

TOWNSHIP OF WASHINGTON

COUNTY OF MORRIS

REPORT OF AUDIT

2014

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF WASHINGTON

COUNTY OF MORRIS

REPORT OF AUDIT

2014

TOWNSHIP OF WASHINGTON
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2014

	<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 – Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	A-1
Statement of Revenue – Regulatory Basis	A-2
Statement of Expenditures– Regulatory Basis	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet – Regulatory Basis	B
<u>General Capital Fund</u>	
Comparative Balance Sheet – Regulatory Basis	C
Statement of Fund Balance – Regulatory Basis	C-1
<u>Public Assistance Fund (Not Applicable)</u>	
<u>Bond and Interest Fund (Not Applicable)</u>	
<u>General Fixed Asset Account Group</u>	
Comparative Balance Sheet (Unaudited) – Regulatory Basis	F
	<u>Page</u>
Notes to Financial Statements	1-15
<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 2013 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, 2014
(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
Schedule of Findings and Responses	6-7
Summary Schedule of Prior Audit Findings	8
<u>Part III – Comments and Recommendations</u>	
Comments and Recommendations	9-12
Summary of Recommendations	13

TOWNSHIP OF WASHINGTON
PART I
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS AND
AND SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2014



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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, 2014 and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by 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 audits 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 2

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, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund of the Township as of December 31, 2014 and 2013, 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 practices prescribed or permitted by the Division. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, 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, 2014 and 2013 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Washington at December 31, 2014 and 2013, 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 accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds 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 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 presented for purposes of additional analysis and are not a required part of the financial statements.

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

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 various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund 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 May 11, 2015 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
May 11, 2015

NISIVOCCIA LLP



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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2014
CURRENT FUND

TOWNSHIP OF WASHINGTON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2014	2013
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 3,304,891.61	\$ 2,757,264.47
Petty Cash		200.00	200.00
Change Funds		375.00	375.00
		<u>3,305,466.61</u>	<u>2,757,839.47</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	609,098.20	795,382.18
Tax Title Liens Receivable	A-8	2,097,928.27	1,995,241.69
Year End Penalty Receivable		29,959.29	38,977.36
Property Acquired for Taxes at Assessed Valuation		627,500.00	627,500.00
Revenue Accounts Receivable	A-9	15,326.90	19,837.40
Total Receivables and Other Assets		<u>3,379,812.66</u>	<u>3,476,938.63</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)			26,000.00
			<u>26,000.00</u>
Total Regular Fund		<u>6,685,279.27</u>	<u>6,260,778.10</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	268,149.37	258,248.17
Due from Current Fund	A	46,650.24	55,832.27
Total Federal and State Grant Fund		<u>314,799.61</u>	<u>314,080.44</u>
<u>TOTAL ASSETS</u>		<u>\$ 7,000,078.88</u>	<u>\$ 6,574,858.54</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2014	2013
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-10	\$ 373,616.11	\$ 491,670.35
Encumbered	A-3;A-10	326,082.55	247,916.94
Total Appropriation Reserves		699,698.66	739,587.29
Accounts Payable - Vendors		12,983.43	17,188.62
Due to:			
State of New Jersey:			
Marriage License Fees		250.00	425.00
Senior Citizens and Veterans Deductions		6,071.47	5,071.47
Prepaid Taxes		270,994.19	260,314.85
Tax Overpayments		30,021.96	31,987.73
Due to Federal and State Grant Fund	A	46,650.24	55,832.27
Reserve for:			
Sale of Municipal Assets		50,000.00	50,000.00
Third Party Liens		57,085.87	1,598.91
Payroll Expenses		81,667.09	57,742.64
		1,255,422.91	1,219,748.78
Reserve for Receivables and Other			
Assets	A	3,379,812.66	3,476,938.63
Fund Balance	A-1	2,050,043.70	1,564,090.69
Total Regular Fund		6,685,279.27	6,260,778.10
Federal and State Grant Fund:			
Appropriated Reserves	A-14	309,920.18	299,592.86
Unappropriated Reserves	A-15	4,879.43	14,487.58
Total Federal and State Grant Fund		314,799.61	314,080.44
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,000,078.88</u>	<u>\$ 6,574,858.54</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 - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2014	2013
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 870,000.00	\$ 870,000.00
Miscellaneous Revenue Anticipated		2,814,160.70	2,662,868.80
Receipts from:			
Delinquent Taxes		773,477.37	857,931.20
Current Taxes		65,393,995.27	64,645,043.13
Nonbudget Revenue		281,597.96	214,351.59
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		259,244.18	258,028.36
Cancellation of Reserve for Sale of Municipal Assets		3,249.86	15,313.08
Cancellation of Federal and State Grant Fund Appropriated Reserves		4,546.02	
Cancellation of Reserve for Payroll Retro			21,525.07
Cancellation of Accounts Payable		6,613.62	
Year End Penalty Received		19,569.51	18,189.50
Total Income		<u>70,426,454.49</u>	<u>69,563,250.73</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		14,655,354.63	14,395,689.06
County Taxes		7,189,753.24	7,282,489.58
School Taxes		46,841,334.00	46,577,740.00
Open Space Taxes		357,433.77	358,570.05
Prior Year Senior Citizen Deductions Disallowed		2,000.00	1,250.00
Refund of Prior Year Revenue		20,079.82	146,728.14
Cancellation of Federal and State Grant Fund Receivables		4,546.02	
Total Expenditures		<u>69,070,501.48</u>	<u>68,762,466.83</u>
Excess in Revenue		1,355,953.01	800,783.90
Balance January 1		1,564,090.69	1,633,306.79
		<u>2,920,043.70</u>	<u>2,434,090.69</u>
Decreased by:			
Utilized as Anticipated Revenue		870,000.00	870,000.00
Balance December 31	A	<u>\$ 2,050,043.70</u>	<u>\$ 1,564,090.69</u>

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

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	<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		17,688.00	\$ 188.00
Other	4,000.00		3,555.00	445.00 *
Fees and Permits:				
Other	180,000.00		192,201.85	12,201.85
Fines and Costs:				
Municipal Court	173,500.00		240,957.92	67,457.92
Interest and Costs on Taxes	187,500.00		218,767.26	31,267.26
Interest on Investments and Deposits	3,000.00		19,721.70	16,721.70
Consolidated Municipal Property Tax Relief Aid	53,457.00		53,457.00	
Energy Receipts Tax (P.L. 1999, Chapters 162 & 167)	1,356,902.00		1,356,902.00	
Reserve for Garden State Preservation Trust Fund	15,441.00		15,441.00	
Watershed Aid	799.00		799.00	
Shared Services-				
Fire Fighting	40,207.00		40,207.00	
Police/Court Services	286,317.00		286,317.00	
Finance	36,000.00		36,000.00	
Health	65,261.00		65,261.00	
Court Services	17,000.00		16,739.50	260.50 *
Body Armor Grant	3,810.79	\$ 2,946.19	6,756.98	
Reserve for Drunk Driving Enforcement Fund	3,754.33		3,754.33	
Clean Communities Program Grant	46,683.46		46,683.46	
Reserve for Clean Communities Program Grant	6,922.46		6,922.46	
Municipal Alliance on Alcoholism and Drug Abuse	22,145.50	2,000.00	24,145.50	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Cont'd):				
Distracted Driving Statewide Crackdown Grant		\$ 5,000.00	\$ 5,000.00	
Police Click It or Ticket Grant		4,000.00	4,000.00	
Federal Bulletproof Vest Grant		3,254.97	3,254.97	
General Capital Fund Balance	\$ 10,923.00		10,923.00	
Washington Library - Pension Contribution	66,186.98		66,186.98	
Cell Tower Rental	20,400.00		20,400.00	
Uniform Construction Code Services	33,000.00		39,884.93	\$ 6,884.93
I.T./Web Services	6,000.00		4,853.36	1,146.64 *
Department of Public Works Services	2,280.00		2,280.00	
Fire Prevention Services	4,000.00		5,099.50	1,099.50
	<u>2,662,990.52</u>	<u>17,201.16</u>	<u>2,814,160.70</u>	<u>133,969.02</u>
Receipts from Delinquent Taxes	<u>770,000.00</u>		<u>773,477.37</u>	<u>3,477.37</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	10,836,243.02		11,506,554.33	670,311.31
Minimum Library Tax	938,919.93		938,919.93	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>11,775,162.95</u>		<u>12,445,474.26</u>	<u>670,311.31</u>
Budget Totals	16,078,153.47	17,201.16	16,903,112.33	807,757.70
Nonbudget Revenue			281,597.96	281,597.96
	<u>\$ 16,078,153.47</u>	<u>\$ 17,201.16</u>	<u>\$ 17,184,710.29</u>	<u>\$ 1,089,355.66</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Collection of Current Taxes \$ 65,393,995.27

Allocated to:

School and County Taxes \$ 54,031,346.01

Open Space Taxes 357,175.00

54,388,521.01

11,005,474.26

Add: Appropriation "Reserve for
Uncollected Taxes"

1,440,000.00

Realized for Support of Municipal Budget

\$ 12,445,474.26

Receipts from Delinquent Taxes:

Delinquent Tax Collections \$ 744,466.59

Tax Title Lien Collections 29,010.78

\$ 773,477.37

Fees and Permits - Other:

Treasurer:

Township Clerk \$ 15,343.80

Cable TV Franchise Fee 54,258.04

Police 10,859.08

Tax Collector 1,190.00

Planning Board/Board of Adjustments 4,900.00

Zoning 10,915.00

Police Impound 10,920.00

Fire Safety 29,801.47

Health Officer 41,888.50

Recreation 11,860.96

Registrar 265.00

\$ 192,201.85

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(continued)

Analysis of Interest on Investments and Deposits

Current Fund Interest	\$ 15,681.02
Municipal Court Interest	120.94
Animal Control Fund Interest	61.01
Other Trust Funds Interest	3,090.08
Capital Fund Interest	768.65
	<u>\$ 19,721.70</u>

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:	
Prior Year Storm Reimbursement-FEMA	\$ 123,710.03
State Inspection Fines	5,625.00
Miscellaneous Rental Payments	35,398.92
Various Prior Year Reimbursements	34,803.43
Police Service Fees	46,159.40
Medicare Reimbursement -Flu Shots	5,593.31
Other Miscellaneous Reimbursements	30,307.87
	<u>\$ 281,597.96</u>

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

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	<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	\$ 198,057.00	\$ 198,057.00	\$ 194,497.97	\$ 3,559.03
Other Expenses	53,050.00	53,050.00	42,781.06	10,268.94
Mayor and Council:				
Other Expenses	1,301.00	1,301.00	1,273.00	28.00
Municipal Clerk:				
Salaries and Wages	56,206.00	56,206.00	54,998.53	1,207.47
Other Expenses	12,400.00	12,400.00	10,899.54	1,500.46
Financial Administration:				
Salaries and Wages	87,622.00	87,622.00	85,516.00	2,106.00
Other Expenses	15,188.00	15,188.00	11,579.08	3,608.92
Audit Services	26,965.00	26,965.00	26,965.00	
IT/Website/Data Processing:				
Salaries and Wages	80,078.00	80,078.00	78,695.00	1,383.00
Other Expenses	8,739.00	8,739.00	8,306.30	432.70
Collection of Taxes:				
Salaries and Wages	75,617.00	75,617.00	68,663.58	6,953.42
Other Expenses	12,731.00	12,731.00	12,676.05	54.95
Assessment of Taxes:				
Salaries and Wages	103,582.00	91,582.00	88,446.37	3,135.63
Other Expenses	10,220.00	10,220.00	7,981.72	2,238.28
Legal Services and Costs:				
Other Expenses	164,000.00	154,000.00	136,381.74	17,618.26

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(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):				
GENERAL GOVERNMENT (continued):				
Engineering Services and Costs:				
Other Expenses	\$ 18,675.00	\$ 18,675.00	\$ 14,927.12	\$ 3,747.88
Historic Preservation:				
Other Expenses	744.00	744.00	258.18	485.82
Planning Board:				
Salaries and Wages	29,328.00	29,328.00	29,035.00	293.00
Other Expenses	14,005.00	14,005.00	11,217.55	2,787.45
Zoning Officer:				
Salaries and Wages	12,000.00	12,000.00	11,877.46	122.54
Other Expenses	2,600.00	2,600.00	1,668.25	931.75
Insurance:				
Other Liability Insurance Premiums	230,003.00	238,874.42	238,874.42	
Workers Compensation	178,781.00	178,781.00	178,780.76	0.24
Group Insurance Plan for Employees	1,578,166.00	1,578,166.00	1,578,007.33	158.67
PUBLIC SAFETY:				
Police:				
Salaries and Wages	2,925,025.00	2,913,750.87	2,744,958.38	168,792.49
Other Expenses	79,049.00	79,049.00	74,076.04	4,972.96
Purchase of Police Cars	82,000.00	82,000.00	81,894.80	105.20
Joint Police, Fire and First Aid Communications:				
Other Expenses	331,090.00	331,090.00	329,922.70	1,167.30

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(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	\$ 2,000.00	\$ 2,000.00		\$ 2,000.00
Other Expenses	1,500.00	1,500.00	\$ 1,491.92	8.08
Radio Maintenance:				
Other Expenses	4,000.00	4,000.00	393.00	3,607.00
Fire:				
Other Expenses:				
Miscellaneous Other Expenses	72,507.00	72,507.00	72,507.00	
Fire Hydrant Service	4,080.00	4,080.00	4,080.00	
First Aid Organization - Contribution				
Miscellaneous Other Expenses	48,574.00	48,574.00	43,351.01	5,222.99
Fire Safety Act:				
Salaries and Wages	25,609.00	25,609.00	21,745.49	3,863.51
Other Expenses	3,050.00	3,050.00	1,068.31	1,981.69
Municipal Prosecutor:				
Other Expenses	12,250.00	12,250.00	10,500.00	1,750.00
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries and Wages	1,904,550.00	1,904,550.00	1,877,098.00	27,452.00
Other Expenses	681,197.00	681,197.00	677,500.39	3,696.61
Shade Trees:				
Other Expenses	2,985.00	2,985.00	2,492.69	492.31

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(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):				
OTHER MUNICIPAL SERVICES (continued):				
Public Buildings and Grounds:				
Salaries and Wages	\$ 12,230.00	\$ 9,394.56	\$ 9,394.56	
Other Expenses	63,015.00	65,850.44	63,396.79	\$ 2,453.65
Community Services Act	1,500.00	1,500.00		1,500.00
HEALTH AND WELFARE:				
Board of Health:				
Salaries and Wages	202,836.00	202,836.00	192,375.33	10,460.67
Other Expenses	23,040.00	23,040.00	20,194.09	2,845.91
Environmental Commission (R.S.40:56A-1 et seq):				
Other Expenses	2,105.00	2,105.00	325.00	1,780.00
RECREATION AND EDUCATION:				
Recreation and Education:				
Salaries and Wages	45,610.00	45,610.00	44,828.00	782.00
Other Expenses	4,600.00	4,600.00	3,468.65	1,131.35
Senior Citizens Program:				
Salaries and Wages	55,232.00	55,232.00	54,313.54	918.46
Other Expenses	3,250.00	3,250.00	3,219.49	30.51
Field Maintenance:				
Other Expenses	25,970.00	25,970.00	25,252.64	717.36
Utility Expenses and Bulk Purchases	467,000.00	487,000.00	480,900.26	6,099.74

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(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	\$ 113,599.00	\$ 113,599.00	\$ 109,331.10	\$ 4,267.90
Other Expenses	9,745.00	9,745.00	7,112.52	2,632.48
Public Defender:				
Other Expenses	2,400.00	2,400.00	263.50	2,136.50
Total Operations Within "CAPS"	10,181,656.00	10,177,253.29	9,851,762.21	325,491.08
Detail:				
Salaries and Wages	5,929,181.00	5,822,993.43	5,587,079.31	235,914.12
Other Expenses	4,252,475.00	4,354,259.86	4,264,682.90	89,576.96
Statutory Expenditures:				
Contributions to:				
Public Employees' Retirement System	449,693.00	406,271.94	406,271.94	
Social Security System (O.A.S.I.)	478,967.00	478,967.00	460,681.82	18,285.18
Police and Firemen's Retirement System of New Jersey	657,031.00	704,254.77	704,254.77	
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00	
Defined Contribution Retirement Program	2,000.00	2,600.00	2,486.48	113.52
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,597,691.00	1,602,093.71	1,583,695.01	18,398.70
Total General Appropriations for Municipal Purposes Within "CAPS"	11,779,347.00	11,779,347.00	11,435,457.22	343,889.78

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(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":				
Maintenance of Free Public Library	\$ 938,919.93	\$ 938,919.93	\$ 938,919.93	
LOSAP Program	71,300.00	71,300.00	60,375.00	\$ 10,925.00
Shared Service Agreements:				
Fire Fighting:				
Other Expenses	40,207.00	40,207.00	27,871.55	12,335.45
Police/Court Services:				
Salaries and Wages	286,317.00	286,317.00	286,317.00	
Finance:				
Salaries and Wages	36,000.00	36,000.00	36,000.00	
Health:				
Salaries and Wages	65,261.00	65,261.00	65,261.00	
Court:				
Salaries and Wages	17,000.00	17,000.00	17,000.00	
State and Federal Programs Offset by Revenues:				
Reserve for Body Armor Grant	3,810.79	3,810.79	3,810.79	
Reserve for Drunk Driving Enforcement Fund	3,754.33	3,754.33	3,754.33	
Distracted Driving Statewide Crackdown Grant (N.J.S.A. 40A:4-87 + \$5,000)		5,000.00	5,000.00	
Clean Communities Program	46,683.46	46,683.46	46,683.46	
Municipal Alliance on Alcoholism and Drug Abuse (N.J.S.A. 40A:4-87 + \$2,000)	22,145.50	22,145.50	22,145.50	
Reserves for Clean Communities Program	6,922.46	6,922.46	6,922.46	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(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)				
Police Click It or Ticket Grant (N.J.S.A. 40A:4-87 + \$4,000)		\$ 4,000.00	\$ 4,000.00	
Federal Bulletproof Vest Grant (N.J.S.A. 40A:4-87 + \$3,254.97)		3,254.97	3,254.97	
Body Armor Grant (N.J.S.A. 40A:4-87 + \$2,946.19)		2,946.19	2,946.19	
		<hr/>	<hr/>	
Total Operations Excluded from "CAPS"	\$ 1,538,321.47	1,555,522.63	1,532,262.18	\$ 23,260.45
		<hr/>	<hr/>	
Detail:				
Salaries and Wages	404,578.00	404,578.00	404,578.00	
Other Expenses	1,133,743.47	1,150,944.63	1,127,684.18	23,260.45
		<hr/>	<hr/>	
Capital Improvements-Excluded from "CAPS":				
Capital Improvement Fund	225,000.00	225,000.00	225,000.00	
Police Equipment	74,700.00	74,700.00	72,460.70	2,239.30
DPW Equipment	81,400.00	81,400.00	81,400.00	
Communication Equipment	33,000.00	33,000.00	32,464.92	535.08
Emergency Services Equipment	45,500.00	45,500.00	42,377.88	3,122.12
Reserve for Fire Truck Refurbishment	25,000.00	25,000.00	25,000.00	
Computer/Technology Upgrade	25,400.00	25,400.00	24,830.62	569.38
		<hr/>	<hr/>	
Total Capital Improvements Excluded from "CAPS"	510,000.00	510,000.00	503,534.12	6,465.88
		<hr/>	<hr/>	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(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	\$ 486,829.00	\$ 486,829.00	\$ 486,829.00	
Interest on Bonds	297,656.00	297,656.00	297,656.00	
Total Municipal Debt Service Excluded from "CAPS"	784,485.00	784,485.00	784,485.00	
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"	26,000.00	26,000.00	26,000.00	
Total General Appropriations Excluded from "CAPS"	2,858,806.47	2,876,007.63	2,846,281.30	\$ 29,726.33
Subtotal General Appropriations	14,638,153.47	14,655,354.63	14,281,738.52	373,616.11
Reserve for Uncollected Taxes	1,440,000.00	1,440,000.00	1,440,000.00	
Total General Appropriations	\$ 16,078,153.47	\$ 16,095,354.63	\$ 15,721,738.52	\$ 373,616.11

Ref.

A

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(continued)

	<u>Ref.</u>	Analysis of	
		Budget After Modification	Paid or Charged
Adopted Budget		\$ 16,078,153.47	
Additional Appropriations (N.J.S.A. 40A:4-87)		17,201.16	
		\$ 16,095,354.63	
Reserve for Uncollected Taxes			\$ 1,440,000.00
Cash Disbursed			14,476,026.64
Due to Federal and State Grant Fund			100,517.70
Deferred Charges			26,000.00
Encumbrances	A		326,082.55
			16,368,626.89
Less: Refunds Received			646,888.37
			\$ 15,721,738.52

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2014
TRUST FUNDS

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31,	
		2014	2013
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 10,661.99	\$ 3,752.03
Change Fund - Collector		50.00	50.00
		<u>10,711.99</u>	<u>3,802.03</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	2,221,137.13	1,987,112.58
		<u>2,221,137.13</u>	<u>1,987,112.58</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,231,849.12</u>	<u>\$ 1,990,914.61</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State Board of Health		\$ 12.00	
Reserve for Animal Control Expenditures	B-2	10,699.99	\$ 3,802.03
		<u>10,711.99</u>	<u>3,802.03</u>
Other Trust Funds:			
Due to State of New Jersey:			
Training Fees		9,589.34	4,941.51
Reserve for:			
Open Space Trust Fund		528,734.14	368,703.54
State Unemployment Insurance Trust Fund		27,766.86	10,717.23
Developers' Deposits		594,892.09	554,966.22
Sidewalk Improvements		10,225.00	10,225.00
Recreation		38,192.81	34,121.48
Recycling		12,074.63	18,814.24
Forfeited Assets		13,014.39	14,829.31
Washington Uniform Construction Code		128,447.55	96,044.87
Mansfield Uniform Construction Code		4,412.66	14,239.94
Housing Trust		324,128.53	320,776.03
Tax Sale Premiums		335,400.00	337,600.00
Municipal Alliance Fund		3,519.95	3,930.00
Parking Offense Adjudication Fees		649.55	619.55
Storm Recovery Fund		60,000.00	66,494.03
Fairview Avenue Housing Fund		130,089.63	130,089.63
		<u>2,221,137.13</u>	<u>1,987,112.58</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 2,231,849.12</u>	<u>\$ 1,990,914.61</u>

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2014
GENERAL CAPITAL FUND

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2014	2013
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 138,469.08	\$ 210,284.87
Due From Washington Township Board of Education			78,238.29
New Jersey Department of Transportation Grants Receivable		200,000.00	
Deferred Charges to Future Taxation:			
Funded		9,285,000.00	9,880,000.00
Unfunded	C-4	1,275,000.00	775,000.00
<u>TOTAL ASSETS</u>		<u>\$ 10,898,469.08</u>	<u>\$ 10,943,523.16</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 9,285,000.00	\$ 9,880,000.00
Bond Anticipation Notes Payable	C-7	385,000.00	
Improvement Authorizations:			
Funded	C-5	207,177.65	491,421.56
Unfunded	C-5	707,788.29	282,414.54
Capital Improvement Fund	C-6	101,384.80	96,384.80
Reserve for Fire Equipment		3,109.88	
Reserve for Police Equipment		1,629.20	
Reserve for Truck Refurbish		25,000.00	
Fund Balance	C-1	182,379.26	193,302.26
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 10,898,469.08</u>	<u>\$ 10,943,523.16</u>

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

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 193,302.26
Decreased by:		
Appropriated to 2014 Budget Revenue - Current Fund		<u>10,923.00</u>
Balance December 31, 2014	C	<u>\$ 182,379.26</u>

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2014
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2014
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2014
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

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

	December 31,	
	2014	2013
<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, 2014

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 and a resulting financial benefit or burden relationship, 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 practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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, 2014
(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.

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 more significant accounting 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.

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

C. Basis of Accounting (Cont'd)

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.

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

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

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 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. Fixed 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, 2014
(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,		
	2014	2013	2012
<u>Issued</u>			
General Bonds and Notes	\$ 9,670,000.00	\$ 9,880,000.00	\$ 10,450,000.00
Authorized but Not Issued:			
General	890,000.00	775,000.00	\$ 385,000.00
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 10,560,000.00</u>	<u>\$10,655,000.00</u>	<u>\$ 10,835,000.00</u>

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

	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
General Capital Fund:				
Serial Bonds	\$ 10,450,000.00		\$ 570,000.00	\$ 9,880,000.00
Total	<u>\$ 10,450,000.00</u>	<u>\$ -0-</u>	<u>\$ 570,000.00</u>	<u>\$ 9,880,000.00</u>
	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
General Capital Fund:				
Serial Bonds	\$ 9,880,000.00		\$ 595,000.00	\$ 9,285,000.00
Bond Anticipation Notes		\$ 385,000.00		385,000.00
Total	<u>\$ 9,880,000.00</u>	<u>\$ 385,000.00</u>	<u>\$ 595,000.00</u>	<u>\$ 9,670,000.00</u>

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(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 .373%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 10,980,000.00	\$ 10,980,000.00	
Regional School District Debt	5,980,320.18	5,980,320.18	
General Debt	<u>10,560,000.00</u>		<u>\$ 10,560,000.00</u>
	<u>\$ 27,520,320.18</u>	<u>\$ 16,960,320.18</u>	<u>\$ 10,560,000.00</u>

Net Debt \$10,560,000 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$2,832,703,765.33= .373%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 99,144,631.79
Net Debt	<u>10,560,000.00</u>
Remaining Borrowing Power	<u>\$ 88,584,631.79</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

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>
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	695,000.00	285,893.75	980,893.75
2019	725,000.00	257,493.75	982,493.75
2020-2024	4,080,000.00	819,368.75	4,899,368.75
2025-2026	<u>1,850,000.00</u>	<u>80,803.13</u>	<u>1,930,803.13</u>
	<u>\$ 9,285,000.00</u>	<u>\$ 2,431,515.63</u>	<u>\$ 11,716,515.63</u>

At December 31, 2014, the Township had capital debt issued and outstanding described as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Maturities of Notes</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>
	<u>Outstanding Dec. 31, 2014 Date</u>	<u>Amount</u>		
Purchase of Fire Truck	9/4/2015	\$ 385,000.00	0.85%	<u>\$ 385,000.00</u>
				<u>\$ 385,000.00</u>

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 3: Fund Balances Appropriated

Fund Balance at December 31, 2014, which is appropriated and included in the introduced budget as anticipated revenue for the year ending December 31, 2015 budget is as follows:

Current Fund	\$ 1,070,000.00
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Note 4: Local and Regional 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 6.78% effective July 1, 2013 and increased to 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st 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. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. 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% employer contribution.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 5: Pension Plans (Cont'd)

Township contributions to PFRS amounted to \$704,255, \$651,224 and \$632,807 for 2014, 2013 and 2012, respectively. Township contributions to PERS amounted to \$406,272, \$435,065 and \$439,599 for 2014, 2013 and 2012, respectively. Township contributions to DCRP amounted to \$2,486.48, \$2,572.60, and \$1,181.44 for 2014, 2013 and 2012, respectively. The DCRP employee contributions were \$4,558.54, \$1,403.25 and \$644.43 for 2014, 2013 and 2012, respectively.

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 \$24,485.69 at December 31, 2014. The Township also permits employees to accrue earned compensation time. The estimated current cost of this time is approximately \$253,866.40 at December 31, 2014. 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>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	2.353	2.328	2.336
<u>Apportionment of Tax Rate</u>			
Municipal	.418 *	.405 *	.397 *
Municipal Open Space	.012	.012	.012
County	.246	.247	.249
County Open Space	.011	.012	.017
Local School	1.150	1.134	1.135
Regional High School	.516	.518	.526
<u>Assessed Valuations</u>			
2014	<u>\$ 2,812,404,169</u>		
2013		<u>\$ 2,820,985,666</u>	
2012			<u>\$ 2,821,869,446</u>

* Includes Municipal Library Tax

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(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>
2014	\$ 66,226,544.74	\$ 65,393,995.27	98.74%
2013	65,731,455.04	64,645,043.13	98.34%
2012	66,087,696.82	64,921,321.18	98.23%

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, 2014
(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 Governmental 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, 2014 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, 2013 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	<u>\$ 25,334,768</u>
Net Position	<u>\$ 9,645,581</u>
Total Revenue	<u>\$ 15,621,282</u>
Total Expenditures	<u>\$ 15,549,524</u>
Change in Net Position	<u>\$ 71,758</u>
Members Dividends	<u>\$ -0-</u>

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, 2014
(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 three years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 10,000.00	\$ 8,076.63	\$ 1,027.00	\$ 27,766.86
2013	10,000.00	8,104.75	13,847.57	10,717.23
2012	10,000.00	13,073.11	38,657.24	6,460.05

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, 2014
(Continued)

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

Deposits: (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, 2014
(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, 2014, 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>Totals</u>
Current	\$ 3,304,891.61	\$ 575.00	\$ 3,305,466.61
Animal Control	10,661.99	50.00	10,711.99
Other Trust	2,221,137.13		2,221,137.13
General Capital	138,469.08		138,469.08
	<u>\$ 5,675,159.81</u>	<u>\$ 625.00</u>	<u>\$ 5,675,784.81</u>

At December 31, 2014, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2014, was \$5,675,784.81 and the bank balance was \$5,768,060.83.

Note 10: Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 46,650.24
Federal and State Grant Fund	\$ 46,650.24	
	<u>\$ 46,650.24</u>	<u>\$ 46,650.24</u>

The Chief Financial Officer monitors all interfunds for the various funds and liquidates them periodically throughout the year. The balances remaining at December 31, 2014, represent activity not liquidated by year end which were subsequently liquidated in 2015.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

(Continued)

Note 11: 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, 2014.

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 12: 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 13: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.012 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, 2014 and 2013 were \$528,734.14 and \$368,703.54 respectively.

Note 14: 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 permits participants 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 15: 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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

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.

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 2014 and 2013, the Township had approximately 20 and 19 employees who met eligibility requirements and recognized expenses of approximately \$568,581.05 and \$533,095.66 respectively.

TOWNSHIP OF WASHINGTON

SUPPLEMENTARY DATA

TOWNSHIP OF WASHINGTON
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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		
Donald Babb	Committeeman		
James LiaBraaten	Committeeman		
Tracy Tobin	Committeeman		
Andrew Coppola	Administrator		
Nina DiGregorio	Township Clerk		
Kevin Lifer	Township Treasurer / Chief Financial Officer	\$ 1,000,000.00	(B)
Ann Marie Obiedzinski	Tax Assessor - 1/1/14 to 6/30/14		(A)
Donna Re	Tax Assessor - 7/1/14 to 12/31/14		(A)
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)
Erin Flannery	Deputy Court Administrator - 1/1/14 to 4/17/14	1,000,000.00	(A)
Leslie Strozeski	Deputy Court Administrator - 5/19/14 to 12/31/14	1,000,000.00	(A)
Maryann O'Donnell McCoy	Municipal Prosecutor		
Michael Bailey	Chief of Police		(A)
Scott Frech	Superintendent, Department of Public Works		(A)
Neil Ruggiero	Construction Official		(A)
Barbara Margolese	Planning and Zoning Board Secretary, Zoning Officer		(A)

(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 2014.

(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 2014.

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2014
CURRENT FUND

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ 2,757,264.47
Increased by Receipts:		
Tax Collector	\$ 67,127,937.72	
Revenue Accounts Receivable	2,494,875.74	
Miscellaneous Revenue Not Anticipated	281,597.96	
Due from State of N.J. - Veterans' and Senior Citizens' Deductions	100,000.00	
Appropriation Refunds	646,888.37	
Appropriation Reserve Refunds	22,606.96	
Due Federal and State Grant Fund:		
Unappropriated Grant Reserves	4,879.43	
Grants Receivable	71,582.90	
Due to State of New Jersey:		
Marriage License Fees	1,325.00	
Due from Other Trust Fund:		
Reserve for Tax Sale Premiums	2,200.00	
Reserve for:		
Payroll Expenses	1,012,838.10	
Sale of Municipal Assets	3,308.93	
	<hr/>	71,770,041.11
		<hr/> 74,527,305.58
Decreased by Disbursements:		
2014 Appropriation Expenditures	14,476,026.64	
2013 Appropriation Reserves	489,966.64	
County Taxes	7,189,753.24	
Local School District Taxes	32,326,365.00	
Regional High School Taxes	14,514,969.00	
Due Federal and State Grant Fund:		
Appropriated Grant Reserves	85,644.36	
Due Other Trust:		
Reserve for Open Space Trust Fund	357,433.77	
Tax Overpayments Refunded	58,499.21	
Refund of Prior Year Revenue	20,079.82	
Accounts Payable	10,575.00	
Third Party Tax Title Lien Refunds	465,628.57	
Reserve for Tax Sale Premiums	237,000.00	
Reserve for Sale of Municipal Assets	59.07	
Reserve for Payroll Expenses	988,913.65	
Due to State of New Jersey:		
Marriage License Fees	1,500.00	
	<hr/>	71,222,413.97
		<hr/> <hr/> 71,222,413.97
Balance December 31, 2014	A	\$ 3,304,891.61

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2014

Increased by Receipts:

Taxes Receivable	\$ 65,777,147.01	
Tax Title Liens	29,010.78	
2015 Prepaid Taxes	270,994.19	
Interest and Costs on Taxes	218,767.26	
Year End Penalty	19,569.51	
Tax Overpayments	56,533.44	
Third Party Tax Title Liens	521,115.53	
Tax Sale Premiums	234,800.00	
	<hr/>	\$ 67,127,937.72

Decreased by:

Payments to Treasurer		<hr/> <hr/> \$ 67,127,937.72
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SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

Year	Balance	2014 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Trans- ferred to Tax Title Liens	Balance
	Dec. 31, 2013		2013	2014				Dec. 31, 2014
2011	\$ 11,639.44			\$ 11,889.44	\$ (250.00)			
2012	10,222.34			10,472.34	(250.00)			
2013	773,520.40			722,104.81	(1,500.00)	\$ 33,404.56	\$ 13,197.88	\$ 6,313.15
	795,382.18			744,466.59	(2,000.00)	33,404.56	13,197.88	6,313.15
2014		\$ 66,226,544.74	\$ 260,314.85	65,032,680.42	101,000.00	113,055.61	116,708.81	602,785.05
	\$ 795,382.18	\$ 66,226,544.74	\$ 260,314.85	\$ 65,777,147.01	\$ 99,000.00	\$ 146,460.17	\$ 129,906.69	\$ 609,098.20

Ref. A

A

Analysis of 2014 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 66,153,777.08	
Business Personal Property Taxes	22,096.29	
Added and Omitted Taxes	50,671.37	
		<u>\$ 66,226,544.74</u>

Tax Levy:

Regional High School Taxes	14,514,969.00	
Local School District Taxes	32,326,365.00	
		\$ 46,841,334.00
Municipal Open Space Taxes		357,433.77
County Taxes	7,184,204.42	
Due County for Added and Omitted Taxes	\$ 5,548.82	
		<u>7,189,753.24</u>
		54,388,521.01
Local Tax for Municipal Purposes Levied	10,836,243.02	
Municipal Library Tax	938,919.93	
Add: Additional Tax Levied	62,860.78	
		<u>11,838,023.73</u>
		<u>\$ 66,226,544.74</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2013	A		\$ 1,995,241.69
Increased by:			
Transfer from Taxes Receivable		\$ 129,906.69	
Interest and Costs Accrued at Tax Sale		<u>2,501.50</u>	
			<u>132,408.19</u>
			2,127,649.88
Decreased by:			
Cash Collections		29,010.78	
Cancelled		<u>710.83</u>	
			<u>29,721.61</u>
Balance December 31, 2014	A		<u><u>\$ 2,097,928.27</u></u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec 31, 2013</u>	<u>Accrued In</u> <u>2014</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec 31, 2014</u>
Licenses:				
Alcoholic Beverages		\$ 17,688.00	\$ 17,688.00	
Other		3,555.00	3,555.00	
Fees and Permits:				
Other		192,201.85	192,201.85	
Municipal Court	\$ 19,837.40	236,447.42	240,957.92	\$ 15,326.90
Interest on Investments and Deposits		19,721.70	19,721.70	
Consolidated Municipal Property Tax Relief		53,457.00	53,457.00	
Energy Receipts Taxes		1,356,902.00	1,356,902.00	
Garden State Trust Fund		15,441.00	15,441.00	
Watershed Aid		799.00	799.00	
Interlocal Governmental Services:				
Fire Fighting		40,207.00	40,207.00	
Police/Court Services		286,317.00	286,317.00	
Finance		36,000.00	36,000.00	
Health		65,261.00	65,261.00	
Court Services		16,739.50	16,739.50	
General Capital Fund Balance		10,923.00	10,923.00	
Washington Library - Pension Contribution		66,186.98	66,186.98	
Cell Tower Rental		20,400.00	20,400.00	
Uniform Construction Code Services		39,884.93	39,884.93	
I.T./Web Services		4,853.36	4,853.36	
Department of Public Works Services		2,280.00	2,280.00	
Reserve for First Aid Equipment		5,099.50	5,099.50	
	<u>\$ 19,837.40</u>	<u>\$ 2,490,365.24</u>	<u>\$ 2,494,875.74</u>	<u>\$ 15,326.90</u>

Ref.

A

A

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014

	Balance Dec. 31, 2013	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Salaries and Wages	\$ 36,493.28	\$ 30,493.28	\$ 3,513.65	\$ 26,979.63
Other Expenses	4,811.70	4,811.70	3,560.83	1,250.87
Mayor and Council:				
Other Expenses	47.00	47.00		47.00
Municipal Clerk:				
Other Expenses	1,929.24	1,929.24	114.75	1,814.49
Financial Administration:				
Salaries and Wages	3,189.16	3,189.16	1,612.44	1,576.72
Audit Service	24,175.00	24,175.00	24,175.00	
IT/Website/Data Processing:				
Salaries and Wages	1,356.00	1,356.00	1,355.94	0.06
Other Expenses	1,948.71	1,948.71	381.41	1,567.30
Collection of Taxes:				
Salaries and Wages	7,920.64	5,420.64	447.62	4,973.02
Other Expenses	1,417.77	1,417.77	835.45	582.32
Assessment of Taxes:				
Salaries and Wages	1,413.99	1,413.99		1,413.99
Other Expenses	3,576.25	3,576.25	514.90	3,061.35
Legal Services and Costs:				
Other Expenses	13,608.36	13,608.36	6,667.10	6,941.26
Engineering Services and Costs:				
Other Expenses	5,290.74	5,290.74	1,962.82	3,327.92
Historical Preservation:				
Other Expenses	699.00	699.00		699.00
Planning Board:				
Salaries and Wages	1,122.42	1,122.42	744.00	378.42
Other Expenses	2,779.09	2,779.09	635.27	2,143.82
Zoning Officer:				
Salaries and Wages	650.00	650.00		650.00
Other Expenses	833.01	833.01		833.01
Insurance:				
Other Liability Insurance Premiums	11,560.24	11,560.24		11,560.24
Workers Compensation	2,510.85	2,510.85		2,510.85
Group Insurance Plan for Employees	30,316.17	30,316.17		30,316.17
Police:				
Salaries and Wages	76,752.47	70,752.47	29,298.03	41,454.44
Other Expenses	24,030.55	24,030.55	14,672.20	9,358.35
Purchase of Police Cars	1,055.37	1,055.37	1,000.00	55.37
Communications:				
Other Expenses	6,213.67	6,213.67	983.18	5,230.49

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014

(Continued)

	Balance Dec. 31, 2013	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Office of Emergency Management:				
Salaries and Wages	\$ 1,273.24	\$ 1,273.24		\$ 1,273.24
Other Expenses	379.08	379.08	\$ 373.36	5.72
Radio Maintenance:				
Other Expenses:	4,000.00	4,000.00	60.00	3,940.00
Fire:				
Other Expenses:				
Miscellaneous Other Expenses	32,567.94	32,567.94	26,466.14	6,101.80
First Aid Organization - Contribution	16,861.32	16,861.32	13,063.86	3,797.46
Fire Safety Act:				
Salaries and Wages	1,328.65	1,328.65		1,328.65
Other Expenses	2,085.88	2,085.88	337.20	1,748.68
Municipal Prosecutor:				
Other Expenses	2,100.00	2,100.00	700.00	1,400.00
Road Repairs and Maintenance:				
Salaries and Wages	58,414.57	52,414.57	16,518.69	35,895.88
Other Expenses	81,860.70	104,860.70	102,222.69	2,638.01
Public Buildings and Grounds:				
Salaries and Wages	467.56	467.56	274.05	193.51
Other Expenses	10,477.08	15,477.08	14,862.11	614.97
Community Services Act	1,500.00	1,500.00	1,031.01	468.99
Board of Health:				
Salaries and Wages	9,865.93	7,365.93	3,658.94	3,706.99
Other Expenses	7,111.43	7,111.43	6,402.56	708.87
Environmental Commission:				
Other Expenses	210.00	210.00		210.00
Recreation Committee:				
Salaries and Expense	689.76	689.76	531.29	158.47
Other Expenses	1,211.65	1,211.65	256.78	954.87
Senior Citizens Program:				
Salaries and Wages	3,407.80	3,407.80	698.37	2,709.43
Other Expenses	136.85	136.85	101.38	35.47
Field Maintenance:				
Other Expenses	11,538.03	11,538.03	2,946.28	8,591.75
Utility Expenses and Bulk Purchases	102,314.17	102,314.17	98,547.45	3,766.72
Municipal Court:				
Salaries and Wages	6,710.25	6,710.25	431.38	6,278.87
Other Expenses	2,110.06	2,110.06	960.54	1,149.52
Public Defender:				
Other Expenses	2,006.55	2,006.55		2,006.55

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Balance Dec. 31, 2013	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Social Security System (O.A.S.I.)	\$ 19,836.66	\$ 14,836.66	\$ 5,451.53	\$ 9,385.13
Defined Contribution Retirement Program	596.75	596.75		596.75
LOSAP Program	11,500.00	11,500.00	10,925.00	575.00
Capital Improvements:				
Police Equipment	4,789.57	4,789.57	4,789.57	
DPW Equipment	63,141.79	63,141.79	62,865.00	276.79
Emergency Services Equipment	13,393.34	13,393.34	13,393.34	
	\$ 739,587.29	\$ 739,587.29	\$ 480,343.11	\$ 259,244.18
 <u>Balance December 31, 2013</u>				
	<u>Ref.</u>			
Unencumbered	A	\$ 491,670.35		
Encumbered	A	247,916.94		
		\$ 739,587.29		
 <u>Analysis of Paid or Charged:</u>				
Cash Disbursed			\$ 489,966.64	
Accounts Payable			12,983.43	
			502,950.07	
Less: Refunds Received			22,606.96	
			\$ 480,343.11	

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2014

Increased by:	
Levy - Calendar Year 2014	<u>\$ 32,326,365.00</u>
Decreased by:	
Payments to Local School District	<u><u>\$ 32,326,365.00</u></u>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2014

Increased by:	
Levy - Calendar Year 2014	<u>\$ 14,514,969.00</u>
Decreased by:	
Payments to Regional High School District	<u><u>\$ 14,514,969.00</u></u>

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

	Balance Dec. 31, 2013	2014 Budget Revenue Realized	Grant Funds Received	Transferred from Unappropriated Reserves	Cancelled	Balance Dec. 31, 2014
Municipal Alliance on Alcoholism and Drug Abuse - 2011	\$ 1,362.74				\$ 1,362.74	
Municipal Alliance on Alcoholism and Drug Abuse - 2012	91.65				91.65	
Municipal Alliance on Alcoholism and Drug Abuse - 2013	9,439.38		\$ 9,260.96		178.42	
Municipal Alliance on Alcoholism and Drug Abuse - 2014		\$ 24,145.50	6,605.50			\$ 17,540.00
New Jersey Body Armor Grant - 2013		2,946.19	2,946.19			
New Jersey Body Armor Grant - 2014		3,810.79		\$ 3,810.79		
Distracted Driving Statewide Crackdown Grant - 2014		5,000.00	4,983.37		16.63	
Drunk Driving Enforcement Fund - 2014		3,754.33		3,754.33		
Clean Communities Grant - 2013		6,922.46		6,922.46		
Clean Communities Grant - 2014		46,683.46	43,789.83		2,893.63	
Police Click It or Ticket Grant - 2014		4,000.00	3,997.05		2.95	
Federal Bulletproof Vest Grant - 2014		3,254.97				3,254.97
NJ Highlands Plan Conformance Grant	247,354.40					247,354.40
	<u>\$ 258,248.17</u>	<u>\$ 100,517.70</u>	<u>\$ 71,582.90</u>	<u>\$ 14,487.58</u>	<u>\$ 4,546.02</u>	<u>\$ 268,149.37</u>

Ref.

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

	Balance Dec. 31, 2013	Transferred from 2014 Budget Appropriations	Expended in Current Fund	Balance Cancelled	Balance Dec. 31, 2014
Assistance to Firefighters Grant - 2010	\$ 1.57				\$ 1.57
New Jersey Body Armor Grant - 2012	1,707.11		\$ 1,707.11		
New Jersey Body Armor Grant - 2013		\$ 2,946.19	1,998.85		947.34
New Jersey Body Armor Grant - 2014		3,810.79			3,810.79
Drunk Driving Enforcement Fund - 2012	496.29		496.29		
Drunk Driving Enforcement Fund - 2013	5,727.95		3,226.56		2,501.39
Drunk Driving Enforcement Fund - 2014		3,754.33			3,754.33
Clean Communities Grant - 2013	32,388.21	6,922.46	32,388.21		6,922.46
Clean Communities Grant - 2014		46,683.46	7,374.37	\$ 2,893.63	36,415.46
Municipal Alliance on Alcoholism and Drug Abuse - 2012	1,305.48			1,305.48	
Municipal Alliance on Alcoholism and Drug Abuse - 2013	7,835.67		7,508.34	327.33	
Municipal Alliance on Alcoholism and Drug Abuse - 2014		24,145.50	9,591.89		14,553.61
Municipal Court Alcohol Education Rehabilitation Fund - 2012	2,725.23		2,725.00		0.23
Distracted Driving Statewide Crackdown Grant - 2014		5,000.00	4,983.37	16.63	
Police Click It or Ticket Grant - 2014		4,000.00	3,997.05	2.95	
Police Donation - 2013	250.00				250.00
Federal Bulletproof Vest Grant		3,254.97	3,254.97		
NJ Highlands Plan Conformance Grant	245,044.74		5,949.48		239,095.26
Sustainable Jersey Small Grant - 2013	152.00		152.00		
Community Foundation Grant	1,958.61		290.87		1,667.74
	<u>\$ 299,592.86</u>	<u>\$ 100,517.70</u>	<u>\$ 85,644.36</u>	<u>\$ 4,546.02</u>	<u>\$ 309,920.18</u>

Ref. A

A

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

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Transferred to</u> <u>2014 Budget</u> <u>Revenue</u>	<u>Received in</u> <u>Current</u> <u>Fund</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
New Jersey Body Armor Grant	\$ 3,810.79	\$ 3,810.79		
Drunk Driving Enforcement Fund	3,754.33	3,754.33	\$ 4,359.43	\$ 4,359.43
Clean Communities Grant	6,922.46	6,922.46		
Police Donation			520.00	520.00
	<u>\$ 14,487.58</u>	<u>\$ 14,487.58</u>	<u>\$ 4,879.43</u>	<u>\$ 4,879.43</u>
<u>Ref.</u>	A			A

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2014
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, 2013	B	\$ 3,752.03	\$ 1,987,112.58
Increased by Receipts:			
Dog and Other License Fees		32,184.10	
State Fees		2,816.40	
Penalty Fees - Late Payments and Other Miscellaneous		4,632.00	
Interest Earned - Due to Current Fund		61.01	3,090.08
Reserve for Open Space Trust Fund:			
Tax Levy			357,433.77
General Capital Improvement Authorizations Cancelled			124,580.65
Interest Earnings			449.97
Forfeited Assets Deposits			311.73
Recreation Deposits			100,703.89
Developers' Deposits			289,484.02
State Uniform Construction Code Fees			448,439.00
Mansfield State Uniform Construction Code Fees			76,869.32
Due to State of N.J. - State Training Fees			30,828.68
Recycling Revenue			17,314.40
Housing Trust Deposits			39,791.32
State Unemployment Insurance			18,076.63
Parking Offense Adjudication Act			30.00
		<u>39,693.51</u>	<u>1,507,403.46</u>
		<u>43,445.54</u>	<u>3,494,516.04</u>
Decreased by Disbursements:			
Expenditures Under R.S.4:19-15.11		29,918.14	
Due to State Board of Health		2,804.40	
Due to Current Fund:			
Interest Earned		61.01	3,090.08
Reserve for Open Space Trust Fund:			
Expenditures			322,433.79
State Uniform Construction Code Expenditures			416,036.32
Mansfield State Uniform Construction Code Fees			86,696.60
Due to State of N.J. - State Training Fees			26,180.85
Recreation			96,632.56
Recycling			24,054.01
Forfeited Assets			2,126.65
State Unemployment Insurance Expenditures			1,027.00
Municipal Alliance			410.05
Storm Recovery Fund Expenditures			6,494.03
Tax Sale Premiums			2,200.00
Refund of:			
Developers' Deposits			249,558.15
Housing Trust Deposits			36,438.82
		<u>32,783.55</u>	<u>1,273,378.91</u>
Balance December 31, 2014	B	\$ 10,661.99	\$ 2,221,137.13

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

	<u>Ref.</u>	
Balance December 31, 2013	B	\$ 3,802.03
Increased by:		
Dog and Other License Fees Collected		\$ 32,184.10
Penalty Fees - Late Payments and Other Miscellaneous		<u>4,632.00</u>
		<u>36,816.10</u>
		40,618.13
Decreased by:		
Expenditures Under R.S.4:19-15.11		<u>29,918.14</u>
Balance December 31, 2014	B	<u><u>\$ 10,699.99</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	\$ 27,991.80
2013	<u>27,781.00</u>
Maximum Allowable Reserve	<u><u>\$ 55,772.80</u></u>

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2014
GENERAL CAPITAL FUND

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 210,284.87
Increased by:		
Budget Appropriation		
Capital Improvement Fund	\$ 225,000.00	
Fire Truck	25,000.00	
Bond Anticipation Notes Issued	385,000.00	
Washington Township Board of Education	14,370.46	
Due to Current Fund - Interest Income	768.65	
Reserve for Fire Equipment	3,109.88	
Reserve for Police Equipment	1,629.20	
	654,878.19	
Decreased by:		
Improvement Authorization Expenditures	590,421.68	
General Capital Fund Balance:		
Appropriated to 2014 Budget Revenue - Current Fund	10,923.00	
Due to Current Fund - Interest Income	768.65	
Due to Open Space Trust Fund:		
Cancellation of Authorization Balances	124,580.65	
	726,693.98	
Balance December 31, 2014	C	\$ 138,469.08

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2013	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2014	
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authori- zations	Miscellaneous	From		To
Fund Balance	\$ 193,302.26					\$ 10,923.00		\$ 182,379.26	
Capital Improvement Fund	96,384.80		\$ 225,000.00				\$ 220,000.00	101,384.80	
Due Current Fund				\$ 29,739.08			29,739.08		
Due From Washington Board of Education	(78,238.29)			14,370.46			\$ 63,867.83		
New Jersey Department of Transportation Grants Receivable						200,000.00		(200,000.00)	
Reserve for Open Space Trust Fund						124,580.65	124,580.65		
Reserve for Fire Truck Refurbish							25,000.00	25,000.00	
Reserve for Fire Equipment							3,109.88	3,109.88	
Reserve for Police Equipment							1,629.20	1,629.20	
<u>Ord.</u>									
<u>No.</u>									
		<u>Improvement Description</u>							
10-04		Improvement of Recreational Facilities			\$ 3,254.83			48,153.72	
19-05		Various Improvements			745.29				
48-05		Acquisition of Land					48,071.52		
50-05		Acquisition of Open Space					40,474.70		
23-06		Acquisition of Open Space					21,353.07		
12-07		Various Improvements			1,800.00			13,573.11	
01-08		Acquisition of Open Space					11,827.76		
07-08		Various Improvements			777.53				
21-08		Sidewalk Construction			5,327.10			38,015.61	
07-09		Various Improvements			63.81			1,045.55	
02-11		Road Improvements			18,116.75				
12-11		Telephone System			1,512.50			2,973.33	
07-12		Road Improvements			64,197.62			72,048.05	
10-12		Construction Board of Education Maintenance Garage					63,867.83		
11-12		Fire Truck		\$ 385,000.00	2,800.00			54,100.77	
16-12		Acquisition of Property						31,368.28	
19-12		Acquire Open Space Property					2,853.60		
14-13		Various Improvements			9,581.36			(174,067.59)	
08-14		Road Improvements			482,244.89		420,000.00	(62,244.89)	
	\$ 210,284.87	\$ 385,000.00	\$ 225,000.00	\$ 44,109.54	\$ 590,421.68	\$ 135,503.65	\$ 638,187.56	\$ 638,187.56	\$ 138,469.08

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2013	2014 Improvement Authorizations	Balance Dec. 31, 2014	Analysis of Balance December 31, 2014		
					Expenditures	Bond Anticipation Notes	Unexpended Improvement Authorization
11-12	Fire Truck	\$ 385,000.00		\$ 385,000.00		\$ 385,000.00	
14-13	Various Improvements	390,000.00		390,000.00	\$ 174,067.59		\$ 215,932.41
08-14	Road Improvements		\$ 500,000.00	500,000.00	62,244.89		437,755.11
		<u>\$ 775,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 1,275,000.00</u>	<u>\$ 236,312.48</u>	<u>\$ 385,000.00</u>	<u>\$ 653,687.52</u>

Ref.

C

C

Improvement Authorizations Unfunded:

\$ 707,788.29

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance #11-12 Fire Truck

(54,100.77)\$ 653,687.52

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2013		2014 Authorizations		Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2014	
				Funded	Unfunded	Various Funding Sources	Deferred Charges to Future Taxation - Unfunded			Funded	Unfunded
10-04	Improvement of Recreational Facilities		\$ 1,700,000.00	\$ 51,408.55				\$ 3,254.83		\$ 48,153.72	
19-05	Various Improvements		1,875,000.00	745.29			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		
23-06	Acquisition of Open Space		195,000.00	21,353.07					21,353.07		
12-07	Various Improvements		1,315,000.00	15,373.11			1,800.00			13,573.11	
01-08	Acquisition of Open Space		485,000.00	11,827.76					11,827.76		
07-08	Various Improvements		982,000.00	777.53			777.53				
21-08	Sidewalk Construction		84,000.00	43,342.71			5,327.10			38,015.61	
07-09	Various Improvements		740,000.00	1,109.36			63.81			1,045.55	
02-11	Road Improvements		1,200,000.00	18,116.75			18,116.75				
12-11	Telephone System		60,000.00	4,485.83			1,512.50			2,973.33	
07-12	Road Improvements		975,000.00	136,245.67			64,197.62			72,048.05	
10-12	Construction Board of Education Maintenance Garage		650,000.00	63,867.83					63,867.83		
11-12	Fire Truck		450,000.00		\$ 56,900.77		2,800.00				\$ 54,100.77
16-12	Acquisition of Property		240,000.00	31,368.28						31,368.28	
19-12	Acquire Open Space Property		138,000.00	2,853.60					2,853.60		
14-13	Various Improvements		580,000.00		225,513.77		9,581.36				215,932.41
08-14	Road Improvements		920,000.00			\$ 420,000.00	\$ 500,000.00	482,244.89			437,755.11
				<u>\$ 491,421.56</u>	<u>\$ 282,414.54</u>	<u>\$ 420,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 590,421.68</u>	<u>\$ 188,448.48</u>	<u>\$ 207,177.65</u>	<u>\$ 707,788.29</u>
	<u>Ref. Ref.</u>			C	C					C	C
	Capital Improvement Fund					\$ 220,000.00					
	New Jersey Department of Transportation Grant					200,000.00					
						<u>\$ 420,000.00</u>					
									Open Space Trust Fund	\$ 124,580.65	
									Due to Washington Board of Education	63,867.83	
										<u>\$ 188,448.48</u>	

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 96,384.80
Increased by:		
Current Fund Budget Appropriation		<u>225,000.00</u>
		321,384.80
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>220,000.00</u>
Balance December 31, 2014	C	<u><u>\$ 101,384.80</u></u>

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDING DECEMBER 31, 2014

Ord. No.	Improvement Description	Date of			Interest Rate	Issued	Balance Dec. 31, 2014
		Issue of Original Note	Issue	Maturity			
11-12	Purchase of Fire Truck	09/05/14	09/05/14	09/04/15	0.85%	\$ 385,000.00	\$ 385,000.00
						<u>\$ 385,000.00</u>	<u>\$ 385,000.00</u>
					<u>Ref.</u>		C

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>	<u>2014 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2014</u>
11-12	Fire Truck	\$ 385,000.00		\$ 385,000.00	
14-13	Various Improvements	390,000.00			\$ 390,000.00
08-14	Road Improvements		\$ 500,000.00		500,000.00
		<u>\$ 775,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 385,000.00</u>	<u>\$ 890,000.00</u>

TOWNSHIP OF WASHINGTON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

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 Law and Public Safety) Division of Highway Traffic Safety	Click It or Ticket	20.616	142-YHTS-6010	01/01/14	12/31/14	\$ 4,000.00	\$ 3,997.05	\$ 3,997.05	\$ 3,997.05
	Distracted Driving Statewide Crackdown Grant	20.600	N/A	01/01/14	12/31/14	5,000.00	4,983.37	4,983.37	4,983.37
Total U.S. Department of Transportation							8,980.42	8,980.42	8,980.42
U.S. Department of Justice (Passed through New Jersey Department of Law and Public Safety)	Bulletproof Vest Partnership Program	16.607	N/A	01/01/14	12/31/14	3,254.97		3,254.97	3,254.97
Total U.S. Department of Justice								3,254.97	3,254.97
U.S. Department of Homeland Security: (Passed through New Jersey Office of Homeland Security and Preparedness)	Disaster Grants - Public Assistance - FEMA								
	Hurricane Irene	97.036	N/A	01/01/14	12/31/14	9,088.93	9,088.93	9,088.93 *	9,088.93
	Hurricane Sandy	97.036	N/A	01/01/14	12/31/14	114,621.10	114,621.10	114,621.10 *	114,621.10
Total U.S. Department of Homeland Security							123,710.03	123,710.03	123,710.03
TOTAL FEDERAL AWARDS							\$ 132,690.45	\$ 135,945.42	\$ 135,945.42

N/A - Not Available/Applicable

* - Expended in Prior Years

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, 2014

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- 044-995120	7/1/13 7/1/14	6/30/14 6/30/15	\$ 13,103.00 24,145.50	\$ 9,260.96 6,605.50	\$ 7,508.34 9,591.89	12,775.67 9,591.89
Total - Department of the Treasury						15,866.46	17,100.23	36,665.08
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-078-6400-YYYY	1/1/11 1/1/12 1/1/14	12/31/14 12/31/15 12/31/15	3,258.61 5,727.95 4,359.43		496.29 3,226.56	3,258.61 3,226.56
	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900- 001-X100-6020	1/1/10	12/31/14	2,725.23		2,725.00	2,725.00
	Body Armor Grant	718-066-1020-6120	1/1/12 1/1/14	12/31/14 12/31/15	2,951.84 2,946.19	2,946.19	1,707.11 1,998.85	2,951.84 1,998.85
Total - Department of Law and Public Safety						7,305.62	10,153.81	14,160.86
Department of Environmental Protection	Clean Communities Act	4900-765- 178900-60	1/1/13 1/1/14	12/31/15 12/31/15	46,683.46 46,683.46	43,789.83	32,388.21 7,374.37	39,761.00 7,374.37
Total - Department of Environmental Protection						43,789.83	39,762.58	47,135.37
New Jersey Highlands Council	Plan Conformance Grant	09-033-011-1438	1/1/11	12/31/15	256,100.00		5,949.48	17,004.74
Total - New Jersey Highlands Council							5,949.48	17,004.74
TOTAL STATE AWARDS						\$ 66,961.91	\$ 72,966.10	\$ 114,966.05

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, 2014

A. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Township of Washington under programs of the federal and state governments for the year ended December 31, 2014. The information in these schedules is presented in accordance with the requirements of the Office of Management and Budget (OMB) 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*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

B. Summary of Significant Accounting Policies

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

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, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated May 11, 2015. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, 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 Finding 2014-01, and 2014-02 that we consider to be a 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*.

The Township's Responses to the Findings

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
May 11, 2015

NISIVOCIA LLP



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

TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2014

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- Significant deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey OMB's Circular 04-04 for the year ended December 31, 2014 as both state and federal grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

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

- The audit disclosed the following significant deficiencies required to be reported under Generally Accepted Government Auditing Standards:

Finding 2014-1

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.

TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2014

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

Finding 2014-2

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 accounting requirements in the New Jersey Administrative Code.

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:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the single audit threshold.

TOWNSHIP OF WASHINGTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 2014-1 and 2014-2.

TOWNSHIP OF WASHINGTON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

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 4, 2014, 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 2014 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 October 23, 2014, 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:

<u>Year</u>	<u>Number of Liens</u>
2014	53
2013	46
2012	43

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 2014 Taxes	20
Payments of 2015 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5

Verification notices were mailed to confirm balances as of December 31, 2014. The items that were returned were checked and in agreement with the Township's records. For receivable items not returned, alternative procedures were performed.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

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

The Township is in compliance with accounting requirements 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.

TOWNSHIP OF WASHINGTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The transactions for the year 2014 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

<u>AGENCY</u>	<u>Balance</u> <u>12/31/2013</u>	<u>Cash</u> <u>Received</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>12/31/2014</u>
State of New Jersey	\$ 10,253.60	\$ 129,504.61	\$ 130,892.61	\$ 8,865.60
County of Morris	9,626.00	115,220.00	117,295.50	7,550.50
Township of Washington	19,746.40	236,447.42	240,866.92	15,326.90
Township of Washington - POAA	14.00	20.00	30.00	4.00
Local Park Commission	50.00	368.00	368.00	50.00
Forest and Parks		50.00	50.00	
Restitution	424.52	725.00	1,149.52	
Fish and Game		1,480.00	1,480.00	
Weights and Measures	1,050.00	13,000.00	10,950.00	3,100.00
Public Defender	679.00	3,411.50	4,090.50	
Miscellaneous		18.00		18.00
Bail	9,100.00	42,877.29	46,227.29	5,750.00
TOTAL	<u>\$ 50,943.52</u>	<u>\$ 543,121.82</u>	<u>\$ 553,400.34</u>	<u>\$ 40,665.00</u>

Purchase Order Process

During our review of the purchase orders processed during the year, we noted instances where purchase orders were dated after invoices.

It is recommended that a purchase order be created prior to the purchase of any good or service.

Management Response

The Township will ensure that a purchase order is always created prior to the purchase of any goods or service.

Corrective Action Plan

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2013 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. A purchase order be created prior to the purchase of any good or service.

* * * * *