

**REPORT OF AUDIT**  
**BOROUGH OF WASHINGTON**  
**COUNTY OF WARREN**  
**DECEMBER 31, 2014**

BOROUGH OF WASHINGTON, N.J.  
YEAR ENDED DECEMBER 31, 2013  
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**BOROUGH OF WASHINGTON**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2014**

# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Borough Council  
Borough of Washington  
Washington, New Jersey 07882

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

We have audited the accompanying balance sheets - regulatory basis of the various funds of the Borough of Washington in the County of Warren, as of December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State 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 misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal



control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***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 Borough of Washington on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Washington as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis Accounting Principles***

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully describe 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. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2014, and 2013, stated as \$9,314,914.38 and \$9,196,380.00, respectively.

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

In our opinion, except for the effects of the matter described in “Basis for Qualified Opinion on Regulatory Basis Accounting Principles” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets as of December 31, 2014 and 2013, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Washington's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2015, on our consideration of the Borough of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Washington's internal control over financial reporting and compliance.



Thomas M. Ferry, C.P.A.  
Registered Municipal Accountant  
No. 497

***Ferraioli, Wielkatz, Cerullo & Cuva, P.A.***  
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*Certified Public Accountants*

Newton, New Jersey  
June 25, 2015



**Borough of Washington, N.J.**

**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31,**

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	2,464,590.50	2,360,968.28
Change Fund	A-5	325.00	325.00
Due From State of New Jersey:			
Senior Citizen and Veteran Deductions	A-12	6,424.49	6,674.49
		<u>2,471,339.99</u>	<u>2,367,967.77</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	816,932.56	836,075.23
Tax Title Liens Receivable	A-7	1,056,215.17	984,571.59
Property Acquired for Taxes -			
Assessed Valuation	A-8	138,600.00	138,600.00
Maintenance Liens Receivable	A-9	7,589.83	7,589.83
Labor Liens Receivable	A-10	236.00	4,484.00
Revenue Accounts Receivable	A-11	9,190.49	5,484.86
Interfund Receivables:			
Other Trust	A-13	133.96	21,409.52
Sewer Operating Fund	A-13	17,623.71	
		<u>2,046,521.72</u>	<u>1,998,215.03</u>
		<u>4,517,861.71</u>	<u>4,366,182.80</u>
Federal and State Grant Fund:			
Cash	A-4	26,690.98	39,445.78
Grants Receivable	A-22	82,702.42	287,596.44
		<u>109,393.40</u>	<u>327,042.22</u>
		<u>4,627,255.11</u>	<u>4,693,225.02</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Washington, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31,

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-14	294,350.53	353,037.12
Encumbered	A-3;A-14	160,340.35	170,166.16
Tax Overpayments	A-15	30,328.21	27,889.51
Reserve for:			
Tree Shade	A-15	500.00	
State Library Aid	A-15	5,017.04	4,775.82
Tax Appeals	A-15	63,276.80	63,276.80
Sale of Municipal Assets	A-15	9,900.00	9,900.00
Prepaid Taxes	A-16	47,137.58	48,682.08
County Taxes Payable	A-17	26,290.72	18,662.95
Local School District Tax Payable	A-18	267,867.73	225,955.21
Regional High School Taxes Payable	A-19	61,307.24	
		<u>966,316.20</u>	<u>922,345.65</u>
Reserve for Receivables	Contra	2,046,521.72	1,998,215.03
Fund Balance	A-1	<u>1,505,023.79</u>	<u>1,445,622.12</u>
		<u>4,517,861.71</u>	<u>4,366,182.80</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	85,024.44	305,741.06
Unappropriated Reserve for Grants	A-24	4,160.91	4,215.33
Encumbrances Payable	A-25	20,208.05	17,085.83
		<u>109,393.40</u>	<u>327,042.22</u>
		<u>4,627,255.11</u>	<u>4,693,225.02</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Washington, N.J.

## Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

## Current Fund

## Years Ended December 31,

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	750,000.00	662,466.00
Miscellaneous Revenue Anticipated	A-2	1,106,963.88	1,084,104.72
Receipts from Delinquent Taxes	A-2	788,417.75	707,970.48
Receipts from Current Taxes	A-2	17,008,122.83	16,583,573.11
Non-Budget Revenue	A-2	28,952.17	41,326.98
Other Credits to Income:			
Interfunds Returned	A-13	21,275.56	129.57
Unexpended Balance of Appropriation Reserves	A-14	241,943.66	192,877.64
Encumbrances Cancelled			40,316.90
Total Revenues and Other Income		<u>19,945,675.85</u>	<u>19,312,765.40</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Operating	A-3	2,716,951.29	2,595,687.00
Deferred Charges and Statutory Expenditures	A-3	192,029.97	199,483.00
Operations - Excluded From CAPS:			
Operating	A-3	2,772,145.23	2,606,128.34
Capital Improvements	A-3	263,000.00	403,500.00
Municipal Debt Service	A-3	875,691.14	838,488.70
Deferred Charges	A-3	1,195.00	
Interfund Advances	A-13	17,623.71	19,700.00
County Taxes including Added Taxes	A-17	3,345,874.84	3,169,718.93
Local District School Tax	A-18	4,569,906.00	4,474,592.00
Regional High School Tax	A-19	4,181,857.00	4,070,902.82
Special Improvement District Tax	A-20	200,000.00	200,000.00
Total Expenditures		<u>19,136,274.18</u>	<u>18,578,200.79</u>
Statutory Excess to Fund Balance		809,401.67	734,564.61
Fund Balance, January 1,	A	<u>1,445,622.12</u>	<u>1,373,523.51</u>
		2,255,023.79	2,108,088.12
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>750,000.00</u>	<u>662,466.00</u>
Fund Balance, December 31,	A	<u><u>1,505,023.79</u></u>	<u><u>1,445,622.12</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	Appropriated by: <u>40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	A-1	<u>750,000.00</u>		<u>750,000.00</u>	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-11	5,000.00		5,040.00	40.00
Other	A-11	1,000.00		2,460.00	1,460.00
Fees and Permits	A-11	25,000.00		19,590.00	(5,410.00)
Fines and Costs:					
Municipal Court	A-11	80,000.00		101,834.57	21,834.57
Interest and Costs on Taxes	A-11	115,000.00		182,104.50	67,104.50
Interest on Investments and Deposits	A-11	1,500.00		3,267.63	1,767.63
Consolidated Municipal Property Tax Relief Aid	A-11	47,486.00		47,486.00	
Energy Receipts Tax	A-11	545,890.00		545,890.00	
Special Items of General Revenue Anticipated					
With Prior Written Consent of Director of					
Local Government Services:					
Public and Private Revenues:					
Recycling Tonnage Grant	A-22	4,215.33		4,215.33	
Municipal Alliance	A-22	27,036.00		27,036.00	
Clean Communities Grant	A-22		12,470.90	12,470.90	
Small Cities	A-22		95,000.00	95,000.00	
Sustainable Jersey	A-22		2,000.00	2,000.00	
Other Special Items:					
Uniform Fire Safety Act	A-11	9,000.00		2,988.38	(6,011.62)
Cable TV Gross Receipts	A-11	20,000.00		20,380.57	380.57
Animal Shelter Trust Fund	A-11	10,200.00		5,200.00	(5,000.00)
General Capital Fund Balance	A-11	30,000.00		30,000.00	
Total Miscellaneous Revenues	A-1	<u>921,327.33</u>	<u>109,470.90</u>	<u>1,106,963.88</u>	<u>76,165.65</u>
Receipts from Delinquent Taxes	A-1;A-2	<u>500,000.00</u>		<u>788,417.75</u>	<u>288,417.75</u>
Subtotal General Revenues		<u>2,171,327.33</u>	<u>109,470.90</u>	<u>2,645,381.63</u>	<u>364,583.40</u>
Amount to be Raised by Taxes for Support of					
Municipal Budget-Local Tax for Municipal					
Purposes Including Reserve for Uncollected Taxes	A-2	<u>5,418,222.26</u>		<u>5,587,325.49</u>	<u>169,103.23</u>
Budget Totals		<u>7,589,549.59</u>	<u>109,470.90</u>	<u>8,232,707.12</u>	<u>533,686.63</u>
Non-Budget Revenue	A-1;A-2			<u>28,952.17</u>	<u>28,952.17</u>
		<u>7,589,549.59</u>	<u>109,470.90</u>	<u>8,261,659.29</u>	<u>562,638.80</u>
		A-3	A-3		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2014

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>	
Revenue from Collections	A-1;A-6	17,008,122.83
Allocated to School and County Taxes	A-6	<u>12,297,637.84</u>
Balance for Support of Municipal Budget Appropriations		4,710,484.99
Add:		
Appropriated Reserve for Uncollected Taxes	A-3	<u>876,840.50</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>5,587,325.49</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		
Taxes Receivable	A-6	<u>788,417.75</u>
		A-2
<u>Analysis of Non-budget Revenues</u>	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Division of Motor Vehicles Fines & Fees		398.22
Tax Department Miscellaneous		1,961.60
Senior Citizen and Veterans Admin. Costs Reimb.		867.54
Stale Dated Checks		227.00
Various Refunds and Miscellaneous		<u>25,497.81</u>
	A-4	<u><u>28,952.17</u></u>
		A-2

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
General Government:						
Administrative and Executive:						
Salaries and Wages		55,032.00	55,032.00	54,915.70	116.30	
Other Expenses		38,975.00	38,975.00	38,958.76	16.24	
Mayor and Council:						
Salaries and Wages		14,500.00	14,500.00	14,500.00		
Other Expenses		7,200.00	7,200.00	6,965.00	235.00	
Municipal Clerk:						
Salaries and Wages		78,263.94	78,263.94	77,893.94	370.00	
Other Expenses		11,120.00	11,120.00	6,371.13	4,748.87	
Financial Administration:						
Salaries and Wages		97,011.35	97,011.35	96,566.67	444.68	
Other Expenses		16,600.00	16,600.00	12,487.01	4,112.99	
Annual Audit		26,500.00	26,500.00	26,370.00	130.00	
Revenue Administration:						
Salaries and Wages		73,200.00	73,200.00	65,543.00	7,657.00	
Other Expenses		9,100.00	9,100.00	8,758.21	341.79	
Assessment of Taxes:						
Salaries and Wages		34,345.00	34,345.00	32,164.36	2,180.64	
Other Expenses		15,950.00	15,950.00	9,843.25	6,106.75	
Legal Services and Costs:						
Other Expenses		142,000.00	142,000.00	83,464.15	58,535.85	
Engineering Services and Costs:						
Other Expenses		60,000.00	60,000.00	49,686.25	10,313.75	

Borough of Washington, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Municipal Land Use Law (N.J.S. 40:55 D-1)						
<u>Planning Board:</u>						
Salaries and Wages		3,775.00	3,775.00	3,727.59	47.41	
Other Expenses		6,638.00	6,638.00	5,914.04	723.96	
<u>Board of Adjustment:</u>						
Salaries and Wages		4,050.00	4,050.00	1,001.00	3,049.00	
Other Expenses		4,508.00	4,508.00	3,335.89	1,172.11	
<u>Local Code Enforcement:</u>						
Salaries and Wages		24,395.00	24,395.00	16,902.50	7,492.50	
Other Expenses		1,530.00	1,530.00	1,068.67	461.33	
<u>P.E.O.S.H.A. (P.L. 1983,C516):</u>						
Other Expenses		1,000.00	1,000.00		1,000.00	
<u>Insurance:</u>						
General Liability		237,175.00	237,175.00	236,665.72	509.28	
Employee Group Health		191,346.00	191,346.00	178,173.71	13,172.29	
<u>Public Safety:</u>						
<u>Fire:</u>						
Other Expenses						
Miscellaneous Other Expenses		33,319.00	33,319.00	33,319.00		
Fire Hydrant Service		68,100.00	68,100.00	68,016.00	84.00	
<u>First Aid Organization - Aid Maintenance:</u>						
Other Expenses		19,300.00	19,300.00	19,300.00		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Uniform Fire Safety Act (CH. 383, P.L. 1983)						
Fire and Code Enforcement:						
Salaries and Wages		22,700.00	22,700.00	21,136.25	1,563.75	
Other Expenses		4,700.00	4,700.00	2,036.50	2,663.50	
Office of Emergency Management:						
Salaries and Wages		5,100.00	5,100.00	4,499.94	600.06	
Other Expenses		2,000.00	2,000.00		2,000.00	
Public Works						
Road Repair and Maintenance						
Salaries and Wages		425,000.00	425,000.00	375,915.31	49,084.69	
Other Expenses		115,182.00	115,182.00	101,052.89	14,129.11	
Shade Tree Commission:						
Salaries and Wages		950.00	950.00	934.00	16.00	
Other Expenses		15,900.00	15,900.00	15,182.34	717.66	
Public Buildings and Grounds:						
Salaries and Wages		12,235.00	12,235.00	11,777.49	457.51	
Other Expenses		45,723.00	45,723.00	45,392.29	330.71	
Solid Waste Collection:						
Other Expenses		293,000.00	293,000.00	293,000.00		
Health and Welfare						
Animal Control:						
Salaries and Wages		10,200.00	10,200.00	10,057.94	142.06	
Park and Recreation:						
Recreation and Education						
Other Expenses		76,328.00	76,328.00	76,328.00		
Public Defender (P.L. 1977,C.256)						
Other Expenses		6,000.00	6,000.00	6,000.00		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>		25,000.00	25,000.00	21,876.02	3,123.98	
Condo Reimbursement Fee						
Utility Expenses						
Electricity		48,000.00	48,000.00	29,176.59	18,823.41	
Natural Gas		20,000.00	20,000.00	19,123.18	876.82	
Street Lighting & Traffic Lights		83,500.00	83,500.00	71,990.12	11,509.88	
Solid Waste Disposal		175,000.00	175,000.00	170,903.16	4,096.84	
Telephone		18,000.00	18,000.00	15,713.13	2,286.87	
Water		14,500.00	14,500.00	14,497.85	2.15	
Gasoline and Diesel Fuel		23,000.00	23,000.00	22,998.96	1.04	
Total Operations Within "CAPS"		<u>2,716,951.29</u>	<u>2,716,951.29</u>	<u>2,481,503.51</u>	<u>235,447.78</u>	
Contingent						
Total Operations Including Contingent- Within "CAPS"		<u>2,716,951.29</u>	<u>2,716,951.29</u>	<u>2,481,503.51</u>	<u>235,447.78</u>	
Detail:						
Salaries and Wages	A-1	860,757.29	860,757.29	787,535.69	73,221.60	
Other Expenses (Including Contingent)	A-1	1,856,194.00	1,856,194.00	1,693,967.82	162,226.18	
Deferred Charges and Statutory Expenditures- Municipal Within "CAPS"						
Statutory Expenditures						
Contribution to:						
Public Employees Retirement System		101,429.97	101,429.97	100,592.59	837.38	
Social Security System (O.A.S.I.)		80,000.00	80,000.00	75,498.74	4,501.26	
Unemployment Compensation Insurance		6,500.00	6,500.00	6,500.00		
Defined Contribution Retirement Program		4,100.00	4,100.00	3,676.63	423.37	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	<u>192,029.97</u>	<u>192,029.97</u>	<u>186,267.96</u>	<u>5,762.01</u>	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Total General Appropriations for Municipal Purposes within "CAPS"		2,908,981.26	2,908,981.26	2,667,771.47	241,209.79	
Operations - Excluded From "CAPS"						
Maintenance of Free Public Library						
Salaries and Wages		50,000.00	50,000.00	43,866.11	6,133.89	
Other Expenses		107,780.00	107,780.00	90,372.43	17,407.57	
Group Health Insurance		4,654.00	4,654.00		4,654.00	
Total Other Operations - Excluded From Caps		162,434.00	162,434.00	134,238.54	28,195.46	
Shared Service Agreements						
Shared Police Services - Washington Twp		2,267,540.00	2,267,540.00	2,254,631.72	12,908.28	
Shared Court Services - Mansfield		193,338.00	193,338.00	181,301.00	12,037.00	
Total Shared Service Agreements		2,460,878.00	2,460,878.00	2,435,932.72	24,945.28	
Public and Private Programs Offset By Revenues						
Recycling Tonnage Grant		4,215.33	4,215.33	4,215.33		
Clean Communities		12,470.90	12,470.90	12,470.90		
Municipal Alliance:						
State Share		8,111.00	8,111.00	8,111.00		
Local Share		27,036.00	27,036.00	27,036.00		
Small Cities Community Development Grant		95,000.00	95,000.00	95,000.00		
Sustainable Jersey		2,000.00	2,000.00	2,000.00		
Total Public and Private Programs Offset By Revenues		148,833.23	148,833.23	148,833.23		

Borough of Washington, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
<u>General Appropriations</u>						
Total Operations - Excluded from "CAPS"		2,772,145.23	2,772,145.23	2,719,004.49	53,140.74	
Detail:						
Salaries and Wages	A-1	50,000.00	50,000.00	43,866.11	6,133.89	
Other Expenses	A-1	2,722,145.23	2,722,145.23	2,675,138.38	47,006.85	
Capital Improvements - Excluded From "CAPS"						
Capital Improvements - Recreation		263,000.00	263,000.00	263,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	263,000.00	263,000.00	263,000.00		
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal		550,000.00	550,000.00	550,000.00		
Interest on Bonds		286,858.50	286,858.50	286,858.50		1,167.36
Loan Repayment for Principal and Interest		40,000.00	40,000.00	38,832.64		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	876,858.50	876,858.50	875,691.14		1,167.36
Deferred Charges - Municipal - Excluded From "CAPS"						
Deferred Charges to Future Taxation Unfunded: Bond Ordinance 23-2002		1,195.00	1,195.00	1,195.00		
Total Deferred Charges - Excluded from "CAPS"	A-1	1,195.00	1,195.00	1,195.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		3,913,198.73	3,913,198.73	3,858,890.63	53,140.74	1,167.36
Total General Appropriations - Excluded From "CAPS"		3,913,198.73	3,913,198.73	3,858,890.63	53,140.74	1,167.36
Subtotal General Appropriations		6,822,179.99	6,822,179.99	6,526,662.10	294,350.53	1,167.36
Reserve for Uncollected Taxes		876,840.50	876,840.50	876,840.50		
Total General Appropriations		7,699,020.49	7,699,020.49	7,403,502.60	294,350.53	1,167.36
						A

Borough of Washington, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Adopted Budget	A-2		7,589,549.59			
Appropriation by 40A:4-87	A-2		109,470.90			
			<u>7,699,020.49</u>			
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			876,840.50		
Cash Disbursed	A-4			6,217,488.52		
Federal & State Grants (Matching Funds)	A-13			8,111.00		
Encumbrances Payable	A			160,340.35		
Interfund - Federal and State Grant Fund	A-23			140,722.23		
				<u>7,403,502.60</u>		

**Borough of Washington, N. J.**

**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**December 31,**

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Assessment Trust Fund			
Cash	B-2	<u>2,749.34</u>	<u>2,749.34</u>
Animal Control Trust Fund:			
Cash- Treasurer	B-2	<u>7,621.20</u>	<u>12,387.43</u>
Other Trust Funds:			
Cash	B-2	2,067,027.62	1,803,448.41
Accounts Receivable			
Unemployment Trust	B-3	<u>2,505.09</u>	
		<u>2,069,532.71</u>	<u>1,803,448.41</u>
		<u>2,079,903.25</u>	<u>1,818,585.18</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

**Borough of Washington, N. J.**

**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**December 31,**

<u>Liabilities, Reserves &amp; Fund Balance</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>Assessment Trust Fund:</b>			
Prepaid Assessments	B-10	1,488.20	1,488.20
Fund Balance	B-1	1,261.14	1,261.14
		2,749.34	2,749.34
 <b>Animal Control Trust Fund:</b>			
Reserve for Animal Control Trust			
Fund Expenditures	B-4	6,325.40	7,523.03
Encumbrances	B-5	1,177.00	3,850.80
Due State Department of Health	B-8	118.80	1,013.60
		7,621.20	12,387.43
 <b>Other Trust Fund:</b>			
Interfund - Current Fund	B-6	133.96	21,409.52
Encumbrances Payable	B-7	33,743.14	530.00
Reserve for:			
Escrow Deposits	B-9	1,182,106.58	1,179,973.58
POAA	B-9	2,034.78	1,982.78
Recreation	B-9	41,736.54	30,152.69
Police Department Trust	B-9		5,310.44
Police Donations	B-9		7,597.84
Tax Sale Premiums	B-9	543,900.00	306,600.00
Public Defender	B-9	1,466.00	2,371.50
Fire Safety Bureau Trust	B-9	14,781.85	12,397.47
WBFD Dedicated Penalty Trust	B-9	55.56	55.54
C.O.A.H.	B-9	28,086.72	28,064.26
Unemployment	B-9	80,748.21	77,125.69
Payroll	B-9	11,778.91	11,543.82
Comcast	B-9	15,275.86	20,013.57
Snow Removal	B-9	102,170.47	86,805.58
Salary Settlements	B-9	11,514.13	11,514.13
		2,069,532.71	1,803,448.41
		2,079,903.25	1,818,585.18

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Washington, N. J.

## Comparative Statement of Fund Balance - Assessment Trust - Regulatory Basis

## Trust Funds

Year Ended December 31,

		<u>2014</u>	<u>2013</u>
	<u>Ref.</u>		
Balance - January 1,	B	<u>1,261.14</u>	<u>1,261.14</u>
Balance - December 31,	B	<u>1,261.14</u>	<u>1,261.14</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Washington, N. J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31,

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Cash	C-2;C-3	222,238.67	565,558.71
Deferred Charges to Future Taxation			
Funded	C-5	8,016,007.20	8,598,126.88
Unfunded	C-6		1,195.00
		<u>8,238,245.87</u>	<u>9,164,880.59</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Encumbrances Payable	C-4	34,383.14	364,897.44
Capital Improvement Fund	C-7	108,091.00	109,091.00
Improvement Authorizations:			
Funded	C-8	27,367.33	10,368.07
Reserve for:			
Debt Service	C-9	407.42	407.42
Generator	C-9	37,000.00	37,000.00
Green Acres Loan Payable	C-10	355,007.20	387,126.88
General Serial Bonds Payable	C-11	7,661,000.00	8,211,000.00
Fund Balance	C-1	14,989.78	44,989.78
		<u>8,238,245.87</u>	<u>9,164,880.59</u>

Footnote C: There were no Bonds and Notes Authorized But Not Issued as of December 31, 2014 and \$1,195.00 as of December 31, 2013 as per Schedule C-12.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Washington, N. J.

## Comparative Schedule of Fund Balance - Regulatory Basis

## General Capital Fund

Year Ended December 31,

		<u>2014</u>	<u>2013</u>
	<u>Ref.</u>		
Balance - January 1,	C	<u>44,989.78</u>	<u>36,130.58</u>
Increased by:			
Cancellation of Purchase Order			2,005.11
Reserve for Debt Service Cancelled			90,407.42
Improvement Authorizations			
Canceled			<u>28,854.10</u>
		<u>44,989.78</u>	<u>121,266.63</u>
Decreased by:			
Anticipated As Current Fund			
Revenue	C-2	30,000.00	112,407.42
Audit Adjustment			0.01
		<u>30,000.00</u>	<u>112,407.43</u>
Balance - December 31,	C	<u><u>14,989.78</u></u>	<u><u>44,989.78</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Washington, N. J.

## Comparative Balance Sheet - Regulatory Basis

## Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Operating Fund:			
Cash-Treasurer	D-5	2,141,216.32	1,564,362.06
Change Fund	D-7	75.00	75.00
		<u>2,141,291.32</u>	<u>1,564,437.06</u>
Receivables with Full Reserves:			
Consumer Accounts	D-8	320,308.75	364,568.16
Sewer Liens	D-9	24,259.79	20,515.79
		<u>344,568.54</u>	<u>385,083.95</u>
Total Operating Fund		<u>2,485,859.86</u>	<u>1,949,521.01</u>
Capital Fund:			
Cash	D-5;D-6	371,491.74	34,016.56
Interfund Receivable:			
Sewer Operating	D-11		100,000.00
Fixed Capital*	D-12	17,852,579.71	17,852,579.71
Total Capital Fund		<u>18,224,071.45</u>	<u>17,986,596.27</u>
Total Assets		<u>20,709,931.31</u>	<u>19,936,117.28</u>

\* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Washington, N. J.

## Comparative Balance Sheet - Regulatory Basis

## Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4;D-13	300,519.68	169,936.87
Prepaid Sewer Charges	D-10	2,146.21	598.00
Interfund Payable			
Current Fund	D-11	17,623.71	
Sewer Capital Fund	D-11		100,000.00
Encumbrances Payable	D-14	36,924.65	19,731.00
Accounts Payable	D-15	5,500.00	
Accrued Interest	D-16	73,298.25	77,578.25
Overpayment of Sewer Charges	D-18	3,532.60	101.79
		<u>439,545.10</u>	<u>367,945.91</u>
Reserve for Receivables	Contra	344,568.54	385,083.95
Fund Balance	D-1	<u>1,701,746.22</u>	<u>1,196,491.15</u>
Total Operating Fund		<u>2,485,859.86</u>	<u>1,949,521.01</u>
Capital Fund:			
Reserve for:			
Capital Outlay	D-17	240,000.00	120,000.00
Capital Improvement Fund	D-19	121,785.22	121,785.22
Reserve for Amortization	D-20	14,774,552.79	13,869,970.73
USDA Rural Development Loan	D-21	2,760,026.92	3,467,133.80
Serial Bonds Payable	D-22	318,000.00	398,000.00
Fund Balance	D-2	9,706.52	9,706.52
		<u>18,224,071.45</u>	<u>17,986,596.27</u>
Total Liabilities, Reserves and Fund Balances		<u>20,709,931.31</u>	<u>19,936,117.28</u>

Footnote D: There were no Bonds and Notes Authorized But Not Issued at December 31, 2014 and \$117,475.18 as of December 31, 2013 as per Exhibit D-23.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Washington, N. J.

## Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

## Sewer Utility Operating Fund

## Years Ended December 31,

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized:			
Surplus	D-1;D-3	187,523.71	320,000.00
Rents	D-3	2,521,169.44	2,436,072.10
Miscellaneous	D-3	330,477.11	148,841.72
Reserve Capacity Charges	D-3	9,059.00	12,065.05
Industrial/Commercial Permit Fees	D-3	16,474.00	16,474.00
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-13	77,725.82	58,711.55
Encumbrances Cancelled			20,560.29
Total Income		<u>3,142,429.08</u>	<u>3,012,724.71</u>
Expenditures:			
Operating	D-4	1,260,288.24	1,102,055.56
Capital Improvements	D-4	120,000.00	60,000.00
Debt Service	D-4	944,386.88	790,996.00
Deferred Charges and			
Statutory Expenditures	D-4	124,975.18	466,113.00
Total Expenditures		<u>2,449,650.30</u>	<u>2,419,164.56</u>
Statutory Excess to Surplus		<u>692,778.78</u>	<u>593,560.15</u>
Fund Balance - January 1,	D-1	<u>1,196,491.15</u>	<u>922,931.00</u>
		1,889,269.93	1,516,491.15
Decreased by:			
Utilized as Anticipated Revenue		<u>187,523.71</u>	<u>320,000.00</u>
Fund Balance - December 31,	D	<u><u>1,701,746.22</u></u>	<u><u>1,196,491.15</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Washington, N. J.

## Statement of Fund Balance - Regulatory Basis

## Sewer Utility Capital Fund

## Year Ended December 31,

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Balance - January 31,	D	<u>9,706.52</u>	4,431.73
Increased by:			
Cancellation of Funded Improvement Authorizations			<u>5,274.79</u>
Balance - December 31,	D	<u>9,706.52</u>	<u>9,706.52</u>

D-3

## Statement of Revenues - Regulatory Basis

## Sewer Utility Operating Fund

## Year Ended December 31, 2014

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	187,523.71	187,523.71	
Rents	D-1;D-8	2,233,497.78	2,521,169.44	287,671.66
Miscellaneous	D-1;D-5	20,000.00	330,477.11	310,477.11
Reserve Capacity Charges	D-1;D-5	12,000.00	9,059.00	(2,941.00)
Industrial/Commercial Permit Fees	D-1;D-5	16,000.00	16,474.00	474.00
Budget Totals		<u>2,469,021.49</u>	<u>3,064,703.26</u>	<u>595,681.77</u>

Analysis of Miscellaneous Revenue

## Interest on Investments:

Interest on Delinquent Sewer Rents	40,019.48
Other Miscellaneous	1,124.80
Connection Fees	128,698.30
Infrastructure Trust Loan Credits	159,149.06
Interest on Operating Deposits	<u>1,485.47</u>

D-3

330,477.11

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Statement of Expenditures - Regulatory Basis

Sewer Operating Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operating:							
Salaries and Wages		96,000.00	96,000.00	76,873.62	76,873.62	19,126.38	
Other Expenses		1,164,288.24	1,164,288.24	890,394.94	890,394.94	273,893.30	
Total Operating	D-1	1,260,288.24	1,260,288.24	967,268.56	967,268.56	293,019.68	
Capital Improvements:							
Capital Outlay		120,000.00	120,000.00	120,000.00	120,000.00		
Total Capital Improvements	D-1	120,000.00	120,000.00	120,000.00	120,000.00		
Debt Service:							
Payment of Bond Principal		80,000.00	80,000.00	80,000.00	80,000.00		
Interest on Bonds		11,830.00	11,830.00	11,830.00	11,830.00		
Infrastructure Trust Principal and Interest		871,928.07	871,928.07	852,556.88	852,556.88		19,371.19
Total Debt Service	D-1	963,758.07	963,758.07	944,386.88	944,386.88		19,371.19
Deferred Charges and Statutory Expenditures							
Capital Ordinance Funding		117,475.18	117,475.18	117,475.18	117,475.18		
Statutory Expenditures:							
Contribution to:							
Social Security System (O.A.S.I.)		7,500.00	7,500.00			7,500.00	
Total Deferred Charges and Statutory Expenditures	D-1	124,975.18	124,975.18	117,475.18	117,475.18	7,500.00	
Total Sewer Utility Appropriations		2,469,021.49	2,469,021.49	2,149,130.62	2,149,130.62	300,519.68	19,371.19
						D	
Cash Disbursed	D-5			1,954,925.97	1,954,925.97		
Encumbrances Payable	D-14			36,924.65	36,924.65		
Accrued Interest	D-16			157,280.00	157,280.00		
				2,149,130.62	2,149,130.62		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Washington, N.J.

## Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

(Unaudited)

	Balance <u>Dec. 31, 2014</u>	Balance <u>Dec. 31, 2013</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements		
Buildings	5,360,592.38	5,305,500.00
Machinery and Equipment	<u>3,954,322.00</u>	<u>3,890,880.00</u>
	<u>9,314,914.38</u>	<u>9,196,380.00</u>
 Investment in Fixed Assets	 <u>9,314,914.38</u>	 <u>9,196,380.00</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

**BOROUGH OF WASHINGTON, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounts principles (GAAP).

The financial statements of the Borough of Washington have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than generally accepted accounting principles. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

**A. Reporting Entity**

The Borough of Washington (the "Borough") is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Washington include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Washington, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Washington do not include operations of the library, first aid squads, local or regional school districts, inasmuch as their activities are administered by separate boards.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will, by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer Fire Department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting**

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Sewer Utility Operating and Sewer Capital Fund - This fund was used to account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

General Fixed Assets Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

**Basis of Accounting**

A modified accrual basis of accounting is followed by the Borough of Washington. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditure are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting (continued)**

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on November 11 in the current year, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund, and Sewer Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Basis of Accounting (continued)

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund, and Sewer Operating Fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Animal Control Trust Fund  
General Capital Fund

Sewer Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During the year several budget transfers were approved by the governing body.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting (continued)**

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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. GAAP does not require the establishment of an offsetting reserve.

Inventories - 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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by NJSA 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting (continued)**

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

General Fixed Assets - The Borough of Washington has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs from generally accepted accounting principles

Fixed Assets used in Governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that all fixed assets be capitalized at historical cost or estimated historical cost if actual historical cost is not available.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Basis of Accounting (continued)

Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Government Accounting Standards Board issued GASB Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term "government combinations" includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement, which is effective for financial statements beginning after December 15, 2013, will not have any effect on the entity's financial reporting.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**NOTE 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2014 statutory budget included a reserve for uncollected taxes in the amount of \$876,840.50. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 statutory budget was \$750,000.00.

Interdepartment budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Borough Council.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. There were items of revenue and appropriation inserted into the annual budget for 2014; Clean Communities Grant for \$12,470.90; Small Cities Grant for \$95,000.00; and Sustainable NJ Grant for \$2,000.00.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need or public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2014, there were no special emergency appropriations.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 3: FIXED ASSETS (UNAUDITED)**

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2014.

	<u>Balance as of Dec. 31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of Dec. 31, 2014</u>
Land, Land Improvements, & Buildings	\$5,305,500.00	\$ 55,092.38	\$ -	\$5,360,592.38
Machinery & Equipment	<u>3,890,880.00</u>	<u>91,803.00</u>	<u>28,361.00</u>	<u>3,954,322.00</u>
	<u>\$9,196,380.00</u>	<u>\$146,895.38</u>	<u>\$28,361.00</u>	<u>\$9,314,914.38</u>

**NOTE 4: MUNICIPAL DEBT**

The Local Bond law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

<u>Issued</u>	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
General:			
Bonds, Notes & Loans	\$ 8,016,007.20	\$ 8,598,126.88	\$9,099,613.67
Sewer Utility:			
Bonds, Notes & Loans	<u>3,078,026.92</u>	<u>3,865,133.80</u>	<u>4,622,705.24</u>
Total Issued	<u>11,094,034.12</u>	<u>12,463,260.68</u>	<u>13,722,318.91</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	-	1,195.00	1,195.00
Sewer Utility:			
Bonds and Notes	<u>-</u>	<u>117,475.18</u>	<u>577,088.18</u>
Total Authorized But Not Issued	<u>-</u>	<u>118,670.18</u>	<u>578,283.18</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$11,094,034.12</u>	<u>\$12,581,930.86</u>	<u>\$14,300,602.09</u>

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 4: MUNICIPAL DEBT (CONTINUED)**

**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 statement net debt of 1.759%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 8,016,007.20	\$ -	\$8,016,007.20
Sewer Utility Debt	3,078,026.92	3,078,026.92	-
Local School District Debt	<u>2,610,000.00</u>	<u>2,610,000.00</u>	<u>-</u>
	<u>\$13,704,034.12</u>	<u>\$5,688,026.92</u>	<u>\$8,016,007.20</u>

Net Debt \$8,016,007.20 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, 455,756,543.00 = 1.759%.

**BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED**

3 ½% of Equalized Valuation Basis (Municipal)	\$15,951,479.00
Net Debt	<u>8,016,007.20</u>
Remaining Borrowing Power	<u>\$ 7,935,471.80</u>

**ANALYSIS OF AVERAGE EQUALIZED VALUATION**

2014	455,756,543.00	
2013		481,072,644.67
2012		520,267,040.33

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 4: MUNICIPAL DEBT (CONTINUED)**

School Debt Deduction

School Debt is deductible up to the extent of 2.5% of the Average Equalized Assessed Valuation of real property for the Local and Regional School Districts.

CALCULATION OF "SELF-LIQUIDATING PURPOSE" SEWER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$3,064,703.26
Operating And Maintenance Costs	\$1,385,263.42	
Debt Service	<u>944,386.88</u>	
		<u>2,329,650.30</u>
Excess in Revenue		<u>\$ 735,052.96</u>

If there is an "excess in revenue" all such utility debt is deductible. If there is a deficit, then utility debt is not deductible to the extent of 20 times such deficit amount. The forgoing debt information is not in agreement with the Annual Debt Statement filed by the Chief Financial Officer. A updated copy will be filed.

The Borough's debt issued and outstanding on December 31, 2014 is as follows:

General Capital Fund:

\$328,750.00 Green Acres Trust Loan - dated October 17, 2002 with New Jersey Department of Environmental Protection. This loan is payable in semi-annual installments through July 2022. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining as of December 31, 2014 was \$150,436.72.

\$283,200.00 Green Acres Trust Loan - dated March 4, 2009 with New Jersey Department of Environmental Protection. This loan is payable in semi-annual installments through December 31, 2026. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining as of December 31, 2014 was \$204,570.48.

General Serial Bonds - \$5,590,000.00 of 2008 General Improvement Bonds - dated March 12, 2008. This bond is payable in annual installments through March 1, 2022. The interest is payable annually at variable interest rates. The balance remaining as of December 31, 2014 was \$4,855,000.00.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 4: MUNICIPAL DEBT (CONTINUED)**

General Capital Fund (continued):

General Refunding Bonds - \$830,000.00 of 2012 General Refunding Bonds - dated April 1, 2012. This bond is payable in annual installments through April 1, 2016. The interest is payable semi-annually a rate of 2.00% per annum. The balance remaining as of December 31, 2014 was \$410,000.00.

General Improvement Bonds - \$2,706,000.00 of 2012 General Improvement Bonds - dated April 1, 2012. This bond is payable in annual installments through April 1, 2027. The interest is payable semi-annually at various rates from 2.00-2.60% per annum. The balance remaining as of December 31, 2014 was \$2,396,000.00

Sewer Utility Capital Fund:

Wastewater Treatment Loans:

\$7,060,000.00 of 1998 Trust Loan dated August 1, 1998. This loan is payable in annual installments of \$425,000.00 to \$575,000.00 through August 2017. Interest is calculated at 5.00% and is included in the annual installments. The remaining balance as of December 31, 2014 was \$1,640,000.00.

\$1,075,000.00 of 1998 Trust Loan dated August 1, 1998. This loan is payable in annual installments of \$65,000.00 to \$85,000.00 through August 2017. Interest is calculated at 5.00% and is included in the annual installments. The remaining balance as of December 31, 2014 was \$240,000.00.

\$790,000.00 of 2002 Trust Loan dated October 15, 2002. This loan is payable in annual installments of \$35,000.00 to \$60,000.00 through August 2022. Interest is calculated at variable interest rates and is included in the annual installments. The remaining balance as of December 31, 2014 was 420,000.00.

\$1,014,350.00 of 1998 Fund Loan dated August 1, 1998. This loan is payable in annual installments of \$11,047.73 to \$55,622.13 through August 2017. The remaining balance as of December 31, 2014 was \$118,461.29.

\$835,741.00 of 2002 Fund Loan dated October 15, 2002. This loan is payable in annual installments of \$41,418.99 to \$44,186.70 through August 2022. The remaining balance as of December 31, 2014 was \$341,565.63.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 4: MUNICIPAL DEBT (CONTINUED)**

Sewer Revenue Bonds:

\$728,828.00 of 2008 Sewer Bonds Notes dated March 12, 2008. This loan is payable in annual installments of \$78,000.00 to \$80,000.00 through March 1, 2018. Interest is calculated at variable interest rates and is included in the annual installments. The remaining balance as of December 31, 2014 was \$318,000.00

The Borough's long term debt consisted of the following at December 31, 2014:

General Obligation Bonds & Loan from the General Capital Account	\$ 8,016,007.20
Sewer Utility Loan from the Sewer Utility Capital Account	<u>3,078,026.92</u>
	<u>\$11,094,034.12</u>

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED  
AND OUTSTANDING DECEMBER 31, 2014**

Calendar Year	General		Sewer Utility		Yearly Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	602,765.27	278,533.13	816,719.59	127,360.00	1,419,484.86	405,893.13
2016	628,423.86	261,537.05	846,002.95	91,760.00	1,474,426.81	353,297.05
2017	769,095.68	238,315.23	844,773.14	54,660.00	1,613,868.82	292,975.23
2018	799,781.01	207,879.91	170,077.87	15,605.00	969,858.88	223,484.91
2019	910,480.10	173,405.81	98,725.39	11,350.00	1,009,205.49	184,755.81
2020-2024	3,571,885.97	326,564.39	301,727.98	17,300.00	3,873,613.95	343,864.39
2025-2027	<u>733,575.31</u>	<u>26,746.55</u>	<u>-</u>	<u>-</u>	<u>733,575.31</u>	<u>26,746.55</u>
Total	<u>8,016,007.20</u>	<u>1,512,982.07</u>	<u>3,078,026.92</u>	<u>318,035.00</u>	<u>11,094,034.12</u>	<u>1,831,017.07</u>

Long-term debt as of December 31, 2014 consisted of the following:

	Balance Dec. 31, 2013	Reductions	Balance Dec. 31, 2014	Amount Due Within One Year
General Capital Fund:				
General Serial Bonds	\$8,211,000.00	\$ 550,000.00	\$7,661,000.00	\$570,000.00
Green Acres Trust Fund	<u>387,126.88</u>	<u>32,119.68</u>	<u>355,007.20</u>	<u>32,765.27</u>
	<u>\$8,598,126.88</u>	<u>\$582,119.68</u>	<u>\$8,016,007.20</u>	<u>\$602,765.27</u>

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 4: MUNICIPAL DEBT (CONTINUED)**

	<u>Balance Dec. 31, 2013</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2014</u>	<u>Amount Due Within One Year</u>
Sewer Capital Fund:				
General Serial Bonds	\$ 398,000.00	\$ 80,000.00	\$ 318,000.00	\$ 80,000.00
Waste Sewer Loans	<u>3,467,133.80</u>	<u>707,106.88</u>	<u>2,760,026.92</u>	<u>736,719.59</u>
	<u>3,865,133.80</u>	<u>787,106.88</u>	<u>3,078,026.92</u>	<u>816,719.59</u>
Compensated Absences Payable	<u>114,589.64</u>	<u>8,493.51</u>	<u>106,096.13</u>	
	<u>\$12,577,850.32</u>	<u>\$1,377,720.07</u>	<u>\$11,200,130.25</u>	<u>\$1,419,484.86</u>

**NOTE 5: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2014 and 2013 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Current Fund	<u>\$807,225.42</u>	<u>\$750,000.00</u>
Sewer Utility Operating	<u>\$281,510.00</u>	<u>\$187,523.71</u>

**NOTE 6: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec 31, 2014</u>	<u>Balance Dec 31, 2013</u>
Prepaid Taxes	<u>\$47,137.58</u>	<u>\$46,682.08</u>
Cash Liability for Taxes Collected in Advance	<u>\$47,137.58</u>	<u>\$46,682.08</u>

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 7: LOCAL AND REGIONAL DISTRICT SCHOOL 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 Borough of Washington has elected to defer school taxes.

	Balance <u>December 31, 2014</u>	Balance <u>December 31, 2013</u>
<u>Local District School Tax</u>		
Balance of Tax	\$2,234,453.75	\$2,192,541.23
Deferred	<u>1,966,586.02</u>	<u>1,966,586.02</u>
School Tax Payable	<u>267,867.73</u>	<u>225,955.21</u>
<u>Regional High School Tax</u>		
Balance of Tax	2,152,235.38	2,029,620.90
Deferred	<u>2,090,928.14</u>	<u>2,029,620.90</u>
School Tax Payable	<u>\$ 61,307.24</u>	<u>\$ -</u>

**NOTE 8: PENSION PLANS**

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 8: PENSION PLANS (CONTINUED)**

*Public Employees' Retirement System (PERS), (continued)*

determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 8: PENSION PLANS (CONTINUED)**

*Police and Firemens' Retirement System (PFRS)*

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010 (Tier 2 members), eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 8: PENSION PLANS (CONTINUED)**

Contribution Requirements (continued)

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u>
2014	\$100,556.00
2013	110,939.00
2012	142,903.00

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 8: PENSION PLANS (CONTINUED)**

Defined Contribution Retirement Program (continued)

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

The Borough of Washington's contributions for DCRP for the years ended December 31, 2014, 2013 and 2012 were \$3,676.63, \$3,419.54, and \$2,761.56, respectively, which equals the required contribution for each year. There were 10 employees eligible to be enrolled in the DCRP as of December 31, 2014, 9 employees as of December 31, 2013, and 6 employees as of December 31, 2012.

**NOTE 9: ACCRUED SICK AND VACATION BENEFITS**

The Borough of Washington has permitted employees to accrue unused 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 be approximately \$106,096.13. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used.

**NOTE 10: CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2014, \$-0- of the Borough's bank balance of \$7,429,386.84 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 10: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the Borough is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The Borough places no limit on the amount the Borough may invest in any one issuer.

**NOTE 11: RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2014 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**NOTE 12: PUBLIC ASSISTANCE**

The Borough of Washington has elected to have the County of Warren process all public assistance granted to the residents. Therefore, the Borough of Washington no longer has a public assistance director.

**NOTE 13: HEALTH INSPECTIONS**

The Borough of Washington has elected to have the County of Warren, Department of Health, do all the health inspections. Therefore, the Borough does not have a health inspector.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 14: DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at December 31, 2014 consist of the following:

\$ 133.96	Due to Current Fund from Other Trust Fund for disbursements in the Current Fund.
<u>17,623.71</u>	Due to Current Fund from the Sewer Operating Fund for cash receipts and disbursements.
<u>\$17,757.67</u>	

It is anticipated that all interfunds will be liquidated during the calendar year.

**NOTE 15: CONTINGENT LIABILITIES**

The Borough of Washington counsel advises us of the following:

- “1. Various claims by persons who have asserted tort claims against the Borough of Washington. These claims have been turned over to the insurance company and this firm is not familiar with the status of these claims, except that the insurance company has not advised us in writing that there are any claims that will exceed the policy limits or that there are any uncovered claims asserted.
2. Various tax appeals which are being handled by others.”

**NOTE 16: SUBSEQUENT EVENT**

The Borough has evaluated subsequent events through June 25, 2015, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**SUPPLEMENTARY DATA**

**BOROUGH OF WASHINGTON, N.J.**

**OFFICIALS IN OFFICE AND SURETY BONDS**  
**YEAR ENDED DECEMBER 31, 2014**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Scott McDonald	Mayor	*
Jeanine Gleba	Deputy Mayor	*
Ethel Conry	Councilperson	*
David Higgins	Councilperson	*
Paul Jones	Councilperson	*
Richard Thompson	Councilperson	*
Robert Torres	Councilperson	*
Kristine Blanchard	Manager; Municipal Clerk; Registrar	*
Natasha Turchan	CFO; Tax Collector	*
Patrick Stefanelli	Zoning Officer to 10/2014	*
Rudy Bescherer	Zoning Officer from 10/2014	*
Ryan Riccio	Tax Assessor	*
Keith Gonzalez	Fire Office	*
Mike Finelli	Engineer	
Richard P. Cushing, Esq.	Attorney	
Scott Willhelm	Public Defender	
Kimberly Bennett	Animal Control Officer	*
Thomas M. Ferry, C.P.A., R.M.A.	Auditor	

\* Public Employees Dishonesty Blanket Bond is in force covering each employee for \$1,000,000.00 issued by Fidelity and Deposit Company of Maryland, Statewide Insurance Fund, named insurer.

Borough of Washington  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Program or Award Amount	Grant Period From/To	12/31/2013		Receipts	Expended	Purchase Order Adjustment	12/31/2014		MEMO Cumulative Total Expenditures	
				(Receivable)	Reserve Balance				(Receivable)	Reserve Balance		
<b>FEDERAL AND STATE GRANT FUND</b>												
Department of Housing & Urban Development Pass Through State of New Jersey Department of Community Affairs Small Cities Program	14.228	495,000.00	2/1/12-1/13/14	(264,787.50)	264,787.50	316,692.00	324,504.50	-	(43,095.50)	35,283.00	-	
				(264,787.50)	264,787.50	316,692.00	324,504.50	-	(43,095.50)	35,283.00	-	
Department of Justice Bulletproof Vest Partnership Program	16.607	2,430.00	1/1/04-12/31/04	(3.00)	-	-	-	-	(3.00)	-	-	
				(3.00)	-	-	-	-	(3.00)	-	-	
<b>FEDERAL AND STATE GRANT FUND</b>												
				(264,790.50)	264,787.50	316,692.00	324,504.50	-	(43,098.50)	35,283.00	-	
				(264,790.50)	264,787.50	316,692.00	324,504.50	-	(43,098.50)	35,283.00	-	
<b>TOTAL FEDERAL AID</b>												
				(264,790.50)	264,787.50	316,692.00	324,504.50	-	(43,098.50)	35,283.00	-	

Note: This schedule was not subject to an audit in accordance with Federal OMB Circular A-133.



**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

**CURRENT FUND**

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	750,000.00	3.76%	662,466.00	1.60%
Miscellaneous - From Other Than				
Local Property Tax Levies	1,106,963.88	5.55%	1,084,104.72	5.72%
Collection of Delinquent Taxes				
and Tax Title Liens	788,417.75	3.95%	707,970.48	2.94%
Collection of Current				
Tax Levy	17,008,122.83	85.27%	16,583,573.11	87.27%
Other Credits to Income	292,171.39	3.06%	274,651.09	2.47%
	<u>19,945,675.85</u>	<u>100.00%</u>	<u>19,312,765.40</u>	<u>100.00%</u>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Municipal Purposes	6,821,012.63	35.64%	6,643,287.04	35.01%
Local and Regional School Taxes	8,751,763.00	45.73%	8,545,494.82	44.91%
County Taxes	3,345,874.84	17.48%	3,169,718.93	18.01%
Special Improvement District Tax	200,000.00	1.05%	200,000.00	1.06%
Other Expenditures	17,623.71	0.66%	19,700.00	1.01%
	<u>19,136,274.18</u>	<u>100.00%</u>	<u>18,578,200.79</u>	<u>100.00%</u>
<b>Statutory Excess to Fund Balance</b>	809,401.67		734,564.61	
<b>Fund Balance, January 1,</b>	<u>1,445,622.12</u>		<u>1,373,523.51</u>	
	2,255,023.79		2,108,088.12	
<b>Less:</b>				
Utilized as Anticipated Revenue	<u>750,000.00</u>		<u>662,466.00</u>	
<b>Fund Balance, December 31,</b>	<u>1,505,023.79</u>		<u>1,445,622.12</u>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

**SEWER UTILITY OPERATING FUND**

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	187,523.71	5.97%	320,000.00	10.62%
Rents	2,521,169.44	80.23%	2,436,072.10	80.86%
Miscellaneous	330,477.11	10.52%	148,841.72	4.94%
Reserve Capacity Charges	9,059.00	0.29%	12,065.05	0.40%
Industrial/Commercial Permit Fees	16,474.00	0.52%	16,474.00	0.55%
Other Credits to Income	77,725.82	2.47%	79,271.84	2.63%
<b><u>Total Revenue and Other Income Realized</u></b>	<b><u>3,142,429.08</u></b>	<b><u>100.00%</u></b>	<b><u>3,012,724.71</u></b>	<b><u>100.00%</u></b>
 <b><u>Expenditures</u></b>				
Budget Expenditures:				
Operating	1,260,288.24	51.45%	1,102,055.56	45.56%
Capital Improvements	120,000.00	4.90%	60,000.00	2.48%
Debt Service	944,386.88	38.55%	790,996.00	32.70%
Deferred Charges and Statutory Expenditures	124,975.18	12.04%	466,113.00	19.27%
<b><u>Total Expenditures</u></b>	<b><u>2,449,650.30</u></b>	<b><u>100.00%</u></b>	<b><u>2,419,164.56</u></b>	<b><u>100.00%</u></b>
 <b>Statutory Excess to Fund Balance</b>	 692,778.78		 593,560.15	
 <b>Fund Balance, January 1,</b>	 <u>1,196,491.15</u>		 <u>922,931.00</u>	
	1,889,269.93		1,516,491.15	
<b>Less:</b>				
<b>Utilized as Anticipated Revenue</b>	<u>187,523.71</u>		<u>320,000.00</u>	
 <b>Fund Balance, December 31,</b>	 <u><u>1,701,746.22</u></u>		 <u><u>1,196,491.15</u></u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate:</u>	<u>4.696</u>	<u>4.625</u>	<u>4.600</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	1.454	1.474	1.495
County	.836	.792	.775
County Open Space	.057	.058	.085
Local School	1.227	1.207	1.147
Regional School	1.122	1.094	1.098

Assessed Valuation

2014	372,490,882.00		
2013		370,909,325.00	
2012			371,768,899.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2014	17,855,246.37	17,008,122.83	95.25%
2013	17,456,171.34	16,583,573.11	95.00%
2012	17,454,813.23	16,647,650.06	95.37%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2014	816,932.56	1,056,215.17	1,873,147.73	10.49%
2013	836,075.23	984,571.59	1,820,646.85	10.43%
2012	739,109.32	913,734.48	1,652,843.80	9.47%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2014	138,600.00
2013	138,600.00
2012	138,600.00

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2014	2,480,654.03	2,521,169.44
2013	2,447,863.31	2,436,072.10
2012	2,421,631.46	2,440,509.31

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Current Fund:</u>	2014	1,505,023.79	807,225.42
	2013	1,445,622.12	750,000.00
	2012	1,373,523.51	662,466.00
	2011	680,137.63	310,000.00
	2010	637,454.42	306,681.36
 <u>Sewer Utility Operating Fund:</u>			
	2014	1,701,746.22	281,510.00
	2013	1,196,491.15	187,523.71
	2012	922,931.00	300,000.00
	2011	778,276.29	433,227.30
	2010	438,853.79	-

## Borough of Washington, N.J.

## Schedule of Cash - Treasurer

## Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance - December 31, 2013	A	<u>2,360,968.28</u>	<u>39,445.78</u>
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	28,952.17	
Taxes Receivable	A-6	17,704,731.42	
Revenue Accounts Receivable	A-11	966,241.65	
Due From State - Senior Citizen and Veteran Deductions	A-12	43,377.08	
Interfunds	A-13	28,937.19	
Various Cash Liabilities and Reserves	A-15	327,141.57	
Prepaid Taxes	A-16	47,137.58	
Interfund - Current Fund	A-21		8,111.00
Grants Receivable	A-22		341,400.92
Unappropriated Reserves	A-24		4,160.91
		<u>19,146,518.66</u>	<u>353,672.83</u>
		21,507,486.94	393,118.61
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	6,217,488.52	
Interfunds	A-13	33,396.34	
Appropriation Reserves	A-14	281,259.62	
Various Cash Liabilities and Reserves	A-15	323,961.65	
County Taxes Payable	A-17	3,338,247.07	
Local School District Taxes Payable	A-18	4,527,993.48	
Regional High School Taxes Payable	A-19	4,120,549.76	
Special Improvement District Taxes Payable	A-20	200,000.00	
Appropriated Reserves for Grants	A-23		366,427.63
		<u>19,042,896.44</u>	<u>366,427.63</u>
Balance - December 31, 2014	A	<u>2,464,590.50</u>	<u>26,690.98</u>

**Borough of Washington, N.J.**  
**Schedule of Cash - Change Fund**  
**Current Fund**  
**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	A	<u><u>325.00</u></u>
Balance - December 31, 2014	A	<u><u>325.00</u></u>
 <u>Analysis of Balance:</u>		
Tax Collector		100.00
Municipal Clerk		100.00
Recreation		<u>125.00</u>
		<u><u>325.00</u></u>

Borough of Washington, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2014

Year	Balance, Dec. 31, 2013	Levy	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2014
			2013	2014				
2010	11,522.71						11,522.71	
2011	12,012.92					4.00	12,008.92	
2012	11,905.73					16.73	11,889.00	
2013	800,633.87		790,040.67	(1,622.92)		3.91	12,212.21	
	836,075.23		790,040.67	(1,622.92)		24.64	47,632.84	
		17,692,416.10	162,830.27	44,750.00	71,643.58	6,180.24	769,299.72	
2014	836,075.23	17,692,416.10	162,830.27	43,127.08	71,643.58	6,204.88	816,932.56	
	A		A-2;A-16	A-2;A-12	A-7		A	

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	17,692,416.10
Added Tax (R.S. 54:4-63.1 et seq.)	162,830.27
	<u>17,855,246.37</u>
Tax Levy:	
County Tax	A-17
Added County Taxes	3,319,584.12
	<u>26,290.72</u>
Local District School Tax	A-18
Regional High School Tax	A-19
Special Improvement District Tax	A-20
	8,951,763.00
	<u>12,297,637.84</u>
Local Tax for Municipal Purposes	A-2
Additional Taxes	5,418,222.26
	<u>139,386.27</u>
	5,557,608.53
	<u>17,855,246.37</u>

**Borough of Washington, N.J.**  
**Schedule of Tax Title Liens Receivable**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	A	984,571.59
Increased by:		
Transferred from 2014 Taxes Receivable	A-6	<u>71,643.58</u>
Balance - December 31, 2014	A	<u><u>1,056,215.17</u></u>

**Schedule of Property Acquired for  
Taxes Assessed Valuation**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	A	<u><u>138,600.00</u></u>
Balance - December 31, 2014	A	<u><u>138,600.00</u></u>

**Borough of Washington, N.J.**  
**Schedule of Maintenance Liens Receivable**

**Current Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	<u>Ref.</u> A	<u>7,589.83</u>
Balance - December 31, 2014	A	<u><u>7,589.83</u></u>

**Schedule of Labor Liens Receivable**  
**Current Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	<u>Ref.</u> A	4,484.00
Decreased by:		
Adjustment		<u>4,248.00</u>
Balance - December 31, 2014	A	<u><u>236.00</u></u>

Borough of Washington, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2014

	Ref.	Balance Dec. 31, 2013	Accrued	Collected	Balance Dec. 31, 2014
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		5,040.00	5,040.00	
Other	A-2		2,460.00	2,460.00	
Fees and Permits	A-2		19,590.00	19,590.00	
Municipal Court :					
Fines and Costs	A-2	5,484.86	105,540.20	101,834.57	9,190.49
Tax Collector:					
Interest and Costs on Taxes	A-2		182,104.50	182,104.50	
Interest on Investments and Deposits	A-2		3,267.63	3,267.63	
Consolidated Municipal Property Tax					
Relief Aid	A-2		47,486.00	47,486.00	
Energy Receipts	A-2		545,890.00	545,890.00	
Animal Shelter Trust Fund	A-2		5,200.00	5,200.00	
General Capital Fund Balance	A-2		30,000.00	30,000.00	
Uniform Fire Safety Act	A-2		2,988.38	2,988.38	
Cable TV Gross Receipts	A-2		20,380.57	20,380.57	
		<u>5,484.86</u>	<u>969,947.28</u>	<u>966,241.65</u>	<u>9,190.49</u>
		A		A-4	A

## Borough of Washington, N.J.

**Schedule of Amount Due From State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	A	6,674.49
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billing		44,250.00
Senior Citizens' and Veterans' Deductions Per Tax Collector		<u>500.00</u>
		44,750.00
Less: Senior Citizens Deductions Disallowed		
By the Tax Collector - 2013 Taxes		<u>1,622.92</u>
	A-6	<u>43,127.08</u>
		<u>49,801.57</u>
Decreased by:		
State Share of Senior Citizens and Veteran		
Deductions Received in Cash	A-4	<u>43,377.08</u>
Balance - December 31, 2014	A	<u><u>6,424.49</u></u>

## Borough of Washington, N.J.

## Schedule of Interfunds Receivables/(Payables)

## Current Fund

Year Ended December 31, 2014

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance			Due From/(To) Balance
		<u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2014</u>
Federal and State Grants			8,111.00	8,111.00	
Other Trust	A	21,409.52	7,661.63	28,937.19	133.96
Sewer Utility Operating Fund	A		17,623.71		17,623.71
		<u>21,409.52</u>	<u>33,396.34</u>	<u>37,048.19</u>	<u>17,757.67</u>
<u>Analysis</u>					
Due From Current Fund	A-1	<u>21,409.52</u>			<u>17,757.67</u>
Appropriations-Grants	A-3		8,111.00		
Received	A-4			28,937.19	
Disbursed	A-4		25,285.34	8,111.00	
			<u>33,396.34</u>	<u>37,048.19</u>	

**Borough of Washington, N. J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2014**

	Balance, Dec. 31, <u>2013</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<u>GENERAL GOVERNMENT</u>				
Administration and Executive:				
Salaries and Wages	318.75	318.75		318.75
Other Expenses	4,057.26	4,057.26	1,998.74	2,058.52
Mayor and Council:				
Salaries and Wages	2,521.72	2,521.72		2,521.72
Other Expenses	78.00	78.00	27.05	50.95
Municipal Clerk:				
Salaries and Wages	808.34	808.34		808.34
Other Expenses	1,926.27	1,926.27		1,926.27
Financial Administration:				
Salaries and Wages	692.06	692.06		692.06
Other Expenses	4,477.94	4,477.94	740.68	3,737.26
Annual Audit	13,055.00	13,055.00	12,925.00	130.00
Revenue Administration:				
Salaries and Wages	12,410.68	2,060.68		2,060.68
Other Expenses	3,431.53	3,431.53	1,209.46	2,222.07
Assessment of Taxes:				
Salaries and Wages	2,287.66	2,287.66		2,287.66
Other Expenses	2,762.82	2,762.82	146.46	2,616.36
Legal Services and Costs:				
Other Expenses	63,836.56	63,836.56	7,534.86	56,301.70
Engineering Services and Costs:				
Other Expenses	35,378.80	35,378.80	4,628.75	30,750.05
Planning Board:				
Salaries and Wages	0.41	0.41		0.41
Other Expenses	3,953.86	3,953.86	87.00	3,866.86
Board of Adjustment:				
Salaries and Wages	2,840.50	2,840.50		2,840.50
Other Expenses	1,420.08	1,420.08	450.00	970.08
Local Code Enforcement:				
Salaries and Wages	8,678.75	8,678.75		8,678.75
Other Expenses	715.29	715.29		715.29
P.E.O.S.H.A. (P.L. 1983, C516)				
Other Expenses	1,000.00	1,000.00		1,000.00
Insurance:				
Employee Group Health	8,950.89	8,950.89	1,575.00	7,375.89

**Borough of Washington, N. J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2014**

	Balance, Dec. 31, <u>2013</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<u>PUBLIC SAFETY</u>				
Fire				
Other Expenses:				
Fire Hydrant Service	17,988.00	17,988.00	17,004.00	984.00
Uniform Fire Safety Act (P.L. 1983,C.383):				
Fire and Safety Code Enforcement:				
Salaries and Wages	5,616.35	5,616.35		5,616.35
Other Expenses	1,918.33	2,218.33	799.87	1,418.46
Office of Emergency Management:				
Salaries and Wages	1,181.84	1,181.84		1,181.84
Other Expenses	1,000.00	1,000.00		1,000.00
<u>STREETS AND ROADS</u>				
Road Repairs and Maintenance:				
Salaries and Wages	72,194.99	72,194.99	70,542.99	1,652.00
Other Expenses	47,816.89	47,816.89	47,785.29	31.60
<u>SANITATION</u>				
Garbage and Trash Removal				
Other Expenses - Contractual	23,583.37	23,583.37	23,583.33	0.04
Shade Tree Commission:				
Other Expenses	7,480.66	7,480.66	7,425.00	55.66
Public Building and Grounds:				
Salaries and Wages	428.81	428.81		428.81
Other Expenses	7,038.25	7,038.25	2,833.98	4,204.27
<u>HEALTH AND WELFARE</u>				
Animal Control:				
Salaries and Wages	586.77	586.77		586.77
Recreation and Education				
Salaries and Wages	2,789.74	2,789.74		2,789.74
Other Expenses	1,284.30	1,284.30		1,284.30
Municipal Court:				
Other Expenses		7,500.00	7,318.00	182.00
Public Defender (P.L. 1977, C.256)				
Other Expenses	4,800.00	4,800.00		4,800.00

**Borough of Washington, N. J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2014**

	Balance, Dec. 31, <u>2013</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<u>UNCLASSIFIED</u>				
Utility Expenses:				
Electricity	25,411.50	25,411.50	4,657.73	20,753.77
Natural Gas	3,637.99	4,037.99	4,002.69	35.30
Street Lighting & Traffic Lights	21,982.86	21,982.86	6,157.44	15,825.42
Telephone	4,171.57	4,171.57	1,500.38	2,671.19
Water	428.53	778.53	778.53	
Sewer Disposal	35,247.40	35,247.40	9,867.90	25,379.50
Gasoline and Diesel Fuel	6,824.43	8,624.43	1,984.88	6,639.55
Deferred Charges and Statutory Expenditures				
Contribution to:				
Social Security System (O.A.S.I.)	9,992.71	9,992.71		9,992.71
Defined Contribution Retirement Program	580.46	580.46	80.25	500.21
Maintenance of Free Public Library:				
Salaries and Wages	24,891.14	24,891.14	24,891.14	
Other Expenses	18,723.22	18,723.22	18,723.22	
Total General Appropriation Reserves	<u>523,203.28</u>	<u>523,203.28</u>	<u>281,259.62</u>	<u>241,943.66</u>
			A-4	A-1

	<u>Ref.</u>	
Unencumbered	A	353,037.12
Encumbered	A	<u>170,166.16</u>
		<u>523,203.28</u>

Borough of Washington, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2014

	Balance <u>Dec. 31, 2013</u>	Increased	Decreased	Balance <u>Dec. 31, 2014</u>
<u>Liabilities and Reserves</u>				
<u>Liabilities:</u>				
Tax Overpayments	27,889.51	57,241.36	54,802.66	30,328.21
<u>Reserve for:</u>				
Outside Lien Holders		266,592.21	266,592.21	63,276.80
Tax Appeals	63,276.80			500.00
Tree Shade		500.00		5,017.04
State Library Aid	4,775.82	2,808.00	2,566.78	9,900.00
Sale of Municipal Assets	9,900.00			
	<u>105,842.13</u>	<u>327,141.57</u>	<u>323,961.65</u>	<u>109,022.05</u>
	A	A-4	A-4	A

## Borough of Washington, N.J.

## Schedule of Prepaid Taxes

## Current Fund

## Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	A	48,682.08
Increased by:		
Receipts - Prepaid 2015 Taxes	A-4	47,137.58
		<u>95,819.66</u>
Decreased by:		
Applied to 2014 Taxes	A-6	48,682.08
		<u>48,682.08</u>
Balance - December 31, 2014	A	<u><u>47,137.58</u></u>

**Borough of Washington, N.J.**  
**Schedule of County Taxes Payable**  
**Current Fund**  
**Year Ended December 31, 2014**

Balance - December 31, 2013	<u>Ref.</u> A		18,662.95
Increased by:			
Levy	A-6	3,319,584.12	
Added and Omitted Taxes	A-6	<u>26,290.72</u>	
	A-1		<u>3,345,874.84</u>
			<u>3,364,537.79</u>
Decreased by:			
Payments	A-4		<u>3,338,247.07</u>
Balance - December 31, 2014	A		<u><u>26,290.72</u></u>

**Borough of Washington, N.J.**  
**Schedule of Local School District Tax**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>		
Balance - December 31, 2013			
School Tax Deferred		1,966,586.02	
School Tax Payable	A	<u>225,955.21</u>	2,192,541.23
Increased by:			
Levy School Year July 1, 2014 to June 30, 2015	A-6		<u>4,569,906.00</u>
			<u>6,762,447.23</u>
Decreased by:			
Payments	A-4		<u>4,527,993.48</u>
Balance - December 31, 2014			
School Tax Deferred		1,966,586.02	
School Tax Payable	A	<u>267,867.73</u>	<u>2,234,453.75</u>
2014 Liability for Local Taxes Paid			4,527,993.48
Taxes Payable December 31, 2014			<u>267,867.73</u>
			4,795,861.21
Less:			
Taxes Payable December 31, 2013			<u>225,955.21</u>
Amount Charged to Operations	A-1		<u><u>4,569,906.00</u></u>

**Borough of Washington, N.J.**

**Schedule of Regional High School Taxes Payable**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>		
Balance - December 31, 2013			
School Taxes Deferred		<u>2,029,620.90</u>	2,029,620.90
Increased by:			
Levy School Year July 1, 2014 to June 30, 2015	A-6		<u>4,181,857.00</u>
			6,211,477.90
Decreased by:			
Payments	A-4		<u>4,120,549.76</u>
Balance - December 31, 2014			
Tax Payable	A	61,307.24	
School Taxes Deferred		<u>2,090,928.14</u>	<u>2,152,235.38</u>
2014 Liability for Regional District School Tax:			
Taxes Paid			4,120,549.76
Taxes Payable-December 31, 2014			<u>61,307.24</u>
Amount Charged to Operations	A-1		<u>4,181,857.00</u>

A-20

**Schedule of Special Improvement District Taxes Payable**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>		
Increased by:			
Levy- 2014	A-1;A-6		<u>200,000.00</u>
Decreased by:			
Payments	A-4		<u>200,000.00</u>

Borough of Washington, N.J.

Schedule of Interfunds Receivable (Payable)

Federal and State Grant Fund

Year Ended December 31, 2014

<u>Fund</u>	<u>Ref.</u>	<u>Increased</u>	<u>Decreased</u>
Current Fund		<u>8,111.00</u>	<u>8,111.00</u>
Cash Receipts	A-4	8,111.00	8,111.00
Appropriated Grants - Matching Share	A-23	<u>8,111.00</u>	<u>8,111.00</u>

**Borough of Washington, N.J.**

**Schedule of Grants Receivable**

**Federal and State Grant Fund**

**Year Ended December 31, 2014**

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Budget</u> <u>Revenue</u>	<u>Received</u>	<u>Transfer from</u> <u>Unappropriated</u> <u>Reserves</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Municipal Alliance Grant	9,584.77	27,036.00	10,238.02		26,382.75
Shade Tree	3,000.00				3,000.00
NJDOT - Beethoven Avenue	5,221.17				5,221.17
Clean Communities		12,470.90	12,470.90	4,215.33	
Recycling Tonnage		4,215.33			
Highlands Water Protection & Planning	5,000.00				5,000.00
Bulletproof Vest Program	3.00				3.00
Small Cities Grant	264,787.50	95,000.00	316,692.00		43,095.50
Sustainable Jersey		2,000.00	2,000.00		
	<u>287,596.44</u>	<u>140,722.23</u>	<u>341,400.92</u>	<u>4,215.33</u>	<u>82,702.42</u>
	A	A-2	A-4	A-24	A

Borough of Washington, N.J.

Schedule of Appropriated Reserves of Grants

Federal and State Grant Fund

Year Ended December 31, 2014

Grant	Balance	Transfer	Balance
	<u>Dec. 31, 2013</u>	From 2014 <u>Budget</u>	<u>Dec. 31, 2014</u>
		<u>Expended</u>	
Recycling Tonnage Grant	18,776.87	4,215.33	13,329.71
Alcohol Education and Rehabilitation Fund	4,200.37		3,246.37
Municipal Alliance Grant:			
Local Share	77.62	8,111.00	6,263.20
State Share	100.00	27,036.00	7,432.72
Clean Communities Program	15,098.70	12,470.90	14,769.44
Small Cities Grant	264,787.50	95,000.00	35,283.00
Highlands Water Protection & Planning	2,700.00		2,700.00
Sustainable Jersey		2,000.00	2,000.00
	<u>305,741.06</u>	<u>148,833.23</u>	<u>85,024.44</u>
	A		A
		<u>369,549.85</u>	
			<u>85,024.44</u>
			A
	Ref.		
Budget Appropriations and State Grants	A-3	140,722.23	
Interfund - Current Fund	A-21	8,111.00	
Cash Disbursements	A-4		366,427.63
Reserve for Encumbrances	A-25		3,122.22
		<u>148,833.23</u>	<u>369,549.85</u>

**Borough of Washington, N.J.**

**Schedule of Unappropriated Reserves for Grants**

**Federal and State Grant Fund**

**Year Ended December 31, 2014**

<u>Grant</u>	<u>Balance Dec. 31, 2013</u>	<u>Transfer To Appropriated Reserves</u>	<u>Cash Received</u>	<u>Balance Dec. 31, 2014</u>
Recycling Tonnage Grant	4,215.33	4,215.33	4,160.91	4,160.91
	<u>A</u>	<u>A-22</u>	<u>A-4</u>	<u>A</u>

**Borough of Washington, N.J.****Schedule of Encumbrances Payable****Federal and State Grant Fund****Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	A	17,085.83
Increased by:		
Charged to Appropriated Reserves	A-23	<u>3,122.22</u>
Balance - December 31, 2014	A	<u><u>20,208.05</u></u>

## Borough of Washington, N. J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2014

	<u>Ref.</u>	Assessment Trust <u>Fund</u>	Animal Control Trust <u>Fund</u>	Other Trust Funds
Balance - December 31, 2013	B	<u>2,749.34</u>	<u>12,387.43</u>	<u>1,803,448.41</u>
Increased by Receipts:				
Dog License Fees - Borough	B-4		7,080.00	
Cat License Fees - Borough	B-4		1,392.00	
Dog Late Fees	B-4		2,131.00	
Dog License Fees - State Share	B-8		1,158.60	
Other Trust Funds	B-9			2,483,218.40
Total Receipts			<u>11,761.60</u>	<u>2,483,218.40</u>
		<u>2,749.34</u>	<u>24,149.03</u>	<u>4,286,666.81</u>
Decreased by Disbursements:				
Accounts Receivable				
Unemployment Trust	B-3			2,505.09
Interfund - Current Fund	B-6			28,937.19
Encumbrances Payable	B-5		3,850.80	
Reserve for Animal Control Trust				
Fund Expenditures	B-4		10,623.63	
State Share - Dog Licenses	B-8		2,053.40	
Other Trust Funds	B-9			2,188,196.91
Total Disbursements			<u>16,527.83</u>	<u>2,219,639.19</u>
Balance - December 31, 2014	B	<u>2,749.34</u>	<u>7,621.20</u>	<u>2,067,027.62</u>

## Borough of Washington, N. J.

## Schedule of Accounts Receivable - Unemployment Trust

## Trust Funds

Year Ended December 31, 2014

	<u>Ref.</u>	
Cash Disbursements	B-2	<u>2,505.09</u>
Balance - December 31, 2014	B	<u>2,505.09</u>

## Borough of Washington, N. J.

## Borough of Washington, N. J.

## Reserve/(Deficit) for Animal Control Trust Fund Expenditures

## Trust Funds

## Year Ended December 31, 2014

	<u>Ref.</u>		
Balance - December 31, 2013	B		7,523.03
Increased by:			
Dog License Fees	B-2	7,080.00	
Cat License Fees	B-2	1,392.00	
Late Fees/Miscellaneous	B-2	2,131.00	
		<u>10,603.00</u>	
			18,126.03
Decreased by:			
Reserve for Animal Control Trust			
Fund Expenditures	B-2	10,623.63	
Encumbrances	B-5	1,177.00	
		<u>11,800.63</u>	
Balance - December 31, 2014	B		<u><u>6,325.40</u></u>

License Fees CollectedYear

2013	8,220.00
2012	10,460.00
	<u><u>18,680.00</u></u>

B-5

## Schedule of Animal Control Trust Encumbrances

## Trust Funds

## Year Ended December 31, 2014

	<u>Ref.</u>		
Balance - December 31, 2013	B		3,850.80
Increased by:			
Encumbrances	B-4	1,177.00	
		<u>5,027.80</u>	
Decreased by:			
Cash Disbursements	B-2	3,850.80	
		<u>1,177.00</u>	
Balance - December 31, 2014	B		<u><u>1,177.00</u></u>

Borough of Washington, N. J.

Schedule of Interfund Receivable (Payable) - Current Fund

Trust Fund

Year Ended December 31, 2014

	Due (to) / from Balance		Due (to) / from Balance	
	<u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2014</u>
Other Trust Fund	<u>(21,409.52)</u>	<u>7,661.63</u>	<u>28,937.19</u>	<u>(133.96)</u>
	B	B-9	B-2	B

B-7

Schedule of Reserve for Encumbrances

Trust Fund

Year Ended December 31, 2014

Balance - December 31, 2013	<u>Ref.</u> B	<u>530.00</u>
Increased by:		
Charges to Reserves	B-9	<u>33,743.14</u>
		34,273.14
Decreased by:		
Encumbrances Cancelled	B-9	<u>530.00</u>
Balance - December 31, 2014	B	<u>33,743.14</u>

**Borough of Washington, N. J.**

**Schedule of Due to State Department of Health**

**Trust Funds**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	B	1,013.60
Increased by:		
State Fees Collected	B-2	<u>1,158.60</u>
		2,172.20
Decreased by:		
Disbursements	B-2	<u>2,053.40</u>
Balance - December 31, 2014	B	<u><u>118.80</u></u>

## Borough of Washington, N. J.

## Schedule of Other Trust Funds

## Trust Funds

Year Ended December 31, 2014

	Balance <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2014</u>
Reserve for:				
Escrow Deposits	1,179,973.58	281,234.21	279,101.21	1,182,106.58
POAA	1,982.78	52.00		2,034.78
Recreation	30,152.69	238,270.79	226,686.94	41,736.54
Police Department Trust	5,310.44		5,310.44	
Tax Sale Premiums	306,600.00	248,300.00	11,000.00	543,900.00
Public Defender	2,371.50	294.50	1,200.00	1,466.00
Fire Safety Bureau Trust	12,397.47	2,384.38		14,781.85
Police Donations	7,597.84		7,597.84	
C.O.A.H.	28,064.26	22.46		28,086.72
Unemployment	77,125.69	15,173.35	11,550.83	80,748.21
Payroll	11,543.82	1,566,108.20	1,565,873.11	11,778.91
Comcast	20,013.57		4,737.71	15,275.86
WBFD Dedicated Penalty Trust	55.54	1,250.02	1,250.00	55.56
Snow Removal	86,805.58	130,658.49	115,293.60	102,170.47
Salary Settlements	11,514.13			11,514.13
	<u>1,781,508.89</u>	<u>2,483,748.40</u>	<u>2,229,601.68</u>	<u>2,035,655.61</u>
	B			B

	<u>Ref.</u>		
Cash Receipts	B-2	2,483,218.40	
Cash Disbursements	B-2		2,188,196.91
Interfund Current	B-6		7,661.63
Encumbrances Cancelled	B-7	530.00	
Encumbrances Payable	B-7		33,743.14
		<u>2,483,748.40</u>	<u>2,229,601.68</u>

**Borough of Washington, N. J.**  
**Schedule of Prepaid Assessments**  
**Trust Funds**  
**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	B	<u>1,488.20</u>
Balance - December 31, 2014	B	<u>1,488.20</u>

**Borough of Washington, N. J.**

**Schedule of Cash**

**General Capital Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>		
Balance - December 31, 2013	C;C-3		565,558.71
Increased by Receipts:			
Budget Appropriation:			
Deferred Charges - Unfunded	C-6	1,195.00	
Capital Improvement Fund	C-7	<u>263,000.00</u>	
			<u>264,195.00</u>
			829,753.71
Decreased by Disbursements:			
Capital Fund Balance	C-1	30,000.00	
Reserve for Encumbrances	C-4	364,897.44	
Improvement Authorizations	C-8	<u>212,617.60</u>	
			<u>607,515.04</u>
Balance - December 31, 2014	C;C-3		<u><u>222,238.67</u></u>

**Borough of Washington, N. J.**  
**Analysis of Cash**  
**General Capital Fund**  
**Year Ended December 31, 2014**

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2014
	Balance Dec. 31, 2013	Budget	Improvement Authorizations	Miscellaneous	To	(From)	
Fund Balance	44,989.78			30,000.00			14,989.78
Capital Improvement Fund	109,091.00	263,000.00				(264,000.00)	108,091.00
Encumbrances Payable	364,897.44			364,897.44	34,383.14		34,383.14
Reserve for Debt Service	407.42						407.42
Reserve for Generator	37,000.00						37,000.00
<u>Improvement Authorizations</u>							
Ordinance							
23-2002 Improvements to Myrtle Avenue	(1,195.00)	1,195.00					10,368.07
04-2013 Various Improvements and Purposes	10,368.07						16,999.26
02-2014 Various Capital Improvements			212,617.60		264,000.00	(34,383.14)	16,999.26
	<u>565,558.71</u>	<u>264,195.00</u>	<u>212,617.60</u>	<u>394,897.44</u>	<u>298,383.14</u>	<u>(298,383.14)</u>	<u>222,238.67</u>
	C						C

**Borough of Washington, N. J.**  
**Schedule of Encumbrances Payable**  
**General Capital Fund**  
**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	C	364,897.44
Increased by:		
Improvement Authorizations	C-8	34,383.14
		<u>399,280.58</u>
Decreased by:		
Cash Disbursements	C-2	<u>364,897.44</u>
Balance - December 31, 2014	C	<u><u>34,383.14</u></u>

**Borough of Washington, N. J.**  
**Schedule of Deferred Charges to Future**  
**Taxation - Funded**  
**General Capital Fund**  
**Year Ended December 31, 2014**

	<u>Ref.</u>		
Balance - December 31, 2013	C		8,598,126.88
Decreased by:			
Funded by Budget Appropriation			
Green Acres Loan Payable	C-10	32,119.68	
Serial Bonds Payable	C-11	550,000.00	
			582,119.68
Balance - December 31, 2014	C		8,016,007.20

**Borough of Washington, N. J.**  
**Schedule of Deferred Charges to Future Taxation - Unfunded**  
**General Capital Fund**  
**Year Ended December 31, 2014**

<u>Ord.</u> <u>No./Date</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Funded by</u> <u>Budget</u> <u>Appropriation</u>
23-2002	Improvements to Myrtle Avenue	1,195.00	1,195.00
		C	C-2;C-12

**Borough of Washington, N. J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	C	109,091.00
Increased by:		
Cash Receipts	C-2	<u>263,000.00</u>
		372,091.00
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	C-8	<u>264,000.00</u>
Balance - December 31, 2014	C	<u><u>108,091.00</u></u>

Borough of Washington, N. J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2014

Ord. No./Date	Improvement Description	Ordinance Date	Amount	Balance		2014 Authorizations	Paid or Charged	Balance Dec. 31, 2014 Funded
				Dec. 31, 2013 Funded				
04-2013	Various Improvements and Purposes	06/18/13	366,500.00	10,368.07		264,000.00	247,000.74	10,368.07
02-2014	Various Capital Improvements	06/17/14	264,000.00			264,000.00	247,000.74	16,999.26
				<u>10,368.07</u>		<u>264,000.00</u>	<u>247,000.74</u>	<u>27,367.33</u>
				C		C-7		C

General Improvements:

Ref.

Cash Disbursed C-2  
Encumbrances Payable C-4

212,617.60  
34,383.14  
247,000.74

**Borough of Washington, N. J.****Schedule of Various Reserves****General Capital Fund****Year Ended December 31, 2014**

	<u>Balance Dec. 31, 2013</u>	<u>Balance Dec. 31, 2014</u>
Reserve for Debt Service	407.42	407.42
Reserve for Generator	37,000.00	37,000.00
	<u>37,407.42</u>	<u>37,407.42</u>
	C	C

Borough of Washington, N. J.

Schedule of Green Acres Trust Loan Payable

General Capital Fund

Year Ended December 31, 2014

Purpose	Date of Issue	Original Issue	Date	Maturities of Bonds Outstanding Dec. 31, 2014	Interest Rate	Balance, Dec. 31, 2013	Decreased	Balance, Dec. 31, 2014
Green Acres Loan	10/17/2002	328,750.00	01/17/2015-01/17/2022	See Notes	2.00%	167,612.65	17,175.93	150,436.72
			07/17/2015-07/17/2022					
Green Acres Loan	03/04/2009	283,200.00	06/30/2015-06/30/2026	See Notes	2.00%	219,514.23	14,943.75	204,570.48
			12/31/2015-12/31/2026					
						<u>387,126.88</u>	<u>32,119.68</u>	<u>355,007.20</u>
						C	C-5	C

**Borough of Washington, N. J.**  
**Schedule of General Serial Bonds Payable**

**General Capital Fund**

**Year Ended December 31, 2014**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds	03/12/08	5,590,000.00	3/1/2015	175,000.00	4.50%			
			3/1/2016	200,000.00	4.50%			
			3/1/2017	540,000.00	4.50%			
			3/1/2018	640,000.00	4.50%			
			3/1/2019	750,000.00	4.50%			
			3/1/2020	850,000.00	4.50%			
			3/1/2021	850,000.00	4.50%	5,005,000.00	150,000.00	4,855,000.00
			3/1/2022	850,000.00	4.50%			
General Refunding Bonds	04/01/12	830,000.00	4/1/2015	205,000.00	2.00%			
			4/1/2016	205,000.00	2.00%	625,000.00	215,000.00	410,000.00
General Improvement Bonds	04/01/12	2,706,000.00	4/1/2015-16	190,000.00	2.00%			
			4/1/2017	195,000.00	2.00%			
			4/1/2018-22	125,000.00	2.00%			
			4/1/2023-25	250,000.00	2.00-2.40%			
			4/1/2026	225,000.00	2.50%			
			4/1/2027	221,000.00	2.60%	2,581,000.00	185,000.00	2,396,000.00
						<u>8,211,000.00</u>	<u>550,000.00</u>	<u>7,661,000.00</u>
						C	C-5	C

## Borough of Washington, N. J.

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year Ended December 31, 2014

<u>Ord.</u> <u>No./Date</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Funded by</u> <u>Budget</u> <u>Appropriation</u>
	<u>General Improvements:</u>		
23-2002	Improvements to Myrtle Ave.	<u>1,195.00</u> Footnote C	<u>1,195.00</u> C-6

## Borough of Washington, N. J.

## Schedule of Cash

## Sewer Utility Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2013	D;D-6	<u>1,564,362.06</u>	<u>34,016.56</u>
Increased by Receipts:			
Miscellaneous	D-3	330,477.11	
Reserve Capacity Charges	D-3	9,059.00	
Industrial/Commercial Permit Fees	D-3	16,474.00	
Consumer Accounts/Liens Receivable	D-8	2,521,067.65	
Prepaid Sewer Rents	D-10	1,548.21	
Interfund-Sewer Operating	D-11		100,000.00
Interfund-Current Fund	D-11	17,623.71	
Reserve for Capital Outlay	D-17		120,000.00
Reserve for Overpayments	D-18	3,532.60	
Budget Appropriation-Costs of Improvement Authorized Ord. #06-97	D-20		117,475.18
		<u>2,899,782.28</u>	<u>337,475.18</u>
		4,464,144.34	371,491.74
Decreased by Disbursements:			
Budget Appropriations	D-4	1,954,925.97	
Interfund - Sewer Capital	D-11	100,000.00	
Appropriation Reserves	D-13	92,211.05	
Encumbrances Payable	D-14	14,231.00	
Accrued Interest	D-16	161,560.00	
		<u>2,322,928.02</u>	
Balance - December 31, 2014	D;D-6	<u><u>2,141,216.32</u></u>	<u><u>371,491.74</u></u>

Borough of Washington, N. J.

Analysis of Cash

Sewer Utility Capital Fund

Year Ended December 31, 2014

	Balance Dec. 31, 2013	Receipts		Balance Dec. 31, 2014
		Budget Appropriations	Miscellaneous	
Fund Balance	9,706.52			9,706.52
Capital Improvement Fund	121,785.22			121,785.22
Reserve for Capital Outlay	120,000.00		120,000.00	240,000.00
Interfund - Sewer Operating Fund	(100,000.00)		100,000.00	
Ord. 06-97				
Improvement Authorizations				
Improvements to Wastewater Treatment Plant	(117,475.18)	117,475.18		
	<u>34,016.56</u>	<u>117,475.18</u>	<u>220,000.00</u>	<u>371,491.74</u>
	D;D-5			D;D-5

**Borough of Washington, N. J.**

**Schedule of Change Fund**

**Sewer Utility Operating Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	D	<u>75.00</u>
Balance - December 31, 2014	D	<u>75.00</u>

**Borough of Washington, N. J.**

**Schedule of Consumer Accounts Receivable**

**Sewer Utility Operating Fund**

**Year Ended December 31, 2014**

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Charges</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Consumer Accounts Receivable	<u>364,568.16</u>	<u>2,480,654.03</u>	<u>2,524,913.44</u>	<u>320,308.75</u>
	D			D
		<u>Ref.</u>		
Rents Received		D-5	2,521,067.65	
Overpayments Applied		D-18	<u>101.79</u>	
		D-3	2,521,169.44	
Transfer to Lien		D-9	<u>3,744.00</u>	
			<u>2,524,913.44</u>	

**Borough of Washington, N. J.**

**Schedule of Sewer Liens**

**Sewer Utility Operating Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	D	20,515.79
Increased by:		
Consumer Accounts Receivable	D-8	<u>3,744.00</u>
Balance - December 31, 2014	D	<u><u>24,259.79</u></u>

**Schedule of Prepaid Sewer Charges**

**Sewer Utility Operating Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	D	598.00
Increased by:		
Collected	D-5	<u>1,548.21</u>
Balance - December 31, 2014	D	<u><u>2,146.21</u></u>

Borough of Washington, N. J.

Schedule of Interfund Accounts Receivable (Payable)

Sewer Utility Fund

Year Ended December 31, 2014

	Ref.	Sewer Operating Fund		Sewer Capital Fund	
		Current Fund	Capital Fund	Operating Fund	Capital Fund
Balance - December 31, 2013	D		(100,000.00)		100,000.00
Increased by:					
Cash Received	D-5	17,623.71			
Decreased by:					
Cash Received	D-5				100,000.00
Cash Disbursed	D-5		100,000.00		
Balance - December 31, 2014	D	17,623.71			

## Borough of Washington, N. J.

## Schedule of Fixed Capital

## Sewer Utility Capital Fund

Year Ended December 31, 2014

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Wastewater Treatment Plant	17,827,829.71	17,827,829.71
Equipment	24,750.00	24,750.00
	<u>17,852,579.71</u>	<u>17,852,579.71</u>
	D	D

**Borough of Washington, N. J.**  
**Schedule of Appropriation Reserves**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2014**

	Balance, Dec. 31, <u>2013</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	10,946.30	10,946.30		10,946.30
Other Expenses	158,509.95	158,509.95	92,211.05	66,298.90
Statutory Expenditures:				
Social Security System (O.A.S.I.)	480.62	480.62		480.62
	<u>169,936.87</u>	<u>169,936.87</u>	<u>92,211.05</u>	<u>77,725.82</u>
	D		D-5	D-1

**Borough of Washington, N. J.**  
**Schedule of Encumbrances Payable**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	D	19,731.00
Increased by:		
Transfer from Budget	D-4	36,924.65
		<u>56,655.65</u>
Decreased by:		
Cash Disbursed	D-5	14,231.00
Transferred to Accounts Payable	D-15	5,500.00
		<u>19,731.00</u>
Balance - December 31, 2014	D	<u><u>36,924.65</u></u>

D-15

**Schedule of Accounts Payable**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2014**

	<u>Ref.</u>	
Increased by:		
Transferred from Encumbrances	D-14	5,500.00
		<u>5,500.00</u>
Balance - December 31, 2014	D	<u><u>5,500.00</u></u>

Borough of Washington, N. J.

Schedule of Accrued Interest

Sewer Utility Operating Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Totals</u>	<u>Loans</u>	<u>Bonds</u>
Balance - December 31, 2013	D	77,578.25	68,925.75	8,652.50
Increased by:				
Budget Appropriations	D-4	157,280.00	145,450.00	11,830.00
Decreased by:				
Disbursements	D-5	161,560.00	148,273.74	13,286.26
Balance - December 31, 2014	D	73,298.25	66,102.01	7,196.24

Principal Outstanding	Interest Rate	From	To	Period in Days	Required Amount	Excess/ (Deficit)	Actual Amount
U.S.D.A. Rural Development Loan:							
1,640,000.00	5.000%	08/01/14	12/31/14	152	34,622.22	17,178.81	51,801.03
240,000.00	5.000%	08/01/14	12/31/14	152	5,066.67	2,513.97	7,580.64
420,000.00	5.000%	10/15/14	12/31/14	77	4,491.67	2,228.67	6,720.34
					44,180.56	21,921.45	66,102.01

<u>Serial Bonds:</u>	318,000.00	4.50%	09/01/14	12/31/14	121	4,809.75	2,386.49	7,196.24
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**Borough of Washington, N. J.**

**Schedule of Reserves**

**Sewer Utility Capital Fund**

**Year Ended December 31, 2014**

<u>Description</u>	<u>Balance Dec. 31,2013</u>	<u>Increased</u>	<u>Balance Dec. 31,2014</u>
Capital Outlay	<u>120,000.00</u> D	<u>120,000.00</u> D-5	<u>240,000.00</u> D

**Schedule of Reserves**

**Sewer Utility Operating Fund**

**Year Ended December 31, 2014**

<u>Description</u>	<u>Balance Dec. 31,2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31,2014</u>
Overpaid Sewer Charges	<u>101.79</u> D	<u>3,532.60</u> D-5	<u>101.79</u> D-8	<u>3,532.60</u> D

**Borough of Washington, N. J.**  
**Schedule of Capital Improvement Fund**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	D	121,785.22
Balance - December 31, 2014	D	121,785.22

**Schedule of Reserve for Amortization**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	D	13,869,970.73
Increased by:		
Budget Appropriation - Costs of Improvements Authorized Ord. #06-97	D-5;D-23	117,475.18
USDA Rural Development Loan by Operating Budget	D-21	707,106.88
Serial Bonds Paid by Operating Budget	D-22	80,000.00
		904,582.06
Balance - December 31, 2014	D	14,774,552.79

Borough of Washington, N. J.

Schedule of Wastewater Loans Payable

Sewer Utility Capital Fund

Year Ended December 31, 2014

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount				
Trust Loan - Project #S40706-03	08/01/98	7,060,000.00	2015	520,000.00	5.00%			
			2016	545,000.00	5.00%			
			2017	575,000.00	5.00%	2,135,000.00	495,000.00	1,640,000.00
Trust Loan - Project #S340706-04	08/01/98	1,075,000.00	2015	75,000.00	5.00%			
			2016	80,000.00	5.00%			
			2017	85,000.00	5.00%	315,000.00	75,000.00	240,000.00
Fund Loan - Project #S340706-04	08/01/98	1,014,350.00	2015	53,323.70	0.00%			
			2016	54,089.84	0.00%			
			2017	11,047.75	0.00%	174,083.42	55,622.13	118,461.29

Borough of Washington, N. J.

Schedule of Wastewater Loans Payable

Sewer Utility Capital Fund

Year Ended December 31, 2014

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014		
			Date	Amount						
Trust Loan - Project #S340706-05	10/15/02	790,000.00	2015	45,000.00	5.00%					
			2016	45,000.00	5.00%					
			2017	50,000.00	5.00%					
			2018	50,000.00	5.00%					
			2019	55,000.00	5.00%					
			2020	55,000.00	5.00%					
			2021	60,000.00	5.00%					
			2022	60,000.00	4.75%		40,000.00	420,000.00		
								460,000.00		
Fund Loan - Project #S340706-05	10/15/02	835,741.00	2015	43,395.89	0.00%					
			2016	41,913.11	0.00%					
			2017	43,725.39	0.00%					
			2018	42,077.87	0.00%					
			2019	43,725.39	0.00%					
			2020	41,913.11	0.00%					
			2021	43,395.88	0.00%					
			2022	41,418.99	0.00%					
								41,484.75	341,565.63	
								707,106.88	2,760,026.92	
					383,050.38					
					3,467,133.80					
					D	D-20	D			

Borough of Washington, N. J.

Schedule of Sewer Serial Bonds Payable

Sewer Utility Capital Fund

Year Ended December 31, 2014

Purpose	Date of Issue	Original Issue	Maturities Outstanding December 31, 2014	Date	Amount	Interest Rate	Balance	
							Dec. 31, 2013	Dec. 31, 2014
Sewer Bonds	03/12/08	728,000.00	3/1/2015- 2017	3/1/2018	80,000.00	4.50%	398,000.00	318,000.00
							80,000.00	D
							80,000.00	D-20
							D	D

Borough of Washington, N. J.

Schedule of Bonds and Notes Authorized But Not Issued

Sewer Utility Capital Fund

Year Ended December 31, 2014

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2013</u>	<u>Funded by Budget Appropriation</u>
06-97	Improvements to Wastewater Treatment Plant	117,475.18	117,475.18
		<u>Footnote D</u>	<u>D-20</u>

**BOROUGH OF WASHINGTON**

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**PART II**

**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE  
AND OTHER MATTERS**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2014**

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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## 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

Honorable Mayor and  
Members of the Borough Council  
Borough of Washington  
Washington, New Jersey 07882

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Washington in the County of Warren as of and for the year ended December 31, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2015, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the omission of the fixed asset account group.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Washington's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Washington's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Washington'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.



Honorable Mayor and  
Members of the Borough Council  
Page 2

Our consideration of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Washington in the accompanying comments and recommendations section of this report.

### **Compliance and Other Matters**

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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Washington in the accompanying comments and recommendations section of this report.

### **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 Borough of Washington internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Washington's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas M. Ferry, C.P.A.  
Registered Municipal Accountant  
No. 497

***Ferraioli, Wielkotz, Cerullo & Cova, P.A.***

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
*Certified Public Accountants*

Newton, New Jersey  
June 25, 2015



## GENERAL COMMENTS

### Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2014, and at June 25, 2015, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

### Contracts and Agreements Required to be Advertised for N.J.S.A. 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. 1971, 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 contracts 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.40A:11-2), 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. That 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 subsection 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."

## GENERAL COMMENTS (CONTINUED)

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

Effective January 1, 2011, the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$36,000.00.

The Governing Body of the Borough of Washington have 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 Borough Attorney's opinion should be sought before a commitment is made.

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

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

Our review of the Borough's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The Borough is a member of a Cooperative Pricing Council organized in the surrounding area.

### Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 7, 2014 adopted the following resolutions authorizing interest to be charged on delinquent taxes:

#### RESOLUTION OF THE BOROUGH OF WASHINGTON, COUNTY OF WARREN, STATE OF NEW JERSEY, FIXING THE RATE OF INTEREST TO BE CHARGED ON DELINQUENT TAXES OF ASSESSMENTS

"WHEREAS, taxes are payable in quarterly installments on February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup> and November 1<sup>st</sup> in each year, and installments become delinquent if not paid on or before those dates".

**GENERAL COMMENTS (CONTINUED)**

Collection of Interest on Delinquent Taxes and Assessments (continued)

“BE IT THEREFORE RESOLVED, that Council does hereby authorize an interest charge not to exceed eight (8%) percent per annum on the first \$1,500.00 of the delinquency and eighteen (18%) percent per annum on any amount in excess of \$1,500.00 upon all delinquent installments; and

BE IT ALSO RESOLVED, that Council does hereby authorize a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. That penalty so fixed shall not exceed six (6%) percent of the amount of the delinquency.

BE IT FURTHER RESOLVED, that any installments received after the expiration of the grace period, and such grace period shall be the period starting with the second day and ending on the ten (10<sup>th</sup>) day of the month in which taxes are due, shall bear interest at the applicable interest rate from the original due date.

BE IT FURTHER RESOLVED, that the Tax Collector of the Borough of Washington is hereby authorized to conduct the annual sale of delinquent taxes for the Calendar Year 2014.

It appears from an examination of the Collector's records, that interest was collected in accordance with the forgoing resolution.

As part of the audit, an agreement between the Borough and Phillipsburg National Bank, dated October 12, 1992, effective January 1, 1993, established the Bank as the official Tax Receiving Agency, was reviewed. However, the statutes read that the Tax Receiving Agency can only accept current year tax payments. Therefore, the agreement between the bank and Borough was reviewed, and accepted by the Division of Local Government Services for their approval on February 4, 1993.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 7, 2014 and was complete, except for properties in bankruptcy court.

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

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

<u>Year</u>	<u>Number of Liens</u>
2014	20
2013	19
2012	17

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 tax-paying basis.

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

**GENERAL COMMENTS (CONTINUED)**

**Verification of Delinquent Taxes and Other Charges**

The result of the test, which was made as of December 31, 2014 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

**RECOMMENDATIONS**

NONE

**Status of Prior Year's Audit Findings/Recommendations**

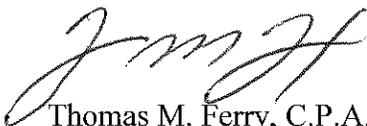
A review was performed on all prior year's recommendations and corrective action was taken on all.

\* \* \* \* \*

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing the recommendations, please do not hesitate to call us.

Very truly yours,



Thomas M. Ferry, C.P.A.  
Registered Municipal Accountant  
No. 497

*Ferraioli, Wielkotz, Cerullo & Cuva, P.A.*

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.  
Certified Public Accountants