

**REPORT OF AUDIT**  
**BOROUGH OF WASHINGTON**  
**COUNTY OF WARREN**  
**DECEMBER 31, 2009**

BOROUGH OF WASHINGTON, N.J.  
YEAR ENDED DECEMBER 31, 2009  
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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, 2009**

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## INDEPENDENT AUDITOR'S REPORT

August 13, 2010

The Honorable Mayor and  
Members of the Borough Council  
Borough of Washington  
1001 East Boulevard  
Washington, New Jersey 08865

We have audited the accompanying balance sheet - regulatory basis of the various funds and account group of the Borough of Washington in the County of Warren, as of and for the year ended December 31, 2009, and the related statements of operations and changes in fund balance - regulatory basis for the year 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, 2009. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Borough of Washington as of December 31, 2008 were audited by another auditor. The auditors expressed a qualified opinion of those financial statements in their report dated July 6, 2009.

Except as discussed below, 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, and the standards applicable to financial audit contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



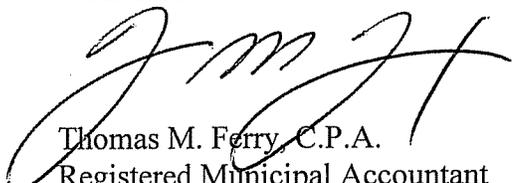
The Honorable Mayor and  
Members of the Borough Council  
August 13, 2010  
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In our opinion, because of the Borough of Washington's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Washington, New Jersey as of December 31, 2009 or the results of its operation for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Washington, New Jersey at December 31, 2009, and the results of its operations and the changes in fund balance - regulatory basis of such funds for the year then ended and the statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2009, on the basis of accounting described in Note 1.

In accordance with the Government Auditing Standards, we have also issued a report dated August 13, 2010 on our consideration of the Borough of Washington, New Jersey internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Washington, State of New Jersey, taken as a whole. The accompanying supplementary information, schedules and exhibits listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Washington, State of New Jersey. Such information has been subject to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



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

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



## Borough of Washington, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	2,883,780.40	2,253,417.34
Change Fund	A-5	425.00	220.00
Due From State of New Jersey:			
Senior Citizen and Veteran Deductions	A-11	7,174.49	7,924.49
		<u>2,891,379.89</u>	<u>2,261,561.83</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	680,118.70	496,952.87
Tax Title Liens Receivable	A-7	687,551.37	627,217.85
Property Acquired for Taxes - Assessed Valuation	A-8	112,300.00	112,300.00
Maintenance Liens Receivable	A-9	7,825.83	7,825.83
Revenue Accounts Receivable	A-10	8,073.05	7,775.57
Interfund Receivables:			
Public Assistance	A-12	6.58	
Animal Control Trust Fund	A-12	9,739.90	4,749.58
Other Trust	A-12		1,427.64
General Capital Fund	A-12	55,745.29	357.20
Prepaid Local School Taxes	A-20		30,622.75
		<u>1,561,360.72</u>	<u>1,289,229.29</u>
Deferred Charges:			
Emergency Authorizations	A-13		47,203.74
		<u>4,452,740.61</u>	<u>3,597,994.86</u>
Federal and State Grant Fund:			
Interfund Receivable:			
Current Fund	A-23	250.85	139,121.14
Grants Receivable	A-24	185,630.31	363,782.47
		<u>185,881.16</u>	<u>502,903.61</u>
		<u>4,638,621.77</u>	<u>4,100,898.47</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, 2009 and 2008**

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3;A-15	197,806.42	236,794.83
Interfunds Payable:			
Federal and State Grants	A-12	250.85	139,121.14
Sewer Utility Operating Fund	A-12		79,072.58
Sewer Utility Capital Fund	A-12	51,932.67	51,932.67
Other Trust Fund	A-12	51,898.77	
Assessment Trust Fund	A-12	578.48	584.46
Tax Anticipation Note Payable	A-14	2,000,000.00	1,500,000.00
Tax Overpayments	A-16	47,070.98	29,661.34
Accounts Payable	A-16	17,625.37	
Reserve for:			
Fire Department Penalties	A-16	3,420.07	3,420.07
Revaluation	A-16	868.10	868.10
State Library Aid	A-16	15,084.90	9,089.68
Tax Appeals	A-16	75,000.00	
Sale of Municipal Assets	A-16	5,670.00	5,670.00
Encumbrances Payable	A-17	181,207.75	122,380.77
Prepaid Taxes	A-18	39,877.39	71,198.81
County Taxes Payable	A-19	5,058.20	16,640.15
Special Improvement District Tax Payable	A-22	4,789.24	2,949.56
		<u>2,698,139.19</u>	<u>2,269,384.16</u>
Reserve for Receivables	Contra	1,561,360.72	1,289,229.29
Fund Balance	A-1	193,240.70	39,381.41
		<u>4,452,740.61</u>	<u>3,597,994.86</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-25	178,065.32	148,923.08
Unappropriated Reserve for Grants	A-26	7,674.04	15,589.28
Encumbrances Payable	A-27	141.80	338,391.25
		<u>185,881.16</u>	<u>502,903.61</u>
		<u>4,638,621.77</u>	<u>4,100,898.47</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, 2009 and 2008**

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Revenues and Other Income:			
Fund Balance Utilized			525,000.00
Miscellaneous Revenue Anticipated	A-2	1,747,286.93	1,609,603.14
Receipts from Delinquent Taxes	A-2	481,632.37	430,140.73
Receipts from Current Taxes	A-2	15,458,872.53	15,018,538.01
Non-Budget Revenue	A-2	147,969.01	100,914.69
Other Credits to Income:			
Statutory Excess In Animal Control Trust	A-12	4,936.50	
Interfunds Returned	A-12	1,427.64	
Unexpended Balance of Appropriation Reserves	A-15	153,197.98	94,653.38
Tax Overpayments Cancelled			5.66
Encumbrances Cancelled			2,098.18
Total Revenues and Other Income		<u>17,995,322.96</u>	<u>17,780,953.79</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Operating	A-3	4,675,660.88	4,498,561.00
Deferred Charges and Statutory Expenditures	A-3	346,692.86	142,167.00
Operations - Excluded From CAPS:			
Operating	A-3	362,617.55	1,040,917.41
Capital Improvements	A-3	88,974.00	45,700.00
Municipal Debt Service	A-3	665,580.58	506,270.60
Deferred Charges	A-3	25,000.00	
Refund of Prior Year Revenue			11,905.37
Reserve for Prepaid Local School Taxes			30,622.25
Interfund Advances	A-12	60,384.99	270.38
County Taxes including Added Taxes	A-19	3,256,020.54	3,323,757.14
Local District School Tax	A-20	3,959,101.48	3,783,125.00
Regional High School Tax	A-21	4,199,591.07	4,275,458.64
Special Improvement District Tax	A-22	201,839.72	165,286.65
Total Expenditures		<u>17,841,463.67</u>	<u>17,824,041.44</u>
Excess (Deficit) Revenue Over Expenditures		153,859.29	(43,087.65)
Adjustment to Income Before Fund Balance			
Expenditures Included above Which are by Statute			33,566.42
Deferred Charges to Budget of Succeeding Year			(9,521.23)
Deficit in Operations to be Raised in Budget of Succeeding Year			<u>(9,521.23)</u>
Statutory Excess to Fund Balance		153,859.29	
Fund Balance, January 1,		<u>39,381.41</u>	<u>564,381.41</u>
		193,240.70	564,381.41
Decreased by:			
Fund Balance Utilized as Budget Revenue			525,000.00
Fund Balance, December 31,	A	<u>193,240.70</u>	<u>39,381.41</u>

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

Borough of Washington, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Ref.</u>	<u>Budget</u>	Appropriated by: <u>40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	5,040.00		4,320.00	(720.00)
Other	A-10	1,220.00		3,000.00	1,780.00
Fees and Permits	A-10	8,452.00		27,726.00	19,274.00
Fines and Costs:					
Municipal Court	A-10	119,200.00		109,553.79	(9,646.21)
Other		320.00			(320.00)
Interest and Costs on Taxes	A-10	102,000.00		99,960.90	(2,039.10)
Interest on Investments and Deposits	A-10	48,600.00		15,767.33	(32,832.67)
Extraordinary Aid	A-10	550,000.00		550,000.00	
Consolidated Municipal Property Tax Relief Aid	A-10	193,222.00		193,222.00	
Energy Receipts Tax	A-10	525,586.00		525,586.00	
Special Items of General Revenue Anticipated					
With Prior Written Consent of Director of					
Local Government Services:					
Public and Private Revenues:					
Recycling Tonnage Grant	A-24		5,347.82	5,347.82	
Drunk Driving Enforcement Fund	A-24		4,149.02	4,149.02	
Municipal Alliance	A-24	6,320.00		6,320.00	
Community Forestry Management	A-24	3,000.00		3,000.00	
Clean Communities Grant	A-24		12,171.91	12,171.91	
Body Armor	A-24		1,399.11	1,399.11	
Obey the Signs	A-24		428.17	428.17	
Click it or Ticket	A-24		7,513.52	7,513.52	
Bulletproof Vest Partnership	A-24		2,868.00	2,868.00	
Highlands Water Protection & Planning	A-24		25,000.00	25,000.00	
Other Special Items:					
Uniform Fire Safety Act	A-10	12,942.00		15,648.09	2,706.09
Cable TV Gross Receipts	A-10	22,370.00		21,684.51	(685.49)
Reserve for Prepaid School Taxes	A-20	30,622.00		30,622.75	0.75
Recreation	A-10	145,000.00		81,998.01	(63,001.99)
Total Miscellaneous Revenues	A-1	1,773,894.00	58,877.55	1,747,286.93	(85,484.62)
Receipts from Delinquent Taxes	A-1;A-2	430,000.00		481,632.37	51,632.37
Subtotal General Revenues		2,203,894.00	58,877.55	2,228,919.30	(33,852.25)
Amount to be Raised by Taxes for Support of					
Municipal Budget-Local Tax for Municipal					
Purposes Including Reserve for Uncollected Taxes	A-2	4,665,738.64		4,528,687.82	(137,050.82)
Budget Totals		6,869,632.64	58,877.55	6,757,607.12	(170,903.07)
Non-Budget Revenue	A-1;A-2			147,969.01	147,969.01
		<u>6,869,632.64</u>	<u>58,877.55</u>	<u>6,905,576.13</u>	<u>(22,934.06)</u>
		A-3	A-3		

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

Borough of Washington, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2009

Analysis of Realized Revenues

Revenue from Collections	A-1;A-6	15,458,872.53
Allocated to School and County Taxes	A-6	<u>11,620,822.71</u>
Balance for Support of Municipal Budget Appropriations		3,838,049.82
Add:		
Appropriated Reserve for Uncollected Taxes	A-3	<u>690,638.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>4,528,687.82</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		
Taxes Receivable	A-6	<u>481,632.37</u>
	A-2	<u><u>481,632.37</u></u>

Analysis of Non-budget Revenues

Miscellaneous Revenues Not Anticipated:

Fire Prevention Inspection Fees		10,401.00
Miscellaneous Police Fees		3,381.72
Municipal Court - Restitution		63.00
Division of Motor Vehicles Fines & Fees		850.00
Tax Department Miscellaneous		614.10
Senior Citizen and Veterans Admin. Costs Reimb.		1,113.67
Special Police Services - Administration Fee		24,070.08
SCART Payroll Fees		300.00
Garnishment Administrative Fee		319.40
Various Refunds and Miscellaneous		<u>106,856.04</u>
	A-4	<u>147,969.01</u>
	A-2	<u><u>147,969.01</u></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, 2009**

<u>Ref.</u>	<u>Budget</u>	<u>By Emergency</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
General Appropriations						
General Government:						
Administrative and Executive						
Salaries and Wages	173,582.00		154,582.00	151,513.28	3,068.72	
Other Expenses	35,659.00		30,659.00	27,498.54	3,160.46	
Mayor and Council						
Salaries and Wages	14,500.00		14,500.00	14,349.46	150.54	
Other Expenses	8,423.00		8,423.00	6,976.63	1,446.37	
Municipal Clerk						
Salaries and Wages	63,381.00		62,711.00	62,355.29	355.71	
Other Expenses	10,514.00		10,514.00	8,599.21	1,914.79	
Financial Administration						
Salaries and Wages	24,570.00		9,670.00	9,310.60	359.40	
Other Expenses	41,258.00		39,258.00	39,233.05	24.95	
Revenue Administration						
Salaries and Wages	93,255.00		93,255.00	93,255.00		
Other Expenses	5,306.00		5,306.00	5,204.13	101.87	
Assessment of Taxes						
Salaries and Wages	46,413.00		43,413.00	42,090.32	1,322.68	
Other Expenses	22,300.00		22,300.00	15,595.25	6,704.75	
Legal Services and Costs						
Other Expenses	105,958.00		80,958.00	68,995.34	11,962.66	
Engineering Services and Costs						
Other Expenses	47,200.00		47,200.00	47,200.00		
Downtown Redevelopment						
Other Expenses	10,000.00		10,000.00	5,192.44	4,807.56	
Municipal Land Use Law (N.J.S. 40:55 D-1)						
Planning Board						
Salaries and Wages	3,728.00		3,728.00	3,727.59	0.41	
Other Expenses	40,543.00		31,543.00	31,356.06	186.94	

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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, 2009

<u>Ref.</u>	<u>Budget</u>	<u>By Emergency</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Board of Adjustment	3,266.00		3,266.00	2,183.00	1,083.00	
Salaries and Wages	4,740.00		5,115.00	5,049.35	65.65	
Other Expenses						
Local Code Enforcement	50,834.00		50,834.00	50,834.00		
Salaries and Wages	777.00		777.00	501.35	275.65	
Other Expenses						
P.E.O.S.H.A. (P.L. 1983,C516)	2,600.00		2,039.88	100.00	1,939.88	
Other Expenses						
Insurance:						
General Liability	190,430.00		199,230.00	199,151.41	78.59	
Employee Group Health	424,424.00		407,424.00	380,794.60	26,629.40	
Public Safety:						
Fire:						
Other Expenses	33,319.00		33,319.00	33,218.30	100.70	
Miscellaneous Other Expenses	60,000.00		68,500.00	63,146.00	5,354.00	
Fire Hydrant Service						
Police	1,364,181.00		1,306,181.00	1,305,478.61	702.39	
Salaries and Wages	30,645.00		263,645.00	263,023.86	621.14	
Other Expenses						
Municipal Prosecutor:	24,000.00		24,000.00	23,999.90	0.10	
Salaries and Wages						
First Aid Organization - Aid Maintenance:	19,300.00		19,300.00	19,300.00		
Other Expenses						
Uniform Fire Safety Act (CH. 383, P.L. 1983)						
Fire and Code Enforcement:	22,420.00		21,420.00	20,297.88	1,122.12	
Salaries and Wages	1,280.00		1,630.00	1,630.00		
Other Expenses						
Office of Emergency Management:	6,000.00		5,000.00	4,330.55	669.45	
Salaries and Wages	1,000.00		1,000.00		1,000.00	
Other Expenses						

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, 2009

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>By Emergency</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public Works							
Road Repair and Maintenance							
Salaries and Wages		387,090.00		387,090.00	345,299.58	41,790.42	
Other Expenses		94,349.00		104,349.00	102,157.36	2,191.64	
Shade Tree Commission:							
Salaries and Wages		934.00		934.00	934.00	577.69	
Other Expenses		15,100.00		15,100.00	14,522.31		
Public Buildings and Grounds:							
Salaries and Wages		12,000.00		12,000.00	11,655.19	344.81	
Other Expenses		26,292.00		26,292.00	21,185.27	5,106.73	
Solid Waste Collection:							
Other Expenses		344,400.00		344,400.00	344,400.00		
Health and Welfare							
Animal Control:							
Salaries and Wages		10,060.00		10,060.00	10,057.94	2.06	
Local Municipal Alliance							
Other Expenses		4,570.00		4,570.00		4,570.00	
Park and Recreation:							
Recreation and Education							
Salaries and Wages		74,678.00		75,348.00	75,154.76	193.24	
Other Expenses		124,840.00		43,162.00	43,086.14	75.86	
Celebration of Public Event, Anniversary or Holiday							
Other Expenses		500.00		500.00		500.00	
Municipal Court:							
Salaries and Wages		132,514.00		131,514.00	130,446.42	1,067.58	
Other Expenses		6,741.00		6,741.00	6,589.51	151.49	
Public Defender (P.L. 1977,C.256)							
Other Expenses		1,000.00		3,900.00	1,383.00	2,517.00	

Borough of Washington, N. J.  
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>By Emergency</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Utility Expenses							
Electricity		62,000.00		62,000.00	57,136.87	4,863.13	
Natural Gas		28,000.00		28,000.00	20,684.01	7,315.99	
Heating Oil		11,000.00		11,000.00	4,934.39	6,065.61	
Street Lighting & Traffic Lights		72,000.00		72,000.00	69,867.10	2,132.90	
Solid Waste Disposal		180,000.00		180,000.00	170,946.26	9,053.74	
Telephone		40,000.00		40,000.00	34,431.25	5,568.75	
Water		6,000.00		6,000.00	4,929.14	1,070.86	
Sewer Disposal		5,000.00					
Gasoline and Diesel Fuel		50,000.00		30,000.00	18,857.98	11,142.02	
Total Operations Within "CAPS"		4,674,874.00		4,675,660.88	4,494,149.48	181,511.40	
Contingent							
Total Operations Including Contingent- Within "CAPS"		4,674,874.00		4,675,660.88	4,494,149.48	181,511.40	
Detail:							
Salaries and Wages	A-1	2,507,406.00		2,409,506.00	2,357,273.37	52,232.63	
Other Expenses (Including Contingent)	A-1	2,167,468.00		2,266,154.88	2,136,876.11	129,278.77	
Deferred Charges and Statutory Expenditures- Municipal Within "CAPS"							
Deferred Charges							
Over Expenditure of Appropriations		8,566.42		8,566.42	8,566.42		
Over Expenditure of Appropriation Reserves		4,116.09		4,116.09	4,116.09		
Prior Year Operating Deficit		22,973.13		22,973.13	9,521.23	0.00	13,451.90
Statutory Expenditures							
Contribution to:							
Public Employees Retirement System		66,868.00		66,868.00	66,867.50	0.50	
Social Security System (O.A.S.I.)		118,239.00		108,239.00	100,389.00	7,850.00	
Police and Firemen's Retirement System		122,029.00		131,242.12	131,241.62	0.50	
Unemployment Compensation Insurance		15,000.00		15,000.00	15,000.00		
Defined Contribution Retirement Program		3,140.00		3,140.00	75.00	3,065.00	

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				Unexpended	
		Year Ended December 31, 2009				Balance	
	Ref.	Budget	By Emergency	Budget After Modification	Paid or Charged	Reserved	Canceled
<u>General Appropriations</u>		<u>362,617.55</u>		<u>362,617.55</u>	<u>357,238.53</u>	<u>5,379.02</u>	
Total Operations - Excluded from "CAPS"							
Detail:							
Salaries and Wages	A-1	165,703.91		165,703.91	161,181.49	4,522.42	
Other Expenses	A-1	196,913.64		196,913.64	196,057.04	856.60	
Capital Improvements - Excluded From "CAPS"							
Capital Improvement Fund		88,974.00		88,974.00	88,974.00		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>88,974.00</u>		<u>88,974.00</u>	<u>88,974.00</u>		
Municipal Debt Service - Excluded From "CAPS"							
Payment of Bond Principal		275,000.00		275,000.00	265,000.00		10,000.00
Payment of Bond Anticipation and Capital Notes		38,000.00		38,000.00			38,000.00
Interest on Bonds		316,860.00		316,860.00	315,160.01		1,699.99
Interest on Notes		48,140.00		48,140.00	41,879.58		6,260.42
Loan Repayment for Principal and Interest		30,075.00		30,075.00	26,147.24		3,927.76
Interest on Tax Anticipation Note		17,400.00		17,400.00	17,393.75		6.25
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>725,475.00</u>		<u>725,475.00</u>	<u>665,580.58</u>		<u>59,894.42</u>
Deferred Charges - Municipal - Excluded From "CAPS"							
Deferred Charges to Future Taxation Unfunded:							
Emergency Authorizations		25,000.00		25,000.00	25,000.00		
Total Deferred Charges - Excluded from "CAPS"	A-1	<u>25,000.00</u>		<u>25,000.00</u>	<u>25,000.00</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>1,202,066.55</u>		<u>1,202,066.55</u>	<u>1,136,793.11</u>	<u>5,379.02</u>	<u>59,894.42</u>
Total General Appropriations - Excluded From "CAPS"		<u>1,202,066.55</u>		<u>1,202,066.55</u>	<u>1,136,793.11</u>	<u>5,379.02</u>	<u>59,894.42</u>
Subtotal General Appropriations		6,237,872.19		6,237,872.19	5,966,719.45	197,806.42	73,346.32
Reserve for Uncollected Taxes		690,638.00		690,638.00	690,638.00		
Total General Appropriations		<u>6,928,510.19</u>		<u>6,928,510.19</u>	<u>6,657,357.45</u>	<u>197,806.42</u>	<u>73,346.32</u>

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**Borough of Washington, N. J.**  
**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	<u>Budget</u>	<u>By Emergency</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			6,869,632.64			
Appropriation by 40A:4-87	A-2			<u>58,877.55</u>			
				<u>6,928,510.19</u>			
<u>Analysis of Paid or Charged</u>							
Reserve for Uncollected Taxes	A-2				690,638.00		
Cash Disbursed	A-4				5,593,530.41		
Federal & State Grants (Matching Funds)	A-12				1,580.00		
Deferred Charges	A-13				47,203.74		
Various Reserves	A-16				75,000.00		
Encumbrances Payable	A-17				181,207.75		
Interfund - Federal and State Grant Fund	A-25				68,197.55		
					<u>6,657,357.45</u>		

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Assessment Trust Fund			
Cash	B-2	2,170.86	2,164.88
Interfund - Current Fund	B-4	578.48	584.46
		<u>2,749.34</u>	<u>2,749.34</u>
Animal Control Trust Fund:			
Cash- Treasurer	B-2	<u>28,528.10</u>	<u>18,687.28</u>
Other Trust Funds:			
Cash	B-2	719,532.10	748,361.93
Interfund Receivable			
Current Fund	B-4	51,898.77	
		<u>771,430.87</u>	<u>748,361.93</u>
		<u>802,708.31</u>	<u>769,798.55</u>

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

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Assessment Trust Fund:			
Prepaid Assessments	B-8	1,488.20	1,488.20
Fund Balance	B-1	1,261.14	1,261.14
		<u>2,749.34</u>	<u>2,749.34</u>
Animal Control Trust Fund:			
Reserve for Animal Control Trust			
Fund Expenditures	B-3	18,788.20	13,937.70
Interfund Current Fund	B-4	9,739.90	4,749.58
		<u>28,528.10</u>	<u>18,687.28</u>
Other Trust Fund:			
Interfund - Current Fund	B-4		1,427.64
Interfund - Sewer Operating	B-5	40,000.00	40,000.00
Reserve for:			
Escrow Deposits	B-7	520,075.13	536,434.14
Municipal Alliance	B-7	2.79	702.79
POAA	B-7	908.78	734.44
Recreation	B-7	4,595.03	15,765.52
Police Department Trust	B-7	5,313.58	5,313.58
Police Donations	B-7	7,602.34	7,602.34
K- 9 Fund	B-7	680.83	680.83
Tax Sale Premiums	B-7	100,725.00	42,700.00
National Night Out Trust	B-7	1,717.78	1,717.78
Special Police Services	B-7	7,400.69	16,443.64
Public Defender	B-7	4,361.50	5,278.50
Fire Safety Bureau Trust	B-7	4,155.22	6,458.07
C.O.A.H.	B-7	28,659.01	19,640.01
Unemployment	B-7	24,215.36	17,780.79
Payroll	B-7	20,267.83	29,681.86
WBFD Dedicated Penalty Trust	B-7	750.00	
		<u>771,430.87</u>	<u>748,361.93</u>
		<u>802,708.31</u>	<u>769,798.55</u>

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

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

**Statement of Fund Balance - Assessment Trust - Regulatory Basis**

**Trust Funds**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	B	<u>1,261.14</u>
Balance - December 31, 2009	B	<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, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Cash	C-2;C-3	115,660.82	353,353.23
Interfund - Sewer Capital Fund	C-5	899,612.30	1,079,612.30
Grants Receivable	C-7	1,028,264.80	1,100,627.89
Deferred Charges to Future Taxation			
Funded	C-8	7,364,400.20	7,651,747.18
Unfunded	C-9	2,959,529.00	2,959,529.00
		<u>12,367,467.12</u>	<u>13,144,869.60</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Current Fund	C-4	55,745.29	357.20
Interfund - Sewer Operating Fund	C-6	250,000.00	
Capital Improvement Fund	C-10	92,591.00	3,617.00
Improvement Authorizations:			
Funded	C-11	480,238.87	585,229.27
Unfunded	C-11	651,034.89	829,364.71
Reserve for:			
Contracts Payable	C-12	443,842.19	1,519,939.56
Bond Anticipation Notes	C-13	3,006,952.00	2,531,952.00
Green Acres Loan Payable	C-14	509,400.20	531,747.18
General Serial Bonds Payable	C-15	6,855,000.00	7,120,000.00
Fund Balance	C-1	22,662.68	22,662.68
		<u>12,367,467.12</u>	<u>13,144,869.60</u>

Footnote C: There were Bonds and Notes Authorized But Not Issued in the amount \$2,577.00 on December 31, 2009. See Exhibit C-16.

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

**Borough of Washington, N. J.**  
**Schedule of Fund Balance - Regulatory Basis**  
**General Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	C	<u><u>22,662.68</u></u>
Balance - December 31, 2009	C	<u><u>22,662.68</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, 2009 and 2008

	<u>Ref</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Operating Fund:			
Cash-Treasurer	D-5	153,795.49	493,819.18
Change Fund	D-7	75.00	75.00
		<u>153,870.49</u>	<u>493,894.18</u>
Interfund Receivable:			
Current Fund	D-14		79,072.58
General Capital	D-14	250,000.00	
Other Trust Fund	D-14	40,000.00	40,000.00
		<u>443,870.49</u>	<u>612,966.76</u>
Receivables with Full Reserves:			
Consumer Accounts	D-8	255,740.55	276,601.10
Sewer Liens	D-9	15,224.32	14,199.46
		<u>270,964.87</u>	<u>290,800.56</u>
Deferred Charges:			
Deficit in Operations	D-18		36,533.21
Over-expenditure of Appropriation Reserves	D-18	26,224.86	8,331.14
		<u>26,224.86</u>	<u>44,864.35</u>
Total Operating Fund		<u>741,060.22</u>	<u>948,631.67</u>
Capital Fund:			
Cash	D-5;D-6	1,141.57	
Interfund Receivable:			
Current Fund	D-14	51,932.67	51,932.67
Sewer Operating Fund	D-14	941.62	505,601.97
Fixed Capital*	D-15	17,805,593.72	17,805,593.72
Fixed Capital Authorized and Uncompleted*	D-16	169,546.00	169,546.00
Wastewater Escrow Receivable	D-11	303,036.66	303,036.66
Wastewater Fund Loans Receivable	D-12	43,982.00	43,982.00
Wastewater Trust Loans Receivable	D-13	43,982.00	43,982.00
		<u>18,420,156.24</u>	<u>18,923,675.02</u>
Total Capital Fund		<u>18,420,156.24</u>	<u>18,923,675.02</u>
Total Assets		<u>19,161,216.46</u>	<u>19,872,306.69</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, 2009 and 2008

	<u>Ref</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4;D-17	136,851.45	58,164.88
Encumbrances Payable	D-19	182,941.05	59,972.20
Interfund Payable			
Sewer Capital Fund	D-14	941.62	505,601.97
Prepaid Sewer Charges	D-10		1,931.46
Accrued Interest	D-20	79,116.10	5,946.51
Accounts Payable	D-23	29,623.75	
Overpayment of Sewer Charges	D-23	4,352.13	4,580.48
		<u>433,826.10</u>	<u>636,197.50</u>
Reserve for Receivables	Contra	270,964.87	290,800.56
Fund Balance	D-1	36,269.25	21,633.61
Total Operating Fund		<u>741,060.22</u>	<u>948,631.67</u>
Capital Fund:			
Interfund Payable:			
General Capital Fund	D-14	899,612.30	1,079,612.30
Improvement Authorization			
Funded	D-21	122,560.01	122,570.79
Reserve for:			
Contracts Payable	D-22		3,850.00
Contributions from Developers	D-22		50,000.00
Wastewater Trust Loan Receivable	D-22	45,741.00	45,741.00
McKinley Avenue Sewers	D-22	4,430.93	4,430.93
Capital Improvement Fund	D-24	4,500.00	4,500.00
Reserve for Amortization	D-25	9,434,785.25	8,396,359.68
Reserve for Deferred Amortization	D-26	132,546.00	132,546.00
USDA Rural Development Loan	D-27	7,045,979.95	7,989,405.52
Serial Bonds Payable	D-28	730,000.00	825,000.00
Fund Balance	D-2	0.80	269,658.80
		<u>18,420,156.24</u>	<u>18,923,675.02</u>
Total Liabilities, Reserves and Fund Balances		<u>19,161,216.46</u>	<u>19,872,306.69</u>

Footnote D: There were Bonds and Notes Authorized But Not Issued on December 31, 2009 in the amount of \$631,828.52 Per Exhibit D-29.

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, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Revenue and Other Income Realized:			
Rents	D-3	2,071,919.70	2,012,426.90
Miscellaneous	D-3	37,030.36	84,085.74
Interest on Investments	D-3	1,208.41	11,639.81
Reserve Capacity Charges	D-3	38,228.77	101,280.00
Industrial/Commercial Permit Fees	D-3	15,741.75	137,432.20
Sewer Capital Surplus	D-3	269,658.00	
Reserve for Contributions in Aid of Construction - Sewer Capital Fund	D-3	50,000.00	
Other Credits to Income:			
Appropriation Reserves			39.88
		<u>2,483,786.99</u>	<u>2,346,904.53</u>
Total Income			
Expenditures:			
Operating	D-4	1,154,660.00	1,110,966.00
Capital Improvements			4,500.00
Debt Service	D-4	1,260,190.00	1,255,038.00
Deferred Charges and Statutory Expenditures	D-4	54,301.35	12,499.29
Refund of Revenue			434.45
		<u>2,469,151.35</u>	<u>2,383,437.74</u>
Total Expenditures			
Excess (Deficit) in Revenue over Expenditures		<u>14,635.64</u>	<u>(36,533.21)</u>
Statutory Excess to Surplus		14,635.64	
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years Statutory Excess to Surplus			<u>36,533.21</u>
Fund Balance - January 1,	D-1	<u>21,633.61</u>	<u>21,633.61</u>
		36,269.25	21,633.61
Decreased by:			
Utilized as Anticipated Revenue			
Fund Balance - December 31,	D	<u><u>36,269.25</u></u>	<u><u>21,633.61</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, 2009

	<u>Ref.</u>	
Balance - December 31, 2008	D	269,658.80
Decreased by:		
Interfund - Sewer Operating Fund	D-14	<u>269,658.00</u>
Balance - December 31, 2009	D	<u><u>0.80</u></u>

D-3

## Statement of Revenues - Regulatory Basis

## Sewer Utility Operating Fund

Year Ended December 31, 2009

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Rents	D-1;D-8	2,029,000.00	2,071,919.70	42,919.70
Miscellaneous	D-1;D-5	148,000.00	37,030.36	(110,969.64)
Interest on Investments	D-1;D-3	11,502.00	1,208.41	(10,293.59)
Reserve Capacity Charges	D-1;D-5	43,113.00	38,228.77	(4,884.23)
Industrial/Commercial Permit Fees	D-1;D-5	17,880.00	15,741.75	(2,138.25)
Sewer Capital Surplus	D-1;D-14	269,658.00	269,658.00	
Reserve for Contributions in Aid of Construction - Sewer Capital Fund	D-1;D-14	<u>50,000.00</u>	<u>50,000.00</u>	
Budget Totals		<u><u>2,569,153.00</u></u>	<u><u>2,484,995.40</u></u>	<u><u>(84,157.60)</u></u>
<u>Analysis of Realized Revenue</u>				
Interest on Investments:				
Interest on Capital Deposits	D-14	2.35		
Interest on Operating Deposits	D-5	<u>1,206.06</u>		
	D-3		<u><u>1,208.41</u></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**  
**Sewer Operating Fund**  
**Year Ended December 31, 2009**

			<u>Appropriated</u>						
<u>Ref.</u>	<u>Budget</u>	<u>After</u>	<u>Modification</u>	<u>Paid or</u>	<u>Expended</u>	<u>Reserved</u>	<u>Unexpended</u>	<u>Balance</u>	<u>Cancelled</u>
				<u>Charged</u>	<u></u>	<u></u>	<u>Balance</u>	<u></u>	<u></u>
Operating:									
Salaries and Wages	77,606.00	77,606.00		77,106.00	500.00				
Other Expenses	<u>1,077,054.00</u>	<u>1,077,054.00</u>		<u>940,740.95</u>	<u>136,313.05</u>				
Total Operating	D-1 <u>1,154,660.00</u>	<u>1,154,660.00</u>		<u>1,017,846.95</u>	<u>136,813.05</u>				
Debt Service:									
Payment of Bond Principal	95,000.00	95,000.00		95,000.00					
Interest on Bonds	44,210.00	44,210.00		44,210.00					
Infrastructure Trust Principal and Interest	<u>1,220,980.00</u>	<u>1,220,980.00</u>		<u>1,120,980.00</u>	<u>100,000.00</u>				
Total Debt Service	D-1 <u>1,360,190.00</u>	<u>1,360,190.00</u>		<u>1,260,190.00</u>	<u>100,000.00</u>				
Deferred Charges and Statutory Expenditures									
Prior Year Operating Deficit	36,534.00	36,534.00		36,533.21	0.79				
Over Expenditure of Appropriation Reserves	8,832.00	8,332.00		8,331.14	0.86				
Statutory Expenditures:									
Contribution to:									
Public Employees' Retirement System	3,500.00	3,500.00		3,500.00					
Social Security System (O.A.S.I.)	<u>5,937.00</u>	<u>5,937.00</u>		<u>5,898.60</u>	<u>38.40</u>				
Total Deferred Charges and Statutory Expenditures	D-1 <u>54,803.00</u>	<u>54,303.00</u>		<u>54,262.95</u>	<u>38.40</u>				
Total Sewer Utility Appropriations	<u>2,569,653.00</u>	<u>2,569,153.00</u>		<u>2,332,299.90</u>	<u>136,851.45</u>				
Cash Disbursed				1,986,186.01					
Encumbrances Payable				182,941.05					
Accrued Interest				118,308.49					
Deferred Charges				<u>44,864.35</u>					
				<u>2,332,299.90</u>					

D

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

**Borough of Washington, N.J.**  
**Balance Sheet - Regulatory Basis**  
**Public Assistance Fund**  
**December 31, 2009**  
**With Comparative Figures for 2008**

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Cash	E-1	<u>1,944.59</u>	<u>1,957.20</u>
<u>Liabilities and Reserves</u>			
Reserve for Public Assistance	E-6	1,938.01	1,957.20
Interfund - Current	E-7	<u>6.58</u>	<u>1,957.20</u>
		<u>1,944.59</u>	<u>1,957.20</u>

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

**Borough of Washington**  
**Comparative Statement of General Fixed Assets - Regulatory Basis**  
**December 31, 2009 and 2008**

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements		
Buildings	5,354,300.00	2,630,889.10
Machinery and Equipment	<u>4,228,215.00</u>	<u>3,496,653.91</u>
	<u>9,582,515.00</u>	<u>6,127,543.01</u>
 Investment in Fixed Assets	 <u>9,582,515.00</u>	 <u>6,127,543.01</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, 2009 AND 2008**

**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, 2009 AND 2008  
(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.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

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

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

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

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

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:

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 April first in the year following the calendar year levy when the same became in arrears, 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.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

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

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

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.

**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

Public Assistance Fund Trust 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, 2009 AND 2008  
(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, 2009 AND 2008  
(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, 2009 AND 2008  
(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 2009 statutory budget included a reserve for uncollected taxes in the amount of \$690,638.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2009 statutory budget was \$-0-.

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 2009; Obey the Signs for \$428.17, Bulletproof Vests for \$2,868.00, NJ Highland TDR Program Grant for \$25,000.00, Clean Communities for \$12,171.91, Click It or Ticket for \$7,513.52, Drunk Driving Enforcement Fund for \$4,149.02, Recycling Tonnage Grant for \$5,347.82 and Body Armor for \$1,399.11.

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 2009, there were no special emergency appropriations.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009 the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance Dec. 31, 2009</u>	<u>2010 Budget Appropriation</u>
Sewer Utility Operating	<u>\$26,224.86</u>	<u>\$26,224.86</u>

The appropriations in the 2010 Budget are not less than that required by Statute.

**NOTE 4: FIXED ASSETS**

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2009.

	<u>Balance as of 12/31/08</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjustments</u>	<u>Balance as of 12/31/09*</u>
Land/Land Improvements, & Buildings	\$2,630,889.10	\$ -	\$ -	\$2,723,410.90	\$5,354,300.00
Machinery & Equipment	<u>\$3,496,653.91</u>	<u>\$ -</u>	<u>\$ -</u>	<u>731,561.09</u>	<u>4,228,215.00</u>
	<u>\$6,127,543.01</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,454,971.99</u>	<u>\$9,582,515.00</u>

\* On December 31, 2009, Acclaim Inventory, LLC revalued the Borough's Fixed Assets. The adjustment is to reflect their appraisal number.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 5: 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 2009</u>	<u>Year 2008</u>	<u>Year 2007</u>
General:			
Bonds, Notes & Loans	\$10,371,352.20	\$10,183,699.18	\$ 9,588,642.94
Sewer Utility:			
Bonds, Notes & Loans	<u>7,775,979.95</u>	<u>8,814,405.52</u>	<u>9,782,128.61</u>
Total Issued	<u>18,147,332.15</u>	<u>\$18,998,104.70</u>	<u>\$19,370,771.55</u>
Less:			
Funds Temporarily Held to Pay Notes	<u>-</u>	<u>50,000.00</u>	<u>-</u>
Net Debt Issued	\$18,147,332.15	\$18,948,104.70	\$19,370,771.55
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	\$ 2,577.00	\$ 477,577.00	\$ 1,376.00
Sewer Utility:			
Bonds and Notes	<u>631,828.52</u>	<u>631,828.52</u>	<u>5,197,653.00</u>
Total Authorized But Not Issued	<u>634,405.52</u>	<u>1,109,405.52</u>	<u>5,199,029.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$18,781,737.67</u>	<u>\$20,057,510.22</u>	<u>\$24,569,800.55</u>

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 5: 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 1.77%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$10,373,929.20	\$ -	\$10,373,929.20
Sewer Utility Debt	8,407,808.47	8,407,808.47	-
Local School District Debt	2,881,000.00	2,881,000.00	-
Regional School District Debt	<u>5,751,977.01</u>	<u>5,751,977.01</u>	<u>-</u>
	<u>\$27,414,714.68</u>	<u>\$17,040,785.48</u>	<u>\$10,373,929.20</u>

Net Debt \$10,373,929.20 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$585,113,298.33 = 1.77%.

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.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$20,478,965.44
Net Debt	<u>10,373,929.20</u>
Remaining Borrowing Power	<u>\$10,105,036.24</u>

**ANALYSIS OF AVERAGE EQUALIZED VALUATION**

2009	585,113,298.33	
2008		579,275,990.33
2007		548,959,136.67

**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.,

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 5: MUNICIPAL DEBT (CONTINUED)**

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$2,484,995.40
Operating And Maintenance Costs	\$1,164,097.00	
Debt Service	<u>1,260,190.00</u>	
		<u>2,424,287.00</u>
Excess in Revenue		<u>\$ 60,708.40</u>

The Borough's debt issued and outstanding on December 31, 2009 is as follows:

General Capital Fund:

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, 2009 was \$232,998.04.

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, 2009 was \$276,402.16.

General Serial Bonds - \$2,410,000.00 of 2001 General Improvement Bonds - dated April 1, 2001. This bond is payable in annual installments through April 1, 2016. The interest is payable annually at variable interest rates. The balance remaining as of December 31, 2009 was \$1,365,000.00.

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, 2009 was \$5,490,000.00.

Bond Anticipation Notes in the amount of \$3,006,952.00 issued March 12, 2009. This bond is payable in annual installments through March 13, 2009. The interest is payable annually at a rate of 3.380%. The balance remaining as of December 31, 2009 was \$3,006,952.00. The Borough renewed this note on March 11, 2010 in the amount of \$2,965,346.00 with an interest rate of 1.314%. The \$41,606.00 reduced the note as a principal payment from the Operating Budget.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 5: MUNICIPAL DEBT (CONTINUED)**

Sewer Utility Capital Fund:

Wastewater Treatment Loans:

\$7,060,000 of 1998 Trust Loan dated August 1, 1998. This loan is payable in annual installments of \$390,000.00 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, 2009 was \$3,885,000.00.

\$1,075,000.00 of 1998 Trust Loan dated August 1, 1998. This loan is payable in annual installments of \$55,000.00 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, 2009 was \$575,000.00.

\$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, 2009 was \$610,000.00.

\$6,485,430.00 of 1998 Fund Loan dated August 1, 1998. This loan is payable in semi-annual installments of \$301,690.84 to \$365,147.41 through August 2012. The remaining balance as of December 31, 2009 was \$1,028,196.25.

\$1,014,350.00 of 1998 Fund Loan dated August 1, 1998. This loan is payable in annual installments of \$11,047.75 to \$54,702.76 through August 2017. The remaining balance as of December 31, 2009 was \$392,434.77.

\$835,741.00 of 2002 Fund Loan dated October 15, 2002. This loan is payable in annual installments of \$41,418.99 to \$44,351.46 through August 2022. Interest is calculated at variable interest rates and is included in the annual installments. The remaining balance as of December 31, 2009 was \$555,348.93.

Sewer Revenue Bonds:

\$1,795,000.00 of 1990 Sewer Bonds dated October 1, 2010. This loan is payable in annual installments of \$50,000.00 to \$47,000.00 through October 1, 2010. Interest is calculated at an interest rate of 7.60% and is included in the annual installments. The remaining balance as of December 31, 2009 was \$47,000.00.

\$728,828.00 of 2008 Sewer Bonds Notes dated March 12, 2008. This loan is payable in annual installments of \$50,000.00 to \$47,000.00 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, 2009 was \$683,000.00.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 5: MUNICIPAL DEBT (CONTINUED)**

The Borough's long term debt consisted of the following at December 31, 2009:

General Obligation Bonds & Loan from the General Capital Account	\$7,364,400.20
Sewer Utility Loan from the Sewer Utility Capital Account	<u>7,775,979.95</u>
	<u>\$15,140,380.15</u>

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT  
ISSUED AND OUTSTANDING DECEMBER 31, 2009**

Calendar Year	<u>General</u>		<u>Sewer Utility</u>		<u>Yearly Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	304,661.98	313,181.68	1,052,923.04	286,816.38	1,357,585.02	599,998.06
2011	335,258.18	299,604.22	1,065,843.97	255,460.00	1,401,102.15	555,064.22
2012	350,866.37	284,933.54	1,034,507.70	225,610.00	1,385,374.07	510,543.54
2013	366,486.79	269,575.62	757,571.44	194,260.00	1,124,058.23	463,835.62
2014	387,119.68	253,315.24	787,106.88	161,560.00	1,174,226.56	414,875.24
2015-2019	2,885,545.92	951,797.38	2,776,298.94	300,735.00	5,661,844.86	1,252,532.38
2020-2024	2,696,885.97	182,865.64	301,727.98	17,300.00	2,998,613.95	200,165.64
2025-2026	<u>37,575.31</u>	<u>944.05</u>	<u>-</u>	<u>-</u>	<u>37,575.31</u>	<u>944.05</u>
Total	<u>7,364,400.20</u>	<u>2,556,217.37</u>	<u>7,775,979.95</u>	<u>1,441,741.38</u>	<u>15,140,380.15</u>	<u>3,997,958.75</u>

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 5: MUNICIPAL DEBT (CONTINUED)**

Long-term debt as of December 31, 2009 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amount Due</u> <u>Within One Year</u>
General Capital Fund:					
General Serial Bonds	\$ 7,120,000.00	\$ -	\$ 265,000.00	\$ 6,855,000.00	\$275,000.00
Green Acres Trust Fund	<u>531,747.18</u>	<u>-</u>	<u>22,346.98</u>	<u>509,400.20</u>	29,661.98
	<u>7,651,747.18</u>	<u>-</u>	<u>287,346.98</u>	<u>7,364,400.20</u>	
Sewer Capital Fund:					
General Serial Bonds	825,000.00	-	95,000.00	730,000.00	92,000.00
Waste Sewer Loans	<u>7,989,405.52</u>	<u>-</u>	<u>943,425.57</u>	<u>7,045,979.95</u>	960,923.04
	<u>8,814,405.52</u>	<u>-</u>	<u>1,038,425.57</u>	<u>7,775,979.95</u>	
Compensated Absences Payable	<u>332,407.11</u>	<u>-</u>	<u>128,817.82</u>	<u>203,589.29</u>	-
	<u>\$16,798,559.81</u>	<u>\$ -</u>	<u>\$1,454,590.37</u>	<u>\$15,343,969.44</u>	

**NOTE 6: BOND ANTICIPATION NOTES**

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

General Capital had \$3,006,952.00 in Outstanding Bond Anticipation Notes maturing March 11, 2010.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2009.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>
Notes Payable:				
General Capital:				
PNC Bank	<u>\$2,531,952.00</u>	<u>3,006,952.00</u>	<u>\$2,531,952.00</u>	<u>\$3,006,952.00</u>

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 7: TAX ANTICIPATION NOTES**

Tax Anticipation Notes in the amount of \$2,000,000.00 issued March 24, 2009. The interest is payable annually at a rate of 3.00%. The balance remaining as of December 31, 2009 was \$2,000,000.00. The borough renewed this note March 31, 2010 with an interest of 1.75%.

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2009 which are appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2010 were as follows:

Current Fund	<u>\$130,000.00*</u>
Sewer Utility Operating	<u>\$ -</u>

\* Based on introduced budget.

**NOTE 9: 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, 2009</u>	<u>Balance Dec 31, 2008</u>
Prepaid Taxes	<u>\$39,877.39</u>	<u>\$71,198.81</u>
Cash Liability for Taxes Collected in Advance	<u>\$39,877.39</u>	<u>\$71,198.81</u>

**NOTE 10: 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.

	<u>Balance December 31, 2009</u>	<u>Balance December 31, 2008</u>
<u>Local District School Tax</u>		
Balance of Tax	\$1,966,586.02	\$1,895,349.75
Deferred	<u>1,966,586.02</u>	<u>1,925,972.50</u>
School Tax Payable (Prepaid)	<u>-</u>	<u>( 30,622.75)</u>

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 10: LOCAL AND REGIONAL DISTRICT SCHOOL TAXES (CONTINUED)**

	<u>Balance December 31, 2009</u>	<u>Balance December 31, 2008</u>
<u>Regional High School Tax</u>		
Balance of Tax	\$ 2,081,623.73	\$2,117,967.35
Deferred	<u>2,081,623.73</u>	<u>2,117,967.35</u>
School Tax Payable	<u>\$ -</u>	<u>\$ -</u>

**NOTE 11: PENSION PLANS**

Description of System

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 Firemens' 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 Firemens' Retirement System (PFRS) are considered 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 substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and 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 determined to be 1/60th 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. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). 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' account.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 11: PENSION PLANS (CONTINUED)**

*Police and Firemens' Employees' 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 average compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years or 1/60 of final average compensation multiplied by the number of years of creditable service, whichever is greater. 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 the members' contributions.

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

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19 (S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying the full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Fireman's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8 1/4 percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough has opted not to defer.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 11: PENSION PLANS (CONTINUED)**

**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 the State of New Jersey legislation. The pension funds provide for employee contributions based on 5.0% for PERS and 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. 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.

The Borough's contribution to the Public Employee's Retirement system, equal to the required contributions for each year, were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2009	\$66,867.50	\$131,241.62
2008	91,601.60	221,487.76
2007	54,034.00	119,100.00

**Defined Contribution Retirement Program**

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provision 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 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 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 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 a account that the employee manages through investment option provided by the employer.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 11: PENSION PLANS (CONTINUED)**

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

All elected official 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.

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

**NOTE 12: 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 \$203,589.29. 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 13: 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, 2009, \$ -0- of the Borough's bank balance of \$3,933,208.64 was exposed to custodial credit risk.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 13: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**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.

**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 14: 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 2009 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**NOTE 15: 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 16: 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, 2009 AND 2008  
(CONTINUED)**

**NOTE 17: DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at December 31, 2009 consist of the following:

\$	6.58	Due to Current Fund from Public Assistance Trust Fund for interest earned.
	9,739.90	Due to Current Fund from Animal Control Trust Fund for interest earned and statutory excess.
	55,745.29	Due to Current Fund from General Capital Fund for receipts and disbursements in the Current Fund.
	250.85	Due to Federal and State Grant Fund from Current Fund for cash receipts in the Current Fund.
	51,932.67	Due to Sewer Capital Fund from Current Fund for cash receipts and disbursements in the Current Fund.
	51,898.77	Due to Other Trust Fund from Current Fund for cash receipts in the Current Fund.
	578.48	Due to Assessment Trust Fund from Current Fund for interest earned.
	899,612.30	Due to General Capital Fund from the Sewer Capital Fund for cash receipts and disbursements.
	250,000.00	Due to Sewer Operating Fund from General Capital Fund for cash receipts in the General Fund.
	40,000.00	Due to Sewer Operating Fund from Other Trust Fund for cash receipts and disbursements.
	<u>941.62</u>	Due to Sewer Capital Fund from Sewer Operating Fund for cash receipts and disbursements.
	<u>\$1,360,706.46</u>	

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

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**NOTE 18: CONTINGENT LIABILITIES**

The Borough of Washington counsel advises us that there are various claims by persons who have asserted tort claims. These claims were turned over to the Borough's Insurance Company. The Insurance Company has not written the Borough or attorney that there are any claims that will exceed policy limits or that there are any uncovered claims asserted.

There are also various tax appeals pending.

**SUPPLEMENTARY DATA**

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

**OFFICIALS IN OFFICE AND SURETY BONDS**  
**YEAR ENDED DECEMBER 31, 2009**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety Company</u>
Scott McDonald	Mayor	*	
David Higgins	Deputy Mayor	*	
Victor Cioni	Councilperson	*	
Charles T. Housel	Councilperson	*	
Patrick Boyle	Councilperson	*	
John Valentine	Councilperson	*	
Christina Woykowski	Councilperson to 7/1/09	*	
Jeanine Gleba	Councilperson from 8/4/09	*	
John Corica	Manager to 2/1/09	*	
Richard Phelan	Manager from 3/23/09	*	
Kristine Blanchard,	Acting Manager from 2/1/09 to 3/23/09; Municipal Clerk, Licensing Official, Registrar, Search Officer	*	
		5,000	Selective Ins. Co.
Kay F. Stasyshan	Tax Collector	200,000	Selective Ins. Co.
Thomas Kane	CFO to 6/10/09		
William Zuckerman	CFO from 6/4/09 to 9/30/09		
Natasha Turchan	CFO from 10/1/09		
Thomas Efstathiou	Tax Assessor	*	
	Tax Search Officer		
Rudolph Bescherer	Code Enforcement/Zoning Official		
Andrew Holt	Engineer	*	
J. Edward Palmer	Magistrate	6,000	Selective Ins. Co.
Virginia A. Cortese	Court Administrator	50,000	Selective Ins. Co.
Lisa A. Rudd	Deputy Court Administrator	50,000	Selective Ins. Co.
Richard P. Cushing, Esq.	Attorney	*	
Roger S. Skoog	Prosecutor	*	
Scott Willhelm	Public Defender	*	
George G. Cortellesi	Police Chief	*	
Thomas M. Ferry, C.P.A., R.M.A.	Auditor		
	Animal Control Officer		

\* Public Employees Dishonesty Blanket Bond is in force covering each employee for \$2500,000.00 (National Union Insurance Company).

Borough of Washington

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A Number	Program or Award Amount	Grant Period From/To	12/31/2008		12/31/2009		MEMO Cumulative Total Expenditures
				(Receivable)	Reserve Balance	(Receivable)	Reserve Balance	
<b>FEDERAL AND STATE GRANT FUND</b>								
Federal Emergency Management Agency SLAHEOP GRANT	83.562	2,405.72	1/1/04-12/31/04	867.35		867.35		1,538.37
Department of Housing & Urban Development Pass Through State of New Jersey								
Department of Community Affairs Small Cities Program	14.2280	400,000.00	4/1/08-8/31/09	155,832.00	33.75	155,832.00	33.75	399,966.25
Department of Justice COPS More			1997					
Bulleproof Vest Partnership Program	16.607	1,792.50	1/1/09-12/31/09	1,233.00	622.70	1,233.00	622.70	1,792.50
Bulleproof Vest Partnership Program	16.607	700.00	1/1/08-12/31/08	700.00	431.93	1,792.50	431.93	268.07
Bulleproof Vest Partnership Program	16.607	1,075.50	1/1/07-12/31/07	2,387.08	1,642.97	700.00	1,075.50	
Bulleproof Vest Partnership Program	16.607	2,430.00	1/1/04-12/31/04	4,320.08	586.40	236.08	1,642.97	787.03
Bulleproof Vest Partnership Program	16.607	1,277.24	1/1/03-12/31/05	3,284.00	3,284.00	3,961.58	586.40	690.84
				160,152.08	4,185.10	157,983.00	5,260.60	405,043.06
<b>FEDERAL AND STATE GRANT FUND</b>								
GENERAL CAPITAL FUND				500,000.00	500,000.00	500,000.00	500,000.00	500,000.00
Federal Emergency Management Agency	83.562	500,000.00	1/1/09-12/31/09	660,152.08	504,185.10	157,983.00	1,792.50	905,043.06
<b>TOTAL FEDERAL AID</b>								



Schedule of Expenditures of State Awards

For the Year Ended December 31, 2009

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2008		12/31/2009		MEMO Cumulative Total Expenditures
				Receivable	Reserve Balance	Receivable	Reserve Balance	
<b>GENERAL CAPITAL FUND</b>								
New Jersey Department of Transportation: Improvement to Belvidere Avenue (Ord. # 07-2006) Improvement to Washington Avenue (Ord. # 02-2007) Total New Jersey Department of Transportation:	6320-480-078-6320-AJQ-TCAP-6010	120,000.00	Continuous	29,999.80	29,999.80	29,999.80	29,999.80	90,000.20
	6320-480-078-6320-AJQ-TCAP-6010	498,265.00	Continuous	498,265.00	183,355.04	498,265.00	41,719.25	456,545.75
					528,264.80	213,554.84	528,264.80	71,719.05
		283,200.00	Continuous	72,363.09	8,449.00	72,363.09	8,449.00	274,751.00
<b>TOTAL GENERAL CAPITAL FUND</b>				600,627.89	221,803.84	72,363.09	80,168.05	821,296.95
<b>TOTAL STATE AID</b>				803,258.28	363,073.83	152,814.56	259,465.77	1,099,303.12

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

**CURRENT FUND**

	<u>Year 2009</u>		<u>Year 2008</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized			525,000.00	2.95%
Miscellaneous - From Other Than Local Property Tax Levies	1,747,286.93	9.71%	1,609,603.14	9.05%
Collection of Delinquent Taxes and Tax Title Liens	481,632.37	2.68%	430,140.73	2.42%
Collection of Current Tax Levy	15,458,872.53	85.90%	15,018,538.01	84.46%
Other Credits to Income	<u>307,531.13</u>	<u>1.71%</u>	<u>197,671.91</u>	<u>1.12%</u>
<b><u>Total Revenue and Other Income Realized</u></b>	<u><u>17,995,322.96</u></u>	<u><u>100.00%</u></u>	<u><u>17,780,953.79</u></u>	<u><u>100.00%</u></u>
 <b><u>Expenditures</u></b>				
Budget Expenditures:				
Municipal Purposes	6,164,525.87	34.55%	6,233,616.01	34.97%
Local and Regional School Taxes	8,158,692.55	45.73%	8,058,583.64	45.21%
County Taxes	3,256,020.54	18.25%	3,323,757.14	18.65%
Special Improvement District Tax	201,839.72	1.13%	165,286.65	0.93%
Other Expenditures	<u>60,384.99</u>	<u>0.34%</u>	<u>42,798.00</u>	<u>0.24%</u>
<b><u>Total Expenditures</u></b>	<u><u>17,841,463.67</u></u>	<u><u>100.00%</u></u>	<u><u>17,824,041.44</u></u>	<u><u>100.00%</u></u>
<b>Excess (Deficit) in Revenue</b>	153,859.29		(43,087.65)	
<b>Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year</b>			<u>33,566.42</u>	
<b>Deficit in Operations to be Raised in Budget of Succeeding Year</b>	153,859.29		<u><u>(9,521.23)</u></u>	
<b>Statutory Excess to Fund Balance</b>	153,859.29			
<b>Fund Balance, January 1,</b>	<u>39,381.41</u>		<u>564,381.41</u>	
	193,240.70		564,381.41	
<b>Less:</b>				
Utilized as Anticipated Revenue	<u>-</u>		<u>525,000.00</u>	
<b>Fund Balance, December 31,</b>	<u><u>193,240.70</u></u>		<u><u>39,381.41</u></u>	

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

**SEWER UTILITY OPERATING FUND**

	<u>Year 2009</u>		<u>Year 2008</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Rents	2,071,919.70	83.42%	2,012,426.90	85.75%
Miscellaneous	37,030.36	1.49%	84,085.74	3.58%
Interest on Investments	1,208.41	0.05%	11,639.81	0.50%
Reserve Capacity Charges	38,228.77	1.54%	101,280.00	4.32%
Industrial/Commercial Permit Fees	15,741.75	0.63%	137,432.20	5.85%
Sewer Capital Surplus	269,658.00	10.86%		
Reserve for Contributions in Aid of Construction - Sewer Capital Fund	50,000.00	2.01%		
Other Credits to Income				
Appropriation Reserves			39.88	0.00%
<b><u>Total Revenue and Other Income Realized</u></b>	<b><u>2,483,786.99</u></b>	<b><u>100.00%</u></b>	<b><u>2,346,904.53</u></b>	<b><u>100.00%</u></b>
 <b><u>Expenditures</u></b>				
Budget Expenditures:				
Operating	1,154,660.00	46.76%	1,110,966.00	46.61%
Capital Improvements	-		4,500.00	0.19%
Debt Service	1,260,190.00	51.04%	1,255,038.00	52.66%
Deferred Charges and Statutory Expenditures	54,301.35	2.20%	12,499.29	0.52%
Other Expenses	-		434.45	0.02%
<b><u>Total Expenditures</u></b>	<b><u>2,469,151.35</u></b>	<b><u>100.00%</u></b>	<b><u>2,383,437.74</u></b>	<b><u>100.00%</u></b>
<b>Excess (Deficit) in Revenue</b>	<b>14,635.64</b>		<b>(36,533.21)</b>	
<b>Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years</b>			<b><u>36,533.21</u></b>	
<b>Statutory Excess to Fund Balance</b>	<b>14,635.64</b>			
<b>Fund Balance, January 1,</b>	<b><u>21,633.61</u></b>		<b><u>21,633.61</u></b>	
	<b>36,269.25</b>		<b>21,633.61</b>	
<b>Less:</b>				
Utilized as Anticipated Revenue	-			
<b>Fund Balance, December 31,</b>	<b><u>36,269.25</u></b>		<b><u>21,633.61</u></b>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Tax Rate:</u>	<u>4.273</u>	<u>4.027</u>	<u>3.970</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	1.239	1.054	1.005
County	.771	.770	.755
County Open Space	.094	.094	.092
Local School	1.063	1.005	.980
Regional School	1.106	1.104	1.138

Assessed Valuation

2009	376,386,626.00		
2008		379,341,707.00	
2007			379,341,707.00

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>
2009	16,309,760.01	15,458,872.53	94.78%
2008	15,682,830.26	15,018,538.01	95.76%
2007	15,303,660.80	14,805,785.28	96.74%

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>
2009	680,118.70	687,551.37	1,367,670.07	8.38%
2008	496,952.87	627,217.85	1,124,170.72	7.17%
2007	439,899.62	541,553.70	981,453.32	6.41%

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>
2009	112,300.00
2008	112,300.00
2007	112,300.00

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2009	2,051,599.15	2,071,919.70
2008	2,063,705.75	2,012,426.90
2007	2,054,838.83	2,066,284.22

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>			
	2009	193,240.70	130,000.00*
	2008	39,381.41	-
	2007	564,381.41	525,000.00
	2006	652,583.44	565,000.00
	2005	727,034.59	675,000.00
 <u>Sewer Utility Operating Fund:</u>			
	2009	36,269.25	-
	2008	21,633.61	-
	2007	21,633.61	-
	2006	296,633.61	275,000.00
	2005	333,611.53	300,000.00

\* Based on introduced budget

## Borough of Washington, N.J.

## Schedule of Cash - Treasurer

## Current Fund

Year Ended December 31, 2009

	<u>Ref.</u>		<u>Current Fund</u>
Balance - December 31, 2008	A		<u>2,253,417.34</u>
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	147,969.01	
Taxes Receivable	A-6	15,814,372.51	
Revenue Accounts Receivable	A-10	1,642,022.58	
Due From State - Senior Citizen and Veteran Deductions	A-11	55,683.58	
Interfunds	A-12	476,816.67	
Tax Anticipation Note Payable	A-14	2,000,000.00	
Various Cash Liabilities and Reserves	A-16	233,931.76	
Prepaid Taxes	A-18	<u>39,877.39</u>	
			<u>20,410,673.50</u>
			<u>22,664,090.84</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	5,593,530.41	
Change Fund	A-5	205.00	
Interfunds	A-12	692,023.55	
Tax Anticipation Note Payable	A-14	1,500,000.00	
Appropriation Reserves	A-15	65,971.48	
Various Cash Liabilities and Reserves	A-16	210,526.90	
Encumbrances Payable	A-17	122,380.77	
County Taxes Payable	A-19	3,267,602.49	
Local School District Taxes Payable	A-20	3,928,478.73	
Regional High School Taxes Payable	A-21	4,199,591.07	
Special Improvement District Taxes Payable	A-22	<u>200,000.04</u>	
			<u>19,780,310.44</u>
Balance - December 31, 2009	A		<u><u>2,883,780.40</u></u>

**Borough of Washington, N.J.**  
**Schedule of Cash - Change Fund**  
**Current Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	A	220.00
Increased by:		
Cash Disbursement From Checking	A-4	<u>205.00</u>
Balance - December 31, 2009	A	<u><u>425.00</u></u>
 <u>Analysis of Balance:</u>		
Tax Collector		100.00
Municipal Clerk		100.00
Recreation		125.00
Municipal Court		<u>100.00</u>
		<u><u>425.00</u></u>

**Borough of Washington, N.J.  
Schedule of Taxes Receivable and Analysis of Property Tax Levy**

**Current Fund**

**Year Ended December 31, 2009**

Year	Balance, Dec. 31, 2008	Levy	Added Taxes	Collected 2008	Collected 2009	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2009
2007	250.00				250.00				250.00
2008	496,702.87		4,578.76		483,448.79	(2,066.42)	19,649.26		250.00
	496,952.87		4,578.76		483,698.79	(2,066.42)	19,649.26		250.00
		16,284,841.73	24,918.28	71,198.81	15,330,673.72	57,000.00	65,012.94	106,005.84	679,868.70
2009	496,952.87	16,284,841.73	29,497.04	71,198.81	15,814,372.51	54,933.58	84,662.20	106,005.84	680,118.70
	A			A-2;A-18	A-2;A-4	A-2;A-11	A-7		A

Analysis of Tax Levy

Tax yield:							
General Purpose Tax						16,284,841.73	
Added Tax (R.S. 54:4-63.1 et seq.)						24,918.28	
						<u>16,309,760.01</u>	
Tax Levy:							
County Tax			A-19	3,250,962.34			
Added County Taxes			A-19	5,058.20		3,256,020.54	
Local District School Tax			A-20	3,999,715.00			
Regional High School Tax			A-21	4,163,247.45			
Special Improvement District Tax			A-22	201,839.72			
			A-2			8,364,802.17	
						<u>11,620,822.71</u>	
Local Tax for Municipal Purposes			A-2	4,665,738.64			
Additional Taxes				23,198.66		4,688,937.30	
						<u>16,309,760.01</u>	

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

**Current Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	A	627,217.85
Increased by:		
Transferred from 2008 Taxes Receivable	A-6	19,649.26
Transferred from 2009 Taxes Receivable	A-6	65,012.94
Interest and Costs on Tax Sale		5,464.01
		90,126.21
		717,344.06
Decreased by:		
Cancelled		29,792.69
Balance - December 31, 2009	A	687,551.37

A-8

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

**Current Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	A	112,300.00
Balance - December 31, 2009	A	112,300.00

A-9

**Schedule of Maintenance Liens Receivable**

**Current Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	A	7,825.83
Balance - December 31, 2009	A	7,825.83

Borough of Washington, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2009

	<u>Ref.</u>	<u>Balance Dec. 31, 2008</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2009</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		4,320.00	4,320.00	
Other	A-2		3,000.00	3,000.00	
Fees and Permits	A-2		27,726.00	27,726.00	
Municipal Court :					
Fines and Costs	A-2	7,775.57	109,851.27	109,553.79	8,073.05
Tax Collector:					
Interest and Costs on Taxes	A-2		99,960.90	99,960.90	
Interest on Investments and Deposits	A-2		15,767.33	15,767.33	
Consolidated Municipal Property Tax					
Relief Aid	A-2		193,222.00	193,222.00	
Extraordinary Aid	A-2		550,000.00	550,000.00	
Energy Receipts Tax	A-2		525,586.00	525,586.00	
Uniform Fire Safety Act	A-2		15,648.09	15,648.09	
Cable TV Gross Receipts	A-2		21,684.51	21,684.51	
Recreation	A-2		81,998.01	81,998.01	
		<u>7,775.57</u>	<u>1,648,764.11</u>	<u>1,648,466.63</u>	<u>8,073.05</u>
		A			A
Cash Receipts	A-4			1,642,022.58	
Interfund Receivable	A-12			6,444.05	
				<u>1,648,466.63</u>	

## 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, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	A	7,924.49
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billing		56,000.00
Senior Citizens' and Veterans' Deductions Per Tax Collector		<u>1,000.00</u>
		57,000.00
Less: Senior Citizens Deductions Disallowed		
By the Tax Collector - 2008 Taxes		<u>2,066.42</u>
	A-6	<u>54,933.58</u>
		<u>62,858.07</u>
Decreased by:		
State Share of Senior Citizens and Veteran		
Deductions Received in Cash	A-4	<u>55,683.58</u>
Balance - December 31, 2009	A	<u><u>7,174.49</u></u>

**Borough of Washington, N.J.**  
**Schedule of Interfunds Receivables/(Payables)**

		<b>Current Fund</b>			
		<b>Year Ended December 31, 2009</b>			
<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To) Balance Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Due From/(To) Balance Dec. 31, 2009</u>
Federal and State Grants	A	(139,121.14)	240,014.47	378,884.76	(250.85)
Animal Control Trust Fund	A	4,749.58	4,990.32		9,739.90
Other Trust	A	1,427.64	4,698.59	58,025.00	(51,898.77)
General Capital Fund	A	357.20	235,745.29	180,357.20	55,745.29
Assessment Trust Fund	A	(584.46)		5.98	(578.48)
Public Assistance	A		6.58		6.58
Sewer Utility Operating Fund	A	(79,072.58)		79,072.58	
Sewer Utility Capital Fund	A	(51,932.67)			(51,932.67)
		<u>(264,176.43)</u>	<u>485,455.25</u>	<u>696,345.52</u>	<u>(39,169.00)</u>
<b>Analysis</b>					
Due From Current Fund	A-1	6,534.42			65,491.77
Due To Current Fund		(270,710.85)			(104,660.77)
		<u>(264,176.43)</u>			<u>(39,169.00)</u>
<b>Statutory Excess In Animal</b>					
Control Trust Fund	A-1		4,936.50		
Appropriations Payable	A-3		1,580.00		
Received	A-4		238,434.47	238,382.20	
Disbursed	A-4		234,066.21	457,957.34	
Revenue Accounts Receivable	A-10		6,438.07	5.98	
			<u>485,455.25</u>	<u>696,345.52</u>	

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

**Schedule of Deferred Charges**

**Current Fund**

**Year Ended December 31, 2009**

<u>Purpose</u>	<u>Balance, Dec. 31, 2008</u>	<u>Reduced in 2009</u>
Emergency Authorizations	25,000.00	25,000.00
Overexpenditure of Appropriation Reserve	4,116.09	4,116.09
Overexpenditure of Appropriation Payable	8,566.42	8,566.42
Cash Deficit	9,521.23	9,521.23
	<u>47,203.74</u>	<u>47,203.74</u>
	A	A-3

**Schedule of Tax Anticipation Note**

**Current Fund**

**Year Ended December 31, 2009**

<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2009</u>
4/1/2010	3.00%	1,500,000.00	2,000,000.00	1,500,000.00	2,000,000.00
		<u>A</u>	<u>A-4</u>	<u>A-4</u>	<u>A</u>

**Borough of Washington, N.J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2009**

	Balance, Dec. 31, <u>2008</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	907.12	907.12		907.12
Other Expenses	4,507.77	4,507.77		4,507.77
Mayor and Council:				
Other Expenses	44.65	44.65		44.65
Elections (Clerk):				
Salaries and Wages	1,073.93	1,073.93		1,073.93
Other Expenses	1,311.96	1,311.96		1,311.96
Financial Administration:				
Salaries and Wages	3,058.15	3,058.15	215.00	2,843.15
Other Expenses	2,975.15	2,975.15	333.49	2,641.66
Annual Audit	325.00	325.00	325.00	
Assessment of Taxes:				
Salaries and Wages	42.84	42.84		42.84
Other Expenses	6,351.04	6,351.04	4,772.06	1,578.98
Collection of Taxes:				
Salaries and Wages	113.99	113.99		113.99
Other Expenses	398.82	398.82		398.82
Legal Services and Costs:				
Other Expenses	36,065.14	36,065.14	8,284.85	27,780.29
Prosecutor:				
Salaries and Wages	1,168.62	2,075.62	1,168.62	907.00
Engineering Services and Costs:				
Other Expenses	3,732.00	3,732.00	3,566.28	165.72
Downtown Development:				
Other Expenses	600.00	600.00	600.00	
Public Buildings and Grounds:				
Salaries and Wages	264.13	264.13		264.13
Other Expenses	6,921.45	6,921.45	3,640.21	3,281.24
Planning Board:				
Salaries and Wages	0.41	0.41		0.41
Other Expenses	2,335.63	1,428.63	672.50	756.13
Board of Adjustment:				
Salaries and Wages	442.99	442.99		442.99
Other Expenses	1,831.56	1,831.56		1,831.56
Municipal Court:				
Salaries and Wages	1,420.83	1,420.83		1,420.83
Other Expenses	1,186.90	1,186.90	31.46	1,155.44
Public Defender:				
Other Expenses	350.00	350.00		350.00
Shade Tree Commission:				
Other Expenses	2.50	2.50		2.50

**Borough of Washington, N.J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2009**

	Balance, Dec. 31, <u>2008</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<u>PUBLIC SAFETY</u>				
Fire				
Other Expenses:				
Misc. Other Expenses	43.91	43.91	27.81	16.10
Fire Hydrant Service	36.00	36.00		36.00
Police:				
Salaries and Wages	12,403.79	12,403.79	8,052.33	4,351.46
Other Expenses	15,200.25	15,200.25	11,734.11	3,466.14
First Aid Organization - Aid Maintenance:				
Other Expenses	1.00	1.00		1.00
Uniform Fire Safety Act (P.L. 1983,C.383):				
Fire and Safety Code Enforcement:				
Salaries and Wages	1,105.32	1,105.32		1,105.32
Other Expenses	1,928.74	1,928.74	24.09	1,904.65
Civil Emergency Preparedness:				
Salaries and Wages	61.61	61.61		61.61
Other Expenses	2,600.00	2,600.00		2,600.00
Local Code Enforcement:				
Other Expenses	1,257.10	1,257.10	32.39	1,224.71
Insurance:				
General Liability	21,994.40	21,994.40		21,994.40
Workers Compensation Insurance	6,013.00	6,013.00		6,013.00
Employee Group Health	6,875.28	6,875.28	6,875.28	
<u>STREETS AND ROADS</u>				
Road Repairs and Maintenance:				
Salaries and Wages	11,369.73	1,048.73	1,048.42	0.31
Other Expenses	1,340.62	4,661.62	1,210.03	3,451.59
<u>HEALTH AND WELFARE</u>				
Animal Control:				
Salaries and Wages	2.06	2.06		2.06
Local Municipal Alliance:				
Other Expenses	1,800.22	1,800.22		1,800.22
P.E.O.S.H.A.				
Other Expenses	635.00	635.00		635.00
<u>UNCLASSIFIED</u>				
Utility Expenses:				
Electricity	4,033.68	4,033.68	3,019.31	1,014.37
Natural Gas	6,386.84	6,386.84		6,386.84
Heating Oil	2,786.75	2,786.75	1,018.50	1,768.25
Street Lighting & Traffic Lights	7,230.64	7,230.64	6,179.99	1,050.65
Solid Waste Disposal	1,237.98	8,237.98	6,543.99	1,693.99
Telephone	3,025.04	3,025.04	1,123.82	1,901.22
Water	810.90	810.90		810.90
Sewer Disposal	4,355.00	4,355.00		4,355.00
Gasoline and Diesel Fuel	6,227.22	6,227.22	1,903.51	4,323.71

**Borough of Washington, N.J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2009**

	Balance, Dec. 31, <u>2008</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Deferred Charges and Statutory Expenditures				
Contribution to:				
Social Security System (O.A.S.I.)	5,826.15	5,826.15		5,826.15
Unemployment Compensation Ins.	13,500.00	13,500.00		13,500.00
Maintenance of Free Public Library:				
Other Expenses	15,821.38	15,821.38	11,193.80	4,627.58
Police and Fireman's Retirement System of N.J.	0.24	0.24		0.24
Public Employees Retirement System of N.J.	<u>3,452.40</u>	<u>3,452.40</u>		<u>3,452.40</u>
<b>Total General Appropriation Reserves</b>	<u><u>236,794.83</u></u>	<u><u>236,794.83</u></u>	<u><u>83,596.85</u></u>	<u><u>153,197.98</u></u>
	A			A-1
		<u>Ref.</u>		
	Cash Disbursed	A-4	65,971.48	
	Accounts Payable	A-16	<u>17,625.37</u>	
			<u><u>83,596.85</u></u>	

## Borough of Washington, N.J.

## Schedule of Various Cash Liabilities and Reserves

## Current Fund

## Year Ended December 31, 2009

<u>Liabilities and Reserves</u>	<u>Balance Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2009</u>
<u>Liabilities:</u>				
Accounts Payable		17,625.37		17,625.37
Redemption of Outside Liens		181,134.85	181,134.85	
Tax Overpayments	29,661.34	45,332.91	27,923.27	47,070.98
<u>Reserves for:</u>				
Fire Department Penalties	3,420.07			3,420.07
Tax Appeals		75,000.00		75,000.00
Revaluation	868.10			868.10
State Library Aid	9,089.68	7,464.00	1,468.78	15,084.90
Sale of Municipal Assets	5,670.00			5,670.00
	<u>48,709.19</u>	<u>326,557.13</u>	<u>210,526.90</u>	<u>164,739.42</u>
	A			A
	<u>Ref.</u>			
Appropriated in Current Fund Budget	A-3	75,000.00		
Cash Received	A-4	233,931.76		
Cash Disbursed	A-4		210,526.90	
Appropriation Reserves	A-15	17,625.37		
		<u>326,557.13</u>	<u>210,526.90</u>	

**Borough of Washington, N.J.**  
**Schedule of Encumbrances Payable**

**Current Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	A	122,380.77
Increased by:		
Transfer from Current Appropriations	A-3	181,207.75
		<u>303,588.52</u>
Decreased by:		
Disbursements	A-4	122,380.77
		<u>122,380.77</u>
Balance - December 31, 2009	A	<u><u>181,207.75</u></u>

**Schedule of Prepaid Taxes**

**Current Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	A	71,198.81
Increased by:		
Receipts - Prepaid 2010 Taxes	A-4	39,877.39
		<u>111,076.20</u>
Decreased by:		
Applied to 2009 Taxes	A-6	71,198.81
		<u>71,198.81</u>
Balance - December 31, 2009	A	<u><u>39,877.39</u></u>

**Borough of Washington, N.J.**  
**Schedule of County Taxes Payable**  
**Current Fund**  
**Year Ended December 31, 2009**

Balance - December 31, 2008	<u>Ref.</u> A		16,640.15
Increased by:			
Levy	A-6	3,250,962.34	
Added and Omitted Taxes	A-6	<u>5,058.20</u>	
	A-1		<u>3,256,020.54</u>
			<u>3,272,660.69</u>
Decreased by:			
Payments	A-4		<u>3,267,602.49</u>
Balance - December 31, 2009	A		<u><u>5,058.20</u></u>

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

**Current Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>		
Balance - December 31, 2008			
School Tax Deferred		1,925,972.50	
School Tax Payable (Prepaid)	A	<u>(30,622.75)</u>	1,895,349.75
Increased by:			
Levy- 2009	A-6		<u>3,999,715.00</u>
			5,895,064.75
Decreased by:			
Payments	A-4		<u>3,928,478.73</u>
Balance - December 31, 2009			
School Tax Deferred			<u>1,966,586.02</u>
2009 Liability for Local District School Tax Taxes Paid			3,928,478.73
Add: School Tax Prepaid, December 31, 2008	A-2		30,622.75
Amount Charged to Operations	A-1		<u>3,959,101.48</u>

**Borough of Washington, N.J.**  
**Schedule of Regional High School Taxes Payable**

**Current Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008 School Taxes Deferred		2,117,967.35
Increased by:		
Levy- 2009	A-6	4,163,247.45
		<u>6,281,214.80</u>
Decreased by:		
Payments	A-4	4,199,591.07
		<u>4,199,591.07</u>
Balance - December 31, 2009 School Taxes Deferred		<u><u>2,081,623.73</u></u>
2009 Liability for Regional District School Tax:		
Taxes Paid		4,199,591.07
Amount Charged to Operations	A-1	<u>4,199,591.07</u>

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**Schedule of Special Improvement District Taxes Payable**

**Current Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	A	2,949.56
Increased by:		
Levy- 2009	A-1;A-6	201,839.72
		<u>204,789.28</u>
Decreased by:		
Payments	A-4	200,000.04
		<u>200,000.04</u>
Balance - December 31, 2009	A	<u><u>4,789.24</u></u>

**Borough of Washington, N.J.**  
**Schedule of Interfunds Receivable (Payable)**  
**Federal and State Grant Fund**  
**Year Ended December 31, 2009**

<u>Fund</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Current Fund	A	<u>139,121.14</u>	<u>240,014.47</u>	<u>378,884.76</u>	<u>250.85</u>
Grants Receivable	A-24		230,760.43		
Appropriated Grants	A-25			40,635.31	
Appropriated Grants - Matching Share	A-23		1,580.00		
Unappropriated Grants	A-26		7,674.04		
Reserve for Encumbrances	A-27			<u>338,249.45</u>	
			<u>240,014.47</u>	<u>378,884.76</u>	

Borough of Washington, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2009

Grant	Balance Dec. 31, 2008	Budget Revenue	Received	Transfer from Unappropriated Reserves	Balance Dec. 31, 2009
Municipal Alliance Grant	7,591.12	6,320.00	6,281.66		7,629.46
Community Forestry Management		3,000.00			3,000.00
Highland TDR Grant		25,000.00	25,000.00		500.00
2005 Summer Recreation Program	500.00				500.00
2006 Summer Recreation Program	500.00				1,233.00
COPS More Program - 1997	1,233.00				32,500.00
Smart Growth Planning Program	32,500.00				
Clean Communities		12,171.91	11,708.57	463.34	
Obey The Signs		428.17		428.17	
Body Armor		1,399.11		1,399.11	
Recycling Tonnage		5,347.82		5,347.82	
Drunk Driving Enforcement Fund		4,149.02	1,213.32	2,935.70	
N.J. Site Remediation Fund	116,545.00				116,545.00
Cool Cities Community Grant	25,000.00		25,000.00		
Alcohol Education and Rehabilitation Fund	27.79				27.79
Bulletproof Vest Program	3,087.08	2,868.00	2,151.00	1,075.50	2,728.58
Click-it or Ticket Program	1,466.48	7,513.52	3,573.88	3,939.64	1,466.48
Small Cities Grant	155,832.00		155,832.00		
Police Feasibility Study	19,500.00				19,500.00
	<u>363,782.47</u>	<u>68,197.55</u>	<u>230,760.43</u>	<u>15,589.28</u>	<u>185,630.31</u>
	A	A-2	A-23	A-26	A

Borough of Washington, N.J.

Schedule of Appropriated Reserves of Grants

Federal and State Grant Fund

Year Ended December 31, 2009

Grant	Balance	Transfer	Expended	Balance
	Dec. 31, 2008	From 2009 Budget		Dec. 31, 2009
Drunk Driving Enforcement Fund	23,736.85	4,149.02	907.47	26,978.40
Recycling Tonnage Grant	484.00	5,347.82		5,831.82
Alcohol Education and Rehabilitation Fund	4,228.16			4,228.16
Municipal Alliance Grant:				
Local Share	1,467.99	1,580.00	1,864.95	1,183.04
State Share	1,757.44	6,320.00	5,932.79	2,144.65
COPS More Program	622.70			622.70
Obey The Signs		428.17		428.17
Clean Communities Program	14,370.30	12,171.91		26,542.21
Domestic Violence Training	3,580.88			3,580.88
U.S. Justice - Bulletproof Vest Grant	2,661.30	2,868.00	1,792.50	3,736.80
Cool Cities Community Grant	3,860.00			3,860.00
Small Cities Grant	33.75			33.75
Hazardous Discharge Site Redemption	55,213.62			55,213.62
Body Armor Replacement Fund	4,949.55	1,399.11	2,137.60	4,211.06
Click-it or Ticket	3,328.00	7,513.52		10,841.52
Police Feasibility Study	19,500.00			19,500.00
SLAHEOP Grant	867.35			867.35
Planning Assistance COAH	2,732.39			2,732.39
Municipal Stormwater Regulation Grant	5,000.00			5,000.00
Community Forestry Management		3,000.00	3,000.00	
Highland TDR Grant		25,000.00	25,000.00	
Storm Water Management Programs	528.80			528.80
	<u>148,923.08</u>	<u>69,777.55</u>	<u>40,635.31</u>	<u>178,065.32</u>
	A		A-23	A
	Ref.			
Budget Appropriations	A-3	68,197.55		
Interfund - Current Fund	A-23	<u>1,580.00</u>		
		<u>69,777.55</u>		

**Borough of Washington, N.J.**  
**Schedule of Unappropriated Reserves for Grants**  
**Federal and State Grant Fund**  
**Year Ended December 31, 2009**

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Transfer To</u> <u>Appropriated</u> <u>Reserves</u>	<u>Cash</u> <u>Received</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Drunk Driving Enforcement Fund	2,935.70	2,935.70		
Recycling Tonnage Grant	5,347.82	5,347.82	7,674.04	7,674.04
Body Armor Fund	1,399.11	1,399.11		
Clean Communities	463.34	463.34		
Click-it or Ticket	3,939.64	3,939.64		
Obey the Signs or Pay the Fines	428.17	428.17		
Bulletproof Vest Fund	1,075.50	1,075.50		
	<u>15,589.28</u>	<u>15,589.28</u>	<u>7,674.04</u>	<u>7,674.04</u>
	A	A-24	A-23	A

**Borough of Washington, N.J.**  
**Schedule of Encumbrances Payable**  
**Federal and State Grant Fund**  
**Year Ended December 31, 2009**

Balance - December 31, 2008	<u>Ref.</u> A	338,391.25
Decreased by:		
Disbursements	A-23	<u>338,249.45</u>
Balance - December 31, 2009	A	<u><u>141.80</u></u>

## Borough of Washington, N. J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2009

	<u>Ref.</u>	<u>Assessment Trust Fund</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2008	B	<u>2,164.88</u>	<u>18,687.28</u>	<u>748,361.93</u>
Increased by Receipts:				
Dog License Fees - Borough	B-3		8,720.00	
Cat License Fees - Borough	B-3		2,036.00	
Dog Late Fees	B-3		2,908.00	
Dog License Fees - State Share	B-6		1,334.40	
Other Trust Funds	B-7			3,515,960.90
Interfund - Current Fund	B-4	<u>7.35</u>	<u>70.09</u>	<u>4,698.59</u>
Total Receipts		<u>7.35</u>	<u>15,068.49</u>	<u>3,520,659.49</u>
		<u>2,172.23</u>	<u>33,755.77</u>	<u>4,269,021.42</u>
Decreased by Disbursements:				
Interfund - Current Fund	B-4	1.37	16.27	
Reserve for Animal Control Trust				
Fund Expenditures	B-3		3,877.00	
State Share - Dog Licenses	B-6		1,334.40	
Other Trust Funds	B-7			3,549,489.32
Total Disbursements		<u>1.37</u>	<u>5,227.67</u>	<u>3,549,489.32</u>
Balance - December 31, 2009	B	<u><u>2,170.86</u></u>	<u><u>28,528.10</u></u>	<u><u>719,532.10</u></u>

## Borough of Washington, N. J.

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

## Trust Funds

Year Ended December 31, 2009

	<u>Ref.</u>		
Balance - December 31, 2008	B		13,937.70
Increased by:			
Dog License Fees	B-2	8,720.00	
Cat License Fees	B-2	2,036.00	
Dog Late Fees	B-2	<u>2,908.00</u>	
			<u>13,664.00</u>
			<u>27,601.70</u>
Decreased by:			
Reserve for Animal Control Trust Fund Expenditures	B-2	3,877.00	
Statutory Excess	B-4	<u>4,936.50</u>	
			<u>8,813.50</u>
Balance - December 31, 2009	B		<u><u>18,788.20</u></u>

License Fees Collected

<u>Year</u>	
2008	9,920.00
2007	<u>8,868.20</u>
	<u><u>18,788.20</u></u>

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

**Schedule of Interfund Receivable (Payable) - Current Fund**

**Trust Fund**

**Year Ended December 31, 2009**

	Due (to) / from Balance <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Due (to) / from Balance <u>Dec. 31, 2009</u>
Assessment Trust Fund	584.46	7.35	1.37	578.48
Animal Control Trust Fund	(4,749.58)	5,006.59	16.27	(9,739.90)
Other Trust Fund	(1,427.64)	58,025.00	4,698.59	51,898.77
	<u>(6,177.22)</u>	<u>63,038.94</u>	<u>4,716.23</u>	<u>42,158.87</u>
	B			B
	<u>Ref.</u>			
Receipts-Trust Funds	B-2		4,698.59	
Receipts- Assessment Trust Fund	B-2	7.35		
Interest - Animal Control Trust Fund	B-2	70.09		
Statutory Excess	B-3	4,936.50		
Disbursed-Animal Control Trust Fund	B-2		16.27	
Disbursed - Assessment Trust Fund	B-2		1.37	
Other Trust Funds	B-7	58,025.00		
		<u>63,038.94</u>	<u>4,716.23</u>	

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

**Schedule of Interfund Receivable (Payable) - Sewer Operating Fund**

**Trust Fund**

**Year Ended December 31, 2009**

	Due (to)/from Balance <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Due (to)/from Balance <u>Dec. 31, 2009</u>
Other Trust Fund	<u>(40,000.00)</u>			<u>(40,000.00)</u>
	B			B

**Borough of Washington, N. J.**  
**Schedule of Due to State Department of Health**  
**Trust Funds**  
**Year Ended December 31, 2009**

Ref.

Increased by:		
State Fees Collected	B-2	<u><u>1,334.40</u></u>
Decreased by:		
Disbursements	B-2	<u><u>1,334.40</u></u>

## Borough of Washington, N. J.

## Schedule of Other Trust Funds

## Trust Funds

Year Ended December 31, 2009

	Balance Dec. 31, 2008	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, 2009
Reserve for:				
Escrow Deposits	536,434.14	28,659.57	45,018.58	520,075.13
Municipal Alliance	702.79		700.00	2.79
POAA	734.44	174.34		908.78
Recreation	15,765.52	92,850.86	104,021.35	4,595.03
Police Department Trust	5,313.58			5,313.58
K- 9 Fund	680.83			680.83
Tax Sale Premiums	42,700.00	58,025.00		100,725.00
National Night Out Trust	1,717.78			1,717.78
Special Police Services	16,443.64	63,324.63	72,367.58	7,400.69
Public Defender	5,278.50		917.00	4,361.50
Fire Safety Bureau Trust	6,458.07	3,787.66	6,090.51	4,155.22
Police Donations	7,602.34			7,602.34
C.O.A.H.	19,640.01	9,019.00		28,659.01
Unemployment	17,780.79	28,163.42	21,728.85	24,215.36
Payroll	29,681.86	3,289,231.42	3,298,645.45	20,267.83
WBFD Dedicated Penalty Trust		750.00		750.00
	<u>706,934.29</u>	<u>3,573,985.90</u>	<u>3,549,489.32</u>	<u>731,430.87</u>
	B			B
		<u>Ref.</u>		
Cash Receipts	B-2	3,515,960.90		
Cash Disbursements	B-2		3,549,489.32	
Interfund Current	B-4	58,025.00		
		<u>3,573,985.90</u>	<u>3,549,489.32</u>	

**Borough of Washington, N. J.**  
**Schedule of Prepaid Assessments**  
**Trust Funds**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	B	<u>1,488.20</u>
Balance - December 31, 2009	B	<u>1,488.20</u>

## Borough of Washington, N. J.

## Schedule of Cash

## General Capital Fund

Year Ended December 31, 2009

	<u>Ref.</u>		
Balance - December 31, 2008	C;C-3		353,353.23
Increased by Receipts:			
Interfund - Current Fund	C-4	409,491.68	
Interfund - Sewer Capital Fund	C-5	180,000.00	
Interfund - Sewer Operating Fund	C-6	250,000.00	
Grants Receivable	C-7	72,363.09	
Bond Anticipation Notes	C-13	475,000.00	
	C-3	<u>1,386,854.77</u>	1,740,208.00
Decreased by Disbursements:			
Interfund - Current Fund	C-4	280,017.59	
Contracts Payable	C-12	1,007,081.38	
Improvement Authorizations	C-11	<u>337,448.21</u>	
	C-3		<u>1,624,547.18</u>
Balance - December 31, 2009	C;C-3		<u><u>115,660.82</u></u>

**Borough of Washington, N. J.**  
**Analysis of Cash**  
**General Capital Fund**  
**Year Ended December 31, 2009**

	Balance Dec. 31, 2008	Receipts		Disbursements		Transfers		Balance Dec. 31, 2009
		Bond Anticipation Note	Miscellaneous	Improvement Authorizations	Miscellaneous	To	(From)	
Fund Balance	22,662.68							22,662.68
Capital Improvement Fund	3,617.00					88,974.00		92,591.00
Contracts Payable	1,519,939.56				1,007,081.38		(69,015.99)	443,842.19
Grants Receivable	(1,100,627.89)		72,363.09					(1,028,264.80)
Interfund - Current Fund	357.20		409,491.68					55,745.29
Interfund - Sewer Capital Fund	(1,079,612.30)		180,000.00		280,017.59		(88,974.00)	(899,612.30)
Interfund - Sewer Operating Fund			250,000.00					250,000.00
<b>Improvement Authorizations</b>								
<b>Ordinance</b>								
15-2000 Various Improvements and Purposes	989.00							989.00
23-2002 Improvements to Myrtle Avenue	(1,195.00)							(1,195.00)
15-2004 Improvements to Municipal Swimming Pool	8,449.00							8,449.00
01-2005 Improvements to Washington Avenue	2,033.61			6,712.71		5,071.61		392.51
02-2007 Supplemental Amending 2005-1	183,355.04			141,635.79				41,719.25
08-2005 Various Improvements and Purposes	38,937.17			2,109.11				36,828.06
12-2005 Various Public Improvements and Acquisitions	7,584.47							7,584.47
07-2006 Various Improvements and Purposes	7,911.68			1,601.26		33,789.86		40,100.28
07-2007 Various Improvements and Purposes	95,978.94			17,857.91		4,275.00		82,396.03
12-2007 Various Improvements and Purposes	310,969.30			1,905.00				309,064.30
02-2008 Redevelopment Projects	3,000.00			1,602.69		1,068.49		2,465.80
05-2008 Various Improvements and Purposes	304,003.77			164,023.74		(188.97)		139,791.06
11-2008 Acq. of New and Additional Fire Apparatus	25,000.00					10,112.00		510,112.00
	<u>353,353.23</u>	<u>475,000.00</u>	<u>911,854.77</u>	<u>337,448.21</u>	<u>1,287,098.97</u>	<u>157,989.99</u>	<u>(157,989.99)</u>	<u>115,660.82</u>
	C	C-2	C-2	C-2	C-2	C-2	C	C

## Borough of Washington, N. J.

## Schedule of Interfund Receivable (Payable) - Current Fund

## General Capital Fund

Year Ended December 31, 2009

	<u>Ref.</u>		
Balance - December 31, 2008	C		(357.20)
Increased by:			
Disbursement	C-2	280,017.59	
Capital Improvement Fund	C-10	<u>88,974.00</u>	
			<u>368,991.59</u>
			368,634.39
Decreased by:			
Cash Receipt	C-2	409,491.68	
Contracts Payable	C-12	<u>14,888.00</u>	
			<u>424,379.68</u>
Balance - December 31, 2009	C		<u><u>(55,745.29)</u></u>

**Borough of Washington, N. J.**  
**Schedule of Interfund Receivable (Payable) - Sewer Capital Fund**  
**General Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	C	1,079,612.30
Increased by:		
Cash Receipts	C-2	<u>180,000.00</u>
Balance - December 31, 2009	C	<u><u>899,612.30</u></u>

C-6

**Schedule of Interfund Receivable (Payable) - Sewer Operating Fund**  
**General Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Increased by:		
Cash Receipts	C-2	<u>250,000.00</u>
Balance - December 31, 2009	C	<u><u>(250,000.00)</u></u>

**Borough of Washington, N. J.**  
**Schedule of State Grants Receivable**  
**General Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	<u>Grants Receivable</u>
Balance - December 31, 2008	C	1,100,627.89
Decreased by:		
State Grants Received	C-2	<u>72,363.09</u>
Balance - December 31, 2009	C	<u><u>1,028,264.80</u></u>

**Borough of Washington, N. J.**  
**Schedule of Deferred Charges to Future**  
**Taxation - Funded**

**General Capital Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>		
Balance - December 31, 2008	C		7,651,747.18
Decreased by:			
Funded by Budget Appropriation			
Green Acres Loan Payable	C-14	22,346.98	
Serial Bonds Payable	C-15	<u>265,000.00</u>	
			<u>287,346.98</u>
Balance - December 31, 2009	C		<u><u>7,364,400.20</u></u>

Borough of Washington, N. J.  
 Schedule of Deferred Charges to Future Taxation - Unfunded  
 General Capital Fund  
 Year Ended December 31, 2009

Ord. No./Date	Improvement Description	Balance		Financed by Bond Anticipation Notes	Expended	Analysis of Balance Dec. 31, 2009	
		Dec. 31, 2008	Dec. 31, 2009			Over funded Ordinance	Unexpended Improvement Authorization
15-2000	Public Works Garage	1,376.00	1,376.00				1,376.00
23-2002	Improvements to Myrtle Avenue	1,195.00	1,195.00		1,195.00		
01-2005	Improvements to Washington Avenue	6.00	6.00				
07-2007	Various Improvements	1,988,652.00	1,988,652.00	2,038,652.00			
02-2008	Redevelopment Projects	100,000.00	100,000.00	100,000.00		50,000.00	
05-2008	Various Improvements and Purposes	393,300.00	393,300.00	393,300.00			
11-2008	Acquisition of New and additional Fire Apparatus	475,000.00	475,000.00	475,000.00			
		<u>2,959,529.00</u>	<u>2,959,529.00</u>	<u>3,006,952.00</u>	<u>1,195.00</u>	<u>50,000.00</u>	<u>1,382.00</u>
		C	C				
				Improvement Authorizations Unfunded	Ref.		651,034.89
				Less: Unexpended Proceeds of Bonds	C-11		
				Anticipations Notes			
					07-2007	32,396.03	
					02-2008	2,465.80	
					05-2008	139,791.06	
					11-2008	475,000.00	
							649,652.89
							<u>1,382.00</u>

**Borough of Washington, N. J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	C	3,617.00
Increased by:		
Interfund - Current Fund	C-4	<u>88,974.00</u>
Balance - December 31, 2009	C	<u><u>92,591.00</u></u>

Borough of Washington, N. J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2009

Ord. No./Date	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2008		Prior Years Contract Payable Cancelled	Paid or Charged	Balance Dec. 31, 2009	
				Funded	Unfunded			Funded	Unfunded
	<u>General Improvements:</u>								
15-2000	Various Improvements and Purposes	12/19/00	935,000.00	989.00	1,376.00			989.00	1,376.00
15-2004	Improvements to Municipal Swimming Pool	09/21/04	283,200.00	8,449.00				8,449.00	
01-2005	Improvements to Washington Avenue	02/15/05	1,350,000.00	2,033.61	6.00	5,071.61	6,712.71	392.51	6.00
02-2007	Supplemental Amending 2005-01	03/06/07	498,265.00	183,355.04			141,635.79	41,719.25	
08-2005	Various Improvements and Purposes	06/10/05	2,871,250.00	38,937.17			2,109.11	36,828.06	
12-2005	Various Public Improvements and Acquisitions	06/10/05	25,000.00	7,584.47		33,789.86	1,601.26	7,584.47	
07-2006	Various Improvements and Purposes	04/18/06	1,823,765.00	7,911.68		4,275.00	17,857.91	40,100.28	
07-2007	Various Improvements and Purposes	07/17/07	2,145,950.00		45,978.94		1,905.00	309,064.30	32,396.03
12-2007	Various Improvements and Purposes	09/18/07	760,000.00	310,969.30			1,602.69		2,465.80
02-2008	Redevelopment Projects	04/15/08	100,000.00		3,000.00	1,068.49			
05-2008	Various Improvements and Purposes	07/01/08	414,000.00		304,003.77	(188.97)	164,023.74		139,791.06
11-2008	Acquisition of new and Additional Fire Apparatus	11/17/08	1,000,000.00	25,000.00	475,000.00	10,112.00		35,112.00	475,000.00
				<u>585,229.27</u>	<u>829,364.71</u>	<u>54,127.99</u>	<u>337,448.21</u>	<u>480,238.87</u>	<u>651,034.89</u>
				C	C	C-12	C-2	C	C

**Borough of Washington, N. J.**  
**Schedule of Contracts Payable**  
**General Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>		
Balance - December 31, 2008	C		1,519,939.56
Decreased by:			
Cash Disbursed	C-2	1,007,081.38	
Interfund - Current Fund	C-4	14,888.00	
Improvement Authorizations	C-11	<u>54,127.99</u>	
			<u>1,076,097.37</u>
Balance - December 31, 2009	C		<u><u>443,842.19</u></u>

Borough of Washington, N. J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2009

Ord. No./Date	Improvement Description	Date of		Date of Maturity	Interest Rate	Increased	Decreased	Balance	
		Original Issue	Date of Issue					Dec. 31, 2008	Dec. 31, 2009
07-2007	Various Improvements	11/28/07	03/12/09	03/12/10	3.38%	2,038,652.00	2,038,652.00	2,038,652.00	2,038,652.00
02-2008	Redevelopment Project	09/18/08	03/12/09	03/12/10	3.38%	100,000.00	100,000.00	100,000.00	100,000.00
05-2008	Various Improvements	09/18/08	03/12/09	03/12/10	3.38%	393,300.00	393,300.00	393,300.00	393,300.00
11-2008	Acquisition of Fire Fighting Apparatus	08/27/09	03/12/09	03/12/10	3.38%	475,000.00	475,000.00	475,000.00	475,000.00
						<u>3,006,952.00</u>	<u>3,006,952.00</u>	<u>2,531,952.00</u>	<u>3,006,952.00</u>
								<u>C</u>	
								<u>Ref.</u>	
								Renewals	2,531,952.00
								Cash Received	475,000.00
									<u>3,006,952.00</u>
									<u>2,531,952.00</u>

**Borough of Washington, N. J.**  
**Schedule of Green Trust Loan Payable**

**General Capital Fund**

**Year Ended December 31, 2009**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2008	Decreased	Balance, Dec. 31, 2009
			Date	Amount				
Green Acres Loan	10/17/2002	328,750.00	1/17/2010-1/17/2022	See Notes	2.00%	248,547.18	15,549.14	232,998.04
			7/17/2010-7/17/2022					
Green Acres Loan	3/4/2009	283,200.00	6/30/2010-6/30/2026	See Notes	2.00%	283,200.00	6,797.84	276,402.16
			12/31/2010-12/31/2026					
						531,747.18	22,346.98	509,400.20
						C	C-8	C

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

**General Capital Fund**

**Year Ended December 31, 2009**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date</u>	Maturities of		<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2009</u>
				<u>Bonds Outstanding, December 31, 2009</u>	<u>Amount</u>				
General Improvement Bonds 04/01/01	4/1/2010	2,410,000.00	4/1/2010	165,000.00	4.500%				
	4/1/11-13		4/1/11-13	195,000.00	4.500%				
	4/1/2014		4/1/2014	205,000.00	4.600%				
	4/1/2015		4/1/2015	205,000.00	4.650%				
	4/1/2016		4/1/2016	205,000.00	4.700%	1,530,000.00	165,000.00	1,365,000.00	
General Improvement Bonds 03/12/08	3/1/2010	5,590,000.00	3/1/2010	110,000.00	4.375%				
	3/1/2011		3/1/2011	110,000.00	4.500%				
	3/1/2012		3/1/2012	125,000.00	4.500%				
	3/1/2013		3/1/2013	140,000.00	4.500%				
	3/1/2014		3/1/2014	150,000.00	4.500%				
	3/1/2015		3/1/2015	175,000.00	4.500%				
	3/1/2016		3/1/2016	200,000.00	4.500%				
	3/1/2017		3/1/2017	540,000.00	4.500%				
	3/1/2018		3/1/2018	640,000.00	4.500%				
	3/1/2019		3/1/2019	750,000.00	4.500%				
	3/1/2020		3/1/2020	850,000.00	4.500%				
3/1/2021		3/1/2021	850,000.00	4.500%					
3/1/2022		3/1/2022	850,000.00	4.500%					
						5,590,000.00	100,000.00	5,490,000.00	
						<u>7,120,000.00</u>	<u>265,000.00</u>	<u>6,855,000.00</u>	
						<u>C</u>	<u>C-8</u>	<u>C</u>	

**Borough of Washington, N. J.**  
**Schedule of Bonds and Notes Authorized But Not Issued**  
**General Capital Fund**  
**Year Ended December 31, 2009**

<u>Ord.</u> <u>No./Date</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>BAN's</u> <u>Authorized</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<u>General Improvements:</u>				
15-2000	Public Works Garage	1,376.00		1,376.00
23-2002	Improvements to Myrtle Ave.	1,195.00		1,195.00
01-2005	Improvements to Washington Ave.	6.00		6.00
11-2008	Acquisition of Fire Fighting Apparatus	475,000.00	475,000.00	
		<u>477,577.00</u>	<u>475,000.00</u>	<u>2,577.00</u>
			C-13	Footnote C

## Borough of Washington, N. J.

## Schedule of Cash

## Sewer Utility Fund

Year Ended December 31, 2009

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2008	D;D-6	<u>493,819.18</u>	<u>                    </u>
Increased by Receipts:			
Miscellaneous	D-3	37,030.36	
Interest on Deposits	D-3	1,206.06	
Reserve Capacity Charges	D-3	38,228.77	
Industrial/Commercial Permit Fees	D-3	15,741.75	
Consumer Accounts/Liens Receivable	D-8	2,069,759.89	
Interfund-Sewer Operating	D-14		185,002.35
Interfund-Current Fund	D-14	<u>79,072.58</u>	<u>                    </u>
	D-6	<u>2,241,039.41</u>	<u>185,002.35</u>
		<u>2,734,858.59</u>	<u>185,002.35</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	1,986,186.01	
Interfund-Sewer Capital	D-14	185,000.00	
Interfund - General Capital Fund	D-14	250,000.00	180,000.00
Appropriation Reserves	D-17	58,164.88	
Deferred Charges	D-18	26,224.86	
Encumbrances Payable	D-19	30,348.45	
Accrued Interest	D-20	45,138.90	
Improvement Authorizations	D-21		10.78
Various Reserves	D-22		3,850.00
		<u>2,581,063.10</u>	<u>183,860.78</u>
Balance - December 31, 2009	D;D-6	<u><u>153,795.49</u></u>	<u><u>1,141.57</u></u>



**Borough of Washington, N. J.**  
**Schedule of Change Fund**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	D	<u><u>75.00</u></u>
Balance - December 31, 2009	D	<u><u>75.00</u></u>

**Schedule of Consumer Accounts Receivable**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2009**

	<u>Balance Dec. 31, 2008</u>	<u>Charges</u>	<u>Transferred to Lien</u>	<u>Collections</u>	<u>Balance Dec. 31, 2009</u>
Consumer Accounts Receivable	<u>276,601.10</u>	<u>2,051,599.15</u>	<u>540.00</u>	<u>2,071,919.70</u>	<u><u>255,740.55</u></u>
	D				D
Rents Received		<u>Ref.</u>		2,069,759.89	
Prepaid Applied		D-5		1,931.46	
Transfer to Lien		D-10	540.00		
Overpayments Applied		D-9		228.35	
		D-23	<u>540.00</u>	<u>2,071,919.70</u>	
		D-3	<u><u>540.00</u></u>	<u><u>2,071,919.70</u></u>	

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

**Schedule of Sewer Liens**

**Sewer Utility Operating Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>		
Balance - December 31, 2008	D		14,199.46
Increased by:			
Transferred from Receivable	D-8	540.00	
Interest and Costs		59.09	
Sewer Lien Adjustment		<u>425.77</u>	
			<u>1,024.86</u>
Balance - December 31, 2009	D		<u><u>15,224.32</u></u>

**Schedule of Prepaid Sewer Charges**

**Sewer Utility Operating Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>		
Balance - December 31, 2008	D		<u><u>1,931.46</u></u>
Decreased by:			
Prepaid Applied	D-8		<u><u>1,931.46</u></u>

**Schedule of Wastewater Escrow Receivables**

**Sewer Utility Capital Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	D		<u><u>303,036.66</u></u>
Balance - December 31, 2009	D		<u><u>303,036.66</u></u>

**Borough of Washington, N. J.**  
**Schedule of Wastewater Fund Loan Receivable**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	D	<u>43,982.00</u>
Balance - December 31, 2009	D	<u>43,982.00</u>

**Schedule of Wastewater Trust Loans Receivable**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	D	<u>43,982.00</u>
Balance - December 31, 2009	D	<u>43,982.00</u>

Borough of Washington, N. J.

Schedule of Interfund Accounts Receivable (Payable)

Sewer Utility Fund

Year Ended December 31, 2009

Ref.	Sewer Operating Fund			Sewer Capital Fund		
	Current Fund	Trust Fund	General Capital Fund	Current Fund	General Capital Fund	Sewer Operating Fund
Balance - December 31, 2008	79,072.58	40,000.00	(505,601.97)	51,932.67	(1,079,612.30)	505,601.97
Increased by:						
Budget Revenues			319,660.35		180,000.00	
Cash Disbursed			185,000.00		180,000.00	
			504,660.35			
Decreased by:						
Cash Received	79,072.58					185,000.00
Interest Earned						2.35
Fund Balance						269,658.00
Various Reserves						50,000.00
	79,072.58					504,660.35
Balance - December 31, 2009		40,000.00	(941.62)	51,932.67	(899,612.30)	941.62

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

**Schedule of Fixed Capital**

**Sewer Utility Capital Fund**

**Year Ended December 31, 2009**

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Wastewater Treatment Plant	17,780,843.72	17,780,843.72
Equipment	24,750.00	24,750.00
	<u>17,805,593.72</u>	<u>17,805,593.72</u>
	D	D

Borough of Washington, N. J.

Schedule of Fixed Capital Authorized and Uncompleted

Sewer Utility Capital Fund

Year Ended December 31, 2009

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance,</u>	<u>Balance,</u>
		<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2009</u>
10-04	Improvement of Sanitary Sewer System	06/14/04	40,000.00	40,000.00	40,000.00
13-05	Various Improvements	06/10/05	41,000.00	41,000.00	41,000.00
11-07	Improvement of Sanitary Sewer System	09/18/07	88,546.00	88,546.00	88,546.00
				<u>169,546.00</u>	<u>169,546.00</u>

D D

**Borough of Washington, N. J.**  
**Schedule of Appropriation Reserves**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2009**

	Balance, Dec. 31, <u>2008</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>
Operating:			
Salaries and Wages	488.46	488.46	488.46
Other Expenses	57,676.41	57,676.41	57,676.41
Statutory Expenditures:			
Social Security System (O.A.S.I.)	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
	<u><u>58,164.88</u></u>	<u><u>58,164.88</u></u>	<u><u>58,164.88</u></u>
	D		D-5

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

**Schedule of Deferred Charges**

**Sewer Utility Operating Fund**

**Year Ended December 31, 2009**

<u>Purpose</u>	Balance Dec. 31, 2008	Increased in 2009	Reduced in 2009	Balance Dec. 31, 2009
Deficit in Operations	36,533.21		36,533.21	26,224.86
Overexpenditure of Appropriation Reserve	8,331.14	26,224.86	8,331.14	26,224.86
	<u>44,864.35</u>	<u>26,224.86</u>	<u>44,864.35</u>	<u>26,224.86</u>
	D	D-5	D-4	D

**Borough of Washington, N. J.**  
**Schedule of Encumbrances Payable**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>		
Balance - December 31, 2008	D		59,972.20
Increased by:			
Transfer from Budget	D-4		<u>182,941.05</u>
			242,913.25
Decreased by:			
Cash Disbursed	D-5	30,348.45	
Various Reserves	D-23	<u>29,623.75</u>	
			<u>59,972.20</u>
Balance - December 31, 2009	D		<u><u>182,941.05</u></u>

Borough of Washington, N. J.

Schedule of Accrued Interest

Sewer Utility Operating Fund

Year Ended December 31, 2009

	<u>Ref.</u>	<u>Totals</u>	<u>Loans</u>	<u>Bonds</u>
	D	5,946.51		5,946.51
	D-4	118,308.49	74,098.49	44,210.00
	D-5	45,138.90	5,172.74	39,966.16
	D	<u>79,116.10</u>	<u>68,925.75</u>	<u>10,190.35</u>

Balance - December 31, 2008

Increased by:  
Budget Appropriations

Decreased by:  
Disbursements

Balance - December 31, 2009

<u>Principal Outstanding December 31, 2009</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period in Days</u>	<u>Required Amount</u>	<u>Excess/ (Deficit)</u>	<u>Actual Amount</u>
<u>U.S.D.A. Rural Development Loan:</u>							
3,885,000.00	5.000%	8/1/09	12/31/09	152	82,016.67	(25,867.41)	56,149.26
1,028,196.25	0.000%	8/1/09	12/31/09	152	12,138.89	(3,828.51)	8,310.38
575,000.00	5.000%	8/1/09	12/31/09	152	6,523.61	(2,057.50)	4,466.12
392,434.77	0.000%	8/1/09	12/31/09	77			
610,000.00	5.000%	10/15/09	12/31/09	77			
555,348.93	0.000%	10/15/09	12/31/09		<u>100,679.17</u>	<u>(31,753.42)</u>	<u>68,925.75</u>

<u>Serial Bonds:</u>							
47,000.00	7.60%	10/01/09	12/31/09	91	902.92	62.36	840.56
683,000.00	4.38%	9/1/2009	12/31/09	121	10,043.42	(693.63)	9,349.79
					<u>10,946.34</u>	<u>(631.27)</u>	<u>10,190.35</u>

Borough of Washington, N. J.

Schedule of Improvement Authorizations

Sewer Utility Capital Fund

Year Ended December 31, 2009

ORD. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2008		Paid or Charged	Balance Dec. 31, 2009	
				Funded	Unfunded		Funded	Unfunded
10-04	Improvement of Sanitary Sewer System	06/14/04	40,000.00	8,274.79		10.78	8,274.79	
13-05	Various Public Improvements	06/10/05	41,000.00	31,150.00			31,139.22	
11-07	Improvement of Sanitary Sewer System	09/18/07	88,546.00	83,146.00		10.78	83,146.00	
				<u>122,570.79</u>			<u>122,560.01</u>	

D

D-5

D

## Borough of Washington, N. J.

## Schedule of Reserves

## Sewer Utility Capital Fund

Year Ended December 31, 2009

<u>Description</u>	<u>Balance Dec. 31,2008</u>	<u>Decreased</u>	<u>Balance Dec. 31,2009</u>
Contracts Payable	3,850.00	3,850.00	
McKinley Avenue Sewers	4,430.93		4,430.93
Wastewater Trust Loans Receivable	45,741.00		45,741.00
Contributions from Developers	<u>50,000.00</u>	<u>50,000.00</u>	<u>                    </u>
	<u>104,021.93</u>	<u>53,850.00</u>	<u>50,171.93</u>
	D		D
	<u>Ref.</u>		
Cash Disbursements	D-5	3,850.00	
Interfund - Sewer Operating	D-14	<u>50,000.00</u>	
		<u>53,850.00</u>	

## Borough of Washington, N. J.

## Schedule of Reserves

## Sewer Utility Fund

Year Ended December 31, 2009

<u>Description</u>	<u>Balance Dec. 31,2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31,2009</u>
Overpaid Sewer Charges Accounts Payable	4,580.48		228.35	4,352.13
	<u>                    </u>	<u>29,623.75</u>	<u>                    </u>	<u>29,623.75</u>
	<u>4,580.48</u>	<u>29,623.75</u>	<u>228.35</u>	<u>33,975.88</u>
	D	D-19	D-8	D

**Borough of Washington, N. J.**  
**Schedule of Capital Improvement Fund**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	D	<u>4,500.00</u>
Balance - December 31, 2009	D	<u>4,500.00</u>

**Schedule of Reserve for Amortization**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>		
Balance - December 31, 2008	D		8,396,359.68
Increased by:			
USDA Rural Development Loan	D-27	943,425.57	
by Operating Budget	D-28	<u>95,000.00</u>	
Serial Bonds Paid by Operating Budget			<u>1,038,425.57</u>
Balance - December 31, 2009	D		<u>9,434,785.25</u>

**Borough of Washington, N. J.**  
**Schedule of Deferred Reserve for Amortization**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2009**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31,2008</u>	<u>Balance, Dec. 31,2009</u>
10-04	Improvements to Sanitary Sewer	06/14/04	3,000.00	3,000.00
13-05	Various Improvements	06/10/05	41,000.00	41,000.00
11-07	Improvements to Sanitary Sewer	09/01/07	88,546.00	88,546.00
			<u>132,546.00</u>	<u>132,546.00</u>
			D	D

Borough of Washington, N. J.

Schedule of Wastewater Loans Payable

Sewer Utility Capital Fund

Year Ended December 31, 2009

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2009		Interest Rate	Balance Dec. 31, 2008	Decreased	Balance Dec. 31, 2009
			Date	Amount				
Trust Loan - Project #S340706-03	08/01/98	7,060,000.00	2010	405,000.00	5.00%			
			2011	425,000.00	5.00%			
			2012	450,000.00	5.00%			
			2013	470,000.00	5.00%			
			2014	495,000.00	5.00%			
			2015	520,000.00	5.00%			
			2016	545,000.00	5.00%			
			2017	575,000.00	5.00%	4,275,000.00	390,000.00	3,885,000.00
Fund Project - Loan #S340706-03	08/01/98	6,458,430.00	2010	363,328.49	0.00%			
			2011	363,176.35	0.00%			
			2012	301,690.84	0.00%	1,394,253.12	366,056.87	1,028,196.25
Trust Loan - Project #S340706-04	08/01/98	1,075,000.00	2010	60,000.00	5.00%			
			2011	65,000.00	5.00%			
			2012	65,000.00	5.00%			
			2013	70,000.00	5.00%			
			2014	75,000.00	5.00%			
			2015	75,000.00	5.00%			
			2016	80,000.00	5.00%			
			2017	85,000.00	5.00%	630,000.00	55,000.00	575,000.00

Borough of Washington, N. J.

Schedule of Wastewater Loans Payable

Sewer Utility Capital Fund

Year Ended December 31, 2009

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding		Interest Rate	Balance Dec. 31, 2008	Decreased	Balance Dec. 31, 2009						
			Date	Amount										
Fund Loan - Project #S340706-04	08/01/98	1,014,350.00	2010	54,396.30	0.00%									
			2011	55,622.13	0.00%									
			2012	53,630.16	0.00%									
			2013	54,702.76	0.00%									
			2014	55,622.13	0.00%									
			2015	53,323.70	0.00%									
			2016	54,089.84	0.00%									
			2017	11,047.75	0.00%									
												445,452.01	53,017.24	392,434.77
			Trust Loan - Project #S340706-05	10/15/02	790,000.00				2010	35,000.00	5.00%			
2011	35,000.00	5.00%												
2012	40,000.00	5.00%												
2013	40,000.00	5.00%												
2014	40,000.00	5.00%												
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%												
						645,000.00	35,000.00	610,000.00						

**Borough of Washington, N. J.**  
**Schedule of Wastewater Loans Payable**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2009**

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding		Interest Rate	Balance Dec. 31, 2008	Decreased	Balance Dec. 31, 2009
			Date	Amount				
Fund Loan - Project #S340706-05	10/15/02	835,741.00	2010	43,198.25	0.00%			
			2011	42,044.92	0.00%			
			2012	44,186.70	0.00%			
			2013	42,868.68	0.00%			
			2014	41,484.75	0.00%			
			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%			
						599,700.39	44,351.46	555,348.93
						<u>7,989,405.52</u>	<u>943,425.57</u>	<u>7,045,979.95</u>
						D	D-25	D

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

**Sewer Utility Capital Fund**

**Year Ended December 31, 2009**

Purpose	Date of Issue	Original Issue	Maturities Outstanding December 31, 2008 Date	Amount	Interest Rate	Balance	
						Dec. 31, 2008	Dec. 31, 2009
General Improvements	10/01/90	1,765,000.00	10/01/10	47,000.00	7.60%	97,000.00	47,000.00
Sewer Bonds	03/12/08	728,000.00	03/01/2010	45,000.00	4.375%	728,000.00	683,000.00
			3/1/2011 - 2017	80,000.00	4.50%		
			03/01/18	78,000.00	4.50%		
						<u>825,000.00</u>	<u>730,000.00</u>
						D	D-25
						D	D

**Borough of Washington, N. J.**  
**Schedule of Bonds and Notes Authorized But Not Issued**

**Sewer Utility Capital Fund**

**Year Ended December 31, 2009**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2008</u>	<u>Balance, Dec. 31, 2009</u>
06-97	Improvements to Wastewater Treatment Plant	<u>631,828.52</u>	<u>631,828.52</u> <u>Footnote D</u>

## Borough of Washington, N.J.

## Schedule of Cash-Treasurer

## Public Assistance Fund

Year Ended December 31, 2009

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2008	E	1,957.20	1,938.01	19.19
Increased by Receipts:				
Interfund - Current Fund	E-4	<u>6.58</u>	<u>6.58</u>	<u>          </u>
		<u>1,963.78</u>	<u>1,944.59</u>	<u>19.19</u>
Decreased by Disbursements:				
Interfund - Current Fund	E-5	<u>19.19</u>	<u>          </u>	<u>19.19</u>
Balance - December 31, 2009	E	<u><u>1,944.59</u></u>	<u><u>1,944.59</u></u>	<u><u>          </u></u>

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

**Schedule of Cash and Reconciliation Per N.J.S.A. 40A:5-5**

**Public Assistance Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2009	E-1	1,944.59
Increased by:		
Cash Receipts Record		<u>2.82</u>
Balance - July 31, 2010		<u><u>1,947.41</u></u>
<u>Reconciliation - July 31, 2010</u>		<u>P.A.T.F.</u>
		<u>Account #1</u>
Balance on Deposit per Statement of:		
PNC Bank		
Checking		<u>1,947.41</u>
Balance - July 31, 2010		<u><u>1,947.41</u></u>

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

**Schedule of Cash and Reconciliation Per N.J.S.A. 40A:5-5**

**Public Assistance Fund**

**Year Ended December 31, 2009**

Ref.

Balance - December 31, 2009	E-1	
Increased by:		
Cash Receipts Record		<hr/>
Balance - June 23, 2010		<hr/> <hr/>
<u>Reconciliation - June 23, 2010</u>		<u>P.A.T.F.</u> <u>Account #1</u>
Balance on Deposit per Statement of:		
Lakeland State Bank		
Checking		<hr/>
Balance - June 23, 2010		<hr/> <hr/>

**Borough of Washington, N.J.**  
**Schedule of Cash and Reconciliation**  
**Public Assistance Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	E-1	1,957.20
Increased by Receipts:		
Cash Receipts Record		6.58
		1,963.78
Decreased by Disbursements:		
Cash Disbursements Record		19.19
Balance - December 31, 2009	E-1	1,944.59
<u>Reconciliation - December 31, 2009</u>		
		<u>P.A.T.F.</u>
		<u>Account #1</u>
Balance on Deposit per Statement of:		
PNC Bank		
Checking		1,944.59
Balance - December 31, 2009		1,944.59

**Borough of Washington, N.J.**  
**Schedule of Revenues - Cash Basis**  
**Public Assistance Fund**  
**Year Ended December 31, 2009**

	P.A.T.F. <u>Account #1</u>
Interest Earned	6.58
Total Revenues (P.A.T.F.)	6.58
<u>Ref.</u>	E-1;E-7

E-5

**Schedule of Expenditures - Cash Basis**  
**Public Assistance Fund**  
**Year Ended December 31, 2009**

	P.A.T.F. <u>Account # 2</u>
Interfund - Current Fund	19.19
Total Disbursements (P.A.T.F.)	19.19
<u>Ref.</u>	E-1;E-7

**Borough of Washington, N.J.**  
**Schedule of Reserve for Public Assistance**  
**Public Assistance Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	E	1,957.20
Decreased by:		
Interfund - Current Fund	E-7	19.19
Balance - December 31, 2009	E	1,938.01

E-7

**Schedule of Interfund Current Fund**  
**Public Assistance Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Increased by:		
Interest on Investments	E-4	6.58
Close P.A.T.F. II Account		19.19
		25.77
Decreased by:		
Disbursements	E-5	19.19
Balance - December 31, 2009	E	6.58

**BOROUGH OF WASHINGTON**

**\* \* \* \* \***

**PART II**

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

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2009**

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

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## 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

August 13, 2010

Honorable Mayor and  
Members of the Borough Council  
Borough of Washington  
1001 East Boulevard  
Washington, New Jersey 08865

We have audited the financial statements - regulatory basis of the Borough of Washington, in the County of Warren, State of New Jersey as of and for the year ended December 31, 2009, and have issued our report thereon dated August 13, 2010. Our report disclosed that, as described in Note 1 to the financial statements - regulatory basis, the Borough of Washington prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit 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.

### Internal Control Over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.



Honorable Mayor and  
Members of the Borough Council  
Borough of Washington  
August 13, 2010  
Page 2

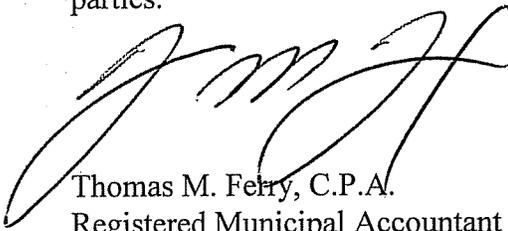
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### 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.

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.

This report is intended solely for the information and use of management, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



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

*Ferraioli, Wielkutz, Cerullo, + Cuva, P.A.*

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

## GENERAL COMMENTS

### Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2009, and at August 13, 2010, 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 July 1, 2005, the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$21,000.00 and with a qualified purchasing agent the threshold may be up to \$29,000.00.

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 6, 2009 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 2009.

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 17, 2009 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>
2009	18
2008	18
2007	14

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.

## **GENERAL COMMENTS (CONTINUED)**

### **Verification of Delinquent Taxes and Other Charges**

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

The result of the test, which was made as of December 31, 2009 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.

## **OTHER COMMENTS**

### **Interfunds**

Reference to various balance sheets show interfund balances remaining at year end. Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. As a general rule, all interfund balances should be closed out as of the end of year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

### **Treasurer**

1. There are various grant receivables and reserve balances in the Grant Fund that have remained inactive.
2. Funds were committed in excess of amounts appropriated by the Sewer Utility Fund appropriation reserves.
3. There are grant receivables in the General Capital Fund and the Sewer Utility Capital Fund that need to be investigated for possible cancellation.
4. Contracts payable in the General Capital Fund listed on the General Ledger does not agree with the subsidiary ledgers.
5. Consumer Accounts Receivable and Sewer Overpayments in the Sewer Utility Fund listed on the General Ledger do not agree with the subsidiary ledgers.
6. There is a Deferred Charge to Future Taxation - Unfunded over five years old.

### **Outside Offices**

1. The Clerk's Department, Police Department and Recreation Department do not maintain a formal cash receipts journal.
2. Recreation fees were not approved by an ordinance.

## OTHER COMMENTS (CONTINUED)

### Purchasing

1. The Borough did not implement a Pay-to-Play legislation with respect to the awarding of professional service contracts.

### Animal Control Trust Fund

1. A formal cash receipts journal was not maintained by the Collector.
2. Unused dog tags were not available for audit.

### Sewer Utility Fund

1. Daily computer deposit reports were unavailable for audit.

### Municipal Court

1. There were 42 tickets assigned but not issued over 181 days old.

### Payroll

1. The payroll agency account was not analyzed on a monthly basis.

**RECOMMENDATIONS**

1. That interfund balances be reviewed and liquidated on a periodic basis.
2. That various Grant Receivable and Grant Reserves be reviewed for possible cancellation.
3. That Grant Receivable balances in the General Capital Fund and the Sewer Utility Capital Fund be reviewed and possibly cancelled.
4. That Appropriation Reserve Balances in the Sewer Utility Fund be reviewed prior to commitment or expenditure of funds to avoid overexpenditures.
5. That Contract Payable Subsidiary Ledgers agree with the General Ledger in the General Capital Fund.
6. That Consumer Accounts Receivable and Sewer Overpayments in the Sewer Utility Fund agree with the General Ledger balance.
7. That the Deferred Charge to Future Taxation - Unfunded over five years old be cancelled or funded.
8. That the Clerk's Department, Police Department and Recreation Departments maintain a formal Cash Receipts Journal.
9. That the Recreation Fees be approved by ordinance.
10. That the Borough adhere to Pay-To-Play legislation.
11. That a formal Cash Receipts Journal be maintained by the Animal Control Trust Fund Collector.
12. That unused dog tags be maintained and available for audit.
13. That daily Deposit Computer Reports be maintained in the Sewer Utility Fund.
14. That Municipal Court tickets over 181 days old be recalled and reassigned through the ATS System.
15. That an analysis of the Payroll Agency account be maintained on a monthly basis.

**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, with the exception of the following which is included in this years recommendations:

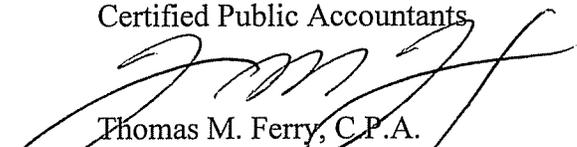
1. That interfund balances be reviewed and liquidated on a periodic basis.
2. That various Grant Receivable and Grant Reserves be reviewed for possible cancellation.
3. That the Borough adhere to Pay-To-Play legislation.
4. That the Police Department maintain a formal Cash Receipts Journal.
5. That Appropriation Reserve Balances in the Sewer Utility Fund be reviewed prior to commitment or expenditure of funds to avoid overexpenditures.
6. That an analysis of the Payroll Agency account be maintained on a monthly basis.

\* \* \* \* \*

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



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