.556	1.540	1.503
Assessed valuation:			
2019		\$ 1,624,676,964	
2018		1,623,978,045	
2017		1,620,440,890	

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>
2019	\$ 39,512,380	39,202,194	99.21 %
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

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>
2019	\$ 18,380	271,905	290,285	0.67 %
2018	15,084	243,469	258,553	0.67
2017	11,877	305,812	258,553	0.84
2016	6,286	384,475	317,689	1.05
2015	2,472	322,878	325,350	0.88

(Continued)

TOWNSHIP OF WASHINGTON

Supplementary Data

December 31, 2019

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>
2019	\$ 70,950
2018	70,950
2017	70,950
2016	70,950
2015	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	2019	\$ 3,948,934	1,800,000	46%
	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%

(Continued)

TOWNSHIP OF WASHINGTON

Supplementary Data

Officials in Office and Surety Bonds

The following officials were in office on December 31, 2019

<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
Anthony N Gallina	Municipal Court Judge	1,000,000
Lynda Lasini	Court Administrator	1,000,000
Sambamurty Ansetty	Tax Assessor	
Boswell Engineering	Municipal Engineer	
Kenneth Poller, Esq	Director Department of Law/ Township Attorney	

TOWNSHIP OF WASHINGTON
General Comments and Recommendations
Year ended December 31, 2019

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. 19-115 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 7, 2019 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 19, 2019 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>
2019	3
2018	3
2017	3

Status of Prior Year Comments

Repeat items are asterisked *, all others have been resolved.

Other Comments

1. The Township's Recreation Department was processing refunds without going through the regular refund approval process. *
2. The appropriations and appropriation reserve budget contain overexpenditures.*
3. The Township's Recreation Department waived recreation fees for program participants without an approved policy.
4. The bank account for the recreation department was not reconciled at the time of the audit and the cash balance was not included in the general ledger.
5. Current and Trust bank reconciliations had interfund transactions which were not made or recorded but listed as outstanding checks and deposits in transit.
6. There were two payroll transactions that were not recorded in the budget appropriations but were listed as reconciling items on the bank statement.

Recommendations

1. Recreation refunds should be processed through the regular refund approval process.
2. The current year and reserve budgets should be reviewed for sufficiency prior to authorizing expenditures.
3. There should be a policy approved by management for waivers of recreation fees.
4. All bank accounts should be reconciled to the general ledger and be performed in a timely manner.
5. Only actual deposits in transit and outstanding checks be reflected on the bank reconciliation.

6. Internal control procedures should be reviewed and amended to ensure that all transactions are recorded in the appropriate ledger when they occur. Payroll entries should be proved at time of posting.