

*TOWNSHIP OF WASHINGTON*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2012*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF WASHINGTON

COUNTY OF MORRIS

REPORT OF AUDIT

2012

TOWNSHIP OF WASHINGTON  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2012

	<u>Page</u>
<u>Part I – Financial Statements and Supplementary Data</u>	
Independent Auditors' Report	1-3
<u>Financial Statements</u>	<u>Exhibit</u>
<u>Current Fund</u>	
Comparative Balance Sheet	A
Comparative Statement of Operations and Change in Fund Balance	A-1
Statement of Revenue	A-2
Statement of Expenditures	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet	B
<u>General Capital Fund</u>	
Comparative Balance Sheet	C
Statement of Fund Balance	C-1
<u>Public Assistance Fund</u> (Not Applicable)	
<u>Bond and Interest Fund</u> (Not Applicable)	
<u>General Fixed Asset Account Group</u>	
Comparative Balance Sheet (Unaudited)	F
	<u>Page</u>
Notes to Financial Statements	1-16
<u>Supplementary Data</u>	<u>Schedule</u>
Officials in Office and Surety Bonds	1
<u>Current Fund</u>	
Schedule of Cash - Treasurer	A-4
Schedule of Cash - Collector	A-5
Schedule of Cash - Grant Funds (Not Applicable)	A-6
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-7
Schedule of Tax Title Liens Receivable	A-8
Schedule of Revenue Accounts Receivable	A-9
Schedule of 2011 Appropriation Reserves	A-10
Schedule of Local School District Taxes Payable	A-11
Schedule of Regional High School Taxes Payable	A-12
Schedule of Grants Receivable - Federal and State Grant Fund	A-13
Schedule of Appropriated Reserves - Federal and State Grant Fund	A-14
Schedule of Unappropriated Reserves - Federal and State Grant Fund	A-15
<u>Trust Funds</u>	
Schedule of Cash - Treasurer	B-1
Schedule of Reserve for Animal Control Fund Expenditures	B-2
<u>General Capital Fund</u>	
Schedule of Cash	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation - Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable	C-7
Schedule of Serial Bonds Payable	C-8
Schedule of Bonds and Notes Authorized but not Issued	C-9

TOWNSHIP OF WASHINGTON  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Page</u>
<u>Part II – Single Audit</u>	
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2
Notes to Schedules of Expenditures of Federal and State Awards	3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey’s OMB Circular 04-04	6-7
Schedule of Findings and Questioned Costs	8-9
Summary Schedule of Prior Audit Findings	10
 <u>Part III – Comments and Recommendations</u>	
Comments and Recommendations	11-14
Summary of Recommendations	15

TOWNSHIP OF WASHINGTON

PART I

INDEPENDENT AUDITORS' REPORT AND

FINANCIAL STATEMENTS AND

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2012

## Independent Auditors' Report

The Honorable Mayor and Members  
of the Township Committee  
Township of Washington  
Long Valley, New Jersey

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

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Washington, in the County of Morris (the "Township") as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, as listed in the foregoing table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as described in Note 1 to the financial statements. 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. Except as discussed in the eighth paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), 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 Township'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 Township'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.

The Honorable Mayor and Members  
of the Township Committee  
Township of Washington  
Long Valley, New Jersey  
Page 3

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, these financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws 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 the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or the changes in financial position thereof for the years then ended.

***Basis for Qualified Opinion***

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. The basis of accounting is not in conformity with U. S. generally accepted accounting principles but is in accordance with the accounting principles prescribed by the Division. As described in Note 1, based upon the underlying accounting records, we have not audited the general fixed assets account group.

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

In our opinion, except for the effects on the December 31, 2012 and 2011 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements – *regulatory basis* - referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Washington at December 31, 2012 and 2011, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the financial reporting provisions prescribed by the Division, as described in Note 1.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the

The Honorable Mayor and Members  
of the Township Committee  
Township of Washington  
Long Valley, New Jersey  
Page 3

U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

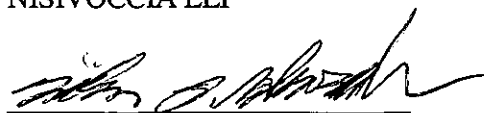
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2013 on our consideration of the Township of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Washington's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
March 25, 2013

NISIVOCCIA LLP



William F. Schroeder  
Certified Public Accountant  
Registered Municipal Accountant No. 452



TOWNSHIP OF WASHINGTON  
COUNTY OF MORRIS  
2012  
CURRENT FUND

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 3,034,373.52	\$ 3,201,798.41
Petty Cash		200.00	
Change Funds		375.00	375.00
		<u>3,034,948.52</u>	<u>3,202,173.41</u>
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	916,322.78	868,351.22
Tax Title Liens Receivable	A-8	1,830,621.70	1,686,874.84
Year End Penalty Receivable		29,282.30	17,752.31
Property Acquired for Taxes at Assessed Valuation		523,800.00	523,800.00
Revenue Accounts Receivable	A-9	11,385.70	13,681.38
Total Receivables and Other Assets		<u>3,311,412.48</u>	<u>3,110,459.75</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)		52,000.00	78,000.00
		<u>52,000.00</u>	<u>78,000.00</u>
Total Regular Fund		<u>6,398,361.00</u>	<u>6,390,633.16</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	261,692.89	267,611.31
Due from Current Fund	A	46,187.99	39,587.83
Total Federal and State Grant Fund		<u>307,880.88</u>	<u>307,199.14</u>
<u>TOTAL ASSETS</u>		<u>\$ 6,706,241.88</u>	<u>\$ 6,697,832.30</u>

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
COMPARATIVE BALANCE SHEET  
(Continued)

	Ref.	December 31,	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-10	\$ 536,790.21	\$ 349,148.20
Encumbered	A-3;A-10	396,061.51	191,808.56
Total Appropriation Reserves		<u>932,851.72</u>	<u>540,956.76</u>
Accounts Payable - Vendors		17,928.37	17,038.62
Due to:			
State of New Jersey:			
Marriage License Fees		325.00	150.00
Senior Citizens and Veterans Deductions		6,530.98	7,071.47
County Taxes Payable		19,634.48	7,013.11
Prepaid Taxes		265,040.90	314,368.92
Due to Federal and State Grant Fund	A	46,187.99	39,587.83
Reserve for:			
Sale of Municipal Assets		50,000.00	50,000.00
Third Party Tax Title Liens		1,598.91	1,598.91
Garden State Preservation Trust		15,441.00	15,441.00
Retroactive Payroll		50,000.00	272,000.00
Payroll Expenses		46,743.97	57,314.13
Revaluation Expenses		1,298.18	28,784.78
Flexible Spending Account		60.23	
		<u>1,453,641.73</u>	<u>1,351,325.53</u>
Reserve for Receivables and Other			
Assets	A	3,311,412.48	3,110,459.75
Fund Balance	A-1	<u>1,633,306.79</u>	<u>1,928,847.88</u>
Total Regular Fund		<u>6,398,361.00</u>	<u>6,390,633.16</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	296,451.09	294,329.77
Unappropriated Reserves	A-15	<u>11,429.79</u>	<u>12,869.37</u>
Total Federal and State Grant Fund		<u>307,880.88</u>	<u>307,199.14</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 6,706,241.88</u>	<u>\$ 6,697,832.30</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	Year Ended December 31,	
		2012	2011
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 870,000.00	\$ 950,000.00
Miscellaneous Revenue Anticipated		2,726,916.20	3,066,389.31
Receipts from:			
Delinquent Taxes		800,387.43	939,021.62
Current Taxes		64,921,321.18	64,854,395.31
Nonbudget Revenue		233,095.65	349,256.79
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		76,625.23	154,550.23
Cancellation of Reserve for Sale of Municipal Assets		3,123.79	3,471.85
Cancellation of Federal and State Grant Fund Appropriated Reserves		1,262.61	
Cancellation of Accounts Payable			70,532.12
Year End Penalty Received		12,997.24	17,829.31
Total Income		<u>69,645,729.33</u>	<u>70,405,446.54</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		14,286,598.82	14,486,830.51
County Taxes		7,502,331.83	7,461,262.78
School Taxes		46,832,449.15	47,011,764.31
Open Space Taxes		359,263.76	358,722.00
Prior Year Senior Citizen Deductions Disallowed		250.00	250.00
Refund of Prior Year Revenue		89,114.25	89,114.40
Cancellation of Federal and State Grant Fund Receivables		1,262.61	
Total Expenditures		<u>69,071,270.42</u>	<u>69,407,944.00</u>
Excess in Revenue		574,458.91	997,502.54
Balance January 1		1,928,847.88	1,881,345.34
		<u>2,503,306.79</u>	<u>2,878,847.88</u>
Decreased by:			
Utilized as Anticipated Revenue		870,000.00	950,000.00
Balance December 31	A	<u>\$ 1,633,306.79</u>	<u>\$ 1,928,847.88</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 870,000.00		\$ 870,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	17,500.00		17,500.00	
Other	8,000.00		5,161.90	\$ 2,838.10 *
Fees and Permits:				
Other	229,500.00		208,277.08	21,222.92 *
Fines and Costs:				
Municipal Court	199,000.00		170,576.16	28,423.84 *
Interest and Costs on Taxes	221,000.00		219,466.57	1,533.43 *
Consolidated Municipal Property Tax Relief Aid	88,832.00		88,832.00	
Energy Receipts Tax (P.L. 1999, Chapters 162 & 167)	1,321,527.00		1,321,527.00	
Reserve for Garden State Preservation Trust Fund	15,441.00		15,441.00	
Watershed Aid	799.00		799.00	
Shared Services-				
Fire Fighting	38,320.00		38,760.00	440.00
Police/Court Services	279,293.00		279,293.00	
Health	68,288.00		68,288.00	
Court Services	17,927.00		16,321.50	1,605.50 *
Body Armor Grant	5,593.53		5,593.53	
Reserve for Drunk Driving Enforcement	3,258.61		3,258.61	
Clean Communities Program Grant	39,981.94		39,981.94	
Municipal Alliance on Alcoholism and Drug Abuse	13,103.00	\$ 2,500.00	15,603.00	
Reserve for Clean Communities Program	1,292.00		1,292.00	
Reserve for Municipal Court Alcohol Education Rehabilitation Fund	2,725.23		2,725.23	

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Cont'd):				
Morris County Community Development Block Grant	\$ 37,500.00		\$ 37,500.00	
Morris County Heritage Commission	5,000.00		5,000.00	
Recreation for Individuals with Disabilities Program		\$ 5,000.00	5,000.00	
Police Click It or Ticket Grant		4,000.00	4,000.00	
General Capital Fund Balance	10,922.74		10,922.74	
Washington Library - Pension Contribution	63,916.86		63,916.86	
Cell Tower Rental	20,400.00		20,400.00	
Uniform Construction Code Services	23,636.27		52,717.20	\$ 29,080.93
I.T./Web Services	5,170.00		8,713.75	3,543.75
Reserve for First Aid Equipment	48.13		48.13	
	<u>2,737,975.31</u>	<u>11,500.00</u>	<u>2,726,916.20</u>	<u>22,559.11 *</u>
Receipts from Delinquent Taxes	<u>825,000.00</u>		<u>800,387.43</u>	<u>24,612.57 *</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	10,205,692.00		10,590,844.93	385,152.93
Minimum Library Tax	1,016,431.51		1,016,431.51	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>11,222,123.51</u>		<u>11,607,276.44</u>	<u>385,152.93</u>
Budget Totals	15,655,098.82	11,500.00	16,004,580.07	337,981.25
Nonbudget Revenue			233,095.65	233,095.65
	<u>\$ 15,655,098.82</u>	<u>\$ 11,500.00</u>	<u>\$ 16,237,675.72</u>	<u>\$ 571,076.90</u>

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2012  
(continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:		
Collection of Current Taxes		\$ 64,921,321.18
Allocated to:		
School and County Taxes	\$ 54,334,780.98	
Reserve for Open Space Trust Fund	359,263.76	
		54,694,044.74
		10,227,276.44
Add: Appropriation "Reserve for Uncollected Taxes"		1,380,000.00
Realized for Support of Municipal Budget		\$ 11,607,276.44

Fees and Permits - Other:

Treasurer:		
Township Clerk		\$ 67,444.64
Road Opening Permits		3,700.00
Farmland Inspection Fee		425.00
Police		45,772.14
Tax Collector		925.00
Planning Board/Board of Adjustments		11,156.37
Zoning		12,180.00
Police Impound		4,027.00
Fire Safety		14,047.00
Health Officer		34,354.75
Recreation		13,995.18
Registrar		250.00
		\$ 208,277.08

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2012  
(continued)

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Prior Year Storm Reimbursement-FEMA	\$ 88,910.88
Interest Earned and Deposited into Current Fund	5,838.89
Various Prior Year Reimbursements	9,640.33
Inspection Fines	3,044.00
Insurance Refunds	7,566.75
Fire Safety Fees	14,262.93
Police Service Fees	54,355.90
Medicare Reimbursement -Flu Shots	4,188.36
Other Miscellaneous Reimbursements	45,287.61
	<u>\$ 233,095.65</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Within "CAPS":				
GENERAL GOVERNMENT:				
Administrative and Executive:				
Salaries and Wages	\$ 451,327.00	\$ 444,327.00	\$ 429,517.35	\$ 14,809.65
Other Expenses	77,050.00	77,050.00	69,528.49	7,521.51
Mayor and Council:				
Other Expenses	1,301.00	1,301.00	1,285.00	16.00
Municipal Clerk:				
Salaries and Wages	6,248.00	6,248.00	6,248.00	
Other Expenses	12,400.00	13,400.00	12,493.29	906.71
Financial Administration:				
Salaries and Wages	98,332.00	98,332.00	96,412.00	1,920.00
Other Expenses	6,988.00	6,988.00	6,988.00	
Audit Services	26,265.00	26,265.00	26,265.00	
IT/Website/Data Processing:				
Other Expenses	12,739.00	12,739.00	8,999.75	3,739.25
Collection of Taxes:				
Salaries and Wages	91,785.00	88,785.00	77,841.15	10,943.85
Other Expenses	12,731.00	12,731.00	12,509.99	221.01
Assessment of Taxes:				
Salaries and Wages	98,225.00	101,225.00	99,290.53	1,934.47
Other Expenses	10,220.00	10,220.00	7,719.56	2,500.44
Legal Services and Costs:				
Other Expenses	134,000.00	134,000.00	117,387.16	16,612.84

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	Appropriations		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operations Within "CAPS" (Cont'd):				
GENERAL GOVERNMENT (continued):				
Engineering Services and Costs:				
Other Expenses	\$ 18,675.00	\$ 18,675.00	\$ 17,532.46	\$ 1,142.54
Historic Preservation:				
Other Expenses	792.00	792.00	287.40	504.60
Planning Board:				
Salaries and Wages	23,868.00	23,868.00	19,626.84	4,241.16
Other Expenses	10,505.00	15,505.00	13,284.60	2,220.40
Zoning Officer:				
Salaries and Wages	15,000.00	15,000.00	14,600.00	400.00
Other Expenses	2,500.00	2,500.00	206.07	2,293.93
Insurance:				
Other Liability Insurance Premiums	239,599.00	239,599.00	219,173.82	20,425.18
Workers Compensation	152,829.00	152,829.00	149,826.31	3,002.69
Group Insurance Plan for Employees	1,472,321.00	1,472,321.00	1,447,963.88	24,357.12
PUBLIC SAFETY:				
Police:				
Salaries and Wages	2,783,049.00	2,783,049.00	2,697,297.01	85,751.99
Other Expenses	72,600.00	72,600.00	59,641.13	12,958.87
Purchase of Police Cars	66,000.00	66,000.00	65,053.34	946.66
Joint Police, Fire and First Aid Communications:				
Other Expenses	338,286.00	338,286.00	330,327.37	7,958.63

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Within "CAPS" (Cont'd):				
PUBLIC SAFETY (continued):				
Office of Emergency Management:				
Salaries and Wages	\$ 1,000.00	\$ 2,000.00	\$ 2,000.00	
Other Expenses	462.00	462.00	408.37	\$ 53.63
Radio Maintenance:				
Other Expenses	4,000.00	4,000.00	465.00	3,535.00
Fire:				
Other Expenses:				
Miscellaneous Other Expenses	71,304.00	71,304.00	68,145.82	3,158.18
Fire Hydrant Service	4,080.00	4,080.00	4,080.00	
First Aid Organization - Contribution	46,654.00	46,654.00	42,154.01	4,499.99
Fire Safety Act:				
Salaries and Wages	21,185.00	21,185.00	19,286.93	1,898.07
Other Expenses	3,050.00	3,050.00	2,801.53	248.47
Municipal Prosecutor:				
Other Expenses	12,250.00	12,250.00	8,400.00	3,850.00
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries and Wages	1,849,516.00	1,849,516.00	1,805,174.09	44,341.91
Other Expenses	641,197.00	641,197.00	511,777.45	129,419.55
Shade Trees:				
Other Expenses	1,095.00	1,095.00	215.00	880.00

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	Appropriations		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operations Within "CAPS" (Cont'd):				
OTHER MUNICIPAL SERVICES (continued):				
Public Buildings and Grounds:				
Other Expenses	\$ 51,515.00	\$ 51,515.00	\$ 48,020.34	\$ 3,494.66
Community Services Act	1,500.00	1,500.00		1,500.00
HEALTH AND WELFARE:				
Board of Health:				
Salaries and Wages	185,856.00	185,856.00	174,054.34	11,801.66
Other Expenses	23,040.00	23,040.00	19,595.78	3,444.22
Environmental Commission (R.S.40:56A-1 et seq):				
Other Expenses	605.00	605.00		605.00
RECREATION AND EDUCATION:				
Recreation and Education:				
Salaries and Wages	39,698.00	39,698.00	39,027.00	671.00
Other Expenses	4,600.00	4,600.00	3,659.95	940.05
Senior Citizens Program:				
Salaries and Wages	70,824.00	70,824.00	56,045.67	14,778.33
Other Expenses	3,250.00	3,250.00	3,250.00	
Field Maintenance:				
Other Expenses	25,970.00	25,970.00	22,543.12	3,426.88
Utility Expenses and Bulk Purchases	487,000.00	487,000.00	473,712.71	13,287.29

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Within "CAPS" (Cont'd):				
Municipal Court:				
Salaries and Wages	\$ 104,267.00	\$ 104,267.00	\$ 95,569.26	\$ 8,697.74
Other Expenses	9,745.00	9,745.00	7,488.19	2,256.81
Public Defender:				
Other Expenses	2,400.00	2,400.00	751.49	1,648.51
<b>Total Operations Within "CAPS"</b>	<b>9,901,698.00</b>	<b>9,901,698.00</b>	<b>9,415,931.55</b>	<b>485,766.45</b>
Detail:				
Salaries and Wages	5,840,180.00	5,834,180.00	5,631,990.17	202,189.83
Other Expenses	4,061,518.00	4,067,518.00	3,783,941.38	283,576.62
Statutory Expenditures:				
Contributions to:				
Public Employees' Retirement System	439,599.00	439,599.00	439,599.00	
Social Security System (O.A.S.I.)	490,467.00	490,467.00	458,693.87	31,773.13
Police and Firemen's Retirement System of New Jersey	632,807.00	632,807.00	632,807.00	
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00	
Defined Contribution Retirement Program	1,000.00	1,000.00	644.43	355.57
<b>Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</b>	<b>1,573,873.00</b>	<b>1,573,873.00</b>	<b>1,541,744.30</b>	<b>32,128.70</b>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>11,475,571.00</b>	<b>11,475,571.00</b>	<b>10,957,675.85</b>	<b>517,895.15</b>

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Excluded from "CAPS":				
Group Insurance Plan for Employees	\$ 14,652.00	\$ 14,652.00	\$ 14,652.00	
Maintenance of Free Public Library	1,016,431.51	1,016,431.51	1,016,431.51	
LOSAP Program	69,000.00	69,000.00	68,425.00	\$ 575.00
Shared Service Agreements:				
Fire Fighting:				
Other Expenses	38,320.00	38,320.00	38,320.00	
Police/Court Services:				
Salaries and Wages	279,293.00	279,293.00	279,293.00	
Health:				
Salaries and Wages	68,288.00	68,288.00	68,288.00	
Court:				
Salaries and Wages	17,927.00	17,927.00	17,927.00	
State and Federal Programs Offset by Revenues:				
Reserve for Body Armor Grant	5,593.53	5,593.53	5,593.53	
Reserve for Drunk Driving Enforcement Fund	3,258.61	3,258.61	3,258.61	
Clean Communities Program	39,981.94	39,981.94	39,981.94	
Municipal Alliance on Alcoholism and Drug Abuse (N.J.S.A. 40A:4-87 + \$2,500)	13,103.00	15,603.00	15,603.00	

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Excluded from "CAPS" (Cont'd):				
State and Federal Programs Offset by Revenues: (Cont'd)				
Reserve for Clean Communities Program	\$ 1,292.00	\$ 1,292.00	\$ 1,292.00	
Reserve for Municipal Court Alcohol Education Rehabilitation Fund	2,725.23	2,725.23	2,725.23	
Morris County Community Development Block Grant	37,500.00	37,500.00	37,500.00	
Morris County Heritage Commission	5,000.00	5,000.00	5,000.00	
Recreation for Individuals with Disabilities (N.J.S.A. 40A:4-87 + \$5,000)		5,000.00	5,000.00	
Police Click It or Ticket Grant (N.J.S.A. 40A:4-87 + \$4,000)		4,000.00	4,000.00	
<b>Total Operations Excluded from "CAPS"</b>	<u>1,612,365.82</u>	<u>1,623,865.82</u>	<u>1,623,290.82</u>	<u>\$ 575.00</u>
Detail:				
Salaries and Wages	365,508.00	365,508.00	365,508.00	
Other Expenses	1,246,857.82	1,258,357.82	1,257,782.82	575.00
Capital Improvements-Excluded from "CAPS":				
Capital Improvement Fund	64,100.00	64,100.00	64,100.00	
Police Equipment	11,825.00	11,825.00	11,536.67	288.33
DPW Equipment	37,525.00	37,525.00	37,313.63	211.37
Communication Equipment	60,800.00	60,800.00	58,189.60	2,610.40
Emergency Services Equipment	219,000.00	219,000.00	203,790.04	15,209.96
Compuer/Technology Upgrade	1,750.00	1,750.00	1,750.00	
<b>Total Capital Improvements Excluded from "CAPS"</b>	<u>395,000.00</u>	<u>395,000.00</u>	<u>376,679.94</u>	<u>18,320.06</u>

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Municipal Debt Service Excluded from "CAPS":				
Payment of Bond Principal	\$ 449,810.00	\$ 449,810.00	\$ 449,810.00	
Interest on Bonds	316,352.00	316,352.00	316,352.00	
Total Municipal Debt Service Excluded from "CAPS"	<u>766,162.00</u>	<u>766,162.00</u>	<u>766,162.00</u>	
Deferred Charges - Municipal - Excluded from "CAPS":				
Special Emergency Authorizations	26,000.00	26,000.00	26,000.00	
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>26,000.00</u>	<u>26,000.00</u>	<u>26,000.00</u>	
Total General Appropriations Excluded from "CAPS"	<u>2,799,527.82</u>	<u>2,811,027.82</u>	<u>2,792,132.76</u>	\$ 18,895.06
Subtotal General Appropriations	14,275,098.82	14,286,598.82	13,749,808.61	536,790.21
Reserve for Uncollected Taxes	<u>1,380,000.00</u>	<u>1,380,000.00</u>	<u>1,380,000.00</u>	
Total General Appropriations	<u>\$ 15,655,098.82</u>	<u>\$ 15,666,598.82</u>	<u>\$ 15,129,808.61</u>	<u>\$ 536,790.21</u>

Ref.

A



TOWNSHIP OF WASHINGTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(continued)

		Analysis of	
<u>Ref.</u>	<u>Budget After</u>	<u>Modification</u>	<u>Paid or</u>
			<u>Charged</u>
Adopted Budget	\$	15,655,098.82	
Additional Appropriations (N.J.S.A. 40A:4-87)		11,500.00	
	\$	15,666,598.82	
Reserve for Uncollected Taxes			\$ 1,380,000.00
Cash Disbursed			13,921,406.36
Due to Federal and State Grant Fund			119,954.31
Deferred Charges			26,000.00
Encumbrances	A		396,061.51
			15,843,422.18
Less: Refunds Received			713,613.57
			\$ 15,129,808.61

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON  
COUNTY OF MORRIS  
2012  
TRUST FUNDS

TOWNSHIP OF WASHINGTON  
COMPARATIVE BALANCE SHEET - TRUST FUNDS

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 5,329.49	\$ 3,933.38
Change Fund - Collector		50.00	50.00
		<u>5,379.49</u>	<u>3,983.38</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	2,093,704.19	2,323,657.80
		<u>2,093,704.19</u>	<u>2,323,657.80</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,099,083.68</u>	<u>\$ 2,327,641.18</u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-2	\$ 5,377.09	\$ 3,983.38
Due to State Board of Health		2.40	
		<u>5,379.49</u>	<u>3,983.38</u>
Other Trust Funds:			
Due to State of New Jersey:			
Training Fees		5,110.09	10,636.89
Reserve for:			
Open Space Trust Fund		299,796.78	278,840.86
State Unemployment Insurance Trust Fund		6,460.05	22,044.18
Developers' Deposits		689,047.75	626,640.10
Sidewalk Improvements		10,225.00	
Recreation		46,761.88	32,809.06
Recycling		19,461.02	23,071.47
Forfeited Assets		4,348.47	2,770.42
State Uniform Construction Code		113,593.97	165,847.47
Mansfield Uniform Construction Code		21,848.15	8,165.11
Housing Trust		575,421.45	1,038,960.66
Tax Sale Premium		256,900.00	73,800.00
Municipal Alliance Fund		7,680.00	3,080.00
Parking Offense Adjudication Fees		555.55	497.55
Snow Removal Costs		36,494.03	36,494.03
		<u>2,093,704.19</u>	<u>2,323,657.80</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 2,099,083.68</u>	<u>\$ 2,327,641.18</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON  
COUNTY OF MORRIS  
2012  
GENERAL CAPITAL FUND

TOWNSHIP OF WASHINGTON  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 763,591.90	\$ 1,501,758.13
Due From Washington Board of Education		650,000.00	
Morris County Open Space Grant		79,800.00	
Deferred Charges to Future Taxation:			
Funded		10,450,000.00	11,000,000.00
Unfunded	C-4	385,000.00	
<u>TOTAL ASSETS</u>		<u>\$ 12,328,391.90</u>	<u>\$ 12,501,758.13</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 10,450,000.00	\$ 11,000,000.00
Improvement Authorizations:			
Funded	C-5	1,364,179.07	1,196,024.08
Unfunded	C-5	223,602.77	
Capital Improvement Fund	C-6	86,384.80	87,284.80
Reserve for First Aid Equipment			48.13
Fund Balance	C-1	204,225.26	218,401.12
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 12,328,391.90</u>	<u>\$ 12,501,758.13</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 218,401.12
Increased by:		
Improvement Authorizations Cancelled		561,746.88
		<u>780,148.00</u>
Decreased by:		
Appropriated to 2012 Budget Revenue - Current Fund		\$ 10,922.74
Appropriated to Finance Improvement Authorizations		565,000.00
		<u>575,922.74</u>
Balance December 31, 2012	C	<u>\$ 204,225.26</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF WASHINGTON  
COUNTY OF MORRIS  
2012  
GENERAL FIXED ASSETS ACCOUNT GROUP  
  
(UNAUDITED)

TOWNSHIP OF WASHINGTON  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET  
(UNAUDITED)

	December 31,	
	2012	2011
<u>ASSETS</u>		
Land	\$ 4,879,000.00	\$ 4,879,000.00
Building	9,911,467.43	9,911,467.43
Equipment and Vehicles	5,979,711.75	5,979,711.75
<u>TOTAL ASSETS</u>	\$ 20,770,179.18	\$ 20,770,179.18
 <u>RESERVE</u>		
Reserve for Fixed Assets	\$ 20,770,179.18	\$ 20,770,179.18
<u>TOTAL RESERVE</u>	\$ 20,770,179.18	\$ 20,770,179.18

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Washington include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Washington, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Washington do not include the operations of the municipal library, or volunteer fire and first aid squads.

Governmental Accounting Standards Board ("GASB") *Codification of Government Accounting and Financial Reporting Standards*, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Washington conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Washington accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

General Fixed Assets Account Group (Unaudited) - estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting policies of the Township of Washington conform to the accounting principles applicable to municipalities which have been prescribed by the Division, which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow:

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the Current Fund when it is budgeted, and in the Capital Fund when improvements are authorized. The amounts recorded as property taxes receivable have not been included in revenue. Other amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the 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 cancelled 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.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received; and inventories would not be reflected as expenditures at the time of purchase.

The cash basis of accounting is followed in the Trust and Capital Funds.

- D. Deferred Charges to Future Taxation – The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by issuing loans or by capital lease purchase agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments, if any, are stated at cost or amortized cost, which approximates market.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Fixed Assets – Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

General Fixed Assets (Unaudited) - General fixed assets are recorded at cost, except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund and the General Capital Fund. The values recorded in the General Fixed Assets Account Group and the Current Fund and General Capital Fund may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

F. Budget/Budgetary Control

Annual appropriated budgets are usually prepared in the first quarter for the Current operating and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit and taxing power have been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2012	2011	2010
<u>Issued</u>			
General Bonds and Notes	\$ 10,450,000.00	\$ 11,000,000.00	\$ 10,638,500.00
Authorized but Not Issued:			
General	385,000.00		
<u>Less</u>			
Reserve to Pay Debt Service			51,456.18
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 10,835,000.00</u>	<u>\$ 11,000,000.00</u>	<u>\$ 10,689,956.18</u>

Summary of Municipal Debt Issued and Outstanding – Prior and Current Year

	Balance	Additions	Retirements	Balance
	12/31/2010			12/31/2011
General Capital Fund:				
Serial Bonds	\$ 579,000.00	\$ 11,000,000.00	\$ 579,000.00	\$ 11,000,000.00
Bond Anticipation Notes	10,059,500.00		10,059,500.00	
Total	<u>\$ 10,638,500.00</u>	<u>\$ 11,000,000.00</u>	<u>\$ 10,638,500.00</u>	<u>\$ 11,000,000.00</u>
	Balance	Additions	Retirements	Balance
	12/31/2011			12/31/2012
General Capital Fund:				
Serial Bonds	\$ 11,000,000.00		\$ 550,000.00	\$ 10,450,000.00
Total	<u>\$ 11,000,000.00</u>	<u>\$ -0-</u>	<u>\$ 550,000.00</u>	<u>\$ 10,450,000.00</u>

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 2: Long-Term Debt (Cont'd)

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 .358%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 13,070,000.00	\$ 13,070,000.00	
Regional School District Debt	7,084,903.16	7,084,903.16	
General Debt	<u>10,835,000.00</u>		<u>\$ 10,835,000.00</u>
	<u>\$ 30,989,903.16</u>	<u>\$ 20,154,903.16</u>	<u>\$ 10,835,000.00</u>

Net Debt \$10,835,000.00 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$3,023,434,118.33 = .358%.

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 105,820,194.14
Net Debt	<u>10,835,000.00</u>
Remaining Borrowing Power	<u>\$ 94,985,194.14</u>

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonded Debt Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 570,000.00	\$ 375,443.75	\$ 945,443.75
2014	595,000.00	363,793.75	958,793.75
2015	620,000.00	348,543.75	968,543.75
2016	645,000.00	329,568.75	974,568.75
2017	670,000.00	309,843.75	979,843.75
2018-2022	3,775,000.00	1,133,468.75	4,908,468.75
2023-2026	<u>3,575,000.00</u>	<u>310,090.63</u>	<u>3,885,090.63</u>
	<u>\$10,450,000.00</u>	<u>\$ 3,170,753.13</u>	<u>\$13,620,753.13</u>

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 3: Fund Balances Appropriated

Fund Balance of \$870,000 at December 31, 2012 has been appropriated as revenue in the 2013 Current Fund budget.

Note 4: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Washington has elected not to defer school taxes.

Note 5: Pension Plans

Township employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the PFRS or the PERS. However, if an employee is ineligible to enroll in the PFRS or the PERS, the employee may be eligible to enroll in the DCRP.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS, the contribution rate was 6.5% of base salary from October 1, 2011 thru June 30, 2012 and increased to 6.64% effective July 1, 2012. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3%

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 5: Pension Plans (Cont'd)

employer contribution. Township contributions to PFRS amounted to \$632,807, \$799,850 and \$603,722 for 2012, 2011 and 2010, respectively. Township contributions to PERS amounted to \$439,599, \$446,255 and \$398,960 for 2012, 2011 and 2010, respectively. Township contributions to DCRP amounted to \$1,181.44 for 2012, and employee contributions were \$644.43 for 2012.

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$30,532.39 at December 31, 2012. The Township also permits employees to accrue earned compensation time. The estimated current cost of this time is approximately \$301,189.56 at December 31, 2012. These amounts are not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's operating expenditures in the year in which it is used.

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after March 8 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	<u>2.336</u>	<u>2.333</u>	<u>2.318</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.397 *	.391 *	.384
Municipal Open Space	.012	.012	.013
County	.249	.245	.242
County Open Space	.017	.020	.027
Local School	1.135	1.136	1.131
Regional High School	.526	.529	.521
<u>Assessed Valuations</u>			
2012	<u>\$ 2,821,869,446</u>		
2011		<u>\$ 2,824,582,992</u>	
2010			<u>\$ 2,820,516,022</u>

\*

Includes Municipal Library Tax



TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2012	\$ 66,087,696.82	\$ 64,921,321.18	98.23%
2011	65,959,041.95	64,854,395.31	98.32%
2010	65,463,710.06	64,353,743.86	98.30%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 8: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

Property and Liability

The Township of Washington is a member of the Morris County Municipal Joint Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain employee benefits for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 8: Risk Management (Cont'd)

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The December 31, 2012 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Summarized, selected financial information for the Fund as of December 31, 2011 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	\$ 25,146,526
Net Position	\$ 11,920,742
Total Revenue	\$ 17,214,724
Total Expenditures	\$ 16,582,186
Change in Net Position	\$ 632,538
Members Dividends	\$ -0-

Financial statements for the Fund are available at the Office of the Executive Director:

Morris County Municipal Joint Insurance Fund  
PERMA Risk Management Services  
9 Campus Drive, Suite 16  
Parsippany, New Jersey 07054  
(201) 881-7632

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 8: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township and employee contributions and reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 10,000.00	\$ 13,073.11	\$ 38,657.24	\$ 6,460.05
2011	-0-	16,729.83	22,473.70	22,044.18
2010	-0-	13,881.21	23,220.90	27,788.05

Note 9: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following pages.

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 (FDIC), or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

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

The market value of the collateral must equal 5% of the average daily balance of public funds; and

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

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

Investments

New Jersey statutes permit the Township to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

- (d) the underlying securities are purchased through a public depository as defined in statute; and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2012, cash and cash equivalents of the Township of Washington consisted of the following:

<u>Fund</u>	<u>Savings and Checking Accounts</u>	<u>Petty Cash/ Change Funds</u>	<u>Money Market Accounts</u>	<u>Totals</u>
Current	\$ 2,919,370.09	\$ 575.00	\$ 115,003.43	\$ 3,034,948.52
Animal Control	5,329.49	50.00		5,379.49
Other Trust	2,093,704.19			2,093,704.19
General Capital	763,591.90			763,591.90
	<u>\$ 5,781,995.67</u>	<u>\$ 625.00</u>	<u>\$ 115,003.43</u>	<u>\$ 5,897,624.10</u>

At December 31, 2012, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2012, was \$5,897,624.10 and the bank balance was \$6,798,876.29.

Note 10: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charge is shown on the balance sheet of the Current Fund:

	<u>Balance Dec. 31, 2012</u>	<u>2013 Required Budget Appropriation</u>	<u>Balance Deferred to Succeeding Years' Budgets</u>
Current Fund:			
Special Emergency Authorization	\$ 52,000.00	\$ 26,000.00	\$ 26,000.00

The appropriation in the 2013 budget is not less than that required by statute.

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 11: Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 46,187.99
Federal and State Grant Fund:	\$ 46,187.99	
	<u>\$ 46,187.99</u>	<u>\$ 46,187.99</u>

The Chief Financial Officer monitors all interfunds for these accounts and liquidates them periodically throughout the year. The balances remaining at December 31, 2012, represent activity not liquidated by year end which were subsequently liquidated in 2013.

Note 12: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2012.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 13: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

Note 14: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation in 1993. The funds collected are used to acquire and maintain open space property in the Township. The balances in the Open Space Trust Fund at December 31, 2012 and 2011 were \$299,796.78 and \$278,840.86 respectively.

Note 15: Deferred Compensation Plans

The Township offers its employees a deferred compensation plan (the "plan") created in accordance with Section 457 of the Internal Revenue Code. The plan, which is administered by Nationwide Retirement Solutions, is available to all Township employees and permit participants

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 15: Deferred Compensation Plans (Cont'd)

to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 16: Post-Retirement Benefits

In addition to the pension benefits described in Note 5, the Township provides other post-retirement benefits to certain Township employees after retirement, substantially similar in nature to the health benefits provided to employees presently working.

The Township contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

The Township provides post-retirement benefits to Township employees who meet the following criteria. The benefits are as follows:

If retiring with twenty-five years or more of pension contributions and between zero and twenty-five years of service with the Township, depending on when the employee was hired and which bargaining contract the employee falls under, the Township will pay health benefits premiums until the employee reaches the age of sixty-five. Should the retiree die, the widow(er) will be offered coverage through New Jersey State Health Benefits Program at his/her expense. The Township does not pay for coverage of the survivors.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to:

State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 16: Post-Retirement Benefits (Cont'd)

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis.

The Township's portion of post-retirement benefits is funded on a pay-as-you go basis from the Current Fund operating budget. During 2012 and 2011, the Township had approximately 19 and 22 employees who met eligibility requirements and recognized expenses of approximately \$447,565 and \$431,186.71 respectively.



TOWNSHIP OF WASHINGTON

SUPPLEMENTARY DATA

TOWNSHIP OF WASHINGTON  
OFFICIALS IN OFFICE AND SURETY BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

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

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Kenneth W. Short	Mayor		
William Roehrich	Vice Mayor		
Dave Kennedy	Committeeman		
James LiaBraaten	Committeeman		
Tracy Tobin	Committeeman		
Deborah Burd	Administrator; Acting Township Clerk		
Kevin Lifer	Township Treasurer / Chief Financial Officer	\$ 1,000,000.00	(B)
Ann Marie Obiedzinski	Tax Assessor		
Amy Monahan	Tax Collector	1,000,000.00	(B)
John Jansen	Township Attorney		
Leon Hall	Township Engineer		
Frank Leanza	Magistrate	1,000,000.00	(A)
Jan Simonetti	Court Administrator	1,000,000.00	(A)
Marcella Hoover	Deputy Court Administrator	1,000,000.00	(A)
Maryann O'Donnell McCoy	Municipal Prosecutor		
Michael Bailey	Chief of Police		
Scott Frech	Superintendent, Department of Public Works		
Neil Ruggiero	Construction Official		
Barbara Margoese	Planning and Zoning Board Secretary, Zoning Officer		

(A) There is a Public Employee's Faithful Performance Policy with the MCMJIF covering all employees for \$50,000 and with MELJIF covering all employees for \$950,000 for the year 2012.

(B) The employees are covered through the Public Employee's Faithful Performance Policy as noted above, but are also individually identified as covered, per state statute, for the year 2012.

TOWNSHIP OF WASHINGTON  
COUNTY OF MORRIS  
2012  
CURRENT FUND

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 3,201,798.41
Increased by Receipts:		
Tax Collector		\$ 66,115,560.27
Revenue Accounts Receivable		2,372,054.32
Miscellaneous Revenue Not Anticipated		233,095.65
Due from State of N.J. - Veterans' and Senior Citizens' Deductions		109,000.00
Appropriation Refunds		713,613.57
Appropriation Reserve Refunds		51,453.94
Due Federal and State Grant Fund:		
Unappropriated Grant Reserves		11,429.79
Grants Receivable		111,740.75
Due to State of New Jersey:		
Marriage License Fees		1,175.00
Reserve for:		
Garden State Preservation Trust		15,441.00
Payroll Expenses		46,743.97
Sale of Municipal Assets		3,377.00
Flexible Spending Account		60.23
		<hr/>
		69,784,745.49
		<hr/>
		72,986,543.90
Decreased by Disbursements:		
2012 Appropriation Expenditures		13,921,406.36
2011 Appropriation Reserves		454,470.72
County Taxes		7,489,710.46
Local School District Taxes		32,007,130.00
Regional High School Taxes		14,825,319.15
Petty Cash		200.00
Due Federal and State Grant Fund:		
Appropriated Grant Reserves		116,570.38
Due Other Trust:		
Reserve for Open Space Trust Fund		359,263.76
Tax Overpayments Refunded		67,767.69
Refund of Prior Year Revenue		89,114.25
Accounts Payable		10,425.00
Third Party Tax Title Lien Refunds		252,738.67
Reserve for Sale of Municipal Assets		253.21
Reserve for Revaluation Expenses		27,486.60
Reserve for Retroactive Payroll		272,000.00
Reserve for Payroll Expenses		57,314.13
Due to State of New Jersey:		
Marriage License Fees		1,000.00
		<hr/>
		69,952,170.38
		<hr/>
Balance December 31, 2012	A	\$ 3,034,373.52

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2012

## Increased by Receipts:

Taxes Receivable	\$ 65,297,549.20	
2013 Prepaid Taxes	265,040.90	
Year End Penalty	12,997.24	
Interest and Costs on Taxes	219,466.57	
Tax Overpayments	67,767.69	
Third Party Tax Title Liens	<u>252,738.67</u>	
		\$ 66,115,560.27

## Decreased by:

Payments to Treasurer		<u>\$ 66,115,560.27</u>
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SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2012 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Trans- ferred to Tax Title Liens	Balance
	Dec. 31, 2011		2011	2012				Dec. 31, 2012
2011	\$ 868,351.22			\$ 800,387.43	\$ (250.00)	\$ 40,612.48	\$ 681.24	\$ 26,920.07
2012		\$ 66,087,696.82	\$ 314,368.92	64,497,161.77	109,790.49	134,002.72	142,970.21	889,402.71
	<u>\$ 868,351.22</u>	<u>\$ 66,087,696.82</u>	<u>\$ 314,368.92</u>	<u>\$ 65,297,549.20</u>	<u>\$ 109,540.49</u>	<u>\$ 174,615.20</u>	<u>\$ 143,651.45</u>	<u>\$ 916,322.78</u>

Ref. A

A

Analysis of 2012 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 65,825,106.91	
Business Personal Property Taxes	93,763.84	
Added and Omitted Taxes	168,826.07	
		<u>\$ 66,087,696.82</u>

Tax Levy:

Regional High School Taxes	\$ 14,825,319.15	
Local School District Taxes	32,007,130.00	
		\$ 46,832,449.15
Municipal Open Space Taxes		359,263.76
County Taxes	7,482,697.35	
Due County for Added and Omitted Taxes	19,634.48	
		<u>7,502,331.83</u>
		54,694,044.74
Local Tax for Municipal Purposes Levied	10,205,692.00	
Municipal Library Tax	1,016,431.51	
Add: Additional Tax Levied	171,528.57	
		<u>11,393,652.08</u>
		<u>\$ 66,087,696.82</u>

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2011	A		\$ 1,686,874.84
Increased by:			
Transfer from Taxes Receivable		\$ 143,651.45	
Interest and Costs Accrued at Tax Sale		<u>95.41</u>	
			<u>143,746.86</u>
Balance December 31, 2012	A		<u>\$ 1,830,621.70</u>

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec 31, 2011</u>	<u>Accrued In</u> <u>2012</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec 31, 2012</u>
<b>Licenses:</b>				
Alcoholic Beverages		\$ 17,500.00	\$ 17,500.00	
Other		5,161.90	5,161.90	
<b>Fees and Permits:</b>				
Other		208,277.08	208,277.08	
Municipal Court	\$ 13,681.38	168,280.48	170,576.16	\$ 11,385.70
Consolidated Municipal Property Tax Relief		88,832.00	88,832.00	
Energy Receipts Taxes		1,321,527.00	1,321,527.00	
Watershed Aid		799.00	799.00	
<b>Interlocal Governmental Services:</b>				
Fire Fighting		38,760.00	38,760.00	
Police/Court Services		279,293.00	279,293.00	
Health		68,288.00	68,288.00	
Court Services		16,321.50	16,321.50	
General Capital Fund Balance		10,922.74	10,922.74	
Washington Library - Pension Contribution		63,916.86	63,916.86	
Cell Tower Rental		20,400.00	20,400.00	



TOWNSHIP OF WASHINGTON  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance Dec 31, 2011</u>	<u>Accrued In 2012</u>	<u>Collected by Treasurer</u>	<u>Balance Dec 31, 2012</u>
Uniform Construction Code Services		\$ 52,717.20	\$ 52,717.20	
I.T./Web Services		8,713.75	8,713.75	
Reserve for First Aid Equipment		48.13	48.13	
	<u>\$ 13,681.38</u>	<u>\$ 2,369,758.64</u>	<u>\$ 2,372,054.32</u>	<u>\$ 11,385.70</u>
<u>Ref.</u>	A			A

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Administrative and Executive:				
Salaries and Wages	\$ 2,093.33	\$ 2,093.33	\$ 1,627.45	\$ 465.88
Other Expenses	9,742.35	9,742.35	8,761.49	980.86
Mayor and Council:				
Other Expenses	150.00	150.00		150.00
Municipal Clerk:				
Salaries and Wages	460.66	460.66		460.66
Other Expenses	3,430.23	1,430.23	998.72	431.51
Financial Administration:				
Salaries and Wages	2,389.29	2,389.29	1,889.37	499.92
Audit Service	24,075.00	24,075.00	24,075.00	
IT/Website/Data Processing:				
Other Expenses	1,533.64	1,533.64		1,533.64
Collection of Taxes:				
Salaries and Wages	2,901.45	501.45	468.55	32.90
Other Expenses	3,424.41	3,424.41	1,303.34	2,121.07
Assessment of Taxes:				
Salaries and Wages	1,001.66	201.66	123.81	77.85
Other Expenses	2,526.91	1,026.91		1,026.91
Legal Services and Costs:				
Other Expenses	8,384.86	5,384.86	1,971.39	3,413.47
Engineering Services and Costs:				
Other Expenses	1,326.26	1,826.26	1,517.38	308.88
Historical Preservation:				
Other Expenses	709.00	709.00	319.78	389.22
Planning Board:				
Salaries and Wages	449.67	449.67	270.00	179.67
Other Expenses	2,213.65	2,213.65	2,213.65	
Zoning Officer:				
Salaries and Wages	836.00	836.00	300.00	536.00
Other Expenses	144.60	144.60		144.60
Insurance:				
Other Liability Insurance Premiums	2,035.57	35.57		35.57
Workers Compensation		2,962.44	2,962.44	
Group Insurance Plan for Employees	2,722.59	2,722.59		2,722.59
Police:				
Salaries and Wages	153,183.02	153,183.02	132,832.97	20,350.05
Other Expenses	17,498.18	17,498.18	8,496.78	9,001.40
Purchase of Police Cars	91.17	91.17		91.17
Communications:				
Salaries and Wages	5,132.07	3,232.07	3,226.56	5.51
Other Expenses	8,080.62	3,080.62	940.16	2,140.46

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Office of Emergency Management:				
Other Expenses	\$ 462.00	\$ 462.00		\$ 462.00
Fire:				
Other Expenses:				
Miscellaneous Other Expenses	25,198.01	25,198.01	\$ 20,857.93	4,340.08
First Aid Organization - Contribution	16,821.59	16,821.59	16,081.34	740.25
Fire Safety Act:				
Salaries and Wages	1,082.86	82.86		82.86
Other Expenses	1,026.13	1,026.13	638.33	387.80
Municipal Prosecutor:				
Other Expenses	3,150.00	2,150.00	1,400.00	750.00
Road Repairs and Maintenance:				
Salaries and Wages	4,167.43	17,032.10	17,032.10	
Other Expenses	45,367.25	45,367.25	44,796.15	571.10
Shade Trees:				
Other Expenses	1,000.00	1,000.00		1,000.00
Public Buildings and Grounds:				
Other Expenses	5,336.58	3,336.58	2,319.46	1,017.12
Community Services Act	1,500.00	1,500.00	1,080.10	419.90
Board of Health:				
Salaries and Wages	1,998.50	3,117.95	3,117.95	
Other Expenses	5,466.88	4,266.88	2,311.53	1,955.35
Environmental Commission:				
Other Expenses	1,748.00	748.00	748.00	
Recreation Committee:				
Salaries and Expense	485.28	485.28	379.81	105.47
Other Expenses	2,435.98	1,435.98	784.68	651.30
Senior Citizens Program:				
Salaries and Wages	638.93	638.93	542.37	96.56
Other Expenses	304.62	304.62	278.55	26.07
Field Maintenance:				
Other Expenses	8,893.83	6,893.83	2,267.47	4,626.36
Utility Expenses and Bulk Purchases	37,476.90	56,476.90	56,102.92	373.98
Municipal Court:				
Salaries and Wages	2,183.23	1,183.23	1,151.64	31.59
Other Expenses	3,211.24	3,211.24	1,921.23	1,290.01
Public Defender:				
Other Expenses	1,031.50	1,031.50	300.00	731.50

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	Balance Dec. 31, 2011	Modi- fication	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Social Security System (O.A.S.I.)	\$ 17,176.95	(7,646.56)	\$ 9,530.39	\$ 9,500.00	\$ 30.39
Defined Contribution Retirement Program	100.00		100.00		100.00
LOSAP Program	14,375.00		14,375.00	12,800.00	1,575.00
Shared Service Agreements:					
Finance Services	8,000.00		8,000.00		8,000.00
Capital Improvements:					
Police Equipment	4,185.00		4,185.00	4,183.88	1.12
Fire Equipment	9,486.54		9,486.54	9,486.54	
DPW Equipment	37,774.00		37,774.00	37,773.07	0.93
Communication Equipment	7,836.34		7,836.34	7,677.64	158.70
Purchase Senior Citizen Bus	14,500.00		14,500.00	14,500.00	
	<u>\$ 540,956.76</u>	<u>\$ -0-</u>	<u>\$ 540,956.76</u>	<u>\$ 464,331.53</u>	<u>\$ 76,625.23</u>
<u>Balance December 31, 2011</u>					
		<u>Ref.</u>			
Unencumbered	\$ 349,148.20	A			
Encumbered	191,808.56	A			
	<u>\$ 540,956.76</u>				
<u>Analysis of Paid or Charged:</u>					
Cash Disbursed				\$ 454,470.72	
Reserve for Retroactive Payroll				50,000.00	
Accounts Payable				11,314.75	
				<u>515,785.47</u>	
Less: Refunds Received				51,453.94	
				<u>\$ 464,331.53</u>	

TOWNSHIP OF WASHINGTON  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2012

Increased by:	
Levy - Calendar Year 2012	<u>\$ 32,007,130.00</u>
Decreased by:	
Payments to Local School District	<u><u>\$ 32,007,130.00</u></u>

CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2012

Increased by:	
Levy - Calendar Year 2012	<u>\$ 14,825,319.15</u>
Decreased by:	
Payments to Regional High School District	<u><u>\$ 14,825,319.15</u></u>

TOWNSHIP OF WASHINGTON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2011	2012 Budget Revenue Realized	Grant Funds Received	Transferred from Unappropriated Reserves	Cancelled	Balance Dec. 31, 2012
New Jersey Body Armor Grant - 2012		\$ 5,593.53		\$ 5,593.53		
Drunk Driving Enforcement Fund - 2012		3,258.61		3,258.61		
Clean Communities Grant - 2012		41,273.94	\$ 39,761.71	1,292.00	\$ 220.23	
Municipal Alliance on Alcoholism and Drug Abuse - 2011	\$ 13,964.53		12,601.79			\$ 1,362.74
Municipal Alliance on Alcoholism and Drug Abuse - 2012		15,603.00	7,627.25			7,975.75
Municipal Court Alcohol Education Rehabilitation Fund		2,725.23		2,725.23		
Morris County Community Development Block Grant - 2012		37,500.00	37,500.00			
Morris County Heritage Commission - 2012		5,000.00	5,000.00			
Recreation for Individuals with Disabilities - 2011	500.00		500.00			
Recreation for Individuals with Disabilities - 2012		5,000.00	5,000.00			
Police Click It or Ticket Grant - 2011	264.48				264.48	
Police Click It or Ticket Grant - 2012		4,000.00	3,750.00		250.00	
Health Services H1N1 Grant	527.90				527.90	
NJ Highlands Plan Conformance Grant	247,354.40					247,354.40
Sustainable Jersey Small Grant	5,000.00					5,000.00
	<u>\$ 267,611.31</u>	<u>\$ 119,954.31</u>	<u>\$ 111,740.75</u>	<u>\$ 12,869.37</u>	<u>\$ 1,262.61</u>	<u>\$ 261,692.89</u>

Ref.

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TOWNSHIP OF WASHINGTON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2011	Transferred from 2012 Budget Appropriations	Expended in Current Fund	Balance Cancelled	Balance Dec. 31, 2012
Assistance to Firefighters Grant - 2010	\$ 4,642.82		\$ 4,641.25		\$ 1.57
New Jersey Body Armor Grant - 2010	168.89		168.89		
New Jersey Body Armor Grant - 2012		\$ 5,593.53	4,156.71		1,436.82
Drunk Driving Enforcement Fund - 2011	3,508.25		3,141.39		366.86
Drunk Driving Enforcement Fund - 2012		3,258.61			3,258.61
Clean Communities Grant - 2011	20,962.45		20,962.45		
Clean Communities Grant - 2012		41,273.94	6,938.20	\$ 220.23	34,115.51
Municipal Alliance on Alcoholism and Drug Abuse - 2011	6,489.99		6,489.99		
Municipal Alliance on Alcoholism and Drug Abuse - 2012		15,603.00	13,505.71		2,097.29
Municipal Court Alcohol Education Rehabilitation Fund - 2012		2,725.23			2,725.23
Morris County Community Development Block Grant - 2012		37,500.00	37,500.00		
Morris County Heritage Commission - 2012		5,000.00	5,000.00		
Recreation for Individuals with Disabilities - 2012		5,000.00	5,000.00		
Police Click It or Ticket Grant - 2011	264.48			264.48	
Police Click It or Ticket Grant - 2012		4,000.00	3,750.00	250.00	
Health Services H1N1 Grant	527.90			527.90	
Police Donation	500.00				500.00
NJ Highlands Plan Conformance Grant	253,650.49		4,367.75		249,282.74
Sustainable Jersey Small Grant	3,614.50		948.04		2,666.46
	<u>\$ 294,329.77</u>	<u>\$ 119,954.31</u>	<u>\$ 116,570.38</u>	<u>\$ 1,262.61</u>	<u>\$ 296,451.09</u>

Ref.

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TOWNSHIP OF WASHINGTON  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Transferred to</u> <u>2012 Budget</u> <u>Revenue</u>	<u>Received in</u> <u>Current</u> <u>Fund</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
New Jersey Body Armor Grant	\$ 5,593.53	\$ 5,593.53	\$ 2,951.84	\$ 2,951.84
Drunk Driving Enforcement Fund	3,258.61	3,258.61	5,727.95	5,727.95
Clean Communities Grant	1,292.00	1,292.00		
Municipal Court Alcohol Rehabilitation Fund	2,725.23	2,725.23		
Police Donation			750.00	750.00
Sustainable Jersey Small Grant			2,000.00	2,000.00
	<u>\$ 12,869.37</u>	<u>\$ 12,869.37</u>	<u>\$ 11,429.79</u>	<u>\$ 11,429.79</u>
<u>Ref.</u>	A			A



TOWNSHIP OF WASHINGTON  
COUNTY OF MORRIS  
2012  
TRUST FUNDS

TOWNSHIP OF WASHINGTON  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2011	B	\$ 3,933.38	\$ 2,323,657.80
Increased by Receipts:			
Dog and Other License Fees		27,991.80	
State Fees		2,350.20	
Penalty Fees - Late Payments and Other Miscellaneous		2,447.15	
Reserve for Open Space Trust Fund:			
Tax Levy			359,263.76
Donations			1,427.00
Interest Earnings			144.51
Forfeited Assets Deposits			4,150.01
Recreation Deposits			108,762.11
Developers' Deposits			256,285.53
Sidewalk Improvements			10,225.00
State Uniform Construction Code Fees			293,352.53
Mansfield State Uniform Construction Code Fees			109,445.13
Due to State of N.J. - State Training Fees			22,783.83
Recycling Revenue			22,940.86
Housing Trust Deposits			91,368.60
State Unemployment Insurance			23,073.11
Tax Sale Premiums			183,100.00
Municipal Alliance			5,350.00
Parking Offense Adjudication Act			58.00
		<u>32,789.15</u>	<u>1,491,729.98</u>
		<u>36,722.53</u>	<u>3,815,387.78</u>
Decreased by Disbursements:			
Expenditures Under R.S.4:19-15.11		29,045.24	
Due to State Board of Health		2,347.80	
Reserve for Open Space Trust Fund:			
Due to General Capital Fund - Principal on Notes			58,200.00
Expenditures			281,679.35
State Uniform Construction Code Expenditures			345,606.03
Mansfield State Uniform Construction Code Fees			95,762.09
Due to State of N.J. - State Training Fees			28,310.63
Recreation			94,809.29
Recycling			26,551.31
Forfeited Assets			2,571.96
State Unemployment Insurance Expenditures			38,657.24
Municipal Alliance			750.00
Refund of:			
Developers' Deposits			193,877.88
Housing Trust Deposits			554,907.81
		<u>31,393.04</u>	<u>1,721,683.59</u>
Balance December 31, 2012	B	\$ 5,329.49	\$ 2,093,704.19

TOWNSHIP OF WASHINGTON  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2011	B		\$ 3,983.38
Increased by:			
Dog and Other License Fees Collected		\$ 27,991.80	
Penalty Fees - Late Payments and Other Miscellaneous		<u>2,447.15</u>	
			<u>30,438.95</u>
			34,422.33
Decreased by:			
Expenditures Under R.S.4:19-15.11			<u>29,045.24</u>
Balance December 31, 2012	B		<u><u>\$ 5,377.09</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	\$ 29,591.00
2011	<u>27,706.80</u>
Maximum Allowable Reserve	<u><u>\$ 57,297.80</u></u>

TOWNSHIP OF WASHINGTON  
COUNTY OF MORRIS  
2012  
GENERAL CAPITAL FUND

TOWNSHIP OF WASHINGTON  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 1,501,758.13
Increased by:		
Budget Appropriation		
Capital Improvement Fund	\$ 64,100.00	
New Jersey Department of Transportation Grant	410,000.00	
Reserve for Housing Trust Fund	240,000.00	
Reserve for Open Space Trust Fund	58,200.00	
		<u>772,300.00</u>
Decreased by:		<u>2,274,058.13</u>
Improvement Authorization Expenditures	1,499,495.36	
General Capital Fund Balance:		
Appropriated to 2012 Budget Revenue - Current Fund	10,922.74	
Reserve for First Aid Equipment:		
Appropriated to 2012 Budget Revenue - Current Fund	48.13	
		<u>1,510,466.23</u>
Balance December 31, 2012	C	<u>\$ 763,591.90</u>

TOWNSHIP OF WASHINGTON  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2012	
		Budget Appropriation	Miscellaneous	Improvement Authori- zations	Miscellaneous	From	To		
Fund Balance	\$ 218,401.12				\$ 10,922.74	\$ 565,000.00	\$ 561,746.88	\$ 204,225.26	
Capital Improvement Fund	87,284.80	\$ 64,100.00				65,000.00		86,384.80	
Due From Washington Board of Education						650,000.00		(650,000.00)	
Morris County Open Space Grant						79,800.00		(79,800.00)	
New Jersey Department of Transportation Grant			\$ 410,000.00			410,000.00			
Reserve for Housing Trust Fund			240,000.00			240,000.00			
Reserve for Open Space Trust Fund			58,200.00			58,200.00			
Reserve for First Aid Equipment	48.13				48.13				
<b>Ord.</b>									
<b>No.</b>	<b>Improvement Description</b>								
10-04	Improvement of Recreational Facilities	107,227.81		\$ 55,819.26				51,408.55	
19-05	Various Improvements	15,791.71		15,046.42				745.29	
48-05	Acquisition of Land	48,071.52						48,071.52	
50-05	Acquisition of Open Space	40,474.70						40,474.70	
08-06	Various Improvements	3,042.41		3,042.41					
23-06	Acquisition of Open Space	21,353.07						21,353.07	
12-07	Various Improvements	137,107.27		10,387.54		104,539.97		22,179.76	
01-08	Acquisition of Open Space	11,827.76						11,827.76	
07-08	Various Improvements	112,893.44		22,522.02		87,072.26		3,299.16	
21-08	Sidewalk Construction	43,505.21						43,505.21	
07-09	Various Improvements	99,501.56		8,286.31		89,096.98		2,118.27	
15-10	Improvements to Newburgh Road	54,972.67				54,972.67			
19-10	Various Improvements	1,299.50		1,299.50					
02-11	Road Improvements	438,955.45		186,923.70		226,065.00		25,966.75	
12-11	Telephone System	60,000.00		55,514.17				4,485.83	
07-12	Road Improvements			705,536.85			975,000.00	269,463.15	
10-12	Construction Board of Education Maintenance Garage			88.23			650,000.00	649,911.77	
11-12	Fire Truck			226,397.23			65,000.00	(161,397.23)	
16-12	Acquisition of Property			208,631.72			240,000.00	31,368.28	
19-12	Acquire Open Space Property						138,000.00	138,000.00	
		<u>\$ 1,501,758.13</u>	<u>\$ 64,100.00</u>	<u>\$ 708,200.00</u>	<u>\$ 1,499,495.36</u>	<u>\$ 10,970.87</u>	<u>\$ 2,629,746.88</u>	<u>\$ 2,629,746.88</u>	<u>\$ 763,591.90</u>

TOWNSHIP OF WASHINGTON  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
YEAR ENDING DECEMBER 31, 2012

Ord. No.	Improvement Description	2012 Improvement Authorizations	Balance Dec. 31, 2012	Analysis of Balance December 31, 2012	
				Expenditures	Unexpended Improvement Authorization
11-12	Fire Truck	\$ 385,000.00	\$ 385,000.00	\$ 161,397.23	\$ 223,602.77
		<u>\$ 385,000.00</u>	<u>\$ 385,000.00</u>	<u>\$ 161,397.23</u>	<u>\$ 223,602.77</u>
	<u>Ref.</u>		C		

TOWNSHIP OF WASHINGTON  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance Dec. 31, 2011 Funded	2012 Authorizations		Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2012	
				Various Funding Sources	Deferred Charges to Future Taxation - Unfunded			Funded	Unfunded
10-04	Improvement of Recreational Facilities	\$ 1,700,000.00	\$ 107,227.81			\$ 55,819.26		\$ 51,408.55	
19-05	Various Improvements	1,875,000.00	15,791.71			15,046.42		745.29	
48-05	Acquisition of Land	50,000.00	48,071.52					48,071.52	
50-05	Acquisition of Open Space	52,850.00	40,474.70					40,474.70	
08-06	Various Improvements	1,675,000.00	3,042.41			3,042.41			
23-06	Acquisition of Open Space	195,000.00	21,353.07					21,353.07	
12-07	Various Improvements	1,315,000.00	137,107.27			10,387.54	\$ 104,539.97	22,179.76	
01-08	Acquisition of Open Space	485,000.00	11,827.76					11,827.76	
07-08	Various Improvements	982,000.00	112,893.44			22,522.02	87,072.26	3,299.16	
21-08	Sidewalk Construction	84,000.00	43,505.21					43,505.21	
07-09	Various Improvements	740,000.00	99,501.56			8,286.31	89,096.98	2,118.27	
15-10	Improvements to Newburgh Road	100,000.00	54,972.67				54,972.67		
19-10	Various Improvements	49,000.00	1,299.50			1,299.50			
02-11	Road Improvements	1,200,000.00	438,955.45			186,923.70	226,065.00	25,966.75	
12-11	Telephone System	60,000.00	60,000.00			55,514.17		4,485.83	
07-12	Road Improvements	975,000.00		\$ 975,000.00		705,536.85		269,463.15	
10-12	Construction Board of Education Maintenance Garage	650,000.00		650,000.00		88.23		649,911.77	
11-12	Fire Truck	450,000.00		65,000.00	\$ 385,000.00	226,397.23			\$ 223,602.77
16-12	Acquisition of Property	240,000.00		240,000.00		208,631.72		31,368.28	
19-12	Acquire Open Space Property	138,000.00		138,000.00				138,000.00	
			<u>\$ 1,196,024.08</u>	<u>\$ 2,068,000.00</u>	<u>\$ 385,000.00</u>	<u>\$ 1,499,495.36</u>	<u>\$ 561,746.88</u>	<u>\$ 1,364,179.07</u>	<u>\$ 223,602.77</u>

Ref.	C	C	C
Capital Improvement Fund	\$ 65,000.00		
Washington Township Board of Education	650,000.00		
Housing Trust Fund	240,000.00		
Reserve for Open Space	58,200.00		
Morris County Grant Open Space Trust	79,800.00		
New Jersey Department of Transportation Grant	410,000.00		
Capital Fund Balance	<u>565,000.00</u>		
	<u>\$ 2,068,000.00</u>		



TOWNSHIP OF WASHINGTON  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 87,284.80
Increased by:		
Current Fund Budget Appropriation		<u>64,100.00</u>
		151,384.80
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>65,000.00</u>
Balance December 31, 2012	C	<u>\$ 86,384.80</u>

TOWNSHIP OF WASHINGTON  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDING DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF WASHINGTON  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2011	Matured	Balance Dec. 31, 2012
			Date	Amount				
General Improvements	09/01/11	\$ 11,000,000.00	03/01/13	\$ 570,000.00	2.00%			
			03/01/14	595,000.00	2.00%			
			03/01/15	620,000.00	3.00%			
			03/01/16	645,000.00	3.00%			
			03/01/17	670,000.00	3.00%			
			03/01/18	695,000.00	4.00%			
			03/01/19	725,000.00	4.00%			
			03/01/20	755,000.00	4.00%			
			03/01/21	785,000.00	4.00%			
			03/01/22	815,000.00	4.00%			
			03/01/23	845,000.00	4.00%			
			03/01/24	880,000.00	4.00%			
			03/01/25	915,000.00	4.25%			
			03/01/26	935,000.00	4.38%			
						<u>\$ 11,000,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ 10,450,000.00</u>
						<u>\$ 11,000,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ 10,450,000.00</u>
						C		C
		<u>Ref.</u>						

TOWNSHIP OF WASHINGTON  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2012

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>2012 Authorizations</u>	<u>Balance Dec. 31, 2012</u>
11-12	Fire Truck	\$ 385,000.00	\$ 385,000.00
		<u>\$ 385,000.00</u>	<u>\$ 385,000.00</u>

TOWNSHIP OF WASHINGTON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF WASHINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2012

Name of Federal Agency or Department/Cluster Title	Name of Program	C.F.D.A. Number	State Grant Account Grant Number	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures
				From	To				
U.S. Department of Transportation: (Passed through New Jersey Department of Transportation)	Highway Planning and Construction Cluster Pleasant Grove Road	20.205	6320-480-078-6320	01/01/12	12/31/12	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
	Municipal Aid Program - East Valley Brook Road	20.205	6320-480-078-6320	01/01/12	12/31/12	210,000.00	210,000.00	210,000.00	210,000.00
Total U.S. Department of Transportation						410,000.00	410,000.00	410,000.00	410,000.00
(Passed through New Jersey Department of Law and Public Safety)	Police Click It or Ticket	20.602	100-066-1160- 142-YHTS-6010	01/01/12	12/31/13	4,000.00	3,750.00	3,750.00	3,750.00
Total U.S. Department of Transportation							823,750.00	823,750.00	823,750.00
U.S. Department of Housing and Urban Development (Passed through County of Morris)	Community Development Block Grant	14.225	B-09-UC-34-0105	01/01/12	12/31/12	37,500.00	37,500.00	37,500.00	37,500.00
Total U.S. Department of Housing and Urban Development							37,500.00	37,500.00	37,500.00
U.S. Department of Homeland Security:	Assistance to Firefighters Grant	97.044	EMW-2008- FO-04562	02/20/10	02/20/11	63,440.00		4,641.25	63,438.43
(Passed through Federal Emergency Management Agency)	Disaster Grants - Public Assistance	97.036	N/A	01/01/11	12/31/11	88,910.88	88,910.88	88,910.88 *	88,910.88
Total U.S. Department of Homeland Security							88,910.88	93,552.13	152,349.31
<b>TOTAL FEDERAL AWARDS</b>							<b>\$ 950,160.88</b>	<b>\$ 954,802.13</b>	<b>\$ 1,013,599.31</b>

N/A - Not Available/Applicable

\* - Expended in 2011

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF WASHINGTON  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2012

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of the Treasury								
(Passed Through the County of Morris - Governor's Council on Alcoholism and Drug Abuse)	Municipal Alliance Grant	100-082-2000-	1/1/11	12/31/12	\$ 15,603.00	\$ 12,601.79	\$ 6,489.99	\$ 15,603.00
		044-995120	1/1/12	12/31/13	15,603.00	7,627.25	13,505.71	13,505.71
Total - Department of the Treasury						<u>20,229.04</u>	<u>19,995.70</u>	<u>29,108.71</u>
Department of Law and Public Safety								
	Drunk Driving Enforcement Fund	100-078-6400-YYYY	1/1/10	12/31/12	6,209.94		3,141.39	5,843.08
			1/1/12	12/31/13	5,727.95	5,727.95		
			1/1/09	12/31/12	1,256.96		168.89	1,256.96
			1/1/10	12/31/12	2,707.72		2,707.72	2,707.72
	Body Armor Grant	718-066-1020-6120	1/1/11	12/31/12	2,885.81		1,448.99	1,448.99
			1/1/12	12/31/13	2,951.84	2,951.84		
Total - Department of Law and Public Safety						<u>8,679.79</u>	<u>7,466.99</u>	<u>11,256.75</u>
Department of Community Affairs								
	Recreation for Individuals with Disabilities Grant	10-100-022-8050- 035-F157-6120	1/1/11	12/31/11	5,000.00	500.00		5,000.00
			1/1/12	12/31/12	5,000.00	5,000.00	5,000.00	5,000.00
Total - Department of Community Affairs						<u>5,500.00</u>	<u>5,000.00</u>	<u>10,000.00</u>
Department of Environmental Protection								
	Clean Communities Act	4900-765-	1/1/11	12/31/12	38,572.00		20,962.45	38,572.00
		178900-60	1/1/11	12/31/12	41,273.94	39,761.71	6,938.20	6,938.20
Total - Department of Environmental Protection						<u>39,761.71</u>	<u>27,900.65</u>	<u>45,510.20</u>
New Jersey Highlands Council								
	Plan Conformance Grant	09-033-011-1438	1/1/11	12/31/12	256,100.00		4,367.75	6,817.26
Total - New Jersey Highlands Council							<u>4,367.75</u>	<u>6,817.26</u>
TOTAL STATE AWARDS						<u>\$ 74,170.54</u>	<u>\$ 64,731.09</u>	<u>\$102,692.92</u>

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF WASHINGTON  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2012

A. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state financial award programs of the Township of Washington. The Township is defined in Note 1 to the Township's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the Schedules of Expenditures of Federal and State Awards.

B. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.





Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

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 Auditors' Report

The Honorable Mayor and Members  
of the Township Committee  
Township of Washington  
Long Valley, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Township of Washington, in the County of Morris (the "Township") as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated March 25, 2013. These financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

**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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings, 2012-01, and 2012-2 that we consider to be significant deficiencies.

The Honorable Mayor and Members  
of the Township Committee  
Township of Washington  
Long Valley, New Jersey

### **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 or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management in the comments and recommendations section of this report.

### ***The Township's Response to the Finding***

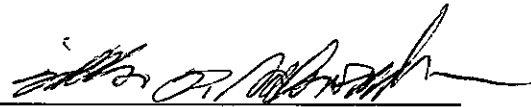
The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Township's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Mount Arlington , New Jersey  
March 25, 2013

NISIVOCIA LLP



William F. Schroeder  
Certified Public Accountant  
Registered Municipal Accountant No. 452

Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance Required by OMB Circular A-133

Independent Auditors' Report

The Honorable Mayor and Members  
of the Township Committee  
Township of Washington  
Long Valley, New Jersey

**Report on Compliance for the Major Federal Program**

We have audited the Township of Washington's (the "Townships") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2012. The Township's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Township's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Township's compliance.

The Honorable Mayor and Members  
of the Township Committee  
Township of Washington  
Long Valley, New Jersey

### **Opinion on the Major Federal Program**

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program or the year ended December 31, 2012.

### **Report on Internal Control Over Compliance**

Management of the Township of Washington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Township of Washington's internal control over compliance.

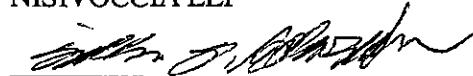
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey  
March 25, 2013

NISIVOCCIA LLP



William F. Schroeder  
Certified Public Accountant  
Registered Municipal Accountant No. 452

TOWNSHIP OF WASHINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012

Summary of Auditors' Results:

- A qualified report was issued on the Township's financial statements, prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as the general fixed assets account group was not audited.
- The audit did not disclose any noncompliance that is material to the financial statements of the Township.
- The audit did not disclose any material weaknesses in the internal controls of the Township.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Township's major Federal Program.
- An unqualified report was issued on the Township's compliance for its major federal program.
- The Township was not subject to state single audit provisions of New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants and State Aid*, for 2012 as state grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The Township's major Federal Program for the current year consisted of the following:

	CFDA Number	Award Amount	Budgetary Expenditures
<u>Federal:</u>			
U.S Department of Transportation:			
Highway Planning and Construction Cluster:			
Municipal Aid Program-Pleasant Grove Road	20.205	\$ 200,000	\$ 200,000
Municipal Aid Program-East Valley Brook Road	20.205	210,000	210,000

- The threshold for distinguishing Type A and Type B federal Programs was \$300,000.
- The Township did not qualify as a "low risk" auditee for federal programs under the provisions of section 530 of the Federal Circular.
- The Single Audit threshold identified in Federal OMB Circular A-133 was \$500,000.

TOWNSHIP OF WASHINGTON  
SCHEDULE OF FINDINGS QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards, except as follows:

Finding 2012-1

Segregation of Duties

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for issuance of permits and licenses; collection of taxes, and permit and license fees; and recording of these collections. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds, disbursement of funds and the deposit and recording of receipts for the various funds are performed by the Chief Financial Officer. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

The Township's segregation of duties finding has been evaluated. However, due to budgetary constraints, no resolution can be made at this time.

Finding 2012-2

Fixed Assets

The Township has a fixed assets accounting and reporting system in place. However, the fixed assets accounting records are not adequately maintained. This is due, in part, to the limited number of personnel and size of the Township. At the present time, fixed assets are not safeguarded against loss from unauthorized use or disposition. Improvement is necessary to be in complete compliance with the Division's Technical Accounting Directives.

Management's Response

The Township's fixed assets accounting and reporting system finding has been evaluated. However, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal circular.

Findings and Questioned Costs for State Awards:

- Not applicable - Grant expenditures were below the single audit threshold.

TOWNSHIP OF WASHINGTON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2012

The Township's prior year findings regarding segregation of duties and a fixed assets accounting and reporting system have not been resolved and are included as findings 2012-1 and 2012-2.

TOWNSHIP OF WASHINGTON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012



TOWNSHIP OF WASHINGTON  
COMMENTS AND RECOMMENDATIONS

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

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1071, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder 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 a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective January 1, 2011 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000.

The governing body of the Township of Washington has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and 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.

TOWNSHIP OF WASHINGTON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Cont'd)

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

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

On January 7, 2012, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Township Committee of the Township of Washington, Morris County, that the rate of interest to be paid upon delinquent taxes for the year 2012 shall be fixed at the rate of 8 percent per annum to \$1,500.00, and any amount in excess of \$1,500.00 shall be fixed at the rate of 18 percent per annum until total delinquency is paid regardless of year. However, interest shall not be collected upon taxes that are not delinquent over ten (10) days. After the tenth day of "grace period", interest reverts back to the due date. The interest to be charged a delinquent taxpayer for nonpayment of real property taxes shall be an additional penalty of six percent if the amount of delinquency is in excess of \$10,000 at the end of the calendar year.

It appears from an examination of the Collector's records, on a test basis, that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 6, 2012, and included all eligible properties.

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 three years:

Year	Number of Liens
2012	43
2011	42
2010	41

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

TOWNSHIP OF WASHINGTON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2012 Taxes	20
Payments of 2013 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5

Verification notices were mailed to confirm balances as of December 31, 2012. The items that were returned were checked and in agreement with the Township's records. For receivable items not returned, alternative procedures were performed.

Technical Accounting Directives

The Division of Local Government Services has established three (3) technical accounting directives which are prescribed by the revision of 1987 draft "Requirements of Audit and Accounting". They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed assets accounting and reporting system.
3. General ledger accounting system.

The Township is in compliance with directives 1 and 3; however, fixed assets accounting records are not adequately maintained. It is recommended that the Township pursue the maintenance of a fixed assets accounting and reporting system which identifies additions, deletions and changes in the location of the Township's fixed assets.

Management's Response

Every effort will be made to update and maintain the fixed assets accounting and reporting system.

Other Offices

During our review of the Board of Health and Animal Control offices, we noted the following:

- 1) Cash receipts are not always being turned over to the Treasurer within forty-eight hours of receipt.

It is recommended that:

- 1) The Board of Health Department and Animal Control Department turn over receipts in a timely manner to ensure deposit within forty-eight hours.

Management's Response

Administration has revised the procedures so records are maintained timely and adequately in the Board of Health Department and Animal Control Department.

TOWNSHIP OF WASHINGTON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Municipal Court

The transactions for the year 2012 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

<u>AGENCY</u>	<u>Balance</u> <u>12/31/2011</u>	<u>Cash</u> <u>Received</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>12/31/2012</u>
State of New Jersey	\$ 6,161.12	\$ 74,948.02	\$ 76,284.34	\$ 4,824.80
County of Morris	6,618.00	86,094.00	87,905.50	4,806.50
Township of Washington	13,681.38	168,280.48	170,576.16	11,385.70
Township of Washington - POAA	10.00	52.00	58.00	4.00
Miscellaneous	246.00		246.00	
DEDR	1,841.00	18,126.00	17,270.00	2,697.00
VCCB	235.00	4,131.00	3,786.00	580.00
State Lab Fees	130.00	1,929.50	1,809.50	250.00
Conditional Discharge	171.00	2,221.00	1,951.00	441.00
Forest and Parks		325.00	200.00	125.00
Restitution		2,453.99	2,453.99	
Fish and Game		350.00	350.00	
Weights and Measures	2,050.00	2,950.00	5,000.00	
Public Defender	106.50	3,651.01	3,298.51	459.00
Bail	1,450.00	27,091.00	27,691.00	850.00
<b>TOTAL</b>	<b>\$ 32,700.00</b>	<b>\$ 392,603.00</b>	<b>\$ 398,880.00</b>	<b>\$ 26,423.00</b>

Corrective Action Plan

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2011 audit report. The recommendations pertaining to an inadequate segregation of duties and the implementation of a fixed assets accounting system are in the process of being implemented where possible.

TOWNSHIP OF WASHINGTON  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The duties of personnel be reviewed to determine where a more adequate segregation of duties can be provided.
2. The fixed assets accounting and reporting system be properly maintained to be in complete compliance with the Division's Technical Accounting Directive.
3. The Board of Health Department and Animal Control Department turn over receipts in a timely manner to ensure deposit within forty-eight hours.

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