

TOWNSHIP OF WASHINGTON

COUNTY OF MORRIS

REPORT OF AUDIT

2020

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF WASHINGTON

COUNTY OF MORRIS

REPORT OF AUDIT

2020

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TOWNSHIP OF WASHINGTON

PART I

INDEPENDENT AUDITORS' REPORT AND

FINANCIAL STATEMENTS AND

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2020

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Washington, in the County of Morris (the "Township") as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor and Members
of the Township Committee
Township of Washington
Long Valley, New Jersey
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund and account group of the Township as of December 31, 2020 and 2019, or the changes in financial position where applicable, thereof for the years then ended.

Basis for Qualified Opinion

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects on the December 31, 2020 and 2019 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Washington as of December 31, 2020 and 2019, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2021 on our consideration of the Township of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
June 10, 2021

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Certified Public Accountant
Registered Municipal Accountant No. 562

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2020
CURRENT FUND

TOWNSHIP OF WASHINGTON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2020	2019
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents		\$ 5,541,153.98	\$ 5,183,350.05
Investments		400,000.00	
	A-4	5,941,153.98	5,183,350.05
Petty Cash		300.00	300.00
Change Funds		375.00	375.00
		<u>5,941,828.98</u>	<u>5,184,025.05</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	725,693.49	790,489.48
Tax Title Liens Receivable	A-8	2,657,438.81	2,533,506.85
Year End Penalty Receivable		37,772.13	41,904.19
Property Acquired for Taxes at Assessed Valuation		880,500.00	880,500.00
Revenue Accounts Receivable	A-9	2,336.15	13,051.89
Due from Municipal Utility Authority		522.80	
Due from Federal and State Grant Fund	A		60,807.36
Due from Animal Control Fund	B	203.66	
		<u>4,304,467.04</u>	<u>4,320,259.77</u>
		<u>10,246,296.02</u>	<u>9,504,284.82</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	795,936.36	521,456.74
Due from Current Fund	A	181,255.17	
		<u>977,191.53</u>	<u>521,456.74</u>
<u>TOTAL ASSETS</u>		<u>\$ 11,223,487.55</u>	<u>\$ 10,025,741.56</u>

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

	Ref.	December 31,	
		2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-10	\$ 1,057,423.45	\$ 1,171,920.87
Encumbered	A-3;A-10	414,655.49	255,426.78
Total Appropriation Reserves		<u>1,472,078.94</u>	<u>1,427,347.65</u>
Accounts Payable - Vendors		14,240.67	9,485.38
Due to State of New Jersey:			
Marriage License Fees		375.00	250.00
Senior Citizens and Veterans Deductions		9,436.47	8,436.47
Local District School Taxes Payable		78,284.50	
County Taxes Payable		5,346.71	18,588.25
Prepaid Taxes		545,864.02	391,935.01
Tax Overpayments		40,088.16	40,461.49
Due to Other Trust Fund - Reserve for:			
Open Space Trust Fund	B	991.14	991.14
Recycling	B	436.51	
State Unemployment Insurance	B		9,096.21
Tax Sale Premium	B	34,700.00	
Due to Federal and State Grant Fund	A	181,255.17	
Reserve for:			
Sale of Municipal Assets		150,000.00	50,000.00
Lien Assignment		400,000.00	
Third Party Liens		2,825.94	26,065.42
Payroll Expenses		96,932.07	91,518.28
		<u>3,032,855.30</u>	<u>2,074,175.30</u>
Reserve for Receivables and Other Assets	A	4,304,467.04	4,320,259.77
Fund Balance	A-1	<u>2,908,973.68</u>	<u>3,109,849.75</u>
Total Regular Fund		<u>10,246,296.02</u>	<u>9,504,284.82</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	924,525.20	447,285.48
Unappropriated Reserves	A-15	52,666.33	13,363.90
Due to Current Fund	A		<u>60,807.36</u>
Total Federal and State Grant Fund		<u>977,191.53</u>	<u>521,456.74</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 11,223,487.55</u>	<u>\$ 10,025,741.56</u>

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

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

	Ref.	Year Ended December 31,	
		2020	2019
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,450,000.00	\$ 1,300,000.00
Miscellaneous Revenue Anticipated		3,716,609.38	3,676,422.83
Receipts from:			
Delinquent Taxes		801,522.68	784,803.02
Current Taxes		73,566,177.28	72,791,016.06
Nonbudget Revenue		270,904.42	313,319.80
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		225,137.45	339,007.88
Cancellation of Federal and State Grant Fund			
Appropriated Reserves			0.01
Cancellation of Local School District Taxes Payable			0.52
Tax Overpayments Cancelled			91.36
Year End Penalty Received		21,766.45	17,193.57
Interfunds Returned		60,807.36	
Total Income		<u>80,112,925.02</u>	<u>79,221,855.05</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		17,298,930.86	16,718,306.80
County Taxes		7,528,077.91	7,562,451.70
School Taxes		53,676,812.00	52,907,235.00
Open Space Taxes		358,753.86	358,663.29
Prior Year Senior Citizen Deductions Disallowed		500.00	250.00
Interfunds Advanced		726.46	33,476.17
Cancellation of Federal and State Grant Fund Receivables			0.01
Prior Year Taxes Applied to Overpayments			3,463.61
Total Expenditures		<u>78,863,801.09</u>	<u>77,583,846.58</u>
Excess in Revenue		1,249,123.93	1,638,008.47
Balance January 1		3,109,849.75	2,771,841.28
		<u>4,358,973.68</u>	<u>4,409,849.75</u>
Decreased by:			
Utilized as Anticipated Revenue		1,450,000.00	1,300,000.00
Balance December 31	A	<u>\$ 2,908,973.68</u>	<u>\$ 3,109,849.75</u>

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

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 1,450,000.00		\$ 1,450,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	15,000.00		17,688.00	\$ 2,688.00
Other	2,000.00		2,870.00	870.00
Fees and Permits:				
Other	252,000.00		301,760.36	49,760.36
Fines and Costs:				
Municipal Court	145,000.00		71,057.45	73,942.55 *
Interest and Costs on Taxes	169,000.00		196,712.64	27,712.64
Interest on Investments and Deposits	79,000.00		56,049.84	22,950.16 *
Energy Receipts Tax (P.L. 1999, Chapters 162 & 167)	1,410,359.00		1,410,359.00	
Garden State Preservation Trust Fund	15,441.00		15,441.00	
Watershed Aid	799.00		799.00	
Shared Services:				
Fire Fighting - Tewksbury Township	55,413.00			55,413.00 *
Police/Court Services - Borough of Califon	314,605.00		314,605.00	
Finance/Tax Collection- Borough of Califon	37,644.00		37,644.00	
Health - Chester Township	75,000.00		75,000.00	
Court Services - Borough of Califon	8,496.00		6,547.96	1,948.04 *
School Resource Officer - West Morris	84,896.00		85,745.00	849.00
Uniform Construction Code Services - Mansfield	157,000.00		189,101.50	32,101.50
Class III Officer - Washington Township School District	19,488.00		29,493.00	10,005.00
School Resource Officer - Washington Township School	165,358.50		160,061.00	5,297.50 *
DPW Services - MUA Maintenance	38,000.00			38,000.00 *
Court Services - Mendham	45,492.00		22,746.00	22,746.00
New Jersey Department of Transportation - Municipal Aid:				
FY 2019 - Improvements to Naughtright Road	219,000.00		219,000.00	
FY 2020 - Improvements to Naughtright Road Section 2	325,000.00		325,000.00	
Body Armor Grant		\$ 3,101.97	3,101.97	
Reserve for Drunk Driving Enforcement Fund	7,451.63		7,451.63	
Reserve for Clean Communities Program Grant	5,751.52		5,751.52	
Reserve for Alcohol Education Rehabilitation Fund	160.75		160.75	
Sustainable Jersey Small Grant		2,000.00	2,000.00	
Health Association Grant		21,089.00	21,089.00	
General Capital Fund Balance	15,320.00		15,320.00	
Washington Library - Pension Contribution	58,269.00		58,269.22	0.22
Cell Tower Rental	43,000.00		63,224.34	20,224.34
Department of Public Works Services	2,560.00		2,560.20	0.20
	<u>3,766,504.40</u>	<u>26,190.97</u>	<u>3,716,609.38</u>	<u>76,085.99 *</u>
Receipts from Delinquent Taxes	660,000.00		801,522.68	141,522.68

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
 (Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 11,976,010.50		\$ 12,582,308.51	\$ 606,298.01
Minimum Library Tax	960,225.00		960,225.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>12,936,235.50</u>		<u>13,542,533.51</u>	<u>606,298.01</u>
 Budget Totals	 18,812,739.90	 \$ 26,190.97	 19,510,665.57	 671,734.70
Nonbudget Revenue			270,904.42	270,904.42
	<u>\$ 18,812,739.90</u>	<u>\$ 26,190.97</u>	<u>\$ 19,781,569.99</u>	<u>\$ 942,639.12</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:		
Collection of Current Taxes		\$ 73,566,177.28
Allocated to:		
School and County Taxes	\$ 61,204,889.91	
Open Space Taxes	<u>358,753.86</u>	
		<u>61,563,643.77</u>
		12,002,533.51
Add: Appropriation "Reserve for Uncollected Taxes"		<u>1,540,000.00</u>
Realized for Support of Municipal Budget		<u><u>\$ 13,542,533.51</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections		\$ 779,968.84
Tax Title Lien Collections		<u>21,553.84</u>
		<u><u>\$ 801,522.68</u></u>
Fees and Permits - Other:		
Treasurer:		
Township Clerk		\$ 66,420.03
Police		9,010.05
Tax Collector		1,088.00
Planning Board/Board of Adjustments		7,100.00
Zoning		12,685.00
Police Impound		5,711.00
Fire Safety		88,851.00
Health Officer		39,636.00
Fire Safety Fees		<u>71,259.28</u>
		<u><u>\$ 301,760.36</u></u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Analysis of Interest on Investments and Deposits

Current Fund Interest	\$ 38,948.59
Municipal Court Interest	82.33
Animal Control Fund Interest	203.66
Other Trust Funds Interest	11,512.61
General Capital Fund Interest	5,302.65
	\$ 56,049.84
	\$ 56,049.84

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Miscellaneous Refunds/Reimbursements	\$ 5,265.00
State Inspection Fines	3,775.00
Prior Year Shared Service Payments	61,620.35
Shared Service Payments	35,913.30
Miscellaneous Rental Payments	20,569.93
Auction Sale Proceeds	17,166.76
Police Outside Service Administration Fees	89,715.50
Vacant and Abandoned Property	18,083.33
Other Miscellaneous	18,795.25
	\$ 270,904.42
	\$ 270,904.42

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

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Administrative and Executive:					
Salaries and Wages	\$ 212,671.00	\$ 199,171.00	\$ 183,809.08	\$ 15,361.92	
Other Expenses	53,950.00	42,550.00	34,310.50	8,239.50	
Mayor and Council:					
Other Expenses	1,395.00	1,567.00	1,567.00		
Municipal Clerk:					
Salaries and Wages	79,247.00	79,547.00	77,790.07	1,756.93	
Other Expenses	13,807.00	9,807.00	3,212.24	6,594.76	
Financial Administration:					
Salaries and Wages	82,585.00	82,585.00	80,365.51	2,219.49	
Other Expenses	20,088.00	22,088.00	21,744.19	343.81	
Audit Services	30,125.00	30,125.00	1,250.00	28,875.00	
IT/Website/Data Processing:					
Salaries and Wages	66,295.00	66,495.00	64,950.95	1,544.05	
Other Expenses	16,418.00	16,418.00	12,926.75	3,491.25	
Collection of Taxes:					
Salaries and Wages	77,027.00	81,027.00	78,566.91	2,460.09	
Other Expenses	17,363.00	17,363.00	17,303.80	59.20	
Assessment of Taxes:					
Salaries and Wages	78,992.00	86,492.00	84,109.74	2,382.26	
Other Expenses	10,220.00	10,220.00	8,247.78	1,972.22	
Legal Services and Costs:					
Other Expenses	128,000.00	128,000.00	102,469.74	25,530.26	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
GENERAL GOVERNMENT (Cont'd):					
Engineering Services and Costs:					
Other Expenses	\$ 15,675.00	\$ 15,675.00	\$ 11,889.13	\$ 3,785.87	
Historic Preservation:					
Other Expenses	250.00	250.00	100.00	150.00	
Planning Board:					
Salaries and Wages	4,757.00	4,757.00	4,757.00		
Other Expenses	16,005.00	20,005.00	18,393.57	1,611.43	
Zoning Officer:					
Salaries and Wages	33,031.00	29,861.80	25,928.59	3,933.21	
Other Expenses	2,600.00	7,169.20	6,519.20	650.00	
Insurance:					
Other Liability Insurance Premiums	252,586.00	262,411.00	262,411.00		
Workers Compensation	180,318.00	180,318.00	180,318.00		
Group Insurance Plan for Employees	1,505,395.00	1,505,395.00	1,501,525.41	3,869.59	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	2,921,296.50	2,991,296.50	2,913,371.56	77,924.94	
Other Expenses	133,304.00	133,304.00	121,101.18	12,202.82	
Purchase of Police Cars	151,341.00	151,341.00	149,755.68	1,585.32	
Joint Police, Fire and First Aid Communications:					
Other Expenses	349,614.00	349,614.00	346,702.26	2,911.74	
Office of Emergency Management:					
Salaries and Wages	3,500.00	3,500.00	820.00	2,680.00	
Other Expenses	1,500.00	1,500.00	844.51	655.49	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
PUBLIC SAFETY (Cont'd):					
Radio Maintenance:					
Other Expenses	\$ 4,000.00	\$ 4,000.00	\$	\$ 4,000.00	
Fire:					
Other Expenses:					
Miscellaneous Other Expenses	93,297.00	93,297.00	\$ 68,673.60	24,623.40	
Fire Hydrant Service	4,080.00	4,080.00	4,080.00		
First Aid Organization - Contribution:					
Miscellaneous Other Expenses	53,604.00	53,604.00	51,218.87	2,385.13	
Fire Safety Act:					
Salaries and Wages	78,025.00	78,025.00	74,930.42	3,094.58	
Other Expenses	5,609.00	5,609.00	3,454.12	2,154.88	
Municipal Prosecutor:					
Other Expenses	12,250.00	12,250.00	8,608.00	3,642.00	
STREETS AND ROADS:					
Road Repairs and Maintenance:					
Salaries and Wages	2,049,428.00	1,970,928.00	1,897,214.81	73,713.19	
Other Expenses	716,072.00	669,747.00	555,424.08	114,322.92	
Shade Trees:					
Other Expenses	3,910.00	3,910.00	1,720.00	2,190.00	
OTHER MUNICIPAL SERVICES:					
Public Buildings and Grounds:					
Other Expenses	94,615.00	94,615.00	76,020.44	18,594.56	
Community Services Act	1,500.00	1,500.00	1,050.31	449.69	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
HEALTH AND WELFARE:					
Board of Health:					
Salaries and Wages	\$ 229,339.00	\$ 247,339.00	\$ 241,342.60	\$ 5,996.40	
Other Expenses	29,074.00	29,074.00	18,034.13	11,039.87	
Environmental Commission (R.S.40:56A-1 et seq):					
Other Expenses	2,105.00	2,105.00	1,439.00	666.00	
RECREATION AND EDUCATION:					
Recreation and Education:					
Salaries and Wages	85,942.00	85,942.00	81,198.70	4,743.30	
Other Expenses	6,660.00	6,660.00	5,500.87	1,159.13	
Senior Citizens Program:					
Salaries and Wages	53,303.00	53,303.00	42,450.68	10,852.32	
Other Expenses	3,250.00	3,250.00	2,222.41	1,027.59	
Field Maintenance:					
Other Expenses	25,970.00	25,970.00	24,227.85	1,742.15	
Utility Expenses and Bulk Purchases	396,500.00	396,500.00	270,650.14	125,849.86	
Municipal Court:					
Salaries and Wages	126,273.00	125,073.00	120,761.60	4,311.40	
Other Expenses	11,345.00	11,345.00	10,359.03	985.97	
Public Defender:					
Other Expenses	1,800.00	3,000.00	2,426.50	573.50	
Total Operations Within "CAPS"	10,547,306.50	10,510,978.50	9,880,069.51	630,908.99	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Detail:					
Salaries and Wages	\$ 6,181,711.50	\$ 6,185,342.30	\$ 5,972,368.22	\$ 212,974.08	
Other Expenses	4,365,595.00	4,325,636.20	3,907,701.29	417,934.91	
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	512,507.00	512,507.00	512,507.00		
Social Security System (O.A.S.I.)	524,958.00	543,958.00	541,716.62	2,241.38	
Police and Firemen's Retirement System of New Jersey	870,079.00	876,776.71	876,776.71		
Unemployment Compensation Insurance	5,000.00	5,000.00		5,000.00	
Defined Contribution Retirement Program	5,000.00	5,000.00	4,652.68	347.32	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,917,544.00	1,943,241.71	1,935,653.01	7,588.70	
Total General Appropriations for Municipal Purposes Within "CAPS"	12,464,850.50	12,454,220.21	11,815,722.52	638,497.69	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library	960,225.00	960,225.00	960,225.00		
LOSAP Program	65,000.00	65,000.00	2,575.00	62,425.00	
Reserve for Tax Appeals	150,000.00	150,000.00		150,000.00	
Shared Service Agreements:					
Fire Fighting:					
Other Expenses	45,413.00	45,413.00	45,413.00		
Police/Court Services:					
Salaries and Wages	314,605.00	314,605.00	314,604.99	0.01	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Shared Service Agreements: (Cont'd)					
Finance:					
Salaries and Wages	\$ 37,644.00	\$ 37,644.00	\$ 37,644.00		
Health:					
Salaries and Wages	75,000.00	75,000.00	75,000.00		
Court:					
Salaries and Wages	8,496.00	8,496.00	8,496.00		
Court (Mendham):					
Salaries and Wages	45,492.00	45,492.00	45,492.00		
Police:					
Salaries and Wages	84,896.00	84,896.00	84,895.99	\$ 0.01	
Class III Officer - West Morris:					
Salaries and Wages	13,050.00	30,118.29	26,858.00	3,260.29	
Other Expenses	6,438.00				
School Resource Officers - WTBOE:					
Salary and Wages	165,358.50	165,358.50	165,358.50		
Construction Code:					
Salaries and Wages	157,000.00	157,000.00	157,000.00		
DPW Services - MUA Maintenance	38,000.00	38,000.00		38,000.00	
State and Federal Programs Offset by Revenues:					
Reserve for Drunk Driving Enforcement Fund	7,451.63	7,451.63	7,451.63		
Reserve for Clean Communities Program	5,751.52	5,751.52	5,751.52		
Health Officer Association Grant					
(N.J.S.A. 40A:4-87 + \$21,089.00)		21,089.00	21,089.00		
Reserve for Alcohol Education Rehabilitation Fund	160.75	160.75	160.75		
Sustainable Jersey Small Grant					
(N.J.S.A. 40A:4-87 + \$2,000.00)		2,000.00	2,000.00		
Body Armor Grant (N.J.S.A. 40A:4-87 + \$3,101.97)		3,101.97	3,101.97		

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total Operations Excluded from "CAPS"	\$ 2,179,981.40	\$ 2,216,802.66	\$ 1,963,117.35	\$ 253,685.31	
Detail:					
Salaries and Wages	901,541.50	435,745.00	435,744.99	0.01	
Other Expenses	1,278,439.90	1,781,057.66	1,527,372.36	253,685.30	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	154,000.00	154,000.00	154,000.00		
Road Improvements	81,000.00	81,000.00	81,000.00		
Police Equipment	29,000.00	9,000.00		9,000.00	
Fire Equipment	10,000.00	10,000.00		10,000.00	
DPW Equipment	356,000.00	356,000.00	331,811.26	24,188.74	
Emergency Services Equipment	197,500.00	197,500.00	173,456.32	24,043.68	
Computer/Technology Upgrade	33,500.00	53,500.00	53,283.82	216.18	
Improve Municipal Facilities	101,000.00	101,000.00	5,389.32	95,610.68	
Municipal Vehicles	15,000.00	15,000.00	12,818.83	2,181.17	
Public and Private Programs Offset by Revenues:					
New Jersey Department of Transportation - Municipal Aid:					
FY 2019 - Improvements to Naughtright Road	219,000.00	219,000.00	219,000.00		
FY 2020 - Improvements to Naughtright Road	325,000.00	325,000.00	325,000.00		
Total Capital Improvements Excluded from "CAPS"	1,521,000.00	1,521,000.00	1,355,759.55	165,240.45	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	\$ 617,741.00	\$ 617,741.00	\$ 617,741.00		
Payment of Bond Anticipation Notes	255,000.00	255,000.00	255,000.00		
Interest on Bonds	172,517.00	172,517.00	172,517.00		
Interest on Notes	61,650.00	61,650.00	61,649.99		\$ 0.01
Total Municipal Debt Service Excluded from "CAPS"	1,106,908.00	1,106,908.00	1,106,907.99		0.01
Total General Appropriations Excluded from "CAPS"	4,807,889.40	4,844,710.66	4,425,784.89	\$ 418,925.76	0.01
Subtotal General Appropriations	17,272,739.90	17,298,930.87	16,241,507.41	1,057,423.45	0.01
Reserve for Uncollected Taxes	1,540,000.00	1,540,000.00	1,540,000.00		
Total General Appropriations	\$ 18,812,739.90	\$ 18,838,930.87	\$ 17,781,507.41	\$ 1,057,423.45	\$ 0.01

Ref.

A

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
(Continued)

		Analysis of	
	<u>Ref.</u>	Budget After Modification	Paid or Charged
Adopted Budget		\$ 18,812,739.90	
Additional Appropriations (N.J.S.A. 40A:4-87)		26,190.97	
		\$ 18,838,930.87	
Reserve for Uncollected Taxes			\$ 1,540,000.00
Cash Disbursed			15,674,106.92
Due to Federal and State Grant Fund			583,554.87
Encumbrances	A		414,655.49
			18,212,317.28
Less: Refunds Received			430,809.87
			\$ 17,781,507.41

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2020
TRUST FUNDS

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

	Ref.	December 31,	
		2020	2019
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 12,893.01	\$ 18,937.33
Change Fund - Collector		50.00	50.00
		<u>12,943.01</u>	<u>18,987.33</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	2,058,307.25	2,804,581.78
Investment	B-1	800,000.00	
Due from Current Fund - Reserve for:			
Open Space Trust Fund	A	991.14	991.14
Recycling	A	436.51	
Tax Sale Premiums	A	34,700.00	
State Unemployment Insurance Trust Fund	A		9,096.21
		<u>2,894,434.90</u>	<u>2,814,669.13</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,907,377.91</u>	<u>\$ 2,833,656.46</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 203.66	
Due to State Board of Health		13.80	\$ 1.20
Reserve for Animal Control Expenditures	B-2	12,725.55	18,986.13
		<u>12,943.01</u>	<u>18,987.33</u>
Other Trust Funds:			
Due to State of New Jersey:			
Training Fees		9,407.00	
Reserve for:			
Open Space Trust Fund		160,230.97	120,671.99
State Unemployment Insurance Trust Fund		116,575.97	107,554.84
Developers' Deposits		557,032.44	533,666.77
Recreation		64,531.53	57,488.77
Recycling		16,541.40	10,447.67
Forfeited Assets		3,551.08	4,696.37
Washington Uniform Construction Code Fees		19,878.86	4,535.07
Mansfield Uniform Construction Code Fees		15,289.75	41,556.50
Housing Trust		385,503.92	421,655.70
Tax Sale Premiums		1,000,900.00	966,200.00
Municipal Alliance Fund		3,519.95	3,519.95
Parking Offense Adjudication Fees		53.55	53.55
Parking Offense Adjudication Fees - Califon		6.00	4.00
Storm Recovery Fund		73,428.78	85,000.00
Fairview Avenue Housing Fund		129,687.70	129,687.70
Accumulated Absences		320,000.00	320,000.00
Police Department Events		9,621.00	3,405.25
Fire Prevention Penalty		8,675.00	4,525.00
		<u>2,894,434.90</u>	<u>2,814,669.13</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 2,907,377.91</u>	<u>\$ 2,833,656.46</u>

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2020
GENERAL CAPITAL FUND

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

	Ref.	December 31,	
		2020	2019
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,338,941.22	\$ 753,965.86
Deferred Charges to Future Taxation:			
Funded		5,095,000.00	5,850,000.00
Unfunded	C-4	5,418,000.00	4,823,000.00
<u>TOTAL ASSETS</u>		<u>\$ 11,851,941.22</u>	<u>\$ 11,426,965.86</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 5,095,000.00	\$ 5,850,000.00
Bond Anticipation Notes Payable	C-7	5,168,000.00	4,110,000.00
Improvement Authorizations:			
Funded	C-5	353,991.23	88,174.02
Unfunded	C-5	353,671.15	577,029.13
Capital Improvement Fund	C-6	212,482.81	107,482.81
Reserve for First Aid Vehicle		565.00	565.00
Reserve for Fire Equipment		390,799.71	460,382.71
Reserve for Fire Truck Refurbishment		426.51	426.51
Reserve to Pay Debt Service		20,000.00	20,000.00
Reserve for Computer/Technology Equipment		10,953.09	2,984.78
Reserve for Roadwork		52,903.00	52,903.00
Reserve for Preliminary Expenses - Senior Center		10,400.00	15,000.00
Reserve for Department of Public Works Equipment		4,725.07	453.83
Reserve for Municipal Facility Improvement		24,380.63	1,180.09
Fund Balance	C-1	153,643.02	140,383.98
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 11,851,941.22</u>	<u>\$ 11,426,965.86</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 140,383.98
Increased by:		
Premium on Notes Sale		28,579.04
		<u>168,963.02</u>
Decreased by:		
Appropriated to 2020 Budget Revenue - Current Fund		15,320.00
		<u>153,643.02</u>
Balance December 31, 2020	C	<u>\$ 153,643.02</u>

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2020
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2020
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2020
GENERAL FIXED ASSET ACCOUNT GROUP

(UNAUDITED)

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

	December 31,	
	2020	2019
<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, 2020

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 Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

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

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

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

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
 (Continued)

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

B. Description of Funds (Cont'd)

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

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow:

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

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

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

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

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 budgeted; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and the Township's net OPEB and net pension liabilities and related deferred inflows and outflows, where applicable, would be recorded. The cash basis of accounting is followed in the Trust and Capital Funds.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
 (Continued)

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

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.

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

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

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

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.

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

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

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

General Fixed Assets (Unaudited) - The values recorded in the General Fixed Assets Account Group and the Current Fund and General Capital Fund may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

F. Budget/Budgetary Control

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

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,		
	2020	2019	2018
<u>Issued:</u>			
General Bonds and Notes	\$ 10,263,000.00	\$ 9,960,000.00	\$ 10,020,000.00
<u>Authorized but Not Issued:</u>			
General Bonds and Notes	250,000.00	713,000.00	895,000.00
<u>Less:</u>			
Reserve to Pay Debt Service	(20,000.00)	(20,000.00)	(20,000.00)
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 10,493,000.00</u>	<u>\$ 10,653,000.00</u>	<u>\$ 10,895,000.00</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance			Balance
	12/31/2018			Additions
General Capital Fund:				
Serial Bonds	\$ 6,575,000.00		\$ 725,000.00	\$ 5,850,000.00
Bond Anticipation Notes	3,445,000.00	\$ 4,110,000.00	3,445,000.00	4,110,000.00
Total	<u>\$ 10,020,000.00</u>	<u>\$ 4,110,000.00</u>	<u>\$ 4,170,000.00</u>	<u>\$ 9,960,000.00</u>

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2020</u>
General Capital Fund:				
Serial Bonds	\$ 5,850,000.00		\$ 755,000.00	\$ 5,095,000.00
Bond Anticipation Notes	4,110,000.00	\$ 5,168,000.00	4,110,000.00	5,168,000.00
Total	<u>\$ 9,960,000.00</u>	<u>\$ 5,168,000.00</u>	<u>\$ 4,865,000.00</u>	<u>\$ 10,263,000.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .363%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 8,059,248.00	\$ 8,059,248.00	
Regional School District Debt	2,771,371.86	2,771,371.86	
General Debt	10,513,000.00	20,000.00	\$ 10,493,000.00
	<u>\$ 21,343,619.86</u>	<u>\$ 10,850,619.86</u>	<u>\$ 10,493,000.00</u>

Net Debt \$10,493,000 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$2,889,064,557.33= .363%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 101,117,259.51
Net Debt	<u>10,493,000.00</u>
Remaining Borrowing Power	<u>\$ 90,624,259.51</u>

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

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

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>
2021	\$ 785,000.00	\$ 180,050.00	\$ 965,050.00
2022	805,000.00	152,275.00	957,275.00
2023	830,000.00	123,600.00	953,600.00
2024	865,000.00	89,700.00	954,700.00
2025	895,000.00	54,500.00	949,500.00
2026	915,000.00	18,300.00	933,300.00
	<u>\$ 5,095,000.00</u>	<u>\$ 618,425.00</u>	<u>\$ 5,713,425.00</u>

At December 31, 2020, the Township had capital debt issued and outstanding described as follows:

General Capital Serial Bonds Payable

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>
General Improvements 2011	03/01/21	4.00%	\$ 785,000.00
Refunding Bonds 2017	03/01/26	3.00-4.00%	4,310,000.00
			<u>\$ 5,095,000.00</u>

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>
Various Improvements	8/25/2021	1.00%	\$ 284,000.00
Road Improvements	8/25/2021	1.00%	419,000.00
Various Improvements	8/25/2021	1.00%	714,000.00
Various Improvements	8/25/2021	1.00%	753,000.00
Various Improvements	8/25/2021	1.00%	790,000.00
Various Improvements	8/25/2021	1.00%	895,000.00
Road and Buildings	8/25/2021	1.00%	713,000.00
Road Improvements	8/25/2021	1.00%	600,000.00
			<u>\$ 5,168,000.00</u>
Total Outstanding Debt			<u>\$ 10,263,000.00</u>

Note 3: Fund Balances Appropriated

Fund Balance at December 31, 2020, which is appropriated and included in the introduced budget as anticipated revenue for the year ending December 31, 2021 budget is as follows:

Current Fund	\$ 1,600,000.00
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TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 4: Local and Regional School District Taxes

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

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

Note 5: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at: www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$512,507 for 2020.

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2020, the Township's liability was \$8,686,930 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Township's proportion was .0533%, which was a increase of 0.007% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Township recognized actual pension expense in the amount of \$512,507.

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through 2026		2.00 – 6.00% based on years of service
Thereafter		3.00 – 7.00% based on years of service
Investment Rate of Return		7.00%

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 10,911,171	\$ 8,686,930	\$ 6,764,028
<u>Pension Plan Fiduciary Net Position</u>			

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service. The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation (Cont'd)

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Township contributions to PFRS amounted to \$876,776.71 for the year ended December 31, 2020. During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$138,959 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$204,656.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2020, the Township's liability for its proportionate share of the net pension liability was \$11,635,933. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Township's proportion was .0901%, which was an increase of .0039% from its proportion measured as of June 30, 2019.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$1,805,844 as of June 30, 2020. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the State's proportion was .0901%, which was an increase of .0039% from its proportion measured as of June 30, 2019 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 11,635,933
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>1,805,844</u>
Total Net Pension Liability	<u>\$ 13,441,777</u>

For the year ended December 31, 2020, the Township recognized total pension expense of \$876,776.71.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 15.25% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2020 are summarized in the following table:

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate (Cont'd)

	June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 17,874,796	\$ 13,441,777	\$ 9,759,815

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Township recognized pension expense of \$4,652.68 for the year ended December 31, 2020. Employee contributions to DCRP amounted to \$9,095.88 for the year ended December 31, 2020.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(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 \$18,782.41 at December 31, 2020. The Township also permits employees to accrue earned compensation time. The estimated current cost of this time is approximately \$477,248.45 at December 31, 2020. 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. This amount has been partially funded in the Reserve for Accumulated Absences of \$320,000 on the Trust Fund balance sheet at December 31, 2020.

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>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	2.639	2.612	2.554
<u>Apportionment of Tax Rate</u>			
Municipal	.458 *	.453 *	.446 *
Municipal Open Space	.012	.012	.012
County	.259	.261	.259
County Open Space	.008	.008	.010
Local School	1.306	1.291	1.256
Regional High School	.596	.587	.571
<u>Assessed Valuations</u>			
2020	<u>\$ 2,822,947,200</u>		
2019		<u>\$ 2,817,591,400</u>	
2018			<u>\$ 2,826,428,100</u>

* Includes Municipal Library Tax

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(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>
2020	\$ 74,550,200.79	\$ 73,566,177.28	98.68%
2019	73,775,241.09	72,791,016.06	98.66%
2018	72,221,086.01	71,187,304.22	98.56%

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, 2020
(Continued)

Note 8: Risk Management (Cont'd)

Property and Liability (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 the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected summarized financial information as of December 31, 2020 is as follows:

Total Assets	\$ 37,043,381
Net Position	\$ 15,309,967
Total Revenue	\$ 21,527,917
Total Expenditures	\$ 19,011,852
Change in Net Position	\$ 2,516,065
Members Dividends	\$ -0-

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

Morris County Municipal Joint Insurance Fund
PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

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:

Year	Township Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2020	\$ -0-	\$ 9,183.13	\$ 162.00	\$ 116,575.97
2019	5,000.00	15,476.74	6,544.03	107,554.84
2018	5,000.00	11,621.45	2,459.92	93,622.13

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 9: Cash and Cash Equivalents and Investments

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. 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 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 page.

Custodial Credit Risk – The Township's policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

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.

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 collected public funds on deposit, and

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

All collateral must be deposited with the Federal Reserve Bank, 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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

(Continued)

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

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, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

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

As of December 31, 2020, cash and cash equivalents of the Township of Washington consisted of the following:

Fund	Savings and Checking Accounts	Petty Cash/ Change Funds	Investment	Totals
Current	\$ 5,541,153.98	\$ 675.00	\$ 400,000.00	\$ 5,941,828.98
Animal Control	12,843.01	50.00		12,893.01
Other Trust	2,058,307.25		800,000.00	2,858,307.25
General Capital	1,338,941.22			1,338,941.22
	<u>\$ 8,951,245.46</u>	<u>\$ 725.00</u>	<u>\$ 1,200,000.00</u>	<u>\$ 10,151,970.46</u>

The Township has \$1,200,000 of investments in the form of certificates of deposits as of the year ended December 31, 2020. The carrying amount of the Township's cash and cash equivalents and investments at December 31, 2020, was \$10,151,970.46 and the bank balance was \$11,941,801.62.

Note 10: Interfund Receivables and Payables

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 203.66	\$ 217,382.82
Federal and State Grant Fund	181,255.17	
Animal Control Fund		203.66
Other Trusts Fund:		
Open Space Trust	991.14	
Tax Sale Premium Trust	34,700.00	
Recreation Trust	436.51	
	<u>\$ 217,586.48</u>	<u>\$ 217,586.48</u>

The Chief Financial Officer monitors all interfunds for the various funds and liquidates them periodically throughout the year. The balances remaining at December 31, 2020, represent activity not liquidated by year end which were subsequently liquidated in 2021.

Note 11: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2020.

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
 (Continued)

Note 12: Economic Dependency

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

Note 13: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.012 per \$100 of assessed valuation in 1993. The funds collected are used to acquire and maintain open space property in the Township. The balances in the Open Space Trust Fund at December 31, 2020 and 2019 were \$160,230.97 and \$120,671.99 respectively.

Note 14: Deferred Compensation Plans

The Township offers its employees a deferred compensation plan (the "plan") created in accordance with Section 457 of the Internal Revenue Code. The plan, which is administered by Nationwide Retirement Solutions, is available to all Township employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 15: Postemployment Benefits Other Than Pensions

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
 (Continued)

Note 15: Postemployment Benefits Other Than Pensions (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Benefits Provided (Cont'd)

Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

The Township shall continue insurance coverage for employees who retire with at least twenty-five years of service in the New Jersey State Pension System and 20 years with Washington Township at the rate for family, employee/spouse, or single coverage, depending on the employee's marital status. Coverage ends at the year Medicare coverage commences or 65 years of age, whichever is sooner.

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

OPEB Expense

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

At June 30, 2019, the Township had a liability of \$10,538,301 for its proportionate share of the net OPEB liability. At June 30, 2019, the Township's proportion was .0077796% which was a decrease of .0005% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019 the Township's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was \$422,877.

The Township's actual post retirement payments in 2019 for 21 retiree employees were \$447,059.60.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% - 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

* - Salary increases are based on years of service within the respective plan.

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 – June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 15: Postemployment Benefits Other Than Pensions (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 5.7% and decreases to a 4.5% long term trend rate after eight years. For post 65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. is 4.5%. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Discount Rate

The following presents the net OPEB Liability of the Township as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Township would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease 2.50%	At Discount Rate 3.50%	At 1% Increase 4.50%
Net OPEB Liability Attributable to the Township	\$ 12,184,957	\$ 10,538,301	\$ 9,200,176

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Township as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Township would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the Township	\$ 8,893,028	\$ 10,538,301	\$ 12,637,125

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 16: Subsequent Event

The COVID-19 outbreak in the United States and specifically in New Jersey continues to have an impact on the Township's operations and finances. Though the impact on the Township's finances cannot be reasonably estimated at this date, the following is likely to continue through at least mid-year 2021: Interest on investments and municipal court fines and costs continue to be negatively impacted compared to years previous to 2020.

TOWNSHIP OF WASHINGTON

SUPPLEMENTARY DATA

TOWNSHIP OF WASHINGTON
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Matthew Murello	Mayor		
William Roehrich	Vice Mayor		
Gregg Forsbrey	Committeeman		
Tyler Oborn	Committeeman		
Kenneth Short	Committeeman		
Andrew Coppola	Administrator / Township Treasurer		(A)
Nina DiGregorio	Township Clerk		(A)
Amy Monahan	Chief Financial Officer	\$ 1,000,000	(B)
Jacqueline Cardini	Tax Assessor		(A)
Laura Amada	Tax Collector	1,000,000	(B)
John Jansen	Township Attorney		
Paul W Ferriero	Township Engineer		
Frank Leanza	Magistrate	1,000,000	(A)
Jan Simonetti	Court Administrator	1,000,000	(A)
Leslie Strozkeski	Deputy Court Administrator	1,000,000	(A)
Maryann O'Donnell McCoy	Municipal Prosecutor		
Jeffrey Almer	Chief of Police		(A)
Roger Read	Superintendent, Department of Public Works		(A)
Neil Ruggiero	Construction Official		(A)
JoAnn Griffith	Planning and Zoning Secretary		(A)
Daniel Flaherty	Zoning Officer		(A)

(A) There is a Public Employee's Faithful Performance Policy with the MCMJIF covering all employees for \$50,000 and with MELJIF covering all employees for \$950,000 for the year 2020.

(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 2020.

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2020
CURRENT FUND

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF CASH AND INVESTMENT - TREASURER

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 5,183,350.05
Increased by Receipts:		
Tax Collector	\$ 75,139,677.25	
Revenue Accounts Receivable	2,936,138.21	
Miscellaneous Revenue Not Anticipated	270,904.42	
Due from State of N.J. - Veterans' and Senior Citizens' Deductions	76,500.00	
Appropriation Refunds	430,809.87	
Appropriation Reserve Refunds	30,567.58	
Due Federal and State Grant Fund:		
Unappropriated Grant Reserves	52,666.33	
Grants Receivable	295,711.35	
Due Other Trust Fund:		
Reserve for Tax Sale Premiums	34,700.00	
Reserve for Recycling	436.51	
Due to State of New Jersey:		
Marriage License Fees	1,500.00	
Reserve for:		
Lien Assignment	400,000.00	
Payroll Expenses	8,389,444.44	
Municipal Utility Authority	9,589.76	
Sale of Municipal Assets	100,000.00	
	<hr/>	88,168,645.72
		<hr/> 93,351,995.77
Decreased by Disbursements:		
2020 Appropriation Expenditures	15,674,106.92	
2019 Appropriation Reserves	1,218,718.61	
County Taxes	7,541,319.45	
Local School District Taxes	36,783,395.50	
Regional High School Taxes	16,815,132.00	
Due Federal and State Grant Fund:		
Appropriated Grant Reserves	106,315.15	
Due Other Trust Funds:		
Open Space Tax Levy	358,753.86	
Other Trust Fund - Return of Prior Year Interfund	9,096.21	
Tax Overpayments Refunded	50,494.93	
Accounts Payable	9,303.88	
Third Party Tax Title Lien Refunds	448,687.07	
Reserve for Municipal Utility Authority	10,112.56	
Reserve for Payroll Expenses	8,384,030.65	
Due to State of New Jersey:		
Marriage License Fees	1,375.00	
	<hr/>	87,410,841.79
Balance December 31, 2020	A	<hr/> <hr/> \$ 5,941,153.98

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2020

Increased by Receipts:

Taxes Receivable	\$ 73,878,211.11
Tax Title Liens	21,553.84
2021 Prepaid Taxes	545,864.02
Interest and Costs on Taxes	196,712.64
Year End Penalty	21,766.45
Tax Overpayments	50,121.60
Third Party Tax Title Liens	425,447.59

\$ 75,139,677.25

Decreased by:

Payments to Treasurer

\$ 75,139,677.25

SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

Year	Balance		Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Trans- ferred to Tax Title Liens	Balance Dec. 31, 2020
	Dec. 31, 2019	2020 Levy	2019	2020				
2018	\$ 209.72		\$	209.72				
2019	790,279.76			779,759.12	\$ (500.00)	\$ 868.48	\$ 10,152.16	
	790,489.48	\$ 74,550,200.79	\$ 391,935.01	779,968.84	(500.00)	868.48	10,152.16	
2020				73,098,242.27	76,000.00	125,590.92	132,739.10	\$ 725,693.49
	\$ 790,489.48	\$ 74,550,200.79	\$ 391,935.01	\$ 73,878,211.11	\$ 75,500.00	\$ 126,459.40	\$ 142,891.26	\$ 725,693.49

Ref. A

Analysis of 2020 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 74,497,580.31
Added and Omitted Taxes	52,620.48
	<u>\$ 74,550,200.79</u>

Tax Levy:

Regional High School Taxes	\$ 16,815,132.00
Local School District Taxes	36,861,680.00
Municipal Open Space Taxes	358,514.00
Add: Additional Municipal Open Space Tax Levied	239.86
County Taxes	7,522,731.20
Due County for Added and Omitted Taxes	5,346.71
	<u>7,528,077.91</u>
	<u>61,563,643.77</u>
Local Tax for Municipal Purposes Levied	11,976,010.50
Minimum Library Tax	960,225.00
Add: Additional Tax Levied	50,321.52
	<u>12,986,557.02</u>
	<u>\$ 74,550,200.79</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 2,533,506.85
Increased by:		
Transfer from Taxes Receivable		\$ 142,891.26
Interest and Costs Accrued at Tax Sale		<u>2,594.54</u>
		<u>145,485.80</u>
		<u>2,678,992.65</u>
Decreased by:		
Cash Collections		<u>21,553.84</u>
Balance December 31, 2020	A	<u><u>\$ 2,657,438.81</u></u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec 31, 2019</u>	<u>Accrued In</u> <u>2020</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec 31, 2020</u>
Licenses:				
Alcoholic Beverages		\$ 17,688.00	\$ 17,688.00	
Other		2,870.00	2,870.00	
Fees and Permits:				
Other		301,760.36	301,760.36	
Municipal Court	\$ 13,051.89	60,341.71	71,057.45	\$ 2,336.15
Interest on Investments and Deposits		56,049.84	56,049.84	
Energy Receipts Taxes		1,410,359.00	1,410,359.00	
Garden State Trust Fund		15,441.00	15,441.00	
Watershed Aid		799.00	799.00	
Shared Services:				
Police/Court Services - Borough of Califon		314,605.00	314,605.00	
Finance/Tax Collection- Borough of Califon		37,644.00	37,644.00	
Health Services - Chester Township		75,000.00	75,000.00	
Court Services - Borough of Califon		6,547.96	6,547.96	
Court Services - Borough of Mendham		22,746.00	22,746.00	
School Resource Officer - West Morris Regional School		85,745.00	85,745.00	
School Resource Officer - Washington Township School		160,061.00	160,061.00	
Class III Officer- Washington Township School District		29,493.00	29,493.00	
Uniform Construction Code Services - Mansfield		189,101.50	189,101.50	
General Capital Fund Balance		15,320.00	15,320.00	
Washington Library - Pension Contribution		58,269.22	58,269.22	
Cell Tower Rental		63,224.34	63,224.34	
Department of Public Works Services		2,560.20	2,560.20	
	<u>\$ 13,051.89</u>	<u>\$ 2,925,626.13</u>	<u>\$ 2,936,341.87</u>	<u>\$ 2,336.15</u>

Ref.

A

A

Cash Received

\$ 2,936,138.21

Due from Animal Control Fund

203.66

2,936,341.87

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Salaries and Wages	\$ 3,546.89	\$ 3,546.89	\$ 2,478.90	\$ 1,067.99
Other Expenses	19,671.48	17,870.48	6,342.44	11,528.04
Municipal Clerk:				
Salaries and Wages	1,383.00	1,384.00	1,383.06	0.94
Other Expenses	275.59	275.59	231.27	44.32
Financial Administration:				
Salaries and Wages	572.49	1,772.49	1,728.65	43.84
Other Expenses	333.21	2,472.29	2,472.29	
Audit Service	27,460.00	27,460.00	27,460.00	
IT/Website/Data Processing:				
Salaries and Wages	1,154.00	1,154.00	1,153.81	0.19
Other Expenses	5,959.01	5,959.01	5,491.80	467.21
Collection of Taxes:				
Salaries and Wages	2,560.28	2,560.28	1,772.30	787.98
Other Expenses	1,296.43	1,296.43	674.97	621.46
Assessment of Taxes:				
Salaries and Wages	1,554.71	354.71	111.78	242.93
Other Expenses	2,257.89	2,257.89		2,257.89
Legal Services and Costs:				
Other Expenses	49,315.48	49,315.48	9,088.83	40,226.65
Engineering Services and Costs:				
Other Expenses	3,099.31	3,099.31	2,045.38	1,053.93
Historical Preservation:				
Other Expenses	799.00	799.00	75.00	724.00
Planning Board:				
Salaries and Wages	175.00	175.00		175.00
Other Expenses	6,698.85	6,698.85	3,127.63	3,571.22
Zoning Officer:				
Salaries and Wages	1,704.45	1,704.45		1,704.45
Other Expenses	283.17	283.17	135.00	148.17
Insurance:				
Other Liability Insurance Premiums	250.00	250.00		250.00
Group Insurance Plan for Employees	293.97	293.97	117.50	176.47
Police:				
Salaries and Wages	14,795.53	31,335.53	31,335.45	0.08
Other Expenses	33,969.10	33,969.10	22,983.52	10,985.58
Purchase of Police Cars	2,996.55	2,996.55	2,631.44	365.11
Joint Police, Fire and First Aid Communications:				
Other Expenses	333,094.77	334,226.61	334,226.61	

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2020

(Continued)

	Balance Dec. 31, 2019	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Office of Emergency Management:				
Salaries and Wages	\$ 2,700.00	\$ 2,700.00		\$ 2,700.00
Other Expenses	2,404.38	2,404.38	\$ 1,961.79	442.59
Radio Maintenance:				
Other Expenses:	3,490.00	3,490.00		3,490.00
Fire:				
Other Expenses:				
Miscellaneous Other Expenses	44,946.68	44,946.68	44,777.42	169.26
Fire Hydrant Service	1,020.00	1,020.00	1,020.00	
First Aid Organization - Contribution	22,218.57	22,218.57	14,575.77	7,642.80
Fire Safety Act:				
Salaries and Wages	3,697.47	3,697.47		3,697.47
Other Expenses	1,894.53	1,894.53	1,053.25	841.28
Municipal Prosecutor:				
Other Expenses	3,500.00	3,500.00	2,450.00	1,050.00
Road Repairs and Maintenance:				
Salaries and Wages	92,186.04	59,872.39	59,308.70	563.69
Other Expenses	45,856.63	59,466.36	57,663.34	1,803.02
Shade Trees:				
Other Expenses	4,478.51	4,478.51		4,478.51
Public Buildings and Grounds:				
Other Expenses	18,087.87	18,087.87	3,643.07	14,444.80
Community Services Act	788.02	788.02	788.02	
Board of Health:				
Salaries and Wages	8,110.28	8,110.28	3,944.32	4,165.96
Other Expenses	7,128.09	7,128.09	4,045.45	3,082.64
Environmental Commission:				
Other Expenses	691.00	691.00	99.87	591.13
Recreation Committee:				
Salaries and Expense	322.81	1,015.81	1,015.70	0.11
Other Expenses	833.70	833.70	726.88	106.82
Senior Citizens Program:				
Salaries and Wages	758.12	758.12		758.12
Other Expenses	128.59	128.59		128.59
Field Maintenance:				
Other Expenses	4,164.52	4,164.52	1,647.57	2,516.95
Utility Expenses and Bulk Purchases	116,650.88	116,650.88	45,451.58	71,199.30
Municipal Court:				
Salaries and Wages	3,551.22	3,551.22	161.09	3,390.13
Other Expenses	1,771.63	1,771.63	536.80	1,234.83
Public Defender:				
Other Expenses	1,800.00	1,800.00	1,800.00	

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2020
(Continued)

	Balance Dec. 31, 2019	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Defined Contribution Retirement Program	\$ 1,470.24	\$ 1,470.24		\$ 1,470.24
LOSAP Program	52,425.00	52,425.00	\$ 52,425.00	
Shared Service Agreements:				
Police/Court Services:				
Salaries and Wages	0.02	0.02		0.02
Finance:				
Salaries and Wages	0.06	0.06		0.06
Court				
Salaries and Wages	0.03	0.03		0.03
Tax Collection				
Salaries and Wages	2,576.89	2,576.89		2,576.89
Police				
Salaries and Wages	0.03	0.03		0.03
Class III Officer - West Morris :				
Salaries and Wages	13,050.00	13,050.00		13,050.00
Other Expenses	6,438.00	6,438.00	3,487.70	2,950.30
School Resource Officers - WTBOE:				
Salary and Wages	0.04	0.04		0.04
Construction Code:				
Salary and Wages	0.03	0.03		0.03
DPW Services - MUA Maintenance	38,000.00	38,000.00	38,000.00	
Capital Improvements:				
Road Improvements	53,957.17	53,957.17	53,957.17	
DPW Equipment	33,424.98	33,424.98	33,424.98	
Emergency Services - First Aid Squad and Fire Equipment	41,219.79	41,219.79	41,181.43	38.36
Reserve for Emergency Vehicles	207,917.00	207,917.00	207,917.00	
Improve Municipal Facilities	34,447.84	34,447.84	34,337.84	110.00
Computer/Technology Upgrade	16,847.70	16,847.70	16,847.70	
Municipal Vehicles	16,893.13	16,893.13	16,893.13	
	\$ 1,427,347.65	\$ 1,427,347.65	\$ 1,202,210.20	\$ 225,137.45
<u>Balance December 31, 2019</u>		<u>Ref.</u>		
Unencumbered	\$ 1,171,920.87	A		
Encumbered	255,426.78	A		
	\$ 1,427,347.65			
<u>Analysis of Paid or Charged:</u>				
Cash Disbursed			\$ 1,218,718.61	
Accounts Payable			14,059.17	
			1,232,777.78	
Less: Refunds Received			30,567.58	
			\$ 1,202,210.20	

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ -0-
Increased by:		
Levy - Calendar Year 2020		36,861,680.00
		<u>36,861,680.00</u>
Decreased by:		
Payments to Local School District		36,783,395.50
		<u>36,783,395.50</u>
Balance December 31, 2020	A	<u>\$ 78,284.50</u>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2020

Increased by:		
Levy - Calendar Year 2020		\$ 16,815,132.00
Decreased by:		
Payments to Regional High School District		<u>\$ 16,815,132.00</u>

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

	Balance Dec. 31, 2019	2020 Budget Revenue Realized	Grant Funds Received	Transferred from Unappropriated Reserves	Balance Dec. 31, 2020
Municipal Alliance on Alcoholism and Drug Abuse:					
2018	\$ 4,566.30		\$ 4,566.30		
2019	13,717.00		3,949.76		\$ 9,767.24
Supplemental:					
2018	2,000.00				2,000.00
2019	2,000.00				2,000.00
Alcohol Education Rehabilitation Fund - 2019		\$ 160.75		\$ 160.75	
Drunk Driving Enforcement Fund - 2019		7,451.63		7,451.63	
Clean Communities Grant - 2019		5,751.52		5,751.52	
Federal Bulletproof Vest Grant - 2019	3,064.21				3,064.21
New Jersey Body Armor Grant - 2020		3,101.97	3,101.97		
Association of New Jersey Environmental Commissions Grant	333.00				333.00
Recreation Trail Grant	114,115.20				114,115.20
Recreation Trail Grant - Harrington Park	78,769.37				78,769.37
Health Association Grant		21,089.00	13,542.24		7,546.76
New Jersey Department of Transportation - Municipal Aid:					
FY 2019 - Improvements to Naughtright Road	51,875.00	219,000.00	164,250.00		106,625.00
FY 2020 - Improvements to Naughtright Road		325,000.00	89,558.18		235,441.82
NJ Highlands Plan Conformance Grant	183,714.57		14,742.90		168,971.67
Sustainable Jersey Small Grant - 2020		2,000.00	2,000.00		
Federal Emergency Management Agency - Hazard Mitigation Grant:					
Municipal Building Generator	49,500.00				49,500.00
Department of Public Works Generator	15,000.00				15,000.00
Morris County Community Development Block Grant	2,802.09				2,802.09
	<u>\$ 521,456.74</u>	<u>\$ 583,554.87</u>	<u>\$ 295,711.35</u>	<u>\$ 13,363.90</u>	<u>\$ 795,936.36</u>
<u>Ref.</u>	A				A
		Federal	\$ 253,808.18		
		State	26,360.93		
		Local	15,542.24		
			<u>\$ 295,711.35</u>		

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

	Balance Dec. 31, 2019	Transferred from 2020 Budget Appropriations	Expended in Current Fund	Balance Dec. 31, 2020
New Jersey Body Armor Grant:				
2020		\$ 3,101.97		\$ 3,101.97
Drunk Driving Enforcement Fund:				
2016	\$ 2,929.59		\$ 2,605.81	323.78
2017	4,321.47			4,321.47
2018	5,163.27			5,163.27
2019		7,451.63		7,451.63
Clean Communities Grant:				
2018	8,901.80		8,901.80	
2019	49,454.26	5,751.52	34,224.12	20,981.66
Alcohol Education Rehabilitation Fund:				
2012	0.23			0.23
2019	73.23	160.75		233.98
Municipal Alliance on Alcoholism and Drug Abuse:				
2019	12,358.66		6,887.35	5,471.31
Supplemental:				
2019	2,000.00			2,000.00
New Jersey Department of Transportation - Municipal Aid:				
FY 2019 - Improvements to Naughtright Road	721.51	219,000.00		219,721.51
FY 2020 - Improvements to Naughtright Road		325,000.00		325,000.00
Association of New Jersey Environmental Commissions Grant	208.94		15.00	193.94
Federal Bulletproof Vest Grant:				
2019	2,235.40		2,100.00	135.40
Police Donation:				
2013	150.00		150.00	
2015	520.00		520.00	
2016	100.00		100.00	
2017	350.00		350.00	
2018	150.00		150.00	
Recreation Trail Grant	103,128.88			103,128.88
Recreation Trail Grant - Harrington Park	77,481.27			77,481.27
Health Association Grant	2,320.00	21,089.00	4,542.00	18,867.00
NJ Highlands Plan Conformance Grant	170,322.80		43,787.00	126,535.80
Sustainable Jersey Small Grant		2,000.00	1,982.07	17.93
Community Foundation Grant	1,667.74			1,667.74
Morris County Community Development Block Grant	2,726.43			2,726.43
	<u>\$ 447,285.48</u>	<u>\$ 583,554.87</u>	<u>\$ 106,315.15</u>	<u>\$ 924,525.20</u>
Ref.	A			A
		Federal	\$ 2,100.00	
		State	96,421.08	
		Local	7,794.07	
			<u>\$ 106,315.15</u>	

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

	Balance Dec. 31, 2019	Transferred to 2020 Budget Revenue	Received in Current Fund	Balance Dec. 31, 2020
Drunk Driving Enforcement Fund:				
2020			\$ 833.54	\$ 833.54
2019	\$ 7,451.63	\$ 7,451.63		
Clean Communities Grant - 2019	5,751.52	5,751.52		
Clean Communities Grant - 2020			49,771.99	49,771.99
Alcohol Rehabilitation Fund:				
2019	160.75	160.75		
Federal Bulletproof Vest Grant			2,060.80	2,060.80
	<u>\$ 13,363.90</u>	<u>\$ 13,363.90</u>	<u>\$ 52,666.33</u>	<u>\$ 52,666.33</u>

Ref.

A

A

Federal
State

\$ 2,060.80
50,605.53
\$ 52,666.33

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2020
TRUST FUNDS

TOWNSHIP OF WASHINGTON
TRUST FUNDS
SCHEDULE OF CASH AND INVESTMENT - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2019	B	\$ 18,937.33	\$ 2,804,581.78
Increased by Receipts:			
Dog, Cat and Other License Fees		23,893.40	
State Fees		3,273.60	
Penalty Fees - Late Payments and Other Miscellaneous		6,369.00	
Interest Earned - Due to Current Fund		203.66	
Due Current Fund:			
Prior Year Interfund Returned			9,096.21
Reserve for Open Space Trust Fund:			
Tax Levy			358,753.86
Interest Earnings			669.51
Forfeited Assets Deposits			26.43
Recreation Deposits			83,408.07
Developers' Deposits			153,811.69
Washington Uniform Construction Code Fees			307,728.00
Mansfield Uniform Construction Code Fees			224,003.00
Due to State of N.J. - State Training Fees			41,858.00
Recycling Revenue			20,542.87
Housing Trust Deposits			27,680.11
State Unemployment Insurance			9,183.13
Fire Prevention Penalty			4,150.00
Storm Recovery Fund			171,532.74
Parking Offense Adjudication Act - Califon			2.00
Police Department Events			8,921.00
		<u>33,739.66</u>	<u>1,421,366.62</u>
		<u>52,676.99</u>	<u>4,225,948.40</u>
Decreased by Disbursements:			
Expenditures Under R.S.4:19-15.11		36,522.98	
Due to State Board of Health		3,261.00	
Washington Uniform Construction Code Fees			292,384.21
Mansfield State Uniform Construction Code Fees			250,269.75
Due to State of N.J. - State Training Fees			32,451.00
Recreation			76,365.31
Recycling			14,885.65
Forfeited Assets			1,171.72
State Unemployment Insurance Expenditures			162.00
Storm Recovery Fund Expenditures			183,103.96
Police Department Events			2,705.25
Open Space Debt Service - Principal			137,259.00
Open Space Expenditures			182,605.39
Refund of:			
Developers' Deposits			130,446.02
Housing Trust Deposits			63,831.89
		<u>39,783.98</u>	<u>1,367,641.15</u>
Balance December 31, 2020	B	\$ 12,893.01	\$ 2,858,307.25
Cash and Cash Equivalents		\$ 12,893.01	\$ 2,058,307.25
Investment			800,000.00
		<u>\$ 12,893.01</u>	<u>\$ 2,858,307.25</u>

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

	<u>Ref.</u>	
Balance December 31, 2019	B	\$ 18,986.13
Increased by:		
Dog, Cat and Other License Fees Collected		\$ 23,893.40
Penalty Fees - Late Payments and Other Miscellaneous		6,369.00
		30,262.40
		49,248.53
Decreased by:		
Expenditures Under R.S.4:19-15.11		36,522.98
		36,522.98
Balance December 31, 2020	B	\$ 12,725.55

License Fees Collected

<u>Year</u>	<u>Amount</u>
2018	\$ 28,300.60
2019	25,920.10
	25,920.10
Maximum Allowable Reserve	\$ 54,220.70

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2020
GENERAL CAPITAL FUND

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 753,965.86
Increased by:		
Budget Appropriation:		
Capital Improvement Fund	\$	154,000.00
Budget Appropriation Reserves:		
Reserve for Fire Equipment		207,917.00
Reserve for Roadwork		81,000.00
Reserve for Department of Public Works Equipment		4,271.24
Municipal Facility Improvements		23,200.54
Computer Technology Update		7,968.31
Bond Anticipation Notes Issued		1,313,000.00
CARES Grant Reimbursement		8,881.80
Premium on Note Sale		28,579.04
		<hr/> 1,828,817.93
Decreased by:		
Improvement Authorization Expenditures		1,223,922.57
General Capital Fund Balance:		
Appropriated to 2020 Budget Revenue - Current Fund		15,320.00
Reserve for Preliminary Expenses - Senior Center		4,600.00
		<hr/> 1,243,842.57
Balance December 31, 2020	C	<hr/> <u>\$ 1,338,941.22</u>

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2019	Receipts			Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2020
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authori- zations	Miscellaneous	From	To		
Fund Balance	\$ 140,383.98		\$ 154,000.00	\$ 28,579.04					\$ 153,643.02	
Capital Improvement Fund	107,482.81					\$ 49,000.00			212,482.81	
Reserve for:										
Fire Truck Refurbishment	426.51								426.51	
Fire Equipment	460,382.71		207,917.00			277,500.00			390,799.71	
First Aid Vehicle	565.00		7,968.31						565.00	
Computer Technology Update	2,984.78								10,953.09	
Debt Service	20,000.00								20,000.00	
Roadwork	52,903.00		81,000.00			81,000.00			52,903.00	
Department of Public Works Equipment	453.83		4,271.24						4,725.07	
Municipal Facility Improvements	1,180.09		23,200.54						24,380.63	
Preliminary Costs - Senior Center	15,000.00			4,600.00					10,400.00	
Ord. No.										
10-04	Improvement of Recreational Facilities								2,624.43	
12-07	Various Improvements			8,881.80	\$ 10,496.01				10,468.90	
21-08	Sidewalk Construction								18,894.08	
07-09	Various Improvements				1,045.55				2,973.33	
12-11	Telephone System								4,816.50	
07-12	Road Improvements								52,950.77	
11-12	Fire Truck								31,368.28	
16-12	Acquisition of Property								10,140.86	
14-13	Various Improvements								127,057.04	
08-14	Road Improvements								1,936.68	
04-15	Sidewalk and Fire Truck Refurbishment				123,060.00				13,597.47	
05-15	Various Improvements								527.96	
06-16	Acquire Open Space Property								21,717.31	
08-16	Various Improvements								83,417.77	
07-17	Various Improvements								487.00	
06-18	Fire Truck								6,929.51	
07-18	Various Improvements				3,202.34				110,214.95	
10-19	Various Improvements	\$ 713,000.00			151,003.45				2,394.07	
15-19	Playground Equipment & Armor Plate				9,023.03				(196,092.19)	
04-20	Various Improvements	600,000.00			926,092.19			\$ 130,000.00	30,000.00	
05-20	Emergency Equipment								247,500.00	
08-20	New Ambulance								\$ 1,338,941.22	
		\$ 753,965.86	\$ 478,357.09	\$ 37,460.84	\$ 1,223,922.57	\$ 19,920.00	\$ 407,500.00	\$ 407,500.00	\$ 1,338,941.22	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2019	2020		Balance Dec. 31, 2020	Expenditures	Analysis of Balance December 31, 2020	
			Improvement Authorizations	Funded by Budget Appropriation			Bond Anticipation Notes	Unexpended Improvement Authorization
11-12	Fire Truck	\$ 74,000.00		\$ 74,000.00				
14-13	Various Improvements	348,000.00		64,000.00	\$ 284,000.00	\$ 284,000.00		
08-14	Road Improvements	446,000.00		27,000.00	419,000.00	419,000.00		
05-15	Various Improvements	757,000.00		43,000.00	714,000.00	714,000.00		
08-16	Various Improvements	800,000.00		47,000.00	753,000.00	753,000.00		
07-17	Various Improvements	790,000.00			790,000.00	790,000.00		
07-18	Various Improvements	895,000.00			895,000.00	895,000.00		
10-19	Various Improvements	713,000.00			713,000.00	713,000.00		
04-20	Road Improvements		\$ 850,000.00		850,000.00	\$ 196,092.19	\$ 600,000.00	\$ 53,907.81
		\$ 4,823,000.00	\$ 850,000.00	\$ 255,000.00	\$ 5,418,000.00	\$ 196,092.19	\$ 5,168,000.00	\$ 53,907.81
	<u>Ref.</u>	C			C			
	Improvement Authorizations Unfunded:							
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:							
	Ordinance #11-12	Fire Truck				\$ (52,950.77)		
	Ordinance #14-13	Various Improvements				(10,140.86)		
	Ordinance #08-14	Road Improvements				(3,997.04)		
	Ordinance #05-15	Various Improvements				(13,597.47)		
	Ordinance #08-16	Various Improvements				(21,717.31)		
	Ordinance #07-17	Various Improvements				(83,417.77)		
	Ordinance #07-18	Various Improvements				(3,727.17)		
	Ordinance #10-19	Various Improvements				(110,214.95)		
								(299,763.34)
								\$ 53,907.81
								\$ 353,671.15

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	2020 Authorizations							
			Balance Dec. 31, 2019		Various Sources	Deferred Charges to Future Taxation - Unfunded				
			Funded	Unfunded			Paid or Charged	Balance Dec. 31, 2020		
					Funded	Unfunded		Funded	Unfunded	
10-04	Improvement of Recreational Facilities	\$ 1,700,000.00	\$ 2,624.43					\$	2,624.43	
12-07	Various Improvements	1,315,000.00	12,083.11					\$	10,468.90	
21-08	Sidewalk Construction	84,000.00	18,894.08						18,894.08	
07-09	Various Improvements	740,000.00	1,045.55					1,045.55		
12-11	Telephone System	60,000.00	2,973.33						2,973.33	
07-12	Road Improvements	975,000.00	4,816.50						4,816.50	
16-12	Fire Truck	450,000.00		\$ 52,950.77						\$ 52,950.77
14-13	Acquisition of Property	240,000.00	31,368.28						31,368.28	
08-14	Various Improvements	580,000.00		10,140.86						10,140.86
04-15	Road Improvements	920,000.00	1,936.68	127,057.04					1,936.68	3,997.04
05-15	Sidewalk and Fire Truck Refurbishment	456,225.00								
06-16	Various Improvements	1,198,100.00		13,597.47						13,597.47
08-16	Acquire Open Space Property	210,000.00	527.96						527.96	
07-17	Various Improvements	849,000.00		21,717.31						21,717.31
06-18	Various Improvements	832,000.00		83,417.77						83,417.77
07-18	Fire Truck	699,000.00	487.00						487.00	
10-19	Various Improvements	955,000.00		6,929.51						6,929.51
15-19	Various Improvements	873,000.00		261,218.40						261,218.40
04-20	Playground Equipment & Armor Plate	11,417.10	11,417.10							
05-20	Various Improvements	980,000.00						\$	130,000.00	\$ 850,000.00
08-20	Emergency Equipment	30,000.00							30,000.00	
	New Ambulance	247,500.00							247,500.00	
			\$ 88,174.02	\$ 577,029.13				\$	407,500.00	\$ 850,000.00
								\$	1,215,040.77	\$ 353,991.23
										\$ 353,671.15

Ref.

C C C

C C C

Cash Disbursements \$ 1,223,922.57
 Refunds (8,881.80)
\$ 1,215,040.77

Capital Improvement Fund \$ 49,000.00
 Reserve for Road Work 81,000.00
 Reserve for Fire Equipment 277,500.00
\$ 407,500.00

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 107,482.81
Increased by:		
Current Fund Budget Appropriation		<u>154,000.00</u>
		261,482.81
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>49,000.00</u>
Balance December 31, 2020	C	<u><u>\$ 212,482.81</u></u>

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Issue of Original Note	Date of		Interest Rate	Balance		Issued	Matured	Balance Dec. 31, 2020
			Issue	Maturity		Dec. 31, 2019	Dec. 31, 2020			
11-12	Purchase of Fire Truck	09/04/15	08/30/19	08/27/20	1.50%	\$ 74,000.00	\$ 74,000.00		\$ 74,000.00	
14-13	Various Improvements	09/04/15	08/30/19	08/27/20	1.50%	348,000.00	348,000.00		348,000.00	\$ 284,000.00
			08/26/20	08/25/21	1.00%		\$ 284,000.00			
08-14	Road Improvements	09/04/15	08/30/19	08/27/20	1.50%	446,000.00	446,000.00		446,000.00	
			08/26/20	08/25/21	1.00%		419,000.00			419,000.00
05-15	Various Improvements	09/01/16	08/30/19	08/27/20	1.50%	757,000.00	757,000.00		757,000.00	
			08/26/20	08/25/21	1.00%		714,000.00			714,000.00
08-16	Various Improvements	08/31/17	08/30/19	08/27/20	1.50%	800,000.00	800,000.00		800,000.00	
			08/26/20	08/25/21	1.00%		753,000.00			753,000.00
07-17	Various Improvements	08/30/18	08/30/19	08/27/20	1.50%	790,000.00	790,000.00		790,000.00	
			08/26/20	08/25/21	1.00%		790,000.00			790,000.00
07-18	Various Improvements	08/30/19	08/30/19	08/27/20	1.50%	895,000.00	895,000.00		895,000.00	
			08/26/20	08/25/21	1.00%		895,000.00			895,000.00
10-19	Road and Buildings	08/26/20	08/26/20	08/25/21	1.00%		713,000.00			713,000.00
04-20	Road Improvements	08/26/20	08/26/20	08/25/21	1.00%		600,000.00			600,000.00
						\$ 4,110,000.00	\$ 5,168,000.00		\$ 4,110,000.00	\$ 5,168,000.00
					<u>Ref.</u>					C
					New Issues		\$ 1,313,000.00			
					Renewals		3,855,000.00		\$ 3,855,000.00	
					Paid by Budget Appropriation				255,000.00	
							\$ 5,168,000.00		\$ 4,110,000.00	

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2019</u>	<u>2020 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2020</u>
10-19	Various Improvements	\$ 713,000.00		\$ 713,000.00	
04-20	Various Improvements		\$ 850,000.00	600,000.00	\$ 250,000.00
		<u>\$ 713,000.00</u>	<u>\$ 850,000.00</u>	<u>\$ 1,313,000.00</u>	<u>\$ 250,000.00</u>

TOWNSHIP OF WASHINGTON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2020

TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Name of Federal Agency or Department/Cluster Title	Name of Program	C.F.D.A. Number	State Grant/Account Number	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Transportation: (Passed through New Jersey Department of Transportation)	Municipal Aid Program: 2019 - Improvements to Naughtright Rd 2020 - Improvements to Naughtright Rd	20.205 20.205	078-6320-480- ANP-605179 AN8-606280	01/01/19 01/01/20	12/31/21 12/31/21	\$219,000.00 325,000.00	\$164,250.00 89,558.18 253,808.18			
Total U.S. Department of Transportation										
U.S. Department of Treasury: (Passed thru NJ Department of Community Affairs)	COVID 19 - Local Government Emergency Fund (LGEF) COVID-19 Mitigation	21.019	022-8030-100 -686-49690	03/01/20	12/31/21	129,361.13	129,361.13 129,361.13	\$ 129,361.13 129,361.13	\$ 129,361.13 129,361.13	
Total U.S. Department of Treasury										
U.S. Department of Justice (Passed through New Jersey Department of Law and Public Safety)	Bulletproof Vest Partnership Program	16.607 16.607	N/A N/A	01/01/19 01/01/20	12/31/21 12/31/21	3,064.21 2,060.80	2,060.80 2,060.80	2,100.00 2,100.00	2,928.81 2,928.81	
Total U.S. Department of Justice										
TOTAL FEDERAL AWARDS							\$385,230.11	\$131,461.13	\$132,289.94	\$ -0-

N/A - Not Available/Applicable

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

TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2020

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	07/01/18 07/01/19	06/30/20 06/30/21	\$ 13,717.00 13,717.00	\$ 4,566.30 3,949.76	\$ 6,887.35	\$ 13,717.00 8,245.69
Total - Department of the Treasury								
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-078-6400 -YYYY	01/01/16 01/01/20	12/31/21 12/31/21	2,976.91 833.54	833.54 833.54	2,605.81	2,653.13 2,653.13
Total - Department of Law and Public Safety								
Department of Environmental Protection	Clean Communities Act	042-4900-765- 004-178910	01/01/18 01/01/19	12/31/20 12/31/21	51,718.00 55,205.78	3,101.97 3,101.97	2,605.81	8,901.80 34,224.12
Total - Department of Environmental Protection								
New Jersey Highlands Council	Plan Conformance Grant	082-2078-100- 033-290220	01/01/11	12/31/21	256,100.00	49,771.99	43,140.92	85,942.12
Total - New Jersey Highlands Council								
TOTAL STATE AWARDS						\$ 76,966.46	\$ 96,421.08	\$ 249,098.87

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

TOWNSHIP OF WASHINGTON
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2020

A. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) includes the federal and state grant activity of the Township of Washington under programs of the federal and state governments for the year ended December 31, 2020. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

B. Summary of Significant Accounting Policies

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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.

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Township of Washington, in the County of Morris (the "Township") as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 10, 2021. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2020-001 and 2020-002 that we consider to be significant deficiencies.

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

Compliance and Other Matters

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

The Township's Responses to the Findings

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

Purpose of this Report

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

Mount Arlington, New Jersey
June 10, 2021

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Certified Public Accountant
Registered Municipal Accountant No. 562

TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- Significant deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2020 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

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

Finding 2020-001

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; and recording of these collections. Also, the reconciliation of certain bank accounts and the preparation of the general ledger are performed by the Chief Financial Officer.

Cause

This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures.

Effect or Potential Effect

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.

TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020

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

Finding 2020-001 (Cont'd)

Segregation of Duties (Cont'd)

Recommendation

It is recommended that an adequate segregation of duties be maintained with respect to the recording and treasury functions.

Management's Response

The Township's segregation of duties finding has been evaluated and certain changes in job duties have been made to improve segregation of duties. However, due to budgetary constraints, complete resolution cannot be made at this time.

Finding 2020-002

Fixed Assets

Criteria

A fixed assets accounting and reporting system is required to be in compliance with the New Jersey Administrative Code Accounting Requirements.

Condition

The Township had implemented a fixed assets accounting and reporting system in prior years. However, the fixed assets accounting records are not adequately maintained. At the present time, fixed assets are not safeguarded against loss from unauthorized use or disposition.

Cause

Sufficient Township personnel and/or financial resources are not available to perform the inventory maintenance of the Township's fixed assets.

Effect or Potential Effect

The Township is not in compliance with the New Jersey Administrative Code Accounting Requirements. Township fixed assets records are not available which could be possibly used to aid in the planning for replacement of assets.

Recommendation

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.

TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020

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

Finding 2020-002 (Cont'd)

Fixed Assets (Cont'd)

Management's Response

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

TOWNSHIP OF WASHINGTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

The Township's prior year findings 2019-001 regarding segregation of duties and 2019-002 regarding a fixed assets accounting and reporting system have not been resolved due to budgetary constraints and are included as findings 2020-001 and 2020-002.

TOWNSHIP OF WASHINGTON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

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 July 1, 2015 through June 30, 2020, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$40,000 for a contracting unit with a qualified purchasing agent. Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

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.

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.

TOWNSHIP OF WASHINGTON
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

On January 4, 2020, 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 2020 shall be fixed at the rate of 8 percent per annum to \$1,500.00, and any amount in excess of \$1,500.00 shall be fixed at the rate of 18 percent per annum until total delinquency is paid regardless of year. However, interest shall not be collected upon taxes that are not delinquent over ten (10) days. After the tenth day of "grace period", interest reverts back to the due date. The interest to be charged a delinquent taxpayer for nonpayment of real property taxes shall be an additional penalty of six percent if the amount of delinquency is in excess of \$10,000 at the end of the calendar year.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 23, 2020 and included all eligible properties.

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

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

<u>Year</u>	<u>Number of Liens</u>
2020	51
2019	53
2018	51

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 2021 Taxes	20
Payments of 2020 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5

Verification notices were mailed to confirm balances as of December 31, 2020. The items that were returned were checked and in agreement with the Township's records. For receivable items not returned, alternative procedures were performed.

New Jersey Administrative Code Accounting Requirements

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

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

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

Management's Response

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

Purchase Order Process

During our review of the purchase orders processed during the year, we noted instances where purchase orders were dated after invoices. Due to the pandemic, the Township was not able to implement the new requisition system until January 2021.

Recommendation

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

Management's Response

The Township implemented a new requisition system in January 2021 that will ensure purchase orders are created prior to the purchase of any goods or services unless it is an emergency.

TOWNSHIP OF WASHINGTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The transactions for the year 2020 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

<u>AGENCY</u>	<u>Balance 12/31/2019</u>	<u>Cash Received</u>	<u>Cash Disbursed</u>	<u>Balance 12/31/2020</u>
State of New Jersey	\$ 12,693.63	\$ 43,814.34	\$ 54,501.22	\$ 2,006.75
County of Morris	6,100.50	29,464.25	34,238.25	1,326.50
Township of Washington	13,051.89	60,341.71	71,057.45	2,336.15
Local Park Commission		120.00	100.00	20.00
Conditional Discharge	295.00	690.00	902.00	83.00
Conditional Dismissal		300.00	300.00	
Forest and Parks		450.00	450.00	
Restitution		1,562.97	1,562.97	
Weights and Measures	2,850.00	7,750.00	10,600.00	
Public Defender	374.50	3,571.50	3,890.50	55.50
Bail	900.00	5,905.00	5,505.00	1,300.00
TOTAL	<u>\$ 36,265.52</u>	<u>\$ 153,969.77</u>	<u>\$ 183,107.39</u>	<u>\$ 7,127.90</u>

Police Department Records

During our review of the police department's records, we noted that:

1. Not all receipts were deposited within 48 hours as required by New Jersey state statute and monthly revenue reports were not prepared and submitted to the Treasurer's office for review and reconciliation to the Treasurer's records.
2. The Township does not require entities requesting the services of police officers to submit payment in advance of services rendered in accordance to LFN 2000-14. In accordance to LFN 2000-14, any private persons or entities requesting the services of police officers should be billed as necessary to ensure a sufficient balance at all times.

Recommendations

It is recommended that:

1. All deposits collected by the police department be deposited within 48 hours as required by New Jersey state statute and that the police department prepares and submits monthly revenue report to the Treasurer's office for review and reconciliation to the Treasurer's records.
2. The Township modify the administration of and related billing for police outside duties in accordance to LFN 2000-14.

Management's Response

Extra care will be taken to ensure that all deposits are made within 48 hours of collection and that monthly reports will be prepared and submitted to the Treasurer's office. Also, consideration will be given to review the policies and procedures related to outside police duties.

TOWNSHIP OF WASHINGTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions

Grant Funds

During our review of the appropriated grant funds and grant receivables, we noticed several grants with old balances that have not been used and where old receivables have not been collected. We suggest that the Township reviews the appropriated grant reserves and uses or cancels these funds accordingly, and that the grant receivables be reviewed, and collection be pursued or canceled accordingly.

Effect on Internal Controls due to COVID-19

With the increased ability for certain work functions to be done remotely and the increased use of electronic payments and processes, it is suggested that the Township routinely reviews the internal controls in place especially with respect to security of passwords as well as access rights to accounting software and bank information including bank wire transfers and the timely back-up of records.

Sick and Vacation Leave

It is suggested that the Township consult with its attorney to ensure that its negotiated labor contracts, individual employee agreements and employee policies, as applicable, are in accordance with New Jersey statutes regarding unused sick and vacation leave.

Payroll Service Provider SOC 1 Report

The third party payroll service provider utilized by the Township did not have an updated SOC 1 report beyond May 2019 as a result of the pandemic. It is suggested that an updated SOC 1 report be obtained from the payroll service provider.

Corrective Action Plan

The recommendations pertaining to an inadequate segregation of duties, implementation of a fixed assets accounting system, purchase orders being dated prior to the purchase orders, and timely deposits were not corrected and are included in the current year's report.

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 accounting requirements prescribed by the New Jersey Administrative Code.
3. A purchase order be created prior to the purchase of any goods or services.
4. All deposits collected by the police department be deposited within 48 hours as required by New Jersey state statute and that the police department prepares and submits monthly revenue report to the Treasurer's office for review and reconciliation to the Treasurer's records.
5. The Township modify the administration of and related billing for police outside duties in accordance to LFN 2000-14.

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