

TOWNSHIP OF WASHINGTON

COUNTY OF MORRIS

REPORT OF AUDIT

2023

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF WASHINGTON

COUNTY OF MORRIS

REPORT OF AUDIT

2023

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TOWNSHIP OF WASHINGTON

PART I

INDEPENDENT AUDITORS' REPORT AND

FINANCIAL STATEMENTS AND

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Township of Washington (the "Township"), in the County of Morris as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Unmodified and Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fixed assets account group of the Township as of December 31, 2023 and 2022 in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Unmodified Opinions on the Various Funds on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Township as of December 31, 2023 and 2022, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying 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, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Unmodified Opinions on the Various Funds and Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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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Matter Giving Rise to Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed or permitted by the Division which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

The Honorable Mayor and Members
of the Township Committee
Township of Washington
Long Valley, New Jersey
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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund and account group 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 and account group financial statements or to the various fund and account group 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 various fund and account group 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 12, 2024 on our consideration of the Township’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 12, 2024

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2023
CURRENT FUND

TOWNSHIP OF WASHINGTON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2023	2022
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 7,784,231.64	\$ 7,565,920.45
Petty Cash		350.00	350.00
Change Funds		375.00	375.00
		<u>7,784,956.64</u>	<u>7,566,645.45</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	688,839.36	611,493.48
Tax Title Liens Receivable	A-8	3,011,684.25	2,889,745.49
Year End Penalty Receivable		38,483.25	40,224.61
Property Acquired for Taxes at Assessed Valuation		880,500.00	880,500.00
Revenue Accounts Receivable	A-9	130,325.84	2,978.58
Due Other Trust Fund - Reserve for Open Space	B	2,835.00	
Total Receivables and Other Assets		<u>4,752,667.70</u>	<u>4,424,942.16</u>
Total Regular Fund		<u>12,537,624.34</u>	<u>11,991,587.61</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	1,419,948.84	1,326,197.85
Due from Current Fund	A	1,302,694.28	1,904,532.15
Due from Other Trust Fund - Reserve for Storm Recovery	B		97,157.98
Total Federal and State Grant Fund		<u>2,722,643.12</u>	<u>3,327,887.98</u>
<u>TOTAL ASSETS</u>		<u>\$ 15,260,267.46</u>	<u>\$ 15,319,475.59</u>

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

	Ref.	December 31,	
		2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-10	\$ 1,163,649.19	\$ 1,023,931.58
Encumbered	A-3;A-10	359,393.97	249,487.41
Total Appropriation Reserves		<u>1,523,043.16</u>	<u>1,273,418.99</u>
Accounts Payable - Vendors		93,204.71	85,648.15
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions		9,405.27	7,686.47
County Taxes Payable		13,434.09	20,340.85
Prepaid Taxes		393,378.23	404,119.05
Tax Overpayments		40,187.34	40,088.16
Due to Other Trust Fund:			
Reserve for Storm Recovery	B		40,000.00
Due to Federal and State Grant Fund	A	1,302,694.28	1,904,532.15
Due to General Capital Fund	C	351,115.92	52,988.00
Due to Municipal Utility Authority		603.73	
Reserve for:			
Sale of Municipal Assets		54,434.86	114,730.37
Lien Assignment		600,000.00	600,000.00
Third Party Liens		2,907.94	2,825.94
Tax Appeals		114,009.48	173,649.75
Municipal Relief Fund Aid		147,108.81	73,569.80
Payroll Expenses		78,378.53	100,622.74
		<u>4,723,906.35</u>	<u>4,894,220.42</u>
Reserve for Receivables and Other Assets	A	4,752,667.70	4,424,942.16
Fund Balance	A-1	3,061,050.29	2,672,425.03
Total Regular Fund		<u>12,537,624.34</u>	<u>11,991,587.61</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	2,548,887.69	2,200,613.54
Unappropriated Reserves	A-15	76,597.45	1,127,274.44
Due to Other Trust Fund - Reserve for Storm Recovery	B	97,157.98	
Total Federal and State Grant Fund		<u>2,722,643.12</u>	<u>3,327,887.98</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 15,260,267.46</u>	<u>\$ 15,319,475.59</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,	
		2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	1,425,000.00	\$ 1,750,000.00
Miscellaneous Revenue Anticipated		5,231,844.21	5,007,420.11
Receipts from:			
Delinquent Taxes		590,785.98	516,983.94
Current Taxes		79,439,946.79	77,059,133.42
Nonbudget Revenue		268,935.69	360,530.29
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		297,709.91	183,963.27
Cancellation of Accounts Payable			1.00
Year End Penalty Received		19,540.55	9,227.83
Prior Year Overpayments Applied to 2021 Taxes			1.95
Total Income		<u>87,273,763.13</u>	<u>84,887,261.81</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		19,305,801.83	19,243,208.27
County Taxes		8,292,558.15	7,699,092.38
School Taxes		57,499,824.00	56,184,894.00
Open Space Taxes		358,618.89	358,425.98
Prior Year Senior Citizen Deductions Disallowed		500.00	250.00
Interfunds Advanced		2,835.00	
Refund of Prior Year Revenue			1,248.55
Prior Year Grant Refund			882.00
Total Expenditures		<u>85,460,137.87</u>	<u>83,488,001.18</u>
Excess in Revenue		1,813,625.26	1,399,260.63
<u>Fund Balance</u>			
Balance January 1		<u>2,672,425.03</u>	<u>3,023,164.40</u>
		4,486,050.29	4,422,425.03
Decreased by:			
Utilized as Anticipated Revenue		<u>1,425,000.00</u>	<u>1,750,000.00</u>
Balance December 31	A	<u>\$ 3,061,050.29</u>	<u>\$ 2,672,425.03</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, 2023

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 1,425,000.00		\$ 1,425,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	17,000.00		17,688.00	\$ 688.00
Other	2,000.00		1,470.00	530.00 *
Fees and Permits:				
Other	300,000.00		331,022.12	31,022.12
Fines and Costs:				
Municipal Court	50,000.00		45,530.07	4,469.93 *
Interest and Costs on Taxes	143,000.00		153,024.37	10,024.37
Interest on Investments and Deposits	112,000.00		314,616.83	202,616.83
Energy Receipts Tax (P.L. 1999, Chapters 162 & 167)	1,420,108.00		1,420,107.92	0.08 *
Garden State Preservation Trust Fund	15,441.00		19,015.00	3,574.00
Watershed Aid	799.00		799.00	
Reserve for Municipal Relief Fund Aid	73,569.80		73,569.80	
Shared Services:				
Fire Fighting - Tewksbury Township	48,193.00		48,193.00	
Police Services - Borough of Califon	332,227.00		332,227.00	
Finance/Tax Collection- Borough of Califon	39,947.00		39,947.00	
Court Services - Borough of Califon	4,639.00		4,306.28	332.72 *
School Resource Officer - West Morris Regional	137,549.00		115,510.30	22,038.70 *
Uniform Construction Code Services	148,000.00		217,535.25	69,535.25
School Resource Officer - WTBOE	188,509.50		93,321.50	95,188.00 *
DPW Services - MUA Maintenance	38,000.00		38,000.00	
Court Services - Mendham Borough	44,466.00		44,466.00	
New Jersey Department of Transportation - Municipal Aid:				
FY 2023 - Kings Highway Improvements, Phase 1	149,855.00		149,855.00	
Reserve for Police Donations	3,600.00		3,600.00	
Reserve for Body Armor Grant	2,218.95		2,218.95	
Drunk Driving Enforcement Fund - 2023	855.31		855.31	
Reserve for Clean Communities Program Grant	53,952.69		53,952.69	
Municipal Alliance on Alcoholism and Drug Abuse:				
2023		\$ 7,304.00	7,304.00	
2024		7,304.00	7,304.00	
Supplemental - 2023		2,000.00	2,000.00	
Division of Mental Health and Addiction		3,900.00	3,900.00	
Reserve for COVID-19 Strengthening Local Public Health Capacity	117,531.00		117,531.00	
Federal Bulletproof Vest Grant		5,000.00	5,000.00	
Stormwater Assistance Grant		15,000.00	15,000.00	
Local Recreation Improvement Grant		42,600.00	42,600.00	
Federal Emergency Management Agency - Assistance to Firefighters	2,783.88		2,783.88	
New Jersey Department of Health - Radon Testing	2,000.00		2,000.00	
Morris County Trail Construction Grant:				
2022 - Koehler's Pond Loop Trail	7,760.00		7,760.00	
Reserve for American Rescue Plan - Coronavirus SLFRF	949,971.80		949,971.80	
American Rescue Plan - Firefighters Grant	28,000.00		28,000.00	
NJACCHO Enhancing Local Public Health Infrastructure Grant	100,000.00	102,892.00	202,892.00	
General Capital Fund Balance	75,000.00		75,000.00	
Washington Library - Pension Contribution	91,330.58		70,000.00	21,330.58 *
Reserve for Sale of Municipal Assets	100,000.00		100,000.00	
Cell Tower Rental	67,000.00		69,250.14	2,250.14
Department of Public Works Services	2,663.00		2,716.00	53.00
	<u>4,869,970.51</u>	<u>186,000.00</u>	<u>5,231,844.21</u>	<u>175,873.70</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Receipts from Delinquent Taxes	\$ 591,000.00		\$ 590,785.98	\$ 214.02 *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	12,721,237.12		13,776,350.75	1,055,113.63
Minimum Library Tax	1,082,595.00		1,082,595.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>13,803,832.12</u>		<u>14,858,945.75</u>	<u>1,055,113.63</u>
Budget Totals	20,689,802.63	\$ 186,000.00	22,106,575.94	1,230,773.31
Nonbudget Revenue			<u>268,935.69</u>	<u>268,935.69</u>
	<u>\$ 20,689,802.63</u>	<u>\$ 186,000.00</u>	<u>\$ 22,375,511.63</u>	<u>\$ 1,499,709.00</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Collection of Current Taxes		\$ 79,439,946.79
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Allocated to:

School and County Taxes	\$ 65,792,382.15	
Open Space Taxes	358,618.89	

66,151,001.04

13,288,945.75

Add: Appropriation "Reserve for Uncollected Taxes"

1,570,000.00

Realized for Support of Municipal Budget

\$ 14,858,945.75

Receipts from Delinquent Taxes:

Delinquent Tax Collections		\$ 587,215.07
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Tax Title Lien Collections		3,570.91
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\$ 590,785.98

Fees and Permits - Other:

Treasurer:

Township Clerk		\$ 70,614.01
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Police		24,405.75
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Tax Collector		735.00
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Planning Board/Board of Adjustments		7,950.00
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Zoning		12,560.00
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Police Impound		13,725.00
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Fire Safety		111,133.08
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Health Officer		35,614.00
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Recreation		11,907.50
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Fire Safety Fees		38,232.78
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Registrar		4,145.00
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\$ 331,022.12

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Analysis of Interest on Investments and Deposits

Current Fund Interest	\$ 221,006.86
Municipal Court Interest	281.46
Animal Control Fund Interest	625.89
Other Trust Funds Interest	73,662.06
General Capital Fund Interest	19,040.56
	<hr/>
	\$ 314,616.83
	<hr/> <hr/>

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Miscellaneous Refunds/Reimbursements	\$ 30,927.15
Interlocal - Land Use Coordinator	12,749.50
Cooper Chemical Rents	16,500.00
Fire Safety - Independence	8,439.94
Tewksbury Fire Services 2022	47,248.00
Washington Township MUA DPW and Fuel 2022	48,247.88
Tower Rental - Federal	15,682.77
Insurance Refunds	1,250.00
Police Outside Service Administration Fees	76,214.47
Vacant and Abandoned Property Fees	11,675.98
	<hr/>
	\$ 268,935.69
	<hr/> <hr/>

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	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	\$ 240,329.00	\$ 247,229.00	\$ 241,172.38	\$ 6,056.62	
Other Expenses	71,456.00	71,456.00	57,708.71	13,747.29	
Mayor and Council:					
Other Expenses	24,623.00	24,623.00	9,397.21	15,225.79	
Municipal Clerk:					
Salaries and Wages	138,905.00	138,905.00	135,739.00	3,166.00	
Other Expenses	17,407.00	21,453.32	21,453.32		
Financial Administration:					
Salaries and Wages	90,643.00	90,643.00	82,822.69	7,820.31	
Other Expenses	35,088.00	35,088.00	28,568.04	6,519.96	
Audit Services	32,634.00	32,634.00	1,250.00	31,384.00	
IT/Website/Data Processing:					
Salaries and Wages	77,173.00	77,173.00	76,727.00	446.00	
Other Expenses	67,879.00	67,879.00	61,075.88	6,803.12	
Collection of Taxes:					
Salaries and Wages	73,657.00	82,057.00	79,565.72	2,491.28	
Other Expenses	17,363.00	17,363.00	14,901.49	2,461.51	
Assessment of Taxes:					
Salaries and Wages	91,589.00	91,589.00	83,854.00	7,735.00	
Other Expenses	11,522.00	11,522.00	9,788.12	1,733.88	
Legal Services and Costs:					
Other Expenses	118,000.00	150,332.64	150,332.64		

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(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	\$ 14,175.00	\$ 14,175.00	\$ 9,749.00	\$ 4,426.00	
Historic Preservation:					
Other Expenses	875.00	875.00	201.94	673.06	
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	10,822.00	10,822.00	10,096.92	725.08	
Other Expenses	26,505.00	26,505.00	13,117.68	13,387.32	
Zoning Officer:					
Salaries and Wages	26,897.00	27,079.81	26,923.30	156.51	
Other Expenses	21,100.00	34,400.00	34,365.84	34.16	
Insurance:					
Other Liability Insurance Premiums	316,198.00	316,347.99	316,347.99		
Workers Compensation	195,176.00	195,176.01	195,176.01		
Group Insurance Plan for Employees	1,864,800.00	1,871,968.64	1,870,179.89	1,788.75	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	3,041,033.50	2,962,299.39	2,723,672.49	238,626.90	
Other Expenses	136,975.00	141,875.00	138,989.02	2,885.98	
Joint Police, Fire and First Aid Communications:					
Other Expenses	346,626.00	346,626.00	346,064.33	561.67	
Office of Emergency Management:					
Salaries and Wages	4,000.00	4,000.00	3,000.00	1,000.00	
Other Expenses	1,500.00	1,500.00	1,470.76	29.24	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(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	\$ 1.00	\$ 3,999.00	
Fire:					
Other Expenses:					
Miscellaneous Other Expenses	81,506.00	81,506.00	64,920.66	16,585.34	
Fire Hydrant Service	4,080.00	4,080.00	4,080.00		
First Aid Organization - Contribution:					
Miscellaneous Other Expenses	56,484.00	56,484.00	51,685.32	4,798.68	
Fire Safety Act:					
Salaries and Wages	92,536.00	92,536.00	81,417.43	11,118.57	
Other Expenses	6,291.00	6,462.96	6,462.96		
Municipal Prosecutor:					
Other Expenses	9,336.00	9,336.00	8,558.00	778.00	
STREETS AND ROADS:					
Road Repairs and Maintenance:					
Salaries and Wages	2,075,942.00	2,075,942.00	1,891,967.80	183,974.20	
Other Expenses	768,472.00	768,472.00	635,251.01	133,220.99	
Shade Trees:					
Other Expenses	3,910.00	3,910.00	3,889.40	20.60	
OTHER MUNICIPAL SERVICES:					
Public Buildings and Grounds:					
Salaries and Wages	45,317.00	45,317.00	33,530.89	11,786.11	
Other Expenses	77,715.00	78,544.74	77,515.72	1,029.02	
Community Services Act	1,500.00	1,500.00	932.96	567.04	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(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	\$ 287,687.00	\$ 287,687.00	\$ 253,490.16	\$ 34,196.84	
Other Expenses	29,074.00	29,074.00	24,168.87	4,905.13	
Environmental Commission (R.S.40:56A-1 et seq):					
Other Expenses	2,540.00	2,540.00	1,820.00	720.00	
RECREATION AND EDUCATION:					
Recreation and Education:					
Salaries and Wages	97,544.00	97,544.00	93,920.00	3,624.00	
Other Expenses	6,910.00	6,910.00	6,104.55	805.45	
Senior Citizens Program:					
Other Expenses	44,050.00	44,050.00	44,049.00	1.00	
Field Maintenance:					
Other Expenses	25,970.00	25,970.00	11,431.37	14,538.63	
Utility Expenses and Bulk Purchases	458,500.00	458,500.00	404,658.65	53,841.35	
Municipal Court:					
Salaries and Wages	132,314.00	132,314.00	126,811.44	5,502.56	
Other Expenses	11,345.00	11,345.00	9,151.93	2,193.07	
Public Defender:					
Other Expenses	4,500.00	4,852.00	4,788.50	63.50	
Total Operations Within "CAPS"	11,442,473.50	11,442,473.50	10,584,318.99	858,154.51	
Detail:					
Salaries and Wages	6,526,388.50	6,463,137.20	5,944,711.22	518,425.98	
Other Expenses	4,916,085.00	4,979,336.30	4,639,607.77	339,728.53	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	\$ 678,214.00	\$ 678,214.00	\$ 678,214.00		
Social Security System (O.A.S.I.)	561,021.00	561,021.00	549,333.54	\$ 11,687.46	
Police and Firemen's Retirement System of New Jersey	1,187,328.00	1,187,328.00	1,187,328.00		
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00		
Defined Contribution Retirement Program	8,200.00	8,200.00	3,033.47	5,166.53	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	2,439,763.00	2,439,763.00	2,422,909.01	16,853.99	
Total General Appropriations for Municipal Purposes Within "CAPS"	13,882,236.50	13,882,236.50	13,007,228.00	875,008.50	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library	1,082,595.00	1,082,595.00	1,082,595.00		
LOSAP Program	78,125.00	78,125.00		78,125.00	
Reserve for Tax Appeals					
Shared Service Agreements:					
Fire Fighting - Tewksbury Township:					
Other Expenses	48,193.00	48,193.00	48,193.00		
Police Services - Borough of Califon:					
Salaries and Wages	332,227.00	332,227.00	332,226.96	0.04	
Finance/Tax Collection - Califon Borough:					
Salaries and Wages	39,947.00	39,947.00	39,947.00		
Court Services - Califon Borough:					
Salaries and Wages	4,639.00	4,639.00	4,306.28	332.72	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Shared Service Agreements: (Cont'd)					
Court Services - Mendham Borough:					
Salaries and Wages	\$ 44,466.00	\$ 44,466.00	\$ 44,466.00		
School Resource Officers - WTBOE:					
Salaries and Wages	188,509.50	188,509.50	188,509.44	\$ 0.06	
School Resource Officers - West Morris Regional:					
Salary and Wages	137,549.00	137,549.00	118,749.00	18,800.00	
Construction Code:					
Salaries and Wages	148,000.00	148,000.00	147,999.96	0.04	
DPW Services - MUA Maintenance	38,000.00	38,000.00		38,000.00	
State and Federal Programs Offset by Revenues:					
Reserve for Clean Communities Program	53,952.69	53,952.69	53,952.69		
Municipal Alliance on Alcoholism and Drug Abuse:					
2023 (N.J.S.A. 40A:4-87 + \$7,304.00)		7,304.00	7,304.00		
2024 (N.J.S.A. 40A:4-87 + \$7,304.00)		7,304.00	7,304.00		
Supplemental - 2023 (N.J.S.A. 40A:4-87 + \$2,000.00)		2,000.00	2,000.00		
Mental Health and Addiction					
(N.J.S.A. 40A:4-87 + \$3,900.00)		3,900.00	3,900.00		
Stormwater Assistance Grant					
(N.J.S.A. 40A:4-87 + \$15,000.00)		15,000.00	15,000.00		
Reserve for Body Armor Grant	2,218.95	2,218.95	2,218.95		
Reserve for American Rescue Plan - Coronavirus SLFRF	949,971.80	949,971.80	949,971.80		
American Rescue Plan - Firefighters Grant	28,000.00	28,000.00	28,000.00		
Reserve for Police Donations	3,600.00	3,600.00	3,600.00		
Morris County Trail Construction Grant:					
2022 - Koehler's Pond Loop Trail	7,760.00	7,760.00	7,760.00		

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
State and Federal Programs Offset by Revenues: (Cont'd)					
Federal Emergency Management Agency:					
Assistance to Firefighters	\$ 2,783.88	\$ 2,783.88	\$ 2,783.88		
Radon Awareness Program	2,000.00	2,000.00	2,000.00		
Drunk Driving Enforcement Fund - 2023	855.31	855.31	855.31		
Reserve for COVID-19 Strengthening Local Public Health Capacity - 2021	117,531.00	117,531.00	117,531.00		
Federal Bulletproof Vest Grant (N.J.S.A. 40A:4-87 + \$5,000.00)		5,000.00	5,000.00		
Local Recreational Improvement Grant (N.J.S.A. 40A:4-87 + \$42,600.00)		42,600.00	42,600.00		
NJACCHO Enhancing Local Public Health Infrastructure Grant (N.J.S.A. 40A:4-87 + \$102,892.00)	100,000.00	202,892.00	202,892.00		
Total Operations Excluded from "CAPS"	3,410,924.13	3,596,924.13	3,461,666.27	\$ 135,257.86	
Detail:					
Salaries and Wages	895,337.50	895,337.50	876,204.64	19,132.86	
Other Expenses	2,515,586.63	2,701,586.63	2,585,461.63	116,125.00	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	13,000.00	13,000.00	13,000.00		
Road Improvements	137,000.00	137,000.00		137,000.00	
Police Equipment	43,500.00	43,500.00	34,121.38	9,378.62	
Police Vehicles	192,700.00	192,700.00	192,700.00		
Emergency Services Equipment	25,000.00	25,000.00	20,385.58	4,614.42	
Emergency Services First Aid Squad	12,000.00	12,000.00	10,793.50	1,206.50	

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Capital Improvements - Excluded from "CAPS": (Cont'd)					
Computer/Technology Upgrade	\$ 39,000.00	\$ 39,000.00	\$ 38,311.71	\$ 688.29	
Improve Municipal Facilities	12,800.00	12,800.00	12,305.00	495.00	
State and Federal Programs Offset by Revenues:					
New Jersey Department of Transportation - Municipal Aid:					
FY 2023 - Kings Highway Improvements, Phase I	149,855.00	149,855.00	149,855.00		
Total Capital Improvements Excluded from "CAPS"	624,855.00	624,855.00	471,472.17	153,382.83	
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	679,106.00	679,106.00	679,106.00		
Payment of Bond Anticipation Notes	271,200.00	271,200.00	271,200.00		
Interest on Bonds	101,130.00	101,130.00	101,130.00		
Interest on Notes	150,351.00	150,351.00	150,350.20		\$ 0.80
Total Municipal Debt Service Excluded from "CAPS"	1,201,787.00	1,201,787.00	1,201,786.20		0.80
Total General Appropriations Excluded from "CAPS"	5,237,566.13	5,423,566.13	5,134,924.64	288,640.69	0.80
Subtotal General Appropriations	19,119,802.63	19,305,802.63	18,142,152.64	1,163,649.19	0.80
Reserve for Uncollected Taxes	1,570,000.00	1,570,000.00	1,570,000.00		
Total General Appropriations	\$ 20,689,802.63	\$ 20,875,802.63	\$ 19,712,152.64	\$ 1,163,649.19	\$ 0.80

Ref.

A

TOWNSHIP OF WASHINGTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

		Analysis of	
	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 20,689,802.63	
Additional Appropriations (N.J.S.A. 40A:4-87)		186,000.00	
		\$ 20,875,802.63	
Reserve for Uncollected Taxes			\$ 1,570,000.00
Cash Disbursed			16,676,954.15
Due to Federal and State Grant Fund			1,604,528.63
Encumbrances	A		359,393.97
			20,210,876.75
Less: Refunds Received			498,724.11
			\$ 19,712,152.64

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2023
TRUST FUNDS

TOWNSHIP OF WASHINGTON
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2023	2022
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 9,898.41	\$ 849.30
Change Fund - Collector		50.00	50.00
		<u>9,948.41</u>	<u>899.30</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	2,794,589.84	3,012,555.95
Due from Current Fund:			
Reserve for Storm Recovery Fund	A		40,000.00
Due from Federal and State Grant Fund:			
Reserve for Storm Recovery Fund	A	97,157.98	
Due from General Capital Fund - Reserve for:			
Open Space Trust Fund	C	527.96	
Housing Trust Fund	C	31,368.28	
		<u>2,923,644.06</u>	<u>3,052,555.95</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,933,592.47</u>	<u>\$ 3,053,455.25</u>

TOWNSHIP OF WASHINGTON
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2023	2022
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State Board of Health		\$ 9.00	\$ 13.20
Reserve for Animal Control Expenditures	B-2	9,939.41	886.10
		<u>9,948.41</u>	<u>899.30</u>
Other Trust Funds:			
Due to Current Fund:			
Reserve for Open Space Trust Fund	A	2,835.00	
Due to Federal and State Grant Fund	A		97,157.98
Due to State of New Jersey:			
Training Fees		13,574.00	10,103.00
Reserve for:			
Open Space Trust Fund		197,821.95	129,395.73
State Unemployment Insurance Trust Fund		130,282.23	126,036.49
Developers' Deposits		614,635.30	533,313.02
Recreation		77,396.44	67,256.39
Recycling		94,184.84	81,483.54
Forfeited Assets		12,411.81	5,950.28
Washington Uniform Construction Code Fees		255,927.33	170,666.87
Mansfield Uniform Construction Code Fees		56,564.25	17,625.50
Housing Trust Fund		508,600.37	403,399.13
Tax Sale Premiums		367,500.00	882,400.00
Municipal Alliance Fund		3,519.95	3,519.95
Parking Offense Adjudication Fees		61.55	55.55
Parking Offense Adjudication Fees - Califon		6.00	6.00
Storm Recovery Fund		101,592.68	4,434.70
Fairview Avenue Housing Fund		129,687.70	129,687.70
Accumulated Absences		194,288.25	320,000.00
Police Department Events		100.00	5,780.19
Fire Prevention Penalty		162,654.41	64,283.93
		<u>2,923,644.06</u>	<u>3,052,555.95</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 2,933,592.47</u>	<u>\$ 3,053,455.25</u>

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2023
GENERAL CAPITAL FUND

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

	Ref.	December 31,	
		2023	2022
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,236,604.00	\$ 712,567.44
Due from Current Fund	A	351,115.92	52,988.00
State Grant Receivable		4,076.00	4,076.00
Deferred Charges to Future Taxation:			
Funded		2,675,000.00	3,505,000.00
Unfunded	C-4	6,558,300.00	6,316,500.00
<u>TOTAL ASSETS</u>		<u>\$ 10,825,095.92</u>	<u>\$ 10,591,131.44</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 2,675,000.00	\$ 3,505,000.00
Bond Anticipation Notes Payable	C-7	5,944,000.00	5,257,000.00
Improvement Authorizations:			
Funded	C-5	14,866.04	144,116.17
Unfunded	C-5	1,130,667.89	1,248,422.63
Capital Improvement Fund	C-6	137,024.91	162,724.91
Due to Other Trust Funds:			
Open Space Trust Fund	B	527.96	
Housing Trust Fund	B	31,368.28	
Reserve for First Aid Vehicle		565.00	565.00
Reserve to Pay Debt Service		214,148.54	20,000.00
Reserve for Road Improvements		361,130.42	52,903.00
Reserve for Preliminary Expenses - Senior Center 2023		5,863.40	
Reserve for Department of Public Works Equipment		4,725.07	4,725.07
Reserve for Municipal Facility Improvement		138,499.18	95,610.68
Fund Balance	C-1	166,709.23	100,063.98
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 10,825,095.92</u>	<u>\$ 10,591,131.44</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, 2022	C	\$ 100,063.98
Increased by:		
Premium on Notes Sale		\$ 31,859.84
Improvement Authorizations Cancelled		<u>109,785.41</u>
		<u>141,645.25</u>
		241,709.23
Decreased by:		
Anticipated Revenue in Current Fund		<u>75,000.00</u>
Balance December 31, 2023	C	<u><u>\$ 166,709.23</u></u>

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

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2023
GENERAL FIXED ASSETS ACCOUNT GROUP

(UNAUDITED)

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

	December 31,	
	2023	2022
<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>RESERVES</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, 2023

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, 2023
(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 awarded or budgeted and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Township is a lessor, and the Township's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

Basis of Accounting (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 financed purchases 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, 2023
(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,		
	2023	2022	2021
<u>Issued:</u>			
General Bonds and Notes	\$ 8,619,000.00	\$ 8,762,000.00	\$ 9,174,000.00
<u>Authorized but Not Issued:</u>			
General Bonds and Notes	614,300.00	1,059,500.00	1,196,000.00
<u>Less:</u>			
Reserve to Pay Debt Service	(214,148.54)	(20,000.00)	(20,000.00)
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 9,019,151.46</u>	<u>\$ 9,801,500.00</u>	<u>\$ 10,350,000.00</u>

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .278%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 28,809,000.00	\$ 28,809,000.00	
Regional School District Debt	734,158.02	734,158.02	
General Debt	9,233,300.00	214,148.54	\$ 9,019,151.46
	<u>\$ 38,776,458.02</u>	<u>\$ 29,757,306.56</u>	<u>\$ 9,019,151.46</u>

Net Debt \$9,019,151.46 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$3,242,465,315.67 = .278%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 113,486,286.05
Net Debt	<u>9,019,151.46</u>
Remaining Borrowing Power	<u>\$ 104,467,134.59</u>

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

Summary of Municipal Debt Issued and Outstanding – Prior Year

	<u>Balance</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2022</u>
General Capital Fund:				
Serial Bonds	\$ 4,310,000.00		\$ 805,000.00	\$ 3,505,000.00
Bond Anticipation Notes	4,864,000.00	\$ 5,257,000.00	4,864,000.00	5,257,000.00
Total	<u>\$ 9,174,000.00</u>	<u>\$ 5,257,000.00</u>	<u>\$ 5,669,000.00</u>	<u>\$ 8,762,000.00</u>

Summary of Municipal Debt Issued and Outstanding – Current Year

	<u>Balance</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2023</u>
General Capital Fund:				
Serial Bonds	\$ 3,505,000.00		\$ 830,000.00	\$ 2,675,000.00
Bond Anticipation Notes	5,257,000.00	\$ 5,944,000.00	5,257,000.00	5,944,000.00
Total	<u>\$ 8,762,000.00</u>	<u>\$ 5,944,000.00</u>	<u>\$ 6,087,000.00</u>	<u>\$ 8,619,000.00</u>

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

At December 31, 2023, 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, 2023</u>
Refunding Bonds 2017	03/01/26	4.00%	<u>\$ 2,675,000.00</u>

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2023</u>
Various Improvements	8/24/2024	4.50%	\$ 579,000.00
Various Improvements	8/24/2024	4.50%	613,000.00
Various Improvements	8/24/2024	4.50%	640,600.00
Various Improvements	8/24/2024	4.50%	787,000.00
Road and Buildings	8/24/2024	4.50%	675,300.00
Road Improvements	8/24/2024	4.50%	818,400.00
Various Improvements	8/24/2024	4.50%	946,000.00
Various Improvements	8/24/2024	4.50%	884,700.00
			<u>\$ 5,944,000.00</u>
Total Debt Issued and Outstanding			<u>\$ 8,619,000.00</u>

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

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 2,675,000.00</u>	<u>\$ 162,500.00</u>	<u>\$ 2,837,500.00</u>

Note 3: Fund Balances Appropriated

Fund Balance at December 31, 2023, which is appropriated and included in the introduced budget as anticipated revenue for the year ending December 31, 2024 budget is as follows:

Current Fund	\$ 1,795,000.00
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TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(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:

Tier	Definition
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, 2023
(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. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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 \$678,124 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$17,077 to the PERS for normal pension benefits on behalf of the Township.

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

Special Funding Situation

Under N.J.S.A 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be 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 the legislation directly to the plan (except for employer specific financed amounts), there is no pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers must disclose pension expense associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2022, the Township's liability was \$8,116,410 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

At June 30, 2022, the Township's proportion was .0538%, which was an increase of 0.013% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Township as of June 30, 2022. For the year ended December 31, 2023, the Township recognized actual pension expense in the amount of \$678,124.

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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 in determining the total pension liability.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Pension Plans (Cont'd)

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

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, 2022 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, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 10,427,209	\$ 8,116,410	\$ 6,149,827

Pension Plan Fiduciary Net Position

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.

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:

Tier	Definition
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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service 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. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2022, the State contributed an amount more than the actuarially determined amount.

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. 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 OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Township contributions to PFRS amounted to \$1,187,328 for the year ended December 31, 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$231,532 to the PFRS for normal pension benefits on behalf of the Township, which is more than the contractually required contribution of \$214,568.

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

Pension Liabilities and Pension Expense

At June 30, 2022, the Township’s liability for its proportionate share of the net pension liability was \$10,449,844. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the Township 's proportion was .0913%, which was an increase of .0039% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Police and Firemen’s Retirement System (PFRS)’ valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

Additionally, the State’s proportionate share of the net pension liability attributable to the Township is \$1,859,766 as of June 30, 2022. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the State's proportion was .0913%, which was an increase of .0039% from its proportion measured as of June 30, 2021 which is the same proportion as the Township’s.

Township's Proportionate Share of the Net Pension Liability	\$ 10,449,844
State's Proportionate Share of the Net Pension Liability Associated with the Township	1,859,766
	1,859,766
Total Net Pension Liability	\$ 12,309,610

For the year ended December 31, 2023, the Township recognized total pension expense of \$1,187,328.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	3.25 – 16.25% based on years of service
Investment Rate of Return	7.00%

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(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>
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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, 2022 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:

	<u>June 30, 2022</u>		
	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 16,890,113	\$ 12,309,610	\$ 8,496,317

Pension Plan Fiduciary Net Position - PFRS

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Pension Plans (Cont'd)

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 \$3,033.47 for the year ended December 31, 2023. Employee contributions to DCRP amounted to \$3,374.31 for the year ended December 31, 2023.

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 \$11,641.93 at December 31, 2023. The Township also permits employees to accrue earned compensation time. The estimated current cost of this time is approximately \$456,623.52 at December 31, 2023. 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 \$194,228.25 on the Trust Fund balance sheet at December 31, 2023.

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 7: Selected Tax Information (Cont'd)

	2023	2022	2021
<u>Tax Rate</u>	\$ 2.836	\$ 2.757	\$ 2.683
<u>Apportionment of Tax Rate</u>			
Municipal	.489 *	.474 *	.465 *
Municipal Open Space	.012	.012	.012
County	.287	.267	.261
County Open Space	.008	.007	.007
Local School	1.387	1.356	1.327
Regional High School	.653	.641	.611
<u>Assessed Valuations</u>			
2023	\$ 2,819,405,900		
2022		\$ 2,815,182,300	
2021			\$ 2,818,757,600

* Includes Municipal Library Tax

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.

Year	Tax Levy	Currently Cash Collections	Currently Percentage of Collection
2023	\$ 80,088,560.93	\$ 79,439,946.79	99.19%
2022	77,818,664.84	77,059,133.42	99.02%
2021	75,685,107.81	74,970,970.81	99.05%

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 8: Risk Management (Cont'd)

Property and Liability (Cont'd)

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. 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, 2023 is as follows:

Total Assets	\$ 38,605,475
Net Position	\$ 14,033,264
Total Revenue	\$ 25,319,250
Total Expenses	\$ 21,461,784
Change in Net Position	\$ 3,533,220
Members Dividends	\$ 324,246

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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
 (Continued)

Note 8: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

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

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 5,000.00	\$ 20,475.85	\$ 21,230.11	\$ 130,282.23
2022	5,000.00	26,221.00	29,873.21	126,036.49
2021	-0-	35,767.73	27,655.00	124,688.70

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 in the investment section of this note.

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

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

Deposits: (Cont'd)

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.

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;

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

Investments (Cont'd)

- (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.

As of December 31, 2023, cash and cash equivalents of the Township of Washington consisted of the following:

<u>Fund</u>	<u>Savings and Checking Accounts</u>	<u>Petty Cash/ Change Funds</u>	<u>Totals</u>
Current	\$ 7,784,231.64	\$ 725.00	\$ 7,784,956.64
Animal Control	9,898.41	50.00	9,948.41
Other Trust	2,794,589.84		2,794,589.84
General Capital	1,236,604.00		1,236,604.00
	<u>\$ 11,825,323.89</u>	<u>\$ 775.00</u>	<u>\$ 11,826,098.89</u>

The carrying amount of the Township's cash and cash equivalents at December 31, 2023, was \$11,826,098.89 and the bank balance was \$14,312,303.86.

Note 10: Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 2,835.00	\$ 1,653,810.20
Federal and State Grant Fund	1,302,694.28	97,157.98
Other Trust Funds:		
Storm Recovery	97,157.98	
Open Space	527.96	2,835.00
Housing	31,368.28	
General Capital Fund	351,115.92	31,896.24
	<u>\$ 1,785,699.42</u>	<u>\$ 1,785,699.42</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, 2023, represent activity not liquidated by year end which will be subsequently liquidated in 2024.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 11: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2023.

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.

The Township has been advised that a number of tax appeals have been filed. A reserve for pending tax appeals in the amount of \$114,009.48 has been recorded as a liability as of December 31, 2023. The Township believes the reserve should be sufficient to cover the appeals.

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, 2023 and 2022 were \$197,293.99 and \$129,395.73 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) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
 (Continued)

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

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

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.

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 the Township of Washington 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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

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

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, 2021 through June 30, 2022. 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.

OPEB Expense

The Township has rolled forward the net OPEB liability as of June 30, 2022 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2022 OPEB information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

At June 30, 2022, the Township had a liability of \$17,174,772 for its proportionate share of the net OPEB liability. At June 30, 2022, the Township's proportion was 0.10635% which was an increase of .00308% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Township's OPEB expense as determined by the State of New Jersey Division of Pensions and Benefits was \$642,771.

The Township's actual post retirement payments in 2023 for 17 retiree employees were \$568,850.44.

The State's proportionate share of the net OPEB liability attributable to the Township at June 30, 2022 was \$2,052,187. At June 30, 2022, the State's proportion related to the Township was 0.060827%. This is the percentage of the total State Share of the net OPEB liability of the Plan. During the year ended June 30, 2022, the State of New Jersey's OPEB benefit related to the Borough was \$336,602.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

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

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.

Salary Increases*:

Public Employees' Retirement System (PERS)

Rate for all future years	2.75% to 6.55% based on years of service
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Police and Firemen's Retirement System (PFRS)

Rate for all future years	3.25% to 16.25% based on years of service
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* - 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-2021
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PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
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Actuarial assumptions used in the June 30, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is 6.25% for fiscal year 2023 and decreases to a 4.50% long term trend rate in 2030. For PPO post 65 medical benefits, the trend rate is -1.89% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For HMO Post 65 medical benefits, the trend rate is -1.99% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For prescription drug benefits, the trend rate is 8.00% for fiscal year 2023 and decreases to a 4.50% trend rate in 2030 and later.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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.

TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

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

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, 2022, 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, 2022		
	At 1%	At	At 1%
	Decrease (2.54%)	Discount Rate (3.54%)	Increase (4.54%)
Net OPEB Liability Attributable to the Township	\$ 19,909,018	\$ 17,174,772	\$ 14,974,815

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, 2022, 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, 2022		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Net OPEB Liability Attributable to the Township	\$ 14,569,876	\$ 17,174,772	\$ 20,510,910

Note 16: Leases

The Township entered into a lease agreement for the lease of space on the Township's property for the construction, maintenance and operation of a 150 ft cell tower. The initial term of the lease shall be 5 years commencing in January 2011. The lessee can extend the lease for four renewal terms of five years each. The initial annual lease payment was \$20,400.00 and the annual lease payment for each renewal term will be increased 10% each term. The total lease payments in 2023 were \$24,684.00.

Additionally, the tenant of this lease agreement has the option to sublease the cell tower to a sublessee. In which case, the sublessee shall be required to pay the Township 50% of the rental payment. The tenant subleased the cell tower to another wireless carrier beginning in July 2014. The initial monthly sublease payment was \$1,800.00 and the monthly lease payment will be increased 3% each year. The total sublease payments in 2023 were \$44,566.14.

TOWNSHIP OF WASHINGTON

SUPPLEMENTARY DATA

TOWNSHIP OF WASHINGTON
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Matthew Murello	Mayor		
Michael Marino	Vice Mayor		
Richard Wall	Committeeman		
William Roehrich	Committeeman		
Kenneth Short	Committeeman		
Charles Daniel	Administrator (from June 5, 2023)		(A)
Andrew Coppola	Administrator (thru April 6, 2023)		(A)
Amy Monahan	Chief Financial Officer/Treasurer	\$1,000,000	(B)
Jacqueline Cardini	Tax Assessor		(A)
Amy Monahan	Tax Collector	1,000,000	(B)
Fred Semrau	Township Attorney		
Stanley Schrek	Township Engineer		
Frank Leanza	Magistrate	1,000,000	(A)
Jan Simonetti	Court Administrator	1,000,000	(A)
Alexandra Pierre	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)
Dennis Allen	Construction Official		(A)
JoAnn Griffith	Planning and Zoning Secretary		(A)
Stanley Schrek	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 2023.

(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 2023.

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2023
CURRENT FUND

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

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 7,565,920.45
Increased by Receipts:		
Tax Collector	\$ 80,577,128.00	
Revenue Accounts Receivable	3,300,721.41	
Miscellaneous Revenue Not Anticipated	268,935.69	
Due from/to State of New Jersey:		
Veterans' and Senior Citizens' Deductions	71,250.00	
Appropriation Refunds	498,724.11	
Due Federal and State Grant Fund:		
Unappropriated Grant Reserves	76,597.45	
Grants Receivable	383,503.20	
Due Other Trust Fund:		
Reserve for Storm Recovery - Prior Year Interfund Returned	97,157.98	
Due Municipal Utility Authority	603.73	
Reserve for:		
Municipal Relief Fund Aid	147,108.81	
Sale of Municipal Assets	39,704.49	
	<hr/>	<hr/>
		85,461,434.87
		93,027,355.32
Decreased by Disbursements:		
2023 Appropriation Expenditures	16,676,954.15	
2022 Appropriation Reserves	549,904.05	
County Taxes	8,299,464.91	
Local School District Taxes	39,104,720.00	
Regional High School Taxes	18,395,104.00	
Due Federal and State Grant Fund:		
Appropriated Grant Reserves	1,159,096.50	
Due Other Trust Funds:		
Payment on Behalf of Open Space	2,835.00	
Open Space Tax Levy	358,618.89	
Prior Year Interfund Returned	40,000.00	
Due General Capital Fund:		
Prior Year Interfund Returned	52,988.00	
Tax Overpayments Refunded	26,566.21	
Accounts Payable	67,132.55	
Third Party Tax Title Lien Refunds	427,854.94	
Reserve for Tax Appeals	59,640.27	
Reserve for Payroll Expenses	22,244.21	
	<hr/>	<hr/>
		85,243,123.68
Balance December 31, 2023	A	<u>\$ 7,784,231.64</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2023

Increased by Receipts:	
Taxes Receivable	\$ 79,553,011.61
Tax Title Liens	3,570.91
2024 Prepaid Taxes	393,378.23
Interest and Costs on Taxes	153,024.37
Year End Penalty	19,540.55
Tax Overpayments	26,665.39
Third Party Tax Title Liens	427,936.94
	<hr/>
	\$ 80,577,128.00
Decreased by:	
Payments to Treasurer	<hr/> <hr/>
	\$ 80,577,128.00

SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2023

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, 2023
	Dec. 31, 2022	2023 Levy	2022	2023				
2020	\$ 3,496.68						\$ 3,496.68	
2021	6,082.90						6,082.90	
2022	601,913.90			\$ 587,215.07	\$ (500.00)	\$ 5,380.18	8,764.51	
	611,493.48			587,215.07	(500.00)	5,380.18	18,344.09	
2023		\$ 80,088,560.93	\$ 404,119.05	78,965,796.54	70,031.20	(146,168.86)	670,495.27	
		\$ 80,088,560.93	\$ 404,119.05	79,553,011.61	69,531.20	(140,788.68)	688,839.36	

Ref. A

Analysis of 2023 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 79,958,351.26
Added and Omitted Taxes	130,209.67
	<u>\$ 80,088,560.93</u>
Tax Levy:	
Regional High School Taxes	\$ 18,395,104.00
Local School District Taxes	39,104,720.00
Municipal Open Space Taxes	358,065.00
Add: Additional Municipal Open Space Tax Levied	553.89
County Taxes	8,279,124.06
Due County for Added and Omitted Taxes	13,434.09
	<u>8,292,558.15</u>
	<u>66,151,001.04</u>
Local Tax for Municipal Purposes Levied	12,721,237.12
Minimum Library Tax	1,082,595.00
Add: Additional Tax Levied	133,727.77
	<u>13,937,559.89</u>
	<u>\$ 80,088,560.93</u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 2,889,745.49
Increased by:		
Transfer from Taxes Receivable		\$ 125,341.87
Interest and Costs Accrued at Tax Sale		<u>167.80</u>
		<u>125,509.67</u>
		3,015,255.16
Decreased by:		
Cash Collections		<u>3,570.91</u>
Balance December 31, 2023	A	<u><u>\$ 3,011,684.25</u></u>

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec 31, 2022</u>	<u>Accrued In</u> <u>2023</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec 31, 2023</u>
Licenses:				
Alcoholic Beverages		\$ 17,688.00	\$ 17,688.00	
Other		1,470.00	1,470.00	
Fees and Permits:				
Other		331,022.12	331,022.12	
Municipal Court	\$ 2,978.58	47,189.33	45,530.07	\$ 4,637.84
Interest on Investments and Deposits		314,616.83	314,616.83	
Energy Receipts Taxes		1,420,107.92	1,420,107.92	
Garden State Trust Fund		19,015.00	19,015.00	
Watershed Aid		799.00	799.00	
Shared Services:				
Fire Fighting - Tewksbury Township		48,193.00	48,193.00	
Police Services - Borough of Califon		332,227.00	332,227.00	
Finance/Tax Collection- Borough of Califon		39,947.00	39,947.00	
Court Services - Borough of Califon		4,306.28	4,306.28	
Court Services - Borough of Mendham		44,466.00	44,466.00	
DPW Services - MUA Maintenance		38,000.00	38,000.00	
School Resource Officer - West Morris Regional		146,010.30	115,510.30	30,500.00
School Resource Officer - WTBOE		188,509.50	93,321.50	95,188.00
Uniform Construction Code Services		217,535.25	217,535.25	
General Capital Fund Balance		75,000.00	75,000.00	
Washington Library - Pension Contribution		70,000.00	70,000.00	
Cell Tower Rental		69,250.14	69,250.14	
Department of Public Works Services		2,716.00	2,716.00	
	<u>\$ 2,978.58</u>	<u>\$ 3,428,068.67</u>	<u>\$ 3,300,721.41</u>	<u>\$ 130,325.84</u>

Ref. A

A

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Salaries and Wages	\$ 7,303.04	\$ 3.04		\$ 3.04
Other Expenses	10,983.59	10,983.59	\$ 8,987.37	1,996.22
Mayor and Council:				
Other Expenses	15,442.72	15,442.72	9,781.44	5,661.28
Municipal Clerk:				
Salaries and Wages	20,464.68	64.68		64.68
Other Expenses	1,065.41	1,065.41	919.24	146.17
Financial Administration:				
Salaries and Wages	2,383.29	2,383.29		2,383.29
Other Expenses	6,504.39	6,504.39	6,279.52	224.87
Audit Service	30,548.00	30,548.00	30,548.00	
IT/Website/Data Processing:				
Salaries and Wages	1,700.00	1,700.00		1,700.00
Other Expenses	11,952.16	11,952.16	8,146.15	3,806.01
Collection of Taxes:				
Salaries and Wages	2,929.97	2,929.97	2,082.27	847.70
Other Expenses	17.82	609.00	609.00	
Assessment of Taxes:				
Salaries and Wages	1,958.67	1,958.67		1,958.67
Other Expenses	2,062.46	2,062.46	149.42	1,913.04
Legal Services and Costs:				
Other Expenses	7,596.06	7,596.06	4,877.61	2,718.45
Engineering Services and Costs:				
Other Expenses	5,083.75	5,083.75	2,876.50	2,207.25
Historical Preservation:				
Other Expenses	875.00	875.00	191.93	683.07
Planning Board:				
Salaries and Wages	222.00	222.00		222.00
Other Expenses	13,621.53	13,621.53	2,684.92	10,936.61
Zoning Officer:				
Other Expenses	2,945.42	2,945.42	339.50	2,605.92
Insurance:				
Group Insurance Plan for Employees	28,124.20	28,124.20		28,124.20
Police:				
Salaries and Wages	101,878.80	56,963.62	54,061.95	2,901.67
Other Expenses	30,188.83	30,188.83	27,876.64	2,312.19
Joint Police, Fire and First Aid				
Communications:				
Other Expenses	963.83	963.83	647.14	316.69
Office of Emergency Management:				
Salaries and Wages	700.00	700.00		700.00
Other Expenses	1,185.12	1,185.12	506.51	678.61

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Balance Dec. 31, 2022	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Radio Maintenance:				
Other Expenses:	\$ 752.50	\$ 752.50		\$ 752.50
Fire:				
Other Expenses:				
Miscellaneous Other Expenses	34,183.73	34,183.73	\$ 31,494.82	2,688.91
First Aid Organization - Contribution	26,484.25	26,484.25	20,944.09	5,540.16
Fire Safety Act:				
Salaries and Wages	3,124.85	3,124.85		3,124.85
Other Expenses	525.38	525.38	252.92	272.46
Road Repairs and Maintenance:				
Salaries and Wages	56,593.07	56,593.07	31,377.71	25,215.36
Other Expenses	94,408.29	94,408.29	56,648.98	37,759.31
Shade Trees:				
Other Expenses	2,025.00	2,025.00		2,025.00
Public Buildings and Grounds:				
Salaries and Wages	1,098.68	1,098.68		1,098.68
Other Expenses	22,122.02	22,122.02	4,850.92	17,271.10
Community Services Act	1,500.00	1,500.00	1,500.00	
Board of Health:				
Salaries and Wages	7,575.57	7,575.57	7,256.15	319.42
Other Expenses	16,458.62	16,458.62	2,296.26	14,162.36
Environmental Commission:				
Other Expenses	210.00	210.00		210.00
Recreation Committee:				
Salaries and Expense	1,926.64	1,926.64	1,751.28	175.36
Other Expenses	1,285.85	1,285.85		1,285.85
Senior Citizens Program:				
Other Expenses	327.68	327.68		327.68
Field Maintenance:				
Other Expenses	6,791.32	6,791.32	3,617.37	3,173.95
Utility Expenses and Bulk Purchases	10,612.65	81,612.65	78,589.25	3,023.40
Municipal Court:				
Salaries and Wages	5,539.78	5,539.78	2,726.15	2,813.63
Other Expenses	7,069.40	7,069.40	1,570.28	5,499.12
Public Defender:				
Other Expenses	557.00	1,581.00	1,581.00	
Contributions to:				
Social Security System (O.A.S.I.)	2,053.26	2,053.26		2,053.26
Defined Contribution Retirement Program	431.14	431.14		431.14
LOSAP Program	78,125.00	78,125.00	50,000.00	28,125.00

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023
(Continued)

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Shared Service Agreements:				
Finance:				
Salaries and Wages	\$ 0.02	\$ 0.02		\$ 0.02
Health:				
Salaries and Wages	4,828.76	4,828.76		4,828.76
Court				
Salaries and Wages	422.68	422.68		422.68
Class III Officer - West Morris :				
Salaries and Wages	58,256.00	58,256.00		58,256.00
School Resource Officers:				
Salary and Wages	1,731.96	1,731.96		1,731.96
Construction Code:				
Salary and Wages	2.33	2.33		2.33
Capital Improvements:				
Road Improvements	406,439.41	406,439.41	\$ 406,439.41	
Police Equipment	3,008.03	3,008.03	3,000.00	8.03
Fire Equipment	2,976.00	2,976.00	2,976.00	
Municipal Facility Improvement	105,271.38	105,271.38	105,271.38	
	<u>\$ 1,273,418.99</u>	<u>\$ 1,273,418.99</u>	<u>\$ 975,709.08</u>	<u>\$ 297,709.91</u>
 <u>Balance December 31, 2022</u>				
Unencumbered	A	\$ 1,023,931.58		
Encumbered	A	249,487.41		
		<u>\$ 1,273,418.99</u>		
 <u>Analysis of Paid or Charged:</u>				
Cash Disbursed			\$ 549,904.05	
Due to General Capital Fund:				
Reserve for Municipal Facility Improvement			42,888.50	
Reserve for Road Improvements			308,227.42	
Accounts Payable			74,689.11	
			<u>\$ 975,709.08</u>	

TOWNSHIP OF WASHINGTON
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2023

Increased by:	
Levy - Calendar Year 2023	<u>\$ 39,104,720.00</u>
Decreased by:	
Payments to Local School District	<u><u>\$ 39,104,720.00</u></u>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2023

Increased by:	
Levy - Calendar Year 2023	<u>\$ 18,395,104.00</u>
Decreased by:	
Payments to Regional High School District	<u><u>\$ 18,395,104.00</u></u>

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

	Balance Dec. 31, 2022	2023 Budget Revenue Realized	Grant Funds Received	Transfer from Unappropriated Reserves	Balance Dec. 31, 2023
Municipal Alliance on Alcoholism and Drug Abuse:					
2019	\$ 1,123.66				\$ 1,123.66
2021	5,527.00				5,527.00
2022	2,634.64				2,634.64
2023		\$ 7,304.00			7,304.00
2024		7,304.00			7,304.00
Supplemental:					
2018	2,000.00				2,000.00
2019	2,000.00				2,000.00
2021	2,000.00				2,000.00
2023		2,000.00			2,000.00
Mental Health and Addiction		3,900.00			3,900.00
Drunk Driving Enforcement Fund - 2023		855.31			855.31
Clean Communities Grant - 2022		53,952.69		\$ 53,952.69	
Federal Bulletproof Vest Grant:					
2019	3,064.21				3,064.21
2023		5,000.00			5,000.00
Body Armor Grant		2,218.95		2,218.95	
National Opioid Settlement	148,229.58		\$ 17,674.27		130,555.31
Association of New Jersey Environmental Commissions Grant	333.00				333.00
Morris County Trail Construction Grant:					
2016 - South Branch-Drakestown Preserve Connector	25,200.00				25,200.00
2018 - Harrington Park Nature Trail	78,769.37		57,091.12		21,678.25
2021 - Rock Spring Park Trail Extension	76,087.00				76,087.00
2022 - Koehler's Pond Loop Trail		7,760.00			7,760.00
New Jersey Department of Transportation - Municipal Aid:					
FY 2019 - Improvements to Naughtright Road	106,625.00				106,625.00
FY 2020 - Improvements to Naughtright Road	235,441.82				235,441.82
FY 2021 - Improvements to Rock Road	88,114.99				88,114.99
FY 2022 - Improvements to Coleman Road	226,000.00		169,500.00		56,500.00
FY 2023 - Kings Highway Improvements, Phase 1		149,855.00			149,855.00
COVID-19 Strengthening Local Public Health Capacity:					
2021		117,531.00		117,531.00	
2022	36,951.00				36,951.00
COVID-19 Vaccination Supplemental Funding Grant	14,900.00		9,083.00		5,817.00
NJACCHO Enhancing Local Public Health Infrastructure Grant		202,892.00	10,079.65		192,812.35
Police Donations		3,600.00		3,600.00	
New Jersey Highlands Plan Conformance Grant	168,971.67		55,152.34		113,819.33
Federal Emergency Management Agency:					
Hazard Mitigation Grant - Municipal Building Generator	49,500.00				49,500.00
Assistance to Firefighters		2,783.88			2,783.88
Community Development Block Grant:					
2014 - Senior Center	2,802.09				2,802.09
2020 - Senior Center Expansion	49,922.82		49,922.82		
Stormwater Assistance Grant		15,000.00	15,000.00		
Local Recreation Improvement Grant		42,600.00			42,600.00
Radon Awareness Program		2,000.00			2,000.00
American Rescue Plan - Coronavirus SLFRF		949,971.80		949,971.80	
American Rescue Plan - Firefighters Grant		28,000.00			28,000.00
	<u>\$ 1,326,197.85</u>	<u>\$ 1,604,528.63</u>	<u>\$ 383,503.20</u>	<u>\$ 1,127,274.44</u>	<u>\$ 1,419,948.84</u>
<u>Ref.</u>	<u>A</u>				<u>A</u>
		Federal	\$ 69,085.47		
		State	239,652.34		
		Local	74,765.39		
			<u>\$ 383,503.20</u>		

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

	Balance Dec. 31, 2022	Transfer from 2023 Budget Appropriations	Expended	Balance Dec. 31, 2023
Body Armor Grant:				
2021	\$ 1,071.07		\$ 1,071.07	
2022	1,698.33		1,393.93	\$ 304.40
2023		\$ 2,218.95		2,218.95
Drunk Driving Enforcement Fund:				
2017	2,861.00			2,861.00
2018	5,163.27			5,163.27
2019	7,451.63			7,451.63
2020	833.54			833.54
2023		855.31		855.31
Clean Communities Grant:				
2021	34,185.94		34,185.94	
2022		53,952.69	10,455.53	43,497.16
Alcohol Education Rehabilitation Fund:				
2012	0.23			0.23
2019	233.98			233.98
Municipal Alliance on Alcoholism and Drug Abuse:				
2019	5,471.31			5,471.31
2021	972.62			972.62
2022	4,197.96			4,197.96
2023		7,304.00	5,300.53	2,003.47
2024		7,304.00		7,304.00
Supplemental:				
2019	2,000.00			2,000.00
2021	2,000.00			2,000.00
2023		2,000.00		2,000.00
Mental Health and Addiction		3,900.00		3,900.00
New Jersey Department of Transportation - Municipal Aid:				
FY 2019 - Improvements to Naughtright Road	197,861.46			197,861.46
FY 2020 - Improvements to Naughtright Road	325,000.00			325,000.00
FY 2021 - Improvements to Rock Road	8,078.69			8,078.69
FY 2022 - Improvements to Coleman Road	226,000.00		169,500.00	56,500.00
FY 2023 - Kings Highway Improvements, Phase 1		149,855.00		149,855.00
National Opioid Settlement	159,003.00			159,003.00
Association of New Jersey Environmental Commissions Grant	163.94		15.00	148.94
Federal Bulletproof Vest Grant		5,000.00		5,000.00
Police Donations	6,000.00	3,600.00	9,600.00	
Morris County Trail Construction Grant:				
2016 - South Branch-Drakestown Preserve Connector	12,925.58			12,925.58
2017 - Rock Spring Park Trail	88,915.20			88,915.20
2018 - Harrington Park Nature Trail	78,769.37			78,769.37
2021 - Rock Spring Park Trail Extension	76,087.00			76,087.00
2022 - Koehler's Pond Loop Trail		7,760.00		7,760.00

TOWNSHIP OF WASHINGTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
(Continued)

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Transfer from</u> <u>2023 Budget</u> <u>Appropriations</u>	<u>Expended</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Health Association Grant	\$ 18,867.00			\$ 18,867.00
New Jersey Highlands Plan Conformance Grant	112,195.92			112,195.92
Sustainable Jersey Small Grant	17.93			17.93
Community Foundation Grant	1,667.74			1,667.74
Federal Emergency Management Agency:				
Assistance to Firefighters		\$ 2,783.88		2,783.88
NACCHO	3,110.84			3,110.84
NJACCHO Enhancing Local Public Health Infrastructure Grant		202,892.00	\$ 99,079.65	103,812.35
Community Development Block Grant:				
2014 - Senior Center	2,442.43			2,442.43
2020 - Senior Center Expansion	19,845.64		19,845.64	
Stormwater Assistance Grant		15,000.00	12,085.00	2,915.00
Local Recreation Improvement Grant		42,600.00		42,600.00
Radon Awareness Program		2,000.00		2,000.00
American Rescue Plan - Coronavirus SLFRF	735,567.64	949,971.80	796,564.21	888,975.23
American Rescue Plan - Firefighters Grant		28,000.00		28,000.00
COVID-19 Strengthening Local Public Health Capacity:				
2021		117,531.00	97,157.98	20,373.02
2022	51,584.86			51,584.86
COVID-19 Vaccination Supplemental Funding Grant	8,368.42			8,368.42
	<u>\$ 2,200,613.54</u>	<u>\$ 1,604,528.63</u>	<u>\$ 1,256,254.48</u>	<u>\$ 2,548,887.69</u>
<u>Ref.</u>	A			A
Cash Disbursed			\$ 1,159,096.50	
Due to Other Trust Funds			<u>97,157.98</u>	
			<u>\$ 1,256,254.48</u>	
Federal			\$ 1,012,647.48	
State			233,992.00	
Local			<u>9,615.00</u>	
			<u>\$ 1,256,254.48</u>	

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

	Balance Dec. 31, 2022	Transfer to Grants Receivable	Received in Current Fund	Balance Dec. 31, 2023
Clean Communities Grant:				
2022	\$ 53,952.69	\$ 53,952.69		
2023			\$ 60,513.82	\$ 60,513.82
Police Donations	3,600.00	3,600.00	13,600.00	13,600.00
Body Armor Grant	2,218.95	2,218.95	2,483.63	2,483.63
Strengthening Local Public Health Capacity:				
2021	117,531.00	117,531.00		
American Rescue Plan - Coronavirus SLFRF	949,971.80	949,971.80		
	<u>\$ 1,127,274.44</u>	<u>\$ 1,127,274.44</u>	<u>\$ 76,597.45</u>	<u>\$ 76,597.45</u>
<u>Ref.</u>	A			A
			\$ 62,997.45	
			13,600.00	
			<u>\$ 76,597.45</u>	

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2023
TRUST FUNDS

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

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2022	B	\$ 849.30	\$ 3,012,555.95
Increased by Receipts:			
Dog, Cat and Other License Fees		20,084.10	
State Fees		2,828.40	
Penalty Fees - Late Payments and Other Miscellaneous		4,547.00	
Due Current Fund:			
Prior Year Interfund Returned			40,000.00
Reserve for Open Space Trust Fund:			
Tax Levy			358,618.89
Other Receipts			3,701.72
Forfeited Assets Deposits			8,926.53
Recreation Deposits			127,537.00
Developers' Deposits			246,496.79
Washington Uniform Construction Code Fees			425,471.00
Mansfield Uniform Construction Code Fees			290,441.00
Due to State of N.J. - State Training Fees			46,547.00
Recycling Revenue			38,265.50
Housing Trust Deposits			97,096.41
State Unemployment Insurance			25,475.85
Tax Sale Premiums			123,100.00
Fire Prevention Penalty			118,400.00
Parking Offense Adjudication Act			6.00
Police Department Events			100.00
		<u>27,459.50</u>	<u>1,950,183.69</u>
Decreased by Disbursements:			
Expenditures Under R.S.4:19-15.11		15,577.79	
Due to State Board of Health		2,832.60	
Due to Federal and State Grant Fund:			
Prior Year Interfund Returned			97,157.98
Washington Uniform Construction Code Fees			340,210.54
Mansfield State Uniform Construction Code Fees			251,502.25
Due to State of N.J. - State Training Fees			43,076.00
Recreation			117,396.95
Recycling			25,564.20
Forfeited Assets			2,465.00
State Unemployment Insurance Expenditures			21,230.11
Police Department Events			5,780.19
Fire Prevention Penalty			20,029.52
Housing Trust Expense			23,263.45
Open Space Debt Service - Principal			150,894.00
Open Space Expenditures			140,693.35
Accumulated Absences			125,711.75
Refund of:			
Developers' Deposits			165,174.51
Tax Sale Premiums			638,000.00
		<u>18,410.39</u>	<u>2,168,149.80</u>
Balance December 31, 2023	B	\$ 9,898.41	\$ 2,794,589.84

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

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 886.10
Increased by:		
Dog, Cat and Other License Fees Collected		\$ 20,084.10
Penalty Fees - Late Payments and Other Miscellaneous		<u>4,547.00</u>
		<u>24,631.10</u>
		25,517.20
Decreased by:		
Expenditures Under R.S.4:19-15.11		<u>15,577.79</u>
Balance December 31, 2023	B	<u><u>\$ 9,939.41</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	21,690.70
2022	<u>20,097.00</u>
Maximum Allowable Reserve	<u><u>\$ 41,787.70</u></u>

TOWNSHIP OF WASHINGTON
COUNTY OF MORRIS
2023
GENERAL CAPITAL FUND

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 712,567.44
Increased by:		
Budget Appropriation:		
Capital Improvement Fund		\$ 13,000.00
Bond Anticipation Notes Issued		958,200.00
Due from Current Fund:		
Prior Year Interfund Returned		52,988.00
Premium on Note Sale		31,859.84
		1,056,047.84
Decreased by:		
Improvement Authorization Expenditures		451,374.68
Due Current Fund:		
Anticipated Revenue - Capital Fund Balance		75,000.00
Reserve for Preliminary Expenses - Senior Center 2023		5,636.60
		532,011.28
Balance December 31, 2023	C	\$ 1,236,604.00

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2022	Receipts			Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2023
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$ 100,063.98		\$ 13,000.00	\$ 31,859.84		\$ 75,000.00	\$ 38,700.00	\$ 109,785.41	\$ 166,709.23	
Capital Improvement Fund	162,724.91								137,024.91	
Due Current Fund	(52,988.00)			52,988.00			351,115.92		(351,115.92)	
Due Open Space Trust Fund								527.96	527.96	
Due Housing Trust Fund								31,368.28	31,368.28	
State Grant Receivable	(4,076.00)								(4,076.00)	
Reserve for:										
First Aid Vehicle	565.00								565.00	
Debt Service	20,000.00							194,148.54	214,148.54	
Road Improvements	52,903.00							308,227.42	361,130.42	
Department of Public Works Equipment	4,725.07								4,725.07	
Municipal Facility Improvements	95,610.68							42,888.50	138,499.18	
Preliminary Expenses - Senior Center 2023						5,636.60		11,500.00	5,863.40	
Ord. No.										
10-04	2,624.43						2,624.43			
12-07	10,468.90						10,468.90			
21-08	18,894.08						18,894.08			
12-11	2,973.33						2,973.33			
07-12	4,816.50						4,816.50			
11-12	52,950.77						52,950.77			
16-12	31,368.28						31,368.28			
14-13	10,140.86						10,140.86			
08-14	3,997.04						3,997.04			
04-15	1,936.68						1,936.68			
05-15	5,232.35						5,232.35			
06-16	527.96						527.96			
08-16	682.00						682.00			
07-17	83,417.77						83,417.77			
06-18	487.00						487.00			
07-18	3,727.17						3,727.17			
10-19	108,699.45									
15-19	2,394.07									
04-20	(249,988.20)	\$ 250,000.00					101,077.45		2,394.07	
05-20	495.82									
06-21	132,590.56									
10-21	40.45									
05-22	104,561.53									
06-23										
	\$ 712,567.44	\$ 958,200.00	\$ 13,000.00	\$ 84,847.84	\$ 451,374.68	\$ 80,636.60	\$ 725,646.11	\$ 725,646.11	\$ 1,236,604.00	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2022	2023 Improvement Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2023	Analysis of Balance	
						Bond Anticipation Notes	Unexpended Improvement Authorization
05-15	Various Improvements	\$ 630,700.00	\$ 51,700.00	\$ 579,000.00	\$ 579,000.00		
08-16	Various Improvements	659,500.00	46,500.00	613,000.00	613,000.00		
07-17	Various Improvements	690,300.00	49,700.00	640,600.00	640,600.00		
07-18	Various Improvements	841,000.00	54,000.00	787,000.00	787,000.00		
10-19	Various Improvements	713,000.00	37,700.00	675,300.00	675,300.00		
04-20	Various Improvements	850,000.00	31,600.00	818,400.00	818,400.00		
06-21	Various Improvements	946,000.00		946,000.00	946,000.00		
05-22	Various Improvements	986,000.00		986,000.00	884,700.00	\$ 101,300.00	
06-23	DPW Equipment and Vehicle		\$ 513,000.00	513,000.00	513,000.00		513,000.00
		<u>\$ 6,316,500.00</u>	<u>\$ 513,000.00</u>	<u>\$ 6,558,300.00</u>	<u>\$ 6,558,300.00</u>	<u>\$ 5,944,000.00</u>	<u>\$ 614,300.00</u>

C

Ref.

Improvement Authorizations Unfunded: \$ 1,130,667.89
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:
 Ordinance #06-21 Various Improvements \$ 5,851.06
 Ordinance #05-22 Various Improvements 510,516.83
516,367.89
\$ 614,300.00

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance Dec. 31, 2022		2023 Authorizations		Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2023	
			Funded	Unfunded	Various Sources	Deferred Charges to Future Taxation - 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	10,468.90				10,468.90			
21-08	Sidewalk Construction	84,000.00	18,894.08				18,894.08			
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			
11-12	Fire Truck	450,000.00	52,950.77				52,950.77			
16-12	Acquisition of Property	240,000.00	31,368.28				31,368.28			
14-13	Various Improvements	580,000.00	10,140.86				10,140.86			
08-14	Road Improvements	920,000.00	3997.04				3,997.04			
04-15	Sidewalk and Fire Truck Refurbishment	456,225.00	1,936.68				1,936.68			
05-15	Various Improvements	1,198,100.00	\$ 5,232.35				5,232.35			
06-16	Acquire Open Space Property	210,000.00	527.96				527.96			
08-16	Various Improvements	849,000.00	682.00				682.00			
07-17	Various Improvements	832,000.00	83,417.77				83,417.77			
06-18	Fire Truck	699,000.00	487.00				487.00			
07-18	Various Improvements	955,000.00	3,727.17				3,727.17			
10-19	Various Improvements	873,000.00	108,699.45				108,699.45			
15-19	Playground Equipment and Armor Plate	11,417.10	2,394.07				2,394.07			
04-20	Various Improvements	980,000.00	11.80				11.80			
05-20	Emergency Equipment	30,000.00	495.82				495.82			
06-21	Various Improvements	1,389,000.00	132,590.56				132,590.56			
10-21	Police Computer/Tech Equipment	10,953.09	40.45				40.45			
05-22	Various Improvements	1,160,000.00	914,061.53				914,061.53			
06-23	DPW Equipment and Vehicle	540,200.00								
			\$ 144,116.17	\$ 1,248,422.63	\$ 27,200.00	\$ 513,000.00	\$ 451,374.68	\$ 335,830.19	\$ 14,866.04	\$ 1,130,667.89
			C	C	C	C	C	C	C	C
			Capital Improvement Fund		\$ 27,200.00					
							Fund Balance	\$ 109,785.41		
							Due Other Trust Fund - Housing Trust Fund	31,368.28		
							Due Other Trust Fund - Open Space Trust Fund	527.96		
							Reserve to Pay Debt Service	194,148.54		
								\$ 335,830.19		

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 162,724.91
Increased by:		
Current Fund Budget Appropriation		<u>13,000.00</u>
		175,724.91
Decreased by:		
Appropriated to Finance Improvement Authorizations	\$ 27,200.00	
Reserve for Preliminary Expenses - Senior Center 2023	<u>11,500.00</u>	
		<u>38,700.00</u>
Balance December 31, 2023	C	<u><u>\$ 137,024.91</u></u>

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

Ord. No.	Improvement Description	Date of		Interest Rate	Balance		Matured	Balance Dec. 31, 2023
		Original Issue	Issue		Maturity	Dec. 31, 2022		
05-15	Various Improvements	09/01/16	08/24/22 08/23/23	2.86% 4.50%	\$ 630,700.00	\$ 579,000.00	\$ 630,700.00	\$ 579,000.00
08-16	Various Improvements	08/31/17	08/24/22 08/23/23	2.86% 4.50%	659,500.00	613,000.00	659,500.00	613,000.00
07-17	Various Improvements	08/30/18	08/24/22 08/23/23	2.86% 4.50%	690,300.00	640,600.00	690,300.00	640,600.00
07-18	Various Improvements	08/30/19	08/24/22 08/23/23	2.86% 4.50%	841,000.00	787,000.00	841,000.00	787,000.00
10-19	Various Improvements	08/26/20	08/24/22 08/23/23	2.86% 4.50%	713,000.00	675,300.00	713,000.00	675,300.00
04-20	Various Improvements	08/26/20	08/24/22 08/23/23	2.86% 4.50%	600,000.00	568,400.00 250,000.00	600,000.00	568,400.00 250,000.00
06-21	Various Improvements	08/24/22	08/24/22 08/23/23	2.86% 4.50%	946,000.00	946,000.00	946,000.00	946,000.00
05-22	Various Improvements	08/24/22	08/24/22 08/23/23 08/23/23	2.86% 4.50% 4.50%	176,500.00	176,500.00 708,200.00	176,500.00	176,500.00 708,200.00
					<u>\$ 5,257,000.00</u>	<u>\$ 5,944,000.00</u>	<u>\$ 5,257,000.00</u>	<u>\$ 5,944,000.00</u>
				<u>Ref.</u>	<u>C</u>			<u>C</u>
				New Issues	\$ 958,200.00			
				Renewals	4,985,800.00		\$ 4,985,800.00	
				Paid by Budget Appropriation			271,200.00	
					<u>\$ 5,944,000.00</u>		<u>\$ 5,257,000.00</u>	<u>\$ 5,944,000.00</u>

TOWNSHIP OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2022	Matured	Balance Dec. 31, 2023
			Date	December 31, 2023	Amount				
Refunding Bonds	07/25/17	\$ 4,310,000.00	03/01/24	\$ 865,000.00		4.00%			
			03/01/25	895,000.00		4.00%			
			03/01/26	915,000.00		4.00%	\$ 3,505,000.00	\$ 830,000.00	\$ 2,675,000.00
							\$ 3,505,000.00	\$ 830,000.00	\$ 2,675,000.00

Ref.

C

C

Paid by:

Budget Appropriation	\$ 679,106.00
Open Space Trust Fund	150,894.00
	<u>\$ 830,000.00</u>

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, 2022</u>	<u>2023 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2023</u>
04-20	Various Improvements	\$ 250,000.00		\$ 250,000.00	
05-22	Various Improvements	809,500.00		708,200.00	\$ 101,300.00
06-23	DPW Equipment and Vehicle		\$ 513,000.00		513,000.00
		<u>\$ 1,059,500.00</u>	<u>\$ 513,000.00</u>	<u>\$ 958,200.00</u>	<u>\$ 614,300.00</u>

TOWNSHIP OF WASHINGTON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2023

TOWNSHIP OF WASHINGTON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2023

Agency or Department/Cluster Title	Name of Program	Assistance Listing Number	State Grant/Account No.	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Housing and Urban Development: (Passed through County of Morris)										
CDBG - Entitlement Grant Cluster:	Community Development Block Grant: 2020 - Senior Center Expansion	14.218	B-09-UC-34-0105	01/01/22	12/31/23	\$ 80,000.00	\$ 49,922.82	\$ 19,845.64	\$ 80,000.00	
Total U.S. Department of Housing and Urban Development/CDBG - Entitlement Grants Cluster							49,922.82	19,845.64	80,000.00	
U.S. Department of Treasury:	COVID 19 - American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds	21.027	100-022-8030- 687-046010	03/03/21	12/31/24	1,899,943.60		796,564.21	1,010,968.37	
Total U.S. Department of Treasury								796,564.21	1,010,968.37	
U.S. Department of Health and Human Services: (Passed through New Jersey Dept. of Health)	COVID-19 Vaccination Supplemental Funding Grant	93.268	100-046-4230- 558-037840	07/01/21	06/30/24	50,000.00	9,083.00		41,631.58	
	COVID-19 ELC Strengthening Local Public Health Capacity: 2021	93.323	100-046-4230- 547-031120	12/01/20	06/30/23	142,236.00		97,157.98	97,157.98	
(Passed through New Jersey Assn. of County & City Health Officials)	Enhancing Local Public Health Infrastructure Grant	93.323	OLPH23PHI002	10/01/22	06/30/24	202,892.00	10,079.65	99,079.65	99,079.65	
Total U.S. Department of Health and Human Services							10,079.65	196,237.63	196,237.63	
TOTAL FEDERAL AWARDS							\$ 69,085.47	\$ 1,012,647.48	\$ 1,328,837.58	\$ -0-

TOWNSHIP OF WASHINGTON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2023

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)	Municipal Alliance Grant	100-082-2000- 044-995120	07/01/23	06/30/24	\$ 7,304.00	\$ 5,300.53	\$ 5,300.53	5,300.53
Total Department of the Treasury						5,300.53		5,300.53
Department of Law and Public Safety	Body Armor Grant	066-1020-718- 001-090160	01/01/21	12/31/23	2,402.87	1,071.07	1,071.07	2,402.87
			01/01/22	12/31/24	1,698.33	1,393.93	1,393.93	1,393.93
			01/01/24	12/31/24	2,483.63	\$ 2,483.63	\$ 2,483.63	3,796.80
Total - Department of Law and Public Safety					2,483.63	2,465.00	2,465.00	75,126.80
Department of Environmental Protection	Clean Communities Act	042-4900-765- 004-178910	01/01/21	12/31/23	52,944.44	34,185.94	34,185.94	52,944.44
			01/01/22	12/31/24	53,952.69	10,455.53	10,455.53	10,455.53
			01/01/23	12/31/24	60,513.82	60,513.82	60,513.82	63,399.97
Total Department of Environmental Protection	Stormwater Assistance Grant	N/A	01/01/23	12/31/24	15,000.00	15,000.00	15,000.00	12,085.00
New Jersey Highlands Council	Plan Conformance Grant	082-2078-100- 033-290220	01/01/11	12/31/24	256,100.00	55,152.34	56,726.47	75,484.97
Total New Jersey Highlands Council						55,152.34		143,904.08
Department of Transportation	Municipal Aid Program: 2022 - Improvements to Coleman Rd	078-6320-480- AO1-606282	01/01/22	12/31/24	226,000.00	169,500.00	169,500.00	169,500.00
Total Department of Transportation						169,500.00	169,500.00	169,500.00
TOTAL STATE AWARDS					\$ 302,649.79	\$ 233,992.00	\$ 233,992.00	\$ 469,316.38

N/A - Not Available/Applicable

TOWNSHIP OF WASHINGTON
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2023

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, 2023. 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 (the "Township"), in the County of Morris as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated June 12, 2024. 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.

Report on 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Findings 2023-001 and 2023-002, that we consider to be significant deficiencies.

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

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 12, 2024

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Township of Washington's (the "Township's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2023. The Township's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*) and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Township's federal and State programs.

The Honorable Mayor and Members
of the Township Committee
Township of Washington
Long Valley, New Jersey
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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

June 12, 2024
Mount Arlington, New Jersey

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 QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township of Washington's financial statements, prepared in accordance with accounting practices prescribed or permitted by the State of New Jersey, Department of Community Affairs, Division of Local Governments to demonstrate compliance with the Township's regulatory basis of accounting as the general fixed assets group was not audited.
- Significant deficiencies were disclosed during the audit of the financial statements as 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.
- There were no significant deficiencies or material weaknesses in internal control over the major federal program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance*.
- The auditor's report on compliance for its major federal programs for the Division expresses an unmodified opinion on the major federal program.
- The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.
- The Township was not subject to the single audit provisions of New Jersey's OMB Circular 15-08 for 2023 as state grant expenditures were less than the single audit threshold of \$750,000 identified in New Jersey's OMB Circular 15-08.
- The Township's federal programs tested as a major federal program for the year ended December 31, 2023 consisted of the following award:

<u>Federal:</u>	Assistance Listing No.	Award Amount	Budgetary Expenditures
COVID 19 - American Rescue Plan:			
Coronavirus State & Local Fiscal Recovery Funds	21.027	\$ 1,899,943.60	\$ 796,564.21

- The threshold used for distinguishing between Type A and Type B for federal programs was \$750,000.
- The Township was determined not to be a "low-risk" auditee for federal programs.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

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

TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

(Continued)

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 2023-001

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.

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.

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 were made to improve segregation of duties beginning in early 2022. Specifically, the reconciliation of bank accounts and the preparation of the general ledger has been segregated with the hire of a part-time accountant. Also, the purchasing and accounts payable functions have been separated between the Assistant Treasurer/Deputy QPA and a new tax/accounts payable clerk. However, due to staffing limitations, complete resolution through creation of a centralized treasury/cashier function could not be made. The Township will continue to examine the potential to do so during the budget process.

TOWNSHIP OF WASHINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

Finding 2023-002

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.

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.

TOWNSHIP OF WASHINGTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

The Township's prior year findings 2022-001 and 2022-002 pertaining to segregation of duties and a fixed asset accounting and reporting system were not resolved due to budgetary constraints and are included in the current year report as findings 2023-001 and 2023-002.

TOWNSHIP OF WASHINGTON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

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, 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 2, 2023, 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 2023 shall be fixed at the rate of 8 percent per annum to \$1,500.00, and any amount in excess of \$1,500.00 shall be fixed at the rate of 18 percent per annum until total delinquency is paid regardless of year. However, interest shall not be collected upon taxes that are not delinquent over ten (10) days. After the tenth day of "grace period", interest reverts back to the due date. The interest to be charged a delinquent taxpayer for nonpayment of real property taxes shall be an additional penalty of six percent if the amount of delinquency is in excess of \$10,000 at the end of the calendar year.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 12, 2023 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>
2023	51
2022	52
2021	50

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 2024 Taxes	20
Payments of 2023 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5

Verification notices were mailed to confirm balances as of December 31, 2023. 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.

Overtime and Compensation Time

During our testing of the police department overtime and compensation time accrual, it was noted that related timesheets were not approved by the department head as designated by the PBA contract or the department's adopted rules and regulations. It is recommended that all timesheets for overtime payment and compensation time accrual be approved by the appropriate department head.

Management's Response

The Township will obtain the required approvals of all overtime/compensation time.

TOWNSHIP OF WASHINGTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The transactions for the year 2023 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

<u>AGENCY</u>	Balance 12/31/2022	Cash Received	Cash Disbursed	Balance 12/31/2023
State of New Jersey	\$ 1,473.73	\$ 25,980.84	\$ 23,964.00	\$ 3,490.57
County of Morris	1,821.00	24,529.05	24,452.02	1,898.03
Township of Washington	2,978.58	47,189.33	45,530.07	4,637.84
Township of Washington - POAA		6.00	6.00	
Conditional Discharge		100.00	100.00	
Conditional Dismissal		75.00	75.00	
Fish and Game	150.00	1,205.00	1,305.00	50.00
Weights and Measures		32,350.00	29,000.00	3,350.00
Public Defender	600.00	1,735.50	2,135.50	200.00
Bail	255.00	6,725.00	6,180.00	800.00
TOTAL	<u>\$ 7,278.31</u>	<u>\$ 139,895.72</u>	<u>\$ 132,747.59</u>	<u>\$ 14,426.44</u>

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 expends or cancels these funds accordingly, and that the grant receivables be reviewed, and collection be pursued or canceled accordingly.

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 101, *Compensated Absences*, is effective for the year ended December 31, 2024. This statement requires that the liability for compensated absences to be calculated for 1 – leave that has not been used and 2 – leave that has been used but not yet paid. The liability should be recognized for leave that has not been used if (a) – the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. The Statement directs that for leave that has not been used the calculation should generally use an employee’s pay rate as of the date of the financial statements.

TOWNSHIP OF WASHINGTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions (Cont'd)

COVID-19 Federal Funding

It is possible that the Township will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Township ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Township ensures that these funds are separately accounted for in the Township's accounting records and that any applicable Township policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

The American Rescue Plan funding must be obligated by December 31, 2024 and the liquidation of the obligation must be completed by December 31, 2026.

Corrective Action Plan

The prior year recommendation pertaining to confirming purchase orders was corrected in the current year. The prior year recommendations pertaining to an inadequate segregation of duties and implementation of a fixed assets accounting system were not resolved and are included in the current year's report.

TOWNSHIP OF WASHINGTON
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
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. All timesheets for overtime payment and compensation time accrual be approved by the appropriate department head.

* * * * *