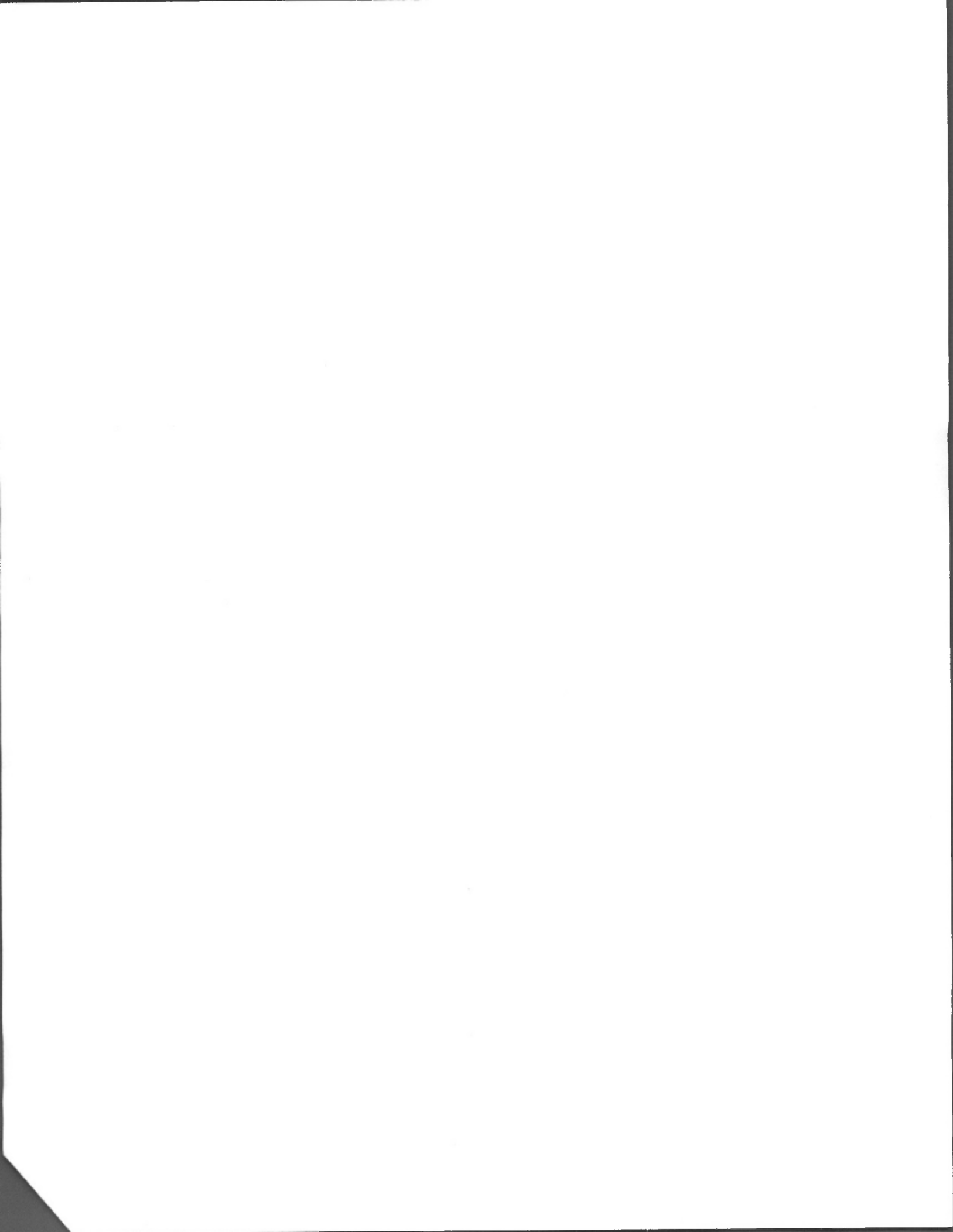


Report of Audit
on the
Financial Statements
of the
Borough of Washington
in the
County of Warren
New Jersey
for the
Year Ended
December 31, 2006



BOROUGH OF WASHINGTON

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BOROUGH OF WASHINGTON

PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2006 AND 2005



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements - statutory basis of the various individual funds and the account group of the Borough of Washington, County of Warren, New Jersey as of and for the years ended December 31, 2006 and 2005 and for the year ended December 31, 2006, as listed as financial statements - statutory basis in the foregoing table of contents. These financial statements - statutory basis are the responsibility of the management of the Borough of Washington, County of Warren. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial statements contained in Government Auditing Standards issued by the Comptroller General of the United States, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Borough of Washington, County of Warren, prepares its financial statements on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

BOROUGH OF WASHINGTON

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2006</u>	<u>BALANCE DECEMBER 31, 2005</u>
Cash-Treasurer	A-4	\$ 5,864,959.34	\$ 5,096,150.99
Change Fund		220.00	220.00
Due State of New Jersey-Chapter 20, PL 1971	A-8	7,924.59	7,174.59
		<u>\$ 5,873,103.93</u>	<u>\$ 5,103,545.58</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 354,488.44	\$ 334,506.48
Tax Title Liens Receivable	A-6	491,479.79	482,242.33
Maintenance Liens Receivable	A-28	7,825.83	7,825.83
Property Acquired for Taxes - Assessed Valuation	A-21	112,300.00	112,300.00
Revenue Accounts Receivable	A-9	8,031.21	9,467.59
Interfunds Receivable	A-10	3,095.22	1,235.56
Prepaid Local School Taxes	A-15	28,153.00	28,151.75
	A	<u>\$ 1,005,373.49</u>	<u>\$ 975,729.54</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-25	\$	\$ 10,124.55
Expenditure without an Appropriation	A-25	14,304.55	
		<u>\$ 14,304.55</u>	<u>\$ 10,124.55</u>
		<u>\$ 6,892,781.97</u>	<u>\$ 6,089,399.67</u>
Grant Fund:			
Grants Receivable	A-19	\$ 172,577.38	\$ 221,654.84
Due Current Fund	A-23	55,188.41	
		<u>\$ 227,765.79</u>	<u>\$ 221,654.84</u>
		<u>\$ 7,120,547.76</u>	<u>\$ 6,311,054.51</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND

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SUPLEE, CLOONEY & COMPANY



In our opinion, because the Borough of Washington prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the various individual funds of the Borough of Washington as of December 31, 2006 and 2005 or the results of its operations and changes in fund balance for the year then ended or the revenues or expenditures for the year ended December 31, 2006.

However, in our opinion, the financial statements - statutory basis present fairly, in all material respects, the financial position - statutory basis of the various individual funds and the account group of the Borough of Washington, County of Warren, as of December 31, 2006 and 2005, and the results of its operations and changes in fund balance - statutory basis for the year then ended and the revenues, expenditures and changes in fund balance - statutory basis for the year ended December 31, 2006, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2007, on our consideration of the Borough of Washington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements - statutory basis taken as a whole. The information included in the schedules of expenditures of federal awards and state financial assistance and the other supplementary schedules and data listed in the table of contents is presented for purposes of additional analysis as required by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of the Borough of Washington, County of Warren, New Jersey, the Division of Local Government Services and federal and state audit agencies and is not intended to be, and should not be, used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

REGISTERED MUNICIPAL ACCOUNTANT NO. 50

June 27, 2007

BOROUGH OF WASHINGTON

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2006</u>	<u>BALANCE DECEMBER 31, 2005</u>
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 157,153.27	\$ 128,958.44
Encumbrances Payable	A-11	84,751.04	112,864.27
Prepaid Taxes	A-17	53,135.11	48,825.54
Tax Overpayments	A-18	5,685.46	11,812.16
Interfunds Payable	A-10	4,907,404.50	4,044,591.21
Sale of Municipal Assets	A-12	5,670.00	
Special Improvement District Tax Payable	A-27	2,662.91	14,843.30
Miscellaneous Reserves	A-26	18,362.75	24,740.62
		<u>\$ 5,234,825.04</u>	<u>\$ 4,386,635.54</u>
Reserve for Receivables and Other Assets	A	1,005,373.49	975,729.54
Fund Balance	A-1	652,583.44	727,034.59
		<u>\$ 6,892,781.97</u>	<u>\$ 6,089,399.67</u>
Grant Fund:			
Encumbrances Payable	A-20	\$ 3,493.52	\$
Due Current Fund	A-23		175.66
Due Sewer Operating Fund		79,000.00	79,000.00
Reserve for Grants Appropriated	A-20	140,071.49	135,052.87
Reserve for Grants Unappropriated	A-24	5,200.78	7,426.31
		<u>\$ 227,765.79</u>	<u>\$ 221,654.84</u>
		<u>\$ 7,120,547.76</u>	<u>\$ 6,311,054.51</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTONCURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>REF.</u>	<u>YEAR 2006</u>	<u>YEAR 2005</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 675,000.00	\$ 506,416.00
Miscellaneous Revenue Anticipated	A-2	1,574,085.70	1,732,907.77
Receipts From Delinquent Taxes	A-2	371,002.78	272,631.99
Receipts From Current Taxes	A-2	13,779,768.05	13,030,964.81
Non-Budget Revenue	A-2	62,428.99	44,132.54
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	39,686.94	141,846.62
Tax Overpayments Canceled			308.90
Encumbrances Canceled	A-11	1,500.00	
Interfunds Returned			16.64
<u>Total Income</u>		<u>\$ 16,503,472.46</u>	<u>\$ 15,729,225.27</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	\$ 3,549,889.90	\$ 3,463,242.89
Deferred Charges and Statutory Expenditures	A-3	188,373.09	185,448.58
Operations Excluded From "CAPS":			
Operating	A-3	987,124.24	982,773.97
Capital Improvements	A-3	111,865.00	155,145.00
Municipal Debt Service	A-3	507,971.37	353,659.65
County Taxes	A-14	2,916,064.64	2,692,664.57
County Share of Added Taxes	A-14	11,848.04	17,067.59
Local District School Tax	A-15	3,547,549.50	3,499,624.25
Regional High School Tax	A-16	3,888,340.41	3,437,984.02
Special Improvement District Tax	A-27	177,569.61	206,192.90
Interfunds Advanced		1,859.66	
Refund of Prior Year Revenue	A-4	14,468.15	110,951.59
<u>Total Expenditures</u>		<u>\$ 15,902,923.61</u>	<u>\$ 15,104,755.01</u>
Excess in Revenue		\$ 600,548.85	\$ 624,470.26
Adjustments to Income before Fund Balance			
Expenditures Included Above which are by Statute			
Deferred Charges to the Budget of the Succeeding Year			10,124.55
Statutory Excess to Fund Balance		\$ 600,548.85	\$ 634,594.81
<u>Fund Balance</u>			
Balance, January 1	A	727,034.59	598,855.78
		<u>\$ 1,327,583.44</u>	<u>\$ 1,233,450.59</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	675,000.00	506,416.00
Fund Balance, December 31	A	<u>\$ 652,583.44</u>	<u>\$ 727,034.59</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

CURRENT FUND

STATEMENT OF REVENUES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

		<u>ANTICIPATED</u>		<u>SPECIAL</u>		<u>EXCESS</u>
	<u>REF.</u>	<u>BUDGET</u>		<u>N.J.S.</u>	<u>REALIZED</u>	<u>OR</u>
				<u>40A:4-87</u>		<u>(DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 675,000.00	\$		\$ 675,000.00	
Miscellaneous Revenues:						
Licenses:						
Alcoholic Beverages	A-9	\$ 5,000.00	\$		\$ 5,040.00	\$ 40.00
Other	A-9	3,000.00			2,750.00	(250.00)
Fees and Permits:						
Other	A-9	7,500.00			13,168.25	5,668.25
Fines:						
Municipal Court	A-9	160,000.00			146,910.98	(13,089.02)
Other	A-9	1,000.00			1,200.00	200.00
Interest and Costs on Taxes	A-9	52,500.00			97,631.32	45,131.32
Interest on Investments	A-9	39,000.00			179,294.61	140,294.61
Municipal Homeland Security	A-9	50,000.00			50,000.00	
Legislative Initiative Block Grant	A-9	28,328.00			28,328.00	
Consolidated Municipal Property						
Tax Relief Act	A-9	399,662.00			380,802.00	(18,860.00)
Energy Receipts Tax	A-9	402,152.00			421,013.00	18,861.00
Supplemental Energy Receipts Tax	A-9	16,973.00			16,973.00	
Uniform Fire Safety	A-9	12,259.00			13,443.62	1,184.62
Cable TV Franchise Fee	A-9	22,499.00			22,498.93	(0.07)
Reserve for Prepaid School Taxes		28,151.75			28,151.75	
Capital Fund Surplus	A-9	71,835.00			71,835.00	
Recycling Tonnage Grant	A-19	931.48			931.48	
Clean Communities Program	A-19	664.72		6,298.93	6,963.65	
Municipal Alliance Grant	A-19			1,000.00	1,000.00	
Municipal Alliance Grant	A-19	6,320.00			6,320.00	
Body Armor Replacement Fund	A-19	2,444.61			2,444.61	
Drunk Driving Enforcement Fund	A-19	3,385.50			3,385.50	
Smart Growth Grant	A-19			65,000.00	65,000.00	
Click it or Ticket	A-19			4,000.00	4,000.00	
Municipal Stormwater Regulation Grant	A-19			5,000.00	5,000.00	
	A-1	\$ 1,313,606.06	\$ 81,298.93		\$ 1,574,085.70	\$ 179,180.71
Receipts From Delinquent Taxes	A-1:A-2	\$ 300,000.00			\$ 371,002.78	\$ 71,002.78
Amount to be Raised by Taxation for Support of Municipal Budget:						
Local Tax for Municipal Purposes	A-2:A-7	\$ 3,475,319.24			\$ 3,617,333.09	\$ 142,013.85
<u>Budget Totals</u>		\$ 5,763,925.30	\$ 81,298.93		\$ 6,237,421.57	\$ 392,197.34
Non-Budget Revenue	A-1:A-2				62,428.99	62,428.99
		\$ 5,763,925.30	\$ 81,298.93		\$ 6,299,850.56	\$ 454,626.33
	<u>REF.</u>	<u>A-3</u>		<u>A-3</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

CURRENT FUND

STATEMENT OF REVENUES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>REF.</u>		
Allocation of Current Tax Collections:			
Collections Realized on a Cash Basis	A-1:A-7	\$	13,779,768.05
Allocated to:			
School, County and Special District Taxes			<u>10,662,434.96</u>
Balance for Support of Municipal Budget Appropriations		\$	3,117,333.09
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3		<u>500,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>3,617,333.09</u></u>
Receipts from Delinquent Taxes:			
Delinquent Tax Collections	A-7	\$	332,049.85
Tax Title Liens	A-6		<u>38,952.93</u>
	A-2	\$	<u><u>371,002.78</u></u>
<u>Analysis of Non-Budget Revenues</u>			
Miscellaneous Revenue Not Anticipated:			
Treasurer:			
Fire Prevention Inspection Fees		\$	9,246.00
Garbage Stickers			3,170.25
Parking Stickers			2,350.00
Affordable Housing			10,450.00
Police Department Fees			1,245.84
Restitution			10.98
Landlord Tenant Registration			3,250.00
Police Special Services			17,368.92
Miscellaneous			6,206.34
Administrative Fee - Senior Citizen and Veterans			1,255.00
Registrar Fees			<u>7,875.66</u>
	A-2:A-4	\$	<u><u>62,428.99</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2006

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
OPERATIONS WITHIN "CAPS"					
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 145,960.00	\$ 141,951.00	\$ 140,254.12	\$ 1,696.88	
Other Expenses	31,415.00	31,002.00	29,550.75	1,451.25	
Mayor and Council:					
Salaries and Wages	14,500.00	14,500.00	14,500.00		
Other Expenses	6,773.00	7,186.00	7,185.32	0.68	
Elections (Clerk):					
Salaries and Wages	49,883.00	75,944.90	75,944.90		
Other Expenses	8,050.00	8,050.00	8,045.92	4.08	
Financial Administration:					
Salaries and Wages	13,744.00	13,744.00	13,744.00		
Other Expenses	8,725.00	9,325.00	5,748.40	3,576.60	
Audit Services	24,000.00	24,625.00	24,625.00		
Assessment of Taxes:					
Salaries and Wages	41,663.00	41,663.00	39,382.53	2,280.47	
Other Expenses	11,650.00	11,650.00	11,064.81	585.19	
Collection of Taxes:					
Salaries and Wages	116,144.00	113,444.00	112,835.57	608.43	
Other Expenses	5,370.00	6,370.00	6,242.06	127.94	
Legal Services and Costs:					
Salaries and Wages	51,429.00	51,429.00	51,429.00		
Other Expenses	30,000.00	29,375.00	28,424.30	950.70	
Municipal Prosecutor:					
Salaries and Wages	23,139.00	23,139.00	23,139.00		
Engineering Services and Costs:					
Other Expenses	37,000.00	37,000.00	36,953.98	46.02	
Downtown Development:					
Other Expenses	12,500.00	12,500.00	12,500.00		
Public Buildings and Grounds:					
Salaries and Wages	12,500.00	12,500.00	12,230.00	270.00	
Other Expenses	46,820.00	46,820.00	40,392.48	6,427.52	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2006

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>GENERAL GOVERNMENT (Continued)</u>					
Planning Board:					
Salaries and Wages	\$ 7,296.00	\$ 7,296.00	\$ 7,296.00		
Other Expenses	11,990.00	10,126.00	8,577.40	1,548.60	
Board of Adjustment:					
Salaries and Wages	6,852.00	7,058.00	7,057.50	0.50	
Other Expenses	1,880.00	1,880.00	1,782.42	97.58	
Municipal Court:					
Salaries and Wages	110,767.00	110,776.00	110,775.21	0.79	
Other Expenses	6,300.00	6,300.00	6,208.33	91.67	
Public Defender:					
Other Expenses	500.00	500.00		500.00	
Shade Tree Commission:					
Salaries and Wages	864.00	864.00	648.05	215.95	
Other Expenses	16,000.00	15,000.00	13,424.88	1,575.12	
<u>PUBLIC SAFETY</u>					
Fire:					
Other Expenses:					
Misc. Other Expenses	37,000.00	37,000.00	36,988.71	11.29	
Fire Hydrant Service	55,000.00	52,418.00	52,417.20	0.80	
Police:					
Salaries and Wages	1,178,780.00	1,192,480.00	1,192,480.00		
Other Expenses	42,950.00	35,950.00	34,184.29	1,765.71	
First Aid Organization - Aid Maintenance:					
Other Expenses	24,000.00	24,000.00	24,000.00		
Uniform Fire Safety Act (P.L. 1983, C.383):					
Fire and Safety Code Enforcement:					
Salaries and Wages	17,250.00	17,250.00	16,291.84	958.16	
Other Expenses	2,100.00	2,100.00	511.48	1,588.52	
Civil Emergency Preparedness:					
Salaries and Wages	7,336.00	7,336.00	7,336.00		
Other Expenses	1,000.00	1,000.00	1,000.00		
Local Code Enforcement:					
Salaries and Wages	41,023.00	41,023.00	41,023.00		
Other Expenses	2,425.00	2,425.00	2,276.82	148.18	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2006

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>STREETS AND ROADS</u>					
Road Repairs and Maintenance:					
Salaries and Wages	\$ 329,971.00	\$ 329,971.00	\$ 317,486.04	\$ 12,484.96	
Other Expenses	91,600.00	91,600.00	84,158.81	7,441.19	
<u>SANITATION</u>					
Garbage Collection:					
Other Expenses	337,335.00	337,335.00	335,900.00	1,435.00	
<u>HEALTH AND WELFARE</u>					
Animal Control:					
Salaries and Wages	9,344.00	9,344.00	9,194.00	150.00	
Other Expenses	2,500.00	2,500.00	1,918.00	582.00	
<u>RECREATION AND EDUCATION</u>					
Parks and Playgrounds:					
Other Expenses	70,000.00	70,000.00	70,000.00		
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	2,000.00	2,000.00		2,000.00	
P.E.O.S.H.A.					
Other Expenses	1,500.00	1,500.00	836.00	664.00	
<u>UNCLASSIFIED</u>					
Utilities:					
Electricity	57,500.00	59,000.00	56,219.96	2,780.04	
Natural Gas	32,500.00	27,800.00	27,799.60	0.40	
Heating Oil	5,000.00	5,500.00	5,373.22	126.78	
Street Lighting & Traffic Lights	57,000.00	63,000.00	63,000.00		
Solid Waste Disposal	155,000.00	155,000.00	142,433.29	12,566.71	
Telephone	40,000.00	43,200.00	41,695.50	1,504.50	
Water	7,500.00	4,640.00	4,547.08	92.92	
Sewage Disposal	8,000.00	8,000.00	8,000.00		
Gasoline and Diesel Fuel	52,500.00	52,500.00	47,361.32	5,138.68	
Contingent	2,000.00	2,000.00		2,000.00	
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	<u>\$ 3,523,828.00</u>	<u>\$ 3,549,889.90</u>	<u>\$ 3,474,394.09</u>	<u>\$ 75,495.81</u>	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2006

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>					
<u>DEFERRED CHARGES:</u>					
Overexpenditure of Appropriations	\$ 10,124.55	\$ 10,124.55	\$ 10,124.55	\$	
Overexpenditure of Law Enforcement Trust	135.44	135.44	135.44		
<u>STATUTORY EXPENDITURES:</u>					
Contribution to Public Employees' Retirement System	5,359.00	5,359.00	5,359.00		
Social Security System (O.A.S.I.)	184,248.00	158,186.10	129,195.04	28,991.06	
Consolidated Police and Firemen's Retire. System of NJ	8,068.00	8,068.00	8,067.84	0.16	
Unemployment Insurance (NJSA 43:21-3 et seq.)	6,500.00	6,500.00	6,500.00		
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL-WITHIN "CAPS"</u>	<u>\$ 214,434.99</u>	<u>\$ 188,373.09</u>	<u>\$ 159,381.87</u>	<u>\$ 28,991.22</u>	
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	<u>\$ 3,738,262.99</u>	<u>\$ 3,738,262.99</u>	<u>\$ 3,633,775.96</u>	<u>\$ 104,487.03</u>	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Maintenance of Free Public Library:					
Salaries and Wages	\$ 203,678.00	\$ 203,678.00	\$ 194,353.61	\$ 9,324.39	
Other Expenses	47,325.00	47,325.00	46,982.12	342.88	
Insurance:					
General Liability	125,900.00	125,900.00	123,216.00	2,684.00	
Worker's Compensation Insurance	61,700.00	61,700.00	61,052.00	648.00	
Employee Group Health	348,555.00	348,555.00	308,894.63	39,660.37	
Statutory Expenditures:					
Police & Firemen's Retirement System of N.J.	81,250.00	81,250.00	81,247.20	2.80	
Public Employees Retirement System of N.J.	23,671.00	23,671.00	23,667.20	3.80	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2006

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>PUBLICS AND PRIVATE PROGRAMS</u>					
<u>OFF-SET BY REVENUES</u>					
Clean Communities Program					
Salaries and Wages (NJSA 40A:4-87 + \$6,298.93)	\$ 664.72	\$ 6,963.65	\$ 6,963.65	\$	
Municipal Alliance Grant:					
State Match	6,320.00	6,320.00	6,320.00		
Recycling Tonnage Grant	931.48	931.48	931.48		
Municipal Alliance on Alcoholism and Drug Abuse (NJSA 40A:4-87 + \$1,000.00)		1,000.00	1,000.00		
Stormwater Management (NJSA 40A:4-87 + \$5,000.00)		5,000.00	5,000.00		
Small Growth Grant (NJSA 40A:4-87 + \$65,000.00)		65,000.00	65,000.00		
Body Armor Fund	2,444.61	2,444.61	2,444.61		
Drunk Driving Enforcement Fund	3,385.50	3,385.50	3,385.50		
Click it or Ticket (NJSA 40A:4-87 + \$4,000.00)		4,000.00	4,000.00		
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	<u>\$ 905,825.31</u>	<u>\$ 987,124.24</u>	<u>\$ 934,458.00</u>	<u>\$ 52,666.24</u>	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 111,865.00	\$ 111,865.00	\$ 111,865.00	\$	
<u>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>	<u>\$ 111,865.00</u>	<u>\$ 111,865.00</u>	<u>\$ 111,865.00</u>	<u>\$</u>	
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00	\$	
Payment of Bond Anticipation Notes and Capital Notes	29,562.00	29,562.00	29,562.00		
Interest on Bonds	85,851.00	85,851.00	85,850.65		0.35
Interest on Notes	237,116.00	237,116.00	237,116.00		
GreenTrust Loan Program:					
Loan Repayments for Principal and Interest	20,443.00	20,443.00	20,442.72		0.28
<u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u>	<u>\$ 507,972.00</u>	<u>\$ 507,972.00</u>	<u>\$ 507,971.37</u>	<u>\$</u>	<u>0.63</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2006

		APPROPRIATIONS		EXPENDED		CANCELED
		BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"		\$ 1,525,662.31	\$ 1,606,961.24	\$ 1,554,294.37	\$ 52,666.24	\$ 0.63
Sub-Total General Appropriations		\$ 5,263,925.30	\$ 5,345,224.23	\$ 5,188,070.33	\$ 157,153.27	\$ 0.63
Reserve for Uncollected Taxes		500,000.00	500,000.00	500,000.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>		<u>\$ 5,763,925.30</u>	<u>\$ 5,845,224.23</u>	<u>\$ 5,688,070.33</u>	<u>\$ 157,153.27</u>	<u>\$ 0.63</u>
	REF:	A-2		A-1	A:A-1	
Budget	A-3		\$ 5,763,925.30			
Appropriation by 40A: 4-87	A-2		81,298.93			
			<u>\$ 5,845,224.23</u>			
Reserve for Uncollected Taxes	A-2			\$ 500,000.00		
Cash Disbursements	A-4			5,029,169.43		
Deferred Charges	A-25			10,124.55		
Reserve for Grants - Appropriated	A-20			95,045.24		
Reserve for Encumbrances Payable	A-11			68,193.04		
				<u>5,702,532.26</u>		
Less: Refunds	A-4			<u>14,461.93</u>		
				<u>\$ 5,688,070.33</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND

"B"

BOROUGH OF WASHINGTON

TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2006</u>	<u>BALANCE DECEMBER 31, 2005</u>
<u>ASSETS</u>			
Assessment Trust Fund:			
Cash	B-2	\$ 2,024.87	\$ 1,985.20
Assessment Liens Receivable	B-7		543.72
Assessment Lien Interest and Costs	B-9		229.81
Due Current Fund	B-6	<u>724.47</u>	
		\$ <u>2,749.34</u>	\$ <u>2,758.73</u>
Animal Control Trust Fund:			
Cash	B-2	\$ 6,026.66	\$ 1,120.62
Due Current Fund	B-6		<u>18.30</u>
		\$ <u>6,026.66</u>	\$ <u>1,138.92</u>
Other Funds:			
Cash	B-2	\$ 955,878.98	\$ 968,569.52
Deficit in Reserve for Expenditures			135.44
Due Current Fund	B-6	<u>3,666.14</u>	<u>1,175.10</u>
		\$ <u>959,545.12</u>	\$ <u>969,880.06</u>
		\$ <u>965,571.78</u>	\$ <u>973,777.71</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Assessment Trust Fund:			
Due Current Fund	B-6	\$	\$ 9.39
Prepaid Assessments	B-8	1,488.20	1,488.20
Reserve for Assessments/Liens	B		543.72
Reserve for Interest and Cost	B		229.81
Fund Balance	B-1	<u>1,261.14</u>	<u>487.61</u>
		\$ <u>2,749.34</u>	\$ <u>2,758.73</u>
Animal Control Trust Fund:			
Due Current Fund	B-6	\$ 1,590.58	\$
Reserve for Animal Control Trust Fund Expenditures	B-3	<u>4,436.08</u>	<u>1,138.92</u>
		\$ <u>6,026.66</u>	\$ <u>1,138.92</u>
Other Funds:			
Due Sewer Operating Fund		\$ 40,000.00	\$ 40,000.00
Encumbrances Payable	B-5	12,596.53	
State Unemployment Insurance	B-4	4,645.79	2,977.05
Various Reserves and Deposits	B-5	<u>902,302.80</u>	<u>926,903.01</u>
		\$ <u>959,545.12</u>	\$ <u>969,880.06</u>
		\$ <u>965,571.78</u>	\$ <u>973,777.71</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

TRUST FUND

STATEMENT OF FUND BALANCE - ASSESSMENT TRUST - STATUTORY BASIS

	<u>REF.</u>		
Balance, December 31, 2005	B	\$	487.61
Increased by:			
Collections of Unpledged Assessments and Liens	B-7:B-9		<u>773.53</u>
Balance, December 31, 2006	B	\$	<u><u>1,261.14</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>		
Balance, December 31, 2005	C	\$	71,835.00
Increased by:			
Premium on Sale of Notes	C-2	\$	<u>15,027.38</u>
			86,862.38
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-2		<u>71,835.00</u>
Balance, December 31, 2006	C	\$	<u><u>15,027.38</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

"C"

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2006</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2005</u>
<u>ASSETS</u>			
Cash	C-2	\$ 169.56	\$ 166.29
Deferred Charges to Future Taxation - Funded	C-4	2,108,732.36	2,258,380.35
Deferred Charges to Future Taxation - Unfunded	C-5	7,012,736.00	5,419,698.00
Overexpenditure of Ordinance Appropriation	C-10	2,347.76	
Interfunds Receivable	C-14	3,441,471.07	3,493,034.10
Grants Receivable	C-6	618,265.00	7,750.00
		<u>\$ 13,183,721.75</u>	<u>\$ 11,179,028.74</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-13	\$ 1,830,000.00	\$ 1,965,000.00
Bond Anticipation Notes	C-8	7,011,360.00	5,419,778.00
Green Acres Loan Payable	C-12	278,732.36	293,380.35
Contracts Payable	C-11	2,334,435.29	851,128.33
Improvement Authorizations:			
Funded	C-7	17,067.16	24,907.56
Unfunded	C-7	1,673,499.56	2,552,999.50
Capital Improvement Fund	C-9	23,600.00	
Fund Balance	C-1	15,027.38	71,835.00
		<u>\$ 13,183,721.75</u>	<u>\$ 11,179,028.74</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY FUND

BOROUGH OF WASHINGTON

SEWER UTILITY FUND

BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER <u>31, 2006</u>	BALANCE DECEMBER <u>31, 2005</u>
Operating Fund:			
Cash - Treasurer	D-5	\$ 959,761.03	\$ 722,072.00
Change Fund		75.00	75.00
Interfunds Receivable	D-11	<u>780,685.15</u>	<u>1,032,793.28</u>
		\$ <u>1,740,521.18</u>	\$ <u>1,754,940.28</u>
Receivables and Inventories With Full Reserves:			
Consumer Accounts Receivable	D:D-7	\$ 238,927.64	\$ 263,945.76
Sewer Liens	D-6	<u>12,039.46</u>	<u>16,543.58</u>
		\$ <u>250,967.10</u>	\$ <u>280,489.34</u>
<u>Total Operating Fund</u>		\$ <u>1,991,488.28</u>	\$ <u>2,035,429.62</u>
Capital Fund:			
Fixed Capital	D-21	\$ 4,141,905.00	\$ 4,141,905.00
Fixed Capital Authorized and Uncompleted	D-13	18,531,000.00	18,531,000.00
Wastewater Fund Loans Receivable		43,982.00	782,882.00
Wastewater Trust Loans Receivable		43,982.00	782,882.00
Wastewater Escrow Receivable	D-22	438,762.95	673,264.47
Interfunds Receivable	D-23	<u>4,118,066.55</u>	<u>2,889,159.95</u>
<u>Total Capital Fund</u>		\$ <u>27,317,698.50</u>	\$ <u>27,801,093.42</u>
		\$ <u>29,309,186.78</u>	\$ <u>29,836,523.04</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

SEWER UTILITY FUND

BALANCE SHEETS - STATUTORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE REF.</u>		BALANCE DECEMBER 31, 2006	BALANCE DECEMBER 31, 2005
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4;D-10	\$ 76,177.79	\$ 175,683.56
Encumbrances Payable	D-8	46.42	421.69
Interfunds Payable	D-11	1,349,784.99	1,228,977.22
Accrued Interest	D-16	15,523.56	12,328.00
Overpayments of Sewer Charges	D-9	2,354.81	3,918.28
		\$ 1,443,887.57	\$ 1,421,328.75
Reserve for Receivables	D	250,967.10	280,489.34
Fund Balance	D-1	296,633.61	333,611.53
<u>Total Operating Fund</u>		\$ 1,991,488.28	\$ 2,035,429.62
Capital Fund:			
Improvement Authorizations:			
Funded	D-15	\$ 283,194.65	\$ 283,544.65
Unfunded	D-15	4,652,411.08	4,894,827.87
Contracts Payable	D-12	28,096.54	155,030.92
Bond Anticipation Notes	D-18	3,534,169.00	3,582,050.00
Serial Bonds Payable	D-19	197,000.00	247,000.00
Wastewater Loans Payable	D-20	9,795,938.43	10,673,960.41
Interfunds Payable	D-23	2,023,612.30	2,023,612.30
Reserve For:			
Amortization	D-17	6,703,104.57	5,727,201.59
Miscellaneous Reserves	D-14	100,171.93	135,782.93
Fund Balance	D-2		78,082.75
<u>Total Capital Fund</u>		\$ 27,317,698.50	\$ 27,801,093.42
		\$ 29,309,186.78	\$ 29,836,523.04

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>REF.</u>	<u>YEAR 2006</u>	<u>YEAR 2005</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 300,000.00	\$ 636,940.00
Sewer Service Charges	D-3	1,913,605.00	1,913,605.37
Additional Charges	D-3	236,307.77	
Reserve to Pay Debt	D-3	35,611.00	
Sewer Capital Surplus	D-3	78,082.75	
Miscellaneous	D-3	62,125.56	86,984.36
Other Credits to Income:			
Accrued Interest Canceled	D-16	5,045.48	
Unexpended Balance of Appropriation Reserves	D-10	96,338.52	130,189.46
<u>TOTAL INCOME</u>		<u>\$ 2,727,116.08</u>	<u>\$ 2,767,719.19</u>
<u>EXPENDITURES</u>			
Operating	D-4	\$ 955,884.00	\$ 1,013,754.00
Deferred Charges			1,052.24
Statutory Expenditures	D-4	7,580.00	5,200.00
Debt Service	D-4	1,500,630.00	1,416,966.50
Capital Improvements			41,000.00
Refund Of Revenue			308.75
<u>TOTAL EXPENDITURES</u>		<u>\$ 2,464,094.00</u>	<u>\$ 2,478,281.49</u>
Excess in Revenue		\$ 263,022.08	\$ 289,437.70
<u>Fund Balance</u>			
Balance, January 1	D	333,611.53	681,113.83
		<u>\$ 596,633.61</u>	<u>\$ 970,551.53</u>
Decreased by:			
Utilization by Sewer Operating Budget	D-1; D-3	300,000.00	636,940.00
Balance, December 31	D	<u>\$ 296,633.61</u>	<u>\$ 333,611.53</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

SEWER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>		
Balance, December 31, 2005	D	\$	78,082.75
Decreased by:			
Utilized as Anticipated Revenue	D-3	\$	<u>78,082.75</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON

SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 300,000.00	\$ 300,000.00	\$
Sewer Charges	D-1:D-3	1,913,605.00	1,913,605.00	
Additional Charges	D-1:D-3	66,795.25	236,307.77	169,512.52
Miscellaneous	D-1:D-3	70,000.00	62,125.56	(7,874.44)
Reserve to Pay Debt	D-1:D-14	35,611.00	35,611.00	
Sewer Capital Surplus	D-1:D-2	<u>78,082.75</u>	<u>78,082.75</u>	
	D-4	<u>\$ 2,464,094.00</u>	<u>\$ 2,625,732.08</u>	<u>\$ 161,638.08</u>

ANALYSIS OF REALIZED REVENUE

Sewer Charges:		
Collections	D-7	\$ 2,144,340.65
Sewer Liens	D-6	<u>5,572.12</u>
	D-3	<u>\$ 2,149,912.77</u>
Miscellaneous:		
Connection Fees		\$ 10,794.00
Earning Credit		13,014.14
Interest on Investments		<u>38,317.42</u>
	D-3:D-5	<u>\$ 62,125.56</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF WASHINGTON
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Operating:				
Salaries and Wages	\$ 99,084.00	\$ 99,084.00	\$ 99,084.00	\$
Other Expenses	856,800.00	856,800.00	780,622.27	76,177.73
<u>Total Operating</u>	<u>\$ 955,884.00</u>	<u>\$ 955,884.00</u>	<u>\$ 879,706.27</u>	<u>\$ 76,177.73</u>
Debt Services:				
Payment of Bond Principal	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	
Payment of Bond Anticipation & Capital Notes	47,881.00	47,881.00	47,881.00	
Interest on Bonds	17,822.00	17,822.00	17,822.00	
Interest on Notes	164,955.00	164,955.00	164,955.00	
Infrastructure Trust Principal and Interest	1,219,972.00	1,219,972.00	1,219,972.00	
<u>Total Debt Services</u>	<u>\$ 1,500,630.00</u>	<u>\$ 1,500,630.00</u>	<u>\$ 1,500,630.00</u>	
Statutory Expenditures:				
Contributions To:				
Social Security System (O.A.S.I.)	\$ 7,580.00	\$ 7,580.00	\$ 7,579.94	\$ 0.06
<u>Total Statutory Expenditures</u>	<u>\$ 7,580.00</u>	<u>\$ 7,580.00</u>	<u>\$ 7,579.94</u>	<u>\$ 0.06</u>
	<u>\$ 2,464,094.00</u>	<u>\$ 2,464,094.00</u>	<u>\$ 2,387,916.21</u>	<u>\$ 76,177.79</u>

REF

D-3

D:D-1

Cash Disbursements	D-5	\$ 2,205,092.79
Accrued Interest	D-16	182,777.00
Encumbrances Payable	D-8	46.42
		<u>\$ 2,387,916.21</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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PUBLIC ASSISTANCE TRUST FUND

"E"

BOROUGH OF WASHINGTON
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2006</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2005</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	E-1	\$ <u>32,935.40</u>	\$ <u>32,248.00</u>
		\$ <u><u>32,935.40</u></u>	\$ <u><u>32,248.00</u></u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance:		\$ <u>32,935.40</u>	\$ <u>32,248.00</u>
		\$ <u><u>32,935.40</u></u>	\$ <u><u>32,248.00</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

"F"

BOROUGH OF WASHINGTON

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEETS - STATUTORY BASIS

	DECEMBER 31, 2006	DECEMBER 31, 2005
General Fixed Assets:		
Land/Improvements	\$ 558,438.00	\$ 558,438.00
Buildings and Building Improvements	2,072,451.10	2,072,451.10
Machinery and Equipment	<u>3,202,187.13</u>	<u>3,132,651.51</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 5,833,076.23</u>	<u>\$ 5,763,540.61</u>
Investment in General Fixed Assets	<u>\$ 5,833,076.23</u>	<u>\$ 5,763,540.61</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF WASHINGTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006 AND 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Washington 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 the operations of the library, first aid squads, local or regional school districts, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Washington conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 financial transactions and accounts of the Borough of Washington are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from U.S. generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 the Encumbrance Accounting System. Outstanding encumbrances at December 31st are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as revenue in a future budget. GAAP requires such proceeds to be recorded as revenue in the year of sale.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$300.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Adjustments for assets acquired/sold subsequent to this date have not been recorded. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings and land are stated at the assessed value contained in the Borough's most recent property revaluation.

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 has not been accounted for separately.

Inventories of Supplies - the cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

D. 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 held in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, cash in banks and certificates of deposit as cash and cash equivalents.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Washington has the following cash and cash equivalents at December 31, 2006:

<u>FUND</u>	<u>CASH IN BANK</u>	<u>CHANGE FUNDS</u>	<u>TOTAL</u>
Current Fund	\$5,864,959.34	\$220.00	\$5,865,179.34
Assessment Trust Fund	2,024.87		2,024.87
Animal Control Trust Fund	6,026.66		6,026.66
Other Trust Fund	955,878.98		955,878.98
General Capital Fund	169.56		169.56
Sewer Operating Utility Fund	959,761.03	75.00	959,836.03
Public Assistance Trust Fund I	1,812.67		1,812.67
Public Assistance Trust Fund II	31,122.73		31,122.73
<u>TOTAL DECEMBER 31, 2006</u>	<u>\$7,821,755.84</u>	<u>\$295.00</u>	<u>\$7,822,050.84</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following three categories described below:

Category 1 are deposits covered by federal depository insurance, or by Collateral held by the Borough or its agent, in the Borough's name

Category 2 are deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the Borough's name.

Category 3 are deposits covered by collateral, held by the pledging financial institution, or its trust department, or its agent but not in the Borough's name.

At December 31, 2006 all of the Borough deposits in the bank are classified as Category 1.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, based by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years if financed by the issuance of bonds. Summaries of bond, loan, and note transactions for the year ended December 31, 2006 are detailed on Exhibits "C-8", "C-12", "C-13", "D-18", "D-19" and "D-20".

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2006</u>	<u>YEAR 2005</u>	<u>YEAR 2004</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 9,120,092.36	\$ 7,678,158.35	\$ 3,834,917.71
Sewer Utility:			
Bonds, Notes and Loans	<u>13,527,107.43</u>	<u>14,503,010.41</u>	<u>15,457,542.91</u>
Total Issued	<u>22,647,199.79</u>	<u>22,181,168.76</u>	<u>19,292,460.62</u>
Less:			
Funds Temporarily Held to Pay Notes	<u> </u>	<u>1,456.00</u>	<u>1,456.00</u>
<u>Net Debt Issued</u>	<u>\$ 22,647,199.79</u>	<u>\$ 22,179,712.76</u>	<u>\$ 19,291,004.62</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ 1,376.00	\$ 1,376.00	\$ 1,376.00
Sewer Utility:			
Bonds and Notes	<u>2,442,693.00</u>	<u>2,442,693.00</u>	<u>2,442,693.00</u>
<u>Total Authorized But Not Issued</u>	<u>\$ 2,444,069.00</u>	<u>\$ 2,444,069.00</u>	<u>\$ 2,444,069.00</u>
NET BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	<u>\$ 25,091,268.79</u>	<u>\$ 24,623,781.76</u>	<u>\$ 21,735,073.62</u>

SUMMARY OF STATUTORY DEBT CONDITION
(ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.81%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 8,526,060.74	\$ 8,526,060.74	\$
Sewer Utility Debt	15,969,800.43	15,969,800.43	
General Debt	<u>9,121,468.36</u>	<u> </u>	<u>9,121,468.36</u>
	<u>\$ 33,617,329.53</u>	<u>\$ 24,495,861.17</u>	<u>\$ 9,121,468.36</u>

NET DEBT \$9,121,468.36 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$502,378,836.67 EQUALS 1.81%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2006	\$	<u>502,378,836.67</u>
3-1/2% of Equalized Valuation Basis	\$	17,583,259.28
Net Debt		<u>9,121,468.36</u>
Remaining Borrowing Power	\$	<u>8,461,790.92</u>

* Equalized Valuation basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough for the last three (3) preceding years.

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 of Other Charges for Year and Anticipated Surplus		\$2,625,732.08
Deduction:		
Operating and Maintenance Cost	\$963,464.00	
Debt Service Per Sewer Utility Account	<u>1,500,630.00</u>	
		<u>2,464,094.00</u>
Excess in Revenue		<u>\$161,638.08</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Summary of Municipal Debt

The Borough's debt issued and outstanding on December 31, 2006 is as follows:

General Capital Fund:

Green Acres Trust Loans Payable:

Semi-annual payments of \$7,287.56 to \$10,120.15
due in January and July maturing in 2022
at an interest rate of 2.00%. \$ 278,732.36

General Serial Bonds:

\$2,410,000.00 of 2001 General Improvement Bonds
due in annual installments of \$135,000.00 to
\$205,000.00 through 2016 at variable interest rates. \$ 1,830,000.00

Bond Anticipation Notes:

\$7,011,360.00 of Bond Anticipation Notes issued
December 1, 2006 and maturing June 1, 2007
at an interest rate of 4.00%. \$ 7,011,360.00

Bond Anticipation Notes were Issued as follows:

Bond Ordinance	Original Issue Date	Balance December 31, 2006
06-01	12/07/01	\$ 177,466.00
10-02	12/06/02	259,238.00
11-02	12/06/02	74,736.00
12-02	12/06/02	65,642.00
23-02	12/06/02	49,000.00
14-03	12/04/03	277,878.00
11-04	12/02/04	134,000.00
15-04	12/02/04	283,200.00
01-05	12/01/05	1,333,100.00
08-05	12/01/05	2,734,500.00
07-06	12/01/06	<u>1,622,600.00</u>
		\$ <u>7,011,360.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Summary of Municipal Debt (Continued)

Sewer Utility Capital Fund

Wastewater Treatment Loans:

\$7,060,000.00 of 1998 Trust Loan due in annual remaining installments of \$335,000.00 to \$575,000.00 through August 2017 at 5.0%.

\$ 4,995,000.00

\$1,075,000.00 of 1998 Trust Loan due in annual remaining installments of \$50,000.00 to \$85,000.00 through August 2017 at 5.0%.

735,000.00

\$790,000.00 of 2002 Trust Loan due in remaining installments of \$30,000.00 to \$60,000.00 through August 2022 at variable interest rates.

705,000.00

\$6,485,430.00 of 1998 Fund Loan due in semi-annual installments of \$364,692.68 to \$366,056.86 through August 2017.

2,123,032.17

\$1,014,350.00 of 1998 Fund Loan due in semi-annual installments of \$53,017.24 to \$55,622.13 through August 2017.

553,325.23

\$835,741.00 of 2002 Fund Loan due in semi-annual installments of \$41,418.99 to \$44,351.46 through August 2022.

684,581.03

\$ 9,795,938.43

Sewer Revenue Bonds:

\$1,795,000.00 of 1990 Sewer Bonds due in annual installments of \$50,000.00 to \$47,000.00 through 2010 at an interest rate of 7.60%.

\$ 197,000.00

Bond Anticipation Notes:

\$3,534,169.00 of Bond Anticipation Notes issued December 1, 2006 and maturing June 1, 2007 at an interest rate of 4.00%.

\$ 3,534,169.00

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Bond Anticipation Notes were Issued as follows:

<u>Bond Ordinance</u>	<u>Original Issue Date</u>	<u>Balance December 31, 2006</u>
06-97	12/12/97	\$ 701,067.00
12-97	12/12/97	2,793,102.00
10-04	12/02/04	<u>40,000.00</u>
		<u>\$ 3,534,169.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2006

<u>Calendar Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2007	\$ 135,000.00	\$ 79,944.38	\$ 50,000.00	\$ 14,972.00	\$ 279,916.38
2008	165,000.00	73,381.88	50,000.00	11,172.00	299,553.88
2009	165,000.00	66,060.00	50,000.00	7,372.00	288,432.00
2010	165,000.00	58,635.00	47,000.00	3,572.00	274,207.00
2011	195,000.00	50,535.00			245,535.00
2012	195,000.00	41,760.00			236,760.00
2013	195,000.00	32,985.00			227,985.00
2014	205,000.00	23,882.50			228,882.50
2015	205,000.00	14,401.25			219,401.25
2016	<u>205,000.00</u>	<u>4,817.50</u>			<u>209,817.50</u>
Total	<u>\$ 1,830,000.00</u>	<u>\$ 446,402.51</u>	<u>\$ 197,000.00</u>	<u>\$ 37,088.00</u>	<u>\$ 2,510,490.51</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR DEPARTMENT OF ENVIRONMENTAL
PROTECTION LOAN PAYABLE (GREEN TRUST)

<u>CALENDER YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$ 14,942.42	\$ 5,500.30	\$ 20,442.72
2008	15,242.76	5,199.96	20,442.72
2009	15,549.14	4,893.58	20,442.72
2010	15,861.68	4,581.05	20,442.73
2011	16,180.50	4,262.22	20,442.72
2012	16,505.72	3,937.00	20,442.72
2013	16,837.49	3,605.23	20,442.72
2014	17,175.93	3,266.80	20,442.73
2015	17,521.15	2,921.57	20,442.72
2016	17,873.34	2,569.39	20,442.73
2017	18,232.59	2,210.13	20,442.72
2018	18,599.07	1,843.66	20,442.73
2019	18,972.91	1,469.82	20,442.73
2020	19,354.27	1,088.47	20,442.74
2021	19,743.28	699.44	20,442.72
2022	20,140.11	302.60	20,442.71
	<u>\$ 278,732.36</u>	<u>\$ 48,351.22</u>	<u>\$ 327,083.58</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL
AND INTEREST FOR NEW JERSEY WASTEWATER TREATMENT
TRUST LOAN AS OF DECEMBER 31, 2006

CALENDAR YEAR	FUND PRINCIPAL	TRUST PRINCIPAL	TRUST INTEREST	TOTAL
2007	\$ 430,000.00	\$ 459,637.82	\$ 321,500.00	\$ 1,211,137.82
2008	455,000.00	461,895.09	300,300.00	1,217,195.09
2009	480,000.00	463,425.57	277,550.00	1,220,975.57
2010	500,000.00	460,923.04	253,550.00	1,214,473.04
2011	525,000.00	460,843.97	228,550.00	1,214,393.97
2012	555,000.00	399,507.70	202,300.00	1,156,807.70
2013	580,000.00	97,571.44	174,550.00	852,121.44
2014	610,000.00	97,106.88	145,450.00	852,556.88
2015	640,000.00	96,719.59	114,850.00	851,569.59
2016	670,000.00	96,002.95	82,850.00	848,852.95
2017	710,000.00	54,773.14	49,350.00	814,123.14
2018	50,000.00	42,077.87	13,850.00	105,927.87
2019	55,000.00	43,725.39	11,350.00	110,075.39
2020	55,000.00	41,913.11	8,600.00	105,513.11
2021	60,000.00	43,395.88	5,850.00	109,245.88
2022	60,000.00	41,418.99	2,850.00	104,268.99
	<u>\$ 6,435,000.00</u>	<u>\$ 3,360,938.43</u>	<u>\$ 2,193,300.00</u>	<u>\$ 11,989,238.43</u>

Bonds and Notes Authorized but not Issued

At December 31, 2006, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$1,376.00</u>
Sewer Utility Capital Fund	<u>\$2,442,693.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2006 which were appropriated and included as anticipated revenue in their own respective funds, for the year ending December 31, 2007 are as follows:

Current Fund	\$565,000.00
Sewer Utility Fund	\$275,000.00

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes collected in advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, 2006	BALANCE DECEMBER 31, 2005
Prepaid Taxes	<u>\$53,135.11</u>	<u>\$48,825.54</u>

NOTE 6: PENSION PLANS

Borough employees, who are eligible for a pension plan, are enrolled in the Public Employees Retirement System administered by the Division of Pensions, Treasury Department of the State of New Jersey. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the costs are contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$59,453.00 for 2005 and \$112,982.24 for 2006.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and has not been determined, but is probably material. The Borough annually appropriates the amounts that are required to be paid in that year's budget and no liability is accrued at December 31, 2006.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: TAX APPEALS

There are tax appeals filed with the County and State Tax Court of New Jersey requesting a reduction of assessments for the year 2006. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.40A:2-51.

NOTE 10: CONTINGENT LIABILITIES

The Borough participates in several state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to state financial assistance programs will be discussed in detail in Part II of the 2006 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2006, the Borough does not believe that any material liabilities will result from such audits.

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Borough is a member of the Statewide Insurance Fund which provides coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund New Jersey Unemployment Insurance under the "Contributory Method". Under this plan, the Borough is required to remit employee withholdings to the State on a quarterly basis. All of the Borough's claims are paid by the State.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2006:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current	\$3,095.22	\$4,907,404.50
Federal and State Grant	55,188.41	79,000.00
Assessment Trust	724.47	
Animal Control		1,590.58
Trust Other	3,666.14	40,000.00
General Capital	3,441,471.07	
Sewer Utility Operating	780,685.15	1,349,784.99
Sewer Utility Capital	4,118,066.55	2,023,612.30
Payroll		1,504.64
	<u>\$8,402,897.01</u>	<u>\$8,402,897.01</u>

All balances resulted from the time lag between the dates that payments between the funds are made.

NOTE 13: DEFERRED SCHOOL TAXES

New Jersey statutes provide for the deferral of liability for not more than 50% of the annual levy when school taxes are raised on a school year basis and such taxes have not been requisitioned by the school district.

LOCAL DISTRICT SCHOOL TAX

	BALANCE DECEMBER <u>31, 2006</u>	BALANCE DECEMBER <u>31, 2005</u>
Balance of Tax Deferred	\$1,730,891.50 <u>1,759,044.50</u>	\$1,732,200.25 <u>1,760,352.00</u>
School Tax Payable (Prepaid)	<u>(\$28,153.00)</u>	<u>(\$28,151.75)</u>

REGIONAL HIGH SCHOOL TAX

	BALANCE DECEMBER <u>31, 2006</u>	BALANCE DECEMBER <u>31, 2005</u>
Balance of Tax Deferred	\$2,019,431.84 <u>2,019,431.84</u>	\$1,868,908.45 <u>1,868,908.45</u>
School Tax Payable	<u>\$0.00</u>	<u>\$0.00</u>

NOTE 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2006, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER <u>31, 2006</u>	2007 BUDGET <u>APPROPRIATION</u>
Current:		
Expenditure Without an Appropriations	<u>\$14,304.55</u>	<u>\$14,304.55</u>
General Capital :		
Overexpenditure of Ordinance Appropriation	<u>\$2,347.76</u>	<u>\$2,347.76</u>

The appropriations in the 2007 Budget are not less than that required by statute.

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BOROUGH OF WASHINGTON
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2006

BOROUGH OF WASHINGTONCURRENT FUNDSCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2005	A	\$ 5,096,150.99	\$
Increased by Receipts:			
Collector	A-5	\$ 14,251,419.90	\$
State of New Jersey-Chapter 20, P.L. 1971	A-8	62,750.00	
Revenue Accounts Receivable	A-9	1,353,257.39	
Miscellaneous Revenue Not Anticipated	A-2	62,428.99	
Appropriation Refunds	A-3	14,461.93	
Petty Cash	A-4	300.00	
Grants Receivable	A-19		136,696.39
Sale of Municipal Assets	A-12	5,670.00	
Interfunds Received	A-10:A-23	14,472,943.91	86,533.10
Miscellaneous Reserves	A-26	8,341.00	
Reserve for State Grants - Unappropriated	A-24		5,200.78
		<u>30,231,573.12</u>	<u>228,430.27</u>
		\$ 35,327,724.11	\$ 228,430.27
Decreased by Disbursements:			
2006 Appropriations	A-3	\$ 5,029,169.43	\$
2005 Appropriation Reserves	A-13	184,077.77	
Interfunds Disbursed	A-10:A-23	13,617,562.40	141,897.17
County Taxes	A-14	2,927,912.68	
Local District School Tax	A-15	3,519,397.75	
Regional High School Tax	A-16	3,888,340.41	
Tax Overpayments	A-18	53,394.41	
Grants Appropriated	A-20		86,533.10
Redemption of Outside Liens	A-22	9,368.35	
Expenditures Without an Appropriation	A-25	14,304.55	
Miscellaneous Reserves	A-26	14,718.87	
Special Improvement District Tax	A-27	189,750.00	
Petty Cash	A-4	300.00	
Refund of Prior Years Revenues	A-1	14,468.15	
		<u>29,462,764.77</u>	<u>228,430.27</u>
Balance, December 31, 2006	A	\$ 5,864,959.34	\$ -0-

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR

REF.

Received:

Interest on Delinquent Taxes	A-9	\$	97,631.32	
Taxes Receivable	A-7		13,996,956.05	
Senior Citizen Deductions Disallowed	A-8		2,500.00	
2007 Taxes Prepaid	A-17		53,135.11	
Tax Overpayments	A-18		47,304.02	
Reserve for Outside Liens	A-22		9,368.35	
Tax Title Liens	A-6		38,952.93	
Due Sewer Operating Fund	A-10		<u>5,572.12</u>	
				\$ 14,251,419.90
Decreased by Disbursements:				
Payments to Treasurer	A-4			\$ <u>14,251,419.90</u>

"A-6"

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2005	A	\$	482,242.33
Increased by:			
Transfers From Taxes Receivable	A-7	\$	45,497.10
Interest and Costs			<u>2,693.29</u>
			48,190.39
		\$	<u>530,432.72</u>
Decreased by:			
Cash Receipts	A:2:A-5		<u>38,952.93</u>
Balance, December 31, 2006	A	\$	<u><u>491,479.79</u></u>

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2005</u>	<u>2006 LEVY</u>	<u>COLLECTED IN</u>		<u>REMITTED</u> <u>AND</u> <u>CANCELED</u>	<u>TRANSFERRED</u> <u>TO TAX</u> <u>TITLE LIENS</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2006</u>
			<u>2,005.00</u>	<u>2,006.00</u>			
2004	\$ 3,899.45	\$	\$	\$ 2,643.20	\$ 1,256.25	\$	\$
2005	330,607.03			329,406.65	1,200.00		0.38
	<u>\$ 334,506.48</u>	<u>\$</u>	<u>\$</u>	<u>\$ 332,049.85</u>	<u>\$ 2,456.25</u>	<u>\$</u>	<u>\$ 0.38</u>
2006		14,218,580.00	48,825.54	13,730,942.51	38,826.79	45,497.10	354,488.06
	<u>\$ 334,506.48</u>	<u>\$ 14,218,580.00</u>	<u>\$ 48,825.54</u>	<u>\$ 14,062,992.36</u>	<u>\$ 41,283.04</u>	<u>\$ 45,497.10</u>	<u>\$ 354,488.44</u>
	<u>REF.</u>	<u>A</u>	<u>A-2:A-17</u>	<u>A-2</u>		<u>A-6</u>	<u>A</u>
Collector	A-5			\$ 13,996,956.05			
Overpayments Applied	A-18			36.31			
State of New Jersey	A-8			<u>66,000.00</u>			
				<u>\$ 14,062,992.36</u>			

ANALYSIS OF 2006 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	\$ 14,162,088.16
Added Taxes (54:4-63.1 et. seq.)	<u>56,491.84</u>
	<u>\$ 14,218,580.00</u>

TAX LEVY

Regional High School Tax (Abstract)	A-16	\$ 4,038,863.67
Local District School Tax (Abstract)	A-15	3,518,089.00
Special Improvement District	A-27	177,569.61
County Taxes:		
County Tax (Abstract)	A-14	\$ 2,916,064.64
Due County for Added Taxes (54:4-63.1 et. seq.)	A-14	<u>11,848.04</u>
Total County Taxes		2,927,912.68
Local Tax for Municipal Purposes (Abstract)	A-2	\$ 3,475,319.24
Add: Additional Tax Levied		<u>80,825.80</u>
		<u>3,556,145.04</u>
		<u>\$ 14,218,580.00</u>

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
PER CHAPTER 20,P.L. 1971

	<u>REF.</u>		
Balance, December 31, 2005	A	\$	7,174.59
Increased by:			
Deductions Per Tax Duplicate:			
Senior Citizens		\$	18,000.00
Veterans			47,500.00
Allowed by Collector			<u>2,250.00</u>
			67,750.00
		\$	<u>74,924.59</u>
Decreased by:			
Received From State of New Jersey	A-4	\$	62,750.00
Disallowed by Collector - 2006 Taxes			1,750.00
Disallowed by Collector - 2005 Taxes	A-5		<u>2,500.00</u>
			<u>67,000.00</u>
Balance, December 31, 2006	A	\$	<u><u>7,924.59</u></u>
<u>SUMMARY OF 2006 EXEMPTIONS</u>			
Senior Citizens and Veterans Deductions			
Per Tax Billings		\$	65,500.00
Allowed by Collector			<u>2,250.00</u>
		\$	<u>67,750.00</u>
Disallowed by Collector:			
2006 Taxes			<u>1,750.00</u>
	A-7	\$	<u><u>66,000.00</u></u>

"A-9"

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2005</u>	<u>ACCRUED</u> <u>IN 2006</u>	<u>COLLECTED BY</u>		<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2006</u>
				<u>COLLECTOR</u>	<u>TREASURER</u>	
Clerk:						
Alcoholic Beverage Licenses	A-2	\$	\$ 5,040.00	\$	\$ 5,040.00	\$
Other Licenses	A-2		2,750.00		2,750.00	
Fees and Permits	A-2		13,168.25		13,168.25	
Municipal Court:						
Fines and Costs	A-2	9,467.59	145,474.60		146,910.98	8,031.21
Other	A-2		1,200.00		1,200.00	
Interest and Costs on Taxes	A-2		97,631.32	97,631.32		
Interest on Investments	A-2		179,294.61		179,294.61	
Municipal Homeland Security	A-2		50,000.00		50,000.00	
Legislative Initiative Block Grant	A-2		28,328.00		28,328.00	
Consolidated Municipal Property						
Tax Relief Act	A-2		380,802.00		380,802.00	
Energy Receipts Tax	A-2		421,013.00		421,013.00	
Supplemental Energy Receipts Tax	A-2		16,973.00		16,973.00	
Uniform Fire Safety	A-2		13,443.62		13,443.62	
Cable TV Franchise Fee	A-2		22,498.93		22,498.93	
Capital Fund Surplus	A-2		71,835.00		71,835.00	
		\$ 9,467.59	\$ 1,449,452.33	\$ 97,631.32	\$ 1,353,257.39	\$ 8,031.21
	<u>REF.</u>	A		A-5	A-4	A

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>ASSESSMENT TRUST FUND</u>	<u>ANIMAL CONTROL FUND</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER UTILITY OPERATING FUND</u>	<u>SEWER UTILITY CAPITAL FUND</u>	<u>PAYROLL</u>
Balance, December 31, 2005:										
Due From	A	\$ 1,235.56	\$ 175.66	\$ 9.39	\$	\$	\$	\$	\$	\$ 1,050.51
Due To	A	<u>4,044,591.21</u>			<u>18.30</u>	<u>1,175.10</u>	<u>1,469,421.80</u>	<u>913,793.28</u>	<u>1,660,182.73</u>	
Cash Receipts	A-4	\$ 14,472,943.91	\$ 141,897.17	\$ 773.53	\$ 275.00	\$ 212,557.46	\$ 7,146,002.38	\$ 1,959,469.37	\$ 5,011,969.00	\$
Collector Cash	A-5	<u>5,572.12</u>						<u>5,572.12</u>		
Cash Disbursements	A-4	\$ 13,617,562.40	\$ 86,533.10	\$ 39.67	\$ 1,883.88	\$ 210,066.42	\$ 7,197,565.41	\$ 2,217,149.62	\$ 3,903,870.17	\$ 454.13
Balance, December 31, 2006:										
Due From	A	\$ 3,095.22	\$	\$	\$ 1,590.58	\$	\$	\$	\$	\$ 1,504.64
Due To	A	<u>4,907,404.50</u>	<u>55,188.41</u>	<u>724.47</u>		<u>3,666.14</u>	<u>1,417,858.77</u>	<u>661,685.15</u>	<u>2,768,281.56</u>	

BOROUGH OF WASHINGTON
CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2005	A	\$	112,864.27
Increased by:			
Charges to 2006 Budget	A-3	\$	68,193.04
Charges to 2005 Appropriation Reserves	A-13		<u>16,558.00</u>
			84,751.04
		\$	<u>197,615.31</u>
Decreased by:			
Transferred to 2005			
Appropriation Reserves	A-13	\$	111,364.27
Canceled	A-1		<u>1,500.00</u>
			<u>112,864.27</u>
Balance, December 31, 2006	A	\$	<u><u>84,751.04</u></u>

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>		
Increased by:			
Cash Receipts	A-4	\$	5,670.00
Balance, December 31, 2006	A	\$	<u>5,670.00</u>

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF 2005 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2005	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES</u>				
Administrative and Executive	\$ 0.03	\$ 0.03	\$	0.03
Elections (Clerk)	5.70	5.70		5.70
Assessment of Taxes	1,571.28	0.28		0.28
Collection of Taxes	0.05	0.05		0.05
Public Buildings and Grounds	3.56	3.56		3.56
Police	0.32	6,418.32	6,418.32	
Fire & Safety Code Enforcement	107.66	0.66		0.66
Local Code Enforcement	545.00			
Road Repairs and Maintenance	2,956.41	1,241.41	1,241.10	0.31
Municipal Court		5,868.00		5,868.00
Maintenance of Free Public Library	9,885.97	9,885.97	4,326.12	5,559.85
<u>OTHER EXPENSES</u>				
Administrative and Executive	1,684.77	1,404.41	1,402.27	2.14
Mayor and Council	60.38	60.38		60.38
Elections (Clerk)	75.80	713.55	637.75	75.80
Financial Administration	1,814.39	4,018.31	4,018.00	0.31
Audit Services		1,000.00	1,000.00	
Assessment of Taxes	284.60	487.33	487.19	0.14
Collection of Taxes	231.66	801.07	800.77	0.30
Downtown Development	97.13	3,190.58	3,189.89	0.69
Legal Services and Costs	2,358.29	1,715.05	1,715.05	
Engineering Services and Costs	373.07	1,774.57	1,772.16	2.41
Public Buildings and Grounds	698.13	1,076.39	820.54	255.85
Planning Board	241.24	132.13	132.13	
Board of Adjustment	217.97	0.97		0.97

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF 2005 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2005	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Insurance:	\$	\$	\$	\$
Workers Compensation Insurance	1,004.00	1,004.00		1,004.00
General Liability	16,005.00	16,005.00	1,401.64	14,603.36
Group Insurance Plan for Employees	38,401.24	40,873.24	40,873.24	
Shade Tree Commission	80.38	21,780.38	21,700.00	80.38
Fire:				
Misc other expenses	752.73	11,640.18	11,477.27	162.91
Fire Hydrant Service	2.80	0.71		0.71
Fire and Safety Code Enforcement	354.91			
Police	1,085.09	5,384.00	5,383.12	0.88
Local Code Enforcement	671.89	393.93	387.19	6.74
Road Repairs and Maintenance	7,247.15	14,493.56	14,493.56	
Garbage Collection		22,160.00	22,160.00	
P.E.O.S.H.A.	135.00	1,935.00	1,901.95	33.05
Unclassified:				
Gasoline	4,155.85	2,655.85	2,611.33	44.52
Electricity	2,466.65	3,456.56	2,989.91	466.65
Telephone and Telegraph	555.32	5,788.47	5,749.37	39.10
Natural Gas	1,844.48	0.48		0.48
Heating Oil	1,195.38	1,195.38	1,098.11	97.27
Street Lighting	678.27	144.73	144.50	0.23
Solid Waste Disposal	421.49	4,518.98	4,487.31	31.67
Water	306.74	0.74		0.74
Contribution to :				
Public Employees Retirement System	4,309.00	4,895.00		4,895.00
Municipal Court	1,049.75	1,134.50	100.48	1,034.02
Maintenance of Free Public Library	3,280.92	5,793.30	4,618.35	1,174.95
Rec. Department Equipment	19,650.00	19,650.00	15,524.00	4,126.00
Fire Department Equipment	90.99	15,620.00	15,573.15	46.85
	<u>\$ 128,958.44</u>	<u>\$ 240,322.71</u>	<u>\$ 200,635.77</u>	<u>\$ 39,686.94</u>

REF.

A

A-1

Balance, December 31, 2005

A-13

\$ 128,958.44

Encumbrances Payable

A-11

111,364.27

\$ 240,322.71

Cash Disbursements

A-4

\$ 184,077.77

Reserve for Encumbrances Payable

A-11

16,558.00

\$ 200,635.77

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

REF.

2006 Tax Levy:

County Taxes

A-1:A-7 \$ 2,609,450.84

County Open Space

A-1:A-7 306,613.80

County Share of Added Taxes

A-1:A-7 11,848.04

\$ 2,927,912.68

Decreased by:

Cash Disbursements

A-4

\$ 2,927,912.68

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

	<u>REF.</u>		
Balance, December 31, 2005:			
School Tax Deferred		\$ 1,760,352.00	
School Tax Payable (Prepaid)	A	<u>(28,151.75)</u>	
		\$	1,732,200.25
Increased by:			
Levy	A-7		<u>3,518,089.00</u>
		\$	5,250,289.25
Decreased by:			
Cash Disbursements	A-4		3,519,397.75
Balance, December 31, 2006:			
School Tax Deferred		\$ 1,759,044.50	
School Tax Payable (Prepaid)	A	<u>(28,153.00)</u>	
		\$	<u>1,730,891.50</u>
2006 Liability for Local District School Tax:			
Tax Paid	A-4	\$	3,519,397.75
Less:			
Tax Payable, December 31, 2005	A-15		<u>(28,151.75)</u>
	A-1	\$	<u>3,547,549.50</u>

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF REGIONAL HIGH SCHOOL TAX

	<u>REF.</u>		
Balance, December 31, 2005:			
School Tax Deferred		\$ <u>1,868,908.58</u>	\$ 1,868,908.58
Increased by:			
Levy	A-7		4,038,863.67
			\$ <u>5,907,772.25</u>
Decreased by:			
Cash Disbursements	A-4		3,888,340.41
Balance, December 31, 2006:			
School Tax Deferred		\$ <u>2,019,431.84</u>	
			\$ <u><u>2,019,431.84</u></u>
2006 Liability for Regional District School Tax:			
Tax Paid	A-4		\$ <u>3,888,340.41</u>
	A-1		\$ <u><u>3,888,340.41</u></u>

"A-17"

BOROUGH OF WASHINGTON
CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2005 (2006 Taxes)	A	\$	48,825.54
Increased by:			
Collection of 2007 Taxes	A-5		53,135.11
		\$	<u>101,960.65</u>
Decreased by:			
Application to 2006 Taxes Receivable	A-7		48,825.54
Balance, December 31, 2006 (2007 Taxes)	A	\$	<u><u>53,135.11</u></u>

"A-18"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2005	A	\$	11,812.16
Increased by:			
Cash Receipts	A-5		47,304.02
		\$	<u>59,116.18</u>
Decreased by:			
Cash Disbursements	A-4	\$	53,394.41
Applied	A-7		<u>36.31</u>
			<u>53,430.72</u>
Balance, December 31, 2006	A	\$	<u><u>5,685.46</u></u>

BOROUGH OF WASHINGTON

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2005	ACCRUED 2006 BUDGET	CASH RECEIPTS	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2006
	\$	\$	\$	\$	\$
Municipal Alliance Grant:					
2001	4,813.75				4,813.75
2005	50.00				50.00
2006		6,320.00	3,210.72		3,109.28
2005 Summer Recreation Program	500.00				500.00
2006 Summer Recreation Program		1,000.00	500.00		500.00
COPS More Program:					
1997	1,233.00				1,233.00
2005	6,250.00		6,250.00		
Smart Growth Planning Program		65,000.00	32,500.00		32,500.00
Solid Waste & Storm Water Management Program		5,000.00	5,000.00		
Clean Communities Program		6,963.65	6,298.93	664.72	
Balanced Housing Program	5,645.00				5,645.00
N.J. Site Remediation Fund:					
1999	500.00				500.00
2000	500.00				500.00
2001	500.00				500.00
2004	115,045.00				115,045.00
Green Communities Program	2,000.00				2,000.00
Recycling Tonnage Grant		931.48		931.48	
Drunk Driving Enforcement Fund		3,385.50		3,385.50	
Body Armor Replacement Fund		2,444.61		2,444.61	
Municipal Projects Pilot Partnership Grant	52,000.00		52,000.00		
Alcohol Education and Rehabilitation Fund	204.65		176.86		27.79
Bulletproof Vest Program	2,430.00		742.92		1,687.08
Click it or Ticket Program	1,233.44	4,000.00	3,766.96		1,466.48
Statewide Livable Communities Grant	15,000.00		15,000.00		
Planning Assistance COAH Third Round Grant	7,500.00		7,500.00		
Municipal Stormwater Regulation Program	6,250.00		3,750.00		2,500.00
	\$ 221,654.84	\$ 95,045.24	\$ 136,696.39	\$ 7,426.31	\$ 172,577.38

REF.

A

A-2

A-4

A-24

A

BOROUGH OF WASHINGTON

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	BALANCE DECEMBER 31, 2005	2006 BUDGET APPROPRIATIONS	CASH DISBURSEMENTS	ENCUMBRANCES PAYABLE	BALANCE DECEMBER 31, 2006
Drunk Driving Enforcement Fund:	\$	\$	\$	\$	\$
1988	1,073.20				1,073.20
1989	799.10				799.10
1990	1,729.49				1,729.49
1991	1,000.00				1,000.00
1998	2,118.33				2,118.33
2002	1,136.03				1,136.03
2004	7,903.06				7,903.06
2006		3,385.50	303.03		3,082.47
Recycling Tonnage Grant:					
2005	188.57				188.57
2006		931.48	863.73		67.75
Alcohol Education and Rehabilitation Fund:					
1992	407.69				407.69
1995	1,107.65				1,107.65
1998	504.54				504.54
1999	1,213.13				1,213.13
2002	620.15				620.15
2004	375.00				375.00
Municipal Alliance Grant:					
2002 - Local Share	2,976.60		1,200.00		1,776.60
2003 - Local Share	229.74				229.74
2005 - Summer Recreation Program	1,000.00				1,000.00
2006 - State Share		6,320.00	3,310.72	2,935.28	74.00
2006 - Summer Recreation Program		1,000.00	1,000.00		
COPS More Program:					
1997	622.70				622.70
Clean Communities Program:					
2001	229.07				229.07
2002	346.56				346.56
2004	328.00				328.00
2005	0.02				0.02
2006		6,963.65	2,005.41	267.59	4,690.65
Small Growth Planning Program		65,000.00	38,491.76		26,508.24
Domestic Violence Training	3,580.88				3,580.88
U.S. Justice - Bulletproof Vest Grant	2,229.37				2,229.37
Hazardous Discharge Site Redemption	57,664.23		1,716.60		55,947.63
Body Armor Replacement Fund	2,039.14	2,444.61			4,483.75
Click it or Ticket Program	1,233.44	4,000.00	1,905.44		3,328.00
SLAHEOP Grant	867.35				867.35
Municipal Projects Pilot Partnership Grant	14,029.83		14,029.83		
Statewide Livable Communities Grant - Library Aid	15,000.00		15,000.00		
Planning Assistance COAH Third Round Grant	7,500.00		2,526.03		4,973.97
Municipal Stormwater Regulation Grant	5,000.00				5,000.00
Solid Waste & Storm Water Management Programs		5,000.00	4,180.55	290.65	528.80
	\$ 135,052.87	\$ 95,045.24	\$ 86,533.10	\$ 3,493.52	\$ 140,071.49
REF.	A	A-3	A-4	A	A

"A-21"

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES -
ASSESSED VALUATION

REF.

Balance, December 31, 2005 and
December 31, 2006

A

\$ 112,300.00

"A-22"

SCHEDULE OF RESERVE FOR OUTSIDE LIENS

Increased by:

Cash Receipts

A-5

\$ 9,368.35

Decreased by:

Cash Disbursements

A-4

\$ 9,368.35

"A-23"

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2005 (Due To)

A

\$ (175.66)

Increased by:

Cash Disbursements

A-4

141,897.17
\$ 141,721.51

Decreased by:

Cash Receipts

A-4

86,533.10

Balance, December 31, 2006 Due From

A

\$ 55,188.41

BOROUGH OF WASHINGTON

GRANT FUND

SCHEDULE OF RESERVES FOR GRANTS-UNAPPROPRIATED

	BALANCE DECEMBER <u>31, 2005</u>	CASH <u>RECEIPTS</u>	APPLIED TO <u>RECEIVABLE</u>	BALANCE DECEMBER <u>31, 2006</u>
Drunk Driving Enforcement Fund	\$ 3,385.50	\$ 3,009.15	\$ 3,385.50	\$ 3,009.15
Recycling Tonnage Grant	931.48	484.16	931.48	484.16
Body Armor Replacement Fund	2,444.61	1,244.13	2,444.61	1,244.13
Clean Communities Program	<u>664.72</u>	<u>463.34</u>	<u>664.72</u>	<u>463.34</u>
	\$ <u><u>7,426.31</u></u>	\$ <u><u>5,200.78</u></u>	\$ <u><u>7,426.31</u></u>	\$ <u><u>5,200.78</u></u>
<u>REF.</u>	A	A-4	A-19	A

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER 31, 2005	ADDED IN 2006	RAISED IN 2006 BUDGET	BALANCE DECEMBER 31, 2006
Overexpenditure of Appropriation	\$ 10,124.55	\$	\$ 10,124.55	\$
Expenditure Without an Appropriation		14,304.55		14,304.55
	<u>\$ 10,124.55</u>	<u>\$ 14,304.55</u>	<u>\$ 10,124.55</u>	<u>\$ 14,304.55</u>
<u>REF.</u>	A	A:A-4	A-3	A

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2005	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2006
Dedicated Fire Bureau Penalty	\$ 7,044.17	\$	\$ 7,044.17	\$
Dedicated Washington Borough Fire Department Penalties	3,420.07			3,420.07
Revaluation	868.10			868.10
State Library Aid	13,408.28	8,341.00	7,674.70	14,074.58
	<u>\$ 24,740.62</u>	<u>\$ 8,341.00</u>	<u>\$ 14,718.87</u>	<u>\$ 18,362.75</u>
<u>REF.</u>	A	A-4	A-4	A

"A-27"

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF SPECIAL IMPROVEMENT DISTRICT TAXES

	<u>REF.</u>		
Balance, December 31, 2005	A	\$	14,843.30
Increased by:			
Collection of 2006 Taxes	A-1:A-7		177,569.61
		\$	<u>192,412.91</u>
Decreased by:			
Cash Disbursements	A-4		<u>189,750.00</u>
Balance, December 31, 2006	A	\$	<u><u>2,662.91</u></u>

"A-28"

SCHEDULE OF MAINTENANCE LIENS RECEIVABLE

Balance, December 31, 2005 and December 31, 2006	A	\$	<u><u>7,825.83</u></u>
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BOROUGH OF WASHINGTON

TRUST FUND

SCHEDULE OF CASH-TREASURER

	REF.	ASSESSMENT TRUST	ANIMAL CONTROL	TRUST OTHER
Balance, December 31, 2005	B	\$ 1,985.20	\$ 1,120.62	\$ 968,569.52
Increased by Receipts:				
Dog License Fees	B-3	\$	\$ 4,168.50	\$
Cat License Fees	B-3		901.00	
State Unemployment Trust Fund	B-4			18,025.51
Various Reserves and Deposits	B-5			406,999.87
Deficit Raised	B			135.44
Due Current Fund	B-6	39.67	1,883.88	209,261.60
Assessment Liens	B-7	543.72		
Assessment Lien Interest and Costs	B-9	229.81		
		<u>813.20</u>	<u>6,953.38</u>	<u>634,422.42</u>
		\$ 2,798.40	\$ 8,074.00	\$ 1,602,991.94
Decreased by Disbursements:				
Expenditures Under R.S.4:19-15.11	B-3	\$	\$ 1,772.34	\$
State Unemployment Trust Fund	B-4			16,356.77
Various Reserves and Deposits	B-5			419,003.55
Due Current Fund	B-6	773.53	275.00	211,752.64
		<u>773.53</u>	<u>2,047.34</u>	<u>647,112.96</u>
Balance, December 31, 2006	B	\$ <u>2,024.87</u>	\$ <u>6,026.66</u>	\$ <u>955,878.98</u>

"B-3"

BOROUGH OF WASHINGTON

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2005	B	\$	1,138.92
Increased by:			
Dog License Fees Collected	B-2	\$	4,168.50
Cat License Fees Collected	B-2		<u>901.00</u>
			5,069.50
		\$	<u>6,208.42</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11:			
Cash Disbursements	B-2		<u>1,772.34</u>
Balance, December 31, 2006	B	\$	<u><u>4,436.08</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2005	\$ 5,105.00
2004	<u>5,040.00</u>
	<u><u>\$ 10,145.00</u></u>

"B-4"

SCHEDULE OF STATE UNEMPLOYMENT INSURANCE

Balance, December 31, 2005	B	\$	2,977.05
Increased by:			
Cash Receipts	B-2		<u>18,025.51</u>
		\$	<u>21,002.56</u>
Decreased by:			
Cash Disbursements	B-2		<u>16,356.77</u>
Balance, December 31, 2006	B	\$	<u><u>4,645.79</u></u>

BOROUGH OF WASHINGTON

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER 31, 2005	CASH RECEIPTS	PAID OR CHARGED	BALANCE DECEMBER 31, 2006
Escrow Deposits	\$ 823,760.35	\$ 136,277.87	\$ 173,873.20	\$ 786,165.02
Municipal Alliance	858.30	500.00	655.51	702.79
Parking Offenses Adjudication Act	768.12	322.00	633.76	456.36
Recreation	41,168.21	172,140.38	190,597.95	22,710.64
Recreation Commission	645.46			645.46
Police Department Trust	5,313.58			5,313.58
K-9 Fund	779.80		98.97	680.83
Tax Sale Premiums	13,300.00	25,700.00		39,000.00
National Night Out Trust	1,504.91	453.00	240.13	1,717.78
Rent Receivership Trust	14,246.53	284.64		14,531.17
Special Police Services	9,579.41	58,440.81	58,538.56	9,481.66
Public Defender	6,459.00	2,637.00	2,500.00	6,596.00
Fire Safety Bureau Trust	200.00	8,244.17	1,745.00	6,699.17
Police Donations	8,319.34	2,000.00	2,717.00	7,602.34
	<u>\$ 926,903.01</u>	<u>\$ 406,999.87</u>	<u>\$ 431,600.08</u>	<u>\$ 902,302.80</u>

REF.

B

B-2

B

Cash Disbursements
Encumbrances Payable

B-2
B

\$ 419,003.55
12,596.53

\$ 431,600.08

"B-6"

BOROUGH OF WASHINGTON

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	<u>TOTAL</u>	<u>ASSESSMENT TRUST FUND</u>	<u>ANIMAL CONTROL FUND</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2005:					
Due From	B	\$ 1,193.40	\$	\$ 18.30	\$ 1,175.10
Due To	B	9.39	9.39		
Cash Receipts	B-2	211,185.15	39.67	1,883.88	209,261.60
Cash Disbursements	B-2	212,801.17	773.53	275.00	211,752.64
Balance, December 31, 2006:					
Due From	B	\$ 4,390.61	\$ 724.47	\$	\$ 3,666.14
Due To	B	1,590.58		1,590.58	

"B-7"

BOROUGH OF WASHINGTON

TRUST FUND

SCHEDULE OF ASSESSMENT LIENS RECEIVABLE

REF.

Balance, December 31, 2005	B	\$	543.72
Decreased by:			
Cash Receipts	B-2	\$	<u>543.72</u>

"B-8"

SCHEDULE OF PREPAID ASSESSMENTS

Balance, December 31, 2005 and December 31, 2006	B	\$	<u>1,488.20</u>
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"B-9"

SCHEDULE OF ASSESSMENT LIEN INTEREST AND COST

Balance, December 31, 2005	B	\$	229.81
Decreased by:			
Cash Receipts	B-2	\$	<u>229.81</u>

"C-2"

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2005	C	\$	166.29
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-9	\$	111,865.00
Interfunds	C-14		7,197,565.41
Premium on Sale of Notes	C-1		15,027.38
Grant Receivable	C-6		7,750.00
Bond Anticipation Notes	C-8		<u>7,011,360.00</u>
			14,343,567.79
		\$	<u>14,343,734.08</u>
Decreased by Disbursements:			
Bond Anticipation Notes	C-8	\$	5,390,216.00
Fund Balance	C-1		71,835.00
Contracts Payable	C-11		1,735,511.14
Interfunds	C-14		<u>7,146,002.38</u>
			<u>14,343,564.52</u>
Balance, December 31, 2006	C	\$	<u><u>169.56</u></u>

"C-3"

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE
DECEMBER
31, 2006

Capital Improvement Fund	\$ 23,600.00
Fund Balance	15,027.38
Contracts Payable	2,334,435.29
Grants Receivable	(618,265.00)
Overexpenditure of Improvement Authorizations	(2,347.76)
Improvement Authorizations Funded as Set Forth On "C-7"	17,067.16
Interfunds Receivable	(3,441,471.07)
Unexpended Proceeds of Bond Anticipation Notes Issued as Set Forth on "C-5"	<u>1,672,123.56</u>
	<u>\$ 169.56</u>

REF.

C-2

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION FUNDED

	<u>REF.</u>		
Balance, December 31, 2005	C	\$	2,258,380.35
Decreased by:			
Bonds Paid by Budget	C-13	\$	135,000.00
Loans Paid by Budget	C-12		<u>14,647.99</u>
			<u>149,647.99</u>
Balance, December 31, 2006	C	\$	<u><u>2,108,732.36</u></u>

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2006	ANALYSIS OF BALANCE, DECEMBER 31, 2006	
			BOND ANTICIPATION NOTES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
15-2000	Public Works Garage	\$ 1,376.00	\$	\$ 1,376.00
06-2001	Purchase of Vehicular Equipment	177,466.00	177,466.00	
10-2002	Various Improvements in the Borough	259,238.00	259,238.00	
11-2002	North Prospect Street Sidewalks	74,736.00	74,736.00	
12-2002	Improvements to Myrtle Avenue	65,642.00	65,642.00	
23-2002	Improvements to Myrtle Avenue	49,000.00	49,000.00	
14-2003	Improvements to East Washington Avenue	277,878.00	277,878.00	
11-2004	Various Improvements or Purposes	134,000.00	134,000.00	
15-2004	Improvement of the Municipal Swimming Pool	283,200.00	283,200.00	
01-2005	Improvement to Washington Avenue	1,333,100.00	1,333,100.00	
08-2005	Various Improvements	2,734,500.00	2,734,500.00	
07-2006	Various Improvements	1,622,600.00	1,622,600.00	
		\$ 7,012,736.00	\$ 7,011,360.00	\$ 1,376.00
		REF. C	C-8	
	Improvement Authorizations-Unfunded	C-7		\$ 1,673,499.56
	Less: Unexpended Proceeds of Bond			
	Anticipation Notes - Various Ordinances	C-3		1,672,123.56
				\$ 1,376.00

"C-6"

BOROUGH OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2005	C	\$	7,750.00
Increased by:			
Grants Awarded	C-7	\$	<u>618,265.00</u>
			626,015.00
Deceased by:			
Cash Receipts	C-2		<u>7,750.00</u>
Balance, December 31, 2006	C	\$	<u><u>618,265.00</u></u>

BOROUGH OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE		2006 AUTHORIZATIONS	PAID OR CHARGED	CONTRACTS PAYABLE CANCELED	BALANCE		OVER- EXPENDED
		DATE	AMOUNT	DECEMBER 31, 2005					DECEMBER 31, 2006		
				FUNDED	UNFUNDED				FUNDED	UNFUNDED	
General Improvements:											
15-2000	Various Improvements and Purposes	12/19/00	\$ 935,000.00	\$ 17,453.07	\$ 1,376.00	\$	\$ 7,970.38	\$	\$ 9,482.69	\$ 1,376.00	
06-2001	Various Improvements and Purposes	07/17/01	218,000.00		27,218.88			28,542.42		55,761.28	
10-2002	Various Improvements and Purposes	06/04/02	295,000.00		58,389.57		7,325.50			51,064.07	
23-2002	Improvements to Myrtle Avenue	09/03/02	95,000.00		15,205.69					15,205.69	
14-2003	Various Improvements and Purposes	11/03/03	331,600.00		22,113.53		20,451.55			1,661.98	
11-2004	Various Improvements and Purposes	07/06/04	151,245.00		1,774.38		4,122.14				2,347.76
15-2004	Improvements to Municipal Swimming Pool	09/21/04	283,200.00		272,651.00					272,651.00	
01-2005	Improvement of Washington Avenue	02/15/05	1,350,000.00		1,202,990.77	498,265.00	1,542,332.86			158,922.91	
08-2005	Various Improvements and Purposes	06/10/05	2,871,250.00		951,279.70		524,527.18			426,752.52	
12-2005	Various Public Improvements and Acquisitions	06/10/05	25,000.00	7,454.49				129.98	7,584.47		
07-2006	Various Improvements and Purposes	04/18/06	1,823,765.00			1,823,765.00	1,133,660.89			690,104.11	
08-2006	Various Improvements and Purposes	05/02/06	7,100.00			7,100.00	7,100.00				
				\$ 24,907.56	\$ 2,552,999.50	\$ 2,329,130.00	\$ 3,247,490.50	\$ 28,672.40	\$ 17,067.16	\$ 1,673,499.56	\$ 2,347.76
		REF.		C	C		C-11	C-11	C-C-3	C-C-5	C-C-10
	Capital Improvement Fund			C-9		\$ 88,265.00					
	Deferred Charges to Future Taxation - Unfunded					1,622,600.00					
	Grants Receivable			C-6		618,265.00					
						\$ 2,329,130.00					

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2005</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2006</u>
06-2001	Various Improvements	12/07/01	12/01/05	12/01/06	4.375%	\$ 182,283.00	\$	\$ 182,283.00	\$
			12/01/06	06/01/07	4.000%		177,466.00		177,466.00
10-2002	Various Improvements in the Borough	12/06/02	12/01/05	12/01/06	4.375%	265,800.00		265,800.00	
			12/01/06	06/01/07	4.000%		259,238.00		259,238.00
11-2002	North Prospect Street Sidewalks	12/06/02	12/01/05	12/01/06	4.375%	80,000.00		80,000.00	
			12/01/06	06/01/07	4.000%		74,736.00		74,736.00
12-2002	Improvements to Myrtle Avenue	12/06/02	12/01/05	12/01/06	4.375%	70,400.00		70,400.00	
			12/01/06	06/01/07	4.000%		65,642.00		65,642.00
23-2002	Improvements to Myrtle Avenue	12/06/02	12/01/05	12/01/06	4.375%	52,000.00		52,000.00	
			12/01/06	06/01/07	4.000%		49,000.00		49,000.00
14-2003	Various Improvements in the Borough	12/04/03	12/01/05	12/01/06	4.375%	284,495.00		284,495.00	
			12/01/06	06/01/07	4.000%		277,878.00		277,878.00
11-2004	Various Improvements and Purposes	12/02/04	12/01/05	12/01/06	4.375%	134,000.00		134,000.00	
			12/01/06	06/01/07	4.000%		134,000.00		134,000.00
15-2004	Improvements to the Municipal Swimming Pool	12/02/04	12/01/05	12/01/06	4.375%	283,200.00		283,200.00	
			12/01/06	06/01/07	4.000%		283,200.00		283,200.00
01-2005	Improvement to Washington Avenue	12/01/05	12/01/05	12/01/06	4.375%	1,333,100.00		1,333,100.00	
			12/01/06	06/01/07	4.000%		1,333,100.00		1,333,100.00
08-2005	Various Improvements	12/01/05	12/01/05	12/01/06	4.375%	2,734,500.00		2,734,500.00	
			12/01/06	06/01/07	4.000%		2,734,500.00		2,734,500.00
07-2006	Various Improvements	12/01/06	12/01/06	06/01/07	4.000%		1,622,600.00		1,622,600.00
						<u>\$ 5,419,778.00</u>	<u>\$ 7,011,360.00</u>	<u>\$ 5,419,778.00</u>	<u>\$ 7,011,360.00</u>
					<u>REF.</u>	<u>C</u>	<u>C-2</u>		<u>C-C-5</u>
				Paid by Budget				\$ 29,562.00	
				Cash Disbursements	C-2			<u>5,390,216.00</u>	
								<u>\$ 5,419,778.00</u>	

"C-9"

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Increased by:		
2006 Budget Appropriation	C-2	\$ 111,865.00
Decreased by:		
Appropriation to Finance		
Improvement Authorizations	C-7	<u>88,265.00</u>
Balance, December 31, 2006	C	\$ <u><u>23,600.00</u></u>

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF OVEREXPENDITURE OF ORDINANCE APPROPRIATION

	<u>REF.</u>		
Increased by:			
Overexpenditure in 2006	C-7	\$	2,347.76
Balance, December 31, 2006	C	\$	<u>2,347.76</u>

"C-11"

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2005	C	\$	851,128.33
Increased by:			
Charges to Improvement Authorizations	C-7		<u>3,247,490.50</u>
		\$	<u>4,098,618.83</u>
Decreased by:			
Cash Disbursements	C-2	\$	1,735,511.14
Canceled	C-7		<u>28,672.40</u>
			<u>1,764,183.54</u>
Balance, December 31, 2006	C	\$	<u><u>2,334,435.29</u></u>

"C-12"

SCHEDULE OF GREEN ACRES LOAN PAYABLE

Balance, December 31, 2005	C	\$	293,380.35
Decreased by:			
Loans Paid by Budget	C-4		<u>14,647.99</u>
Balance, December 31, 2006	C	\$	<u><u>278,732.36</u></u>

BOROUGH OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING DECEMBER 31, 2006</u>		<u>INTEREST RATE</u>	<u>BALANCE</u>		<u>BALANCE</u>
			<u>DATE</u>	<u>AMOUNT</u>		<u>DECEMBER 31, 2005</u>	<u>DECREASED</u>	<u>DECEMBER 31, 2006</u>
General Improvements	04/01/01	\$ 2,410,000.00	04/01/07	\$ 135,000.00	4.375%			
			04/01/08	165,000.00	4.375%			
			04/01/09-10	165,000.00	4.500%			
			04/11/11-13	195,000.00	4.500%			
			04/01/14	205,000.00	4.600%			
			04/01/15	205,000.00	4.650%			
			04/01/16	205,000.00	4.700%			
						\$ 1,965,000.00	\$ 135,000.00	\$ 1,830,000.00
						REF. C	C-4	C

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>SEWER CAPITAL FUND</u>
Balance, December 31, 2005:				
Due From	C	\$ <u>3,493,034.10</u>	\$ <u>1,469,421.80</u>	\$ <u>2,023,612.30</u>
Receipts	C-2	7,197,565.41	7,197,565.41	
Disbursements	C-2	<u>7,146,002.38</u>	<u>7,146,002.38</u>	
Balance, December 31, 2006:				
Due From	C	\$ <u><u>3,441,471.07</u></u>	\$ <u><u>1,417,858.77</u></u>	\$ <u><u>2,023,612.30</u></u>

"C-15"

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORDINANCE
NUMBER

IMPROVEMENT DESCRIPTION

BALANCE
DECEMBER
31, 2006

15-2000

Public Works Garage

\$ 1,376.00

BOROUGH OF WASHINGTON

SEWER UTILITY OPERATING FUND

SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2005	D	\$ 722,072.00	\$ -0-
Increased by Receipts:			
Consumer Accounts Receivable	D-7	\$ 2,140,422.37	\$
Sewer Overpayments	D-9	3,968.39	
Miscellaneous	D-3	62,125.56	
Sewer Liens	D-6	5,572.12	
Reserve to Pay Debt	D-5	35,611.00	
Sewer Capital Fund Balance	D-5	78,082.75	
Wastewater Loan Receivable			1,477,800.00
Bond Anticipation Notes	D-18		3,534,169.00
Loan Proceeds	D-22		234,501.52
Interfunds	D-11:D-23	<u>2,451,651.14</u>	<u>4,017,563.92</u>
		\$ <u>4,777,433.33</u>	<u>9,264,034.44</u>
		\$ 5,499,505.33	\$ 9,264,034.44
Decreased by Disbursements:			
2006 Appropriations	D-4	\$ 2,205,092.79	\$
2005 Appropriation Reserves	D-10	79,766.73	
Refund of Sewer Overpayments	D-9	1,613.58	
Accrued Interest	D-16	174,535.96	
Reserve to Pay Debt	D-14		35,611.00
Sewer Capital Fund Balance	D-2		78,082.75
Contracts Payable	D-12		369,701.17
Bond Anticipation Notes	D-18		3,534,169.00
Interfunds	D-11:D-23	<u>2,078,735.24</u>	<u>5,246,470.52</u>
		<u>4,539,744.30</u>	<u>9,264,034.44</u>
Balance, December 31, 2006	D	\$ <u>959,761.03</u>	\$ <u>-0-</u>

"D-6"

BOROUGH OF WASHINGTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER LIENS

	<u>REF.</u>		
Balance, December 31, 2005	D	\$	16,543.58
Increased by:			
Transferred From Consumer Accounts Receivable	D-7		1,068.00
		\$	<u>17,611.58</u>
Decreased by:			
Collections	D-3		<u>5,572.12</u>
Balance, December 31, 2006	D	\$	<u><u>12,039.46</u></u>

"D-7"

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2005	D	\$	263,945.76
Increased by:			
Sewer Use Charges Levied - Net			2,120,390.53
		\$	<u>2,384,336.29</u>
Decreased by:			
Collections	D-3:D-5	\$	2,140,422.37
Overpayments Applied	D-3:D-9		3,918.28
Transferred to Sewer Liens	D-6		<u>1,068.00</u>
			<u>2,145,408.65</u>
Balance, December 31, 2006	D	\$	<u><u>238,927.64</u></u>

"D-8"

BOROUGH OF WASHINGTON

SEWER UTILITY OPERATING FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2005	D	\$	421.69
Increased by:			
Transferred from 2006 Appropriations	D-4		<u>46.42</u>
		\$	468.11
Decreased by:			
Transferred to 2005 Appropriation Reserves	D-10		<u>421.69</u>
Balance, December 31, 2006	D	\$	<u><u>46.42</u></u>

"D-9"

BOROUGH OF WASHINGTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF OVERPAID SEWER CHARGES

	<u>REF.</u>		
Balance, December 31, 2005	D	\$	3,918.28
Increased by:			
Collector Receipts	D-5		<u>3,968.39</u>
		\$	7,886.67
Decreased by:			
Applied to Receivable	D-7	\$	3,918.28
Refunds	D-5		<u>1,613.58</u>
			<u>5,531.86</u>
Balance, December 31, 2006	D	\$	<u><u>2,354.81</u></u>

BOROUGH OF WASHINGTON

SEWER UTILITY OPERATING FUND

SCHEDULE OF 2005 APPROPRIATION RESERVES

		<u>BALANCE DECEMBER 31, 2005</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
Operating:					
Other Expenses		\$ <u>175,683.56</u>	\$ <u>176,105.25</u>	\$ <u>79,766.73</u>	\$ <u>96,338.52</u>
		\$ <u>175,683.56</u>	\$ <u>176,105.25</u>	\$ <u>79,766.73</u>	\$ <u>96,338.52</u>
	<u>REF.</u>	D		D-5	D-1
Balance, December 31, 2005	D-10	\$	175,683.56		
Encumbrances Payable	D-8		<u>421.69</u>		
		\$	<u>176,105.25</u>		

BOROUGH OF WASHINGTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>	<u>TRUST FUND</u>	<u>SEWER CAPITAL FUND</u>
Balance, December 31, 2005:						
Due From	D	\$ 1,032,793.28	\$ 913,793.28	\$ 79,000.00	\$ 40,000.00	\$
Due To	D	<u>1,228,977.22</u>				<u>1,228,977.22</u>
Receipts	D-5	2,451,651.14	2,217,149.62			234,501.52
Disbursements	D-5	<u>2,078,735.24</u>	<u>1,965,041.49</u>			<u>113,693.75</u>
Balance, December 31, 2006:						
Due From	D	\$ 780,685.15	\$ 661,685.15	\$ 79,000.00	\$ 40,000.00	\$
Due To	D	<u>1,349,784.99</u>				<u>1,349,784.99</u>

"D-12"

BOROUGH OF WASHINGTON

SEWER UTILITY CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2005	D	\$	155,030.92
Increased by:			
Charges to Improvement Authorizations	D-15		<u>343,065.19</u>
		\$	<u>498,096.11</u>
Decreased by:			
Cash Disbursements	D-5	\$	369,701.17
Canceled	D-15		<u>100,298.40</u>
			<u>469,999.57</u>
Balance, December 31, 2006	D	\$	<u><u>28,096.54</u></u>

BOROUGH OF WASHINGTON

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>ORDINANCE AMOUNT</u>	<u>BALANCE DECEMBER 31, 2006</u>
06-97	Improvements to Wastewater Treatment Plant	6/17/97	\$ 13,300,000.00	\$ 13,300,000.00
12-97	Improvements to Wastewater Treatment Plant	10/21/97	4,400,000.00	4,400,000.00
15-02	Improvements to Wastewater Treatment Plant	8/6/02	750,000.00	750,000.00
10-04	Improvement of Sanitary Sewer System	6/14/04	40,000.00	40,000.00
13-05	Various Improvements	6/10/05	41,000.00	41,000.00
				<u>\$ 18,531,000.00</u>
			<u>REF.</u>	D

"D-14"

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF MISCELLANEOUS RESERVES

	BALANCE, DECEMBER <u>31, 2005</u>	<u>DECREASE</u>	BALANCE, DECEMBER <u>31, 2006</u>
McKinley Avenue Sewers	\$ 4,430.93	\$	\$ 4,430.93
Payment of Debt Service	35,611.00	35,611.00	
Wastewater Trust Loans Receivable	45,741.00		45,741.00
Contributions from Developers	<u>50,000.00</u>		<u>50,000.00</u>
	<u>\$ 135,782.93</u>	<u>\$ 35,611.00</u>	<u>\$ 100,171.93</u>
<u>REF.</u>	D	D-5	D

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2005		PAID OR CHARGED	CONTRACTS PAYABLE CANCELED	BALANCE DECEMBER 31, 2006	
		DATE	AMOUNT	FUNDED	UNFUNDED			FUNDED	UNFUNDED
06-97	Improvements to Wastewater Treatment Plant	06/17/97	\$ 13,300,000.00	\$	1,653,381.44	\$ 342,715.19	\$	\$	1,310,666.25
12-97	Improvements to Wastewater Treatment Plant	10/21/97	4,400,000.00		2,738,244.41		76,756.39		2,815,000.80
15-02	Improvements to Wastewater Treatment Plant	08/06/02	750,000.00	247,761.00	502,239.00			247,761.00	502,239.00
10-04	Improvement of Sanitary Sewer System	06/14/04	40,000.00		963.02		23,542.01		24,505.03
13-05	Various Public Improvements	06/10/05	41,000.00	35,783.65		350.00		35,433.65	
			\$	283,544.65	\$ 4,894,827.87	\$ 343,065.19	\$ 100,298.40	\$ 283,194.65	\$ 4,652,411.08
		<u>Ref.</u>		D	D	D-12	D-12	D	D

"D-16"

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF ACCRUED INTEREST

	<u>REF.</u>		
Balance, December 31, 2005	D	\$	12,328.00
Increased by:			
Charges to 2006 Budget	D-4		<u>182,777.00</u>
		\$	<u>195,105.00</u>
Decreased by:			
Cash Disbursements	D-5	\$	174,535.96
Canceled	D-1		<u>5,045.48</u>
			<u>179,581.44</u>
Balance December 31, 2006	D	\$	<u><u>15,523.56</u></u>

"D-17"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2005	D	\$	5,727,201.59
Increased by:			
Bonds Paid by Budget	D-19	\$	50,000.00
Loans Paid by Budget	D-20		878,021.98
Notes Paid by Budget	D-18		<u>47,881.00</u>
			<u>975,902.98</u>
Balance, December 31, 2006	D	\$	<u><u>6,703,104.57</u></u>

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2005</u>	<u>ISSUED</u>	<u>MATURED</u>	<u>BALANCE DECEMBER 31, 2006</u>
06-97	Improvements to Wastewater Treatment Plant	12/12/1997 12/12/1997	12/1/2005 12/1/2006	12/01/2006 07/01/2007	4.375% 4.000%	\$ 710,806.00	\$ 701,067.00	\$ 710,806.00	\$ 701,067.00
12-97	Improvements to Wastewater Treatment Plant	12/12/1997 12/12/1997	12/1/2005 12/1/2006	12/01/2006 07/01/2007	4.375% 4.000%	2,831,244.00	2,793,102.00	2,831,244.00	2,793,102.00
10-04	Improvement of Sanitary Sewer System	12/2/2004 12/2/2004	12/1/2005 12/1/2006	12/01/2006 07/01/2007	4.375% 4.000%	40,000.00	40,000.00	40,000.00	40,000.00
						<u>\$ 3,582,050.00</u>	<u>\$ 3,534,169.00</u>	<u>\$ 3,582,050.00</u>	<u>\$ 3,534,169.00</u>
						Ref. D	D-5	D	
						Cash Disbursements	D-5	\$ 3,534,169.00	
						Notes Paid by Budget	D-17	47,881.00	
								<u>\$ 3,582,050.00</u>	

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2005	DECREASED	BALANCE DECEMBER 31, 2006	
			DECEMBER 31, 2006						
			DATE	AMOUNT					
General Improvements	10/1/1990	\$ 1,765,000.00	10/01/07-09	\$ 50,000.00	7.60%	\$ 247,000.00	\$ 50,000.00	\$ 197,000.00	
			10/1/2010	47,000.00	7.60%				
						REF.	D	D-17	D

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF WASTEWATER LOANS PAYABLE

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>MATURITIES</u>		<u>BALANCE DECEMBER 31, 2005</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2006</u>
				<u>DATE</u>	<u>AMOUNT</u>			
Trust Loan - Project #S340706-03	8/1/1998	\$ 7,060,000.00	5.00%	8/1/2007	\$ 350,000.00	\$	\$	\$
			5.00%	8/1/2008	370,000.00			
			5.00%	8/1/2009	390,000.00			
			5.00%	8/1/2010	405,000.00			
			5.00%	8/1/2011	425,000.00			
			5.00%	8/1/2012	450,000.00			
			5.00%	8/1/2013	470,000.00			
			5.00%	8/1/2014	495,000.00			
			5.00%	8/1/2015	520,000.00			
			5.00%	8/1/2016	545,000.00			
			5.00%	8/1/2017	575,000.00	5,330,000.00	335,000.00	4,995,000.00
Fund Loan - Project #S340706-03	8/1/1998	6,458,430.00	0.00%	2/1/2007	75,712.38			
				8/1/2007	287,919.26			
				2/1/2008	70,407.21			
				8/1/2008	294,740.20			
				2/1/2009	64,798.89			
				8/1/2009	301,257.98			
				2/1/2010	58,887.41			
				8/1/2010	304,441.08			
				2/1/2011	52,748.57			
				8/1/2011	310,428.35			
				2/1/2012	46,306.57			
				8/1/2012	255,384.27	2,487,724.85	364,692.68	2,123,032.17

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF WASTEWATER LOANS PAYABLE

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>MATURITIES</u>		<u>BALANCE DECEMBER 31, 2005</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2006</u>
				<u>DATE</u>	<u>AMOUNT</u>			
Trust Loan - Project #S340706-04	8/1/1998	\$ 1,075,000.00	5.00%	8/1/2007	\$ 50,000.00	\$	\$	\$
			5.00%	8/1/2005	55,000.00			
			5.00%	8/1/2009	55,000.00			
			5.00%	8/1/2010	60,000.00			
			5.00%	8/1/2011	65,000.00			
			5.00%	8/1/2012	65,000.00			
			5.00%	8/1/2013	70,000.00			
			5.00%	8/1/2014	75,000.00			
			5.00%	8/1/2015	75,000.00			
			5.00%	8/1/2016	80,000.00			
			5.00%	8/1/2017	85,000.00	785,000.00	50,000.00	735,000.00
Fund Loan - Project #S340706-04	8/1/1998	1,014,350.00	0.00%	2/1/2007	11,262.33			
				8/1/2007	41,908.13			
				2/1/2008	10,496.19			
				8/1/2008	44,206.57			
				2/1/2009	9,653.43			
				8/1/2009	43,363.81			
				2/1/2010	8,810.67			
				8/1/2010	45,585.63			
				2/1/2011	7,891.29			
				8/1/2011	47,730.84			
				2/1/2012	6,895.31			
				8/1/2012	46,734.85			
				2/1/2013	5,899.32			
				8/1/2013	48,803.44			
				2/1/2014	4,826.71			
				8/1/2014	50,795.42			
				2/1/2015	3,677.50			
				8/1/2015	49,646.20			
				2/1/2016	2,528.28			
				8/1/2016	51,561.56			
				2/1/2017	1,302.45			
				8/1/2017	9,745.30	608,027.99	54,702.76	553,325.23

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF WASTEWATER LOANS PAYABLE

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>DATE</u>	<u>MATURITIES</u>		<u>BALANCE DECEMBER 31, 2005</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2006</u>
						<u>AMOUNT</u>			
Trust Loan - Project #S340706-05	10/15/2002	\$ 790,000.00	4.00%	8/1/2007	\$	30,000.00	\$	\$	\$
			5.00%	8/1/2008		30,000.00			
			5.00%	8/1/2009		35,000.00			
			5.00%	8/1/2010		35,000.00			
			5.00%	8/1/2011		35,000.00			
			5.00%	8/1/2012		40,000.00			
			5.25%	8/1/2013		40,000.00			
			5.25%	8/1/2014		40,000.00			
			5.00%	8/1/2015		45,000.00			
			5.00%	8/1/2016		45,000.00			
			5.00%	8/1/2017		50,000.00			
			5.00%	8/1/2018		50,000.00			
			5.00%	8/1/2019		55,000.00			
			5.00%	8/1/2020		55,000.00			
			5.00%	8/1/2021		60,000.00			
			4.75%	8/1/2022		60,000.00	735,000.00	30,000.00	705,000.00

IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	INTEREST RATE	MATURITIES		BALANCE		BALANCE
				DATE	AMOUNT	DECEMBER 31, 2005	DECREASED	DECEMBER 31, 2006
Fund Loan - Project #S340706-05	10/15/2002	\$ 835,741.00	0.00%	2/1/2007	11,532.69	\$	\$	\$
				8/1/2007	31,303.03			
				2/1/2008	11,137.29			
				8/1/2008	30,907.63			
				2/1/2009	10,643.03			
				8/1/2009	33,708.43			
				2/1/2010	10,066.39			
				8/1/2010	33,131.86			
				2/1/2011	9,489.76			
				8/1/2011	32,555.16			
				2/1/2012	8,913.12			
				8/1/2012	35,273.58			
				2/1/2013	8,254.11			
				8/1/2013	34,614.57			
				2/1/2014	7,562.15			
				8/1/2014	33,922.60			
				2/1/2015	6,870.19			
				8/1/2015	36,525.70			
				2/1/2016	6,128.80			
				8/1/2016	35,784.31			
				2/1/2017	5,387.41			
				8/1/2017	38,337.98			
				2/1/2018	4,563.65			
				8/1/2018	37,514.22			
				2/1/2019	3,739.88			
				8/1/2019	39,985.51			
				2/1/2020	2,833.74			
				8/1/2020	39,079.37			
				2/1/2021	1,927.60			
				8/1/2021	41,468.28			
				2/1/2022	939.09			
				8/1/2022	40,479.90			
						728,207.57	43,626.54	684,581.03
						\$ 10,673,960.41	\$ 878,021.98	\$ 9,795,938.43
						D	D-17	D

"D-21"

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>			<u>BALANCE DECEMBER 31, 2006</u>
Wastewater Treatment Plant		\$	4,117,155.00
Equipment			<u>24,750.00</u>
		\$	<u><u>4,141,905.00</u></u>
	<u>REF.</u>		D

"D-22"

SCHEDULE OF WASTEWATER LOANS AND ESCROW RECEIVABLES

			<u>ESCROW RECEIVABLE</u>
Balance, December 31, 2005	D	\$	673,264.47
Decreased by:			
Cash Receipts	D-5		<u>234,501.52</u>
Balance, December 31, 2006	D	\$	<u><u>438,762.95</u></u>

BOROUGH OF WASHINGTON

SEWER UTILITY CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER OPERATING FUND</u>
Balance, December 31, 2005:					
Due From	D	\$ 2,889,159.95	\$ 1,660,182.73	\$	\$ 1,228,977.22
Due To	D	<u>2,023,612.30</u>	<u></u>	<u>2,023,612.30</u>	<u></u>
Receipts	D-5	4,017,563.92	3,903,870.17		113,693.75
Disbursements	D-5	<u>5,246,470.52</u>	<u>5,011,969.00</u>	<u></u>	<u>234,501.52</u>
Balance, December 31, 2006:					
Due From	D	\$ 4,118,066.55	\$ 2,768,281.56	\$	\$ 1,349,784.99
Due To	D	<u><u>2,023,612.30</u></u>	<u><u></u></u>	<u><u>2,023,612.30</u></u>	<u><u></u></u>

"D-24"

BOROUGH OF WASHINGTON

SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2006</u>
06-97	Improvements to Wastewater Treatment Plant	\$ 1,902,311.00
12-97	Improvements to Wastewater Treatment Plant	38,143.00
15-02	Improvements to Wastewater Treatment Plant	<u>502,239.00</u>
		<u>\$ 2,442,693.00</u>

BOROUGH OF WASHINGTON

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>REF.</u>	<u>P.A.T.F. I</u> <u>ACCOUNT</u>	<u>P.A.T.F. II</u> <u>ACCOUNT</u>	<u>FUND</u> <u>TOTAL</u>
Balance, December 31, 2005	E	\$ 1,777.16 \$	30,470.84 \$	32,248.00
Increased by:				
Cash Receipts	E-4	<u>35.51</u>	<u>651.89</u>	<u>687.40</u>
Balance, December 31, 2006	E	\$ <u>1,812.67</u> \$	<u>31,122.73</u> \$	<u>32,935.40</u>

BOROUGH OF WASHINGTON

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5

REF.

Balance, December 31, 2006	E-3	\$	32,935.40
Increased by:			
Cash Receipts			<u>284.18</u>
Balance, February 28, 2007		\$	<u><u>33,219.58</u></u>

<u>RECONCILIATION - FEBRUARY 28, 2007</u>	<u>P.A.T.F. I</u> <u>ACCOUNT</u>	<u>P.A.T.F. II</u> <u>ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement:			
PNC Bank:			
Account #81-0300-8861	\$ 1,827.34	\$	1,827.34
Account #81-0300-8933		33,548.24	33,548.24
	\$ <u>1,827.34</u>	\$ <u>33,548.24</u>	\$ <u>35,375.58</u>
Less:			
Outstanding Checks		<u>2,156.00</u>	<u>2,156.00</u>
Balance, February 28, 2007	\$ <u><u>1,827.34</u></u>	\$ <u><u>31,392.24</u></u>	\$ <u><u>33,219.58</u></u>

BOROUGH OF WASHINGTON

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
AS OF DECEMBER 31, 2006

	<u>REF.</u>		
Balance, December 31, 2005	E-1	\$	32,248.00
Increased by:			
Cash Receipts	E-4		<u>687.40</u>
Balance, December 31, 2006	E-1	\$	<u><u>32,935.40</u></u>

<u>RECONCILIATION - DECEMBER 31, 2006</u>	<u>P.A.T.F. I</u> <u>ACCOUNT</u>	<u>P.A.T.F. II</u> <u>ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
PNC Bank:			
Account #81-0300-8861	\$ 1,812.67	\$	1,812.67
Account #81-0300-8933		<u>33,278.73</u>	<u>33,278.73</u>
	\$ <u>1,812.67</u>	\$ <u>33,278.73</u>	\$ <u>35,091.40</u>
Less:			
Outstanding Checks		<u>2,156.00</u>	<u>2,156.00</u>
Balance, December 31, 2006	\$ <u><u>1,812.67</u></u>	\$ <u><u>31,122.73</u></u>	\$ <u><u>32,935.40</u></u>

BOROUGH OF WASHINGTON

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES

	<u>REF.</u>	<u>P.A.T.F.</u> <u>ACCOUNT #1</u>	<u>P.A.T.F.</u> <u>ACCOUNT #2</u>	<u>FUND</u> <u>TOTAL</u>
Interest		\$ <u>35.51</u>	\$ <u>651.89</u>	\$ <u>687.40</u>
<u>TOTAL RECEIPTS</u>	E-1	\$ <u><u>35.51</u></u>	\$ <u><u>651.89</u></u>	\$ <u><u>687.40</u></u>

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BOROUGH OF WASHINGTON

PART II

REPORTS 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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Westfield 908-789-9300

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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

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

We have audited the accompanying financial statements - statutory basis of the Borough of Washington, County of Warren, New Jersey as of and for the year ended December 31, 2006, and have issued our report thereon dated June 27, 2007. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Washington prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the statutory basis of accounting prescribed by the Division of Local Government Services, Department of Local Government Services, Department of Community Affairs, State of New Jersey such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

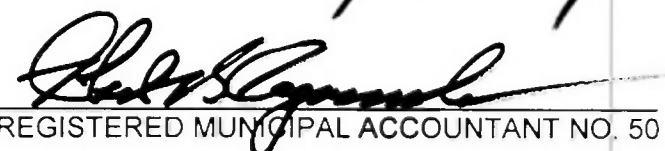
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we noted immaterial matters involving the internal control structure and its operations which are discussed in Part III, General 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 - statutory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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

This report is intended solely for the information of the Borough of Washington, County of Warren, New Jersey, the Division of Local Government Services and federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, we noted immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of this report.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

June 27, 2007

SCHEDULE 1

BOROUGH OF WASHINGTON

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
YEAR ENDED DECEMBER 31, 2006

<u>FEDERAL GRANTOR/PASS THROUGH</u> <u>GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL</u> <u>CFDA</u> <u>NUMBER</u>	<u>STATE</u> <u>ACCOUNT</u> <u>NUMBER</u>	<u>GRANT PERIOD</u>		<u>GRANT</u> <u>AWARD</u> <u>AMOUNT</u>	<u>2006</u> <u>FUNDS</u> <u>RECEIVED</u>	<u>2006</u> <u>EXPENDITURES</u>	<u>CUMULATIVE</u> <u>EXPENDITURES</u> <u>DECEMBER</u> <u>31, 2006</u>
			<u>FROM</u>	<u>TO</u>				
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>								
SLAHEOP Grant	83.562	1200-100-066-1200-845-YEMR-6120	1/1/04	12/31/04	\$ 2,405.72	\$ _____	\$ _____	\$ 1,538.37
 <u>DEPARTMENT OF JUSTICE</u>								
Bulletproof Vest Partnership Program	16.607	N/A	1/1/2004	12/31/2004	2,430.00	\$ 742.92	\$ _____	\$ 787.03
Bulletproof Vest Partnership Program	16.607	N/A	1/1/2005	12/31/2005	1,277.24			690.84
COPS More Program	16.726	N/A	1/1/2005	12/31/2005	25,000.00	6,250.00		25,000.00
						\$ 6,992.92	\$ _____	\$ 26,477.87
						\$ 6,992.92	\$ _____	\$ 28,016.24

SCHEDULE 2
SHEET 1

BOROUGH OF WASHINGTON

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
YEAR ENDED DECEMBER 31, 2006

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2006 RECEIVED	2006 EXPENDITURES	CUMULATIVE
		FROM	TO				EXPENDITURES DECEMBER 31, 2006
<u>Department of Environmental Protection</u>							
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	1/1/05	12/31/05	\$ 863.73	\$	188.57	\$ 863.73
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	1/1/06	12/31/06	931.48		675.16	675.16
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Unappropriated		484.16	484.16		
Municipal Stormwater Grant	04-100-042-4850-118	3/1/04	2/28/07	5,000.00			5,000.00
Municipal Stormwater Grant	4850-100-042-4850-118-V4R2-6120			5,000.00	3,750.00		
Municipal Stormwater Grant				5,000.00	5,000.00	4,471.20	4,471.20
Clean Communities Program	4900-765-042-4900-004-VCMC-6020	1/1/01	12/31/01	10,352.00		229.07	10,352.00
Clean Communities Program	4900-765-042-4900-004-VCMC-6020	1/1/02	12/31/02	1,696.56		346.56	1,696.56
Clean Communities Program	4900-765-042-4900-004-VCMC-6020	1/1/04	12/31/04	6,064.00		328.00	6,064.00
Clean Communities Program	4900-765-042-4900-004-VCMC-6020	1/1/06	12/31/06	6,963.65	6,298.93	1,369.37	1,369.37
Clean Communities Program	4900-765-042-4900-004-VCMC-6020	Unappropriated		463.34	463.34		
Site Remediation Grant - 1999	N/A	1/1/99	12/31/99	159,025.00			159,025.00
Site Remediation Grant - 2000	N/A	1/1/00	12/31/00	48,800.00			48,800.00
Site Remediation Grant	N/A	1/1/02	12/31/02	16,565.00			16,565.00
Site Remediation Grant	N/A	1/1/04	12/31/04	122,920.00		1,716.60	66,972.37
Smart Growth Planning Program	8049-100-022-8049-006-FSMR-6120	1/1/06	12/31/06	65,000.00	32,500.00	38,491.76	38,491.76
Green Communities Grant	4870-100-042-4GDE-038-V42Y-6120	1/1/02	12/31/02	2,000.00			2,000.00
				\$	48,496.43	\$ 47,816.29	\$ 362,346.15
<u>Department of Law and Public Safety</u>							
Drunk Driving Enforcement Fund-2002 and prior	6400-100-078-6400-YYYY	Continuous		8,622.12	\$	\$	765.97
Drunk Driving Enforcement Fund-2003	6400-100-078-6400-YYYY	Continuous		8,972.12			1,068.94
Drunk Driving Enforcement Fund-2006	6400-100-078-6400-YYYY	Continuous		3,385.50		303.03	303.03
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	Unappropriated		3,009.15	3,009.15		
Domestic Violence Training Grant	760-098-9735-Y900-001	1/1/03	12/31/03	3,580.88			
Alcohol Education and Rehabilitation Fund - 2002 and prior	9735-760-098-4900-001-x100-6020	Continuous		3,853.16			
Alcohol Education and Rehabilitation Fund-2004	9735-760-098-4900-001-x100-6020	Continuous		375.00	176.86		
Body Armor Replacement Fund-2004	1020-718-066-1020-001-VCJS-6120	Continuous		1,231.00			690.84
Body Armor Replacement Fund-2005	1020-718-066-1020-001-VCJS-6120	Continuous		1,498.98			
Body Armor Replacement Fund	1020-718-066-1020-001-VCJS-6120	Continuous		2,444.61			
Body Armor Replacement Fund-Unappropriated	1020-718-066-1020-001-VCJS-6120	Unappropriated		1,244.13	1,244.13		
Click it or Ticket	1160-100-066-1160-113-YHTS-6120	1/01/05	12/31/05	5,000.00			3,766.56
Click it or Ticket	1160-100-066-1160-113-YHTS-6120	1/01/06	12/31/06	4,000.00	3,766.96	1,905.44	1,905.44
				\$	8,197.10	\$ 2,208.47	\$ 8,500.78
<u>Department of Human Services</u>							
Balanced Housing - Neighborhood Preservation	99-100-022-8020-092-F301-6020	1/1/99	12/31/99	112,900.00			112,900.00
				\$		\$	112,900.00

BOROUGH OF WASHINGTON

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
YEAR ENDED DECEMBER 31, 2006

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2006 RECEIVED	2006 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2006
		FROM	TO				
<u>Department of Transportation</u>							
Transportation Trust Fund Authority							
Downtown Drainage Improvements Project	6320-480-078-6320-AG5-TCAP-6010	Continuous		31,000.00 \$	7,750.00 \$	7,750.00 \$	31,000.00
Improvement to Belvidere Avenue				120,000.00			
Downtown Streetscape Improvement	6300-480-078-6300-CK6-TCAP-7310	Continuous		494,265.00			
				\$	<u>7,750.00 \$</u>	<u>7,750.00 \$</u>	<u>31,000.00</u>
<u>Highlands Water Protection and Planning Council</u>							
Planning Assistance Municipal Partnership Planning Pilot Grant	06-033-01	10/30/05	12/30/05	52,000.00 \$	52,000.00 \$	14,029.83 \$	52,000.00
Planning Assistance COAH Third Round Grant	06-033-01	10/15/05	12/15/05	7,500.00	7,500.00	2,526.03	2,526.03
				\$	<u>59,500.00 \$</u>	<u>16,555.86 \$</u>	<u>54,526.03</u>
<u>Department of Community Affairs</u>							
Statewide Livable Communities - Local Library Aid	05-2380-05	5/1/05	4/30/07	15,000.00 \$	15,000.00 \$	15,000.00 \$	15,000.00
				\$	<u>15,000.00 \$</u>	<u>15,000.00 \$</u>	<u>15,000.00</u>
<u>Pass Through County of Warren</u>							
Municipal Alliance Grant	100-082-2000-044-995120	1/1/05	12/31/05	7,320.00 \$	\$	\$	6,320.00
Municipal Alliance Grant	100-082-2000-044-995120	1/1/06	12/31/06	7,320.00	3,710.72	7,246.00	7,246.00
				\$	<u>3,710.72 \$</u>	<u>7,246.00 \$</u>	<u>13,566.00</u>
				\$	<u>142,654.25 \$</u>	<u>96,576.62 \$</u>	<u>597,838.96</u>

BOROUGH OF WASHINGTON

NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2006

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial awards programs of the Borough of Washington, County of Warren, New Jersey. All federal and state financial awards received directly from federal and state agencies are included on the Schedules of Expenditures of Federal and State Financial Awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - statutory basis.

NOTE 3. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - STATUTORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's statutory basis financial statements. These amounts are reported in either the Current Fund, General Capital Fund or Trust Other Fund.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - STATUTORY BASIS
(CONTINUED)

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Grant Fund	\$ 6,992.92	\$ 134,904.25	\$ 141,897.17
General Capital	<u> </u>	<u>7,750.00</u>	<u>7,750.00</u>
Total	\$ <u>6,992.92</u>	\$ <u>142,654.25</u>	\$ <u>149,647.17</u>

Expenditures:

	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 88,826.62	\$ 1,200.00	\$ 90,026.62
General Capital	<u>7,750.00</u>	<u> </u>	<u>7,750.00</u>
Total	\$ <u>96,576.62</u>	\$ <u>1,200.00</u>	\$ <u>97,776.62</u>

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedules.

PART III

BOROUGH OF WASHINGTON

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2006

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

	YEAR 2006		YEAR 2005	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 675,000.00	4.09	\$ 506,416.00	3.22
Miscellaneous-From Other Than Local				
Property Tax Levies	1,677,701.63	10.17	1,918,903.57	12.20
Collection of Delinquent Taxes and				
Tax Title Liens	371,002.78	2.25	272,940.89	1.74
Collection of Current Tax Levy	13,779,768.05	83.49	13,030,964.81	82.84
<u>TOTAL INCOME</u>	<u>\$ 16,503,472.46</u>	<u>100.00%</u>	<u>\$ 15,729,225.27</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 5,345,223.60	33.61	\$ 5,140,270.09	34.03
County Taxes	2,927,912.68	18.41	2,709,732.16	17.94
School Taxes	7,435,889.91	46.76	6,937,608.27	45.93
Other	193,897.42	1.22	317,144.49	2.10
<u>TOTAL EXPENDITURES</u>	<u>\$ 15,902,923.61</u>	<u>100.00%</u>	<u>\$ 15,104,755.01</u>	<u>100.00%</u>
Excess in Revenue	\$ 600,548.85		\$ 624,470.26	
Adjustments to Income before Fund Balance				
Expenditures Included Above which are by Statute				
Deferred Charges to the Budget of the Succeeding Year			10,124.55	
Statutory Excess to Fund Balance	\$ 600,548.85		\$ 634,594.81	
Fund Balance, January 1	727,034.59		598,855.78	
	\$ 1,327,583.44		\$ 1,233,450.59	
Less: Utilization as Anticipated Revenue	675,000.00		506,416.00	
Fund Balance, December 31	<u>\$ 652,583.44</u>		<u>\$ 727,034.59</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE-SEWER UTILITY FUND

	YEAR 2006		YEAR 2005	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 300,000.00	11.00	\$ 636,940.00	23.01
Collection of Sewer Use Charges	2,149,912.77	78.83	1,913,605.37	69.14
Miscellaneous-From Other Than Sewer Use	277,203.31	10.17	217,173.82	7.85
<u>TOTAL INCOME</u>	<u>\$ 2,727,116.08</u>	<u>100.00%</u>	<u>\$ 2,767,719.19</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 955,884.00	38.79	\$ 1,013,754.00	40.91
Deferred Charges and Statutory Expenditures	7,580.00	0.31	6,252.24	0.25
Debt Service	1,500,630.00	60.90	1,416,966.50	57.18
Capital Improvements			41,000.00	1.65
Other			308.75	0.01
<u>TOTAL EXPENDITURES</u>	<u>\$ 2,464,094.00</u>	<u>100.00%</u>	<u>\$ 2,478,281.49</u>	<u>100.00%</u>
Excess in Revenue	\$ 263,022.08		\$ 289,437.70	
Fund Balance, January 1	<u>333,611.53</u>		<u>681,113.83</u>	
	\$ 596,633.61		\$ 970,551.53	
Less: Utilization as Anticipated Revenue	<u>300,000.00</u>		<u>636,940.00</u>	
Fund Balance, December 31	<u>\$ 296,633.61</u>		<u>\$ 333,611.53</u>	

COMPARATIVE SCHEDULE OF TAX RATE
INFORMATION

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Tax Rate	<u>\$3.720</u>	<u>\$3.510</u>	<u>\$3.200</u>
Apportionments of Tax Rate:			
Municipal	0.926	0.845	0.755
County	0.697	0.648	0.603
County Open Space	0.084	0.075	0.066
Local School	0.937	0.942	0.927
Regional School	<u>1.076</u>	<u>1.000</u>	<u>0.849</u>

ASSESSED VALUATIONS

2006	<u>\$375,927,918.00</u>	
2005	<u>\$374,055,293.00</u>	
2004		<u>\$369,316,499.00</u>

COMPARISON OF TAX LEVIES AND
COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH</u> <u>COLLECTIONS</u>	<u>PERCENTAGE OF</u> <u>COLLECTION</u>
2006	\$14,218,580.00	\$13,779,768.05	96.91%
2005	\$13,418,350.24	\$13,030,964.81	97.11%
2004	\$12,318,041.73	\$11,986,473.65	97.30%

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 TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2006	\$491,479.79	\$354,488.44	\$845,968.23	5.95%
2005	\$482,242.33	\$334,506.48	\$816,748.81	6.09%
2004	\$442,793.94	\$283,050.56	\$725,844.50	5.89%

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>
2006	\$112,300.00
2005	\$112,300.00
2004	\$112,300.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
CURRENT FUND	2006	\$652,583.44	\$565,000.00
	2005	\$727,034.59	\$675,000.00
	2004	\$598,855.78	\$506,416.00
	2003	\$726,290.96	\$550,000.00
	2002	\$878,989.82	\$700,000.00
SEWER UTILITY FUND	2006	\$296,633.61	\$275,000.00
	2005	\$333,611.53	\$300,000.00
	2004	\$681,113.83	\$636,940.00
	2003	\$792,190.01	\$534,924.00
	2002	\$904,794.40	\$415,107.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>SURETY COMPANY</u>
Marianne Van Deursen	Mayor	*	
Andrew Turner	Deputy Mayor	*	
Charles T. Housel	Councilman	*	
Heather Oakley	Councilwoman	*	
Susan L. Wagner-Glaser	Councilwoman	*	
Alexander Buoye	Councilman	*	
Christina Woykowski	Councilwoman	*	
Richard J. Sheola	Manager	*	
Linda Hendershot	Municipal Clerk to 6/30/06	\$5,000.00	Selective Insurance Company
Kristine Blanchard	Municipal Clerk from 7/1/06	*	
Kay F. Stasyshan	Tax Collector, Chief Financial Officer	\$200,000.00	Selective Insurance Company
Thomas Efstathiou	Tax Assessor	*	
Virginia Cortese	Court Administrator	\$50,000.00	Selective Insurance Company
J. Edward Palmer	Magistrate	\$6,000.00	Selective Insurance Company
Lisa A. Rudd	Deputy Court Administrator	\$50,000.00	Selective Insurance Company
Robert Miller	Engineer	*	
Richard P. Cushing	Borough Attorney	*	
Roger J. Skoog	Borough Prosecutor	*	
George Cortellesi	Police Chief	*	

* Public Employees Dishonesty Blanket Position Bond is in force covering each employee for \$250,000.00 (National Union Insurance Company)

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective July 1, 2005, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$21,000.00. On July 1, 2005 the bid threshold was increased to \$29,000.00 for municipalities with a qualified purchasing agent. In accordance with N.J.S.A. 40A:11-3 and authorized by a resolution dated July 5, 2005 of the governing body, the bid threshold for all purchases made by the Borough's qualified purchasing agent is \$29,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$29,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

- Garbage/Recycling
- Fire Pumping Apparatus
- Installation of Lights at Ballfield
- Streetscape
- Road Reconstruction
- Pool Renovation

The minutes indicate that resolutions authorizing contracts or agreements for "Professional Services" were awarded during 2006 for the following professional services:

- Municipal Auditor
- Municipal Prosecutor
- Engineering Services
- Public Defender
- Municipal Attorney

CONTRACTS AND AGREEMENTS REQUIRED TO BE
ADVERTISED FOR (N.J.S.A. 40A:11-4) (CONTINUED)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the result of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. Our examination of expenditures revealed that payments in excess of \$29,000.00 were made for the purchase of rock salt with no evidence of bidding procedures or waiving of the bidding requirements were authorized by the governing body.

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 become delinquent.

The governing body on January 3, 2006 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

"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 authorized 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. The 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 (10th) 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 of 2006.

It appears from an audit of the Collector's records that interest was collected in accordance with the foregoing resolutions.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on December 27, 2006 and was complete.

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>
2006	14
2005	15
2004	16

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

CONFIRMATION OF DELINQUENT TAXES AND OTHER CHARGES

A confirmation of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>TYPE</u>	<u>NUMBER MAILED</u>
Payments of 2007 Taxes	25
Payments of 2006 Taxes	25
Delinquent Taxes	15
Payments of Sewer Charges	20
Delinquent Sewer Charges	20

OTHER COMMENTS

Interfunds

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

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

OTHER COMMENTS (CONTINUED)

Treasurer

The Current Fund General Ledger is not currently maintained. At December 31, 2006 the General Ledger reflected financial transactions through September 2006.

Funds were committed in excess of amounts appropriated by capital ordinance or budget appropriations. In accordance with N.J.S.A. 40A:4-57, no expenditures of funds for any purpose can be made for which no appropriation is provided or in excess of the amount appropriated for such purpose. As a result of the Borough committing funds in excess of amounts appropriated deferred charges in the amount of \$16,652.31 will have to be raised in the 2007 budget.

Our review of cash disbursements noted that several vouchers were paid without proper signatures documenting receipt of goods or services.

The Borough does not have on file written approval from the Director of the Division of Local Government Services permitting the expenditures of various trust funds (EXHIBIT "B-5") as dedicated revenue.

Our audit revealed that various grant receivable and reserve balances in the Grant Fund have remained inactive for the past several years.

Purchasing

Purchases were made for items in excess of the bid threshold without proof of bid or by resolution or approval of the Borough Council per N.J.A.C. 5:34-1.2.

Purchases were made for goods or services without providing a written purchase order to the Chief Financial Officer to encumber on a timely basis. As a result, prior year bills and overcommitments, totaling \$22,857.00, had to be raised in the 2007.

Budget

We noted that a portion of the Borough Clerk's salary was misclassified and misbudgeted as social security-other expenses in the 2006 budget. The expenditure was reclassified to the proper budget line item for financial statement presentation purposes and a budget transfer was authorized by the governing body to reclassify the appropriation.

OTHER DEPARTMENTS

The audit of the condition of records maintained by the various departments of the Borough were designed to determine whether minimum levels of internal controls and accountability were maintained, that cash receipts were deposited or turned over to the Treasurer within 48 hours per N.J.S.A. 40A:5-15 and that the amounts collected were in accordance with various ordinances, statutes, contracts or agreements. Our audit revealed the following exceptions:

Planning Board Department

The Borough's Planning Board Department does not utilize a uniform system of bookkeeping for their financial activities. Cash receipts records are not maintained independently of the Treasurer's office.

RECOMMENDATIONS

Treasurer/Finance Office

That the Current Fund General Ledger be maintained on a current basis.

*That sufficient appropriation balances be available prior to the commitment or expenditure of any funds.

*That all vouchers contain the required signatures of certification prior to their payment.

*That written approval from the Director of the Division of Local Government Services be obtained for all funds expended as dedicated revenue.

*That grant balances which are inactive be reviewed and properly liquidated by cancellation or utilized.

Purchasing

*That all purchases made in excess of the bid threshold be approved by the governing body.

That written purchase orders be established and forwarded to the Chief Financial Officer for encumbering on a timely basis.

Budget

That greater care be taken when estimating amounts to be appropriated in the line items of the annual budget.

That expenditures be charged to the proper budget classification.

Other Departments

That uniform bookkeeping procedures be established for the maintaining of financial records by the Planning Board Department.

*Prior Year Recommendations