

**REPORT OF AUDIT**  
**BOROUGH OF WASHINGTON**  
**COUNTY OF WARREN**  
**DECEMBER 31, 2017**

BOROUGH OF WASHINGTON, N.J.  
YEAR ENDED DECEMBER 31, 2017  
TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
<b><u>PART I</u></b>	
Independent Auditor's Report	1 - 3
 <u>CURRENT FUND</u>	
A Comparative Balance Sheet - Regulatory Basis	4 - 5
A-1 Comparative Statement of Operations and Changes in Fund Balance	6
A-2 Statement of Revenues	7 - 8
A-3 Statement of Expenditures	9 - 14
 <u>TRUST FUND</u>	
B Comparative Balance Sheet - Trust Funds	15 - 16
B-1 Comparative Statement of Fund Balance - Assessment Trust	17
 <u>GENERAL CAPITAL FUND</u>	
C Comparative Balance Sheet - General Capital Fund	18
C-1 Comparative Schedule of Fund Balance	19
 <u>SEWER UTILITY FUND</u>	
D Comparative Balance Sheet	20 - 21
D-1 Comparative Statement of Operations and Changes in Fund Balance	22
D-2 Comparative Statement of Fund Balance - Sewer Utility Capital Fund	23
D-3 Statement of Revenues - Sewer Utility Operating Fund	23
D-4 Statement of Expenditures - Sewer Operating Fund	24
 <u>GENERAL FIXED ASSETS</u>	
E Comparative Statement of General Fixed Assets	25
 NOTES TO FINANCIAL STATEMENTS	 26 - 51
 SUPPLEMENTARY DATA	
OFFICIALS IN OFFICE AND SURETY BONDS	52
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	53
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE	54
COMPARATIVE DATA	55 - 58

CURRENT FUND

A-4	Schedule of Cash - Treasurer	59
A-5	Schedule of Cash - Change Fund	60
A-6	Schedule of Taxes Receivable and Analysis of Property Tax Levy	61
A-7	Schedule of Tax Title Liens Receivable	62
A-8	Schedule of Property Acquired for Taxes Assessed Valuation	62
A-9	Schedule of Labor Liens Receivable	63
A-10	Schedule of Revenue Accounts Receivable	64
A-11	Schedule of Amount Due to State of New Jersey for Senior Citizens' and Veterans' Deductions - CH. 73 P.L.1976	65
A-12	Schedule of Interfunds Receivable/(Payables)	66
A-13	Schedule of Appropriations Reserves	67 - 69
A-14	Schedule of Various Cash Liabilities and Reserves	70
A-15	Schedule of Prepaid Taxes	71
A-16	Schedule of County Taxes Payable	72
A-17	Schedule of Local District School Tax	73
A-18	Schedule of Regional High School Taxes Payable	74
A-19	Schedule of Special Improvement District Taxes Payable - Federal and State Grant Fund	74
A-20	Schedule of Interfunds Receivable (Payable) - Federal and State Grant Fund -	75
A-21	Schedule of Grants Receivable - Federal and State Grant Fund	76
A-22	Schedule of Appropriated Reserves for Grants - Federal and State Grant Fund	77
A-23	Schedule of Unappropriated Reserves for Grants - Federal and State Grant Fund	78
A-24	Schedule of Encumbrances Payable - Federal and State Grant Fund	79

TRUST FUND

B-2	Schedule of Cash	80
B-3	Schedule of Animal Control Trust Fund Expenditures	81
B-4	Schedule of Animal Control Trust Encumbrances	81
B-5	Schedule of Interfund Receivable (Payable) - Current Fund	82
B-6	Schedule of Encumbrances Payable	82
B-7	Schedule of Due to/(from) State Department of Health	83
B-8	Schedule of Other Trust Funds	84
B-9	Schedule of Prepaid Assessments	85

GENERAL CAPITAL FUND

C-2	Schedule of Cash	86
C-3	Analysis of Cash	87
C-4	Schedule of Due from State of New jersey	88
C-5	Schedule of Encumbrances Payable	89
C-6	Schedule of Deferred Charges to Future Taxation - Funded	90
C-7	Schedule of Capital Improvement Fund	91
C-8	Schedule of Improvement Authorizations	92
C-9	Schedule of Green Acres Trust Loan Payable	93
C-10	Schedule of Various Reserves	94
C-11	Schedule of General Serial Bonds Payable	95

SEWER UTILITY FUND

D-5	Schedule of Cash	96
D-6	Analysis of Cash	97
D-7	Schedule of Change Fund	98
D-8	Schedule of Consumer Accounts Receivable	98
D-9	Schedule of Sewer Liens	99
D-10	Schedule of Prepaid Sewer Charges	99
D-11	Schedule of Fixed Capital	100
D-12	Schedule of Fixed Capital Authorized and Uncompleted	101
D-13	Schedule of Appropriations Reserves	102
D-14	Schedule of Accounts Payable	103
D-15	Schedule of Accrued Interest	104
D-16	Schedule of Improvement Authorizations	105
D-17	Schedule of Reserves - Sewer Utility Capital Fund	106
D-18	Schedule of Reserves - Sewer Utility Operating Fund	106
D-19	Schedule of Capital Improvement Fund	107
D-20	Schedule of Reserve for Amortization	107
D-21	Schedule of Reserve for Encumbrances Payable	107
D-22	Schedule of Deferred Reserve for Amortization	108
D-23	Schedule of Wastewater Loans Payable	109 - 110
D-24	Schedule of Sewer Serial Bonds Payable	111

**PART II**

Independent Auditor's 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	112 - 113
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GENERAL COMMENTS:

Cash Balances	114
Contracts and Agreements	114
Collection of Interest on Delinquent Taxes and Assessments	115
Delinquent Taxes and Tax Title Liens	116
Verification of Delinquent Taxes and Other Charges	117

Outside Offices	117
-----------------	-----

RECOMMENDATIONS	118
-----------------	-----

STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS	118
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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, 2017**

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

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Washington in the County of Warren, as of December 31, 2017 and 2016, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly,



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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Washington on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Washington as of December 31, 2017 and 2016, or changes in financial position for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets as of December 31, 2017 and 2016, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

***Other Information***

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





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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018, on our consideration of the Borough of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Washington's internal control over financial reporting and compliance.



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

*Ferraioli, Wielkottz, Cerullo & Cuva, P.A.*  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
*Certified Public Accountants*

Newton, New Jersey

June 22, 2018



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

**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31,**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	3,038,254.14	2,949,696.45
Change Fund	A-5	325.00	325.00
Due From State of New Jersey:			
Senior Citizen and Veteran Deductions	A-11	6,212.16	6,164.77
		<u>3,044,791.30</u>	<u>2,956,186.22</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	470,293.59	431,585.94
Tax Title Liens Receivable	A-7	881,014.37	928,885.74
Property Acquired for Taxes - Assessed Valuation	A-8	914,500.00	687,500.00
Labor Liens Receivable	A-9	5,509.66	7,825.83
Revenue Accounts Receivable	A-10	6,243.80	5,425.80
Interfund Receivables:			
Animal Control Trust Fund	A-12		202.37
		<u>2,277,561.42</u>	<u>2,061,425.68</u>
		<u>5,322,352.72</u>	<u>5,017,611.90</u>
Federal and State Grant Fund:			
Cash	A-4	28,883.74	28,292.32
Grants Receivable	A-21	126,949.82	25,882.33
		<u>155,833.56</u>	<u>54,174.65</u>
		<u>5,478,186.28</u>	<u>5,071,786.55</u>

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

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

**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31,**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-13	213,969.13	343,001.51
Encumbered	A-3;A-13	157,728.17	102,912.75
		<u>371,697.30</u>	<u>445,914.26</u>
Interfunds Payable:			
Other Trust Fund	A-12	64,435.94	74,869.90
Tax Overpayments	A-14	40,017.31	29,315.46
Reserve for:			
Tree Shade	A-14	500.00	500.00
State Library Aid	A-14	4,061.03	4,708.71
Tax Appeals	A-14	5,902.19	
Sale of Municipal Assets	A-14	9,900.00	9,900.00
Prepaid Taxes	A-15	364,389.26	133,868.49
County Taxes Payable	A-16	4,311.81	16,567.43
Local School District Tax Payable	A-17	143,690.65	92,762.09
Regional High School Taxes Payable	A-18	378,598.30	187,016.30
		<u>1,387,503.79</u>	<u>995,422.64</u>
Reserve for Receivables	Contra	2,277,561.42	2,061,425.68
Fund Balance	A-1	1,657,287.51	1,960,763.58
		<u>5,322,352.72</u>	<u>5,017,611.90</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	148,092.74	50,557.08
Unappropriated Reserve for Grants	A-23	4,125.96	
Encumbrances Payable	A-24	3,614.86	3,617.57
		<u>155,833.56</u>	<u>54,174.65</u>
		<u>5,478,186.28</u>	<u>5,071,786.55</u>

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

## Borough of Washington, N.J.

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

## Current Fund

## Years Ended December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	912,500.00	878,000.00
Miscellaneous Revenue Anticipated	A-2	1,433,415.33	1,150,172.61
Receipts from Delinquent Taxes	A-2	397,405.27	461,653.78
Receipts from Current Taxes	A-2	18,021,246.10	17,486,197.24
Non-Budget Revenue	A-2	228,723.77	205,251.56
Other Credits to Income:			
Statutory Excess In Animal Control Trust			202.37
Interfunds Returned	A-12	202.37	
Unexpended Balance of Appropriation Reserves	A-13	231,968.20	208,246.83
Total Revenues and Other Income		<u>21,225,461.04</u>	<u>20,389,724.39</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Operating	A-3	2,948,764.11	2,809,997.32
Deferred Charges and Statutory Expenditures	A-3	219,497.00	191,017.00
Operations - Excluded From CAPS:			
Operating	A-3	2,864,239.78	2,825,642.08
Capital Improvements	A-3	473,000.00	410,000.00
Municipal Debt Service	A-3	1,006,541.12	889,091.13
Due State of New Jersey:			
Prior Year Marriage Licenses Fees			2,225.00
Interfund Advances			202.37
Municipal Open Space Tax	A-12	73,680.69	
County Taxes including Added Taxes	A-16	3,254,997.41	3,130,520.47
Local District School Tax	A-17	4,969,414.00	4,651,092.02
Regional High School Tax	A-18	4,606,303.00	4,125,441.50
Special Improvement District Tax	A-19	200,000.00	200,000.00
Total Expenditures		<u>20,616,437.11</u>	<u>19,235,228.89</u>
Excess (Deficit) Revenue Over Expenditures		609,023.93	1,154,495.50
Fund Balance, January 1,	A	<u>1,960,763.58</u>	<u>1,684,268.08</u>
		2,569,787.51	2,838,763.58
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>912,500.00</u>	<u>878,000.00</u>
Fund Balance, December 31,	A	<u><u>1,657,287.51</u></u>	<u><u>1,960,763.58</u></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, 2017

	<u>Ref.</u>	<u>Budget</u>	Appropriated by: <u>40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	A-1	912,500.00		912,500.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	11,000.00		5,184.00	(5,816.00)
Fees and Permits	A-10	45,000.00		107,153.35	62,153.35
Fines and Costs:					
Municipal Court	A-10	80,000.00		93,036.87	13,036.87
Interest and Costs on Taxes	A-10	109,000.00		89,360.58	(19,639.42)
Interest on Investments and Deposits	A-2	4,000.00		6,510.37	2,510.37
Anticipated Sewer Utility Operating Surplus	A-10	360,000.00		360,000.00	
Consolidated Municipal Property Tax Relief Aid	A-10	35,256.00		35,256.00	
Energy Receipts Tax	A-10	558,120.00		558,120.00	
Special Items of General Revenue Anticipated					
With Prior Written Consent of Director of					
Local Government Services:					
Public and Private Revenues:					
Recycling Tonnage Grant	A-21	3,758.49		3,758.49	
Municipal Alliance on alcoholism and drug abuse	A-21	3,474.00		3,474.00	
Municipal Alliance	A-21	18,077.00		18,077.00	
NJ DOT Municipal Aid - N. Prospect Ave	A-21		100,000.00	100,000.00	
Clean Communities Grant	A-21		14,776.47	14,776.47	
Sustainable Jersey	A-21		2,000.00	2,000.00	
Risk Control Grant	A-21		2,512.15	2,512.15	
Other Special Items:					
Uniform Fire Safety Act	A-10	12,000.00		9,852.06	(2,147.94)
Cable TV Gross Receipts	A-10	23,000.00		24,343.99	1,343.99
Total Miscellaneous Revenues	A-1	1,262,685.49	119,288.62	1,433,415.33	51,441.22
Receipts from Delinquent Taxes	A-1;A-2	400,000.00		397,405.27	(2,594.73)
Subtotal General Revenues		2,575,185.49	119,288.62	2,743,320.60	48,846.49
Amount to be Raised by Taxes for Support of					
Municipal Budget-Local Tax for Municipal					
Purposes Including Reserve for Uncollected Taxes	A-2	5,417,174.75		5,515,586.97	98,412.22
Budget Totals		7,992,360.24	119,288.62	8,258,907.57	147,258.71
Non-Budget Revenue	A-1;A-2			228,723.77	228,723.77
		<u>7,992,360.24</u>	<u>119,288.62</u>	<u>8,487,631.34</u>	<u>375,982.48</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, 2017

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>		
Revenue from Collections	A-1;A-6		18,021,246.10
Allocated to School and County Taxes	A-6		<u>13,104,395.10</u>
Balance for Support of Municipal Budget Appropriations			4,916,851.00
Add:			
Appropriated Reserve for Uncollected Taxes	A-3		<u>598,735.97</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u><u>5,515,586.97</u></u>
Receipts from Delinquent Taxes:			
Delinquent Taxes			
Taxes Receivable	A-6		387,634.59
Tax Title Liens Receivable	A-7		<u>9,770.68</u>
			<u><u>397,405.27</u></u>
			A-2
<u>Analysis of Interest on Investment</u>			
Current Fund	A-10	6,055.39	
Interfunds Receivable	A-12	<u>454.98</u>	
			<u><u>6,510.37</u></u>
			A-2
<u>Analysis of Non-budget Revenues</u>	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Property Sale		2,156.40	
Division of Motor Vehicles Fines & Fees		2,100.00	
Tax Department Miscellaneous		10,945.13	
Senior Citizen and Veterans Admin. Costs Reimb.		722.17	
Finance - Miscellaneous		184,670.94	
Various Refunds and Miscellaneous		<u>25,812.96</u>	
			226,407.60
Labor Liens Receivable	A-9		<u>2,316.17</u>
	A-4		<u><u>228,723.77</u></u>
			A-2

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

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
General Government:						
Administrative and Executive:						
Salaries and Wages		116,865.00	116,865.00	109,130.62	7,734.38	
Other Expenses		21,420.00	34,420.00	33,387.44	1,032.56	
Mayor and Council:						
Salaries and Wages		22,000.00	22,000.00	21,864.58	135.42	
Other Expenses		7,665.00	6,665.00	4,341.97	2,323.03	
Municipal Clerk:						
Salaries and Wages		67,100.00	71,900.00	71,433.16	466.84	
Other Expenses		9,800.00	10,800.00	9,435.63	1,364.37	
Financial Administration:						
Salaries and Wages		103,095.38	104,795.38	104,724.05	71.33	
Other Expenses		19,600.00	19,600.00	17,613.32	1,986.68	
Annual Audit		48,000.00	48,000.00	33,949.12	14,050.88	
Revenue Administration:						
Salaries and Wages		74,508.23	74,508.23	72,323.61	2,184.62	
Other Expenses		13,200.00	10,200.00	8,535.56	1,664.44	
Assessment of Taxes:						
Salaries and Wages		36,445.63	36,445.63	34,111.88	2,333.75	
Other Expenses		14,400.00	24,400.00	14,344.67	10,055.33	
Legal Services and Costs:						
Other Expenses		85,000.00	85,000.00	59,792.61	25,207.39	
Engineering Services and Costs:						
Other Expenses		65,000.00	60,000.00	41,411.75	18,588.25	
Municipal Land Use Law (N.J.S. 40:55 D-1)						
Planning Board:						
Salaries and Wages		3,965.30	3,965.30	3,965.30		
Other Expenses		11,540.00	7,740.00	3,036.75	4,703.25	

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, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Board of Adjustment:						
Salaries and Wages		3,871.40	3,871.40	1,321.52	2,549.88	
Other Expenses		4,930.00	5,630.00	5,613.31	16.69	
Local Code Enforcement:						
Salaries and Wages		25,990.00	27,490.00	26,372.92	1,117.08	
Other Expenses		4,100.00	4,100.00	2,846.02	1,253.98	
P.E.O.S.H.A. (P.L. 1983,C516):						
Other Expenses		1,000.00				
Insurance:						
General Liability		258,913.00	263,713.00	263,413.45	299.55	
Employee Group Health		279,492.85	279,492.85	233,160.28	46,332.57	
Public Safety:						
Fire:						
Other Expenses						
Miscellaneous Other Expenses		43,319.00	43,319.00	43,319.00		
Fire Hydrant Service		73,000.00	71,500.00	64,493.00	7,007.00	
First Aid Organization - Aid Maintenance:						
Other Expenses		19,300.00	19,300.00	19,300.00		
Uniform Fire Safety Act (CH. 383, P.L. 1983)						
Fire and Code Enforcement:						
Salaries and Wages		24,975.20	24,975.20	24,943.69	31.51	
Other Expenses		5,050.00	5,050.00	1,725.11	3,324.89	
Office of Emergency Management:						
Salaries and Wages		5,318.85	5,318.85	5,318.85		
Other Expenses		2,000.00	1,000.00	25.00	975.00	
Public Works						
Road Repair and Maintenance						
Salaries and Wages		492,000.00	492,000.00	460,575.88	31,424.12	
Other Expenses		115,757.00	115,757.00	87,459.33	28,297.67	

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



Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Shade Tree Commission:						
Salaries and Wages		993.56	993.56	993.56		
Other Expenses		19,500.00	19,500.00	11,934.74	7,565.26	
Public Buildings and Grounds:						
Salaries and Wages		12,853.88	12,853.88	12,330.24	523.64	
Other Expenses		45,500.00	32,167.48	19,604.85	12,562.63	
Solid Waste Collection:						
Other Expenses		295,000.00	295,000.00	268,583.26	26,416.74	
Health and Welfare						
Animal Control:						
Salaries and Wages		10,699.35	10,699.35	10,654.77	44.58	
Senior Services						
Other Expenses		2,500.00	2,500.00	2,500.00		
Park and Recreation:						
Recreation and Education						
Other Expenses		76,328.00	76,328.00	76,328.00		
Public Defender (P.L. 1977,C.256)						
Other Expenses		6,000.00	6,000.00	5,600.00	400.00	
Utility Expenses						
Electricity		40,000.00	40,000.00	24,463.72	15,536.28	
Natural Gas		15,000.00	15,000.00	10,480.40	4,519.60	
Street Lighting & Traffic Lights		80,000.00	69,900.00	59,423.70	10,476.30	
Solid Waste Disposal		175,000.00	175,000.00	145,939.77	29,060.23	
Telephone		18,000.00	30,000.00	25,387.03	4,612.97	
Water		13,000.00	13,000.00	10,153.23	2,846.77	
Gasoline and Diesel Fuel		25,000.00	25,000.00	13,449.18	11,550.82	
Municipal Service Reimbursements		40,000.00	20,000.00	10,894.82	9,105.18	
Salary Settlements		5,000.00	5,000.00	5,000.00		
Total Operations Within "CAPS"		<u>2,958,996.63</u>	<u>2,948,764.11</u>	<u>2,597,010.65</u>	<u>351,753.46</u>	

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

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>	A-1	2,958,996.63	2,948,764.11	2,597,010.65	351,753.46	
Contingent						
Total Operations Including Contingent- Within "CAPS"						
Detail:						
Statutory Expenditures						
Contribution to:						
Public Employees Retirement System		111,097.00	112,997.00	112,955.29	41.71	
Social Security System (O.A.S.I.)		92,000.00	92,000.00	87,002.12	4,997.88	
Unemployment Compensation Insurance		7,500.00	7,500.00	7,500.00		
Defined Contribution Retirement Program		7,000.00	7,000.00	2,633.31	4,366.69	
Total Deferred Charged and Statutory		217,597.00	219,497.00	210,090.72	9,406.28	
Expenditures - Municipal within "CAPS"	A-1					
(G) Cash Deficit of Proceeding Year						
Total General Appropriations for Municipal						
Purposes within "CAPS"		3,176,593.63	3,168,261.11	2,807,101.37	361,159.74	
Operations - Excluded From "CAPS"						
Maintenance of Free Public Library		176,634.88	184,967.40	174,429.84	10,537.56	
Other Expenses						
Reserve for Tax Appeals		10,000.00	10,000.00	10,000.00		
Other Expenses		186,634.88	194,967.40	184,429.84	10,537.56	
Total Other Operations - Excluded From Caps						
Shared Service Agreements						
Shared Police Services - Washington Twp		2,347,602.00	2,347,602.00	2,347,602.00		
Shared Court Services - Mansfield		175,072.27	175,072.27	175,072.27		
Total Shared Service Agreements		2,522,674.27	2,522,674.27	2,522,674.27		

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, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Public and Private Programs Offset By Revenues						
Recycling Tonnage Grant		3,758.49	3,758.49	3,758.49		
Clean Communities			14,776.47	14,776.47		
Municipal Alliance:						
State Share		18,077.00	18,077.00	18,077.00		
Local Share		5,474.00	5,474.00	5,474.00		
NJ DOT Municipal Aid - N. Lincoln Ave			100,000.00	100,000.00		
Risk Control Grant			2,512.15	2,512.15		
Sustainable Jersey			2,000.00	2,000.00		
Total Public and Private Programs Offset		27,309.49	146,598.11	146,598.11		
By Revenues						
Total Operations - Excluded from "CAPS"	A-1	2,736,618.64	2,864,239.78	2,853,702.22	10,537.56	
Detail:						
Other Expenses		2,736,618.64	2,864,239.78	2,853,702.22	10,537.56	
Capital Improvements - Excluded From "CAPS"						
Capital Improvements - Recreation		473,000.00	473,000.00	473,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	473,000.00	473,000.00	473,000.00		
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal		735,000.00	735,000.00	735,000.00		0.50
Interest on Bonds		232,709.00	232,709.00	232,708.50		870.38
Loan Repayment for Principal and Interest		39,703.00	39,703.00	38,832.62		870.88
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,007,412.00	1,007,412.00	1,006,541.12		870.88
Total General Appropriations for Municipal						
Purposes Excluded from "CAPS"		4,217,030.64	4,344,651.78	4,333,243.34	10,537.56	870.88
Total General Appropriations - Excluded From						
"CAPS"		4,217,030.64	4,344,651.78	4,333,243.34	10,537.56	870.88
Subtotal General Appropriations		7,393,624.27	7,512,912.89	7,140,344.71	371,697.30	870.88
Reserve for Uncollected Taxes		598,735.97	598,735.97	598,735.97		

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

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
General Appropriations		<u>7,992,360.24</u>	<u>8,111,648.86</u>	<u>7,739,080.68</u>	<u>371,697.30</u>	<u>870.88</u>
Total General Appropriations						
<u>Analysis of Modified Budget</u>						
Adopted Budget	A-2		7,992,360.24			
Appropriation by 40A:4-87	A-2		119,288.62			
			<u>8,111,648.86</u>			
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			598,735.97		
Cash Disbursed	A-4			6,993,746.60		
Federal & State Grants (Matching Funds)	A-12			2,000.00		
Interfund - Federal and State Grant Fund	A-22			144,598.11		
				<u>7,739,080.68</u>		
<u>Analysis of Appropriation Reserve</u>						
Unencumbered	A				213,969.13	
Encumbered	A				157,728.17	
					<u>371,697.30</u>	

**Borough of Washington, N. J.**  
**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**December 31,**

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Assessment Trust Fund			
Cash	B-2	_____	2,749.34
Animal Control Trust Fund:			
Cash- Treasurer	B-2	17,513.71	19,879.97
Due from the State of New Jersey	B-7	10.00	0.40
		17,523.71	19,880.37
Other Trust Funds:			
Cash	B-2	1,566,356.05	1,582,278.64
Interfund - Current Fund	B-5	64,435.94	74,869.90
		1,630,791.99	1,657,148.54
		1,648,315.70	1,679,778.25

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

**Borough of Washington, N. J.**  
**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**December 31,**

<u>Liabilities, Reserves &amp; Fund Balance</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b>Assessment Trust Fund:</b>			
Prepaid Assessments	B-9		1,488.20
Fund Balance	B-1		1,261.14
		_____	2,749.34
<b>Animal Control Trust Fund:</b>			
Reserve for Animal Control Trust			
Fund Expenditures	B-3	15,920.71	17,782.00
Encumbrances	B-4	1,603.00	1,896.00
Interfund - Current Fund	B-5		202.37
		17,523.71	19,880.37
<b>Other Trust Fund:</b>			
Encumbrances Payable	B-6	47,866.22	14,791.99
Reserve for:			
Escrow Deposits	B-8	800,778.66	854,413.34
POAA	B-8	2,269.78	2,215.78
Recreation	B-8	35,821.41	60,744.28
Tax Sale Premiums	B-8	450,400.00	559,400.00
Public Defender	B-8	374.00	174.00
Fire Safety Bureau Trust	B-8	4,204.51	4,624.40
WBFD Dedicated Penalty Trust	B-8		55.56
C.O.A.H.	B-8	10,729.34	3,067.99
Unemployment	B-8	83,613.68	74,982.65
Payroll	B-8	11,159.91	10,885.76
Comcast	B-8	227.66	227.66
Snow Removal/Storm Recovery	B-8	16,333.84	62,527.64
Senior Activity	B-8	2,849.84	1,687.84
Outside Liens	B-8	18,193.82	1,835.52
Open Space	B-8	65,284.19	
Street Opening	B-8	17,001.00	
Escrow	B-8	53,170.00	
Salary Settlements	B-8	10,514.13	5,514.13
		1,630,791.99	1,657,148.54
		1,648,315.70	1,679,778.25

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

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

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

**Trust Funds**

**Year Ended December 31,**

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
Balance - January 1,	B	1,261.14	<u><u>1,261.14</u></u>
Increased by:			
Prepaid Assessment Cancelled	B-9	<u>1,488.20</u>	
		<u><u>2,749.34</u></u>	
Decreased by:			
Assessment Cancelled	B-5	<u>2,749.34</u>	
Balance - December 31,			<u><u>1,261.14</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**

**General Capital Fund**

**December 31,**

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	C-2;C-3	276,173.25	345,871.39
Due from State of New Jersey	C-4	120,000.00	
Deferred Charges to Future Taxation Funded	C-6	5,900,722.39	6,784,818.07
		<u>6,296,895.64</u>	<u>7,130,689.46</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Encumbrances Payable	C-5	142,528.82	76,862.13
Capital Improvement Fund	C-7	103,548.10	90,548.10
Improvement Authorizations: Funded	C-8	134,286.34	136,063.96
Green Acres Loan Payable	C-9	254,722.39	288,818.07
Reserve for:			
Debt Service	C-10	9,320.21	407.42
Generator	C-10	1,500.00	37,000.00
General Serial Bonds Payable	C-11	5,646,000.00	6,496,000.00
Fund Balance	C-1	4,989.78	4,989.78
		<u>6,296,895.64</u>	<u>7,130,689.46</u>

Footnote C: There were no Bonds and Notes Authorized But Not Issued as of December 31, 2017 and 2016

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



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

**Comparative Schedule of Fund Balance - Regulatory Basis**

**General Capital Fund**

**Year Ended December 31,**

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
Balance - January 1,	C	<u>4,989.78</u>	<u>4,989.78</u>
Balance - December 31,	C	<u>4,989.78</u>	<u>4,989.78</u>

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

## Borough of Washington, N. J.

## Comparative Balance Sheet - Regulatory Basis

## Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Operating Fund:			
Cash-Treasurer	D-5	3,226,762.04	2,882,131.26
Change Fund	D-7	75.00	75.00
		<u>3,226,837.04</u>	<u>2,882,206.26</u>
Receivables with Full Reserves:			
Consumer Accounts	D-8	272,328.24	297,422.39
Sewer Liens	D-9	35,826.01	34,446.55
		<u>308,154.25</u>	<u>331,868.94</u>
Total Operating Fund		<u>3,534,991.29</u>	<u>3,214,075.20</u>
Capital Fund:			
Cash	D-5;D-6	408,456.11	424,170.48
Fixed Capital*	D-11	17,852,579.71	17,852,579.71
Fixed Capital Authorized and Uncompleted*	D-12	200,000.00	200,000.00
Total Capital Fund		<u>18,461,035.82</u>	<u>18,476,750.19</u>
Total Assets		<u>21,996,027.11</u>	<u>21,690,825.39</u>

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

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

## Borough of Washington, N. J.

## Comparative Balance Sheet - Regulatory Basis

## Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve:			
Unencumbered	D-4;D-13	119,420.02	278,499.00
Encumbered	D-4;D-13	106,762.63	35,880.77
		<u>226,182.65</u>	<u>314,379.77</u>
Prepaid Sewer Charges	D-10		15,024.33
Accounts Payable	D-14		5,500.00
Accrued Interest	D-15	44,928.30	72,238.30
Overpayment of Sewer Charges	D-18	376.53	11,924.40
		<u>271,487.48</u>	<u>419,066.80</u>
Reserve for Receivables	Contra	308,154.25	331,868.94
Fund Balance	D-1	2,955,349.56	2,463,139.46
Total Operating Fund		<u>3,534,991.29</u>	<u>3,214,075.20</u>
Capital Fund:			
Improvement Authorization			
Funded	D-16	285,724.37	72,438.74
Reserve for:			
Capital Outlay	D-17	11,000.00	240,000.00
Capital Improvement Fund	D-19	101,785.22	101,785.22
Reserve for Amortization	D-20	17,326,030.47	16,437,275.33
Reserve for Encumbrances	D-21	240.00	240.00
Deferred Reserve For Amortization	D-22	200,000.00	200,000.00
NJEIT Wastewater Loans Payable	D-23	448,549.24	1,257,304.38
Serial Bonds Payable	D-24	78,000.00	158,000.00
Fund Balance	D-2	9,706.52	9,706.52
		<u>18,461,035.82</u>	<u>18,476,750.19</u>
Total Liabilities, Reserves and Fund Balances		<u>21,996,027.11</u>	<u>21,690,825.39</u>

Footnote D: There were no Bonds and Notes Authorized But Not Issued at December 31, 2017 and 2016.

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

## Borough of Washington, N. J.

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

## Sewer Utility Operating Fund

Years Ended December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:			
Surplus	D-1;D-3	238,972.14	214,645.66
Rents	D-3	2,512,198.17	2,309,675.11
Miscellaneous	D-3	29,656.20	28,964.61
Reserve Capacity Charges	D-3	14,356.00	16,926.00
Industrial/Commercial Permit Fees	D-3	16,473.00	16,474.00
Non-Budget Revenues	D-3	180,311.15	177,046.43
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-13	220,687.72	211,238.43
Accounts Payable Cancelled	D-14	5,500.00	
Total Income		<u>3,218,154.38</u>	<u>2,974,970.24</u>
Expenditures:			
Operating	D-4	1,239,900.00	1,310,587.00
Debt Service	D-4	877,433.14	937,413.00
Deferred Charges and			
Statutory Expenditures	D-4	9,639.00	9,645.66
Surplus (General Budget)	D-4	360,000.00	205,000.00
Total Expenditures		<u>2,486,972.14</u>	<u>2,462,645.66</u>
Excess (Deficit) in Revenue over Expenditures		<u>731,182.24</u>	<u>512,324.58</u>
Fund Balance - January 1,	D-1	<u>2,463,139.46</u>	<u>2,165,460.54</u>
		<u>3,194,321.70</u>	<u>2,677,785.12</u>
Decreased by:			
Utilized as Anticipated Revenue	D-1	<u>238,972.14</u>	<u>214,645.66</u>
Fund Balance - December 31,	D	<u><u>2,955,349.56</u></u>	<u><u>2,463,139.46</u></u>

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

## Borough of Washington, N. J.

## Comparative Statement of Fund Balance - Regulatory Basis

## Sewer Utility Capital Fund

## Year Ended December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Balance - January 31,	D	<u>9,706.52</u>	<u>9,706.52</u>
Balance - December 31,	D	<u>9,706.52</u>	<u>9,706.52</u>

D-3

## Statement of Revenues - Regulatory Basis

## Sewer Utility Operating Fund

## Year Ended December 31, 2017

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	238,972.14	238,972.14	
Rents	D-1;D-3	2,200,000.00	2,512,198.17	312,198.17
Miscellaneous	D-1;D-5	23,000.00	29,656.20	6,656.20
Reserve Capacity Charges	D-1;D-5	9,000.00	14,356.00	5,356.00
Industrial/Commercial Permit Fees	D-1;D-5	16,000.00	16,473.00	473.00
Non-Budget Revenues	D-1;D-5		180,311.15	180,311.15
Budget Totals		<u>2,486,972.14</u>	<u>2,991,966.66</u>	<u>504,994.52</u>

Analysis of Realized Revenue

Consumer Accounts Receivable	D-8	2,507,501.00	
Sewer Utility Lien Collections	D-9	<u>4,697.17</u>	
	D-3		<u>2,512,198.17</u>

Analysis of Miscellaneous Revenue

Interest on Investments:			
Miscellaneous		2,024.38	
Discharge Permit Fees		46,000.00	
Bad Check Fees		100.00	
Infrastructure Trust Loan Credits		130,054.77	
Interest on Investments		<u>2,132.00</u>	
	D-3		<u>180,311.15</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, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>
Operating:					
Salaries and Wages		126,000.00	126,000.00	95,976.22	30,023.78
Other Expenses		1,176,900.00	1,113,900.00	920,449.59	193,450.41
Total Operating	D-1	<u>1,302,900.00</u>	<u>1,239,900.00</u>	<u>1,016,425.81</u>	<u>223,474.19</u>
Debt Service:					
Payment of Bond Principal		80,000.00	80,000.00	80,000.00	
Interest on Bonds		5,310.00	5,310.00	5,310.00	
Infrastructure Trust Principal and Interest		729,123.14	792,123.14	792,123.14	
Total Debt Service	D-1	<u>814,433.14</u>	<u>877,433.14</u>	<u>877,433.14</u>	
Deferred Charges and Statutory Expenditures					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		9,639.00	9,639.00	6,930.54	2,708.46
Total Deferred Charges and Statutory Expenditures	D-1	<u>9,639.00</u>	<u>9,639.00</u>	<u>6,930.54</u>	<u>2,708.46</u>
Surplus (General Budget)	D-1	<u>360,000.00</u>	<u>360,000.00</u>	<u>360,000.00</u>	
Total Sewer Utility Appropriations		<u>2,486,972.14</u>	<u>2,486,972.14</u>	<u>2,260,789.49</u>	<u>226,182.65</u>
<u>Analysis of Paid or Charged</u>					
	D-5			2,228,129.49	
	D-15			<u>32,660.00</u>	
				<u>2,260,789.49</u>	
<u>Analysis of Appropriations Reserved</u>					
	D				119,420.02
	D				<u>106,762.63</u>
					<u>226,182.65</u>

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

## Borough of Washington, N.J.

## Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2016</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements		
Buildings	5,532,500.00	5,909,492.38
Machinery and Equipment	<u>4,239,961.00</u>	<u>4,032,089.10</u>
	<u>9,772,461.00</u>	<u>9,941,581.48</u>
 Investment in Fixed Assets	 <u>9,772,461.00</u>	 <u>9,941,581.48</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, 2017 AND 2016**

**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 it 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, 2017 AND 2016  
(CONTINUED)**

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

**B. Basis of Accounting**

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

The Borough has the following funds and account groups:

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

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

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

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

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

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

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

**Basis of Accounting**

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

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

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

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

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

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

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

B. Basis of Accounting (continued)

Budgets and Budgetary Accounting

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

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

- Animal Control Trust Fund
- General Capital Fund
- Sewer Capital Fund

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

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

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(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, 2017 AND 2016  
(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, 2017 AND 2016  
(CONTINUED)**

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

B. Basis of Accounting (continued)

Recent Accounting Pronouncements

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough does not believe this Statement will have any effect on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The Borough does not believe this Statement will have any effect on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough does not believe this Statement will have any effect on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough does not believe this Statement will have any effect on future financial statements.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

B. Basis of Accounting (continued)

Recent Accounting Pronouncements (continued)

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough does not believe this Statement will have any effect on future financial statements.

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice. The Borough does not believe this Statement will have any effect on future financial statements.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The Borough does not believe this Statement will have any effect on future financial statements.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

B. Basis of Accounting (continued)

Recent Accounting Pronouncements (continued)

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The Borough is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2017, the Government Accounting Standards Board issued GASB Statement No. 87, *Leases*, which is intended to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, as a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.



**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(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 2017 statutory budget included a reserve for uncollected taxes in the amount of \$598,735.97. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2017 statutory budget was \$912,500.00.

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

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. There were items of revenue and appropriation inserted into the annual budget for 2017; Clean Communities Grant for \$14,776.47; NJ DOT - Municipal Aid - N. Prospect Ave. for \$100,000.00; Sustainable Jersey for \$2,000.00 and Risk Control for \$2,512.15.

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 2017, there were no special emergency appropriations.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2017.

	<u>Balance as of Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance as of Dec. 31, 2017</u>
Land, Land Improvements, & Buildings	\$5,909,492.38	\$227,000.00	\$ -	\$(603,992.38)	\$5,532,500.00
Machinery & Equipment	<u>4,032,089.10</u>	<u>379,864.00</u>	<u>151,376.00</u>	<u>(323,368.10)</u>	<u>4,239,961.00</u>
	<u>\$9,941,581.48</u>	<u>\$606,864.00</u>	<u>\$151,376.00</u>	<u>\$(927,360.48)</u>	<u>\$9,772,461.00</u>

**NOTE 4: MUNICIPAL DEBT**

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

The Borough's debt is summarized as follows:

<u>Issued</u>	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
General:			
Bonds, Notes & Loans	\$5,900,722.39	\$6,784,818.07	\$7,413,241.93
Sewer Utility:			
Bonds, Notes & Loans	<u>526,549.24</u>	<u>1,415,304.38</u>	<u>2,261,307.33</u>
Total Issued	<u>6,427,271.63</u>	<u>8,200,122.45</u>	<u>9,674,549.26</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	-	-	-
Sewer Utility:			
Bonds and Notes	<u>-</u>	<u>-</u>	<u>-</u>
Total Authorized But Not Issued	<u>-</u>	<u>-</u>	<u>-</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$6,427,271.63</u>	<u>\$8,200,122.45</u>	<u>\$9,674,549.26</u>

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statement net debt of 1.305%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 5,900,722.39	\$ 9,320.21	\$5,891,402.18
Sewer Utility Debt	526,549.24	526,549.24	-
Local and Regional School District Debt	<u>5,874,357.67</u>	<u>5,874,357.67</u>	<u>-</u>
	<u>\$12,301,629.30</u>	<u>\$6,410,227.12</u>	<u>\$5,891,402.18</u>

Net Debt \$55,891,402.18 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, 451,296,986.33 = 1.305%.

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

3 ½% of Equalized Valuation Basis (Municipal) Net Debt	\$15,795,394.52 <u>5,891,402.18</u>
Remaining Borrowing Power	<u>\$ 9,903,992.34</u>

**ANALYSIS OF AVERAGE EQUALIZED VALUATION**

2017	451,296,986.33	
2016		444,238,449.68
2015		445,360,145.67

**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.

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$2,991,966.66
Operating And Maintenance Costs Debt Service	\$1,249,539.00 <u>877,433.14</u>	<u>2,126,972.14</u>

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

Excess in Revenue

\$ 864,994.52

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

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

The Borough’s debt issued and outstanding on December 31, 2017 is as follows:

General Capital Fund:

\$328,750.00 Green Acres Trust Loan - dated October 17, 2002 with New Jersey Department of Environmental Protection. This loan is payable in semi-annual installments through July 2022. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining as of December 31, 2017 was \$96,809.64.

\$283,200.00 Green Acres Trust Loan - dated March 4, 2009 with New Jersey Department of Environmental Protection. This loan is payable in semi-annual installments through December 31, 2026. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining as of December 31, 2017 was \$157,912.75.

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, 2017 was \$640,000.00.

General Improvement Bonds - \$2,706,000.00 of 2012 General Improvement Bonds - dated April 1, 2012. This bond is payable in annual installments through April 1, 2027. The interest is payable semi-annually at various rates from 2.00-2.60% per annum. The balance remaining as of December 31, 2017 was \$1,821,000.00.

Refunding Bonds - \$3,185,000.00 of General Refunding Bonds - dated August 1, 2017. This bond is payable in annual installments through March 1, 2022. The interest is payable semi-annually at a rate of 4.00% per annum. The balance remaining as of December 31, 2017 was \$3,185,000.00

Sewer Utility Capital Fund:

Wastewater Treatment Loans:

\$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, 2017 was \$280,000.00.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

Sewer Utility Fund: (continued)

Wastewater Treatment Loans: (continued)

\$835,741.00 of 2002 Fund Loan dated October 15, 2002. This loan is payable in annual installments of \$41,418.99 to \$44,186.70 through August 2022. The remaining balance as of December 31, 2017 was \$168,549.24.

Sewer Revenue Bonds:

\$728,828.00 of 2008 Sewer Bonds dated March 12, 2008. This loan is payable in annual installments of \$78,000.00 to \$80,000.00 through March 1, 2018. Interest is calculated at variable interest rates and is included in the annual installments. The remaining balance as of December 31, 2017 was \$78,000.00.

The Borough's long term debt consisted of the following at December 31, 2017:

General Obligation Bonds & Loan from the General Capital Account	\$5,900,722.39
Sewer Utility Loan from the Sewer Utility Capital Account	<u>526,549.24</u>
	<u><u>\$6,427,271.63</u></u>

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED  
AND OUTSTANDING DECEMBER 31, 2017**

Calendar Year	General		Sewer Utility		Yearly Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	799,781.01	197,396.58	170,077.87	15,605.00	969,858.88	213,001.58
2019	890,480.10	154,580.81	98,725.39	11,350.00	989,205.49	165,930.81
2020	986,193.26	120,267.67	96,913.11	8,600.00	1,083,106.37	128,867.67
2021	981,920.74	84,140.18	100,832.87	5,850.00	1,082,753.61	89,990.18
2022	972,662.83	48,204.31	60,000.00	2,850.00	1,032,662.83	51,054.31
2023-2027	<u>1,269,684.45</u>	<u>75,273.78</u>	<u>-</u>	<u>-</u>	<u>1,269,684.45</u>	<u>75,273.78</u>
Total	<u>5,900,722.39</u>	<u>679,863.33</u>	<u>526,549.24</u>	<u>44,255.00</u>	<u>6,427,271.63</u>	<u>724,118.33</u>

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

Long-term debt as of December 31, 2017 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Amount Due</u> <u>Within One Year</u>
General Capital Fund:					
General Serial Bonds	\$6,496,000.00	\$3,185,000.00	\$4,035,000.00	\$5,646,000.00	\$1,881,000.00
Green Acres Trust Fund	<u>288,818.07</u>	<u>-</u>	<u>34,095.68</u>	<u>254,722.39</u>	<u>34,781.01</u>
	<u>\$6,784,818.07</u>	<u>3,185,000.00</u>	<u>4,069,095.68</u>	<u>5,900,722.39</u>	<u>1,915,781.01</u>
Sewer Capital Fund:					
General Serial Bonds	\$ 158,000.00	-	80,000.00	78,000.00	78,000.00
Waste Sewer Loans	<u>1,257,304.38</u>	<u>-</u>	<u>808,755.14</u>	<u>448,549.24</u>	<u>92,077.87</u>
	<u>1,415,304.38</u>	<u>-</u>	<u>888,755.14</u>	<u>526,549.24</u>	<u>170,077.87</u>
Compensated Absences	<u>108,990.56</u>	<u>12,288.53</u> (1)	<u>-</u>	<u>121,279.09</u>	<u>-</u>
	<u>\$8,309,113.01</u>	<u>\$3,197,288.53</u>	<u>\$4,957,850.82</u>	<u>\$6,548,550.72</u>	<u>\$2,085,858.88</u>

(1) Net of days allowed and days used

**NOTE 5: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2017 and 2016 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Current Fund	<u>\$675,000.00</u>	<u>\$912,500.00</u>
Sewer Utility Operating	<u>\$ -</u>	<u>\$238,972.14</u>

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

**NOTE 6: TAXES COLLECTED IN ADVANCE**

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

	<u>Balance Dec 31, 2017</u>	<u>Balance Dec 31, 2016</u>
Prepaid Taxes	<u>\$364,389.26</u>	<u>\$133,868.49</u>
Cash Liability for Taxes Collected in Advance	<u>\$364,389.26</u>	<u>\$133,868.49</u>

**NOTE 7: LOCAL AND REGIONAL DISTRICT SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the School District. The Borough of Washington has elected to defer school taxes.

	<u>Balance December 31, 2017</u>	<u>Balance December 31, 2016</u>
<u>Local District School Tax</u>		
Balance of Tax	\$2,446,647.79	\$2,395,719.23
Deferred	<u>2,302,957.14</u>	<u>2,302,957.14</u>
School Tax Payable	<u>143,690.65</u>	<u>92,762.09</u>
<u>Regional High School Tax</u>		
Balance of Tax	2,505,226.80	2,313,644.80
Deferred	<u>2,126,628.50</u>	<u>2,126,628.50</u>
School Tax Payable	<u>\$ 378,598.30</u>	<u>\$ 187,016.30</u>

**NOTE 8: PENSION PLAN**

Description of Plans:

Borough employees participate in the State of New Jersey Public Employees' Retirement System (PERS), a contributory defined benefit public employee retirement system;; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

*Public Employees' Retirement System (PERS)*

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.



**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

Defined Contribution Retirement Program

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

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

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. 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 various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>DCRP</u>
2017	\$111,097.00	\$3,746.91
2016	101,017.00	2,906.71
2015	95,545.00	2,952.63

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

Contribution Requirements (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

At December 31, 2017, the Borough had a liability of \$2,234,281.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0095980843 percent, which was a decrease of 0.0010399751 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Borough recognized pension expense of \$111,097.00. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$52,610.00	\$ -
Changes of assumptions	450,131.00	448,480.00
Net difference between projected and actual earnings on pension plan investments	15,214.00	-
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>115,012.00</u>	<u>303,380.00</u>
Total	<u>\$632,967.00</u>	<u>\$751,860.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

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

Year ended June 30:	
2018	\$52,597.00
2019	79,370.00
2020	48,094.00
2021	(63,966.00)
2022	(46,622.00)

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts respectively.

**Additional Information**

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
Borough's Proportion	0.0095980843%	0.0106380594%

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

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

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

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

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U. S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U. S. Equity	30.00%	8.19%
Non-U. S. Developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1 - percentage-point higher than the current rate:

	<u>June 30, 2017</u>		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Borough's proportionate share of the pension liability	\$2,771,777	\$2,234,281	\$1,786,480

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

The Borough of Washington has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would be approximately \$121,279.09. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used.

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

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2017, \$-0- of the Borough's bank balance of \$8,788,343.71 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

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

**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.

**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

**NOTE 11: RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2017 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**New Jersey Unemployment Compensation Insurance** - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<b><u>Fiscal year</u></b>	<b><u>Interest Earnings/ Borough Contributions</u></b>	<b><u>Employee Contributions</u></b>	<b><u>Amount Reimbursed</u></b>	<b><u>Ending Balance</u></b>
2017	\$14,495.58	\$5,662.92	\$11,527.47	\$83,613.68
2016	7,500.00	6,383.31	11,577.83	74,982.65
2015	10.81	5,989.70	11,566.46	72,677.17

**NOTE 12: PUBLIC ASSISTANCE**

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

**NOTE 13: HEALTH INSPECTIONS**

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



**BOROUGH OF WASHINGTON, NJ**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
(CONTINUED)**

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

Balances due to/from other funds at December 31, 2017 consist of the following:

\$64,435.94 Due to Other Trust Fund from Current Fund for disbursements in the Current Fund.

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

**NOTE 15: CONTINGENT LIABILITIES**

The Borough of Washington counsel advises us of the following:

1. There are various claims, by persons who have asserted tort claims against the Borough and they have been turned over to the Borough's Insurance Company.
2. There are various tax appeals which are being handled by others..
4. The Borough is party to the ongoing COAH Affordable Housing litigation.

**NOTE 16: SUBSEQUENT EVENT**

The Borough has evaluated subsequent events through June 22, 2018, the date which the financial statements were available to be issued and no other items were noted for disclosure.

## **SUPPLEMENTARY DATA**

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

**OFFICIALS IN OFFICE AND SURETY BONDS**  
**YEAR ENDED DECEMBER 31, 2017**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
David Higgins	Mayor	*
Michael Heinrich	Deputy Mayor	*
Paul E. Jones	Councilperson to 11/21/17	*
Keith Norris	Councilperson from 11/22/17	*
Robin Klimko	Councilperson	*
Josephine Noone	Councilperson	*
Richard Thompson	Councilperson	*
Cynthia Valle	Councilperson	*
Matthew Hall	Manager	*
Ann Kilduff	Municipal Clerk to 5/1/17	*
Laurie Barton	Municipal Clerk from 5/2/17	*
Natasha Turchan	CFO; Tax Collector	*
Rudy Bescherer	Code Enforcement Officer	*
Ryan Riccio	Tax Assessor	*
Matthew Lopez	Fire Official	*
Kimberly Bennett	Animal Control Officer	*
Mike Finelli	Engineer	
Leslie Parikh, Esq.	Attorney	
Scott Willhelm	Public Defender	
Thomas M. Ferry, C.P.A., R.M.A.	Auditor	

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

Borough of Washington

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A Number	Program or Award Amount	Grant Period From/To	12/31/2016		12/31/2017		MEMO Cumulative Total Expenditures
				Reserve Balance	Expended	(Receivable)	Reserve Balance	
<b>FEDERAL AND STATE GRANT FUND</b>								
Department of Housing & Urban Development Pass Through State of New Jersey Department of Community Affairs Small Cities Program	14.228	495,000.00	2/1/12-1/13/14	198.02	-	(Receivable)	198.02	494,801.98
<b>FEDERAL AND STATE GRANT FUND</b>				198.02	-		198.02	494,801.98
<b>GENERAL CAPITAL FUND</b>								
Federal Emergency Management Agency Hazard Mitigation Grant Program New Standby Generator Ord# 2017-14	97.039	120,000.00	1/1/17 - 12/31/17	-	(120,000.00)	(120,000.00)	-	120,000.00
<b>TOTAL FEDERAL AID</b>				198.02	-	(120,000.00)	198.02	614,801.98

Note: This schedule was not subject to an audit in accordance with The Uniform Guidance.

Borough of Washington

Schedule of Expenditures of State Awards  
For the Year Ended December 31, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2016		12/31/2017		MEMO Cumulative Total Expenditures
				Receipts	Reserve Balance	Expended	Receivable	
<b>FEDERAL AND STATE GRANT FUND</b>								
Department of Solid Waste Administration:								
Clean Communities	4900-765-042-4900-004-V42Y-6020	17,393.03	1/1/16-12/31/16		16,617.40	14,776.47	16,617.40	
Clean Communities	4900-765-042-4900-004-V42Y-6020	14,776.47	1/1/17-12/31/17		16,617.40	14,776.47	838.53	13,937.94
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	4,160.91	1/1/14-12/31/14		1,729.28		1,729.28	
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	3,604.65	1/1/16-12/31/16		3,604.65		3,604.65	
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	3,758.49	1/1/17-12/31/17		3,758.49		233.07	3,525.42
Recycling Tonnage	4900-752-042-4900-001-V42Y-6021	4,125.96	1/1/18-12/31/18		5,333.93		4,125.96	4,125.96
					7,884.45		5,567.00	7,651.38
<b>Total NJ Department of Solid Waste Administration:</b>					21,951.33		23,022.93	21,589.32
Highlands Water Protection and Planning Council:								
Highlands Water Protection & Planning	09-032-012-2121	5,000.00	1/1/10-12/31/10	(5,000.00)	2,700.00	(5,000.00)	(5,000.00)	2,700.00
<b>Total Highlands Water Protection and Planning Council</b>				(5,000.00)	2,700.00	(5,000.00)	(5,000.00)	2,700.00
Department of Community Affairs:								
Municipal Alliance	N/A	18,077.00	1/1/15-12/31/15	(3,433.34)	1,572.81	(3,433.34)	(3,433.34)	18,077.00
Municipal Alliance	N/A	18,077.00	1/1/16-12/31/16	(11,568.48)	1,572.81	(11,568.48)	(11,568.48)	18,077.00
Municipal Alliance	N/A	18,077.00	1/1/17-12/31/17	(15,001.82)	1,572.81	(15,001.82)	(15,001.82)	11,736.43
<b>Total Department of Community Affairs</b>				(15,001.82)	1,572.81	(15,001.82)	(15,001.82)	47,890.43
Department of Transportation:								
Beethoven Avenue	480-078-6320-A1Q	140,000.00	Continuous		5,960.55			5,960.55
North Prospect Street	480-078-6320-AMQ	100,000.00	Continuous		5,960.55		(100,000.00)	100,000.00
<b>Total Department of Transportation</b>					5,960.55		(100,000.00)	134,039.45
Department of Law and Public Safety:								
Alcohol Education and Rehabilitation Fund	9735-760-098-4900-001-X100-6020	3,853.16	2002 and Prior		2,899.16			2,899.16
Alcohol Education and Rehabilitation Fund	9735-760-098-4900-001-X100-6020	375.00	2004 and Prior		347.21			347.21
<b>Total Department of Law and Public Safety</b>					3,246.37			3,246.37
<b>TOTAL FEDERAL AND STATE GRANT FUND-- STATE AID</b>				(20,001.82)	35,431.06	40,737.92	36,332.17	139,836.81
<b>TOTAL STATE AID</b>				(20,001.82)	35,431.06	40,737.92	36,332.17	139,836.81

Note: This schedule was not subject to an audit in accordance with N.J.OMB Circular 15-08.

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

**CURRENT FUND**

	<u>Year 2017</u>		<u>Year 2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	912,500.00	4.30%	878,000.00	4.31%
Miscellaneous - From Other Than Local Property Tax Levies	1,433,415.33	6.75%	1,150,172.61	5.64%
Collection of Delinquent Taxes and Tax Title Liens	397,405.27	1.87%	461,653.78	2.26%
Collection of Current Tax Levy	18,021,246.10	84.90%	17,486,197.24	85.76%
Other Credits to Income	460,894.34	2.17%	413,700.76	2.03%
	<u>21,225,461.04</u>	<u>100.00%</u>	<u>20,389,724.39</u>	<u>100.00%</u>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Municipal Purposes	7,512,042.01	36.44%	7,125,747.53	37.05%
Local and Regional School Taxes	9,575,717.00	46.45%	8,776,533.52	45.63%
County Taxes	3,254,997.41	15.79%	3,130,520.47	16.27%
Special Improvement District Tax	200,000.00	0.97%	200,000.00	1.04%
Municipal Open Space Tax	73,680.69	0.36%	-	0.00%
Other Expenditures	-	0.00%	2,427.37	0.01%
	<u>20,616,437.11</u>	<u>100.00%</u>	<u>19,235,228.89</u>	<u>100.00%</u>
<b>Statutory Excess to Fund Balance</b>	609,023.93		1,154,495.50	
<b>Fund Balance, January 1,</b>	<u>1,960,763.58</u>		<u>1,684,268.08</u>	
	2,569,787.51		2,838,763.58	
<b>Less:</b>				
Utilized as Anticipated Revenue	<u>912,500.00</u>		<u>878,000.00</u>	
<b>Fund Balance, December 31,</b>	<u>1,657,287.51</u>		<u>1,960,763.58</u>	

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

**SEWER UTILITY OPERATING FUND**

	<u>Year 2017</u>		<u>Year 2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	238,972.14	7.43%	214,645.66	7.22%
Rents	2,512,198.17	78.06%	2,309,675.11	77.64%
Miscellaneous	29,656.20	0.92%	28,964.61	0.97%
Reserve Capacity Charges	14,356.00	0.45%	16,926.00	0.57%
Industrial/Commercial Permit Fees	16,473.00	0.51%	16,474.00	0.55%
Other Credits to Income	406,498.87	12.63%	388,284.86	13.05%
	<u>3,218,154.38</u>	<u>100.00%</u>	<u>2,974,970.24</u>	<u>100.00%</u>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Operating	1,239,900.00	49.86%	1,310,587.00	53.22%
Capital Improvements		0.00%		0.00%
Debt Service	877,433.14	35.28%	937,413.00	38.07%
Deferred Charges and Statutory Expenditures	9,639.00	0.39%	9,645.66	0.39%
Other Expenses	360,000.00	14.48%	205,000.00	8.32%
	<u>2,486,972.14</u>	<u>100.00%</u>	<u>2,462,645.66</u>	<u>100.00%</u>
<b>Statutory Excess to Fund Balance</b>	731,182.24		512,324.58	
<b>Fund Balance, January 1,</b>	<u>2,463,139.46</u>		<u>2,165,460.54</u>	
	3,194,321.70		2,677,785.12	
<b>Less:</b>				
<b>Utilized as Anticipated Revenue</b>	<u>238,972.14</u>		<u>214,645.66</u>	
<b>Fund Balance, December 31,</b>	<u>2,955,349.56</u>		<u>2,463,139.46</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate:</u>	<u>4.974</u>	<u>4.799</u>	<u>4.657</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	1.490	1.469	1.459
County	.833	.798	.819
County Open Space	.050	.048	.046
Local School	1.251	1.329	1.256
Regional School	1.350	1.155	1.077

Assessed Valuation

2017	368,319,871.00	
2016		368,435,769.00
2015		371,207,148.00

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>
2017	18,545,202.59	18,021,246.10	97.17%
2016	17,975,326.70	17,486,197.24	97.28%
2015	17,614,433.80	17,098,092.46	97.06%

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>
2017	470,293.59	881,014.37	1,351,307.96	7.28%
2016	431,585.94	928,885.74	1,306,471.68	7.27%
2015	506,613.18	1,049,499.65	1,556,112.83	8.83%



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>
2017	914,500.00
2016	687,500.00
2015	410,600.00

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2017	2,485,227.08	2,507,501.00
2016	2,332,766.77	2,319,196.55
2015	2,337,693.91	2,370,344.49

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>	2017	1,657,287.51	675,000.00
	2016	1,960,763.68	912,500.00
	2015	1,684,268.08	878,000.00
	2014	1,505,023.79	807,225.42
	2013	1,445,622.12	750,000.00
 <u>Sewer Utility Operating Fund:</u>			
	2017	2,955,349.56	-
	2016	2,463,139.46	238,972.14
	2015	2,165,460.54	214,645.66
	2014	1,701,746.22	281,510.00
	2013	1,196,491.15	187,523.71

## Borough of Washington, N.J.

## Schedule of Cash - Treasurer

## Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance - December 31, 2016	A	<u>2,949,696.45</u>	<u>28,292.32</u>
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	228,723.77	
Taxes Receivable	A-6	18,238,856.47	
Tax Title Liens Receivable	A-7	9,770.68	
Revenue Accounts Receivable	A-10	1,288,362.24	
Due From State - Senior Citizen and Veteran Deductions	A-11	36,108.34	
Various Cash Liabilities and Reserves	A-14	70,951.30	
Prepaid Taxes	A-15	364,389.26	
Interfund - Current Fund	A-20		2,000.00
Grants Receivable	A-21		43,530.62
Unappropriated Reserves	A-23		4,125.96
		<u>20,237,162.06</u>	<u>49,656.58</u>
		23,186,858.51	77,948.90
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	6,993,746.60	
Interfunds	A-12	85,457.30	
Appropriation Reserves	A-13	213,946.06	
Various Cash Liabilities and Reserves	A-14	54,994.94	
County Taxes Payable	A-16	3,267,253.03	
Local School District Taxes Payable	A-17	4,918,485.44	
Regional High School Taxes Payable	A-18	4,414,721.00	
Special Improvement District Taxes Payable	A-19	200,000.00	
Appropriated Reserves for Grants	A-22		45,447.59
Reserve for Encumbrances	A-24		3,617.57
		<u>20,148,604.37</u>	<u>49,065.16</u>
Balance - December 31, 2017	A	<u>3,038,254.14</u>	<u>28,883.74</u>

**Borough of Washington, N.J.**  
**Schedule of Cash - Change Fund**  
**Current Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	A	<u><u>325.00</u></u>
Balance - December 31, 2017	A	<u><u>325.00</u></u>
<u>Analysis of Balance:</u>		
Tax Collector		100.00
Municipal Clerk		100.00
Recreation		<u>125.00</u>
		<u><u>325.00</u></u>

Borough of Washington, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2017

Year	Balance, Dec. 31, 2016	Levy	Added Taxes	Collected 2016	Collected 2017	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens Cancelled	Balance, Dec. 31, 2017
2014	2,622.74							2,622.74
2016	428,963.20			388,766.53	388,766.53	(1,131.94)	10,214.00	68.28
	431,585.94	18,520,701.12	24,501.47	133,868.49	17,850,089.94	37,287.67	10,214.00	2,691.02
2017	431,585.94	18,520,701.12	24,501.47	133,868.49	18,238,856.47	36,155.73	10,214.00	467,602.57
	A			A-2;A-15	A-2;A-4	A-2;A-11	A-7	A

Analysis of Tax Levy

Ref.

Tax yield:	
General Purpose Tax	18,520,701.12
Added Tax (R.S. 54:4-63.1 et seq.)	24,501.47
	<u>18,545,202.59</u>

Tax Levy:

Municipal Open Space Tax	A-12	73,680.69
County Tax	A-16	
Added County Taxes	A-16	<u>4,311.81</u>
Local District School Tax	A-17	4,969,414.00
Regional High School Tax	A-18	4,606,303.00
Special Improvement District Tax	A-19	<u>200,000.00</u>
		<u>9,775,717.00</u>
	A-2	<u>13,104,395.10</u>

Local Tax for Municipal Purposes  
Additional Taxes

		5,417,174.75
		<u>23,632.74</u>
		<u>5,440,807.49</u>
		<u>18,545,202.59</u>

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

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>		
Balance - December 31, 2016	A		928,885.74
Increased by:			
Transferred from Taxes Receivable	A-6	87,400.25	
Interest and Costs		5,715.91	
			93,116.16
			1,022,001.90
Decreased by:			
Cash Receipts	A-4	9,770.68	
Transferred to Foreclosed Property	A-8	131,216.85	
			140,987.53
Balance - December 31, 2017	A		881,014.37

A-8

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

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>		
Balance - December 31, 2016	A		687,500.00
Increased by:			
Transferred from Tax Title Liens	A-7	131,216.85	
Adjustment to Assessed Valuation		95,783.15	
			227,000.00
Balance - December 31, 2017	A		914,500.00

## Borough of Washington, N.J.

Schedule of Labor Liens Receivable  
Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	7,825.83
Decreased by:		
Collections	A-2	<u>2,316.17</u>
Balance - December 31, 2017	A	<u><u>5,509.66</u></u>

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

**Schedule of Revenue Accounts Receivable**

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>	Balance Dec. 31, <u>2016</u>	<u>Accrued</u>	<u>Collected</u>	Balance Dec. 31, <u>2017</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		5,184.00	5,184.00	
Fees and Permits	A-2		107,153.35	107,153.35	
Municipal Court:					
Fines and Costs	A-2	5,425.80	93,854.87	93,036.87	6,243.80
Tax Collector:					
Interest and Costs on Taxes	A-2		89,360.58	89,360.58	
Interest on Investments and Deposits	A-2		6,055.39	6,055.39	
Consolidated Municipal Property Tax					
Relief Aid	A-2		35,256.00	35,256.00	
Energy Receipts	A-2		558,120.00	558,120.00	
Uniform Fire Safety Act	A-2		9,852.06	9,852.06	
Sewer Operating Surplus	A-2		360,000.00	360,000.00	
Cable TV Gross Receipts	A-2		24,343.99	24,343.99	
		<u>5,425.80</u>	<u>1,289,180.24</u>	<u>1,288,362.24</u>	<u>6,243.80</u>
		A	A-4	A	A

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

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

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	A	6,164.77
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billing		37,500.00
Senior Citizens' and Veterans' Deductions Per Tax Collector		1,250.00
		<u>38,750.00</u>
Less: Senior Citizens Deductions Disallowed		
By the Tax Collector - 2017 Taxes		1,462.33
By the Tax Collector - 2016 Taxes		1,131.94
	A-6	<u>36,155.73</u>
		<u>42,320.50</u>
Decreased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>36,108.34</u>
Balance - December 31, 2017	A	<u><u>6,212.16</u></u>



Borough of Washington, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2017

<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To) Balance Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Due From/(To) Balance Dec. 31, 2017</u>
Federal and State Grants			2,000.00	2,000.00	
Animal Control Trust Fund	A	202.37		202.37	
Other Trust	A	(74,869.90)	83,912.28	73,478.32	(64,435.94)
		<u>(74,667.53)</u>	<u>85,912.28</u>	<u>75,680.69</u>	<u>(64,435.94)</u>
<u>Analysis</u>					
Due From Current Fund		(74,869.90)			(64,435.94)
Due To Current Fund	A-1	202.37			
		<u>(74,667.53)</u>			<u>(64,435.94)</u>
Interest on Investment	A-2		454.98		
Appropriations-Grants	A-3			2,000.00	
Disbursed	A-4		85,457.30		
Municipal Open Space Tax	A-1; A-6			73,680.69	
			<u>85,912.28</u>	<u>75,680.69</u>	

**Borough of Washington, N. J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2017**

	Balance, Dec. 31, <u>2016</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<u>General Appropriations</u>				
General Government:				
Administration and Executive:				
Salaries and Wages	3,834.02	3,834.02	675.80	3,158.22
Other Expenses	4,810.57	6,110.57	5,662.20	448.37
Mayor and Council:				
Other Expenses	3,827.00	2,527.00	750.00	1,777.00
Municipal Clerk:				
Salaries and Wages	4,472.06	4,472.06	26.67	4,445.39
Other Expenses	3,727.03	3,727.03	243.81	3,483.22
Financial Administration:				
Salaries and Wages	2,502.11	2,502.11	1,968.16	533.95
Other Expenses	1,779.97	1,829.97	1,320.65	509.32
Annual Audit	6,690.00	6,690.00	6,640.00	50.00
Revenue Administration:				
Salaries and Wages	2,075.53	2,575.53	2,465.56	109.97
Other Expenses	1,807.83	1,807.83	201.16	1,606.67
Assessment of Taxes:				
Salaries and Wages		1,000.00	652.59	347.41
Other Expenses	2,902.05	2,902.05	526.00	2,376.05
Legal Services and Costs:				
Other Expenses	17,549.18	17,549.18	13,019.81	4,529.37
Engineering Services and Costs:				
Other Expenses	22,644.25	22,644.25	5,370.00	17,274.25
Municipal Land Use:				
Planning Board:				
Salaries and Wages	116.50	116.50	75.67	40.83
Other Expenses	8,683.21	7,683.21	169.68	7,513.53
Board of Adjustment:				
Salaries and Wages	2,776.87	2,776.87	20.16	2,756.71
Other Expenses	344.32	1,344.32	169.68	1,174.64
Local Code Enforcement:				
Salaries and Wages	5,431.50	5,431.50	281.37	5,150.13
Other Expenses	3,550.00	3,550.00	260.08	3,289.92
Insurance:				
General Liability	162.01	162.01		162.01
Employee Group Health	5,078.52	5,078.52		5,078.52

**Borough of Washington, N. J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2017**

	Balance, Dec. 31, <u>2016</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Public Safety:				
Fire:				
Other Expenses:				
Fire Hydrant Service	8,507.00	8,507.00	5,863.00	2,644.00
Uniform Fire Safety Act (P.L. 1983,C.383):				
Fire and Safety Code Enforcement:				
Salaries and Wages	3,499.99	3,499.99		3,499.99
Other Expenses	3,004.24	3,004.24	735.82	2,268.42
Office of Emergency Management:				
Salaries and Wages	125.00	225.00	101.50	123.50
Other Expenses	2,000.00	2,000.00		2,000.00
Public Works:				
Road Repairs and Maintenance:				
Salaries and Wages	41,460.86	39,810.86	39,810.86	
Other Expenses	40,728.32	40,728.32	40,728.32	
Shade Tree Commission:				
Salaries and Wages	21.99	21.99	18.96	3.03
Other Expenses	683.32	683.32	680.00	3.32
Public Building and Grounds:				
Salaries and Wages	847.73	847.73	236.75	610.98
Other Expenses	19,586.18	19,586.18	3,317.18	16,269.00
Solid Waste Collection:				
Other Expense	26,416.74	26,416.74	24,416.74	2,000.00
Health and Welfare:				
Animal Control:				
Salaries and Wages	291.19	291.19	204.18	87.01
Public Defender (P.L. 1977, C.256)				
Other Expenses	2,600.00	2,600.00		2,600.00
Utility Expenses:				
Electricity	22,831.15	22,831.15	4,318.00	18,513.15
Natural Gas	11,459.45	11,459.45	2,272.94	9,186.51
Street Lighting & Traffic Lights	27,399.82	27,399.82	6,849.34	20,550.48
Solid Waste Disposal	28,019.90	28,019.90	12,695.20	15,324.70
Telephone	700.91	700.91	646.20	54.71
Water	4,175.50	4,175.50	703.76	3,471.74
Gasoline and Diesel Fuel	15,731.93	15,731.93	1,166.66	14,565.27
Municipal Service Reimbursement	40,000.00	40,000.00	10,995.25	29,004.75

**Borough of Washington, N. J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2017**

	Balance, Dec. 31, <u>2016</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.)	9,268.22	9,268.22	1,116.79	8,151.43
Defined Contribution Retirement Program	1,093.21	1,093.21	203.91	889.30
Maintenance of Free Public Library:				
Other Expenses	14,629.17	14,629.17	6,296.65	8,332.52
Employee Group Health Insurance	6,067.91	6,067.91	69.00	5,998.91
Reserve for Tax Appeals	10,000.00	10,000.00	10,000.00	
Total General Appropriation Reserves	<u>445,914.26</u>	<u>445,914.26</u>	<u>213,946.06</u>	<u>231,968.20</u>
			A-4	A-1
	<u>Ref.</u>			
Unencumbered	A	343,001.51		
Encumbered	A	<u>102,912.75</u>		
		<u>445,914.26</u>		

**Borough of Washington, N.J.**  
**Schedule of Various Cash Liabilities and Reserves**

**Current Fund**

**Year Ended December 31, 2017**

<u>Liabilities and Reserves</u>	<u>Balance Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
<u>Liabilities:</u>				
Tax Overpayments	29,315.46	48,147.30	37,445.45	40,017.31
<u>Reserve for:</u>				
Tax Appeals		20,000.00	14,097.81	5,902.19
Tree Shade	500.00			500.00
State Library Aid	4,708.71	2,804.00	3,451.68	4,061.03
Sale of Municipal Assets	9,900.00			9,900.00
	<u>44,424.17</u>	<u>70,951.30</u>	<u>54,994.94</u>	<u>60,380.53</u>
	A	A-4	A-4	A

**Borough of Washington, N.J.****Schedule of Prepaid Taxes****Current Fund****Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	A	133,868.49
Increased by:		
Receipts - Prepaid Taxes	A-4	<u>364,389.26</u>
		498,257.75
Decreased by:		
Applied to Taxes	A-6	<u>133,868.49</u>
Balance - December 31, 2017	A	<u><u>364,389.26</u></u>

**Borough of Washington, N.J.**  
**Schedule of County Taxes Payable**

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>		
Balance - December 31, 2016	A		16,567.43
Increased by:			
Levy	A-6	3,250,685.60	
Added and Omitted Taxes	A-6	<u>4,311.81</u>	
	A-1		<u>3,254,997.41</u>
			<u>3,271,564.84</u>
Decreased by:			
Payments	A-4		<u>3,267,253.03</u>
Balance - December 31, 2017	A		<u><u>4,311.81</u></u>

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

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>		
Balance - December 31, 2016			
School Tax Deferred		2,302,957.14	
School Tax Payable	A	<u>92,762.09</u>	2,395,719.23
Increased by:			
Levy School Year July 1, 2017 to June 30, 2018	A-6		<u>4,969,414.00</u>
			<u>7,365,133.23</u>
Decreased by:			
Payments	A-4		<u>4,918,485.44</u>
Balance - December 31, 2017			
School Tax Deferred		2,302,957.14	
School Tax Payable	A	<u>143,690.65</u>	<u>2,446,647.79</u>
Liability for Local			
Taxes Paid			4,918,485.44
Taxes Payable December 31, 2017			<u>143,690.65</u>
			<u>5,062,176.09</u>
Less:			
Taxes Payable December 31, 2016			<u>92,762.09</u>
Amount Charged to Operations	A-1		<u><u>4,969,414.00</u></u>



## Borough of Washington, N.J.

## Schedule of Regional High School Taxes Payable

## Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016			
Tax Payable	A	187,016.30	
School Taxes Deferred		<u>2,126,628.50</u>	
			2,313,644.80
Increased by:			
Levy School Year July 1, 2017 to June 30, 2018	A-6		<u>4,606,303.00</u>
			6,919,947.80
Decreased by:			
Payments	A-4		<u>4,414,721.00</u>
Balance - December 31, 2017			
Tax Payable	A	378,598.30	
School Taxes Deferred		<u>2,126,628.50</u>	
			<u>2,505,226.80</u>
Liability for Regional District School Tax:			
Taxes Paid			4,414,721.00
Less:			
Taxes Payable-December 31, 2016			<u>187,016.30</u>
Amount Charged to Operations	A-1		<u>4,606,303.00</u>

A-19

## Schedule of Special Improvement District Taxes Payable

## Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>		
Increased by:			
Levy- 2017	A-1;A-6		<u>200,000.00</u>
Decreased by:			
Payments	A-4		<u>200,000.00</u>

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

**Schedule of Interfunds Receivable (Payable)**

**Federal and State Grant Fund**

**Year Ended December 31, 2017**

<u>Fund</u>	<u>Ref.</u>	<u>Increased</u>	<u>Decreased</u>
Current Fund		<u>2,000.00</u>	<u>2,000.00</u>
Cash Receipts	A-4		2,000.00
Appropriated Grants - Matching Share	A-22	<u>2,000.00</u>	<u>2,000.00</u>
		<u>2,000.00</u>	<u>2,000.00</u>

**Borough of Washington, N.J.**  
**Schedule of Grants Receivable**  
**Federal and State Grant Fund**  
**Year Ended December 31, 2017**

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Balance Dec. 31, 2017</u>
Municipal Alliance Grant	15,001.82	18,077.00	18,077.00	15,001.82
Municipal Alliance - Local Share	3,474.00	3,474.00		6,948.00
Clean Communities		14,776.47	14,776.47	
Recycling Tonnage		3,758.49	3,758.49	
Highlands Water Protection & Planning	5,000.00			5,000.00
Risk Control Grant	2,406.51	2,512.15	4,918.66	
Sustainable Jersey		2,000.00	2,000.00	
DOT Municipal Aid - North Prospect St.		100,000.00		100,000.00
	<u>25,882.33</u>	<u>144,598.11</u>	<u>43,530.62</u>	<u>126,949.82</u>
	A	A-2	A-4	A

**Borough of Washington, N.J.**  
**Schedule of Appropriated Reserves of Grants**  
**Federal and State Grant Fund**  
**Year Ended December 31, 2017**

<u>Grant</u>	<u>Balance</u> Dec. 31, 2016	<u>Transfer</u> From <u>Budget</u>	<u>Expended</u>	<u>Balance</u> Dec. 31, 2017
Recycling Tonnage Grant	5,333.93	3,758.49	5,567.00	3,525.42
Alcohol Education and Rehabilitation Fund	3,246.37			3,246.37
Municipal Alliance Grant:				
Local Share	12,928.00	5,474.00	10,730.28	7,671.72
State Share	1,572.81	18,077.00	13,309.24	6,340.57
DOT Grant - Beethoven Avenue	5,960.55			5,960.55
DOT Grant - North Prospect Street		100,000.00		100,000.00
Clean Communities Program	16,617.40	14,776.47	17,455.93	13,937.94
Small Cities Grant	198.02			198.02
Highlands Water Protection & Planning	2,700.00			2,700.00
Sustainable Jersey	2,000.00	2,000.00	2,000.00	2,000.00
Risk Control Grant		2,512.15		2,512.15
	<u>50,557.08</u>	<u>146,598.11</u>	<u>49,062.45</u>	<u>148,092.74</u>
	A			A
	<u>Ref.</u>			
Budget Appropriations Grants	A-3	144,598.11		
Cash Disbursements	A-4		45,447.59	
Interfund - Current Fund	A-20	2,000.00		
Reserve for Encumbrances	A-24		3,614.86	
		<u>146,598.11</u>	<u>49,062.45</u>	

## Borough of Washington, N.J.

## Schedule of Unappropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	<u>Cash Received</u>	<u>Balance Dec. 31, 2017</u>
Recycling Tonnage Grant	<u>4,125.96</u> A-4	<u>4,125.96</u> A

**Borough of Washington, N.J.**  
**Schedule of Encumbrances Payable**  
**Federal and State Grant Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	A	3,617.57
Increased by:		
Charged to Appropriated Reserves	A-22	3,614.86
		<u>7,232.43</u>
Decreased by:		
Disbursements	A-4	3,617.57
		<u>3,617.57</u>
Balance - December 31, 2017	A	<u><u>3,614.86</u></u>

## Borough of Washington, N. J.

## Schedule of Cash

## Trust Funds

## Year Ended December 31, 2017

	<u>Ref.</u>	<u>Assessment Trust Fund</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2016	B	<u>2,749.34</u>	<u>19,879.97</u>	<u>1,582,278.64</u>
Increased by Receipts:				
Dog License Fees - Borough	B-3		4,430.00	
Cat License Fees - Borough	B-3		910.00	
Dog Late Fees	B-3		453.00	
Interfund - Current Fund	B-5			4,975.96
Dog License Fees - State Share	B-7		687.60	
Other Trust Funds	B-8			2,536,825.91
Total Receipts		<u>2,749.34</u>	<u>6,480.60</u>	<u>2,541,801.87</u>
		<u>2,749.34</u>	<u>26,360.57</u>	<u>4,124,080.51</u>
Decreased by Disbursements:				
Interfund - Current Fund	B-5	2,749.34	202.37	
Encumbrances Payable				
Animal Control	B-4		1,896.00	
Trust Funds	B-6			14,791.99
Reserve for Animal Control Trust				
Fund Expenditures	B-3		6,051.29	
State Share - Dog Licenses	B-7		697.20	
Other Trust Funds	B-8			2,542,932.47
Total Disbursements		<u>2,749.34</u>	<u>8,846.86</u>	<u>2,557,724.46</u>
Balance - December 31, 2017	B	<u>2,749.34</u>	<u>17,513.71</u>	<u>1,566,356.05</u>

## Borough of Washington, N. J.

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

## Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	B		17,782.00
Increased by:			
Dog License Fees	B-2	4,430.00	
Cat License Fees	B-2	910.00	
Late Fees/Miscellaneous	B-2	<u>453.00</u>	
			<u>5,793.00</u>
			23,575.00
Decreased by:			
Reserve for Animal Control Trust			
Fund Expenditures	B-2	6,051.29	
Encumbrances	B-4	<u>1,603.00</u>	
			<u>7,654.29</u>
Balance - December 31, 2017	B		<u><u>15,920.71</u></u>

License Fees Collected

<u>Year</u>	
2016	7,835.00
2015	<u>9,310.00</u>
	<u><u>17,145.00</u></u>

B-4

## Schedule of Animal Control Trust Encumbrances

## Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	B		1,896.00
Increased by:			
Encumbrances	B-3	<u>1,603.00</u>	
			3,499.00
Decreased by:			
Cash Disbursements	B-2	<u>1,896.00</u>	
Balance - December 31, 2017	B		<u><u>1,603.00</u></u>



## Borough of Washington, N. J.

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

## Trust Fund

## Year Ended December 31, 2017

	Due (to) / from Balance			Due (to) / from Balance
	<u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2017</u>
Other Trust Fund	74,869.90	10,475.96	42.00	64,435.94
Animal Control Trust Fund	202.37		202.37	
Assessment Trust Fund		2,749.34	2,749.34	
	<u>75,072.27</u>	<u>13,225.30</u>	<u>2,993.71</u>	<u>64,435.94</u>
	B			B

Ref.

Assessment Cancelled	B-1	2,749.34		
Cash Receipts	B-2	4,975.96		
Cash Disbursements	B-2		2,951.71	
Various Reserves	B-8	5,500.00	42.00	
		<u>13,225.30</u>	<u>2,993.71</u>	

B-6

## Schedule of Encumbrances Payable

## Trust Fund

## Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	14,791.99
Increased by:		
Charges to Reserves	B-8	47,866.22
		<u>62,658.21</u>
Decreased by:		
Cash Disbursements	B-2	14,791.99
Balance - December 31, 2017	B	<u>47,866.22</u>

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

**Schedule of Due to / (from ) State Department of Health**

**Trust Funds**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016		
Due to State of New Jersey	B	(0.40)
Increased by:		
State Fees Collected	B-2	687.60
		<u>687.20</u>
Decreased by:		
Disbursements	B-2	697.20
		<u>697.20</u>
Balance - December 31, 2017		
Due From State of New Jersey	B	<u><u>(10.00)</u></u>

## Borough of Washington, N. J.

## Schedule of Other Trust Funds

## Trust Funds

## Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2017</u>
Reserve for:				
Escrow Deposits	854,413.34	65,583.09	119,217.77	800,778.66
POAA	2,215.78	54.00		2,269.78
Recreation	60,744.28	201,651.79	226,574.66	35,821.41
Tax Sale Premiums	559,400.00	2,000.00	111,000.00	450,400.00
Public Defender	174.00	200.00		374.00
Fire Safety Bureau Trust	4,624.40		419.89	4,204.51
C.O.A.H.	3,067.99	42,268.96	34,607.61	10,729.34
Unemployment	74,982.65	20,773.38	12,142.35	83,613.68
Payroll	10,885.76	1,985,567.26	1,985,293.11	11,159.91
Comcast	227.66			227.66
WBFD Dedicated Penalty Trust	55.56	66.89	122.45	
Snow Removal/Storm Recovery	62,527.64	46,732.55	92,926.35	16,333.84
Senior Activity	1,687.84	6,760.00	5,598.00	2,849.84
Outside Liens	1,835.52	16,358.30		18,193.82
Open Space		73,680.69	8,396.50	65,284.19
Street Opening		17,001.00		17,001.00
Escrow		53,170.00		53,170.00
Salary Settlements	5,514.13	5,000.00		10,514.13
	<u>1,642,356.55</u>	<u>2,536,867.91</u>	<u>2,596,298.69</u>	<u>1,582,925.77</u>
	B			B

Ref.

Cash Receipts	B-2	2,536,825.91		
Cash Disbursements	B-2		2,542,932.47	
Interfund Current	B-5	42.00	5,500.00	
Encumbrances Payable	B-6		47,866.22	
		<u>2,536,867.91</u>	<u>2,596,298.69</u>	

**Borough of Washington, N. J.**  
**Schedule of Prepaid Assessments**

**Trust Funds**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	B	<u>1,488.20</u>
Decreased by:		
Assessment Cancelled	B-1	<u>1,488.20</u>

## Borough of Washington, N. J.

## Schedule of Cash

## General Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	C;C-3		345,871.39
Increased by Receipts:			
Capital Improvement Fund	C-7	473,000.00	
Various Reserves	C-10	<u>8,912.79</u>	
			<u>481,912.79</u>
			827,784.18
Decreased by Disbursements:			
Reserve for Encumbrances	C-5	18,621.73	
Improvement Authorizations	C-8	<u>532,989.20</u>	
			<u>551,610.93</u>
Balance - December 31, 2017	C;C-3		<u><u>276,173.25</u></u>

**Borough of Washington, N. J.**  
**Analysis of Cash**  
**General Capital Fund**

Year Ended December 31, 2017

	Balance Dec. 31, 2016	Receipts		Disbursements	Transfers		Balance Dec. 31, 2017
		Budget Appropriation	Miscellaneous		Miscellaneous	(From)	
Fund Balance	4,989.78						4,989.78
Capital Improvement Fund	90,548.10	473,000.00			(460,000.00)		103,548.10
Encumbrances Payable	76,862.13			18,621.73	(34,383.14)		142,528.82
Reserve for Debt Service	407.42		8,912.79				9,320.21
Reserve for Generator	37,000.00				(35,500.00)		1,500.00
<u>Improvement Authorizations</u>							
<u>Ordinance</u>							
07-2007 Various Improvements and Purposes				14,069.21		34,383.14	20,313.93
04-2013 Various Improvements and Purposes	10,368.07						10,368.07
02-2014 Various Capital Improvements	16,999.26						16,999.26
04-2015 Purchase of Zero Turn Lawnmower	225.00						225.00
05-2015 Various Improvements and Purposes	1,826.06			463.15			1,362.91
05-2016 Road Paving and Crosswalk Reconstruction	106,645.57			106,645.57			
08-2017 Various Improvements and Purposes				351,811.27	(26,913.11)		21,275.62
13-2017 Various Road Improvements				60,000.00			
14-2017 Acq. And Installation of Standby Generator							
	<u>345,871.39</u>	<u>473,000.00</u>	<u>8,912.79</u>	<u>551,610.93</u>	<u>(648,554.70)</u>	<u>648,554.70</u>	<u>(56,258.45)</u>
	C						C

**Borough of Washington, N. J.**  
**Due from State of New Jersey**  
**General Capital Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>	
Increased by:		
Improvement Authorization	C-8	120,000.00
Balance - December 31, 2017	C	120,000.00

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Analysis of Balance

Ordinance # 2017-14 New Standby Generator	120,000.00
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**Borough of Washington, N. J.**  
**Schedule of Encumbrances Payable**  
**General Capital Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>		
Balance - December 31, 2016	C		76,862.13
Increased by:			
Improvement Authorizations	C-8		<u>118,671.56</u>
			195,533.69
Decreased by:			
Cancelled	C-8	34,383.14	
Cash Disbursements	C-2	<u>18,621.73</u>	
			<u>53,004.87</u>
Balance - December 31, 2017	C		<u><u>142,528.82</u></u>



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

**General Capital Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>		
Balance - December 31, 2016	C		6,784,818.07
Decreased by:			
Funded by Budget Appropriation			
Green Acres Loan Payable	C-9	34,095.68	
Serial Bonds Payable	C-11	<u>850,000.00</u>	
			<u>884,095.68</u>
Balance - December 31, 2017	C		<u><u>5,900,722.39</u></u>

**Borough of Washington, N. J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	C	90,548.10
Increased by:		
Cash Receipts	C-2	<u>473,000.00</u>
		563,548.10
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	C-8	<u>460,000.00</u>
Balance - December 31, 2017	C	<u><u>103,548.10</u></u>

Borough of Washington, N. J.  
Schedule of Improvement Authorizations  
General Capital Fund

Year Ended December 31, 2017

Ord. No./Date	Improvement Description <u>General Improvements:</u>	Ordinance Date	Amount	Balance Dec. 31, 2016		2017 Authorizations	Prior Years Purchase Order Cancelled	Paid or Charged	Balance Dec. 31, 2017	
				Funded	Unfunded				Funded	Unfunded
07-2007	Various Improvements and Purposes	07/17/07	2,145,950.00				34,383.14	14,069.21	20,313.93	
04-2013	Various Improvements and Purposes	06/18/13	366,500.00	10,368.07					10,368.07	
02-2014	Various Capital Improvements	06/17/14	264,000.00	16,999.26					16,999.26	
04-2015	Purchase of Zero Turn Lawnmower	05/19/15	6,000.00	225.00					225.00	
05-2015	Various Improvements and Purposes	06/16/15	298,000.00	1,826.06				463.15	1,362.91	
05-2016	Road Paving and Crosswalk Reconstruction	09/20/16	400,000.00	106,645.57				106,645.57		
08-2017	Various Improvements and Purposes	05/16/17	400,000.00		400,000.00			378,724.38	21,275.62	
13-2017	Various Road Improvements	07/19/17	60,000.00		60,000.00			60,000.00		
14-2017	Acq. And Installation of Standby Generator	08/01/17	155,500.00		155,500.00			91,758.45	63,741.55	
				<u>136,063.96</u>	<u>615,500.00</u>		<u>34,383.14</u>	<u>651,660.76</u>	<u>134,286.34</u>	
				C			C-5		C	

Ref.	Amount
C-2	532,989.20
C-4	
C-5	120,000.00
C-7	460,000.00
C-10	35,500.00
	<u>615,500.00</u>
	<u>651,660.76</u>

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

**Schedule of Green Acres Trust Loan Payable**

**General Capital Fund**

**Year Ended December 31, 2017**

Purpose	Date of Issue	Original Issue	Date	Maturities of Bonds Outstanding Dec. 31, 2017	Interest Rate	Balance, Dec. 31,	
						2016	2017
						Decreased	
Green Acres Loan	10/17/2002	328,750.00	01/17/2018-01/17/2022 07/17/2018-07/17/2022	See Notes	2.00%	18,232.59	96,809.64
Green Acres Loan	03/04/2009	283,200.00	06/30/2018-06/30/2026 12/31/2018-12/31/2026	See Notes	2.00%	15,863.09	157,912.75
						<u>34,095.68</u>	<u>254,722.39</u>
						<u>C</u>	<u>C</u>

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

**Schedule of Various Reserves**

**General Capital Fund**

**Year Ended December 31, 2017**

	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Reserve for Debt Service	407.42	8,912.79		9,320.21
Reserve for Generator	37,000.00		35,500.00	1,500.00
	<u>37,407.42</u>	<u>8,912.79</u>	<u>35,500.00</u>	<u>10,820.21</u>
	C	C-2	C-8	C

Borough of Washington, N. J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
General Improvement Bonds	03/12/08	5,590,000.00	3/1/2018	640,000.00	4.50%				
	3/1/2019		750,000.00	4.50%					
	3/1/2020		850,000.00	4.50%					
	3/1/2021		850,000.00	4.50%					
	3/1/2022		850,000.00	4.50%	4,480,000.00			3,840,000.00	640,000.00
General Improvement Bonds	04/01/12	2,706,000.00	4/1/2018-22	125,000.00	2.00%				
	4/1/2023-25		250,000.00	2.00-2.40%					
	4/1/2026		225,000.00	2.50%					
	4/1/2027		221,000.00	2.60%	2,016,000.00			195,000.00	1,821,000.00
General Refunding Bonds	08/01/17	3,185,000.00	3/1/2019	730,000.00	4.00%				
	3/1/2020		825,000.00	4.00%					
	3/1/2021		820,000.00	4.00%					
	3/1/2022		810,000.00	4.00%					
						<u>6,496,000.00</u>	<u>3,185,000.00</u>	<u>4,035,000.00</u>	<u>3,185,000.00</u>
						C			C
						Paid by Budget Appropriation		850,000.00	
						Refunding Bond		3,185,000.00	
								<u>3,185,000.00</u>	<u>3,185,000.00</u>
								<u>4,035,000.00</u>	<u>4,035,000.00</u>

C-6

## Borough of Washington, N. J.

## Schedule of Cash

## Sewer Utility Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2016	D;D-6	<u>2,882,131.26</u>	<u>424,170.48</u>
Increased by Receipts:			
Miscellaneous	D-3	29,656.20	
Reserve Capacity Charges	D-3	14,356.00	
Industrial/Commercial Permit Fees	D-3	16,473.00	
Miscellaneous Revenue Not Anticipated	D-3	180,311.15	
Consumer Accounts/Liens Receivable	D-8	2,481,130.59	
Sewer Liens	D-9	4,697.17	
		<u>2,726,624.11</u>	
		5,608,755.37	<u>424,170.48</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	2,228,129.49	
Appropriation Reserves	D-13	93,692.05	
Accrued Interest	D-15	59,970.00	
Improvement Authorizations	D-16		15,714.37
Refund of Overpayment	D-18	201.79	
		<u>2,381,993.33</u>	<u>15,714.37</u>
Balance - December 31, 2017	D;D-6	<u><u>3,226,762.04</u></u>	<u><u>408,456.11</u></u>

Borough of Washington, N. J.

Analysis of Cash

Sewer Utility Capital Fund

Year Ended December 31, 2017

	<u>Balance</u>	<u>Disbursements</u>	<u>Transfers</u>		<u>Balance</u>
	<u>Dec. 31, 2016</u>	<u>Improvement</u>	<u>To</u>	<u>From</u>	<u>Dec. 31, 2017</u>
		<u>Authorizations</u>			
Fund Balance	9,706.52				9,706.52
Capital Improvement Fund	101,785.22				101,785.22
Reserve for Capital Outlay	240,000.00			(229,000.00)	11,000.00
Reserve for Encumbrances	240.00				240.00
Ord. 09-2015					
<u>Improvement Authorizations</u>					
Sewer Project on South Prospect Street	72,438.74	15,214.37			57,224.37
10-2017					
South Prospect Sewer Pump Station	500.00	229,000.00			228,500.00
	<u>424,170.48</u>	<u>15,714.37</u>	<u>229,000.00</u>	<u>(229,000.00)</u>	<u>408,456.11</u>
	D;D-5				D;D-5



**Borough of Washington, N. J.**  
**Schedule of Change Fund**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	D	<u>75.00</u>
Balance - December 31, 2017	D	<u>75.00</u>

**Schedule of Consumer Accounts Receivable**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2017**

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Charges</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Consumer Accounts Receivable	<u>297,422.39</u> D	<u>2,485,227.08</u>	<u>2,510,321.23</u>	<u>272,328.24</u> D
		<u>Ref.</u>		
Rents Received		D-5	2,481,130.59	
Prepays Applied		D-10	15,024.33	
Overpayments Applied		D-18	<u>11,346.08</u>	
		D-3	<u>2,507,501.00</u>	
Transfer to Lien		D-9	<u>2,820.23</u>	
			<u>2,510,321.23</u>	

## Borough of Washington, N. J.

## Schedule of Sewer Liens

## Sewer Utility Operating Fund

## Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	D		34,446.55
Increased by:			
Consumer Accounts Receivable	D-8	2,820.23	
Added Sewer Liens		6,237.00	
Interest and Costs		<u>360.52</u>	
			<u>9,417.75</u>
			43,864.30
Decreased by:			
Cash Receipts	D-3;D-5	4,697.17	
Forclosed		<u>3,341.12</u>	
			<u>8,038.29</u>
Balance - December 31, 2017	D		<u><u>35,826.01</u></u>

## Schedule of Prepaid Sewer Charges

## Sewer Utility Operating Fund

## Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	<u><u>15,024.33</u></u>
Decreased by:		
Prepaid Applied	D-8	<u><u>15,024.33</u></u>

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

**Schedule of Fixed Capital**

**Sewer Utility Capital Fund**

**Year Ended December 31, 2017**

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Wastewater Treatment Plant	17,827,829.71	17,827,829.71
Equipment	24,750.00	24,750.00
	<u>17,852,579.71</u>	<u>17,852,579.71</u>
	D	D

Borough of Washington, N. J.

Schedule of Fixed Capital Authorized and Uncompleted

Sewer Utility Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2016	Balance, Dec. 31, 2017
		Date	Amount		
09-2015	Sewer Project on South Prospect Street	12/01/15	200,000.00	200,000.00	200,000.00
				D	D

**Borough of Washington, N. J.**  
**Schedule of Appropriation Reserves**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2017**

	Balance, Dec. 31, <u>2016</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	44,586.83	44,586.83	2,647.77	41,939.06
Other Expenses	266,382.04	266,382.04	90,407.13	175,974.91
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>3,410.90</u>	<u>3,410.90</u>	<u>637.15</u>	<u>2,773.75</u>
	<u><u>314,379.77</u></u>	<u><u>314,379.77</u></u>	<u><u>93,692.05</u></u>	<u><u>220,687.72</u></u>
			D-5	D-1
<u>Analysis of Appropriation Reserve</u>	<u>Ref.</u>			
Unencumbered	D	278,499.00		
Encumbered	D	<u>35,880.77</u>		
		<u><u>314,379.77</u></u>		

**Borough of Washington, N. J.**  
**Schedule of Accounts Payable**  
**Sewer Utility Operating Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	D	<u>5,500.00</u>
Decreased by:		
Cancelled	D-1	<u>5,500.00</u>

**Borough of Washington, N. J.  
Schedule of Accrued Interest  
Sewer Utility Operating Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>	<u>Totals</u>	<u>Loans</u>	<u>Bonds</u>
Balance - December 31, 2016	D	72,238.30	65,752.06	6,486.24
Increased by:				
Budget Appropriations	D-4	<u>32,660.00</u>	<u>27,350.00</u>	<u>5,310.00</u>
Decreased by:				
Disbursements	D-5	<u>59,970.00</u>	<u>54,660.00</u>	<u>5,310.00</u>
Balance - December 31, 2017	D	<u><u>44,928.30</u></u>	<u><u>38,442.06</u></u>	<u><u>6,486.24</u></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>						
280,000.00	10/15/17	12/31/17	77	<u>2,994.44</u>	<u>35,447.62</u>	<u>38,442.06</u>
78,000.00	09/01/17	12/31/17	121	<u>1,179.75</u>	<u>5,306.49</u>	<u>6,486.24</u>
<u>Serial Bonds:</u>						
78,000.00	09/01/17	12/31/17	121	<u>1,179.75</u>	<u>5,306.49</u>	<u>6,486.24</u>

Borough of Washington, N. J.

Schedule of Improvement Authorizations

Sewer Utility Capital Fund

Year Ended December 31, 2017

ORD. No.	Improvement Description	Date	Ordinance Amount	Balance		2017 Authorizations	Paid or Charged	Balance	
				Dec. 31, 2016 Funded				Dec. 31, 2017 Funded	
09-2015	Sewer Project on South Prospect Street	12/01/15	200,000.00	72,438.74		229,000.00	15,214.37	57,224.37	
10-2017	South Prospect Sewer Pump Station	06/07/17	229,000.00			229,000.00	500.00	228,500.00	
				<u>72,438.74</u>		<u>229,000.00</u>	<u>15,714.37</u>	<u>285,724.37</u>	
				D		D-17	D-5	D	



## Borough of Washington, N. J.

## Schedule of Reserves

## Sewer Utility Capital Fund

Year Ended December 31, 2017

<u>Description</u>	Balance <u>Dec. 31,2016</u>	<u>Decreased</u>	Balance <u>Dec. 31,2017</u>
Capital Outlay	<u>240,000.00</u>	<u>229,000.00</u>	<u>11,000.00</u>
	D	D-16	D

## Schedule of Reserves

## Sewer Utility Operating Fund

Year Ended December 31, 2017

<u>Description</u>	Balance <u>Dec. 31,2016</u>	<u>Decreased</u>	Balance <u>Dec. 31,2017</u>
Overpaid Sewer Charges	<u>11,924.40</u>	<u>11,547.87</u>	<u>376.53</u>
	D		D
Cash Receipts	D-5	201.79	
Tax Overpayments Applied	D-8	<u>11,346.08</u>	
		<u>11,547.87</u>	

**Borough of Washington, N. J.**  
**Schedule of Capital Improvement Fund**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	D	<u>101,785.22</u>
Balance - December 31, 2017	D	<u>101,785.22</u>

**Schedule of Reserve for Amortization**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	D	16,437,275.33
Increased by:		
USDA Rural Development Loan		
by Operating Budget	D-23	808,755.14
Serial Bonds Paid by Operating Budget	D-24	<u>80,000.00</u>
		<u>888,755.14</u>
Balance - December 31, 2017	D	<u>17,326,030.47</u>

**Schedule of Reserve for Encumbrances Payable**  
**Sewer Utility Capital Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	D	<u>240.00</u>
Balance - December 31, 2017	D	<u>240.00</u>

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

**Schedule of Deferred Reserve for Amortization**

**Sewer Utility Capital Fund**

**Year Ended December 31, 2017**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2016</u>	<u>Balance, Dec. 31, 2017</u>
09-2015	Sewer Project on South Prospect Street	12/01/15	<u>200,000.00</u> D	<u>200,000.00</u> D

Borough of Washington, N. J.

Schedule of Wastewater Loans Payable

Sewer Utility Capital Fund

Year Ended December 31, 2017

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Date	Amount				
Trust Loan - Project #S40706-03	08/01/98	7,060,000.00	2017	575,000.00	5.00%	575,000.00	575,000.00	
Trust Loan - Project #S340706-04	08/01/98	1,075,000.00	2017	85,000.00	5.00%	85,000.00	85,000.00	
Fund Loan - Project #S340706-04	08/01/98	1,014,350.00	2017	11,047.75	0.00%	11,047.75	11,047.75	

Borough of Washington, N. J.

Schedule of Wastewater Loans Payable

Sewer Utility Capital Fund

Year Ended December 31, 2017

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Date	Amount				
Trust Loan - Project #S340706-05	10/15/02	790,000.00	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%	330,000.00	50,000.00	280,000.00
Fund Loan - Project #S340706-05	10/15/02	835,741.00	2018	42,077.87	0.00%			
			2019	43,725.39	0.00%			
			2020	41,913.11	0.00%			
			2021	40,832.87	0.00%			
						256,256.63	87,707.39	168,549.24
						<u>1,257,304.38</u>	<u>808,755.14</u>	<u>448,549.24</u>
						D	D-20	D

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

**Sewer Utility Capital Fund**

**Year Ended December 31, 2017**

Purpose	Date of Issue	Original Issue	Maturities Outstanding December 31, 2017 Date	Interest Rate	Amount	Balance	
						Dec. 31, 2016	Dec. 31, 2017
Sewer Bonds	03/12/08	728,000.00	3/1/2018	4.50%	78,000.00	158,000.00	78,000.00
						D	D-20
							D

**BOROUGH OF WASHINGTON**

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

**PART II**

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

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2017**

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

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Washington in the County of Warren as of and for the year ended December 31, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2018, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

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

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

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





Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

### **Compliance and Other Matters**

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

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

### **Purpose of this Report**

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



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

*Ferraioli, Wielkotz, Cerullo & Cuva, P.A.*  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
*Certified Public Accountants*

Newton, New Jersey  
June 22, 2018



## GENERAL COMMENTS

### Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2017, and at June 22, 2018, 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, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$40,000.00.

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.A. 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.A. 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 17, 2017 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 2017.

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 October 13, 2017 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>
2017	11
2016	7
2015	9

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

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

## **GENERAL COMMENTS (CONTINUED)**

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

The result of the test, which was made as of December 31, 2017 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.

### **Outside Offices**

1. Various Outside Office cashbooks could not be reconciled to the General Ledger

#### **Management Response:**

The procedure will be to reconcile outside offices to the general ledger on a monthly basis. Also, greater care will be taken to adjust for returned checks and other adjustments.

**RECOMMENDATIONS**

1. That all outside offices maintain cashbooks to be reconciled to the general ledger monthly.

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

A review was performed on all prior years' recommendations and corrective action was taken on all with the exception of the following which is included in this year's recommendations:

1. That all outside offices maintain cashbooks to be reconciled to the general ledger monthly.

\* \* \* \* \*

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

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

Very truly yours,



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

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