

**TOWNSHIP OF WASHINGTON**

Financial Statements  
with Additional Financial Information

December 31, 2016

(With Independent Auditor's Report Thereon)

# TOWNSHIP OF WASHINGTON

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**Independent Auditor's Report**

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

**Report on the Financial Statements**

We have audited the accompanying regulatory basis balance sheets of the various funds and account groups of the Township of Washington, Bergen County, New Jersey as of December 31, 2016, 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, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. The financial statements for the year ended December 31, 2015 were audited by other auditors whose opinion dated May 17, 2016 expressed a qualified opinion on those financial statements in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**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, 2016 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, 2016 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, 2016 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 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 financial statements. Accordingly, we do not express an opinion or provide any assurance on it. In addition, the DLGS requires that the Length of Service Award program (LOSAP) be included as unaudited in the regulatory basis financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township of Washington's internal control over financial reporting and compliance.

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

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Louis C. Mai, Registered Municipal Accountant  
No. CR00217

June 20, 2017

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

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

### Independent Auditor's Report

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

We have audited , in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying regulatory basis balance sheets of the various funds and account groups as of December 31, 2016 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 regulatory basis statements of revenues and statements of expenditures of the Current Fund for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 20, 2017, which report expressed an adverse opinion in accordance with accounting principles generally accepted in the United States of America and an unmodified opinion on the regulatory basis of accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

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Louis C. Mai, Registered Municipal Accountant  
No. CR00217

June 20, 2017

## FINANCIAL STATEMENTS

## TOWNSHIP OF WASHINGTON

Balance Sheet  
Regulatory Basis

## Current Fund

December 31, 2016 and 2015

<b>Assets</b>	<b>Ref.</b>	<b>2016</b>	<b>2015</b>
Cash - checking	A-4	\$ 8,418,869	5,468,637
Cash - Tax Collector	A-5	25,508	31,099
Cash - change fund	A-6	325	325
Grants receivable	A-12	21,180	20,019
Due from State of New Jersey - Senior Citizens' and Veterans' deductions	A-7	8,360	8,110
		<u>8,474,242</u>	<u>5,528,190</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-8	384,475	322,878
Tax title liens	A-9	6,286	2,472
Foreclosed property	A-10	70,950	70,950
Prepaid Regional School Taxes	A-14	—	1,951,574
Due from:			
Other Trust Funds	A-13	—	52,116
General Capital Fund	A-13	7,969	—
Animal Control Fund	A-13	8,089	3,515
		<u>477,769</u>	<u>2,403,505</u>
Deferred charges:			
Emergency authorizations (40A:4-47)	A-24	—	11,200
Overexpenditure of appropriation	A-3	29,612	—
Special emergency authorizations (40A-4:53)	A-24	112,000	168,000
		<u>141,612</u>	<u>179,200</u>
		<u>\$ 9,093,623</u>	<u>8,110,895</u>

## TOWNSHIP OF WASHINGTON

Balance Sheet  
Regulatory Basis

Current Fund

December 31, 2016 and 2015

<b>Liabilities, Reserves and Fund Balance</b>	<b>Ref.</b>	<b>2016</b>	<b>2015</b>
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3,A-15	\$ 1,381,888	1,216,414
Encumbrances payable	A-16	608,594	909,300
Tax overpayments	A-17	—	1,798
Prepaid taxes	A-18	181,699	193,629
Accounts payable	A-19	48,019	50,820
Due to:			
County for added taxes	A-20	—	3,606
General Capital Fund	A-13	—	31,574
Length of Service Award Program Fund	A-27	9,200	96,700
Other Trust Fund	A-13	45,805	—
Appropriated Grant Reserves	A-21	219,971	182,043
Unappropriated Grant Reserves	A-22	24,077	9,828
Various reserves	A-23	1,178,458	1,239,155
		<u>3,697,711</u>	<u>3,934,867</u>
Reserve for receivables and other assets		477,769	2,403,505
Fund balance	A-1	<u>4,918,143</u>	<u>1,772,523</u>
		<u>9,093,623</u>	<u>8,110,895</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenue and other income realized:		
Fund balance utilized	\$ 1,110,000	1,325,000
Miscellaneous revenue anticipated	1,814,236	1,936,492
Receipts from delinquent taxes	322,049	373,018
Receipts from current taxes	36,982,461	36,391,753
Non-budget revenues	116,231	83,009
Other credits to income:		
Unexpended balance of appropriation reserves	1,548,465	1,121,371
Interfunds returned	52,116	167,271
Prior year LOSAP contributions cancelled	—	3,750
Statutory excess - Animal Control Fund	—	3,504
Other liabilities cancelled	67,000	64,206
Accounts payable canceled	50,347	263,332
Total income	<u>42,062,905</u>	<u>41,732,706</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	4,499,638	4,844,540
Other expenses	3,572,238	5,267,812
Deferred charges and statutory expenditures	884,462	935,601
Appropriations excluded from "CAPS":		
Operations:		
Salaries and wages	8,797	—
Other expenses	1,563,294	—
Capital improvements	55,450	155,000
Municipal debt service	1,021,516	937,794
Deferred charges	96,356	—
County taxes	4,228,298	4,049,170
County open space tax	43,549	42,646
Amount due County for added and omitted taxes	45,888	3,606
Regional school taxes	21,774,472	23,089,564
Prepaid Regional school taxes	—	1,951,574
Interfunds advanced	7,908	80,875
Prior year senior citizens deductions cancelled	—	250
Refund of prior year revenue	5,419	—
Total expenditures	<u>37,807,285</u>	<u>41,358,432</u>
Excess in revenue	4,255,620	374,274
Adjustments to income before surplus:		
Expenditures included above which are by statute deferred charges to budget of succeeding year - emergency appropriations	—	11,200
Statutory excess to fund balance	4,255,620	385,474
Fund balance, January 1	<u>1,772,523</u>	<u>2,712,049</u>
	6,028,143	3,097,523
Decreased by utilized as anticipated revenue	<u>1,110,000</u>	<u>1,325,000</u>
Fund balance, December 31	<u>\$ 4,918,143</u>	<u>1,772,523</u>

See accompanying notes to financial statements.

## TOWNSHIP OF WASHINGTON

Statement of Revenues  
Regulatory Basis

## Current Fund

Year ended December 31, 2016

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 1,110,000	1,110,000	—
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	15,000	15,176	176
Other	4,000	2,719	(1,281)
Fees and permits			
Construction code official	210,000	191,589	(18,411)
Other	200,000	207,303	7,303
Fines and costs - municipal court	90,000	75,629	(14,371)
Interest and costs on taxes	75,000	83,958	8,958
Interest on investments and deposits	50,000	57,735	7,735
Cable television franchise fee	142,000	148,734	6,734
Sewer charges	27,000	28,592	1,592
Energy Receipts Tax (P.L. 1999, Ch 162 & 167)	713,525	713,525	—
Interlocal Municipal Services Agreement			
Joint Health Services - Contractual	18,922	18,922	—
State and Federal programs offset with appropriations			
Municipal Alliance on Alcoholism and Drug Abuse	9,876	9,876	—
Community Development Block Grant	1,106	1,106	—
Recycling tonnage grant	12,574	12,574	—
Drive Sober or Get Pulled Over	5,000	5,000	—
Reserve for Pandemic Flu	6,538	6,538	—
Body armor replacement program	2,184	2,184	—
Uniform Fire Safety Act	15,000	16,247	1,247
Sale of recyclables	40,000	45,924	5,924
Cell tower	78,332	82,184	3,852
Police outside billings - Other Trust Fund	70,000	87,721	17,721
Bergen County Municipal JIF Safety Award	1,000	1,000	—
	<u>1,787,057</u>	<u>1,814,236</u>	<u>27,179</u>
Receipts from delinquent taxes	\$ 323,000	322,049	(951)
Amount to be raised by taxes for support of municipal budget:			
Local Tax for Municipal Purposes including Reserve for Uncollected taxes	8,763,836	9,220,768	456,932
Minimum Library Tax	580,641	580,641	—
Total Amount to be Raised	<u>9,344,477</u>	<u>9,801,409</u>	<u>456,932</u>
Budget totals	\$ <u>12,564,534</u>	13,047,694	<u>483,160</u>
Non-budget revenues		<u>116,231</u>	
		\$ <u>13,163,925</u>	(continued)

## TOWNSHIP OF WASHINGTON

Statement of Revenues  
Regulatory Basis

## Current Fund

Year ended December 31, 2016

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Allocation of current tax collections:			
Revenue from collections		\$ 36,982,461	
Allocated to:			
School, County and Open Space taxes		28,043,781	
Reserve for tax appeals		—	
Balance for support of municipal budget		<u>8,938,680</u>	
Add appropriation reserve for uncollected taxes		<u>862,729</u>	
Amount for support of municipal budget		<u>\$ 9,801,409</u>	
Receipts from delinquent taxes:			
Delinquent tax collections		\$ 322,049	
Tax title liens		—	
		<u>\$ 322,049</u>	
Miscellaneous revenue not anticipated:			
Tree removal application fees		\$ 3,600	
Tax Sale premiums forfeited		16,000	
CDBG reimbursements		3,090	
Rental of Township property		11,800	
Garbage bag fees		460	
Miscellaneous		19,170	13,569
Sale of DMF vehicles		8,957	
Flu vaccine reimbursements		6,819	
Insurance dividends		12,172	
Senior Citizen - administrative fees		2,076	
LOSAP surrender		1,276	
Insurance reimbursements		<u>30,811</u>	
		<u>\$ 116,231</u>	

See accompanying notes to financial statements.

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2016

	Appropriations			Expended			Overexpended
	Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	
General appropriations:							
Operations within "CAPS":							
General Government							
General Administration							
Salaries and wages	\$ 177,272	—	177,272	171,350	5,922	—	—
Other expenses	29,250	—	29,250	14,900	14,350	—	—
Maintenance and support of office equipment							
Maintenance and support - equipment	20,000	—	20,000	18,982	1,018	—	—
Maintenance and support - computers/telephone	10,000	—	10,000	6,649	3,351	—	—
Mayor & Council							
Salaries and wages - Mayor	9,789	—	9,789	9,644	145	—	—
Other expenses - Mayor	4,750	—	4,750	2,105	2,645	—	—
Salaries and wages - Council	30,484	—	30,484	30,484	—	—	—
Other expenses - Council	10,500	—	10,500	2,033	8,467	—	—
Municipal Clerk							
Salaries and wages	72,318	—	72,318	66,669	5,649	—	—
Other expenses	14,680	—	14,680	10,947	3,733	—	—
Elections							
Salaries and wages	1,425	—	1,425	400	1,025	—	—
Other expenses	10,000	—	10,000	8,432	1,568	—	—
Financial Administration							
Salaries and wages	84,698	—	84,698	42,344	42,354	—	—
Other expenses							
Financial Services - Fees	25,000	—	25,000	25,000	—	—	—
Miscellaneous other	24,270	—	24,270	20,352	3,918	—	—
Audit Services							
Other expenses	33,200	—	33,200	33,200	—	—	—
Revenue Administration							
Salaries and wages	13,714	—	13,714	6,280	7,434	—	—
Other expenses	8,350	—	8,350	5,973	2,377	—	—
Tax Assessment Administration							
Salaries and wages	38,353	—	38,353	28,747	9,606	—	—
Other expenses	3,435	—	3,435	2,549	886	—	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2016

	Appropriations			Expended		Canceled	Overexpended
	Budget	Transfers	Budget after modification	Paid or charged	Reserved		
Legal Services							
Salaries and wages	\$ 70,959	—	70,959	100,571	—	—	29,612
Other expenses							
Council	79,000	23,642	102,642	75,741	26,901	—	—
Tax appeals	10,000	—	10,000	4,096	5,904	—	—
Codification of ordinances	1,500	—	1,500	—	1,500	—	—
Engineering Services							
Salaries and wages	1,250	—	1,250	1,250	—	—	—
Other expenses	85,000	—	85,000	35,932	49,068	—	—
Department of Public Affairs							
Salaries and wages	1,250	—	1,250	1,250	—	—	—
Other expenses	19,800	—	19,800	14,567	5,233	—	—
Cable Television Expense	7,000	—	7,000	5,474	1,526	—	—
Land Use Administration							
Planning Board							
Salaries and wages	6,867	—	6,867	3,733	3,134	—	—
Other expense	15,812	—	15,812	6,475	9,337	—	—
Zoning Board of Adjustment							
Salaries and wages	18,395	—	18,395	14,682	3,713	—	—
Other expenses	8,112	—	8,112	6,226	1,886	—	—
Public Safety Functions							
Police Department							
Salaries and wages	2,859,798	—	2,859,798	2,724,875	134,923	—	—
Other expenses	73,700	—	73,700	28,915	44,785	—	—
Acquisition/Leasing of Police Vehicles	52,200	—	52,200	44,303	7,897	—	—
Community policing	1,500	—	1,500	1,499	1	—	—
Telephone support system	6,000	—	6,000	6,000	—	—	—
Maintenance of desk record system	9,209	—	9,209	9,208	1	—	—
Police range rental	8,000	—	8,000	6,000	2,000	—	—
Computer software leasing	12,500	—	12,500	11,250	1,250	—	—
Police car cameras	3,500	—	3,500	3,330	170	—	—
Reverse 911 system	3,500	—	3,500	2,995	505	—	—
Police Dispatchers							
Salaries and wages	150,000	—	150,000	106,989	43,011	—	—
Office of Emergency Management							
Salaries and wages	2,500	—	2,500	—	2,500	—	—
Other expenses	5,000	—	5,000	1,656	3,344	—	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2016

	Appropriations			Expended			Overexpended
	Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	
Aid to Volunteer Ambulance Company	\$ 43,000	—	43,000	43,000	—	—	—
Fire Department							
Salaries and wages	1,250	—	1,250	1,250	—	—	—
Other expenses	40,110	—	40,110	17,882	22,228	—	—
Clothing allowance	41,000	—	41,000	40,438	562	—	—
Physicals	1,800	—	1,800	560	1,240	—	—
Death benefits	12,869	—	12,869	1,618	11,251	—	—
Maintenance program	34,000	—	34,000	29,499	4,501	—	—
Equipment compliance	4,375	—	4,375	1,875	2,500	—	—
Uniform Fire Safety Code							
Other expenses	13,500	—	13,500	9,025	4,475	—	—
Fire Hydrant Service	150,000	—	150,000	150,000	—	—	—
Municipal Prosecutor							
Salaries and wages	7,123	—	7,123	6,525	598	—	—
Public Works Functions							
Department of Municipal Facilities							
Salaries and wages	659,240	—	659,240	507,796	151,444	—	—
Other expenses	105,150	—	105,150	57,492	47,658	—	—
Other Public Works Functions							
Share Trees - Holiday Decoration	—	—	—	—	—	—	—
Street Sweeping	13,500	—	13,500	13,500	—	—	—
Recycling							
Salaries and wages	—	—	—	1,000	(1,000)	—	—
Other expenses	348,926	—	348,926	332,156	16,770	—	—
Buildings and Grounds							
Building Maintenance	67,000	—	67,000	31,511	35,489	—	—
Emergency - Garbage Bags	—	—	—	—	—	—	—
Vehicle Maintenance							
Other expenses	112,200	—	112,200	73,611	38,589	—	—
Community Services Act	33,000	—	33,000	26,496	6,504	—	—
Health and Human Services							
Public Health Services							
Salaries and wages - Board of Health	28,461	—	28,461	28,244	217	—	—
Other expenses - Board of Health	37,769	—	37,769	27,080	10,689	—	—
Animal Control Services							
Other expenses	13,000	—	13,000	11,520	1,480	—	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2016

	Appropriations			Expended		Canceled	Overexpended
	Budget	Transfers	Budget after modification	Paid or charged	Reserved		
Recreation Services and Programs							
Salaries and wages	\$ 74,674	—	74,674	58,267	16,407	—	—
Other expenses	131,650	—	131,650	93,039	38,611	—	—
Golden Seniors' Committee	15,000	—	15,000	13,345	1,655	—	—
Senior Activities	3,500	—	3,500	2,715	785	—	—
Community programs							
Salaries and wages	—	—	—	—	—	—	—
Other expenses	1,200	—	1,200	1,200	—	—	—
Maintenance of Parks							
Other expenses	65,000	—	65,000	55,887	9,113	—	—
Rental - Athletic Facilities	12,000	—	12,000	300	11,700	—	—
Resurfacing of Memorial Field	45,000	(23,642)	21,358	1,193	20,165	—	—
Other Common Operation Functions							
Celebration of Public Events	26,500	—	26,500	22,162	4,338	—	—
Accumulated Leave Compensation	100,000	—	100,000	100,000	—	—	—
Municipal Court							
Salaries and wages	76,357	—	76,357	73,554	2,803	—	—
Other expenses	7,600	—	7,600	3,526	4,074	—	—
Public Defender							
Other expenses	2,000	—	2,000	1,200	800	—	—
Insurance							
Liability Insurance (BJIF)	150,741	5,601	156,342	153,919	2,423	—	—
Workers Compensation Insurance (BJIF)	184,105	—	184,105	184,104	1	—	—
Employee Group Insurance	720,000	(5,601)	714,399	660,403	53,996	—	—
Unemployment	58,375	—	58,375	—	58,375	—	—
Code Enforcement and Administration							
Construction Officials							
Salaries and wages	113,461	—	113,461	109,437	4,024	—	—
Other expenses	5,600	—	5,600	5,049	551	—	—
Utility Expenses & Bulk Purchases							
Electricity	64,250	—	64,250	56,446	7,804	—	—
Street Lighting	66,000	—	66,000	58,297	7,703	—	—
Telephone	43,750	—	43,750	39,358	4,392	—	—
Water	15,000	—	15,000	11,052	3,948	—	—
Natural Gas	17,500	—	17,500	12,193	5,307	—	—
Gasoline	86,500	—	86,500	36,854	49,646	—	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2016

	Appropriations			Expended		Canceled	Overexpended
	Budget	Transfers	Budget after modification	Paid or charged	Reserved		
Landfill/Solid Waste Disposal							
Sanitary Landfill & Dump Fees	\$ 85,000	—	85,000	59,391	25,609	—	—
Total operations within "CAPS"	8,071,876	—	8,071,876	6,949,026	1,152,462	—	29,612
Total operations including contingent-within "CAPS"	8,071,876	—	8,071,876	6,949,026	1,152,462	—	29,612
						(continued)	
Detail:							
Salaries and wages	\$ 4,499,638	—	4,499,638	4,095,341	433,909	—	—
Other expenses (including contingent)	3,572,238	—	3,572,238	2,853,685	718,553	—	29,612
	8,071,876	—	8,071,876	6,949,026	1,152,462	—	29,612
Deferred charges and statutory expenditures - municipal within "CAPS":							
Deferred Charges:							
Statutory Charges							
DCRP Pension	4,000	—	4,000	2,676	1,324	—	—
Social Security System (OASI)	184,000	—	184,000	145,957	38,043	—	—
Public Employees Retirement System	121,946	—	121,946	121,946	—	—	—
Public Employees Retirement System - retro	10,000	—	10,000	4,478	5,522	—	—
Police & Firemen's Retirement System	534,516	—	534,516	534,516	—	—	—
Police & Firemen's Retirement System - retro	30,000	—	30,000	255	29,745	—	—
Total deferred charges and statutory expenditures - municipal within "CAPS"	884,462	—	884,462	809,828	74,634	—	—
Total general appropriations for municipal purposes within "CAPS"	8,956,338	—	8,956,338	7,758,854	1,227,096	—	29,612
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	580,641	—	580,641	579,509	1,132	—	—
Length of Service Award Program (L.O.S.A.P.)	125,000	—	125,000	—	125,000	—	—
Bergen County Utilities Authority - Contractual							
Operating	521,234	—	521,234	521,234	—	—	—
Debt Service	212,950	—	212,950	212,950	—	—	—
Other Municipalities - Contractual	75,000	—	75,000	69,275	5,725	—	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2016

	Appropriations			Expended			Overexpended
	Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	
Interlocal Municipal Service Agreements							
Joint Health Services - Contractual							
Salaries and wages	\$ 8,797	—	8,797	8,796	1	—	—
Other expenses	8,722	—	8,722	7,191	1,531	—	—
Public and private programs offset by revenues:							
Reserve for CDBG grant	1,106	—	1,106	—	1,106	—	—
Drive Sober or Get Pulled Over (Ch. 159)	5,000	—	5,000	4,770	230	—	—
Recycling Tonnage Grant	12,574	—	12,574	3,767	8,807	—	—
Body Armor Replacement Program	2,184	—	2,184	—	2,184	—	—
Reserve for Pandemic Flu	6,538	—	6,538	—	6,538	—	—
Municipal Alliance Grant							
State Share	9,876	—	9,876	9,638	238	—	—
Local Match	2,469	—	2,469	169	2,300	—	—
Total operations-excluded from "CAPS"	1,572,091	—	1,572,091	1,417,299	154,792	—	—
						(continued)	
Detail:							
Salaries and wages	8,797	—	8,797	8,796	1	—	—
Other expenses	1,563,294	—	1,563,294	1,408,503	154,791	—	—
	1,572,091	—	1,572,091	1,417,299	154,792	—	—
Capital improvements excluded from "CAPS":							
Capital Improvement Fund	50,450	—	50,450	50,450	—	—	—
Reserve for Ambulance	5,000	—	5,000	5,000	—	—	—
Total capital improvements excluded from "CAPS"	55,450	—	55,450	55,450	—	—	—
Municipal debt service excluded from "CAPS":							
Payment of bond principal	810,000	—	810,000	810,000	—	—	—
Payment of bond anticipation notes	98,000	—	98,000	98,000	—	—	—
Interest on bonds	93,992	—	93,992	93,992	—	—	—
Interest on notes	19,578	—	19,578	19,524	—	54	—
Total municipal debt service excluded from "CAPS"	1,021,570	—	1,021,570	1,021,516	—	54	—

(continued)

TOWNSHIP OF WASHINGTON

Statement of Expenditures  
Regulatory Basis

Current Fund

Year ended December 31, 2016

	Appropriations			Expended			Overexpended
	Budget	Transfers	Budget after modification	Paid or charged	Reserved	Canceled	
Deferred charges - municipal - excluded from "CAPS":							
Emergency Authorization	\$ 11,200	—	11,200	11,200	—	—	—
Special Emergency Authorizations - 5 Years	56,000	—	56,000	56,000	—	—	—
Deferred charges to future taxation - unfunded							
Ordinance 96-9/97-9	3,363	—	3,363	3,363	—	—	—
Ordinance 97-4	3,737	—	3,737	3,737	—	—	—
Ordinance 98-15	6,917	—	6,917	6,917	—	—	—
Ordinance 99-8	2,701	—	2,701	2,701	—	—	—
Ordinance 01-08	6,794	—	6,794	6,794	—	—	—
Ordinance 08-07	5,644	—	5,644	5,644	—	—	—
Total deferred charges - municipal - excluded from "CAPS"	96,356	—	96,356	96,356	—	—	—
Total general appropriations excluded from "CAPS"	2,745,467	—	2,745,467	2,590,621	154,792	54	—
Subtotal general appropriations	11,701,805	—	11,701,805	10,349,475	1,381,888	54	29,612
Reserve for uncollected taxes	862,729	—	862,729	862,729	—	—	—
Total general appropriations	\$ 12,564,534	—	12,564,534	11,212,204	1,381,888	54	29,612
Original budget			\$ 12,559,534				
Added by NJSA 40A:4-87 (CH 159)			5,000				
			\$ 12,564,534				
<u>Analysis of paid or charged</u>							
Cash disbursed				\$ 9,573,681			
Encumbrances payable				608,594			
Deferred Charges				67,200			
Due to Trust ( Accumulated Absences)				100,000			
Reserve for uncollected taxes				862,729			
				\$ 11,212,204			

See accompanying notes to financial statements.

TOWNSHIP OF WASHINGTON

Balance Sheet  
Regulatory Basis

Trust Funds

December 31, 2016 and 2015

Assets	Ref.	2016	2015
<b>Animal Control Fund</b>			
Cash	B-1	\$ 21,465	13,792
Cash - change fund		25	25
		<u>21,490</u>	<u>13,817</u>
<b>Other Trust Funds:</b>			
Cash	B-1	2,417,431	2,456,365
Due from Current Fund	B-7	45,805	—
		<u>2,463,236</u>	<u>2,456,365</u>
Unemployment Insurance Trust Fund - cash	B-1	163,647	166,038
<b>Length of Service Award Program Fund (UNAUDITED)</b>			
Investments		1,746,911	1,583,280
Due from Current Fund		9,200	96,700
		<u>1,756,111</u>	<u>1,679,980</u>
		<u>\$ 4,404,484</u>	<u>4,316,200</u>
<b>Liabilities and Reserves</b>			
<b>Dog License Fund:</b>			
Due to Current Fund	B-7	\$ 8,089	3,515
Due to State of New Jersey	B-3	545	375
Reserve for Dog License Fund expenditures	B-2	12,856	9,927
		<u>21,490</u>	<u>13,817</u>
<b>Other Trust Funds:</b>			
Reserve for:			
Escrow and performance deposits	B-4	896,394	844,176
Insurance settlements	B-5	288,623	313,418
Mt Laurel senior housing	B-8	17,259	17,261
Payroll deductions payable (deficit)	B-9	6,425	6,488
Police private detail billings	B-10	7,243	91,099
Due to Current Fund	B-7	—	52,116
Various reserves	B-11	1,247,292	1,131,807
		<u>2,463,236</u>	<u>2,456,365</u>
Unemployment Insurance Trust Fund -			
Due to State of New Jersey	B-12	—	1,041
Reserve for Unemployment Insurance Claims	B-13	163,647	164,997
		<u>163,647</u>	<u>166,038</u>
<b>Length of Service Award Program Fund (UNAUDITED)</b>			
Reserve for Investments in Length of Service Award Program		1,756,111	1,679,980
		<u>\$ 4,404,484</u>	<u>4,316,200</u>

See accompanying notes to financial statements.

## TOWNSHIP OF WASHINGTON

Balance Sheet  
Regulatory Basis

## General Capital Fund

December 31, 2016 and 2015

<b>Assets</b>	<b>Ref.</b>	<b>2016</b>	<b>2015</b>
Cash	C-2,C-3	\$ 2,109,024	1,343,731
Grants receivable	C-14	288,836	354,024
Due from Current Fund	C-4	—	31,574
Deferred charges to future taxation funded	C-5	2,062,000	2,872,000
Deferred charges to future taxation unfunded	C-6	4,779,459	4,002,995
		<u>\$ 9,239,319</u>	<u>8,604,324</u>
<b>Liabilities, Reserves and Fund Balance</b>			
Contracts payable	C-9	\$ 338,508	997,817
Bond anticipation notes	C-11	4,304,437	2,510,000
Improvement authorizations:			
Funded	C-8	418,111	396,812
Unfunded	C-8	1,571,742	1,205,276
Due to Current Fund	C-4	7,971	—
Reserve for payment of debt	C-10	19,161	14,961
Reserve for grants receivable	C-14	2,701	67,889
Reserve for preliminary costs	C-16	5,000	5,000
Reserve for ambulance	C-17	45,000	40,000
General serial bonds payable	C-12	2,062,000	2,872,000
Capital Improvement Fund	C-7	176,760	176,760
Fund balance	C-1	287,928	317,809
		<u>\$ 9,239,319</u>	<u>8,604,324</u>

There were bonds and notes authorized but not issued at December 31, 2016 and 2015 of \$475,022 and \$1,530,245 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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Balance, Beginning of year	\$ 317,809	413,809
Increased by:		
CDBG grant receipts for funded ordinance	21,088	—
Premium on sale of notes	28,497	—
	<u>49,585</u>	<u>—</u>
	367,394	413,809
Decreased by:		
Appropriated to fund improvement authorizations	<u>79,466</u>	<u>96,000</u>
Balance, End of year	<u>\$ 287,928</u>	<u>317,809</u>

See accompanying notes to financial statements.

**TOWNSHIP OF WASHINGTON**

Statement of General Fixed Assets  
Regulatory Basis

General Fixed Asset Account Group

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Land	\$ 11,383,900	11,428,900
Buildings	2,637,529	2,637,529
General equipment and machinery	<u>5,330,986</u>	<u>4,965,022</u>
Total fixed assets	<u>\$ 19,352,415</u>	<u>19,031,451</u>

See accompanying notes to financial statements.

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2016

### (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, 2016

### ***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 and General Capital 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, 2016

### ***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, 2016

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

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

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

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

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

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

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

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

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

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

## TOWNSHIP OF WASHINGTON

### Notes to Financial Statements

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

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

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

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

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

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

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

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

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2016

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 addition 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, 2016

***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 7.13% 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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
PERS \$	126,424	138,169	166,445	156,153	157,916
PFRS \$	534,771	559,157	553,973	616,011	523,000
DCRP \$	2,676	2,370	2,500	2,256	—

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

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

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

<u>PERS</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Covered Employee Payroll	\$1,035,856	\$1,147,931	\$1,116,839
Total Payroll	4,430,534	4,433,980	4,789,723
Actuarial Contribution Requirements	126,424	138,169	166,445
Total Contributions	200,796	218,364	242,923
Employer's Share	126,424	138,169	166,445
% of Covered Payroll	12.20%	12.04%	14.90%
Employee's Share	74,372	80,195	76,478
% of Covered Payroll	7.18%	6.99%	6.85%

**TOWNSHIP OF WASHINGTON**

Notes to Financial Statements

December 31, 2016

PFRS	2016	2015	2014
Covered Employee Payroll	\$2,440,496	\$2,271,686	\$2,214,292
Total Payroll	4,430,534	4,433,980	4,789,723
Actuarial Contribution Requirements	534,771	559,157	553,93
Total Contributions	778,820	786,326	775,402
Employer's Share	534,771	559,157	553,973
% of Covered Payroll	21.91%	24.61%	25.02%
Employee's Share	244,049	227,169	221,429
% of Covered Payroll	10.00%	10.00%	10.00%

***Assumptions***

The total PERS and PFRS pension liability for June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 using an actuarial experience study for the period July 1, 2011 to June 30, 2014. The pension liability was rolled forward to June 30, 2016. The actuarial valuation used an inflation rate of 3.08%, projected salary increases through 2026 from of 1.65% to 4.15% for PERS and 2.10% to 8.98% for PFRS based on age and thereafter 2.65% to 5.15% for PERS and 3.10% to 9.98% for PFRS based on age and an investment rate of return of 7.65%.

The discount rate used to measure the total pension liability was 4.90% and 3.98% for PERS and 5.79 and 5.55% for PFRS as of June 30, 2015 and 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability. More information on mortality rates and other assumptions, and investment policies, can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The following presents the Township's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90% and 3.98% as of June 30, 2015 and 2016, 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, 2016

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

	At 1% decrease (3.90%)	At current discount rate (4.90%)	At 1% increase (5.90%)
2015	<u>\$4,629,975</u>	<u>\$3,725,206</u>	<u>\$2,966,654</u>
	At 1% decrease (2.98%)	At current discount rate (3.98%)	At 1% increase (4.98%)
2016	<u>\$6,390,479</u>	<u>\$5,215,086</u>	<u>\$4,244,697</u>

The following presents the Township's proportionate share of the PFRS net pension liability calculated using the discount rate of 5.79% and 5.55% as of June 30, 2015 and 2016, 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 (4.79%)	At current discount rate (5.79%)	At 1% increase (6.79%)
2015	<u>\$14,439,560</u>	<u>\$10,953,022</u>	<u>\$8,110,062</u>
	At 1% decrease (4.55%)	At current discount rate (5.55%)	At 1% increase (6.55%)
2016	<u>\$17,520,314</u>	<u>\$13,587,678</u>	<u>\$10,388,050</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.

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, 2015 and 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2015 and 2016, respectively.

## TOWNSHIP OF WASHINGTON

### Notes to Financial Statements

December 31, 2016

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, 2016.

	PERS	PFRS
Net Pension Liabilities	\$5,215,086	\$13,587,678
Deferred Outflow of Resources	1,541,298	3,452,016
Deferred Inflow of Resources	267,098	815,192
Pension Expense	1,110,575	1,379,067
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, 2015 and 2016. The Township's proportionate share of the collective net pension liability as of June 30, 2015 and 2016 was .0919% and .08875% for PERS and .1986% and .1870% for PFRS respectively.

At June 30, 2016, the amount determined as the Township's proportionate share of the PERS net pension liability was \$5,215,086. For the year ended June 30, 2016 the Township recognized PERS pension expense of \$126,424. At June 30, 2016, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$1,080,287	\$—
Difference between expected and actual experience	96,985	
Net Difference Between Projected and Actual Investment Earnings	198,856	—
Net Change in Proportions	165,170	267,098
Net Actual Less Proportionate Share of Contributions	—	—
Total Contributions and Proportionate Share of Contributions after the Measurement Date	—	—
	<u>\$1,541,298</u>	<u>\$267,098</u>

At June 30, 2016, the amount determined as the Township's proportionate share of the PFRS net pension liability was \$13,587,678. For the year ended June 30, 2016 the Township recognized PFRS pension expense of \$534,771. At June 30, 2016, deferred outflows of resources and deferred inflows of resources

**TOWNSHIP OF WASHINGTON**

Notes to Financial Statements

December 31, 2016

related to the PFRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$1,882,005	\$—
Differences between expected and actual experience	—	89,069
Net Difference Between Projected and Actual Investment Earnings	952,061	
Net Change in Proportions	617,950	726,123
Net Actual Less Proportionate Share of Contributions	—	—
Total Contributions and Proportionate Share of Contributions after the Measurement Date	—	—
	<u>\$3,452,016</u>	<u>\$815,192</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, 2016 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**TOWNSHIP OF WASHINGTON**

Notes to Financial Statements

December 31, 2016

**(3) Municipal Debt**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Issued:			
General - bonds and notes	\$ 6,366,437	5,382,000	5,537,000
Total issued	<u>6,366,437</u>	<u>5,382,000</u>	<u>5,537,000</u>
Authorized but not issued:			
General - bonds and notes	475,022	1,530,245	716,280
Total authorized but not issued	<u>475,022</u>	<u>1,530,245</u>	<u>716,280</u>
Total bonds and notes issued and authorized but not issued	\$ <u>6,841,459</u>	<u>6,912,245</u>	<u>6,253,280</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 .394%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional school district debt	\$ 5,910,997	5,910,997	—
General debt	6,841,459	19,161	6,822,298
	\$ <u>12,752,456</u>	<u>5,920,158</u>	<u>6,822,298</u>

Net debt of \$6,822,298 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$1,729,977,764 equals .394%.

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

3-1/2% of equalized valuation basis (municipal)	\$60,549,222
Net debt	<u>6,822,298</u>
Remaining borrowing power	<u>\$53,726,924</u>

This a summary of bonded debt changes for the years ended December 31, 2015 and 2016:

	<u>Dec. 31, 2014</u>	<u>Increases</u>	<u>Deductions</u>	<u>Dec. 31, 2015</u>
General Capital Fund	3,682,000	—	810,000	2,872,000
	\$ <u>3,682,000</u>	<u>—</u>	<u>810,000</u>	<u>2,872,000</u>
	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Deductions</u>	<u>Dec. 31, 2016</u>
General Capital Fund	2,872,000	—	810,000	2,062,000
	\$ <u>2,872,000</u>	<u>—</u>	<u>810,000</u>	<u>2,062,000</u>

**TOWNSHIP OF WASHINGTON**

Notes to Financial Statements

December 31, 2016

Bond debt service requirements at December 31, 2016 were as follows;

<b>Year Ended <u>December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2017	\$ 815,000	70,022
2018	807,000	41,447
2019	440,000	13,200
	<u>\$2,062,000</u>	<u>124,669</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.

The changes in outstanding bond anticipation notes for the years ended December 31, 2016 and 2015 are as follows:

	<b><u>Dec. 31, 2015</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Dec. 31, 2016</u></b>
General Capital Fund	\$ 2,510,000	1,944,717	150,280	4,304,437
	<u>\$ 2,510,000</u>	<u>1,944,717</u>	<u>150,280</u>	<u>4,304,437</u>
	<b><u>Dec. 31, 2014</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Dec. 31, 2015</u></b>
General Capital Fund	\$ 1,855,000	770,835	115,835	2,510,000
	<u>\$ 1,855,000</u>	<u>770,835</u>	<u>115,835</u>	<u>2,510,000</u>

**(5) Fund Balances Appropriated**

Fund balances appropriated and included as anticipated revenue in the 2017 budget is as follows:

Current Fund	\$ 1,200,000
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# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2016

### (6) Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the Township Current Fund had the following deferred charges to be raised in the 2017 or subsequent budgets.

	<b>Balance, Dec. 31, <u>2016</u></b>	<b>2017 Budget <u>Appropriation</u></b>
Current Fund:		
Special emergencies	\$ 112,000	56,000
Overexpenditure of appropriation	29,412	—

### (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 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.

### (8) Accrued Sick and Vacation Benefits

The Township permits employees to accrue unused vacation 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 \$2,649,449 and \$2,704,296 for the years ended December 31, 2015 and 2016 respectively. This amount, in accordance with state accounting requirements, is not reported either as an expenditure or liability.

### (9) Contingencies

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2016. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. Funding of any ultimate liability would be provided for in succeeding years' budgets or through a refunding bond ordinance which would allow the Township to fund these liabilities over a number of years.

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

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2016

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, 2016 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, boiler and machinery, and employee fidelity. Various deductibles, limits, and coinsurance provisions apply to these policies.

### (11) Fixed Assets

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

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

The Township's fixed assets are summarized as follows:

	<b>Balance</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Balance</b>
	<b>Dec 31, 2014</b>			<b>Dec. 31, 2015</b>
General Fixed Assets:				
Land	\$ 11,428,900	—	—	11,428,900
Buildings	2,549,329	88,200	—	2,637,529
General equip. and machinery	4,863,033	101,989	—	4,965,022
	18,841,262	190,189	—	19,031,451
	<b>Balance</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Balance</b>
	<b>Dec 31, 2015</b>			<b>Dec. 31, 2016</b>
General Fixed Assets:				
Land	\$ 11,428,900	—	45,000	11,383,900
Buildings	2,637,529	—	—	2,637,529
General equip. and machinery	4,965,022	668,151	302,187	5,330,986
	19,031,451	668,151	347,187	19,352,415

**TOWNSHIP OF WASHINGTON**

Notes to Financial Statements

December 31, 2016

**(12) Interfund Balances**

The Township has interfund balances at December 31, 2015 and 2016 as follows:

	2015		2016	
	Due From	Due To	Due From	Due To
Current Fund:				
Other Trust Fund	\$ 52,116		\$	45,805
Animal Control Fund	3,515		8,089	
General Capital Fund		31,574	7,969	
LOSAP Fund		96,700		9,200
Other Trust Fund				
Current Fund		52,116	45,805	
Animal Control Fund:				
Current Fund		3,515		8,089
General Capital Fund:				
Current Fund	31,574			7,969
LOSAP Fund:				
Current Fund	96,700		9,200	

**(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, 2016 is as follows:

	<u>January 1</u>	<u>Contributions</u>	<u>Distributions</u>	<u>Fees</u>	<u>Gain/(Loss)</u>	<u>December 31</u>
2016	\$ 1,583,280	87,500	37,218	2,750	116,098	1,746,910
2015	1,499,494	101,250	22,000	2,450	6,987	1,583,280

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

**(14) Cash**

Cash and cash equivalents includes 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

# TOWNSHIP OF WASHINGTON

## Notes to Financial Statements

December 31, 2016

the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

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

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

GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party. As of December 31, 2016, 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**

The adoption of Ordinance 17-04 authorized the renovation and construction of a new department of Municipal Facilities building and the improvements to and addition of the Township firehouse and authorized \$2,643,927 bonds and notes to finance the projects.

A reversal of an added assessment of \$342,684 was received in February 2017 and the original added assessment has been reversed and recorded as of December 31, 2016.

There have been no other events subsequent to December 31, 2016 that require disclosure in the financial statements

ADDITIONAL FINANCIAL INFORMATION

TOWNSHIP OF WASHINGTON

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ <u>5,468,637</u>
Increased by receipts:	
Collector of taxes	37,315,602
Revenue accounts receivable	1,644,030
Miscellaneous revenue not anticipated	116,231
Due from State of New Jersey	103,805
Grants receivable	26,289
Tax overpayments	14,082
Unappropriated grant reserves	24,077
Various reserves	6,303
Budget refunds	9,222
	<u>39,259,641</u>
	<u>44,728,278</u>
Decreased by disbursements:	
Budget appropriations	9,573,681
Appropriation reserves	477,602
Local district school taxes	21,774,472
County taxes	4,321,341
Due from Other Trust Funds	2,079
Due from General Capital Fund	40,159
Various reserves	6,303
Accounts payable	473
Grant expenditures	4,500
Length of Service Award Program Fund	87,500
Tax overpayment refunds	15,880
Refund of prior year revenue	5,419
	<u>36,309,409</u>
Balance, December 31, 2016	\$ <u><u>8,418,869</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Cash - Tax Collector

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ <u>31,099</u>
Increased by receipts:	
Taxes receivable	37,006,826
Prepaid taxes	181,699
Revenue accounts receivable	121,486
Lien redemptions	<u>80,247</u>
	<u>37,390,258</u>
	<u>37,421,357</u>
Decreased by disbursements:	
Payments to Treasurer - Current Fund	37,315,602
Lien redemptions	<u>80,247</u>
	<u>37,395,849</u>
Balance, December 31, 2016	\$ <u><u>25,508</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Change Funds

Current Fund

Year ended December 31, 2016

	<b>Balance Dec. 31, 2015</b>	<b>Balance Dec. 31, 2016</b>
Tax Collector	\$ 100	100
Municipal Court	200	200
Board of Health	25	25
	<u>325</u>	<u>325</u>
	<u>\$ 325</u>	<u>325</u>

**TOWNSHIP OF WASHINGTON**

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

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ <u>8,110</u>
Increased by:	
Senior Citizens' deductions per duplicate	10,250
Veterans' deductions per duplicate	93,750
Senior Citizens' deductions allowed by tax collector	<u>1,250</u>
	<u>105,250</u>
	<u>113,360</u>
Decreased by:	
Cash received	103,805
Senior Citizens' and Veterans' deductions disallowed	<u>1,195</u>
	<u>105,000</u>
Balance, December 31, 2016	\$ <u><u>8,360</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Taxes Receivable

Current Fund

Year ended December 31, 2016

Year	Balance, Dec. 31, 2015	2016 levy	Added Taxes	Cash collections		Transferred to tax title liens	Cancelled	Balance, Dec. 31, 2016
				2015	2016			
2015	322,878	—	1,816	—	322,049	2,395	250	—
	<u>322,878</u>	<u>—</u>	<u>1,816</u>	<u>—</u>	<u>322,049</u>	<u>2,395</u>	<u>—</u>	<u>—</u>
2016	—	37,351,581	57,150	193,629	36,788,832	697	41,098	384,475
	<u>\$ 322,878</u>	<u>37,351,581</u>	<u>58,966</u>	<u>193,629</u>	<u>37,110,881</u>	<u>3,092</u>	<u>41,098</u>	<u>384,475</u>
Senior Citizens' and Veterans' deductions					\$ 104,055			
Cash					<u>37,006,826</u>			
					<u>\$ 37,110,881</u>			

Analysis of Property Tax Levy

Tax yield:	
General purpose tax	\$ 37,351,581
Added and omitted taxes	<u>57,150</u>
	<u>\$ 37,408,731</u>
Tax levy:	
County taxes	\$ 4,228,298
County Open Space	43,549
Regional school taxes	23,726,046
Due County for added taxes	45,888
Local tax for municipal purposes	8,763,836
Library tax	580,641
Additional taxes levied	<u>20,473</u>
	<u>\$ 37,408,731</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ <u>2,472</u>
Increased by:	
Interest and cost of tax sale	722
Transferred from taxes receivable	<u>3,092</u>
	<u>3,814</u>
Balance, December 31, 2016	\$ <u><u>6,286</u></u>



## TOWNSHIP OF WASHINGTON

## Schedule of Revenue Accounts Receivable

## Current Fund

Year ended December 31, 2016

	<b>Balance, Dec. 31, 2015</b>	<b>Accrued in 2016</b>	<b>Collected by</b>		<b>Balance, Dec. 31, 2016</b>
			<b>Collector</b>	<b>Treasurer</b>	
Township Clerk					
Alcoholic beverage license	\$ —	15,176	—	15,176	—
Licenses - other	—	2,100	—	2,100	—
Fees and permits	—	20,626	—	20,626	—
Police Department - fees and permits	—	11,038	—	11,038	—
Planning Board - fees and permits	—	9,357	—	9,357	—
Zoning Board of Adjustment - fees and permits	—	8,000	—	8,000	—
Construction Code Official - fees and permits	—	191,589	—	191,589	—
Recreation Department - fees and permits	—	148,247	—	148,247	—
Board of Health					
Licenses	—	619	—	619	—
Fees and permits	—	10,035	—	10,035	—
Municipal Court - fines and costs	—	75,629	—	75,629	—
Interest and cost on taxes	—	83,958	83,958	—	—
Energy receipts tax	—	713,525	—	713,525	—
Interest on investments and deposits	—	57,735	8,936	48,799	—
Joint health services	—	18,922	—	18,922	—
Uniform Fire Safety Act	—	16,247	—	16,247	—
Cable television franchise fee	—	148,734	—	148,734	—
Police Outside Duty - other Trust Fund	—	87,721	—	87,721	—
Sale of recyclables	—	45,924	—	45,924	—
Cell tower	—	82,184	—	82,184	—
Sewer charges	—	28,592	28,592	—	—
	<u>\$ —</u>	<u>1,747,366</u>	<u>121,486</u>	<u>1,654,472</u>	<u>—</u>
Cash			\$ 121,486	1,644,030	
Unappropriated reserves			—	9,828	
Due from General Capital - interest			—	614	
			<u>\$ 121,486</u>	<u>1,654,472</u>	

TOWNSHIP OF WASHINGTON

Schedule of Grants Receivable

Year ended December 31, 2016

	<b>Balance, Dec. 31, 2015</b>	<b>Awarded in 2016</b>	<b>Received</b>	<b>Balance, Dec. 31, 2016</b>
Drive Sober or Get Pulled Over	\$ 878	5,000	4,770	1,108
Clean Communities Program	—	12,574	12,574	—
Municipal Alliance Grant	19,141	9,876	8,945	20,072
	<u>\$ 20,019</u>	<u>27,450</u>	<u>26,289</u>	<u>21,180</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Interfunds

Current Fund

Year ended December 31, 2016

	<u>Other Trust Fund</u>	<u>General Capital Fund</u>	<u>Animal Control Fund</u>
Balance, December 31, 2015, due from (to)	\$ 52,116	(31,574)	3,515
Increased by:			
Cash disbursed	2,079	40,159	—
Statutory excess	—	—	4,574
Interest earned	—	(616)	—
Accumulated absences	(100,000)	—	—
	<u>(97,921)</u>	<u>39,543</u>	<u>4,574</u>
Balance, December 31, 2016, due from (to)	<u>\$ (45,805)</u>	<u>7,969</u>	<u>8,089</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Regional District School  
Taxes Payable

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015 (Prepaid)	\$	(1,951,574)
Increased by tax levy		<u>23,726,046</u>
		21,774,472
Decreased by payments		<u>21,774,472</u>
Balance, December 31, 2016	\$	<u><u>—</u></u>

## TOWNSHIP OF WASHINGTON

## Schedule of Appropriation Reserves

## Current Fund

Year ended December 31, 2016

	Balance Dec. 31, 2015	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	9,661	—	—	9,661	—	9,661
Other expenses	14,369	1,209	—	15,578	(9,186)	24,764
Maintenance and support of office equipment						
Maintenance and support - equipment	7,084	—	—	7,084	—	7,084
Maintenance and support - computers/telephone	3,240	957	—	4,197	846	3,351
Energy and environmental control	9,000	—	—	9,000	—	9,000
Mayor & Council						
Other expenses - Mayor	3,630	1,335	—	4,965	397	4,568
Other expenses - Council	4,640	154	—	4,794	154	4,640
Municipal Clerk	—	—	—	—	—	—
Salaries and wages	1,192	—	—	1,192	—	1,192
Other expenses	5,146	1,822	—	6,968	409	6,559
Elections	—	—	—	—	—	—
Salaries and wages	400	—	—	400	—	400
Other expenses	2,355	—	—	2,355	—	2,355
Financial Administration						
Salaries and wages	45,317	—	—	45,317	—	45,317
Other expenses						
Financial Services - Fees	5,656	4,380	—	10,036	10,036	—
Miscellaneous other	5,370	5,553	—	10,923	5,778	5,145
Audit Services	—	33,200	—	33,200	33,200	—
Other expenses						
Revenue Administration						
Salaries and wages	7,159	—	—	7,159	—	7,159
Other expenses	7,063	448	—	7,511	151	7,360
Tax Assessment Administration						
Salaries and wages	4,256	—	—	4,256	—	4,256
Other expenses	2,959	116	—	3,075	16	3,059
Legal Services						
Other expenses						
Administration	500	—	—	500	—	500
Council	37,517	672	12,418	50,607	13,090	37,517
Tax appeals	11,505	—	—	11,505	—	11,505
Codification of ordinances	1,540	9,276	—	10,816	9,276	1,540
Engineering Services						
Salaries and wages	104	—	—	104	—	104
Other expenses	36,593	3,519	—	40,112	2,545	37,567
Department of Public Affairs						
Other expenses	5,393	4,140	—	9,533	5,025	4,508
Cable Television Expense	1,025	—	—	1,025	—	1,025
Land Use Administration						
Planning Board						
Salaries and wages	3,125	—	—	3,125	—	3,125
Other expense	1,143	136	—	1,279	93	1,186
Zoning Board of Adjustment						
Salaries and wages	3,879	—	—	3,879	—	3,879
Other expenses	1,009	499	—	1,508	384	1,124
Public Safety Functions						
Police Department						
Salaries and wages	—	382,717	(12,418)	370,299	56,635	313,664
Other expenses	16,483	2,705	—	19,188	—	19,188
Acquisition/Leasing of Police Vehicles	1,299	79	—	1,378	79	1,299
Telephone support system	—	787	—	787	787	—
Maintenance of desk record system	3,000	—	—	3,000	—	3,000
Police range rental	500	—	—	500	—	500
Computer software leasing	750	—	—	750	—	750
Police car cameras	185	—	—	185	—	185
Reverse 911 system	155	—	—	155	—	155

(continued)

## TOWNSHIP OF WASHINGTON

## Schedule of Appropriation Reserves

## Current Fund

Year ended December 31, 2016

	Balance Dec. 31, 2015	Transfer of encum- brances	Transfers	Balance after transfers	Paid or charged	Unexpended balances lapsed
General appropriations:						
Police Dispatchers						
Salaries and wages	\$ 22,535	—	—	22,535	—	22,535
Office of Emergency Management						
Other expenses	4,653	125	—	4,778	—	4,778
Aid to Volunteer Ambulance Company	129	2,068	—	2,197	2,068	129
Fire Department						
Other expenses	4,075	6,129	—	10,204	6,095	4,109
Clothing allowance	150	—	—	150	150	—
Physicals	—	680	—	680	—	680
Death benefits	9,700	—	—	9,700	—	9,700
Maintenance program	2,487	6,427	—	8,914	6,427	2,487
Equipment compliance	3,904	573	—	4,477	1,201	3,276
Uniform Fire Safety Code						
Other expenses	3,730	570	—	4,300	570	3,730
Fire Hydrant Service	10,865	—	—	10,865	—	10,865
LOSAP Program	—	24,550	—	24,550	9,200	15,350
Municipal Prosecutor						
Salaries and wages	1,000	—	—	1,000	—	1,000
Public Works Functions						
Department of Municipal Facilities						
Salaries and wages	126,195	—	—	126,195	3,000	123,195
Other expenses	29,401	6,840	—	36,241	6,396	29,845
Other Public Works Functions						
Share Trees - Holiday Decoration	4,000	—	—	4,000	10	3,990
Street Sweeping	13,500	—	—	13,500	—	13,500
Recycling						
Other expenses	42,494	176,911	—	219,405	176,295	43,110
Buildings and Grounds						
Building Maintenance	6,652	1,470	—	8,122	1,290	6,832
Emergency - Garbage Bags	—	1,500	—	1,500	1,500	—
Vehicle Maintenance						
Other expenses	49,864	12,426	—	62,290	12,323	49,967
Community Services Act	4,448	4,723	—	9,171	4,272	4,899
Health and Human Services						
Public Health Services						
Salaries and wages - Board of Health	680	—	—	680	—	680
Other expenses - Board of Health	294	5,569	—	5,863	4,097	1,766
Occ. Safety and Health Blood Pathogens	2,600	—	—	2,600	—	2,600
Animal Control Services						
Other expenses	3,300	—	—	3,300	—	3,300
Recreation Services and Programs						
Salaries and wages	33,489	—	—	33,489	—	33,489
Other expenses	55,274	11,893	—	67,167	12,150	55,017
Golden Seniors' Committee	—	6,557	—	6,557	6,557	—
Senior Activities	545	705	—	1,250	605	645
Community programs						
Salaries and wages	1,000	—	—	1,000	—	1,000
Other expense	1,042	—	—	1,042	—	1,042
Maintenance of Parks						
Other expenses	36,477	3,961	—	40,438	2,005	38,433
Rental - Athletic Facilities	6,977	—	—	6,977	—	6,977
Resurfacing of Memorial Field	7,300	—	—	7,300	—	7,300
Other Common Operation Functions						
Celebration of Public Events	4,160	275	—	4,435	275	4,160
Municipal Court						
Salaries and wages	1,478	—	—	1,478	—	1,478
Other expenses	4,810	167	—	4,977	167	4,810
Public Defender						
Other expenses	1,200	—	—	1,200	—	1,200
Insurance						
Liability Insurance (BJIF)	32,979	34,553	—	67,532	34,553	32,979
Workers Compensation Insurance (BJIF)	1,646	44,589	—	46,235	44,589	1,646
Employee Group Insurance	180,590	11,062	—	191,652	179	191,473
Salaries and wages	8,210	—	—	8,210	—	8,210
Other expenses	3,185	249	—	3,434	5	3,429
Utility Expenses & Bulk Purchases						
Electricity	19,101	12,197	—	31,298	10,871	20,427
Street Lighting	15,967	5,791	—	21,758	5,791	15,967
Telephone	1,907	4,999	—	6,906	4,900	2,006
Water	2,122	1,764	—	3,886	1,641	2,245
Natural Gas	4,774	2,954	—	7,728	2,954	4,774
Gasoline	37,733	15,513	—	53,246	4,073	49,173
Landfill/Solid Waste Disposal						
Sanitary Landfill & Dump Fees	26,061	11,249	—	37,310	9,455	27,855

(continued)

TOWNSHIP OF WASHINGTON

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2016

	<u>Balance Dec. 31, 2015</u>	<u>Transfer of encum- brances</u>	<u>Transfers</u>	<u>Balance after transfers</u>	<u>Paid or charged</u>	<u>Unexpended balances lapsed</u>
General appropriations:						
Deferred charges and statutory expenditures - municipal within "CAPS":						
Statutory Charges						
DCRP Pension	\$ 1,630	—	—	1,630	—	1,630
Social Security System (OASI)	41,787	—	—	41,787	230	41,557
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	—	2,702	—	2,702	2,702	—
Length of Service Award Program (L.O.S.A.P.)	—	—	—	—	—	—
Other Municipalities - Contractual	30,484	25,781	—	56,265	18,757	37,508
Interlocal Municipal Service Agreements						
Joint Health Services - Contractual						
Salaries and wages	144	—	—	144	—	144
Other expenses	756	4,789	—	5,545	4,168	1,377
Public and private programs offset by revenues:						
Bergen County Municipal JIF	1	—	—	1	1	—
Drive Sober or Get Pulled Over	1,581	—	—	1,581	1,581	—
Reserve for Recycling Tonnage Grant	16,869	—	—	16,869	16,869	—
Clean Communities Program	19,217	—	—	19,217	19,217	—
Municipal Alliance Grant						
State Share	2,591	3,285	—	5,876	5,876	—
Local Match	2,469	—	—	2,469	2,469	—
	<u>\$ 1,216,414</u>	<u>909,300</u>	<u>—</u>	<u>2,125,714</u>	<u>577,249</u>	<u>1,548,465</u>
					Disbursed	\$ 477,602
					Accounts payable	48,019
					Due to LOSAP	9,200
					Appropriated grant reserve	42,428
					<u>\$ 577,249</u>	

**TOWNSHIP OF WASHINGTON**

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	909,300
Increased by budget encumbrances		<u>608,594</u>
		<u>1,517,894</u>
Decreased by transfer to appropriation reserves		<u>909,300</u>
Balance, December 31, 2016	\$	<u><u>608,594</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	1,798
Increased by cash receipts		<u>14,082</u>
		15,880
Decreased by cash disbursed		<u>15,880</u>
Balance, December 31, 2016	\$	<u><u>—</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ 193,629
Increased by cash receipts	<u>181,699</u>
	375,328
Decreased by transfer to taxes receivable	<u>193,629</u>
Balance, December 31, 2016	<u><u>\$ 181,699</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ 50,820
Increased by:	
Transfer from appropriation reserves	<u>48,019</u>
	98,839
Decreased by:	
Cancelled to operations	50,347
Cash disbursed	<u>473</u>
	<u>50,820</u>
Balance, December 31, 2016	<u><u>\$ 48,019</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ <u>3,606</u>
Increased by:	
Increased by County tax levy	4,228,298
County Open Space Tax	43,549
Added and Omitted Taxes	<u>45,888</u>
	<u>4,317,735</u>
	4,321,341
Decreased by:	
Payments	<u>4,321,341</u>
Balance, December 31, 2016	\$ <u><u>—</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Appropriated Grant Reserves

Current Fund

Year ended December 31, 2016

	<u>Balance, Dec. 31, 2015</u>	<u>Transferred from 2015 budget</u>	<u>Expended</u>	<u>Balance, Dec. 31, 2016</u>
Alcohol Education and Rehabilitation	\$ 4,132	—	—	4,132
Clean Communities Grant	46,997	19,217	—	66,214
Police Live Scan Fingerprint	35	—	—	35
Drunk Driving Enforcement Fund	8,634	—	—	8,634
Tobacco Grant	214	—	—	214
FEMA - SLAHEOP Grant	75	—	—	75
Community Development Block Grant	8,530	—	—	8,530
Public Health Priority Funding	144	—	—	144
Pandemic Flu	7,743	—	—	7,743
Health - Nextel PDA Grant	5	—	—	5
Police - Click It or Ticket Grant	957	—	—	957
Recycling Tonnage Grant	72,194	16,869	—	89,063
Police Body Armor Fund	6,687	—	4,500	2,187
FEMA Firefighter Grant	486	—	—	486
LINCS - Core Capacity Infrastructure Grant	3	—	—	3
Stormwater Regulation Grant	4,124	—	—	4,124
Municipal Alliance Grant	9,111	2,291	—	11,402
Over the Limit Under Arrest	10,150	—	—	10,150
Drive Sober or Get Pulled Over	782	1,581	—	2,363
Municipal Alliance Local Share	—	2,469	—	2,469
Bergen County Municipal JIF	1,040	1	—	1,041
	<u>\$ 182,043</u>	<u>42,428</u>	<u>4,500</u>	<u>219,971</u>
Due to Current Fund			<u>\$ 4,500</u>	
			<u>\$ 4,500</u>	

**TOWNSHIP OF WASHINGTON**

Schedule of Unappropriated Grant Reserves

Current Fund

Year ended December 31, 2016

	<b>Balance, Dec. 31, 2015</b>	<b>Transferred to budget</b>	<b>Received</b>	<b>Balance, Dec. 31, 2016</b>
Recycling Tonnage Grant	\$ —	—	21,973	21,973
Pandemic Flu Grant	6,538	6,538	—	—
Body Armor Grant C	2,184	2,184	2,104	2,104
Community Development Block Grant	1,106	1,106	—	—
	<u>9,828</u>	<u>9,828</u>	<u>24,077</u>	<u>24,077</u>

TOWNSHIP OF WASHINGTON

Schedule of Various Reserves

Current Fund

Year ended December 31, 2016

	<b>Balance, Dec. 31, 2015</b>	<b>Receipts</b>	<b>Cancelled</b>	<b>Balance, Dec. 31, 2016</b>
Sale of Municipal Assets	\$ 1,026,697	6,303	—	1,033,000
Insurance Recoveries	43,298	—	—	43,298
Motor Vehicle Inspection Fees	54,705	—	—	54,705
Tax Map and Revaluation	47,455	—	—	47,455
Library Reimbursement	67,000	—	67,000	—
	<u>\$ 1,239,155</u>	<u>6,303</u>	<u>67,000</u>	<u>1,178,458</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2016

	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Balance Dec. 31, 2015</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
Emergency Authorization		\$ 11,200	11,200	11,200	—
Special Emergency:					
Revaluation of Real Property	9/1/2011	280,000	<u>168,000</u>	<u>56,000</u>	<u>112,000</u>
			<u>\$ 179,200</u>	<u>67,200</u>	<u>112,000</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Due to Length of Service Award Program Fund

Current Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	96,700
Decreased by:		
Paid by Current Fund		<u>87,500</u>
Balance, December 31, 2016	\$	<u><u>9,200</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2016

	<b>Dog License Fund</b>	<b>Other Trust Funds</b>	<b>Unemployment Compensation Fund</b>
Balance, December 31, 2015	\$ 13,792	2,456,365	166,038
Increased by receipts:			
Due from Dog License Official	8,870	—	—
Escrow and Performance Deposits	—	206,081	—
Various reserves	—	225,275	—
Police outside billings	—	195,639	—
Employees' contributions	—	—	5,080
Payroll deposits	—	7,048,706	—
Interest on investment and deposits	43	3,755	912
	<u>8,913</u>	<u>7,679,456</u>	<u>5,992</u>
	<u>22,705</u>	<u>10,135,821</u>	<u>172,030</u>
Decreased by disbursements:			
Payments to State of New Jersey	944	—	—
Dog license expenditures	253	—	—
Due to Current Fund	43	1,676	1,041
Escrow and Performance Deposits	—	153,863	—
Various reserves	—	209,790	—
Payroll disbursements	—	7,048,769	—
Police outside billings	—	279,495	—
Reserve for insurance settlement	—	24,795	—
Mount Laurel Housing	—	2	—
Unemployment insurance benefits	—	—	7,342
	<u>1,240</u>	<u>7,718,390</u>	<u>8,383</u>
Balance, December 31, 2016	<u>\$ 21,465</u>	<u>2,417,431</u>	<u>163,647</u>

**TOWNSHIP OF WASHINGTON**

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

Trust Funds

Year ended December 31, 2016

Balance, December 31, 2015	\$	9,927
Increased by:		
Licenses and fees		6,521
Late fees collected		615
Cat licenses issued		620
		<u>7,756</u>
		<u>17,683</u>
Decreased by:		
Expenditures under R.S. 4:19-15.11:		
Excess balance due to Current Fund		4,574
Other disbursements		253
		<u>4,827</u>
Balance, December 31, 2016	\$	<u><u>12,856</u></u>
2015 license revenue	\$	6,824
2014 license revenue		<u>6,032</u>
	\$	<u><u>12,856</u></u>

**TOWNSHIP OF WASHINGTON**

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

Trust Funds

Year ended December 31, 2016

Balance, December 31, 2015	\$	375
Increased by cash collected		<u>1,114</u>
		1,489
Decreased by cash disbursed		<u>944</u>
Balance, December 31, 2016	\$	<u><u>545</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Escrow and Performance Deposits  
Other Trust Funds

Trust Funds

Year ended December 31, 2016

Balance, December 31, 2015	\$ 844,176
Increased by cash receipts	<u>206,081</u>
	1,050,257
Decreased by cash disbursements	<u>153,863</u>
Balance, December 31, 2016	<u><u>\$ 896,394</u></u>

Analysis of Balance

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

**TOWNSHIP OF WASHINGTON**

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

Trust Funds

Year ended December 31, 2016

Balance, December 31, 2015	\$	313,418
Decreased by cash disbursements		<u>24,795</u>
Balance, December 31, 2016	\$	<u><u>288,623</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Amount Due from Dog Licensing Official  
Animal Control Fund

Trust Funds

Year ended December 31, 2016

Balance, December 31, 2015	\$	—
Increased by:		
Dog license fees collected		6,521
Cat license fees collected		620
Dog registration fees - Due State of NJ		1,114
Late fees		615
		<u>8,870</u>
		8,870
Decreased by:		
Payments to Treasurer		8,870
		<u>8,870</u>
Balance, December 31, 2016	\$	<u><u>—</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Due to (from) Current Fund

Trust Funds

Year ended December 31, 2016

	<b>Dog License Fund</b>	<b>Other Trust</b>
Balance, December 31, 2015, Due to	\$ 3,515	52,116
Increased by:		
Interest on investments and deposits	43	3,755
Excess balance in Dog License fund	4,574	—
	<u>4,617</u>	<u>3,755</u>
	<u>8,132</u>	<u>55,871</u>
Decreased by:		
Budget- Accumulated absences	—	100,000
Cash disbursed	43	1,676
	<u>43</u>	<u>101,676</u>
Balance, December 31, 2016, Due (from)	\$ <u>8,089</u>	<u>(45,805)</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Mt Laurel Senior Housing  
Other Trust Funds

Trust Funds

Year ended December 31, 2016

Balance, December 31, 2015	\$	17,261
Increased by interest earned		<u>—</u>
		17,261
Decreased by cash disbursements		<u>2</u>
Balance, December 31, 2016	\$	<u><u>17,259</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Payroll Deductions Payable  
Other Trust Funds

Trust Funds

Year ended December 31, 2016

Balance, December 31, 2015	\$	6,488
Increased by payroll deposits		<u>7,048,706</u>
		7,055,194
Decreased by payroll disbursements		<u>7,048,769</u>
Balance, December 31, 2016	\$	<u><u>6,425</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Police Private Detail Billings  
Other Trust Funds

Trust Funds

Year ended December 31, 2016

Balance, December 31, 2015	\$ 91,099
Increased by cash receipts	<u>195,639</u>
	286,738
Decreased by:	
Reimbursements for payroll paid to Current Fund	191,774
Administrative fees paid to Current Fund	<u>87,721</u>
	<u>279,495</u>
Balance, December 31, 2016	<u><u>\$ 7,243</u></u>

TOWNSHIP OF WASHINGTON

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

Trust Funds

Year ended December 31, 2016

	<b>Balance, Dec. 31, 2015</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance, Dec. 31, 2016</b>
Reserve for:				
Marriage Licenses - Due to State	\$ 750	1,325	1,250	825
Tax sale premiums	489,000	186,200	188,400	486,800
Celebrations of public events	68,518	15,772	285	84,005
Municipal Alliance donation	950	—	—	950
Rental deposits	3,050	—	—	3,050
Field House donations	1,747	—	—	1,747
Recreation donations	1,825	—	—	1,825
Police department donations	26,087	200	187	26,100
DARE reserve	95	—	—	95
Fire Department/Uniform Fire Safety Penalties	1,657	—	—	1,657
Snow Plowing	98,790	10,980	—	109,770
Accumulated leave compensation	380,338	100,000	—	480,338
Fire department death benefits	9,632	1,618	11,250	—
Health insurance contribution	19,800	—	—	19,800
Found money	55	—	—	55
Land sale deposit	26,253	67	—	26,320
Recreation	890	8,983	8,418	1,455
POAA	2,370	130	—	2,500
	<u>\$ 1,131,807</u>	<u>325,275</u>	<u>209,790</u>	<u>1,247,292</u>
Due from Current Fund		\$ 100,000		
Cash		<u>225,275</u>		
		<u>\$ 325,275</u>		

**TOWNSHIP OF WASHINGTON**

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

Trust Funds

Year ended December 31, 2016

Balance, December 31, 2015	\$	1,041
Increased by unemployment claims		<u>—</u>
		1,041
Decreased by payment of claims		<u>1,041</u>
Balance, December 31, 2016	\$	<u><u>—</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for State Unemployment Insurance  
Unemployment Insurance Trust Fund

Trust Funds

Year ended December 31, 2016

Balance, December 31, 2015	\$ <u>164,997</u>
Increased by:	
Budget appropriation	—
Employee contributions	5,080
Interest	<u>912</u>
	<u>5,992</u>
	170,989
Decreased by disbursed State of New Jersey	<u>7,342</u>
Balance, December 31, 2016	\$ <u><u>163,647</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ <u>1,343,731</u>
Increased by receipts:	
Due to Current Fund	37,250
Premium on notes	28,497
Grants collected	21,088
County grant collected	15,030
Grants collected	44,100
Deferred charge from Current Fund	29,156
Reimbursements	80,268
Bond anticipation note proceeds	1,944,717
Reserve for ambulance	5,000
Capital improvement fund	<u>50,450</u>
	<u>2,255,556</u>
	<u>3,599,287</u>
Decreased by disbursements:	
Payment of notes not renewed	52,280
Improvement authorizations	<u>1,437,983</u>
	<u>1,490,263</u>
Balance, December 31, 2016	\$ <u><u>2,109,024</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Analysis of General Capital Cash

General Capital Fund

December 31, 2016

Contracts payable	\$ 338,508
Due to Current Fund	7,971
Grants receivable	(286,135)
Reserve for ambulance	45,000
Reserve for preliminary costs	5,000
Reserve for payment of debt	19,161
Capital Improvement Fund	176,760
Fund balance	287,928

Improvement Authorizations:

<u>Ordinance number</u>	<u>Improvement description</u>		
95-5/96-5	Impvt to municipal bldg./air conditioning	\$	3,415
97-6	Impvt of municipal complex		1,127
98-10/98-15	Removal of underground storage tanks		(6,041)
00-9	Improvement to municipal property		2,216
02-5/03-6/03-7	Various improvements		17,617
02-19	Construction of fieldhouse at Clark Field		104
03-09	Acq of new and additional fire equipment		4,873
06-09	Improvement of storm water drainage system		106,148
06-29	Various improvements		53,834
06-30	Acquisition of various fire fighting equipment		3,190
07-08/08-13	Remediation of property		19,069
07-11	Acquisition of new computer equipment		6,220
08-09	Various improvements		11,756
08-10	Various improvements		6,686
08-11	Various improvements		19,020
09-04	Construction of curbs and sidewalks		18,273
09-08	Acq of new computer equipment - police		13,281
09-12	Acq of new emergency communication equip		62,452
12-06	Acq of new fire department equipment		3,442
12-12	Acq of new and additional vehicular equip		24,953
12-13	Improvements of Memorial Field		33,594
13-06	Various road improvements		151,880

(continued)

TOWNSHIP OF WASHINGTON

Schedule of Analysis of General Capital Cash

General Capital Fund

December 31, 2016

13-07	Improvement to Colonial Blvd	\$	65,814
13-10	Acquisition of radios and pagers		7,000
13-11	Various improvements		120,908
13-12	Improvement of municipal complex site		64,428
13-20	Various improvements		29,360
14-11	Fencing at Memorial Field		18,175
14-13	Various improvements		2,875
15-04	Improvement to Memorial Field		82,395
15-07	Improvement of Various Roads		88,849
15-08	Jack Woods Sr Center Flooring Replacement		2,112
15-09	Acq of new and additional vehicular equip		71,627
15-18	In-vehicle computers and patrol car radar units		1,234
15-19	Acquisition of computer equipment - police dept.		4,749
16-02	Various improvements		344,461
16-07	Various capital projects		45,503
16-09	Police hardware and peripherals		8,232
			<hr/>
		\$	2,109,024
			<hr/> <hr/>

**TOWNSHIP OF WASHINGTON**

Schedule of Amount Due from /(to) Current Fund

General Capital Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	<u>31,574</u>
Decreased by:		
Cash receipts		37,250
Expenses paid by Current Fund		<u>2,295</u>
		<u>39,545</u>
Balance, December 31, 2016 (Due To)	\$	<u><u>(7,971)</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Deferred Charges to  
Future Taxation Funded

General Capital Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ 2,872,000
Decreased by bonds paid	<u>810,000</u>
Balance, December 31, 2016	<u><u>\$ 2,062,000</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2016

Ordinance number	Description	Balance, Dec. 31, 2015	Authorizations	Notes paid	Grant Receipts	Def. Chg. Funded	Balance, Dec. 31, 2016	Analysis of balance		
								Bond anticipation notes	Expended	Unexpended balance of improvement authorizations
95-8/95-11/97-4	Imprvt to Colonial Blvd	\$ 26,648	—	—	—	3,737	22,911	—	—	22,911
96-9/97-9	Various improvements	3,363	—	—	—	3,363	—	—	—	—
98-10/98-15	Removal of underground storage tanks	25,000	—	—	—	6,917	18,083	—	6,041	12,042
99-7/05-1	Purchase of equipment	38,246	—	4,468	—	—	33,778	33,778	—	—
99-8	Various improvements	2,701	—	—	—	2,701	—	—	—	—
99-12	Purchase of equip/renovation firehouse	30,213	—	3,556	—	—	26,657	26,657	—	—
01-8	Acq of new & add'l vehicle equip	6,794	—	—	—	6,794	—	—	—	—
06-09	Impvnt of storm water drainage system	223,500	—	—	—	—	223,500	—	—	223,500
07-04	Impvnt of storm water drainage system	8,911	—	136	—	—	8,775	8,775	—	—
08-07	Construction of new park	5,644	—	—	—	5,644	—	—	—	—
12-06	Acq of new fire dept equipment	20,000	—	2,223	—	—	17,777	17,777	—	—
12-12	Acq of new & add'l vehicular equip	154,000	—	17,112	—	—	136,888	136,888	—	—
12-13	Impvnt of Memorial Field	152,000	—	5,242	—	—	146,758	146,758	—	—
13-06	Various road improvements	865,000	—	45,527	—	—	819,473	819,473	—	—
13-07	Impvnt of Colonial Blvd	136,000	—	9,119	—	—	126,881	126,881	—	—
13-11	Various improvements	207,941	—	7,527	15,030	—	185,384	185,384	—	—
13-12	Impvnt of municipal complex site	89,604	—	3,090	—	—	86,514	86,514	—	—
13-20	Various improvements	223,630	—	—	—	—	223,630	102,046	—	121,584
14-11	Fencing at Memorial Field	104,000	—	—	39,900	—	64,100	64,100	—	—
14-13	Various improvements	95,000	—	—	—	—	95,000	95,000	—	—
15-04	Impvnt to Memorial Field	142,800	—	—	—	—	142,800	142,800	—	—
15-07	Impvnt of various roads	714,000	—	—	—	—	714,000	699,800	—	14,200
15-09	Acq of new & add'l vehicular equip	728,000	—	—	—	—	728,000	653,256	—	74,744
16-02	Various improvements	—	958,550	—	—	—	958,550	958,550	—	—
		\$ 4,002,995	958,550	98,000	54,930	29,156	4,779,459	4,304,437	6,041	468,981

(continued)

TOWNSHIP OF WASHINGTON

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2016

Ordinance number	Description	Balance, Dec. 31, 2015	Authorizations	Notes paid	Grant Receipts	Def. Chg. Funded	Balance, Dec. 31, 2016	Analysis of balance		Unexpended balance of improvement authori- zations
								Bond anticipation notes	Expended	
										\$ 1,571,742
							Improvement authorizations unfunded			
							Less - Unexpended note proceeds:			
							Ordinance 12-06			3,442
							Ordinance 12-12			24,953
							Ordinance 12-13			33,594
							Ordinance 13-06			151,880
							Ordinance 13-07			65,814
							Ordinance 13-11			120,908
							Ordinance 13-12			64,428
							Ordinance 13-20			29,360
							Ordinance 14-11			18,175
							Ordinance 14-13			2,875
							Ordinance 15-04			82,395
							Ordinance 15-07			88,849
							Ordinance 15-09			71,627
							Ordinance 16-02			344,461
										<u>1,102,761</u>
										\$ <u>468,981</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	176,760
Increased by:		.
Budget appropriation		<u>50,450</u>
		227,210
Decreased by appropriated to finance improvement authorizations		<u>50,450</u>
Balance, December 31, 2016	\$	<u><u>176,760</u></u>

TOWNSHIP OF WASHINGTON

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2016

Ordinance number	Improvement description	Ordinance Original Amount	Balance, December 31, 2015		Authorizations	Expended	Reimbursements	Balance, December 31, 2016	
			Funded	Unfunded				Funded	Unfunded
95-5/96-5	Impvnt to municipal bldg/air cond	\$ 125,000	5,565	—	—	2,150	—	3,415	—
95-8/95-11/97-4	Impvnt to Colonial Blvd	545,000	—	22,911	—	—	—	—	22,911
97-6	Impvnt of municipal complex	250,000	1,127	—	—	—	—	1,127	—
98-10/98-15	Removal of underground storage tanks	150,000	—	15,202	—	3,160	—	—	12,042
00-9	Imprvt to municipal property	360,000	2,216	—	—	—	—	2,216	—
02-5/03-6/03-7	Various improvements	258,000	17,617	—	—	—	—	17,617	—
02-19	Construction of fieldhouse at Clark Field	110,000	104	—	—	—	—	104	—
03-09	Acq of new & add'l fire equipment	62,000	4,873	—	—	—	—	4,873	—
06-09	Imprvt of storm water drainage system	490,000	106,148	223,500	—	—	—	106,148	223,500
06-29	Various improvements	445,000	53,834	—	—	—	—	53,834	—
06-30	Acq. Of various fire fighting equip	48,500	3,190	—	—	—	—	3,190	—
07-08/08-13	Remediation of property	205,000	19,069	—	—	—	—	19,069	—
07-11	Acq of new computer equipment	55,000	6,220	—	—	—	—	6,220	—
08-09	Various improvements	65,000	11,756	—	—	—	—	11,756	—
08-10	Various improvements	158,500	6,686	—	—	—	—	6,686	—
08-11	Various improvements	259,500	19,020	—	—	—	—	19,020	—
09-04	Construction of curbs and sidewalks	155,000	18,273	—	—	—	—	18,273	—
09-08	Acq of new computer equipment - Police	115,000	13,281	—	—	—	—	13,281	—
09-12	Acq of new emerg communication equip	254,000	62,452	—	—	—	—	62,452	—
12-06	Acq of new fire dept equipment	21,000	—	3,664	—	222	—	—	3,442
12-12	Acq of new & add'l vehicular equip	162,000	—	25,343	—	390	—	—	24,953
12-13	Imprvt of Memorial Field	160,000	—	31,916	—	—	1,678	—	33,594
13-06	Various road improvements	908,692	—	80,749	—	—	71,131	—	151,880
13-07	Imprvt to Colonial Blvd	300,000	—	66,196	—	382	—	—	65,814
13-10	Acq of radios and pagers	7,000	7,000	—	—	—	—	7,000	—
13-11	Various improvements	285,897	—	116,310	—	—	4,598	—	120,908
13-12	Imprvt of municipal complex site	94,320	—	64,567	—	139	—	—	64,428
13-20	Various improvements	235,400	—	151,308	—	364	—	—	150,944
14-11	Fencing at Memorial Field	110,000	—	18,175	—	—	—	—	18,175
14-13	Various improvements	100,000	—	14	—	—	2,861	—	2,875
15-04	Imprvt to Memorial Field	150,000	—	82,850	—	455	—	—	82,395
15-07	Imprvt of various roads	750,000	—	155,572	—	52,523	—	—	103,049

(continued)

TOWNSHIP OF WASHINGTON

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2016

Ordinance number	Improvement description	Ordinance Original Amount	Balance, December 31, 2015		Authorizations	Expended	Reimbursements	Balance, December 31, 2016	
			Funded	Unfunded				Funded	Unfunded
15-08	Jack Woods Sr Center flooring replacement	\$ 25,000	2,112	—	—	—	—	2,112	—
15-09	Acq of new & add'l vehicular equip	765,000	—	146,999	—	628	—	—	146,371
15-18	In-vehicle computers & patrol car radar	36,000	1,269	—	—	35	—	1,234	—
15-19	Acq of computer equip - police dept	35,000	35,000	—	—	30,251	—	4,749	—
16-02	Various improvements	1,009,000	—	—	1,009,000	664,539	—	—	344,461
16-07	Various capital projects	53,000	—	—	53,000	7,497	—	45,503	—
16-09	Police hardware and peripherals	26,466	—	—	26,466	18,234	—	8,232	—
			<u>\$ 396,812</u>	<u>1,205,276</u>	<u>1,088,466</u>	<u>780,969</u>	<u>80,268</u>	<u>418,111</u>	<u>1,571,742</u>
	Deferred Charges Unfunded				\$ 958,550				
	Fund Balance				79,466				
	Capital Improvement Fund				50,450				
					<u>\$ 1,088,466</u>				
	Contracts payable				\$ 338,508				
	Paid by Current Fund				2,295				
	Encumbrances canceled				(997,817)				
	Cash				1,437,983				
					<u>\$ 780,969</u>				

**TOWNSHIP OF WASHINGTON**

Schedule of Contracts Payable

General Capital Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	997,817
Increased by contracts awarded		<u>338,508</u>
		1,336,325
Decreased		
Cancelled		<u>997,817</u>
Balance, December 31, 2016	\$	<u><u>338,508</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Payment of Debt

General Capital Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	<u>14,961</u>
Increased by:		
Ordinance 14-11 Open Space Memorial Field (excess BAN)		4,200
Ordinance 13-11 Memorial Field		<u>15,030</u>
		<u>19,230</u>
		34,191
Decreased by:		
Note non renewal paid		<u>15,030</u>
Balance, December 31, 2016	\$	<u><u>19,161</u></u>

## TOWNSHIP OF WASHINGTON

## Schedule of Bond Anticipation Notes

## General Capital Fund

Year ended December 31, 2016

Ordinance number	Purpose	Original date of issue	Date of issue	Date of maturity	Interest rate	Balance, Dec. 31, 2015	Increased	Decreased	Balance, Dec. 31, 2016
99-7/05-1	Purchase of equipment	8/8/13	8/6/15	8/5/16	1.500%	\$ 38,246	33,778	38,246	33,778
99-12	Purchase of equip/firehouse renov.	8/8/13	8/6/15	8/5/16	1.500%	30,213	26,657	30,213	26,657
07-4	Imprvt of Stormwater Drainage Sys	8/8/13	8/6/15	8/5/16	1.500%	8,911	8,775	8,911	8,775
12-06	Acq of new fire dept equipment	8/8/13	8/6/15	8/5/16	1.500%	20,000	17,777	20,000	17,777
12-12	Acq of new & additional vehicle equi	8/8/13	8/6/15	8/5/16	1.500%	154,000	136,888	154,000	136,888
12-13	Improvements to Memorial Field	8/8/13	8/6/15	8/5/16	1.500%	152,000	146,758	152,000	146,758
13-06	Various road improvements	8/8/13	8/6/15	8/5/16	1.500%	865,000	819,473	865,000	819,473
13-07	Improvements of Colonial Blvd	8/8/13	8/6/15	8/5/16	1.500%	173,250	126,881	173,250	126,881
13-11	Various improvements	8/8/13	8/6/15	8/5/16	1.500%	207,941	185,384	207,941	185,384
13-12	Improv of municipal complex site	8/8/13	8/6/15	8/5/16	1.500%	89,604	86,514	89,604	86,514
13-20	Various improvements	8/6/15	8/6/15	8/5/16	1.500%	73,835	73,835	73,835	73,835
13-20	Various improvements	8/4/16	8/4/16	8/4/16	1.500%	—	28,211	—	28,211
14-11	Fencing at memorial Field	8/4/16	8/4/16	8/4/16	1.500%	—	64,100	—	64,100
14-13	Various improvements	8/6/15	8/6/15	8/5/16	1.500%	95,000	95,000	95,000	95,000
15-04	Improvement to Memorial field	8/4/16	8/4/16	8/4/16	1.500%	—	142,800	—	142,800
15-07	Improvement of various roads	8/6/15	8/6/15	8/5/16	1.500%	602,000	602,000	602,000	602,000
15-07	Improvement of various roads	8/4/16	8/4/16	8/4/16	1.500%	—	97,800	—	97,800
15-09	Acq. of new and additional vehicles	8/4/16	8/4/16	8/4/16	1.500%	—	653,256	—	653,256
16-02	Various improvements	8/4/16	8/4/16	8/4/16	1.500%	—	958,550	—	958,550
						\$ 2,510,000	4,304,437	2,510,000	4,304,437
						Renewal	\$ 2,359,720	2,359,720	
						Issued	1,944,717	—	
						Non-renewed (Grant proceeds)	—	52,280	
						Paid from budget appropriation	—	98,000	
						\$ 4,304,437	2,510,000		

TOWNSHIP OF WASHINGTON

Schedule of Serial Bonds Payable

General Capital Fund

Year ended December 31, 2016

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2015</u>	<u>Bonds paid</u>	<u>Balance, Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Sept. 1, 2003	General Bonds of 2003	3,220,000	9/1/17	375,000	4.100			
			9/1/18	367,000	4.100	1,112,000	370,000	742,000
Oct. 1, 2011	General Bonds of 2011	3,275,000	10/1/17	440,000	3.000			
			10/1/18	440,000	3.000			
			10/1/19	440,000	3.000	1,760,000	440,000	1,320,000
						<u>\$ 2,872,000</u>	<u>810,000</u>	<u>2,062,000</u>

TOWNSHIP OF WASHINGTON

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2016

<b>Ordinance number</b>	<b>Description</b>	<b>Balance, Dec. 31, 2015</b>	<b>2016 authorizations</b>	<b>Debt Issued</b>	<b>Cancellation/ Appropriated</b>	<b>Balance, Dec. 31, 2016</b>
95-8/95-11/97-4	Improvements to Colonial Blvd.	\$ 26,648	—	—	3,737	22,911
96-9/97-9	Various Improvements	3,363	—	—	3,363	—
98-10/98-15	Removal of Underground Storage Tanks	25,000	—	—	6,917	18,083
99-8	Various Improvements	2,701	—	—	2,701	—
01-8	Acq. Of New and Add'l Vehicle Eq.	6,794	—	—	6,794	—
06-09	Improvements of Storm Water Drainage Sy	223,500	—	—	—	223,500
08-07	Construction of New Park	5,644	—	—	5,644	—
13-20	Various Improvements	149,795	—	28,211	—	121,584
14-11	Fencing at Memorial Field	104,000	—	64,100	39,900	—
15-04	Improvement to Memorial Field	142,800	—	142,800	—	—
15-07	Improvement of Various Roads	112,000	—	97,800	—	14,200
15-09	Acq. Of New and Add'l Vehicle Eq.	728,000	—	653,256	—	74,744
16-02	Various Improvements	—	958,550	958,550	—	—
		<u>\$ 1,530,245</u>	<u>958,550</u>	<u>1,944,717</u>	<u>69,056</u>	<u>475,022</u>
	Deferred charge raised in budget				\$ 29,156	
	Grants received				<u>39,900</u>	
					<u>\$ 69,056</u>	

**TOWNSHIP OF WASHINGTON**

Schedule of Grant Receivable

General Capital Fund

Year Ended December 31, 2016

	<u>Total</u>	<u>Dept of Environmental Protection Ord 06-09</u>	<u>County of Bergen Open Space Ord 13-11</u>	<u>County of Bergen Open Space Ord 14-11</u>	<u>Community Development Block Grant Ord 15-08</u>
Balance, December 31, 2015	\$ 354,024	255,000	31,135	45,000	22,889
Decreased by:					
Collections	<u>65,188</u>			<u>44,100</u>	<u>21,088</u>
Balance, December 31, 2016	<u>\$ 288,836</u>	<u>255,000</u>	<u>31,135</u>	<u>900</u>	<u>1,801</u>
Analysis of balance:					
Pledged to ordinance	\$ 286,135	255,000	31,135	—	—
Pledged to reserve	<u>2,701</u>	<u>—</u>	<u>—</u>	<u>900</u>	<u>1,801</u>
	<u>\$ 288,836</u>	<u>255,000</u>	<u>31,135</u>	<u>900</u>	<u>1,801</u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Preliminary Costs

General Capital Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ <u>5,000</u>
Balance, December 31, 2016	\$ <u><u>5,000</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Reserve for Ambulance

General Capital Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	40,000
Increased by budget appropriation		<u>5,000</u>
Balance, December 31, 2016	\$	<u><u>45,000</u></u>

**TOWNSHIP OF WASHINGTON**

Schedule of Changes in General Fixed Assets

General Fixed Assets Account Group

Year Ended December 31, 2016

<b>Category</b>	<b>Balance Dec. 31, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance Dec. 31, 2016</b>
Land	\$ 11,428,900	—	45,000	11,383,900
Buildings	2,637,529	—	—	2,637,529
General equipment and machinery	4,965,022	668,151	302,187	5,330,986
	<u>\$ 19,031,451</u>	<u>668,151</u>	<u>347,187</u>	<u>19,352,415</u>

SUPPLEMENTARY DATA

**TOWNSHIP OF WASHINGTON**

Supplementary Data

December 31, 2016

**Comparative Schedule of Tax Rate Information**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax rate	\$ 2.309	2.270	2.212
Apportionment of tax rate:			
Municipal	0.541	0.555	0.552
Library	0.036	0.035	0.035
CountyOpen Space	0.003	0.003	0.003
County	0.262	0.251	0.235
Regional school	1.467	1.426	1.387
Assessed valuation:			
2016		\$ 1,617,651,763	
2015		1,618,668,512	
2014		1,622,267,552	

**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>
2016	\$ 37,408,731	36,982,461	98.86 %
2015	36,776,001	36,391,753	98.95
2014	35,888,975	35,450,691	98.77
2013	35,403,399	34,873,160	98.50
2012	35,141,122	34,500,389	98.17

**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>
2016	\$ 6,286	384,475	390,761	1.05 %
2015	2,472	322,878	325,350	0.88
2014	1,062	382,918	383,980	1.07
2013	785	300,021	300,806	0.85
2012	2,151	315,021	317,172	0.90

(Continued)

**TOWNSHIP OF WASHINGTON**

Supplementary Data

December 31, 2016

**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>
2016	\$ 70,950
2015	70,950
2014	70,950
2013	70,950
2012	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	2016	\$ 4,918,143	1,200,000	24%
	2015	1,772,523	1,110,000	63%
	2014	2,712,049	1,325,000	49%
	2013	2,312,475	1,100,000	48%
	2012	1,793,823	920,000	51%

(Continued)

**TOWNSHIP OF WASHINGTON**

Supplementary Data

**Officials in Office and Surety Bonds**

The following officials were in office on December 31, 2016

<u>Name</u>	<u>Title</u>	<u>Amount of blanket bond</u>
Janet Sobkowicz	Mayor	
Michael Ullman	Council President	
Robert Bruno	Council Vice President	
Thomas Sears	Councilmember	
Peter Calamari	Councilmember	
Dr. Steven Casio	Councilmember	
Mary Anne Groh	Business Administrator	
Susan Withowski	Township Clerk	
Denise Marabello	Chief Financial Officer	\$ 1,000,000
Judith Curran	Tax and Collector and Tax Search Officer	1,000,000
Peter Geiger	Municipal Court Judge	1,000,000
Margaret A. Koesel	Court Administrator	1,000,000
Raymond Damiano	Tax Assessor	
Christopher P. Statile P.A.	Municipal Engineer	
Kenneth Poller	Director Department of Law/ Township Attorney	

**TOWNSHIP OF WASHINGTON**  
General Comments and Recommendations  
Year ended December 31, 2016

## 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. 16-116 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 4, 2016 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.

(Continued)

## TOWNSHIP OF WASHINGTON

### General Comments

#### **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on December 30, 2016, 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>
2016	3
2015	2

#### **Status of Prior Year Comments**

Recommendations number 1 and 4 of 2015 were resolved. The remaining recommendations are repeated below.

#### **Other Comments**

The building department does not properly prepare its monthly bank reconciliations and has signed checks which are payable to the township with amounts not completed.

Fire prevention money for annual registration fees received by mail are left unopened and undeposited in excess of 48 hours.

Employees are paid by voucher for clothing allowance and other services without going through payroll.

The recreation department improperly accepts credit card payments over the phone.

Fees for ecology permits are not collected in accordance with the township code.

The police department does not prepare bank reconciliations of its account or deposit gun permits and fire arm ID fees within 48 hours of receipt.

The hourly rate salary paid to the township attorney for additional services is incorrectly charged to an other expense budget line item rather than the salary line item. This resulted in an overexpenditure of the salary and wages line item.

Federal form I-9 proving citizenship is not completed for employees before hiring.

The senior citizen supplemental income statements were not approved by the tax collector resulting in deductions being allowed for seniors over the allowable income and without completed income information.

The payroll checking account has a \$7,724 balance and should reconcile to a zero balance.

Cat licenses are deposited in the dog trust fund instead of the Current Fund.

A planner and a general outside counsel bills were incorrectly encumbered against the tax appeal line item.

Administrator or CFO review of payrolls is not documented.

**Municipal Court:**

Checks for July and August were not disbursed by the 15<sup>th</sup> of the subsequent month.

The general account has an overage of \$1,310.

The bank is charging service charges to both accounts.

An out of town bail was deposited before being entered into the ATS/ACS system.

Violation schedules are not posted where fines are to be paid.

The reconciled bail account does not agree to the cash bail on hand per the cashbook.

There is cash bail subject to action in the amount of \$5,870 and non cash bail in the amount of \$164,617.

**Recommendations**

1. Prior years open purchase orders should be reviewed for validity and action be taken to clear of record where appropriate. \*
2. The general ledgers be reconciled to the respective subsidiary ledgers and records monthly. \*
3. Grant receivables in the General Capital Fund be reviewed for collectability. \*
4. Inactive miscellaneous reserves and appropriated grant reserves be expended or cancelled. \*
5. The building department should properly prepare its monthly bank reconciliations and not have signed checks which are payable to the township with amounts not completed.
6. Fire prevention money for registration fees received by mail should be opened and deposited in less than 48 hours of receipt.
7. Employees paid by voucher for clothing allowance and other services should be paid through payroll.
8. The recreation department should not accept credit card payments over the phone.
9. Fees for ecology permits should be collected in accordance with the township code.
10. The police department should prepare bank reconciliations of its account and deposit gun permits and fire arm ID fees within 48 hours of receipt.
11. The hourly rate salary paid to the township attorney for additional services should be charged to an salary budget line item rather than the other expense line item. This resulted in an overexpenditure of the salary and wages line item.
12. Federal form I-9 proving citizenship should be completed for employees before hiring.
13. The senior citizen supplemental income statements should be approved by the tax collector.
14. The payroll checking account balance of \$7,724 should analyzed and reduced to a zero balance.
15. Cat licenses should be deposited in the Current Fund rather than the dog trust fund.
16. The planner and a general outside counsel bills should be correctly encumbered.
17. Administrator or CFO review of payrolls should be documented.
18. Municipal Court:
  - Receipts should be disbursed by the 15<sup>th</sup> of the subsequent month.
  - The general account overage of \$1,310 be cleared.
  - The bank is charging service charges should be revered or reimbursed by the Current Fund.
  - Bail deposited and entered into the ATS/ACS system.
  - Violation schedules should be posted where fines are to be paid.
  - The reconciled bail account should agree to the cash bail on hand per the cashbook.
  - The old bail subject to action in the bail account should be reviewed and cleared.