

TOWNSHIP OF WASHINGTON

COUNTY OF MORRIS

REPORT OF AUDIT

2011

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF WASHINGTON

COUNTY OF MORRIS

REPORT OF AUDIT

2011

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TOWNSHIP OF WASHINGTON

PART I

INDEPENDENT AUDITORS' REPORT AND

FINANCIAL STATEMENTS AND

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011



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Independent Auditors' Report

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

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, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audits.

Except as discussed in the fourth paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared in conformity with accounting principles prescribed by the Division that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 cost. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2011 and 2010 stated at \$20,770,179 and \$20,770,179, respectively.

The Honorable Mayor and Members
of the Township Committee
Township of Washington
Long Valley, New Jersey
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In our opinion, because the Township prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, and the results of its operations for the years then ended.

However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed assets account group been audited, the financial statements-regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Township of Washington at December 31, 2011 and 2010, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in conformity with accounting principles prescribed by the Division, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2012, on our consideration of the Township of Washington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's financial statements as a whole. The information included in the supplementary data schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and are not a required part of the financial statements. The supplementary data schedules listed in the table of contents 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1 to the financial statements and Note B to the schedules of expenditures of federal and state awards.

Mount Arlington, New Jersey
March 9, 2012

NISIVOCCIA LLP



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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2011
CURRENT FUND

TOWNSHIP OF WASHINGTON
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 3,201,798.41	\$ 3,193,577.69
Change Funds		375.00	325.00
		<u>3,202,173.41</u>	<u>3,193,902.69</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	868,351.22	938,640.12
Tax Title Liens Receivable	A-8	1,686,874.84	1,544,825.22
Year End Penalty Receivable		17,752.31	21,060.59
Property Acquired for Taxes at Assessed Valuation		523,800.00	523,800.00
Revenue Accounts Receivable	A-9	13,681.38	149,353.17
Total Receivables and Other Assets		<u>3,110,459.75</u>	<u>3,177,679.10</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)		78,000.00	104,000.00
		<u>78,000.00</u>	<u>104,000.00</u>
Total Regular Fund		<u>6,390,633.16</u>	<u>6,475,581.79</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	267,611.31	
Due from Current Fund	A	39,587.83	
Total Federal and State Grant Fund		<u>307,199.14</u>	
<u>TOTAL ASSETS</u>		<u>\$ 6,697,832.30</u>	<u>\$ 6,475,581.79</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-10	\$ 349,148.20	\$ 560,263.97
Encumbered	A-3;A-10	191,808.56	131,699.54
Total Appropriation Reserves		<u>540,956.76</u>	<u>691,963.51</u>
Accounts Payable - Vendors		17,038.62	102,446.73
Due to:			
State of New Jersey:			
Marriage License Fees		150.00	250.00
Senior Citizens and Veterans Deductions		7,071.47	4,874.89
County Taxes Payable		7,013.11	9,803.87
Prepaid Taxes		314,368.92	337,220.11
Due to Federal and State Grant Fund	A	39,587.83	
Reserve for:			
Sale of Municipal Assets		50,000.00	50,688.23
Third Party Tax Title Liens		1,598.91	
Garden State Preservation Trust		15,441.00	15,441.00
Retroactive Payroll		272,000.00	100,000.00
Payroll Expenses		57,314.13	44,279.34
Revaluation Expenses		28,784.78	47,446.78
Police Donations			500.00
Unappropriated Reserves:			
Municipal Court Alcohol Rehabilitation Fund			2,725.23
Drunk Driving Enforcement Fund			6,209.94
Body Armor Grant			2,707.72
		<u>1,351,325.53</u>	<u>1,416,557.35</u>
Reserve for Receivables and Other			
Assets	A	3,110,459.75	3,177,679.10
Fund Balance	A-1	1,928,847.88	1,881,345.34
Total Regular Fund		<u>6,390,633.16</u>	<u>6,475,581.79</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	294,329.77	
Unappropriated Reserves	A-15	12,869.37	
Total Federal and State Grant Fund		<u>307,199.14</u>	
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 6,697,832.30</u>	<u>\$ 6,475,581.79</u>

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

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

	Ref.	Year Ended December 31,	
		2011	2010
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 950,000.00	\$ 930,000.00
Miscellaneous Revenue Anticipated		3,066,389.31	3,590,600.35
Receipts from:			
Delinquent Taxes		939,021.62	1,051,452.00
Current Taxes		64,854,395.31	64,353,743.86
Nonbudget Revenue		349,256.79	463,161.12
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		154,550.23	271,021.02
Cancellation of Reserve for Sale of Municipal Assets		3,471.85	53,924.07
Cancellation of Accounts Payable		70,532.12	11,116.00
Year End Penalty Received		17,829.31	
Total Income		<u>70,405,446.54</u>	<u>70,725,018.42</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		14,486,830.51	14,905,281.02
County Taxes		7,461,262.78	7,582,189.52
School Taxes		47,011,764.31	46,577,952.97
Reserve for Open Space Trust Fund		358,722.00	358,767.81
Prior Year Senior Citizen Deductions Disallowed		250.00	500.00
Refund of Prior Year Revenue		89,114.40	41,181.69
Change Funds			25.00
Total Expenditures		<u>69,407,944.00</u>	<u>69,465,898.01</u>
Excess in Revenue		997,502.54	1,259,120.41
Balance January 1		\$ 1,881,345.34	\$ 1,552,224.93
		<u>2,878,847.88</u>	<u>2,811,345.34</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>950,000.00</u>	<u>930,000.00</u>
Balance December 31	A	<u>\$ 1,928,847.88</u>	<u>\$ 1,881,345.34</u>

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

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 950,000.00		\$ 950,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	17,500.00		17,500.00	
Other	12,500.00		8,225.00	\$ 4,275.00 *
Fees and Permits:				
Other	235,000.00		235,846.37	846.37
Fines and Costs:				
Municipal Court	220,000.00		199,849.56	20,150.44 *
Interest and Costs on Taxes	200,000.00		226,144.58	26,144.58
Consolidated Municipal Property Tax Relief Aid	137,622.00		137,622.00	
Energy Receipts Tax (P.L. 1999, Chapters 162 & 167)	1,272,737.00		1,272,737.00	
Watershed Aid	799.00		799.00	
Reserve for Garden State Preservation Trust Fund	15,441.00		15,441.00	
Interlocal Government Services-				
Fire Fighting	37,280.00		38,000.00	720.00
Police/Court Services	271,158.00		271,158.00	
Finance	18,000.00		10,000.00	8,000.00 *
Health	61,800.00		80,496.00	18,696.00
Court Services	17,000.00		17,062.00	62.00
Reserve for Drunk Driving Enforcement	4,000.00	\$ 2,209.94	6,209.94	
Clean Communities Program Grant	38,572.00		38,572.00	
Municipal Alliance on Alcoholism and Drug Abuse	15,603.00		15,603.00	
Recreation for Individuals with Disabilities Program		5,000.00	5,000.00	
Police Click It or Ticket Grant	4,000.00		4,000.00	
Sustainable Jersey Small Grant		10,000.00	10,000.00	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Cont'd):				
Health Services H1N1 Grant	\$ 10,000.00		\$ 10,000.00	
New Jersey Highlands Plan Conformance Grant		\$ 256,100.00	256,100.00	
Police Donation	500.00		500.00	
General Capital Fund Balance	16,917.28		16,917.28	
Washington Library - Pension Contribution	59,628.45		59,628.45	
Reserve for Debt Service	51,456.18		51,456.18	
Tewksbury Court Rental	8,625.00		6,900.00	\$ 1,725.00 *
Cell Tower Rental	20,400.00		20,400.00	
Uniform Construction Code Services	15,000.00		25,328.20	10,328.20
I.T./Web Services	9,895.00		8,893.75	1,001.25 *
	<u>2,771,433.91</u>	<u>273,309.94</u>	<u>3,066,389.31</u>	<u>21,645.46</u>
Receipts from Delinquent Taxes	<u>825,000.00</u>		<u>939,021.62</u>	<u>114,021.62</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	10,021,101.00		10,325,282.22	304,181.22
Minimum Library Tax	1,047,364.00		1,047,364.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>11,068,465.00</u>		<u>11,372,646.22</u>	<u>304,181.22</u>
Budget Totals	15,614,898.91	273,309.94	16,328,057.15	439,848.30
Nonbudget Revenue			349,256.79	349,256.79
	<u>\$ 15,614,898.91</u>	<u>\$ 273,309.94</u>	<u>\$ 16,677,313.94</u>	<u>\$ 789,105.09</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011
(continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:		
Collection of Current Taxes		\$ 64,854,395.31
Allocated to:		
School and County Taxes	\$ 54,473,027.09	
Reserve for Open Space Trust Fund	<u>358,722.00</u>	
		<u>54,831,749.09</u>
		<u>10,022,646.22</u>
Add: Appropriation "Reserve for Uncollected Taxes"		<u>1,350,000.00</u>
Realized for Support of Municipal Budget		<u><u>\$ 11,372,646.22</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections		\$ 938,327.71
Tax Title Lien Collections		<u>693.91</u>
		<u><u>\$ 939,021.62</u></u>
Fees and Permits - Other:		
Treasurer:		
Township Clerk		\$ 72,888.13
Road Opening Permits		1,000.00
Farmland Inspection Fee		5,525.00
Police		62,700.15
Tax Collector		1,013.00
Planning Board/Board of Adjustments		10,744.20
Zoning		11,345.00
Police Impound		5,615.00
Fire Safety		6,874.00
Health Officer		40,457.74
Recreation		17,284.15
Registrar		<u>400.00</u>
		<u><u>\$ 235,846.37</u></u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011
(continued)

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

State Uniform Construction Code Trust Indirect Costs	\$ 62,689.34
Prior Year Storm Reimbursement-FEMA	45,314.09
Interest Earned and Deposited into Current Fund	17,378.85
Various Prior Year Reimbursements	20,312.27
Inspection Fines	4,063.00
Fire Safety Fees	16,630.88
Police Service Fees	29,789.50
Other Miscellaneous Reimbursements	43,468.33
	<hr/> 239,646.26

Prior Year Anticipated Revenue Realized:

Municipal Alliance on Alcoholism and Drug Abuse - 2010	10,476.24
Business Stimulus Grant	6,999.73
Morris County Community Development Block Grant	21,520.10
Highlands Council Plan Conformance Grant - 2009	7,174.46
Assistance to Firefighters Grant - 2010	63,440.00
	<hr/> \$ 349,256.79

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Cancelled</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	\$ 284,736.91	\$ 283,736.91	\$ 281,643.58	\$ 2,093.33	
Other Expenses	50,223.00	42,223.00	40,763.49	1,459.51	
Mayor and Council:					
Other Expenses	1,336.00	1,336.00	1,186.00	150.00	
Municipal Clerk:					
Salaries and Wages	10,125.00	6,625.00	6,164.34	460.66	
Other Expenses	12,405.00	12,405.00	9,274.77	3,130.23	
Financial Administration:					
Salaries and Wages	85,936.00	85,936.00	83,546.71	2,389.29	
Other Expenses	6,988.00	6,988.00	6,988.00		
Audit Services	26,265.00	26,265.00	26,265.00		
IT/Website/Data Processing:					
Other Expenses	10,039.00	10,039.00	8,505.36	1,533.64	
Collection of Taxes:					
Salaries and Wages	90,217.00	85,217.00	82,315.55	2,901.45	
Other Expenses	12,731.00	12,731.00	10,706.07	2,024.93	
Assessment of Taxes:					
Salaries and Wages	94,424.00	94,424.00	93,422.34	1,001.66	
Other Expenses	10,220.00	10,220.00	7,693.09	2,526.91	
Legal Services and Costs:					
Other Expenses	140,000.00	128,000.00	119,645.14	8,354.86	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Cancelled</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	\$ 21,675.00	\$ 17,675.00	\$ 16,525.80	\$ 1,149.20	
Historic Preservation:					
Other Expenses	744.00	744.00	389.78	354.22	
Planning Board:					
Salaries and Wages	26,024.00	23,024.00	22,574.33	449.67	
Other Expenses	12,505.00	14,505.00	12,753.49	1,751.51	
Zoning Officer:					
Salaries and Wages	15,000.00	13,000.00	12,164.00	836.00	
Other Expenses	2,500.00	500.00	355.40	144.60	
Insurance:					
Other Liability Insurance Premiums	185,102.00	169,602.00	167,566.43	2,035.57	
Workers Compensation	194,935.00	192,733.64	192,733.64		
Group Insurance Plan for Employees	1,377,265.00	1,377,265.00	1,374,542.41	2,722.59	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	2,638,299.00	2,630,299.00	2,477,115.98	153,183.02	
Other Expenses	75,250.00	70,250.00	61,385.41	8,864.59	
Purchase of Police Cars	100,321.00	100,321.00	100,229.83	91.17	
Joint Police, Fire and First Aid Communications:					
Salaries and Wages	475,522.00	400,522.00	395,389.93	5,132.07	
Other Expenses	83,897.00	198,897.00	191,116.38	7,780.62	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
PUBLIC SAFETY (continued):					
Office of Emergency Management:					
Salaries and Wages	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00		
Other Expenses	462.00	462.00		\$ 462.00	
Fire:					
Other Expenses:					
Miscellaneous Other Expenses	72,344.00	72,344.00	71,511.55	832.45	
Fire Hydrant Service	4,080.00	4,080.00	4,080.00		
First Aid Organization - Contribution	46,654.00	46,654.00	41,649.57	5,004.43	
Fire Safety Act:					
Salaries and Wages	19,185.00	21,185.00	20,102.14	1,082.86	
Other Expenses	3,050.00	3,050.00	2,662.25	387.75	
Municipal Prosecutor:					
Other Expenses	12,250.00	12,250.00	9,100.00	3,150.00	
STREETS AND ROADS:					
Road Repairs and Maintenance:					
Salaries and Wages	1,822,888.00	1,832,888.00	1,828,720.57	4,167.43	
Other Expenses	671,197.00	671,197.00	657,821.71	13,375.29	
Shade Trees:					
Other Expenses	1,095.00	1,095.00	95.00	1,000.00	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
OTHER MUNICIPAL SERVICES (continued):					
Public Buildings and Grounds:					
Other Expenses	\$ 51,515.00	\$ 51,515.00	\$ 47,372.16	\$ 4,142.84	
Community Services Act	1,500.00	1,500.00		1,500.00	
HEALTH AND WELFARE:					
Board of Health:					
Salaries and Wages	188,313.00	183,313.00	181,314.50	1,998.50	
Other Expenses	23,040.00	22,040.00	18,769.76	3,270.24	
Environmental Commission (R.S.40:56A-1 et seq):					
Other Expenses	2,028.00	2,028.00	280.00	1,748.00	
RECREATION AND EDUCATION:					
Recreation and Education:					
Salaries and Wages	39,000.00	39,000.00	38,514.72	485.28	
Other Expenses	9,800.00	9,800.00	8,130.72	1,669.28	
Senior Citizens Program:					
Salaries and Wages	64,720.00	57,720.00	57,081.07	638.93	
Other Expenses	3,250.00	3,250.00	3,223.93	26.07	
Field Maintenance:					
Other Expenses	20,770.00	20,770.00	14,143.64	6,626.36	
Utility Expenses and Bulk Purchases	415,290.00	460,491.36	451,141.28	9,350.08	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Cancelled</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	\$ 90,571.00	\$ 100,571.00	\$ 98,387.77	\$ 2,183.23	
Other Expenses	39,745.00	16,745.00	14,729.89	2,015.11	
Public Defender:					
Other Expenses	2,400.00	2,400.00	1,368.50	1,031.50	
Total Operations Within "CAPS"	<u>9,650,831.91</u>	<u>9,652,831.91</u>	<u>9,374,162.98</u>	<u>278,668.93</u>	
Detail:					
Salaries and Wages	5,945,960.91	5,858,460.91	5,679,457.53	179,003.38	
Other Expenses	3,704,871.00	3,794,371.00	3,694,705.45	99,665.55	
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	446,255.00	446,255.00	446,255.00		
Social Security System (O.A.S.I.)	492,967.00	490,967.00	473,790.05	17,176.95	
Police and Firemen's Retirement System of New Jersey	799,850.00	799,850.00	799,850.00		
Defined Contribution Retirement Program	100.00	100.00		100.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,739,172.00</u>	<u>1,737,172.00</u>	<u>1,719,895.05</u>	<u>17,276.95</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>11,390,003.91</u>	<u>11,390,003.91</u>	<u>11,094,058.03</u>	<u>295,945.88</u>	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS":					
Group Insurance Plan for Employees	\$ 38,428.00	\$ 38,428.00	\$ 38,428.00		
Maintenance of Free Public Library	1,047,364.00	1,047,364.00	1,047,364.00		
LOSAP Program	69,000.00	69,000.00	54,625.00	\$ 14,375.00	
Interlocal Municipal Service Agreements:					
Fire Fighting:					
Other Expenses	37,280.00	37,280.00	37,280.00		
Police/Court Services:					
Salaries and Wages	271,158.00	271,158.00	271,158.00		
Finance:					
Salaries and Wages	18,000.00	18,000.00	10,000.00	8,000.00	
Health:					
Salaries and Wages	61,800.00	61,800.00	61,800.00		
Court:					
Salaries and Wages	17,000.00	17,000.00	17,000.00		
State and Federal Programs Offset by Revenues:					
Reserve for Drunk Driving Enforcement Fund (N.J.S.A. 40A:4-87 + \$2,209.94)	4,000.00	6,209.94	6,209.94		
New Jersey Highlands Plan Conformance Grant (N.J.S.A. 40A:4-87 + \$256,100)		256,100.00	256,100.00		
Clean Communities Program	38,572.00	38,572.00	38,572.00		
Municipal Alliance on Alcoholism and Drug Abuse	15,603.00	15,603.00	15,603.00		
Recreation for Individuals with Disabilities Program (N.J.S.A. 40A:4-87 + \$5,000)		5,000.00	5,000.00		

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Cancelled</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)					
Health Services H1N1 Grant	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00		
Sustainable Jersey Small Grant (N.J.S.A. 40A:4-87 + \$10,000)		10,000.00	10,000.00		
Police Click It or Ticket Grant	4,000.00	4,000.00	4,000.00		
Police Donation	500.00	500.00	500.00		
Total Operations Excluded from "CAPS"	<u>1,632,705.00</u>	<u>1,906,014.94</u>	<u>1,883,639.94</u>	<u>\$ 22,375.00</u>	
Detail:					
Salaries and Wages	367,958.00	350,958.00	342,958.00		
Other Expenses	1,264,747.00	1,555,056.94	1,540,681.94	22,375.00	
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	79,110.00	79,110.00	79,110.00		
Police Equipment	4,185.00	4,185.00	4,183.88	1.12	
Fire Equipment	17,070.00	17,070.00	10,435.14	6,634.86	
DPW Equipment	148,225.00	148,225.00	142,312.00	5,913.00	
Communication Equipment	122,000.00	122,000.00	118,221.66	3,778.34	
Purchase Senior Citizen Bus	14,500.00	14,500.00		14,500.00	
Total Capital Improvements Excluded from "CAPS"	<u>385,090.00</u>	<u>385,090.00</u>	<u>354,262.68</u>	<u>30,827.32</u>	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Cancelled</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	\$ 579,000.00	\$ 579,000.00	\$ 579,000.00		
Payment of Bond Anticipation Notes	8,500.00	8,500.00	8,500.00		
Interest on Bonds	191,689.76	191,689.76	140,311.42		\$ 51,378.34
Interest on Notes	51,910.24	51,910.24	51,910.24		
Total Municipal Debt Service Excluded from "CAPS"	831,100.00	831,100.00	779,721.66		51,378.34
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"	2,874,895.00	3,148,204.94	3,043,624.28	\$ 53,202.32	51,378.34
Subtotal General Appropriations	14,264,898.91	14,538,208.85	14,137,682.31	349,148.20	51,378.34
Reserve for Uncollected Taxes	1,350,000.00	1,350,000.00	1,350,000.00		
Total General Appropriations	\$ 15,614,898.91	\$ 15,888,208.85	\$ 15,487,682.31	\$ 349,148.20	\$ 51,378.34

Ref.

A

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(continued)

	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Analysis of Paid or Charged</u>
Adopted Budget		\$ 15,614,898.91	
Additional Appropriations (40A:4-87)		<u>273,309.94</u>	
		<u>\$ 15,888,208.85</u>	
Reserve for Uncollected Taxes			\$ 1,350,000.00
Cash Disbursed			14,180,671.70
Due to Federal and State Grant Fund			345,984.94
Deferred Charges			26,000.00
Encumbrances	A		<u>191,808.56</u>
			16,094,465.20
Less: Refunds Received			<u>606,782.89</u>
			<u>\$ 15,487,682.31</u>

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2011
TRUST FUNDS

TOWNSHIP OF WASHINGTON
COMPARATIVE BALANCE SHEET - TRUST FUNDS

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 3,933.38	\$ 3,331.11
Change Fund - Collector		50.00	50.00
		<u>3,983.38</u>	<u>3,381.11</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	2,323,657.80	2,562,402.87
		<u>2,323,657.80</u>	<u>2,562,402.87</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,327,641.18</u>	<u>\$ 2,565,783.98</u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-2	\$ 3,983.38	\$ 3,360.71
Due to State Board of Health			20.40
		<u>3,983.38</u>	<u>3,381.11</u>
Other Trust Funds:			
Due to State of New Jersey:			
Training Fees		10,636.89	3,444.00
Reserve for:			
Open Space Trust Fund		278,840.86	257,864.10
State Unemployment Insurance Trust Fund		22,044.18	27,788.05
Developers' Deposits		626,640.10	844,799.21
Recreation		32,809.06	34,149.11
Recycling		23,071.47	25,958.92
Forfeited Assets		2,770.42	2,766.29
State Uniform Construction Code		165,847.47	48,653.23
Mansfield Uniform Construction Code		8,165.11	
Housing Trust		1,038,960.66	1,224,963.53
Tax Sale Premium		73,800.00	45,700.00
Municipal Alliance Fund		3,080.00	4,987.33
Parking Offense Adjudication Fees		497.55	465.55
Snow Removal Costs		36,494.03	40,863.55
		<u>2,323,657.80</u>	<u>2,562,402.87</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 2,327,641.18</u>	<u>\$ 2,565,783.98</u>

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2011
GENERAL CAPITAL FUND

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,501,758.13	\$ 1,083,032.34
Deferred Charges to Future Taxation:			
Funded		11,000,000.00	579,000.00
Unfunded	C-4		10,059,500.00
<u>TOTAL ASSETS</u>		<u>\$ 12,501,758.13</u>	<u>\$ 11,721,532.34</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Improvements Bonds Payable	C-8	\$ 11,000,000.00	\$ 579,000.00
Bond Anticipation Notes Payable	C-7		10,059,500.00
Improvement Authorizations:			
Funded	C-5	1,196,024.08	218,240.63
Unfunded	C-5		647,219.79
Capital Improvement Fund	C-6	87,284.80	68,174.80
Reserve for First Aid Equipment		48.13	48.13
Reserve for Recreation Facilities			26,895.46
Reserve to Pay Debt Service			51,456.18
Fund Balance	C-1	218,401.12	70,997.35
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 12,501,758.13</u>	<u>\$ 11,721,532.34</u>

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

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>		
Balance December 31, 2010	C		\$ 70,997.35
Increased by:			
Premium on Bond Sale		\$ 163,841.05	
Reserve for Recreation Facilities Cancelled		26,895.46	
Improvement Authorizations Cancelled		<u>33,584.54</u>	
			<u>224,321.05</u>
			<u>295,318.40</u>
Decreased by:			
Appropriated to 2011 Budget Revenue - Current Fund		16,917.28	
Appropriated to Finance Improvement Authorizations		<u>60,000.00</u>	
			<u>76,917.28</u>
Balance December 31, 2011	C		<u>\$ 218,401.12</u>

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2011
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2011
GENERAL FIXED ASSET ACCOUNT GROUP

(UNAUDITED)

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

	December 31,	
	2011	2010
<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, 2011

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

B. Description of Funds (Cont'd)

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

C. Basis of Accounting

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

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

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

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

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
 (Continued)

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

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

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

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

E. Other significant accounting policies include:

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

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

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

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
 (Continued)

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

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

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

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

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

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

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

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

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

F. Budget/Budgetary Control

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(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,		
	2011	2010	2009
<u>Issued</u>			
General Bonds and Notes	\$ 11,000,000.00	\$ 10,638,500.00	\$ 12,548,500.00
<u>Less</u>			
Reserve to Pay Debt Service		51,456.18	
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 11,000,000.00</u>	<u>\$ 10,689,956.18</u>	<u>\$ 12,548,500.00</u>

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

	Balance 12/31/2009	Additions	Retirements	Balance 12/31/2010
General Capital Fund:				
Serial Bonds	\$ 1,209,000.00		\$ 630,000.00	\$ 579,000.00
Bond Anticipation Notes	11,339,500.00	\$ 10,059,500.00	11,339,500.00	10,059,500.00
Total	<u>\$ 12,548,500.00</u>	<u>\$ 10,059,500.00</u>	<u>\$ 11,969,500.00</u>	<u>\$ 10,638,500.00</u>
	Balance 12/31/2010	Additions	Retirements	Balance 12/31/2011
General Capital Fund:				
Serial Bonds	\$ 579,000.00	\$ 11,000,000.00	\$ 579,000.00	\$ 11,000,000.00
Bond Anticipation Notes	10,059,500.00		10,059,500.00	
Total	<u>\$ 10,638,500.00</u>	<u>\$ 11,000,000.00</u>	<u>\$ 10,638,500.00</u>	<u>\$ 11,000,000.00</u>

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(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 .35%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 14,055,000.00	\$ 14,055,000.00	
Regional School District Debt	7,816,000.76	7,816,000.76	
General Debt	<u>11,000,000.00</u>		<u>\$ 11,000,000.00</u>
	<u>\$ 32,871,000.76</u>	<u>\$ 21,871,000.76</u>	<u>\$ 11,000,000.00</u>

Net Debt \$11,000,000.00 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$3,159,814,209.00 = .35%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 110,593,497.32
Net Debt	<u>11,000,000.00</u>
Remaining Borrowing Power	<u>\$ 99,593,497.32</u>

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

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 550,000.00	\$ 386,643.75	\$ 936,643.75
2013	570,000.00	375,443.75	945,443.75
2014	595,000.00	363,793.75	958,793.75
2015	620,000.00	348,543.75	968,543.75
2016	645,000.00	329,568.75	974,568.75
2017-2021	3,630,000.00	1,278,218.75	4,908,218.75
2022-2026	<u>4,390,000.00</u>	<u>475,184.38</u>	<u>4,865,184.38</u>
	<u>\$11,000,000.00</u>	<u>\$ 3,557,396.88</u>	<u>\$14,557,396.88</u>

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 3: Fund Balances Appropriated

As of the date of this report, the budget for 2012 has not been introduced. Thus the amount of fund balance at December 31, 2011 which will be included in the Current Fund budget for the year ending December 31, 2012 is not known at this date.

Note 4: Local School District Taxes

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

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

Note 5: Pension Plans

Township employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey. The State of New Jersey sponsors and administers these two plans which cover substantially all Township employees. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

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 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 each of the above systems, funds and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. 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. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS went from 5.5% to 6.50% while the employee contributions for PFRS increased to 10.00% from 8.5% of employees' annual compensation, as defined. 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

Township contributions to PFRS amounted to \$799,850, \$603,722 and \$657,429 for 2011, 2010 and 2009, respectively. Township contributions to PERS amounted to \$446,255, \$398,960 and \$328,956 for 2011, 2010 and 2009, respectively.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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 \$28,738.68 at December 31, 2011. The Township also permits employees to accrue earned compensation time. The estimated current cost of this time is approximately \$284,716.15 at December 31, 2011. 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>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	2.333	2.318	1.983
<u>Apportionment of Tax Rate</u>			
Municipal	.391 *	.384	.324
Municipal Open Space	.012	.013	.011
County	.245	.242	.203
County Open Space	.020	.027	.034
Local School	1.136	1.131	.972
Regional High School	.529	.521	.439
<u>Assessed Valuations</u>			
2011	<u>\$ 2,824,582,992</u>		
2010		<u>\$ 2,820,516,022</u>	
2009			<u>\$ 3,248,332,328</u>

* Includes Municipal Library Tax

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(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>
2011	\$ 65,959,041.95	\$ 64,854,395.31	98.32%
2010	65,463,710.06	63,366,447.36	96.79%
2009	64,520,266.08	62,460,545.57	96.80%

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, 2011
(Continued)

Note 8: Risk Management (Cont'd)

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

The December 31, 2011 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, 2010 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	<u>\$ 24,002,469</u>
Net Assets	<u>\$ 11,288,204</u>
Total Revenue	<u>\$ 16,068,417</u>
Total Expenditures	<u>\$ 16,968,383</u>
Change in Net Assets	<u>\$ (899,966)</u>
Net Assets Distribution to Participating Members	<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
250 Pehle Avenue, Suite 701
Saddle Brook, New Jersey 07663
(973) 587-0555

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 8: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

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

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

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ -0-	\$ 16,729.83	\$ 22,473.70	\$ 22,044.18
2010	-0-	13,881.21	23,220.90	27,788.05
2009	-0-	-0-	9,212.45	37,127.74

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, 2011
 (Continued)

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

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

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

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

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

Investments

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

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 9: Cash and Cash Equivalents (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.

Investments (Cont'd)

As of December 31, 2011, cash and cash equivalents of the Township of Washington consisted of the following:

<u>Fund</u>	<u>Savings and Checking Accounts</u>	<u>Change Funds</u>	<u>Money Market Accounts</u>	<u>Totals</u>
Current	\$ 3,089,991.63	\$ 375.00	\$ 111,806.78	\$ 3,202,173.41
Animal Control	3,933.38	50.00		3,983.38
Other Trust	2,323,657.80			2,323,657.80
General Capital	1,501,758.13			1,501,758.13
	<u>\$ 6,919,340.94</u>	<u>\$ 425.00</u>	<u>\$ 111,806.78</u>	<u>\$ 7,031,572.72</u>

At December 31, 2011, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2011, was \$7,031,572.72 and the bank balance was \$7,336,862.72.

Note 10: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charge is shown on the balance sheet of the Current Fund:

	<u>Balance Dec. 31, 2011</u>	<u>2012 Required Budget Appropriation</u>	<u>Balance Deferred to Succeeding Years' Budgets</u>
Current Fund:			
Special Emergency Authorization	<u>\$ 78,000.00</u>	<u>\$ 26,000.00</u>	<u>\$ 52,000.00</u>

The appropriation in the 2012 budget will not be less than that required by statute.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 11: Interfund Receivables and Payables

Fund	Interfund Receivable	Interfund Payable
Current Fund		\$ 39,587.83
Federal and State Grant Fund:	\$ 39,587.83	
	\$ 39,587.83	\$ 39,587.83

The Chief Financial Officer monitors all interfunds for these accounts and liquidates them periodically throughout the year. The balances remaining at December 31, 2011, represent activity not liquidated by year end which were subsequently liquidated in 2012.

Note 12: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2011.

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

Note 13: Economic Dependency

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

Note 14: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation in 1993. The funds collected are used to acquire and maintain open space property in the Township. The balances in the Open Space Trust Fund at December 31, 2011 and 2010 were \$278,840.86 and \$257,864.10 respectively.

Note 15: Deferred Compensation Plans

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 15: Deferred Compensation Plans (Cont'd)

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

Note 16: Post-Retirement Benefits

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

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

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

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

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

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

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

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget.

The Township's portion of post-retirement benefits is funded on a pay-as-you go basis from the Current Fund operating budget. During 2011 and 2010, the Township had approximately 22 and 22 employees who met eligibility requirements and recognized expenses of approximately \$431,186.71 and \$370,397 respectively.

TOWNSHIP OF WASHINGTON

SUPPLEMENTARY DATA

TOWNSHIP OF WASHINGTON
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE YEAR ENDED DECEMBER 31, 2011

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		
James Harmon	Vice Mayor		
Dave Kennedy	Committeeman		
James LiaBraaten	Committeeman		
William Roehrich	Committeeman		
Dianne S. Gallets	Administrator; Township Clerk (to 6/30/11)		
Deborah Burd	Assistant Administrator (to 6/30/11)		
	Administrator; Acting Township Clerk (from 7/1/11)		
Kevin Lifer	Township Treasurer / Chief Financial Officer	\$ 1,000,000.00	(B)
Ann Marie Obiedzinski	Tax Assessor		
Amy Monahan	Tax Collector	1,000,000.00	(B)
John Jansen	Township Attorney		
Leon Hall	Township Engineer		
Frank Leanza	Magistrate	1,000,000.00	(A)
Barbara Ball	Court Administrator (to 4/1/11)	1,000,000.00	(B)
Barbara Schwaab	Court Administrator (from 3/21/11 to 6/20/11)	1,000,000.00	(A)
Jan Simonetti	Deputy Court Administrator (to 6/20/11)	1,000,000.00	(A)
	Court Administrator (from 6/20/11)	1,000,000.00	(A)
Vera Read	Deputy Court Administrator	1,000,000.00	(A)
Maryann O'Donnell McCoy	Municipal Prosecutor		
Michael Bailey	Chief of Police		
Scott Frech	Superintendent, Department of Public Works		
Neil Ruggiero	Construction Official		
Virginia Kesper	Planning and Zoning Board Secretary, Zoning Officer (to 2/16/11)		
Andrew Coppola	Planning and Zoning Board Secretary, Zoning Officer (from 2/16/11 to 4/18/11)		
Barbara Margolese	Planning and Zoning Board Secretary, Zoning Officer (from 4/20/11)		

(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 2011.

(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 2011.

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2011
CURRENT FUND

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 3,193,577.69
Increased by Receipts:		
Tax Collector	\$ 66,122,581.97	
Revenue Accounts Receivable	2,588,429.32	
Miscellaneous Revenue Not Anticipated	239,646.26	
Due from State of N.J. - Veterans' and Senior Citizens' Deductions	114,251.37	
Appropriation Refunds	606,782.89	
Appropriation Reserve Refunds	80,696.49	
Due Federal and State Grant Fund:		
Unappropriated Grant Reserves	7,436.42	
Grants Receivable	71,663.69	
Due to State of New Jersey:		
Marriage License Fees	1,425.00	
Reserve for:		
Garden State Preservation Trust	15,441.00	
Payroll Expenses	57,314.13	
Sale of Municipal Assets	3,703.90	
	<hr/>	<hr/>
		69,909,372.44
		<hr/>
		73,102,950.13
Decreased by Disbursements:		
2011 Appropriation Expenditures	14,180,671.70	
2010 Appropriation Reserves	441,298.06	
County Taxes	7,464,053.54	
Local School District Taxes	32,064,240.00	
Regional High School Taxes	14,947,524.31	
Due Federal and State Grant Fund:		
Appropriated Grant Reserves	56,466.88	
Due Other Trust:		
Reserve for Open Space Trust Fund	358,722.00	
Tax Overpayments Refunded	5,622.59	
Refund of Prior Year Revenue	89,114.40	
Accounts Payable	14,875.99	
Third Party Tax Title Lien Refunds	213,125.63	
Reserve for Sale of Municipal Assets	920.28	
Reserve for Revaluation Expenses	18,662.00	
Reserve for Payroll Expenses	44,279.34	
Due to State of New Jersey:		
Marriage License Fees	1,525.00	
Increase in Change Funds Authorized	50.00	
	<hr/>	<hr/>
		69,901,151.72
		<hr/>
Balance December 31, 2011	A	\$ 3,201,798.41

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2011

Increased by Receipts:

Taxes Receivable	\$ 65,343,198.12	
Tax Title Liens	693.91	
2012 Prepaid Taxes	314,368.92	
Year End Penalty	17,829.31	
Interest and Costs on Taxes	226,144.58	
Tax Overpayments	5,622.59	
Third Party Tax Title Liens	<u>214,724.54</u>	
		\$ 66,122,581.97

Decreased by:

Payments to Treasurer		<u>\$ 66,122,581.97</u>
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SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

Year	Balance	2011 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Trans- ferred to Tax Title Liens	Balance
	Dec. 31, 2010		2010	2011				Dec. 31, 2011
2010	\$ 938,640.12			\$ 938,327.71	\$ (250.00)		\$ 562.41	
2011		\$ 65,959,041.95	\$ 337,220.11	64,404,870.41	112,304.79	\$ 94,190.04	142,105.38	\$ 868,351.22
	<u>\$ 938,640.12</u>	<u>\$ 65,959,041.95</u>	<u>\$ 337,220.11</u>	<u>\$ 65,343,198.12</u>	<u>\$ 112,054.79</u>	<u>\$ 94,190.04</u>	<u>\$ 142,667.79</u>	<u>\$ 868,351.22</u>

Ref. A

A

Analysis of 2011 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 65,795,239.08	
Business Personal Property Taxes	102,285.53	
Added and Omitted Taxes	61,517.34	
	<u>\$ 65,959,041.95</u>	

Tax Levy:

Regional High School Taxes	\$ 14,947,524.31	
Local School District Taxes	32,064,240.00	
	<u>\$ 47,011,764.31</u>	
Municipal Open Space Taxes	358,722.00	
County Taxes	7,454,249.67	
Due County for Added and Omitted Taxes	7,013.11	
	<u>7,461,262.78</u>	
	<u>54,831,749.09</u>	
Local Tax for Municipal Purposes Levied	10,021,101.00	
Municipal Library Tax	1,047,364.00	
Add: Additional Tax Levied	58,827.86	
	<u>11,127,292.86</u>	
	<u>\$ 65,959,041.95</u>	

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2010	A		\$ 1,544,825.22
Increased by:			
Transfer from Taxes Receivable		\$ 142,667.79	
Interest and Costs Accrued at Tax Sale		<u>75.74</u>	
			<u>142,743.53</u>
			1,687,568.75
Decreased by:			
Cash Collections			<u>693.91</u>
Balance December 31, 2011	A		<u>\$ 1,686,874.84</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec 31, 2010</u>	<u>Accrued In</u> <u>2011</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec 31, 2011</u>
Licenses:					
Alcoholic Beverages		\$ 17,500.00	\$ 17,500.00		
Other		8,225.00	8,225.00		
Fees and Permits:					
Other		235,846.37	235,846.37		
Municipal Court	\$ 14,470.48	199,060.46	199,849.56		\$ 13,681.38
Consolidated Municipal Property Tax Relief		137,622.00	137,622.00		
Energy Receipts Taxes		1,272,737.00	1,272,737.00		
Watershed Aid		799.00	799.00		
Interlocal Governmental Services:					
Fire Fighting		38,000.00	38,000.00		
Police/Court Services		271,158.00	271,158.00		
Finance		10,000.00	10,000.00		
Health		80,496.00	80,496.00		
Court Services		17,062.00	17,062.00		
Municipal Alliance on Alcoholism and Drug Abuse - 2008	7,917.55			\$ 7,917.55	
Municipal Alliance on Alcoholism and Drug Abuse - 2010	14,533.54		10,476.24	4,057.30	
Assistance to Firefighters Grant - 2010	63,440.00		63,440.00		

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec 31, 2010</u>	<u>Accrued In</u> <u>2011</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec 31, 2011</u>
Highlands Council Initial Assessment Grant	\$ 2,782.84			\$ 2,782.84	
Highlands Council Plan Conformance Grant - 2009	7,174.46		\$ 7,174.46		
Business Stimulus Grant	7,000.00		6,999.73	0.27	
Police Click It or Ticket Grant	34.30			34.30	
Morris County Community Development Block Grant	32,000.00		21,520.10	10,479.90	
General Capital Fund Balance		\$ 16,917.28	16,917.28		
Washington Library - Pension Contribution		59,628.45	59,628.45		
Reserve for Debt Service		51,456.18	51,456.18		
Tewksbury Court Rental		6,900.00	6,900.00		
Cell Tower Rental		20,400.00	20,400.00		
Uniform Construction Code Services		25,328.20	25,328.20		
I.T./Web Services		8,893.75	8,893.75		
	<u>\$ 149,353.17</u>	<u>\$ 2,478,029.69</u>	<u>\$ 2,588,429.32</u>	<u>\$ 25,272.16</u>	<u>\$ 13,681.38</u>
<u>Ref.</u>	A				A

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

	Balance Dec. 31, 2010	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Salaries and Wages	\$ 5,068.93	\$ 5,068.93	\$ 2,957.39	\$ 2,111.54
Other Expenses	3,200.80	3,200.80	2,130.88	1,069.92
Mayor and Council:				
Other Expenses	115.99	115.99		115.99
Municipal Clerk:				
Other Expenses	1,480.19	1,480.19	295.29	1,184.90
Financial Administration:				
Salaries and Wages	2,096.10	2,096.10	1,863.49	232.61
Audit Service	24,075.00	24,075.00	24,075.00	
IT/Website/Data Processing:				
Other Expenses	151.36	151.36		151.36
Collection of Taxes:				
Salaries and Wages	1,977.84	1,977.84	657.89	1,319.95
Other Expenses	3,338.29	3,338.29	687.04	2,651.25
Assessment of Taxes:				
Salaries and Wages	4,075.52	1,075.52	468.12	607.40
Other Expenses	1,785.73	1,785.73	101.68	1,684.05
Legal Services and Costs:				
Other Expenses	5,847.99	10,847.99	10,796.21	51.78
Engineering Services and Costs:				
Other Expenses	5,499.56	5,499.56	2,530.13	2,969.43
Historical Preservation:				
Other Expenses	518.00	518.00		518.00
Planning Board:				
Salaries and Wages	4,374.16	4,374.16		4,374.16
Other Expenses	10,431.30	10,431.30	5,450.60	4,980.70
Zoning Officer:				
Other Expenses	2,161.00	2,161.00	350.00	1,811.00
Insurance:				
Other Liability Insurance Premiums	12,625.39	12,625.39	2,962.44	9,662.95
Workers Compensation	2,073.20	2,073.20		2,073.20
Group Insurance Plan for Employees	13,695.25	13,695.25		13,695.25
Police:				
Salaries and Wages	192,413.62	192,413.62	192,133.12	280.50
Other Expenses	17,272.78	17,272.78	8,012.47	9,260.31
Joint Police, Fire and First Aid				
Communications:				
Salaries and Wages	7,518.43	7,518.43	6,061.23	1,457.20
Other Expenses	4,773.09	4,773.09	3,099.91	1,673.18

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Office of Emergency Management:				
Other Expenses	\$ 462.00	\$ 462.00		\$ 462.00
Fire:				
Other Expenses:				
Miscellaneous Other Expenses	21,236.10	21,236.10	\$ 18,034.74	3,201.36
First Aid Organization - Contribution	8,318.14	8,318.14	6,759.76	1,558.38
Fire Safety Act:				
Salaries and Wages	718.30	718.30		718.30
Other Expenses	1,831.53	1,831.53	1,358.90	472.63
Municipal Prosecutor:				
Other Expenses	3,309.00	3,309.00	1,750.00	1,559.00
Road Repairs and Maintenance:				
Salaries and Wages	13,168.17	16,168.17	15,490.23	677.94
Other Expenses	77,211.93	77,211.93	65,648.53	11,563.40
Shade Trees:				
Other Expenses	1,000.00	1,000.00		1,000.00
Sanitation/Recycling:				
Other Expenses	2,859.00	2,859.00		2,859.00
Public Buildings and Grounds:				
Other Expenses	11,661.56	11,661.56	11,142.59	518.97
Community Services Act	2,400.00	2,900.00	2,876.21	23.79
Board of Health:				
Salaries and Wages	4,749.58	4,249.58	2,142.96	2,106.62
Other Expenses	2,430.42	2,430.42	1,593.46	836.96
Environmental Commission:				
Other Expenses	2,028.00	2,028.00		2,028.00
Recreation Committee:				
Salaries and Expense	360.67	360.67	237.28	123.39
Other Expenses	4,419.03	4,419.03	772.36	3,646.67
Senior Citizens Program:				
Salaries and Wages	3,988.69	988.69	496.11	492.58
Other Expenses	589.31	589.31	447.22	142.09
Field Maintenance:				
Other Expenses	6,795.79	6,795.79	2,688.01	4,107.78
Utility Expenses and Bulk Purchases	9,851.83	9,851.83	8,301.94	1,549.89
Municipal Court:				
Salaries and Wages	7,745.76	5,745.76	1,840.45	3,905.31
Other Expenses	3,272.65	3,272.65	609.08	2,663.57
Public Defender:				
Other Expenses	970.05	970.05	136.00	834.05

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Public Employees' Retirement System	\$ 0.11	\$ 0.11		\$ 0.11
Social Security System (O.A.S.I.)	28,961.12	28,961.12	\$ 15,000.00	13,961.12
LOSAP Program	13,800.00	13,800.00		13,800.00
Reserve for Drunk Driving Enforcement Fund	3,490.46	3,490.46	3,490.46	
Clean Communities Grant	32,072.92	32,072.92	32,072.92	
Municipal Alliance on Alcoholism and Drug Abuse	9,870.81	9,870.81	4,584.62	5,286.19
Municipal Court Alcohol Education and Rehabilitation Fund	0.03	0.03		0.03
Assistance to Firefighters Grant:				
State Share	63,440.00	63,440.00	63,440.00	
Local Share	3,300.00	3,300.00	3,300.00	
Body Armor Grant	168.89	168.89	168.89	
Business Stimulus Fund Grant	7,000.00	7,000.00	6,999.73	0.27
Police Click it or Ticket Grant	34.30	34.30		34.30
Police Donation	500.00	500.00	500.00	
Morris County Community Development Block Grant	11,377.84	11,377.84	897.94	10,479.90
	<u>\$ 691,963.51</u>	<u>\$ 691,963.51</u>	<u>\$ 537,413.28</u>	<u>\$ 154,550.23</u>
 <u>Balance December 31, 2010</u>				
		<u>Ref.</u>		
Unencumbered	\$ 560,263.97	A		
Encumbered	131,699.54	A		
	<u>\$ 691,963.51</u>			
 <u>Analysis of Paid or Charged:</u>				
Cash Disbursed			\$ 441,298.06	
Due to Federal and State Grant Fund:				
Assistance to Firefighters Grant - State Grant			4,642.82	
Body Armor Grant			168.89	
Reserve for Retroactive Payroll			<u>172,000.00</u>	
			618,109.77	
Less: Refunds Received			<u>80,696.49</u>	
			<u>\$ 537,413.28</u>	

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2011

Increased by:		
Levy - Calendar Year 2011		<u>\$ 32,064,240.00</u>
Decreased by:		
Payments to Local School District		<u><u>\$ 32,064,240.00</u></u>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2011

Increased by:		
Levy - Calendar Year 2011		<u>\$ 14,947,524.31</u>
Decreased by:		
Payments to Regional High School District		<u><u>\$ 14,947,524.31</u></u>

TOWNSHIP OF WASHINGTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2011

	2011 Budget Revenue Realized	Grant Funds Received	Transferred from Unappropriated Reserves	Balance Dec. 31, 2011
Drunk Driving Enforcement Fund	\$ 6,209.94		\$ 6,209.94	
Clean Communities Grant	38,572.00	\$ 38,572.00		
Municipal Alliance on Alcoholism and Drug Abuse	15,603.00	1,638.47		\$ 13,964.53
Recreation for Individuals with Disabilities	5,000.00	4,500.00		500.00
Health Services H1N1 Grant	10,000.00	9,472.10		527.90
Police Click It or Ticket Grant	4,000.00	3,735.52		264.48
Police Donation	500.00		500.00	
NJ Highlands Plan Conformance Grant	256,100.00	8,745.60		247,354.40
Sustainable Jersey Small Grant	10,000.00	5,000.00		5,000.00
	<u>\$ 345,984.94</u>	<u>\$ 71,663.69</u>	<u>\$ 6,709.94</u>	<u>\$ 267,611.31</u>

Ref.

A

TOWNSHIP OF WASHINGTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
YEAR ENDED DECEMBER 31, 2011

	Transferred from 2010 Appropriation Reserves	Transferred from 2011 Budget Appropriations	Expended in Current Fund	Balance Dec. 31, 2011
Assistance to Firefighters Grant - 2010	\$ 4,642.82			\$ 4,642.82
New Jersey Body Armor Grant - 2010	168.89			168.89
Drunk Driving Enforcement Fund		\$ 6,209.94	\$ 2,701.69	3,508.25
Clean Communities Grant		38,572.00	17,609.55	20,962.45
Municipal Alliance on Alcoholism and Drug Abuse		15,603.00	9,113.01	6,489.99
Recreation for Individuals with Disabilities		5,000.00	5,000.00	
Health Services H1N1 Grant		10,000.00	9,472.10	527.90
Police Click It or Ticket Grant		4,000.00	3,735.52	264.48
Police Donation		500.00		500.00
NJ Highlands Plan Conformance Grant		256,100.00	2,449.51	253,650.49
Sustainable Jersey Small Grant		10,000.00	6,385.50	3,614.50
	<u>\$ 4,811.71</u>	<u>\$ 345,984.94</u>	<u>\$ 56,466.88</u>	<u>\$ 294,329.77</u>

Ref.

A

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

	Current Fund Balance Dec. 31, 2010	Transferred to 2011 Budget Revenue	Received in Current Fund	Balance Dec. 31, 2011
New Jersey Body Armor Grant	\$ 2,707.72		\$ 2,885.81	\$ 5,593.53
Municipal Court Alcohol Rehabilitation Fund	2,725.23			2,725.23
Clean Communities Grant			1,292.00	1,292.00
Drunk Driving Enforcement Fund	6,209.94	\$ 6,209.94	3,258.61	3,258.61
Police Donation	500.00	500.00		
	<u>\$ 12,142.89</u>	<u>\$ 6,709.94</u>	<u>\$ 7,436.42</u>	<u>\$ 12,869.37</u>
<u>Ref.</u>	A			A

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2011
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, 2010	B	\$ 3,331.11	\$ 2,562,402.87
Increased by Receipts:			
Dog and Other License Fees		27,706.80	
State Fees		2,386.20	
Penalty Fees - Late Payments and Other Miscellaneous		3,566.50	
Reserve for Open Space Trust Fund:			
Tax Levy			358,722.00
Interest Earnings			594.14
Forfeited Assets Deposits			4.13
Recreation Deposits			126,614.41
Developers' Deposits			206,556.70
State Uniform Construction Code Fees			517,425.00
Mansfield State Uniform Construction Code Fees			57,360.00
Due to State of N.J. - State Training Fees			35,636.48
Recycling Revenue			13,931.03
Housing Trust Deposits			131,397.79
State Unemployment Insurance			16,729.83
Tax Sale Premiums			28,100.00
Snow Removal			10,000.00
Parking Offense Adjudication Act			32.00
		<u>33,659.50</u>	<u>1,503,103.51</u>
		<u>36,990.61</u>	<u>4,065,506.38</u>
Decreased by Disbursements:			
Expenditures Under R.S.4:19-15.11		30,650.63	
Due to State Board of Health		2,406.60	
Reserve for Open Space Trust Fund:			
Due to General Capital Fund - Principal on Notes			191,000.00
Interest on Notes			21,301.38
Expenditures			126,038.00
State Uniform Construction Code Expenditures			400,230.76
Mansfield State Uniform Construction Code Fees			49,194.89
Due to State of N.J. - State Training Fees			28,443.59
Recreation			127,954.46
Recycling			16,818.48
State Unemployment Insurance Expenditures			22,473.70
Municipal Alliance			1,907.33
Snow Removal			14,369.52
Refund of:			
Developers' Deposits			424,715.81
Housing Trust Deposits			317,400.66
		<u>33,057.23</u>	<u>1,741,848.58</u>
Balance December 31, 2011	B	\$ 3,933.38	\$ 2,323,657.80

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

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 3,360.71
Increased by:		
Dog and Other License Fees Collected		\$ 27,706.80
Penalty Fees - Late Payments and Other Miscellaneous		<u>3,566.50</u>
		<u>31,273.30</u>
		<u>34,634.01</u>
Decreased by:		
Expenditures Under R.S.4:19-15.11		<u>30,650.63</u>
Balance December 31, 2011	B	<u><u>\$ 3,983.38</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	\$ 31,642.20
2010	<u>29,591.00</u>
Maximum Allowable Reserve	<u><u>\$ 61,233.20</u></u>

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2011
GENERAL CAPITAL FUND

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 1,083,032.34
Increased by:		
Budget Appropriation:		
Capital Improvement Fund	\$ 79,110.00	
Payment of Bond Anticipation Notes	8,500.00	
General Improvements Bonds Issued	11,000,000.00	
Premium on Bond Sale	163,841.05	
Reserve for Open Space Trust Fund:		
Payment of Bond Anticipation Notes	191,000.00	
	11,442,451.05	
Decreased by:		
Improvement Authorization Expenditures	895,851.80	
Bond Anticipation Notes Matured	10,059,500.00	
General Capital Fund Balance:		
Appropriated to 2011 Budget Revenue - Current Fund	16,917.28	
Reserve to Pay Debt Service:		
Appropriated to 2011 Budget Revenue - Current Fund	51,456.18	
	11,023,725.26	
Balance December 31, 2011	C	\$ 1,501,758.13

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2010	Receipts		Disbursements			Transfers		Balance Dec. 31, 2011	
		Budget Appropriation	Miscellaneous	Improvement Authori- zations	Bond Anticipation Notes	Miscellaneous	From	To		
Fund Balance	\$ 70,997.35		\$ 163,841.05			\$ 16,917.28	\$ 60,000.00	\$ 60,480.00	\$ 218,401.12	
Capital Improvement Fund	68,174.80	\$ 79,110.00					60,000.00		87,284.80	
Reserve for First Aid Equipment	48.13								48.13	
Reserve for Recreation Facilities	26,895.46						26,895.46			
Reserve to Pay Debt Service	51,456.18					51,456.18				
<u>Ord.</u> <u>No.</u>										
<u>Improvement Description</u>										
17-01	Improvements of Municipal Building	11,180.63					11,180.63			
16-02	Various Improvements	8,500.00	299,500.00		\$ 308,000.00					
14-03	Recreation and Ambulance		366,000.00		366,000.00					
22-03	Acquisition of Property	191,000.00	419,000.00		610,000.00					
08-04	Various Improvements	32,794.91	1,180,000.00	\$ 10,391.00	1,180,000.00		22,403.91			
10-04	Improvement of Recreational Facilities	110,118.30	940,000.00	2,890.49	940,000.00				107,227.81	
19-05	Various Improvements	18,408.57	1,645,000.00	2,616.86	1,645,000.00				15,791.71	
40-05	Acquisition of Land		129,000.00		129,000.00					
48-05	Acquisition of Land	48,071.52							48,071.52	
50-05	Acquisition of Open Space	40,622.90		148.20					40,474.70	
08-06	Various Improvements	8,752.08	1,416,000.00	5,709.67	1,416,000.00				3,042.41	
23-06	Acquisition of Open Space	24,080.07	180,000.00	2,727.00	180,000.00				21,353.07	
12-07	Various Improvements	145,800.73	1,185,000.00	8,693.46	1,185,000.00				137,107.27	
01-08	Acquisition of Open Space	15,417.27	461,000.00	3,589.51	461,000.00				11,827.76	
07-08	Various Improvements	142,046.68	935,000.00	29,153.24	935,000.00				112,893.44	
21-08	Sidewalk Construction	43,505.21							43,505.21	
07-09	Various Improvements	149,801.18	704,500.00	50,299.62	704,500.00				99,501.56	
15-10	Improvements to Newburgh Road	55,432.37		459.70					54,972.67	
19-10	Various Improvements	19,428.00		18,128.50					1,299.50	
02-11	Road Improvements		1,140,000.00	761,044.55				60,000.00	438,955.45	
12-11	Telephone System							60,000.00	60,000.00	
		<u>\$ 1,083,032.34</u>	<u>\$ 278,610.00</u>	<u>\$ 11,163,841.05</u>	<u>\$ 895,851.80</u>	<u>\$ 10,059,500.00</u>	<u>\$ 68,373.46</u>	<u>\$ 180,480.00</u>	<u>\$ 180,480.00</u>	<u>\$ 1,501,758.13</u>

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDING DECEMBER 31, 2011

Ord. No.	Improvement Description	Balance Dec. 31, 2010	2011 Improvement Authorizations	Bond Anticipation Notes Paid by Budget Appropriation	Funded by Reserve for Open Space Trust Fund	Funded by Serial Bonds Issued
16-02	Various Improvements	\$ 308,000.00		\$ 8,500.00		\$ 299,500.00
14-03	Recreation and Ambulance	366,000.00				366,000.00
22-03	Acquisition of Land	610,000.00			\$ 191,000.00	419,000.00
08-04	Various Improvements	1,180,000.00				1,180,000.00
10-04	Improvement of Recreational Facilitie	940,000.00				940,000.00
19-05	Various Improvements	1,645,000.00				1,645,000.00
40-05	Acquisition of Land	129,000.00				129,000.00
08-06	Various Improvements	1,416,000.00				1,416,000.00
23-06	Acquisition of Open Space	180,000.00				180,000.00
12-07	Various Improvements	1,185,000.00				1,185,000.00
01-08	Various Improvements	461,000.00				461,000.00
07-08	Various Improvements	935,000.00				935,000.00
07-09	Various Improvements	704,500.00				704,500.00
02-11	Road Improvements		\$ 1,140,000.00			1,140,000.00
		<u>\$ 10,059,500.00</u>	<u>\$ 1,140,000.00</u>	<u>\$ 8,500.00</u>	<u>\$ 191,000.00</u>	<u>\$ 11,000,000.00</u>

Ref.

C

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance Dec. 31, 2010		2011 Authorizations			Balance Dec. 31, 2011 Funded	
			Funded	Unfunded	Various Funding Sources	Deferred Charges to Future Taxation - Funded	Paid or Charged		Authorizations Cancelled
17-01	Improvements of Municipal Building	\$ 1,700,000.00	\$ 11,180.63					\$ 11,180.63	
08-04	Various Improvements	1,455,000.00		\$ 32,794.91			\$ 10,391.00	22,403.91	
10-04	Improvement of Recreational Facilities	1,700,000.00		110,118.30			2,890.49	\$ 107,227.81	
19-05	Various Improvements	1,875,000.00		18,408.57			2,616.86	15,791.71	
48-05	Acquisition of Land	50,000.00	48,071.52					48,071.52	
50-05	Acquisition of Open Space	52,850.00	40,622.90				148.20	40,474.70	
08-06	Various Improvements	1,675,000.00		8,752.08			5,709.67	3,042.41	
23-06	Acquisition of Open Space	195,000.00		24,080.07			2,727.00	21,353.07	
12-07	Various Improvements	1,315,000.00		145,800.73			8,693.46	137,107.27	
01-08	Acquisition of Open Space	485,000.00		15,417.27			3,589.51	11,827.76	
07-08	Various Improvements	982,000.00		142,046.68			29,153.24	112,893.44	
21-08	Sidewalk Construction	84,000.00	43,505.21					43,505.21	
07-09	Various Improvements	740,000.00		149,801.18			50,299.62	99,501.56	
15-10	Improvements to Newburgh Road	100,000.00	55,432.37				459.70	54,972.67	
19-10	Various Improvements	49,000.00	19,428.00				18,128.50	1,299.50	
02-11	Road Improvements	1,200,000.00			\$ 60,000.00	\$ 1,140,000.00	761,044.55	438,955.45	
12-11	Telephone System	60,000.00			60,000.00			60,000.00	
			<u>\$ 218,240.63</u>	<u>\$ 647,219.79</u>	<u>\$ 120,000.00</u>	<u>\$ 1,140,000.00</u>	<u>\$ 895,851.80</u>	<u>\$ 33,584.54</u>	<u>\$ 1,196,024.08</u>

Ref.

C

C

C

Capital Improvement Fund
 Capital Fund Balance

\$ 60,000.00
60,000.00

\$ 120,000.00

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 68,174.80
Increased by:		
Current Fund Budget Appropriation		79,110.00
		<u>147,284.80</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		60,000.00
		<u>60,000.00</u>
Balance December 31, 2011	C	<u>\$ 87,284.80</u>

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2010	Issued	Matured	Balance Dec. 31, 2011
			Date	Amount					
General Improvements	10/01/96	\$ 7,134,000.00				\$ 579,000.00		\$ 579,000.00	
General Improvements	09/01/11	11,000,000.00	03/01/12	\$ 550,000.00	2.00%				
			03/01/13	570,000.00	2.00%				
			03/01/14	595,000.00	2.00%				
			03/01/15	620,000.00	3.00%				
			03/01/16	645,000.00	3.00%				
			03/01/17	670,000.00	3.00%				
			03/01/18	695,000.00	4.00%				
			03/01/19	725,000.00	4.00%				
			03/01/20	755,000.00	4.00%				
			03/01/21	785,000.00	4.00%				
			03/01/22	815,000.00	4.00%				
			03/01/23	845,000.00	4.00%				
			03/01/24	880,000.00	4.00%				
			03/01/25	915,000.00	4.25%				
			03/01/26	935,000.00	4.38%				
							\$ 11,000,000.00		\$ 11,000,000.00
						\$ 579,000.00	\$ 11,000,000.00	\$ 579,000.00	\$ 11,000,000.00
						C			C
		Ref.							

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

TOWNSHIP OF WASHINGTON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2011

TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011

Name of Federal Agency or Department	Name of Program	C.F.D.A. Number	State Grant Award Number	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures
				From	To				
(Passed through New Jersey Department of Law and Public Safety)	Police Click It or Ticket	20.605	100-066-1160-142-YHTS-6010	01/01/10	12/31/11	\$ 4,000.00			\$ 3,965.70
				01/01/11	12/31/12	4,000.00	\$ 3,735.52	\$ 3,735.52	3,735.52
Total U.S. Department of Transportation							3,735.52	3,735.52	7,701.22
U.S. Department of Housing and Urban Development (Passed through County of Morris)	Community Development Block Grant	14.218	B-09-UC-34-0105	05/01/10	12/31/11	32,000.00	21,520.10	897.94	21,520.10
Total U.S. Department of Housing and Urban Development							21,520.10	897.94	21,520.10
U.S. Department of Homeland Security: (Passed through Federal Emergency Management Agency)	Assistance to Firefighters Grant	97.044	EMW-2008-FO-04562	02/20/10	02/20/11	63,440.00	63,440.00	58,797.18	58,797.18
	Flood Mitigation Assistance Program	97.029	N/A	01/01/11	12/31/11	45,314.09	45,314.09	45,314.09	45,314.09
Total U.S. Department of Homeland Security							108,754.09	104,111.27	104,111.27
U.S. Department of Agriculture: (Passed through New Jersey Department of Environmental Protection)	Rural Business Enterprise Grants - ARRA	10.783	4870-100-042-4870-012-V4A3-6120	01/01/10	12/31/11	7,000.00	6,999.73		6,999.73
Total U.S. Department of Agriculture							6,999.73		6,999.73
U.S. Department of Health and Human Services: (Passed through New Jersey Department of Health and Senior Services)	Local Public Health Emergency Response to H1N1	93.069	10-940-BT-L-1	10/01/11	07/30/14	10,000.00	9,472.10	9,472.10	9,472.10
Total U.S. Department of Health and Human Services							9,472.10	9,472.10	9,472.10
TOTAL FEDERAL AWARDS							\$ 150,481.54	\$ 118,216.83	\$ 149,804.42

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

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	1/1/10	12/31/11	\$ 15,603.00	\$ 10,476.24	\$ 4,584.62	\$ 10,316.81
1/1/11			12/31/12	15,603.00	1,638.47	9,113.01	9,113.01	
Total - Department of the Treasury						12,114.71	13,697.63	19,429.82
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-078-6400-YYYY	1/1/09	12/31/11	10,000.00		3,490.46	10,000.00
			1/1/10	12/31/12	6,209.94		2,701.69	2,701.69
			1/1/11	12/31/12	3,258.61	3,258.61		
	Body Armor Grant	718-066-1020-6120	1/1/11	12/31/12	2,885.81	2,885.81		
Total - Department of Law and Public Safety						6,144.42	6,192.15	12,701.69
Department of Community Affairs	Recreation for Individuals with Disabilities Grant	10-100-022-8050- 035-F157-6120	1/1/11	12/31/11	5,000.00	4,500.00	5,000.00	5,000.00
Total - Department of Community Affairs						4,500.00	5,000.00	5,000.00
Department of Environmental Protection	Clean Communities Act	4900-765- 178900-60 178900-60	1/1/10	12/31/11	40,180.18		32,072.92	40,180.18
			1/1/11	12/31/12	38,572.00	38,572.00	17,609.55	17,609.55
			1/1/11	12/31/12	1,292.00	1,292.00		
Total - Department of Environmental Protection						39,864.00	49,682.47	57,789.73
New Jersey Highlands Council	Plan Conformance Grant	09-033-011-1438	1/1/09	12/31/11	50,000.00	7,174.46	13,150.99	50,000.00
	Plan Conformance Grant	09-033-011-1438	1/1/11	12/31/12	256,100.00	8,745.60	2,449.51	2,449.51
Total - New Jersey Highlands Council						15,920.06	13,150.99	52,449.51
TOTAL STATE AWARDS						\$ 78,543.19	\$ 87,723.24	\$ 147,370.75

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

TOWNSHIP OF WASHINGTON
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

A. GENERAL

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

B. BASIS OF PRESENTATION

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

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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*

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

We have audited the financial statements of the Township of Washington, in the County of Morris (the "Township") as of, and for the years ended, December 31, 2011 and 2010 and have issued our report thereon dated March 9, 2012, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. That report also indicated that the scope of our audit did not include the general fixed assets account group. We conducted our audits 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, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

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.

The Honorable Mayor and Members
of the Township Committee
Township of Washington
Page 2

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses Findings 2011-1 and 2011-2 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

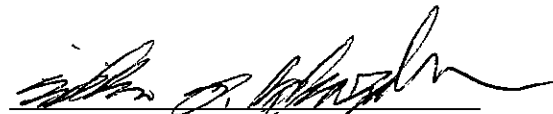
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Township's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Mayor and Members of the Township Committee, others within the Township and to meet the requirements for filing with the Division of Local Government Services, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Mount Arlington , New Jersey
March 9, 2012

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, 2011

Summary of Auditors' Results:

- A qualified report was issued on the Township's financial statements prepared on an other comprehensive basis of accounting due to the omission of the general fixed assets account group.
- The audit did not disclose any noncompliance that is material to the financial statements of the Township.
- The audit did not disclose any material weaknesses in the internal controls of the Township.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 for 2011 as 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 did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards, except as follows:

Finding 2011-1

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, 2011
(Continued)

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

Finding 2011-2

Fixed Assets

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

Management's Response

The Township's fixed asset 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 - Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

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

TOWNSHIP OF WASHINGTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

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 2011-1 and 2011-2.

TOWNSHIP OF WASHINGTON
PART III
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2011

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 5, 2011, 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 2011 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 20, 2011, and included all eligible properties.

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

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

Year	Number of Liens
2011	42
2010	41
2009	44

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 2011 Taxes	20
Payments of 2012 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5

Verification notices were mailed to confirm balances as of December 31, 2011. The items that were returned were checked and in agreement with the Township's records. For receivable items not returned, alternative procedures were performed.

Technical Accounting Directives

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

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

The Township is in compliance with directives 1 and 3; however, fixed asset 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 2011 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

<u>AGENCY</u>	<u>Balance</u> <u>12/31/2010</u>	<u>Cash</u> <u>Received</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>12/31/2011</u>
State of New Jersey	\$ 5,102.52	\$ 86,538.57	\$ 85,479.97	\$ 6,161.12
County of Morris	7,475.50	97,239.02	98,096.52	6,618.00
Township of Washington	14,470.48	199,060.46	199,849.56	13,681.38
Township of Washington - POAA	6.00	36.00	32.00	10.00
Interest	246.00			246.00
DEDR	1,601.00	24,402.00	24,162.00	1,841.00
VCCB	350.00	4,489.00	4,604.00	235.00
State Lab Fees	179.50	2,320.50	2,370.00	130.00
Conditional Discharge	345.00	3,197.00	3,371.00	171.00
Restitution		642.13	642.13	
Weights and Measures	500.00	4,750.00	3,200.00	2,050.00
Public Defender	239.00	3,088.00	3,220.50	106.50
Bail	3,030.00	61,020.00	62,600.00	1,450.00
TOTAL	\$ 33,545.00	\$ 486,782.68	\$ 487,627.68	\$ 32,700.00

Corrective Action Plan

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2010 audit report. The recommendations pertaining to an inadequate segregation of duties and the implementation of a fixed asset accounting system are in the process of being implemented where possible. The prior year recommendation regarding the timeliness of deposits was resolved in the current year.

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.

* * * * *