

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, 2008

BOROUGH OF WASHINGTON

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BOROUGH OF WASHINGTON

PART I

INDEPENDENT AUDITOR'S REPORT ON
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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2008 AND 2007



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2008 and 2007 and for the year ended December 31, 2008, 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.

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, 2008 and 2007 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, 2008.

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, 2008 and 2007, 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, 2008, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 6, 2009, 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 important for assessing 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

July 6, 2009

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CURRENT FUND

BOROUGH OF WASHINGTON

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>BALANCE DECEMBER 31, 2007</u>
Cash-Treasurer	A-4	\$ 2,253,417.34	\$ 2,600,484.13
Change Fund		220.00	220.00
Due State of New Jersey-Chapter 20, PL 1971	A-8	7,924.49	6,174.59
		<u>\$ 2,261,561.83</u>	<u>\$ 2,606,878.72</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 496,952.87	\$ 439,899.62
Tax Title Liens Receivable	A-6	627,217.85	541,553.70
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	7,775.57	6,921.30
Interfunds Receivable	A-10	6,534.42	6,264.04
Prepaid Local School Taxes	A-15	30,622.75	30,710.50
	A	<u>\$ 1,289,229.29</u>	<u>\$ 1,145,474.99</u>
Deferred Charges:			
Emergency Authorization (40A:4-46)	A-25	\$ 25,000.00	\$
Overexpenditure of Appropriations	A-25	8,566.42	
Overexpenditure of Appropriation Reserves	A-25	4,116.09	
Cash Deficit	A-25	9,521.23	
		<u>\$ 47,203.74</u>	<u>\$</u>
		<u>\$ 3,597,994.86</u>	<u>\$ 3,752,353.71</u>
Grant Fund:			
Grants Receivable	A-19	\$ 363,782.47	\$ 193,863.30
Due Current Fund	A-23	139,121.14	37,590.42
		<u>\$ 502,903.61</u>	<u>\$ 231,453.72</u>
		<u>\$ 4,100,898.47</u>	<u>\$ 3,983,807.43</u>

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

BOROUGH OF WASHINGTON

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>BALANCE DECEMBER 31, 2007</u>
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 236,794.83	\$ 156,971.06
Encumbrances Payable	A-11	122,380.77	82,264.92
Prepaid Taxes	A-17	71,198.81	30,032.92
Tax Overpayments	A-18	29,661.34	6,181.78
Interfunds Payable	A-10	270,710.85	1,724,834.77
Sale of Municipal Assets	A-12	5,670.00	5,670.00
County Taxes-Payable	A-14	16,640.15	7,817.97
Tax Anticipation Notes	A-29	1,500,000.00	
Outside Liens	A-22		4,495.94
Special Improvement District Tax Payable	A-27	2,949.56	2,662.91
Miscellaneous Reserves	A-26	13,377.85	21,565.04
		<u>\$ 2,269,384.16</u>	<u>\$ 2,042,497.31</u>
Reserve for Receivables and Other Assets	A	1,289,229.29	1,145,474.99
Fund Balance	A-1	39,381.41	564,381.41
		<u>\$ 3,597,994.86</u>	<u>\$ 3,752,353.71</u>
Grant Fund:			
Encumbrances Payable	A-20	\$ 338,391.25	\$ 15,718.33
Due Sewer Operating Fund			79,000.00
Reserve for Grants Appropriated	A-20	148,923.08	126,498.79
Reserve for Grants Unappropriated	A-24	15,589.28	10,236.60
		<u>\$ 502,903.61</u>	<u>\$ 231,453.72</u>
		<u>\$ 4,100,898.47</u>	<u>\$ 3,983,807.43</u>

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

BOROUGH OF WASHINGTON

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>REF.</u>	<u>YEAR 2008</u>	<u>YEAR 2007</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 525,000.00	\$ 565,000.00
Miscellaneous Revenue Anticipated	A-2	1,609,603.14	1,483,305.20
Receipts From Delinquent Taxes	A-2	430,140.73	352,295.38
Receipts From Current Taxes	A-2	15,018,538.01	14,805,785.28
Non-Budget Revenue	A-2	100,914.69	132,271.95
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	94,653.38	57,970.85
Tax Overpayments Canceled	A-18	5.66	2.97
Encumbrances Canceled	A-11	2,098.18	
<u>Total Income</u>		<u>\$ 17,780,953.79</u>	<u>\$ 17,396,631.63</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	\$ 4,498,561.00	\$ 4,471,557.00
Deferred Charges and Statutory Expenditures	A-3	142,167.00	212,957.33
Operations Excluded From "CAPS":			
Operating	A-3	1,040,917.41	489,194.91
Capital Improvements	A-3	45,700.00	87,315.00
Municipal Debt Service	A-3	506,270.60	407,615.11
County Taxes	A-14	3,307,116.99	3,207,008.07
County Share of Added Taxes	A-14	16,640.15	7,817.97
Local District School Tax	A-15	3,783,125.00	3,616,197.00
Regional High School Tax	A-16	4,275,458.64	4,176,923.14
Special Improvement District Tax	A-27	165,286.65	200,000.00
Interfunds Advanced		270.38	3,168.82
Refund of Prior Year Revenue	A-4	11,905.37	9,370.06
Reserve for Prepaid Local School Taxes		30,622.25	30,709.25
<u>Total Expenditures</u>		<u>\$ 17,824,041.44</u>	<u>\$ 16,919,833.66</u>
Excess (Deficit) in Revenue		\$ (43,087.65)	\$ 476,797.97
Adjustments to Income before Fund Balance			
Expenditures Included Above which are by Statute			
Deferred Charges to the Budget of the Succeeding Year		33,566.42	
Statutory Excess to Fund Balance			\$ 476,797.97
Deficit in Operations to be Raised in Budget of Succeeding Year		<u>\$ 9,521.23</u>	
<u>Fund Balance</u>			
Balance, January 1	A	\$ 564,381.41	\$ 652,583.44
		\$ 564,381.41	\$ 1,129,381.41
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	525,000.00	565,000.00
Fund Balance, December 31	A	<u>\$ 39,381.41</u>	<u>\$ 564,381.41</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, 2008

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 525,000.00		\$ 525,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-9	\$ 5,040.00	\$	\$ 5,040.00	\$
Other	A-9	1,220.00		1,450.00	230.00
Fees and Permits:					
Other	A-9	8,452.00		8,452.00	
Fines:					
Municipal Court	A-9	134,110.00		119,220.81	(14,889.19)
Other	A-9	840.00		320.00	(520.00)
Interest and Costs on Taxes	A-9	73,726.00		102,701.61	28,975.61
Interest on Investments	A-9	210,000.00		57,215.58	(152,784.42)
Municipal Homeland Security	A-9	50,000.00		50,000.00	
Consolidated Municipal Property Tax Relief Act	A-9	244,646.00		244,646.00	
Energy Receipts Tax	A-9	492,593.00		492,593.00	
Uniform Fire Safety	A-9	12,942.00		13,567.44	625.44
Cable TV Franchise Fee	A-9	22,370.00		22,370.59	0.59
Westgate - P.I.L.O.T. I		14,350.00			(14,350.00)
Westgate - P.I.L.O.T. II		34,350.00			(34,350.00)
Reserve for Prepaid School Taxes		30,710.00		30,710.00	
Additional Fees and Permits	A-9	22,242.00		17,487.12	(4,754.88)
Recycling Tonnage Grant	A-19	484.00		484.00	
Clean Communities Program	A-19	9,101.00		9,101.00	
Small Cities Grant	A-19	400,000.00		400,000.00	
Bulletproof Vest Fund	A-19	700.00		700.00	
Body Armor Replacement Fund	A-19	1,244.00		1,244.00	
Drunk Driving Enforcement Fund	A-19	3,009.00		3,009.00	
Municipal Alliance	A-19	6,320.00		6,320.00	
Police Feasibility Study	A-19		19,500.00	19,500.00	
Obey the Signs or Pay the Fines	A-19		3,470.99	3,470.99	
	A-1	\$ 1,778,449.00	\$ 22,970.99	\$ 1,609,603.14	\$ (191,816.85)
Receipts From Delinquent Taxes	A-1:A-2	\$ 352,295.00	\$	\$ 430,140.73	\$ 77,845.73
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-7	\$ 4,042,471.00		\$ 3,962,750.53	\$ (79,720.47)
<u>Budget Totals</u>		\$ 6,698,215.00	\$ 22,970.99	\$ 6,527,494.40	\$ (193,691.59)
Non-Budget Revenue	A-1:A-2			100,914.69	100,914.69
		\$ 6,698,215.00	\$ 22,970.99	\$ 6,628,409.09	\$ (92,776.90)
	REF.	A-3	A-3		

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, 2008

	<u>REF.</u>		
Allocation of Current Tax Collections:			
Collections Realized on a Cash Basis	A-1:A-7	\$	15,018,538.01
Allocated to:			
School, County and Special District Taxes			<u>11,576,923.48</u>
Balance for Support of Municipal Budget Appropriations		\$	3,441,614.53
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3		<u>521,136.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>3,962,750.53</u></u>
Receipts from Delinquent Taxes:			
Delinquent Tax Collections	A-7	\$	<u>430,140.73</u>
	A-2	\$	<u><u>430,140.73</u></u>
<u>Analysis of Non-Budget Revenues</u>			
Miscellaneous Revenue Not Anticipated:			
Treasurer:			
Fire Prevention Inspection Fees		\$	10,147.00
Settlement			13,944.51
Reimbursements			29,658.86
Rent Receivership Account Closed			15,497.19
Police Department Fees			1,092.78
Restitution			85.29
Police Special Services			18,334.34
Miscellaneous			9,813.42
Statutory Excess in Animal Control Trust			1,209.30
Administrative Fee - Senior Citizen and Veterans			<u>1,132.00</u>
	A-2:A-4	\$	<u><u>100,914.69</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, 2008

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive:						
Salaries and Wages	\$ 185,139.00	\$ 185,026.00	\$ 184,118.88	\$ 907.12		\$
Other Expenses	40,120.00	40,120.00	35,612.23	4,507.77		
Mayor and Council:						
Salaries and Wages	14,500.00	14,500.00	14,500.00	44.65		
Other Expenses	7,000.00	8,413.00	8,368.35			
Elections (Clerk):						
Salaries and Wages	58,319.00	58,319.00	57,245.07	1,073.93		
Other Expenses	13,840.00	12,540.00	11,228.04	1,311.96		
Financial Administration:						
Salaries and Wages	11,260.00	11,260.00	8,201.85	3,058.15		
Other Expenses	6,658.00	16,658.00	13,682.85	2,975.15		
Other Expenses	20,825.00	20,825.00	20,500.00	325.00		
Audit Services						
Assessment of Taxes:						
Salaries and Wages	45,265.00	42,539.00	42,496.16	42.84		
Other Expenses	19,050.00	25,032.00	18,680.96	6,351.04		
Collection of Taxes:						
Salaries and Wages	129,340.00	121,084.00	120,970.01	113.99		
Other Expenses	5,799.00	5,799.00	5,400.18	398.82		
Legal Services and Costs:						
Other Expenses	129,358.00	129,358.00	93,292.86	36,065.14		
Municipal Prosecutor:						
Salaries and Wages	24,000.00	24,000.00	22,831.38	1,168.62		
Engineering Services and Costs:						
Other Expenses	55,000.00	55,000.00	51,268.00	3,732.00		
Downtown Development:						
Other Expenses	1,000.00	1,000.00	400.00	600.00		
Public Buildings and Grounds:						
Salaries & Wages	6,000.00	6,000.00	5,735.87	264.13		
Other Expenses	32,174.00	32,174.00	25,252.55	6,921.45		

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, 2008

	APPROPRIATIONS			EXPENDED		RESERVED	CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION		PAID OR CHARGED				
GENERAL GOVERNMENT (CONTINUED)								
Planning Board:								
Salaries and Wages	\$ 3,728.00	\$ 3,728.00	\$	\$ 3,727.59	\$	0.41		\$
Other Expenses	9,955.00	9,955.00		7,619.37		2,335.63		
Board of Adjustment:								
Salaries and Wages	3,016.00	3,016.00		2,573.01		442.99		
Other Expenses	6,820.00	6,820.00		4,988.44		1,831.56		
Municipal Court:								
Salaries and Wages	126,973.00	126,973.00		125,552.17		1,420.83		
Other Expenses	8,260.00	8,260.00		7,073.10		1,186.90		
Public Defender:								
Other Expenses	500.00	500.00		150.00		350.00		
Shade Tree Commission:								
Salaries and Wages	934.00	934.00		934.00				
Other Expenses	17,400.00	17,400.00		17,397.50		2.50		
PUBLIC SAFETY								
Fire:								
Other Expenses:								
Misc. Other Expenses	35,800.00	55,800.00		55,756.09		43.91		
Fire Hydrant Service	56,400.00	56,400.00		56,364.00		36.00		
Police:								
Salaries and Wages	1,313,675.00	1,313,675.00		1,301,271.21		12,403.79		
Other Expenses	46,400.00	46,400.00		31,199.75		15,200.25		
First Aid Organization - Aid Maintenance:								
Other Expenses	24,000.00	7,861.00		7,860.00		1.00		
Uniform Fire Safety Act (P.L. 1983, C.383):								
Fire and Safety Code Enforcement:								
Salaries and Wages	19,200.00	19,200.00		18,094.68		1,105.32		
Other Expenses	3,630.00	3,630.00		1,701.26		1,928.74		
Civil Emergency Preparedness:								
Salaries and Wages	6,000.00	6,000.00		5,938.39		61.61		
Other Expenses	2,600.00	2,600.00				2,600.00		
Local Code Enforcement:								
Salaries and Wages	47,387.00	47,387.00		47,387.00				
Other Expenses	2,075.00	2,075.00		817.90		1,257.10		
Insurance:								
General Liability	120,018.00	116,018.00		94,023.60		21,994.40		
Worker's Compensation Insurance	74,547.00	79,247.00		73,234.00		6,013.00		
Employee Group Health	409,680.00	409,680.00		402,804.72		6,875.28		

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, 2008

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
STREETS AND ROADS						
Road Repairs and Maintenance:						
Salaries and Wages	\$ 374,584.00	\$ 349,584.00	\$ 338,214.27	\$ 11,369.73	\$	\$
Other Expenses	94,300.00	94,300.00	92,959.38	1,340.62		
SANITATION						
Garbage Collection:						
Other Expenses	344,400.00	344,400.00	344,400.00			
HEALTH AND WELFARE						
Animal Control:						
Salaries and Wages	10,060.00	10,060.00	10,057.94	2.06		
Local Municipal Alliance:						
Other Expenses	4,740.00	4,740.00	2,939.78	1,800.22		
RECREATION AND EDUCATION						
Parks and Playgrounds:						
Other Expenses	85,000.00	85,000.00	85,000.00			
Celebration of Public Events, Anniversary or Holiday:						
Other Expenses	500.00	500.00	500.00			
P.E.O.S.H.A.						
Other Expenses	1,000.00	1,000.00	365.00	635.00		
UNCLASSIFIED						
Utilities:						
Electricity	56,210.00	56,961.00	52,927.32	4,033.68		
Natural Gas	28,610.00	29,699.00	23,312.16	6,386.84		
Heating Oil	7,500.00	10,000.00	7,213.25	2,786.75		
Street Lighting & Traffic Lights	70,000.00	74,400.00	67,169.36	7,230.64		
Solid Waste Disposal	170,000.00	170,000.00	168,762.02	1,237.98		
Telephone	40,246.00	40,246.00	37,220.96	3,025.04		
Water	4,766.00	6,266.00	5,455.10	810.90		
Sewage Disposal	8,000.00	8,045.00	3,690.00	4,355.00		
Gasoline and Diesel Fuel			53,926.78	6,227.22		
TOTAL OPERATIONS WITHIN "CAPS"	\$ 4,498,561.00	\$ 4,498,561.00	\$ 4,300,366.34	\$ 198,194.66	\$	\$

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, 2008

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
STATUTORY EXPENDITURES:						
Social Security System (O.A.S.I.)	\$ 118,167.00	\$ 118,167.00	\$ 112,340.85	\$ 5,826.15		\$
Unemployment Insurance (NUSA 43:21-3 et seq.)	24,000.00	24,000.00	10,500.00	13,500.00		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 142,167.00	\$ 142,167.00	\$ 122,840.85	\$ 19,326.15		\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 4,640,728.00	\$ 4,640,728.00	\$ 4,423,207.19	\$ 217,520.81		\$
OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library:						
Salaries and Wages	\$ 185,000.00	\$ 185,000.00	\$ 193,566.42	\$	\$	\$ 8,566.42
Other Expenses	85,400.00	85,400.00	69,578.62	15,821.38		
Statutory Expenditures:						
Police & Firemen's Retirement System of N.J.	221,488.00	221,488.00	221,487.76	0.24		
Public Employees Retirement System of N.J.	95,054.00	95,054.00	91,601.60	3,452.40		

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, 2008

	APPROPRIATIONS			EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED			
PUBLIC AND PRIVATE PROGRAMS							
OFF-SET BY REVENUES							
Clean Communities Program							
Salaries and Wages	\$ 9,101.00	\$ 9,101.00	\$ 9,101.00	\$	\$		\$
Municipal Alliance Grant:							
State Match	6,320.00	6,320.00	6,320.00				
Local Match	1,580.00	1,580.00	1,580.00				
Recycling Tonnage Grant	484.00	484.00	484.00				
Small Cities Grant	400,000.00	400,000.00	400,000.00				
U.S. Justice - Bulletproof Vest Grant	700.00	700.00	700.00				
Body Armor Fund	1,244.00	1,244.00	1,244.00				
Drunk Driving Enforcement Fund	3,009.00	3,009.00	3,009.00				
Police Merger Study (N.J.S. 40A:4-87 + \$19,500.00)	19,500.00	19,500.00	19,500.00				
Obey the Signs or Pay the Fines (N.J.S. 40A:4-87 + \$3,470.99)	3,470.99	3,470.99	3,470.99				
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 1,009,380.00	\$ 1,032,350.99	\$ 1,021,643.39	\$ 19,274.02	\$	\$	\$ 8,566.42
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS":							
Capital Improvement Fund	\$ 20,700.00	\$ 20,700.00	\$ 20,700.00	\$	\$		\$
Down Payment on Improvements		25,000.00	25,000.00				
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	\$ 20,700.00	\$ 45,700.00	\$ 45,700.00	\$	\$	\$	\$
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS":							
Payment of Bond Principal	\$ 165,000.00	\$ 165,000.00	\$ 165,000.00	\$	\$		\$
Payment of Bond Anticipation Notes and Capital Notes	50,000.00	50,000.00	50,000.00				
Interest on Bonds	191,382.00	191,382.00	191,381.88		0.12		
Interest on Notes	79,446.00	79,446.00	79,446.00				
Green Trust Loan Program:							
Loan Repayments for Principal and Interest	20,443.00	20,443.00	20,442.72		0.28		
TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"	\$ 506,271.00	\$ 506,271.00	\$ 506,270.60	\$	\$ 0.40	\$	\$

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, 2008

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 1,536,351.00	\$ 1,584,321.99	\$ 1,573,613.99	\$ 19,274.02	\$ 0.40	\$ 8,566.42
Sub-Total General Appropriations	\$ 6,177,079.00	\$ 6,225,049.99	\$ 5,996,821.18	\$ 236,794.83	\$ 0.40	\$ 8,566.42
Reserve for Uncollected Taxes	521,136.00	521,136.00	521,136.00			
TOTAL GENERAL APPROPRIATIONS	\$ 6,698,215.00	\$ 6,746,185.99	\$ 6,517,957.18	\$ 236,794.83	\$ 0.40	\$ 8,566.42
REF.	A-2		A-1	A-A-1		A-1;A-25
Budget		\$ 6,698,215.00				
Appropriation by 40A: 4-87		22,970.99				
Emergency Appropriation 40A:4-47		25,000.00				
		\$ 6,746,185.99				
Reserve for Uncollected Taxes	A-2		\$ 521,136.00			
Cash Disbursements	A-4		5,472,563.16			
Reserve for Grants - Appropriated	A-20		445,408.99			
Reserve for Encumbrances Payable	A-11		120,819.45			
			\$ 6,559,927.60			
Less: Refunds	A-4		41,970.42			
			\$ 6,517,957.18			

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

TRUST FUND

BOROUGH OF WASHINGTON

TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	BALANCE DECEMBER 31, 2008	BALANCE DECEMBER 31, 2007
<u>ASSETS</u>			
Assessment Trust Fund:			
Cash	B-2	\$ 2,164.88	\$ 2,124.27
Due Current Fund	B-6	<u>584.46</u>	<u>625.07</u>
		\$ <u>2,749.34</u>	\$ <u>2,749.34</u>
Animal Control Trust Fund:			
Cash	B-2	\$ <u>18,687.28</u>	\$ <u>13,429.60</u>
		\$ <u>18,687.28</u>	\$ <u>13,429.60</u>
Other Funds:			
Cash	B-2	\$ 717,280.07	\$ 851,836.52
Due Payroll Agency		1,400.00	1,400.00
Due Current Fund	B-6	<u> </u>	<u>12,360.56</u>
		\$ <u>718,680.07</u>	\$ <u>865,597.08</u>
		\$ <u>740,116.69</u>	\$ <u>881,776.02</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Assessment Trust Fund:			
Prepaid Assessments	B-7	\$ 1,488.20	\$ 1,488.20
Fund Balance	B-1	<u>1,261.14</u>	<u>1,261.14</u>
		\$ <u>2,749.34</u>	\$ <u>2,749.34</u>
Animal Control Trust Fund:			
Due Current Fund	B-6	\$ 4,749.58	\$ 3,255.10
Reserve for Animal Control Trust Fund Expenditures	B-3	<u>13,937.70</u>	<u>10,174.50</u>
		\$ <u>18,687.28</u>	\$ <u>13,429.60</u>
Other Funds:			
Due Sewer Operating Fund		\$ 40,000.00	\$ 40,000.00
Due Current Fund	B-6	1,427.64	
Encumbrances Payable	B-8		1,672.94
State Unemployment Insurance	B-4	17,780.79	14,023.68
Various Reserves and Deposits	B-5	<u>659,471.64</u>	<u>809,900.46</u>
		\$ <u>718,680.07</u>	\$ <u>865,597.08</u>
		\$ <u>740,116.69</u>	\$ <u>881,776.02</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

REF.

Balance, December 31, 2007 and
December 31, 2008

B

\$ 1,261.14

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

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GENERAL CAPITAL FUND

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2008</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2007</u>
<u>ASSETS</u>			
Cash	C-2	\$ 353,353.23	\$ 177.94
Deferred Charges to Future Taxation - Funded	C-4	7,651,747.18	2,241,989.94
Deferred Charges to Future Taxation - Unfunded	C-5	2,959,529.00	7,631,229.00
Interfunds Receivable	C-14	1,079,612.30	2,700,203.94
Grants Receivable	C-6	<u>1,100,627.89</u>	<u>811,464.80</u>
		\$ <u>13,144,869.60</u>	\$ <u>13,385,065.62</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-13	\$ 7,120,000.00	\$ 1,695,000.00
Bond Anticipation Notes	C-8	2,531,952.00	7,629,853.00
Green Acres Loan Payable	C-12	531,747.18	263,789.94
Reserve for Green Acres Loans			283,200.00
Contracts Payable	C-11	1,519,939.56	2,018,684.55
Interfunds Payable	C-14	357.20	
Improvement Authorizations:			
Funded	C-7	585,229.27	758,885.27
Unfunded	C-7	829,364.71	732,035.48
Capital Improvement Fund	C-9	3,617.00	3,617.00
Fund Balance	C-1	<u>22,662.68</u>	<u>0.38</u>
		\$ <u>13,144,869.60</u>	\$ <u>13,385,065.62</u>

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

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>		
Balance, December 31, 2007	C	\$	0.38
Increased by:			
Fully Funded Improvement Authorizations Canceled	C-7		<u>22,662.30</u>
Balance, December 31, 2008	C	\$	<u><u>22,662.68</u></u>

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

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SEWER UTILITY FUND

BOROUGH OF WASHINGTON

SEWER UTILITY FUND

BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>BALANCE DECEMBER 31, 2007</u>
Operating Fund:			
Cash - Treasurer	D-5	\$ 493,819.18	\$ 471,885.85
Change Fund		75.00	75.00
Interfunds Receivable	D-11	<u>119,072.58</u>	<u>1,103,345.52</u>
		<u>\$ 612,966.76</u>	<u>\$ 1,575,306.37</u>
Receivables and Inventories With Full Reserves:			
Consumer Accounts Receivable	D-7	\$ 276,601.10	\$ 226,402.25
Sewer Liens	D-6	<u>14,199.46</u>	<u>13,119.46</u>
	D	<u>\$ 290,800.56</u>	<u>\$ 239,521.71</u>
Deferred Charges:			
Deficit in Operations	D-1	\$ 36,533.21	\$ 3,045.29
Overexpenditure of Appropriation Reserves	D-10	<u>8,331.14</u>	<u>3,045.29</u>
		<u>\$ 44,864.35</u>	<u>\$ 3,045.29</u>
<u>Total Operating Fund</u>		<u>\$ 948,631.67</u>	<u>\$ 1,817,873.37</u>
Capital Fund:			
Fixed Capital	D-21	\$ 17,805,593.72	\$ 4,141,905.00
Fixed Capital Authorized and Uncompleted	D-13	169,546.00	18,619,546.00
Wastewater Fund Loans Receivable		43,982.00	43,982.00
Wastewater Trust Loans Receivable		43,982.00	43,982.00
Wastewater Escrow Receivable	D-22	303,036.66	303,036.66
Interfunds Receivable	D-23	<u>557,534.64</u>	<u>1,458,771.53</u>
<u>Total Capital Fund</u>		<u>\$ 18,923,675.02</u>	<u>\$ 24,611,223.19</u>
		<u>\$ 19,872,306.69</u>	<u>\$ 26,429,096.56</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</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>BALANCE DECEMBER 31, 2007</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-10	\$ 58,164.88	\$ 66,190.18
Encumbrances Payable	D-8	59,972.20	21,219.20
Interfunds Payable	D-11	505,601.97	1,445,449.97
Prepaid Sewer Charges	D-12	1,931.46	
Accrued Interest	D-16	5,946.51	4,961.00
Overpayments of Sewer Charges	D-9	4,580.48	18,897.70
		\$ 636,197.50	\$ 1,556,718.05
Reserve for Receivables	D	290,800.56	239,521.71
Fund Balance	D-1	21,633.61	21,633.61
<u>Total Operating Fund</u>		\$ 948,631.67	\$ 1,817,873.37
Capital Fund:			
Improvement Authorizations:			
Funded	D-15	\$ 122,570.79	\$ 371,740.65
Unfunded	D-15		4,538,397.81
Capital Improvement Fund	D-25	4,500.00	
Contracts Payable	D-26	3,850.00	13,502.50
Bond Anticipation Notes	D-18		728,828.00
Serial Bonds Payable	D-19	825,000.00	147,000.00
Wastewater Loans Payable	D-20	7,989,405.52	8,906,300.61
Interfunds Payable	D-23	1,079,612.30	2,023,612.30
Reserve For:			
Amortization	D-17	8,396,359.68	909,000.00
Deferred Amortization	D-24	132,546.00	6,872,669.39
Miscellaneous Reserves	D-14	100,171.93	100,171.93
Fund Balance	D-2	269,658.80	
<u>Total Capital Fund</u>		\$ 18,923,675.02	\$ 24,611,223.19
		\$ 19,872,306.69	\$ 26,429,096.56

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

BOROUGH OF WASHINGTONSEWER UTILITY FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>REF.</u>	<u>YEAR 2008</u>	<u>YEAR 2007</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized		\$	\$ 275,000.00
Sewer Service Charges	D-3	2,012,426.90	2,066,284.22
Reserve Capacity	D-3	84,085.74	
Interest on Investment	D-3	11,639.81	
Industrial Permits	D-3	101,280.00	
Miscellaneous	D-3	137,432.20	130,330.62
Other Credits to Income:			
Accrued Interest Canceled			9,612.56
Unexpended Balance of Appropriation Reserves	D-10	39.88	0.73
		<u>\$ 2,346,904.53</u>	<u>\$ 2,481,228.13</u>
<u>EXPENDITURES</u>			
Operating	D-4	\$ 1,110,966.00	\$ 990,346.00
Deferred Charges	D-4	3,045.29	
Statutory Expenditures	D-4	9,454.00	4,772.00
Debt Service	D-4	1,255,038.00	1,399,456.88
Capital Improvements	D-4	4,500.00	88,546.00
Refund Of Revenue	D-5	434.45	1,152.54
		<u>\$ 2,383,437.74</u>	<u>\$ 2,484,273.42</u>
Excess (Deficit) in Revenue		\$ (36,533.21)	\$ (3,045.29)
Operating Deficit to be Raised in Budget of Succeeding Year		<u>\$ 36,533.21</u>	<u>\$ 3,045.29</u>
<u>Fund Balance</u>			
Balance, January 1	D	21,633.61	296,633.61
		<u>\$ 21,633.61</u>	<u>\$ 296,633.61</u>
Decreased by:			
Utilization by Sewer Operating Budget	D-1:D-3		<u>275,000.00</u>
Balance, December 31	D	<u>\$ 21,633.61</u>	<u>\$ 21,633.61</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>		
Increased by:			
Cancellation of Funded Improvement Authorizations	D-15	\$	269,658.80
Balance, December 31, 2008	D	\$	<u>269,658.80</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, 2008

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Sewer Charges	D-1:D-3	\$ 2,065,131.00	\$ 2,012,426.90	\$ (52,704.10)
Reserve Capacity	D-1:D-5	71,880.00	84,085.74	12,205.74
Interest on Investment	D-1:D-5	47,000.00	11,639.81	(35,360.19)
Industrial Permits	D-1:D-5	107,280.00	101,280.00	(6,000.00)
Miscellaneous	D-1:D-3	<u>91,713.00</u>	<u>137,432.20</u>	<u>45,719.20</u>
	D-4	\$ <u>2,383,004.00</u>	\$ <u>2,346,864.65</u>	\$ <u>(36,139.35)</u>

ANALYSIS OF REALIZED REVENUE

Sewer Charges:		
Collections	D-7	\$ <u>2,012,426.90</u>
	D-3	\$ <u>2,012,426.90</u>
Miscellaneous:		
Discharge Fees		\$
Earning Credit		38,699.13
Interest on Delinquent Charges		21,873.50
Miscellaneous		<u>76,859.57</u>
	D-3:D-5	\$ <u>137,432.20</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, 2008

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
Operating:					
Salaries and Wages	\$ 78,461.00	\$ 78,461.00	\$ 77,972.54	\$ 488.46	\$
Other Expenses	1,032,505.00	1,032,505.00	974,828.59	57,676.41	
<u>Total Operating</u>	<u>\$ 1,110,966.00</u>	<u>\$ 1,110,966.00</u>	<u>\$ 1,052,801.13</u>	<u>\$ 58,164.87</u>	<u>\$</u>
Capital Improvements:					
Capital Outlay	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00		\$
<u>Total Capital Improvements</u>	<u>\$ 4,500.00</u>	<u>\$ 4,500.00</u>	<u>\$ 4,500.00</u>	<u>\$</u>	<u>\$</u>
Debt Services:					
Payment of Bond Principal	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00		\$
Payment of Bond Anticipation & Capital Notes	50,000.00	50,000.00	50,000.00		
Interest on Bonds	26,500.00	26,500.00	26,500.00		
Interest on Notes	8,538.00	8,538.00	8,538.00		
Infrastructure Trust Principal and Interest	1,120,000.00	1,120,000.00	1,120,000.00		
<u>Total Debt Services</u>	<u>\$ 1,255,038.00</u>	<u>\$ 1,255,038.00</u>	<u>\$ 1,255,038.00</u>	<u>\$</u>	<u>\$</u>
Deferred Charges:					
Deficit in Operations	\$ 3,046.00	\$ 3,046.00	\$ 3,045.29		\$ 0.71
<u>Total Deferred Charges</u>	<u>\$ 3,046.00</u>	<u>\$ 3,046.00</u>	<u>\$ 3,045.29</u>	<u>\$</u>	<u>\$ 0.71</u>
Statutory Expenditures:					
Contributions To:					
Public Employees' Retirement System	\$ 3,452.00	\$ 3,452.00	\$ 3,452.00		\$
Social Security System (O.A.S.I.)	6,002.00	6,002.00	6,001.99	0.01	
<u>Total Statutory Expenditures</u>	<u>\$ 9,454.00</u>	<u>\$ 9,454.00</u>	<u>\$ 9,453.99</u>	<u>\$ 0.01</u>	<u>\$</u>
	<u>\$ 2,383,004.00</u>	<u>\$ 2,383,004.00</u>	<u>\$ 2,324,838.41</u>	<u>\$ 58,164.88</u>	<u>\$ 0.71</u>
REF.	D-3			D:D-1	
Cash Disbursements	D-5		\$ 1,926,482.92		
Accrued Interest	D-16		335,338.00		
Encumbrances Payable	D-8		59,972.20		
Deferred Charges	D-1		3,045.29		
			<u>\$ 2,324,838.41</u>		

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

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PUBLIC ASSISTANCE TRUST FUND

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

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2008</u>	BALANCE DECEMBER <u>31, 2007</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	E-1	\$ <u>1,957.20</u>	\$ <u>36,814.07</u>
		\$ <u><u>1,957.20</u></u>	\$ <u><u>36,814.07</u></u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance:		\$ <u>1,957.20</u>	\$ <u>36,814.07</u>
		\$ <u><u>1,957.20</u></u>	\$ <u><u>36,814.07</u></u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF WASHINGTON
GENERAL FIXED ASSETS ACCOUNT GROUP
BALANCE SHEETS - STATUTORY BASIS

	<u>DECEMBER</u> <u>31, 2008</u>	<u>DECEMBER</u> <u>31, 2007</u>
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>3,496,653.91</u>	<u>3,446,082.33</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 6,127,543.01</u>	<u>\$ 6,076,971.43</u>
Investment in General Fixed Assets	<u>\$ 6,127,543.01</u>	<u>\$ 6,076,971.43</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, 2008 AND 2007

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. 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, 2008:

<u>FUND</u>	<u>CASH IN BANK</u>	<u>CHANGE FUNDS</u>	<u>TOTAL</u>
Current Fund	\$2,253,417.34	\$220.00	\$2,253,637.34
Assessment Trust Fund	2,164.88		2,164.88
Animal Control Trust Fund	18,687.28		18,687.28
Other Trust Fund	717,280.07		717,280.07
General Capital Fund	353,353.23		353,353.23
Sewer Operating Utility Fund	493,819.18	75.00	493,894.18
Public Assistance Trust Fund I	1,938.01		1,938.01
Public Assistance Trust Fund II	<u>19.19</u>		<u>19.19</u>
<u>TOTAL DECEMBER 31, 2008</u>	<u>\$3,840,679.18</u>	<u>\$295.00</u>	<u>\$3,840,974.18</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2008, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$500,000.00 was covered by Federal Depository Insurance and \$3,340,679.18 was covered under the provisions of NJGUDPA.

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.

The Borough of Washington had no investments outstanding as of December 31, 2008.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

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, 2008 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 2008</u>	<u>YEAR 2007</u>	<u>YEAR 2006</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 10,183,699.18	\$ 9,588,642.94	\$ 9,120,092.36
Sewer Utility:			
Bonds, Notes and Loans	<u>8,814,405.52</u>	<u>9,782,128.61</u>	<u>13,527,107.43</u>
Total Issued	18,998,104.70	19,370,771.55	22,647,199.79
Less:			
Funds Temporarily Held to Pay Notes	<u>50,000.00</u>	_____	_____
<u>Net Debt Issued</u>	\$ 18,948,104.70	\$ 19,370,771.55	\$ 22,647,199.79
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ 477,577.00	\$ 1,376.00	\$ 1,376.00
Sewer Utility:			
Bonds and Notes	<u>631,828.52</u>	<u>5,197,653.00</u>	<u>2,442,693.00</u>
<u>Total Authorized But Not Issued</u>	\$ <u>1,109,405.52</u>	\$ <u>5,199,029.00</u>	\$ <u>2,444,069.00</u>
 NET BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	 <u>\$ 20,057,510.22</u>	 <u>\$ 24,569,800.55</u>	 <u>\$ 25,091,268.79</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 1.93%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 2,946,000.00	\$ 2,946,000.00	\$
Regional School District Debt	4,920,713.37	4,920,713.37	
Sewer Utility Debt	9,446,234.04	8,874,367.04	571,867.00
General Debt	<u>10,661,276.18</u>	<u>50,000.00</u>	<u>10,611,276.18</u>
	<u>\$ 27,974,223.59</u>	<u>\$ 16,791,080.41</u>	<u>\$ 11,183,143.18</u>

NET DEBT \$11,183,143.18 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$579,275,990.33 EQUALS 1.93%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2008	\$ <u>579,275,990.33</u>
3-1/2% of Equalized Valuation Basis	\$ 20,274,659.66
Net Debt	<u>11,183,143.18</u>
Remaining Borrowing Power	\$ <u>9,091,516.48</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		\$ 2,346,864.65
Deduction:		
Operating and Maintenance Cost	\$ 1,120,420.00	
Debt Service Per Sewer Utility Account	<u>1,255,038.00</u>	
		<u>2,375,458.00</u>
Excess (Deficit) in Revenue		\$ <u>(28,593.35)</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Summary of Municipal Debt

The Borough's debt issued and outstanding on December 31, 2008 is as follows:

General Capital Fund:

Green Acres Trust Loans Payable:

Semi-annual payments of \$7,735.89 to \$10,120.15
due in January and July maturing in 2022
at an interest rate of 2.00%. \$ 248,547.18

Semi-annual payments of \$6,797.84 to \$9,534.50
due in June and December maturing in 2026
at an interest rate of 2.00%. 283,200.00

531,747.18

General Serial Bonds:

\$2,410,000.00 of 2001 General Improvement Bonds
due in annual installments of \$165,000.00 to
\$205,000.00 through 2016 at variable interest rates. \$ 1,530,000.00

\$5,590,000.00 of 2008 General Improvement Bonds
due in annual installments of \$100,000.00 to
\$1,700,000.00 through 2022 at variable interest rates. 5,590,000.00

7,120,000.00

Bond Anticipation Notes:

\$2,038,652.00 of Bond Anticipation Notes issued
March 13, 2008 and maturing March 13, 2009
at an interest rate of 2.060%. \$ 2,038,652.00

\$493,000.00 of Bond Anticipation Notes issued
September 18, 2008 and maturing March 13, 2009
at an interest rate of 2.560%. 493,300.00

\$ 2,531,952.00

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, 2008</u>
07-07	11/29/07	\$ 2,038,652.00
02-08	09/18/08	100,000.00
05-08	09/18/08	<u>393,300.00</u>
		<u>\$ 2,531,952.00</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 \$390,000.00 to \$575,000.00 through August 2017 at 5.0%. \$ 4,275,000.00

\$1,075,000.00 of 1998 Trust Loan due in annual remaining installments of \$55,000.00 to \$85,000.00 through August 2017 at 5.0%. 630,000.00

\$790,000.00 of 2002 Trust Loan due in remaining installments of \$35,000.00 to \$60,000.00 through August 2022 at variable interest rates. 645,000.00

\$6,485,430.00 of 1998 Fund Loan due in semi-annual installments of \$301,690.84 to \$365,147.41 through August 2012. 1,394,253.12

\$1,014,350.00 of 1998 Fund Loan due in semi-annual installments of \$11,047.75 to \$54,702.76 through August 2017. 445,452.01

\$835,741.00 of 2002 Fund Loan due in semi-annual installments of \$41,418.99 to \$44,351.46 through August 2022. 599,700.39

\$ 7,989,405.52

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%. \$ 97,000.00

\$728,000.00 of 2008 Sewer Bonds due in annual installments of \$45,000.00 to \$80,000.00 through 2018 at variable interest rates. 728,000.00

\$ 825,000.00

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2008

Calendar Year	<u>General</u>		<u>Sewer Utility</u>		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2009	\$ 265,000.00	\$ 315,160.00	\$ 95,000.00	\$ 39,035.13	\$ 714,195.13
2010	275,000.00	303,141.25	92,000.00	33,266.38	703,407.63
2011	305,000.00	290,160.00	80,000.00	26,910.00	702,070.00
2012	320,000.00	276,097.50	80,000.00	23,310.00	699,407.50
2013	335,000.00	261,360.00	80,000.00	19,710.00	696,070.00
2014	355,000.00	245,732.50	80,000.00	16,110.00	696,842.50
2015	380,000.00	228,938.75	80,000.00	12,510.00	701,448.75
2016	405,000.00	210,917.50	80,000.00	8,910.00	704,827.50
2017	540,000.00	189,450.00	80,000.00	5,310.00	814,760.00
2018	640,000.00	162,900.00	78,000.00	1,755.00	882,655.00
2019	750,000.00	131,625.00			881,625.00
2020	850,000.00	95,625.00			945,625.00
2021	850,000.00	57,375.00			907,375.00
2022	850,000.00	19,125.00			869,125.00
Total	\$ <u>7,120,000.00</u>	\$ <u>2,787,607.50</u>	\$ <u>825,000.00</u>	\$ <u>186,826.51</u>	\$ <u>10,919,434.01</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>
2009	\$ 22,346.98	\$ 7,725.58	\$ 30,072.56
2010	29,661.98	10,040.43	39,702.41
2011	30,258.18	9,444.22	39,702.40
2012	30,866.37	8,836.04	39,702.41
2013	31,486.79	8,215.62	39,702.41
2014	32,119.68	7,582.74	39,702.42
2015	32,765.27	6,937.13	39,702.40
2016	33,423.86	6,278.55	39,702.41
2017	34,095.68	5,606.73	39,702.41
2018	34,781.01	4,921.41	39,702.42
2019	35,480.10	4,222.31	39,702.41
2020	36,193.26	3,509.17	39,702.43
2021	36,920.74	2,781.68	39,702.42
2022	37,662.83	2,039.56	39,702.39
2023	17,874.93	1,384.75	19,259.68
2024	18,234.21	1,025.48	19,259.69
2025	18,600.72	658.96	19,259.68
2026	18,974.59	285.09	19,259.68
	<u>\$ 531,747.18</u>	<u>\$ 91,495.45</u>	<u>\$ 623,242.63</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, 2008

CALENDAR YEAR	FUND PRINCIPAL	TRUST PRINCIPAL	TRUST INTEREST	TOTAL
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>\$ 5,550,000.00</u>	<u>\$ 2,439,405.52</u>	<u>\$ 1,571,500.00</u>	<u>\$ 9,560,905.52</u>

Bonds and Notes Authorized but not Issued

At December 31, 2008, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$477,577.00</u>
Sewer Utility Capital Fund	<u>\$631,828.52</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2008 which were appropriated and included as anticipated revenue in their own respective funds, for the year ending December 31, 2009 are not available as of the date of this report because the annual budget for 2009 has not been adopted.

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 <u>31, 2008</u>	BALANCE DECEMBER <u>31, 2007</u>
Prepaid Taxes	<u>\$71,198.81</u>	<u>\$30,032.92</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 \$187,265.24 for 2007 and \$316,541.36 for 2008.

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, 2008.

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 2008. 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 2008 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2008, the Borough does not believe that any material liabilities will result from such audits.

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, 2008</u>	BALANCE DECEMBER <u>31, 2007</u>
Balance of Tax	\$1,895,349.75	\$1,826,442.00
Deferred	<u>1,925,972.50</u>	<u>1,857,152.50</u>
School Tax Payable (Prepaid)	<u><u>(\$30,622.75)</u></u>	<u><u>(\$30,710.50)</u></u>

REGIONAL HIGH SCHOOL TAX

	BALANCE DECEMBER <u>31, 2008</u>	BALANCE DECEMBER <u>31, 2007</u>
Balance of Tax	\$2,117,967.35	\$2,157,491.30
Deferred	<u>2,117,967.35</u>	<u>2,157,491.30</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, 2008, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER 31, 2008	2009 BUDGET APPROPRIATION
Current:		
Emergency		
Authorization(40A:4-46)	\$25,000.00	\$25,000.00
Cash Deficit	\$9,521.23	\$9,521.23
Overexpenditure of		
Appropriations	\$8,566.42	\$8,566.42
Overexpenditure of		
Appropriation Reserves	\$4,116.09	4116.09
	<u>\$47,203.74</u>	<u>\$47,203.74</u>
Sewer Utility Operating:		
Overexpenditure of		
Appropriation Reserves	\$8,331.14	
Deficit in Operations	<u>\$36,533.21</u>	<u>\$36,533.21</u>
	<u>\$44,864.35</u>	<u>\$36,533.21</u>

The appropriations in the 2009 Budget are not less than that required by statute.

BOROUGH OF WASHINGTON

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2008

BOROUGH OF WASHINGTON
CURRENT FUND
SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2007	A	\$ 2,600,484.13	\$
Increased by Receipts:			
Collector	A-5	\$ 15,642,837.74	\$
State of New Jersey-Chapter 20, P.L. 1971	A-8	56,604.90	
Revenue Accounts Receivable	A-9	1,032,362.54	
Miscellaneous Revenue Not Anticipated	A-2	100,914.69	
Appropriation Refunds	A-3	41,970.42	
Petty Cash	A-4	300.00	
Grants Receivable	A-19		269,172.82
Grants Appropriated	A-20		3,789.68
Interfunds Received	A-10:A-23	11,201,963.95	79,000.00
Local Share	A-4		1,580.00
Miscellaneous Reserves	A-26	8,168.00	
Tax Anticipation Note	A-29	1,500,000.00	
Reserve for State Grants - Unappropriated	A-24		10,089.68
		<u>29,585,122.24</u>	<u>363,632.18</u>
		\$ 32,185,606.37	\$ 363,632.18
Decreased by Disbursements:			
2008 Appropriations	A-3	\$ 5,472,563.16	\$
2007 Appropriation Reserves	A-13	145,039.19	
Interfunds Disbursed	A-10:A-23	12,656,358.25	180,530.72
Due Sewer Operating Fund			79,000.00
County Taxes	A-14	3,314,934.96	
Local District School Tax	A-15	3,783,037.25	
Regional High School Tax	A-16	4,275,458.64	
Tax Overpayments	A-18	6,054.03	
Grants Appropriated	A-20		104,101.46
Redemption of Outside Liens	A-22	83,602.99	
Local Share	A-4	1,580.00	
Miscellaneous Reserves	A-26	16,355.19	
Special Improvement District Tax	A-27	165,000.00	
Petty Cash	A-4	300.00	
Refund of Prior Years Revenues	A-1	11,905.37	
		<u>29,932,189.03</u>	<u>363,632.18</u>
Balance, December 31, 2008	A	\$ <u>2,253,417.34</u>	\$ <u>-0-</u>

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR

REF.

Received:

Interest on Delinquent Taxes	A-9	\$	102,701.61	
Taxes Receivable	A-7		15,359,645.82	
Senior Citizen Deductions Disallowed	A-8		645.20	
2009 Taxes Prepaid	A-17		71,198.81	
Tax Overpayments	A-18		29,539.25	
Reserve for Outside Liens	A-22		<u>79,107.05</u>	
				\$ 15,642,837.74
Decreased by Disbursements:				
Payments to Treasurer	A-4	\$		<u><u>15,642,837.74</u></u>

BOROUGH OF WASHINGTON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2007	A		\$ 541,553.70
Increased by:			
Transfers From Taxes Receivable	A-7	\$ 79,171.40	
Interest and Costs		<u>6,492.75</u>	
			<u>85,664.15</u>
Balance, December 31, 2008	A		\$ <u><u>627,217.85</u></u>

BOROUGH OF WASHINGTON
CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2007	2008 LEVY	2007	COLLECTED IN 2008	REMITTED AND CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2008
2006	\$ 2,193.06	\$	\$	\$ 2,193.06	\$	\$	\$
2007	\$ 437,706.56	\$	\$	\$ 427,947.67	\$ 89.57	\$ 9,419.32	\$ 250.00
	\$ 439,899.62	\$	\$	\$ 430,140.73	\$ 89.57	\$ 9,419.32	\$ 250.00
2008		\$ 15,682,830.26	\$ 30,032.92	\$ 14,988,505.09	\$ 97,837.30	\$ 69,752.08	\$ 496,702.87
	\$ 439,899.62	\$ 15,682,830.26	\$ 30,032.92	\$ 15,418,645.82	\$ 97,926.87	\$ 79,171.40	\$ 496,952.87
	A		A-2-A-17	A-2		A-6	A

Collector
State of New Jersey

ANALYSIS OF 2008 PROPERTY TAX LEVY

TAX LEVY	REF.	2008 LEVY
TAX YIELD		
General Purpose Tax	A-5	\$ 15,603,307.03
Added Taxes (54.4-63.1 et. seq.)	A-8	79,523.23
		\$ 15,682,830.26
Regional High School Tax (Abstract)	A-16	\$ 4,235,934.69
Local District School Tax (Abstract)	A-15	3,851,945.00
Special Improvement District	A-27	165,286.65
County Taxes:		
County Tax (Abstract)	A-14	\$ 3,307,116.99
Due County for Added Taxes (54.4-63.1 et. seq.)	A-14	16,640.15
Total County Taxes		3,323,757.14
Local Tax for Municipal Purposes (Abstract)	A-2	\$ 4,042,471.00
Add: Additional Tax Levied		63,435.78
		\$ 4,105,906.78
		\$ 15,682,830.26

BOROUGH OF WASHINGTON

CURRENT FUND

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

	<u>REF.</u>		
Balance, December 31, 2007	A	\$	6,174.59
Increased by:			
Deductions Per Tax Duplicate:			
Senior Citizens		\$	14,500.00
Veterans			43,250.00
Allowed by Collector			<u>1,750.00</u>
			59,500.00
		\$	<u>65,674.59</u>
Decreased by:			
Received From State of New Jersey	A-4	\$	56,604.90
Disallowed by Collector - 2008 Taxes			500.00
Disallowed by Collector - 2007 Taxes	A-5		<u>645.20</u>
			57,750.10
Balance, December 31, 2008	A	\$	<u><u>7,924.49</u></u>
<u>SUMMARY OF 2008 EXEMPTIONS</u>			
Senior Citizens and Veterans Deductions			
Per Tax Billings		\$	57,750.00
Allowed by Collector			<u>1,750.00</u>
		\$	59,500.00
Disallowed by Collector:			
2008 Taxes			<u>500.00</u>
	A-7	\$	<u><u>59,000.00</u></u>

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>REF.</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>ACCRUED IN 2008</u>	<u>COLLECTED BY COLLECTOR</u>	<u>COLLECTED BY TREASURER</u>	<u>BALANCE DECEMBER 31, 2008</u>
Clerk:					
A-2	\$	5,040.00	\$	5,040.00	\$
A-2		1,450.00		1,450.00	
A-2		8,452.00		8,452.00	
Municipal Court:					
A-2	6,921.30	120,075.08		119,220.81	7,775.57
A-2		320.00		320.00	
A-2		102,701.61	102,701.61		
A-2		57,215.58		57,215.58	
A-2		50,000.00		50,000.00	
Consolidated Municipal Property					
A-2		244,646.00		244,646.00	
A-2		492,593.00		492,593.00	
A-2		13,567.44		13,567.44	
A-2		22,370.59		22,370.59	
A-2		17,487.12		17,487.12	
Additional Fees and Permits					
	\$	1,135,918.42	\$	1,032,362.54	\$
	6,921.30		102,701.61		7,775.57
<u>REF.</u>	A		A-5	A-4	A

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF INTERFUNDS

REF.	TOTAL	GRANT FUND	ASSESSMENT TRUST FUND	ANIMAL CONTROL FUND	TRUST OTHER FUND	GENERAL CAPITAL FUND	SEWER UTILITY OPERATING FUND	SEWER UTILITY CAPITAL FUND	PAYROLL
Balance, December 31, 2007:									
Due From	\$ 6,264.04	\$	\$ 625.07	\$ 3,255.10	\$ 12,360.56	\$ 676,591.64	\$ 984,345.52	\$ 13,321.56	\$ 3,008.94
Due To	<u>1,724,834.77</u>	<u>37,580.42</u>	<u>625.07</u>	<u>3,255.10</u>	<u>12,360.56</u>	<u>676,591.64</u>	<u>984,345.52</u>	<u>13,321.56</u>	<u>3,008.94</u>
Cash Receipts	\$ 11,201,963.95	\$ 284,632.18	\$	\$ 2,349.50	\$ 12,488.95	\$ 8,973,352.00	\$ 1,197,779.13	\$ 728,000.00	\$ 3,362.19
Cash Disbursements	<u>12,656,358.25</u>	<u>183,101.46</u>	<u>40.61</u>	<u>3,843.98</u>	<u>26,277.15</u>	<u>9,650,300.84</u>	<u>2,103,052.07</u>	<u>689,388.89</u>	<u>353.25</u>
Balance, December 31, 2008:									
Due From	\$ 6,534.42	\$	\$ 584.46	\$ 4,749.58	\$ 1,427.64	\$ 357.20	\$ 79,072.58	\$	\$
Due To	<u>270,710.85</u>	<u>139,121.14</u>	<u>584.46</u>	<u>4,749.58</u>	<u>1,427.64</u>	<u>357.20</u>	<u>79,072.58</u>	<u>51,932.67</u>	<u>\$</u>

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2007	A		\$ 82,264.92
Increased by:			
Charges to 2008 Budget	A-3	\$ 120,819.45	
Charges to 2007 Appropriation Reserves	A-13	<u>1,561.32</u>	
			<u>122,380.77</u>
			\$ <u>204,645.69</u>
Decreased by:			
Transferred to 2007			
Appropriation Reserves	A-13	\$ 80,166.74	
Canceled	A-1	<u>2,098.18</u>	
			<u>82,264.92</u>
Balance, December 31, 2008	A		\$ <u><u>122,380.77</u></u>

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2007 and December 31, 2008	A	\$ <u><u>5,670.00</u></u>

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF 2007 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2007	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED	OVEREXPENDITURE
<u>SALARIES AND WAGES</u>					
Administrative and Executive	\$ 0.48	\$ 0.48		\$ 0.48	\$
Financial Administration	0.12	0.12		0.12	
Assessment of Taxes	0.25	0.25		0.25	
Collection of Taxes	0.10	0.10		0.10	
Legal Services and Costs	0.41	0.41		0.41	
Municipal Prosecutor	0.19	0.19		0.19	
Planning Board	0.40	0.40		0.40	
Board of Adjustment	0.97	0.97		0.97	
Municipal Court	0.42	0.42		0.42	
Shade Tree Commission	0.16	0.16		0.16	
Police	31,732.22	33,214.23	4,939.72	28,274.51	
Fire & Safety Code Enforcement	0.89	0.89		0.89	
Civil Emergency Preparedness	0.72	0.72		0.72	
Road Repairs and Maintenance	20,258.74	8,798.74	1,123.88	7,674.86	
Maintenance of Free Public Library	29,401.93	29,401.93		29,401.93	
<u>OTHER EXPENSES</u>					
Administrative and Executive		49.11	47.01	2.10	
Mayor and Council	0.34	0.34		0.34	
Elections (Clerk)	127.34	6,833.74	6,833.74		
Financial Administration	29.45	2,228.07	2,169.01	59.06	
Assessment of Taxes	5,301.57	5,736.95	5,699.32	37.63	
Collection of Taxes	29.56	367.71	336.94	30.77	
Legal Services and Costs	4,944.36	6,558.46	6,558.46		
Engineering Services and Costs	18,242.01	18,803.33	16,974.67	1,828.66	
Downtown Development	1,385.33	2,374.22	2,374.22		
Public Buildings and Grounds	325.75	1,061.51	535.03	526.48	
Planning Board	152.32	1,458.13	1,458.13		
Board of Adjustment	0.27	25.27	18.00	7.27	
Municipal Court	0.03	443.04	336.94	106.10	
Public Defender	100.00	100.00	100.00		
Shade Tree Commission	11.41	7,211.41	10,935.00		
Animal Control	14.00	264.00		264.00	
Local Municipal Alliance	3,130.00	3,130.00			3,723.59

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF 2007 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2007	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED	OVEREXPENDITURE
	\$	\$	\$	\$	\$
Insurance:					
General Liability	3,047.00	3,047.00		3,047.00	
Workers Compensation Insurance	0.12	0.12		0.12	
Group Insurance Plan for Employees	7,653.94	7,653.94	7,653.94		
Fire:					
Miscellaneous Other Expenses	12.15	6,627.55	6,166.70	460.85	
Fire Hydrant Service	609.57	609.57		609.57	
Fire and Safety Code Enforcement	61.45	61.45		61.45	
Police	800.90	7,281.91	3,451.61	3,830.30	
Local Code Enforcement	0.67	515.67	515.00	0.67	
Road Repairs and Maintenance	2,891.21	10,512.60	9,394.39	1,118.21	
Garbage Collection		28,700.00	28,700.00		
Unclassified:					
Gasoline	5,702.85	5,702.85	4,822.30	880.55	
Electricity	2,412.48	2,412.48	2,804.98		
Telephone and Telegraph	3,332.55	3,532.53	2,479.18	1,053.35	392.50
Natural Gas	2,878.66	2,878.66		2,878.66	
Heating Oil	76.10	1,810.10	1,809.22	0.88	
Street Lighting	3,956.68	3,956.68	168.47	3,788.21	
Solid Waste Disposal	2,387.52	10,928.52	10,448.40	480.12	
Sewage Disposal	267.50	267.50		267.50	
Water	347.56	347.56		347.56	
Contribution to :					
Public Employees' Retirement System	1.00	1.00		1.00	
Social Security System (O.A.S.I.)	1,623.25	1,623.25		1,623.25	
Consolidated Police and Fireman's Pension Fund	3.76	3.76		3.76	
Contingent	1,570.01	1,570.01		1,570.01	
Maintenance of Free Public Library	2,142.39	7,927.79	6,646.25	1,281.54	
Rec. Department Equipment		1,100.00	1,100.00		
	\$ 156,971.06	\$ 237,137.80	\$ 146,600.51	\$ 94,653.38	\$ 4,116.09

REF.

A

A-1

A-A-25

Balance, December 31, 2007
Cash Disbursements
Encumbrances Payable

\$ 156,971.06
\$ 156,971.06
80,166.74
\$ 237,137.80

\$ 145,039.19
1,561.32
\$ 146,600.51

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2007	A	\$	7,817.97
2008 Tax Levy:			
County Taxes	A-1:A-7	\$	2,949,882.68
County Open Space	A-1:A-7		357,234.31
County Share of Added Taxes	A-1:A-7		<u>16,640.15</u>
			3,323,757.14
		\$	<u>3,331,575.11</u>
Decreased by:			
Cash Disbursements	A-4		<u>3,314,934.96</u>
Balance, December 31, 2008	A	\$	<u><u>16,640.15</u></u>

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

	<u>REF.</u>		
Balance, December 31, 2007:			
School Tax Deferred		\$ 1,857,152.50	
School Tax Payable (Prepaid)	A	<u>(30,710.50)</u>	
			\$ 1,826,442.00
Increased by:			
Levy	A-7		<u>3,851,945.00</u>
			\$ 5,678,387.00
Decreased by:			
Cash Disbursements	A-4		3,783,037.25
Balance, December 31, 2008:			
School Tax Deferred		\$ 1,925,972.50	
School Tax Payable (Prepaid)	A	<u>(30,622.75)</u>	
			\$ <u>1,895,349.75</u>
2008 Liability for Local District School Tax:			
Tax Paid	A-4		\$ 3,783,037.25
Less: School Tax Prepaid, December 31, 2008			<u>30,622.75</u>
			3,752,414.50
Add: School Tax Prepaid, December 31, 2007			<u>30,710.50</u>
Amount Charged to Operations	A-1		\$ <u>3,783,125.00</u>

BOROUGH OF WASHINGTON
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX

	<u>REF.</u>		
Balance, December 31, 2007:			
School Tax Deferred		\$ <u>2,157,491.30</u>	\$ 2,157,491.30
Increased by:			
Levy	A-7		<u>4,235,934.69</u>
			\$ <u>6,393,425.99</u>
Decreased by:			
Cash Disbursements	A-4		4,275,458.64
Balance, December 31, 2008:			
School Tax Deferred		\$ <u>2,117,967.35</u>	
			\$ <u><u>2,117,967.35</u></u>
2008 Liability for Regional District School Tax:			
Tax Paid	A-4		\$ <u>4,275,458.64</u>
	A-1		\$ <u><u>4,275,458.64</u></u>

BOROUGH OF WASHINGTON
CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2007 (2008 Taxes)	A	\$	30,032.92
Increased by:			
Collection of 2009 Taxes	A-5		71,198.81
		\$	<u>101,231.73</u>
Decreased by:			
Application to 2008 Taxes Receivable	A-7		<u>30,032.92</u>
Balance, December 31, 2008 (2009 Taxes)	A	\$	<u><u>71,198.81</u></u>

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2007	A	\$	6,181.78
Increased by:			
Cash Receipts	A-5		29,539.25
		\$	<u>35,721.03</u>
Decreased by:			
Cash Disbursements	A-4	\$	6,054.03
Canceled	A-1		<u>5.66</u>
			<u>6,059.69</u>
Balance, December 31, 2008	A	\$	<u><u>29,661.34</u></u>

BOROUGH OF WASHINGTON

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2007	ACCRUED 2008 BUDGET	CASH RECEIPTS	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2008
Municipal Alliance Grant:					
2001	4,813.75				4,813.75
2007	3,245.20		3,245.20		
2008		6,320.00	3,542.63		2,777.37
2005 Summer Recreation Program	500.00				500.00
2006 Summer Recreation Program	500.00				500.00
COPS More Program:					
1997	1,233.00				1,233.00
Smart Growth Planning Program	32,500.00				32,500.00
Clean Communities Program		9,101.00	9,101.00		
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
Recycling Tonnage Grant		484.00		484.00	
Drunk Driving Enforcement Fund		3,009.00		3,009.00	
Body Armor Replacement Fund		1,244.00		1,244.00	
Cool Cities Community Grant	25,000.00				25,000.00
Alcohol Education and Rehabilitation Fund	27.79				27.79
Bulletproof Vest Program	2,387.08				3,087.08
Click it or Ticket Program	1,466.48				1,466.48
Obey the Signs or Pay the Fines		3,470.99	3,470.99		
Small Cities Grant		400,000.00	244,168.00		155,832.00
Police Feasibility Study		19,500.00			19,500.00
	\$ 193,863.30	\$ 443,828.99	\$ 269,172.82	\$ 4,737.00	\$ 363,782.47

REF.

A

A-2

A-4

A-24

A

BOROUGH OF WASHINGTON

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	BALANCE DECEMBER 31, 2007	2008 BUDGET APPROPRIATIONS	PAID OR CHARGED	CASH RECEIPTS	BALANCE DECEMBER 31, 2008
Drunk Driving Enforcement Fund:	\$	\$	\$	\$	\$
1988	789.20				789.20
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	3,082.47				3,082.47
2007	2,821.11				2,821.11
2008		3,009.00	650.94		2,358.06
Recycling Tonnage Grant:					
2007	27.33		27.33		
2008		484.00			484.00
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	428.13				428.13
2003 - Local Share	229.74				229.74
2006 - State Share	815.38				815.38
2007 - State Share	2,792.06		1,850.00		942.06
2007 - Local Share	533.00		503.88		29.12
2008 - State Share		6,320.00	6,320.00		
2008 - Local Share		1,580.00	799.00		781.00
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	4,690.65				4,690.65
2007	569.00				569.00
2008		9,101.00	894.00		8,207.00
Domestic Violence Training	3,580.88				3,580.88
U.S. Justice - Bulletproof Vest Grant	2,570.87	700.00	609.57		2,661.30
Obey the Signs or Pay the Fines		3,470.99	3,470.99		
Cool Cities Community Grant	25,000.00		21,140.00		3,860.00
Small Cities Grant		400,000.00	399,966.25		33.75
Hazardous Discharge Site Redemption	55,947.63		734.01		55,213.62
Body Armor Replacement Fund	5,369.38	1,244.00	1,663.83		4,949.55
Click it or Ticket Program	3,328.00		3,789.68	3,789.68	3,328.00
Police Feasibility Study		19,500.00			19,500.00
SLAHEOP Grant	867.35				867.35
Planning Assistance COAH	2,805.62		73.23		2,732.39
Municipal Stormwater Regulation Grant	5,000.00				5,000.00
Storm Water Management Programs	528.80				528.80
	\$ 142,217.12	\$ 445,408.99	\$ 442,492.71	\$ 3,789.68	\$ 148,923.08
REF.		A-3		A-4	A
Balance, December 31, 2008	A \$ 126,498.79		\$		
Encumbrances Payable	A 15,718.33		338,391.25		
Cash Disbursements	A-4		104,101.46		
	\$ 142,217.12		\$ 442,492.71		

"A-21"

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES -
ASSESSSED VALUATION

REF.

Balance, December 31, 2007 and December 31, 2008	A	\$ <u>112,300.00</u>
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"A-22"

SCHEDULE OF RESERVE FOR OUTSIDE LIENS

Balance, December 31, 2007	A	\$ 4,495.94
Increased by:		
Cash Receipts	A-5	79,107.05
		\$ <u>83,602.99</u>
Decreased by:		
Cash Disbursements	A-4	\$ <u>83,602.99</u>

"A-23"

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2007	A	\$ 37,590.42
Increased by:		
Cash Disbursements	A-4	180,530.72
		\$ <u>218,121.14</u>
Decreased by:		
Cash Receipts	A-4	<u>79,000.00</u>
Balance, December 31, 2008	A	\$ <u>139,121.14</u>

BOROUGH OF WASHINGTON

GRANT FUND

SCHEDULE OF RESERVES FOR GRANTS-UNAPPROPRIATED

	BALANCE DECEMBER 31, 2007	CASH RECEIPTS	APPLIED TO RECEIVABLE	BALANCE DECEMBER 31, 2008
Drunk Driving Enforcement Fund	\$ 3,245.98	\$ 2,698.72	\$ 3,009.00	\$ 2,935.70
Recycling Tonnage Grant	1,257.18	4,574.64	484.00	5,347.82
Body Armor Replacement Fund	1,370.46	1,272.65	1,244.00	1,399.11
Clean Communities Program	463.34			463.34
Click it or Ticket	3,899.64	40.00		3,939.64
Obey the Signs or Pay the Fines		428.17		428.17
Bulletproof Vest Fund		1,075.50		1,075.50
	<u>\$ 10,236.60</u>	<u>\$ 10,089.68</u>	<u>\$ 4,737.00</u>	<u>\$ 15,589.28</u>
<u>REF.</u>	A	A-4	A-19	A

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	<u>ADDED IN</u> <u>2008</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2008</u>
Overexpenditure of Appropriation	\$ 8,566.42	\$ 8,566.42
Overexpenditure of Appropriation Reserves	4,116.09	4,116.09
Cash Deficit	9,521.23	9,521.23
Emergency Authorization	<u>25,000.00</u>	<u>25,000.00</u>
	<u>\$ 47,203.74</u>	<u>\$ 47,203.74</u>
<u>REF.</u>	A-3:A-13	A

BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2007	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2008
Fire Department Penalties	\$ 3,420.07	\$	\$	3,420.07
Revaluation	868.10			868.10
State Library Aid	17,276.87	8,168.00	16,355.19	9,089.68
	<u>\$ 21,565.04</u>	<u>\$ 8,168.00</u>	<u>\$ 16,355.19</u>	<u>\$ 13,377.85</u>

REF.

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, 2007	A	\$ 2,662.91
Increased by:		
Levy	A-1:A-7	<u>165,286.65</u>
		\$ <u>167,949.56</u>
Decreased by:		
Cash Disbursements	A-4	<u>165,000.00</u>
Balance, December 31, 2008	A	\$ <u><u>2,949.56</u></u>

"A-28"

SCHEDULE OF MAINTENANCE LIENS RECEIVABLE

Balance, December 31, 2007 and December 31, 2008	A	\$ <u><u>7,825.83</u></u>
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BOROUGH OF WASHINGTON

CURRENT FUND

SCHEDULE OF TAX ANTICIPATION NOTES

REF.

Increased by:		
Cash Receipts	A-4	\$ 1,500,000.00
Balance, December 31, 2008	A	\$ <u>1,500,000.00</u>

BOROUGH OF WASHINGTON

TRUST FUND

SCHEDULE OF CASH-TREASURER

<u>REF.</u>	<u>ASSESSMENT TRUST</u>	<u>ANIMAL CONTROL</u>	<u>TRUST OTHER</u>
Balance, December 31, 2007	\$ 2,124.27	\$ 13,429.60	\$ 851,836.52
Increased by Receipts:			
Dog License Fees	\$ 8,440.00	\$	
Cat License Fees	1,480.00		
State Unemployment Trust Fund			22,655.32
Various Reserves and Deposits			320,066.97
Due Current Fund	40.61	1,494.48	26,277.15
	<u>40.61</u>	<u>1,494.48</u>	<u>26,277.15</u>
	\$ 2,164.88	\$ 11,414.48	\$ 368,999.44
	<u>2,164.88</u>	<u>24,844.08</u>	<u>1,220,835.96</u>
Decreased by Disbursements:			
Expenditures Under R.S.4:19-15.11	\$ 4,947.50	\$	
Statutory Excess	1,209.30		
State Unemployment Trust Fund			18,898.21
Various Reserves and Deposits			472,168.73
Due Current Fund			12,488.95
		<u>6,156.80</u>	<u>503,555.89</u>
Balance, December 31, 2008	\$ <u>2,164.88</u>	\$ <u>18,687.28</u>	\$ <u>717,280.07</u>

"B-3"

BOROUGH OF WASHINGTON

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2007	B		\$ 10,174.50
Increased by:			
Dog License Fees Collected	B-2	\$ 8,440.00	
Cat License Fees Collected	B-2	<u>1,480.00</u>	
			<u>9,920.00</u>
			\$ <u>20,094.50</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11:			
Cash Disbursements	B-2	\$ 4,947.50	
Statutory Excess	B-2	<u>1,209.30</u>	
			<u>6,156.80</u>
Balance, December 31, 2008	B		\$ <u><u>13,937.70</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2007	\$ 8,868.20
2006	<u>5,069.50</u>
	\$ <u><u>13,937.70</u></u>

"B-4"

SCHEDULE OF STATE UNEMPLOYMENT INSURANCE

Balance, December 31, 2007	B	\$ 14,023.68
Increased by:		
Cash Receipts	B-2	<u>22,655.32</u>
		\$ <u>36,679.00</u>
Decreased by:		
Cash Disbursements	B-2	<u>18,898.21</u>
Balance, December 31, 2008	B	\$ <u><u>17,780.79</u></u>

BOROUGH OF WASHINGTON

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER 31, 2007	CASH RECEIPTS	PAID OR CHARGED	BALANCE DECEMBER 31, 2008
Escrow Deposits	\$ 682,873.88	\$ 45,801.09	\$ 192,240.83	\$ 536,434.14
Municipal Alliance	702.79			702.79
Parking Offenses Adjudication Act	376.39	493.97	135.92	734.44
Recreation	2,947.34	198,532.17	186,359.45	15,120.06
Recreation Commission	645.46			645.46
Police Department Trust	5,313.58			5,313.58
K-9 Fund	680.83			680.83
Tax Sale Premiums	53,900.00		11,200.00	42,700.00
National Night Out Trust	1,717.78			1,717.78
Rent Receivership Trust	15,244.52	252.67	15,497.19	
Special Police Services	16,718.51	61,044.92	61,319.79	16,443.64
Public Defender	5,478.50		200.00	5,278.50
Fire Safety Bureau Trust	4,633.62	7,040.00	5,215.55	6,458.07
Police Donations	7,602.34			7,602.34
C.O.A.H.	12,737.86	6,902.15		19,640.01
	<u>\$ 811,573.40</u>	<u>\$ 320,066.97</u>	<u>\$ 472,168.73</u>	<u>\$ 659,471.64</u>
	<u>REF.</u>	B-2	B-2	B
Balance December 31, 2007	B \$ 809,900.46			
Encumbrances Payable	B-8 <u>1,672.94</u>			
	<u>\$ 811,573.40</u>			

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, 2007:					
Due From	B	\$ 12,985.63	\$ 625.07	\$	\$ 12,360.56
Due To	B	<u>3,255.10</u>		<u>3,255.10</u>	
Cash Receipts	B-2	27,812.24	40.61	1,494.48	26,277.15
Cash Disbursements	B-2	<u>12,488.95</u>			<u>12,488.95</u>
Balance, December 31, 2008:					
Due From	B	\$ 584.46	\$ 584.46	\$	\$
Due To	B	<u>6,177.22</u>		<u>4,749.58</u>	<u>1,427.64</u>

"B-7"

BOROUGH OF WASHINGTON

TRUST FUND

SCHEDULE OF PREPAID ASSESSMENTS

	<u>REF.</u>	
Balance, December 31, 2007 and December 31, 2008	B	\$ <u>1,488.20</u>

"B-8"

SCHEDULE OF ENCUMBRANCES

Balance, December 31, 2007	B	\$ 1,672.94
Decreased by: Transferred to Various Reserves	B-5	\$ <u>1,672.94</u>

BOROUGH OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2007	C	\$	177.94
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-9	\$	20,700.00
Down Payment on Improvements	C-10		25,000.00
Interfunds	C-14		10,594,300.84
Serial Bonds	C-13		5,590,000.00
Grant Receivable	C-6		210,836.91
Bond Anticipation Notes	C-8		<u>2,531,952.00</u>
			18,972,789.75
		\$	<u>18,972,967.69</u>
Decreased by Disbursements:			
Bond Anticipation Notes	C-8	\$	7,579,853.00
Contracts Payable	C-11		2,066,409.46
Interfunds	C-14		<u>8,973,352.00</u>
			<u>18,619,614.46</u>
Balance, December 31, 2008	C	\$	<u><u>353,353.23</u></u>

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	BALANCE DECEMBER <u>31, 2008</u>
Capital Improvement Fund	\$ 3,617.00
Fund Balance	22,662.68
Contracts Payable	1,519,939.56
Grants Receivable	(1,100,627.89)
Improvement Authorizations Funded as Set Forth On "C-7"	585,229.27
Improvement Authorizations Expended as Set Forth on "C-5"	(1,195.00)
Cash on Hand to Pay Notes	50,000.00
Interfunds Receivable	(1,079,612.30)
Interfunds Payable	357.20
Unexpended Proceeds of Bond Anticipation Notes Issued as Set Forth on "C-5"	<u>352,982.71</u>
	<u>\$ 353,353.23</u>

REF.

C-2

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION FUNDED

	<u>REF.</u>		
Balance, December 31, 2007	C	\$	2,241,989.94
Increased by:			
Bonds Issued	C-13	\$	<u>5,590,000.00</u>
		\$	7,831,989.94
Decreased by:			
Bonds Paid by Budget	C-13	\$	165,000.00
Loans Paid by Budget	C-12		<u>15,242.76</u>
			<u>180,242.76</u>
Balance, December 31, 2008	C	\$	<u><u>7,651,747.18</u></u>

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ANALYSIS OF BALANCE, DECEMBER 31, 2008</u>			
		<u>BALANCE DECEMBER 31, 2008</u>	<u>BOND ANTICIPATION NOTES</u>	<u>EXPENDITURES</u>	<u>UNEXPENDED IMPROVEMENT AUTHORIZATIONS</u>
15-2000	Public Works Garage	\$ 1,376.00	\$	\$	1,376.00
23-2002	Improvements to Myrtle Avenue	1,195.00		1,195.00	
01-2005	Improvement to Washington Avenue	6.00			6.00
07-2007	Various Improvements	1,988,652.00	1,988,652.00		
02-2008	Redevelopment Projects	100,000.00	100,000.00		
05-2008	Various Improvements and Purposes	393,300.00	393,300.00		
11-2008	Acquisition of New and Additional Fire Apparatus	475,000.00			475,000.00
		<u>\$ 2,959,529.00</u>	<u>\$ 2,481,952.00</u>	<u>\$ 1,195.00</u>	<u>\$ 476,382.00</u>
		C	C-8	C-3	
		REF.			
	Bond Anticipation Notes	\$	2,531,952.00		
	Cash on Hand to Pay Notes - Ord 07-2007		50,000.00		
		\$	<u>2,481,952.00</u>		
	Improvement Authorizations-Unfunded			\$	829,364.71
	Less: Unexpended Proceeds of Bond				352,982.71
	Anticipation Notes - Various Ordinances			\$	<u>476,382.00</u>

BOROUGH OF WASHINGTON
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2007	C	\$ 811,464.80
Increased by:		
Grants Awarded	C-7	<u>500,000.00</u>
		\$ <u>1,311,464.80</u>
Decreased by:		
Cash Receipts	C-2	<u>210,836.91</u>
Balance, December 31, 2008	C	\$ <u><u>1,100,627.89</u></u>

BOROUGH OF WASHINGTON
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT		BALANCE DECEMBER 31, 2007		2008 AUTHORIZATIONS	PAID OR CHARGED	CONTRACTS PAYABLE CANCELED	CANCELED	BALANCE DECEMBER 31, 2008	
			FUNDED	UNFUNDED	FUNDED	UNFUNDED					FUNDED	UNFUNDED
15-2000	Various Improvements and Purposes	12/19/00	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
06-2001	Various Improvements and Purposes	07/17/01			31,247.60		8,585.30	2,365.00		22,662.30	989.00	1,376.00
10-2002	Various Improvements and Purposes	06/04/02			49,616.61		49,616.61					
14-2003	Various Improvements and Purposes	11/03/03			1,339.18		1,339.18					
15-2004	Improvements to Municipal Swimming Pool	09/21/04		10,549.00			2,100.00				8,449.00	
01-2005/	Improvement of Washington Avenue	02/15/05			25,337.71		23,298.10				2,033.61	6.00
02-2007	Supplemental Amending 2005-01	03/06/07									183,355.04	
08-2005	Various Improvements and Purposes	06/10/05			253,353.75		214,416.58				38,937.17	
12-2005	Various Public Improvements and Acquisitions	06/10/05									7,584.47	
07-2006	Various Improvements and Purposes	04/18/06			186,294.65		128,382.87				7,911.68	
07-2007	Various Improvements and Purposes	07/17/07			234,845.98		188,867.04				310,969.30	45,978.94
12-2007	Various Improvements and Purposes	09/18/07			740,751.80		429,782.50					3,000.00
02-2008	Redevelopment Projects	04/15/08					97,000.00					304,003.77
05-2008	Various Improvements and Purposes	07/01/08					108,986.23					475,000.00
11-2008	Acquisition of New and Additional Fire Apparatus	11/17/08			1,000,000.00		500,000.00				25,000.00	
			\$	758,885.27	\$	732,035.48	\$	1,753,364.51	\$	22,662.30	\$	829,364.71
				C		C		C-11		C-1		C-C-3
												C-C-5
	Capital Improvement Fund											
	Deferred Charges to Future Taxation - Unfunded				\$	20,700.00						
	Miscellaneous Reserves					668,300.00						
	Grants Receivable					25,000.00						
						500,000.00						
						\$						\$
						1,514,000.00						

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2007	INCREASED	DECREASED	BALANCE DECEMBER 31, 2008
06-2001	Various Improvements	12/07/01	11/29/07	03/14/08	3.570%	\$ 172,649.00	\$	\$ 172,649.00	\$
10-2002	Various Improvements in the Borough	12/06/02	11/29/07	03/14/08	3.570%	254,132.00		254,132.00	
11-2002	North Prospect Street Sidewalks	12/06/02	11/29/07	03/14/08	3.570%	69,472.00		69,472.00	
12-2002	Improvements to Myrtle Avenue	12/06/02	11/29/07	03/14/08	3.570%	60,884.00		60,884.00	
23-2002	Improvements to Myrtle Avenue	12/06/02	11/29/07	03/14/08	3.570%	46,000.00		46,000.00	
14-2003	Various Improvements in the Borough	12/04/03	11/29/07	03/14/08	3.570%	271,261.00		271,261.00	
11-2004	Various Improvements and Purposes	12/02/04	11/29/07	03/14/08	3.570%	133,562.00		133,562.00	
01-2005	Improvement to Washington Avenue	12/01/05	11/29/07	03/14/08	3.570%	226,141.00		226,141.00	
08-2005	Various Improvements	12/01/05	11/29/07	03/14/08	3.570%	2,734,500.00		2,734,500.00	
07-2006	Various Improvements	12/01/06	11/29/07	03/14/08	3.570%	1,622,600.00		1,622,600.00	
07-2007	Various Improvements	11/29/07	11/29/07	03/14/08	3.570%	2,038,652.00	2,038,652.00	2,038,652.00	2,038,652.00
02-2008	Redevelopment Project	09/18/08	03/13/08	03/13/09	2.060%	100,000.00	100,000.00		100,000.00
05-2008	Various Improvements	09/18/08	09/18/08	03/13/09	2.560%	393,300.00	393,300.00		393,300.00
						<u>\$ 7,629,853.00</u>	<u>\$ 2,531,952.00</u>	<u>\$ 7,629,853.00</u>	<u>\$ 2,531,952.00</u>

REF.

C

C-2

C-C-5

Paid by Budget
Cash Disbursements

C-2

\$

50,000.00
7,579,853.00

\$

7,629,853.00

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2007	C	\$ 3,617.00
Increased by:		
2008 Budget Appropriation	C-2	<u>20,700.00</u>
		\$ <u>24,317.00</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	<u>20,700.00</u>
Balance, December 31, 2008	C	\$ <u><u>3,617.00</u></u>

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF DOWN PAYMENT ON IMPROVEMENTS

	<u>REF.</u>		
Increased by:			
Cash Receipts	C-2	\$	25,000.00
Decreased by:			
Appropriation to Finance			
Improvement Authorizations	C-7	\$	<u>25,000.00</u>

"C-11"

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2007	C		\$ 2,018,684.55
Increased by:			
Charges to Improvement Authorizations	C-7		<u>1,753,384.51</u>
			\$ 3,772,069.06
Decreased by:			
Cash Disbursements	C-2	\$ 2,066,409.46	
Canceled	C-7	<u>185,720.04</u>	
			<u>2,252,129.50</u>
Balance, December 31, 2008	C		\$ <u><u>1,519,939.56</u></u>

"C-12"

SCHEDULE OF GREEN ACRES LOAN PAYABLE

Balance, December 31, 2007	C		\$ 263,789.94
Increased by:			
Loans Authorized			<u>283,200.00</u>
			\$ 546,989.94
Decreased by:			
Loans Paid by Budget	C-4		<u>15,242.76</u>
Balance, December 31, 2008	C		\$ <u><u>531,747.18</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>DATE</u>	<u>OUTSTANDING DECEMBER 31, 2008</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2008</u>
General Improvements	04/01/01	\$ 2,410,000.00	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%	1,695,000.00		165,000.00	1,530,000.00
General Improvements	03/12/08	5,590,000.00	03/01/09	100,000.00	4.375%				
			03/01/10	110,000.00	4.375%				
			03/01/11	110,000.00	4.500%				
			03/01/12	125,000.00	4.500%				
			03/01/13	140,000.00	4.500%				
			03/01/14	150,000.00	4.500%				
			03/01/15	175,000.00	4.500%				
			03/01/16	200,000.00	4.500%				
			03/01/17	540,000.00	4.500%				
			03/01/18	640,000.00	4.500%				
			03/01/19	750,000.00	4.500%				
			03/01/20	850,000.00	4.500%				
			03/01/21	850,000.00	4.500%				
			03/01/22	850,000.00	4.500%				
							5,590,000.00		5,590,000.00
						\$ 1,695,000.00	\$ 5,590,000.00	\$ 165,000.00	\$ 7,120,000.00

REF.

C

C-4

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, 2007:				
Due From	C	\$ <u>2,700,203.94</u>	\$ <u>676,591.64</u>	\$ <u>2,023,612.30</u>
Receipts	C-2	10,594,300.84	9,650,300.84	944,000.00
Disbursements	C-2	<u>8,973,352.00</u>	<u>8,973,352.00</u>	<u> </u>
Balance, December 31, 2008:				
Due From	C	\$ 1,079,612.30	\$	\$ 1,079,612.30
Due To	C	<u>357.20</u>	<u>357.20</u>	<u> </u>

BOROUGH OF WASHINGTON

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2008</u>
15-2000	Public Works Garage	\$ 1,376.00
23-2002	Improvements to Myrtle Ave.	1,195.00
01-2005	Improvements to Washington Ave.	6.00
11-2008	Acquisition of Fire Fighting Apparatus	<u>475,000.00</u>
		<u>\$ 477,577.00</u>

BOROUGH OF WASHINGTON

SEWER UTILITY OPERATING FUND

SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
D	\$ 471,885.85	\$ -0-
Balance, December 31, 2007		
Increased by Receipts:		
Consumer Accounts Receivable	\$ 1,995,847.95	\$
Sewer Overpayments	2,261.73	
Sewer Prepayments	1,931.46	
Miscellaneous	137,432.20	
Reserve Capacity	84,085.74	
Interest on Investment	11,639.81	
Industrial Permits	101,280.00	
Budget Appropriation:		
Capital Improvement Fund		4,500.00
Sewer Bonds		728,000.00
Interfunds	2,186,552.07	1,633,736.89
	\$ 4,521,030.96	\$ 2,366,236.89
D-11:D-23	\$ 4,992,916.81	\$ 2,366,236.89
Decreased by Disbursements:		
2008 Appropriations	\$ 1,926,482.92	\$
2007 Appropriation Reserves	95,700.64	
Accrued Interest	334,352.49	
Refund of Revenue	434.45	
Contracts Payable		10,908.89
Bond Anticipation Notes		678,828.00
Interfunds	2,142,127.13	1,676,500.00
D-11:D-23	\$ 4,499,097.63	\$ 2,366,236.89
Balance, December 31, 2008	\$ 493,819.18	\$ -0-

"D-6"

BOROUGH OF WASHINGTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER LIENS

	<u>REF.</u>		
Balance, December 31, 2007	D	\$	13,119.46
Increased by:			
Transferred From Consumer Accounts Receivable	D-7		<u>1,080.00</u>
Balance, December 31, 2008	D	\$	<u><u>14,199.46</u></u>

"D-7"

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2007	D	\$	226,402.25
Increased by:			
Sewer Use Charges Levied - Net			<u>2,063,705.75</u>
		\$	<u>2,290,108.00</u>
Decreased by:			
Collections	D-3:D-5	\$	1,995,847.95
Overpayments Applied	D-3:D-9		16,578.95
Transferred to Sewer Liens	D-6		<u>1,080.00</u>
			<u>2,013,506.90</u>
Balance, December 31, 2008	D	\$	<u><u>276,601.10</u></u>

BOROUGH OF WASHINGTON

SEWER UTILITY OPERATING FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2007	D	\$ 21,219.20
Increased by:		
Transferred from 2008 Appropriations	D-4	<u>59,972.20</u>
		\$ 81,191.40
Decreased by:		
Transferred to 2007 Appropriation Reserves	D-10	<u>21,219.20</u>
Balance, December 31, 2008	D	<u><u>\$ 59,972.20</u></u>

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

	<u>REF.</u>		
Balance, December 31, 2007	D	\$	18,897.70
Increased by:			
Collector Receipts	D-5		2,261.73
		\$	<u>21,159.43</u>
Decreased by:			
Applied to Receivable	D-7		<u>16,578.95</u>
Balance, December 31, 2008	D	\$	<u><u>4,580.48</u></u>

BOROUGH OF WASHINGTON

SEWER UTILITY OPERATING FUND

SCHEDULE OF 2007 APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2007</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>	<u>OVER- EXPENDED</u>
Operating:					
Salaries and Wages	\$ 39.88	\$ 39.88	\$	\$ 39.88	
Other Expenses	<u>66,150.30</u>	<u>87,369.50</u>	<u>95,700.64</u>		<u>8,331.14</u>
	<u>\$ 66,190.18</u>	<u>\$ 87,409.38</u>	<u>\$ 95,700.64</u>	<u>\$ 39.88</u>	<u>\$ 8,331.14</u>
<u>REF.</u>	D		D-5	D-1	D
Balance, December 31, 2007	D-10	\$ 66,190.18			
Encumbrances Payable	D-8	<u>21,219.20</u>			
		<u>\$ 87,409.38</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, 2007:						
Due From	D	\$ 1,103,345.52	\$ 984,345.52	\$ 79,000.00	\$ 40,000.00	\$
Due To	D	<u>1,445,449.97</u>				<u>1,445,449.97</u>
Receipts	D-5	2,186,552.07	2,103,052.07	79,000.00		4,500.00
Disbursements	D-5	<u>2,142,127.13</u>	<u>1,197,779.13</u>			<u>944,348.00</u>
Balance, December 31, 2008:						
Due From	D	\$ 119,072.58	\$ 79,072.58	\$	\$ 40,000.00	\$
Due To	D	<u>505,601.97</u>				<u>505,601.97</u>

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

	<u>REF.</u>		
Increased by:			
Collector Receipts	D-5	\$	1,931.46
Balance, December 31, 2008	D	\$	<u>1,931.46</u>

BOROUGH OF WASHINGTON

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2007	TRANSFER TO FIXED CAPITAL	CANCELED	BALANCE DECEMBER 31, 2008
		DATE	AMOUNT				
06-97	Improvements to Wastewater Treatment Plant	6/17/97	\$ 13,300,000.00	\$ 13,300,000.00	\$ 12,078,689.52	\$ 1,221,310.48	\$
12-97	Improvements to Wastewater Treatment Plant	10/21/97	4,400,000.00	4,400,000.00	1,584,999.20	2,815,000.80	
15-02	Improvements to Wastewater Treatment Plant	8/6/02	750,000.00	750,000.00		750,000.00	
10-04	Improvement of Sanitary Sewer System	6/14/04	40,000.00	40,000.00			40,000.00
13-05	Various Improvements	6/10/05	41,000.00	41,000.00			41,000.00
11-07	Improvement of Sanitary Sewer System	9/18/07	88,546.00	<u>88,546.00</u>			<u>88,546.00</u>
				<u>\$ 18,619,546.00</u>	<u>\$ 13,663,688.72</u>	<u>\$ 4,786,311.28</u>	<u>\$ 169,546.00</u>
			<u>REF.</u>	D			D

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF MISCELLANEOUS RESERVES

	BALANCE, DECEMBER <u>31, 2007</u>	BALANCE, DECEMBER <u>31, 2008</u>
McKinley Avenue Sewers	\$ 4,430.93	\$ 4,430.93
Wastewater Trust Loans Receivable	45,741.00	45,741.00
Contributions from Developers	<u>50,000.00</u>	<u>50,000.00</u>
	<u>\$ 100,171.93</u>	<u>\$ 100,171.93</u>
<u>REF.</u>	D	D

BOROUGH OF WASHINGTON

SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2007		PAID OR CHARGED	CONTRACTS PAYABLE CANCELED	CANCELED	BALANCE DECEMBER 31, 2008 FUNDED
				FUNDED	UNFUNDED				
06-97	Improvements to Wastewater Treatment Plant	06/17/97	\$ 13,300,000.00	\$	1,209,742.98	\$	11,567.50	1,221,310.48	\$
12-97	Improvements to Wastewater Treatment Plant	10/21/97	4,400,000.00		2,815,000.80			2,815,000.80	
15-02	Improvements to Wastewater Treatment Plant	08/06/02	750,000.00	247,761.00	502,239.00			750,000.00	
10-04	Improvement of Sanitary Sewer System	06/14/04	40,000.00		11,415.03	3,140.24			8,274.79
13-05	Various Public Improvements	06/10/05	41,000.00	35,433.65		4,283.65			31,150.00
11-07	Improvement of Sanitary Sewer System	09/18/07	88,546.00	88,546.00		5,400.00			83,146.00
			\$	<u>371,740.65</u>	<u>4,538,397.81</u>	<u>12,823.89</u>	<u>11,567.50</u>	<u>4,786,311.28</u>	<u>122,570.79</u>
		REF.		D	D	D-26	D-26		D
	Deferred Charges to Future Taxation					\$		4,516,652.48	
	Utility Capital Fund Balance	D-2:D-17						<u>269,658.80</u>	
						\$		<u>4,786,311.28</u>	

"D-16"

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF ACCRUED INTEREST

	<u>REF.</u>		
Balance, December 31, 2007	D	\$	4,961.00
Increased by:			
Charges to 2008 Budget	D-4		335,338.00
		\$	<u>340,299.00</u>
Decreased by:			
Cash Disbursements	D-5		<u>334,352.49</u>
Balance December 31, 2008	D	\$	<u><u>5,946.51</u></u>

"D-17"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2007	D	\$	909,000.00
Increased by:			
Bonds Paid by Budget	D-19	\$	50,000.00
Transfer from Deferred Reserve for Amortization	D-24		<u>7,707,018.48</u>
			<u>7,757,018.48</u>
		\$	8,666,018.48
Decreased by:			
Canceled Ordinances	D-2:D-15		<u>269,658.80</u>
Balance, December 31, 2008	D	\$	<u><u>8,396,359.68</u></u>

BOROUGH OF WASHINGTON

SEWER UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>DATE</u>	<u>OUTSTANDING DECEMBER 31, 2008</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>INCREASES/DECREASES</u>		<u>BALANCE DECEMBER 31, 2008</u>
							<u>INCREASED</u>	<u>DECREASED</u>	
General Improvements	10/1/1990	\$ 1,765,000.00	10/01/09	\$ 50,000.00	7.60%	\$ 147,000.00		\$ 50,000.00	\$ 97,000.00
			10/1/2010	47,000.00	7.60%				
Sewer Bonds	03/12/2008	728,000.00	03/01/09-10	45,000.00	4.375%				728,000.00
			03/01/11-17	80,000.00	4.50%				
			03/01/18	78,000.00	4.50%		728,000.00		
						\$ 147,000.00	728,000.00	50,000.00	\$ 825,000.00

REF.

D

D-5

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>AMOUNT</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2008</u>
				<u>DATE</u>	<u>AMOUNT</u>				
Trust Loan - Project #S340706-03	8/1/1998	\$ 7,060,000.00	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				
Fund Loan - Project #S340706-03			5.00%	8/1/2016	545,000.00		4,645,000.00	370,000.00	4,275,000.00
			5.00%	8/1/2017	575,000.00				
			0.00%	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			1,759,400.53	365,147.41	1,394,253.12

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 AMOUNT</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2008</u>
Trust Loan - Project #S340706-04	8/1/1998	\$ 1,075,000.00	5.00%	8/1/2009	\$ 55,000.00	\$ 685,000.00	\$ 55,000.00	\$ 630,000.00
				8/1/2010	60,000.00			
				8/1/2011	65,000.00			
				8/1/2012	65,000.00			
				8/1/2013	70,000.00			
				8/1/2014	75,000.00			
				8/1/2015	75,000.00			
				8/1/2016	80,000.00			
				8/1/2017	85,000.00			
				Fund Loan - Project #S340706-04	8/1/1998			
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							

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 AMOUNT</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2008</u>
Trust Loan - Project #S340706-05	10/15/2002	\$ 790,000.00	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			
						675,000.00	30,000.00	645,000.00

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 AMOUNT</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2008</u>
Fund Loan - Project #S340706-05	10/15/2002	\$ 835,741.00	0.00%	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			
						641,745.31	42,044.92	599,700.39
						<u>8,906,300.61</u>	<u>916,895.09</u>	<u>7,989,405.52</u>
						\$	\$	\$

D

D-24

D

"D-21"

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>		<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2008</u>
Wastewater Treatment Plant Equipment		\$ 17,780,843.72
		<u>24,750.00</u>
		\$ <u><u>17,805,593.72</u></u>
	<u>REF.</u>	D

"D-22"

SCHEDULE OF WASTEWATER LOANS AND ESCROW RECEIVABLES

		<u>ESCROW</u> <u>RECEIVABLE</u>
Balance, December 31, 2007 and December 31, 2008	D	\$ <u><u>303,036.66</u></u>

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF INTERFUNDS

REF.	TOTAL	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER OPERATING FUND</u>
Balance, December 31, 2007:				
Due From	\$ 1,458,771.53	\$ 13,321.56	\$ 2,023,612.30	\$ 1,445,449.97
Due To	<u>2,023,612.30</u>			
Receipts	D-5 1,633,736.89	689,388.89		944,348.00
Disbursements	D-5 <u>1,676,500.00</u>	<u>728,000.00</u>	<u>944,000.00</u>	<u>4,500.00</u>
Balance, December 31, 2008:				
Due From	\$ 557,534.64	\$ 51,932.67	\$ 1,079,612.30	\$ 505,601.97
Due To	<u>1,079,612.30</u>			

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>TRANSFER TO AMORTIZATION</u>	<u>LOANS PAID BY BUDGET</u>	<u>NOTES PAID BY BUDGET</u>	<u>BALANCE DECEMBER 31, 2008</u>
General Improvements:						
Ord. 06-97 Improvements to Wastewater	06/17/97	\$ 5,133,296.72	\$ 5,884,531.98	\$ 701,735.26	\$ 49,500.00	\$
Ord. 12-97 Improvements to Wastewater	10/21/97	1,552,873.74	1,757,444.78	204,571.04		
Ord. 15-02 Improvements to Wastewater	08/06/02	54,452.93	65,041.72	10,588.79	500.00	3,000.00
Ord. 10-04 Improvements to Sanitary Sewer	06/14/04	2,500.00				41,000.00
Ord. 13-05 Various Improvements	06/10/05	41,000.00				88,546.00
Ord. 11-07 Improvements to Sanitary Sewer	09/01/07	88,546.00				
		<u>\$ 6,872,669.39</u>	<u>\$ 7,707,018.48</u>	<u>\$ 916,895.09</u>	<u>\$ 50,000.00</u>	<u>\$ 132,546.00</u>

REF.

D

D-17

D-20

D-18

D

BOROUGH OF WASHINGTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Increased by:			
2008 Budget Appropriation	D-5	\$	4,500.00
Balance, December 31, 2008	D	\$	<u>4,500.00</u>

BOROUGH OF WASHINGTON

SEWER UTILITY CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2007	D		\$ 13,502.50
Increased by:			
Charges to Improvement Authorizations	D-15		<u>12,823.89</u>
			\$ 26,326.39
Decreased by:			
Cash Disbursements	D-5	\$ 10,908.89	
Canceled	D-15	<u>11,567.50</u>	
			<u>22,476.39</u>
Balance, December 31, 2008	D		\$ <u><u>3,850.00</u></u>

"D-27"

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, 2008</u>
06-97	Improvements to Wastewater Treatment Plant	\$ <u><u>631,828.52</u></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, 2007	E	\$ 1,901.65	\$ 34,912.42	\$ 36,814.07
Increased by:				
Cash Receipts	E-4	36.36	667.45	703.81
		\$ <u>1,938.01</u>	\$ <u>35,579.87</u>	\$ <u>37,517.88</u>
Decreased by:				
Cash Disbursements	E-5		35,560.68	35,560.68
Balance, December 31, 2008	E	\$ <u><u>1,938.01</u></u>	\$ <u><u>19.19</u></u>	\$ <u><u>1,957.20</u></u>

BOROUGH OF WASHINGTON

PUBLIC ASSISTANCE TRUST FUND

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

	<u>REF.</u>		
Balance, December 31, 2008	E-3	\$	1,957.20
Increased by:			
Cash Receipts			3.18
		\$	<u>1,960.38</u>
Decreased by:			
Cash Disbursements			19.19
			<u>19.19</u>
Balance, April 30, 2009		\$	<u><u>1,941.19</u></u>

<u>RECONCILIATION - APRIL 30, 2009</u>	<u>P.A.T.F. I ACCOUNT</u>		<u>TOTAL</u>
Balance on Deposit per Statement:			
PNC Bank:			
Account #81-0300-8861	\$	<u>1,941.19</u>	\$ <u>1,941.19</u>
Balance, April 30, 2009	\$	<u><u>1,941.19</u></u>	\$ <u><u>1,941.19</u></u>

BOROUGH OF WASHINGTON

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
AS OF DECEMBER 31, 2008

	<u>REF.</u>		
Balance, December 31, 2007	E-1	\$	36,814.07
Increased by:			
Cash Receipts	E-4		703.81
		\$	<u>37,517.88</u>
Decreased by :			
Cash Disbursements	E-5		<u>35,560.68</u>
Balance, December 31, 2008	E-1	\$	<u><u>1,957.20</u></u>

<u>RECONCILIATION - DECEMBER 31, 2008</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	\$ 1,938.01	\$	1,938.01
Account #81-0300-8933		35,579.87	35,579.87
	\$ <u>1,938.01</u>	\$ <u>35,579.87</u>	<u>37,517.88</u>
Less:			
Outstanding Checks		<u>35,560.68</u>	<u>35,560.68</u>
Balance, December 31, 2008	\$ <u><u>1,938.01</u></u>	\$ <u><u>19.19</u></u>	<u><u>1,957.20</u></u>

"E-4"

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>36.36</u> \$	\$ <u>667.45</u> \$	<u>703.81</u>
<u>TOTAL RECEIPTS</u>	E-1	\$ <u>36.36</u> \$	\$ <u>667.45</u> \$	<u>703.81</u>

"E-5"

SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES

		<u>P.A.T.F.</u> <u>ACCOUNT #2</u>	<u>FUND</u> <u>TOTAL</u>
Funds Returned to State of New Jersey		\$ <u>35,560.68</u> \$	<u>35,560.68</u>
<u>TOTAL DISBURSEMENTS</u>	E-1	\$ <u>35,560.68</u> \$	<u>35,560.68</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

Somerville 908-725-6688

Fax 908-789-8535

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, 2008, and have issued our report thereon dated July 6, 2009. 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. However, we noted immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of this report.

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 6, 2009

BOROUGH OF WASHINGTON

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
YEAR ENDED DECEMBER 31, 2008

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE ACCOUNT NUMBER	GRANT PERIOD FROM	TO	GRANT AWARD AMOUNT	2008 FUNDS RECEIVED	2008 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2008
<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 HOUSING & URBAN DEVELOPMENT</u>								
PASS THROUGH STATE OF NEW JERSEY								
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>								
Small Cities Program	14.228	2008-100-022-8020-078-F292-07SC-6120	4/1/2008	8/31/2009	400,000.00	244,168.00	399,966.25	399,966.25
<u>DEPARTMENT OF JUSTICE</u>								
Bulletproof Vest Partnership Program	16.607	N/A	1/1/2008	12/31/2008	700.00	\$	268.07	268.07
Bulletproof Vest Partnership Program	16.607	N/A	Unappropriated		1,075.50	1,075.50		
Bulletproof Vest Partnership Program	16.607	N/A	1/2/2004	12/31/2004	2,430.00			787.03
Bulletproof Vest Partnership Program	16.607	N/A	1/1/2005	12/31/2005	1,277.24			690.84
					\$	1,075.50	268.07	1,745.94
					\$	245,243.50	400,234.32	403,250.56

BOROUGH OF WASHINGTON

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
YEAR ENDED DECEMBER 31, 2008

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	FROM	GRANT PERIOD	TO	GRANT AWARD AMOUNT	2008 RECEIVED	2008 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2008
Department of Environmental Protection								
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	1/1/08	12/31/08		484.00 \$			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020		Unappropriated		4,574.64	4,574.64		4,471.20
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020		Unappropriated		773.18			
Municipal Stormwater Grant	4850-100-042-4850-118-V4R2-6120				5,000.00			5,000.00
Municipal Stormwater Grant	4850-100-042-4850-118-V4R2-6120				5,000.00			10,000.00
Cool Cities Tree Planting	07-100-042-4870-101-6120	2/1/07	2/1/09		25,000.00			25,000.00
Clean Communities Program	4900-765-042-4900-004-VCMC-6020	1/1/01	12/31/06		6,963.67			6,963.67
Clean Communities Program	4900-765-042-4900-004-VCMC-6020		Unappropriated		463.34			7,427.01
Clean Communities Program	4900-765-042-4900-004-VCMC-6020	1/1/08	12/31/08		9,101.00	9,101.00	325.00	325.00
Site Remediation Grant - 1989	N/A	1/1/89	12/31/89		159,025.00			159,025.00
Site Remediation Grant - 2000	N/A	1/1/00	12/31/00		48,800.00			207,825.00
Site Remediation Grant	N/A	1/1/02	12/31/02		16,565.00			224,390.00
Site Remediation Grant	N/A	1/1/04	12/31/04		122,920.00		734.01	347,310.01
Smart Growth Planning Program	8049-100-022-8049-006-FSMR-6120	1/1/06	12/31/06		65,000.00			412,310.01
					\$	\$	\$	\$
						13,675.64	9,644.01	384,401.95
Department of Law and Public Safety								
Drunk Driving Enforcement Fund-2002 and Prior	6400-100-078-6400-YYYY		Continuous		8,622.12			8,622.12
Drunk Driving Enforcement Fund-2003	6400-100-078-6400-YYYY		Continuous		8,972.12			17,594.24
Drunk Driving Enforcement Fund-2006	6400-100-078-6400-YYYY		Continuous		3,365.50			21,959.74
Drunk Driving Enforcement Fund	6400-100078-6400-YYYY		Unappropriated		2,698.72	2,698.72		24,658.46
Drunk Driving Enforcement Fund	6401-100-078-6400-YYYY		Continuous		236.98			24,895.44
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	1/1/07	12/31/07		3,009.15			27,904.59
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	1/1/08	12/31/08		3,009.00			30,913.59
Domestic Violence Training Grant	760-098-9735-Y900-001	1/1/03	12/31/03		3,580.88			34,494.47
Alcohol Education and Rehabilitation Fund - 2002 and prior	9735-760-098-4900-001-X100-6020		Continuous		3,653.16			38,147.63
Alcohol Education and Rehabilitation Fund-2004	9735-760-098-4900-001-X100-6020		Continuous		375.00			38,522.63
Body Armor Replacement Fund	1020-718-066-1020-001-VCJS-6120		Continuous		1,231.00			39,753.63
Body Armor Replacement Fund	1020-718-066-1020-001-VCJS-6120		Continuous		1,498.98			41,252.61
Body Armor Replacement Fund	1020-718-066-1020-001-VCJS-6120		Continuous		2,444.61			43,697.22
Body Armor Replacement Fund	1020-718-066-1020-001-VCJS-6120		Continuous		1,244.13			44,941.35
Body Armor Replacement Fund - Unappropriated	1020-718-066-1020-001-VCJS-6120		Continuous		1,244.00			46,185.35
Body Armor Replacement Fund-Unappropriated	1020-718-066-1020-001-VCJS-6120		Unappropriated		1,272.65	1,272.65		47,458.00
Obey The Signs or Pay The Fine	1160-100-066-1160-036-YHTS-6120		Unappropriated		126.46			47,584.46
Click it or Ticket	1160-100-066-1160-036-YHTS-6120		Unappropriated		428.17			48,012.63
Click it or Ticket	1160-100-066-1160-113-YHTS-6120	1/1/08	12/31/08		3,470.99	3,470.99	3,470.99	51,483.62
Click it or Ticket	1160-100-066-1160-113-YHTS-6120		Unappropriated		40.00			51,523.62
Click it or Ticket	1160-100-066-1160-113-YHTS-6120	1/1/08	12/31/08		3,889.64			55,413.26
Click it or Ticket	1160-100-066-1160-113-YHTS-6120	1/01/05	12/31/05		3,789.68			59,202.94
Click it or Ticket	1160-100-066-1160-113-YHTS-6120	1/01/06	12/31/06		5,000.00			64,202.94
					\$	\$	\$	\$
						11,700.21	9,199.94	73,402.88
Department of Human Services								
Balanced Housing - Neighborhood Preservation	99-100-022-8020-092-F301-6020	1/1/99	12/31/99		112,900.00	5,645.00		118,545.00
					\$	\$	\$	\$
						5,645.00		124,190.00
Department of Transportation								
Improvement to Belvidere Avenue			Continuous		120,000.00			120,000.00
Highlands Water Protection and Planning Council								
Planning Assistance COAH Third Round Grant	06-033-01	10/15/05	12/15/05		7,500.00			7,500.00
					\$	\$	\$	\$
							73.23	7,573.23
Department of Community Affairs								
Feasibility Study Police Merger					19,500.00			19,500.00
					\$	\$	\$	\$
						31,020.85	18,917.18	610,976.32

BOROUGH OF WASHINGTON

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

YEAR ENDED DECEMBER 31, 2008

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 Grant 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>Other</u>	<u>Total</u>
Grant Fund	\$ <u>245,243.50</u>	\$ <u>31,020.85</u>	\$ <u>6,787.83</u>	\$ <u>283,052.18</u>
Total	\$ <u><u>245,243.50</u></u>	\$ <u><u>31,020.85</u></u>	\$ <u><u>6,787.83</u></u>	\$ <u><u>283,052.18</u></u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ <u>400,234.32</u>	\$ <u>18,917.18</u>	\$ <u>9,472.88</u>	\$ <u>428,624.38</u>
Total	\$ <u><u>400,234.32</u></u>	\$ <u><u>18,917.18</u></u>	\$ <u><u>9,472.88</u></u>	\$ <u><u>428,624.38</u></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.

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PART III

BOROUGH OF WASHINGTON

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2008

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

	YEAR 2008		YEAR 2007	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 525,000.00	2.95	\$ 565,000.00	3.25
Miscellaneous-From Other Than Local				
Property Tax Levies	1,807,275.05	10.16	1,645,399.22	9.47
Collection of Delinquent Taxes and Tax Title Liens	430,140.73	2.42	352,295.38	2.03
Collection of Current Tax Levy	15,018,538.01	84.47	14,805,785.28	85.25
<u>TOTAL INCOME</u>	<u>\$ 17,780,953.79</u>	<u>100.00%</u>	<u>\$ 17,368,479.88</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 6,233,616.01	34.97	\$ 5,668,639.35	33.56
County Taxes	3,323,757.14	18.65	3,214,826.04	19.03
School Taxes	8,058,583.64	45.21	7,795,677.64	46.15
Other	208,084.65	1.17	212,538.88	1.26
<u>TOTAL EXPENDITURES</u>	<u>\$ 17,824,041.44</u>	<u>100.00%</u>	<u>\$ 16,891,681.91</u>	<u>100.00%</u>
Excess (Deficit) in Revenue	\$ (43,087.65)		\$ 476,797.97	
Adjustments to Income before Fund Balance				
Expenditures Included Above which are by Statute				
Deferred Charges to the Budget of the Succeeding Year	33,566.42			
Statutory Excess to Fund Balance			\$ 476,797.97	
Deficit in Operations to be Raised in Budget of Succeeding Year	\$ 9,521.73			
Fund Balance, January 1	\$ 564,381.41		652,583.44	
	\$ 564,381.91		\$ 1,129,381.41	
Less: Utilization as Anticipated Revenue	525,000.00		565,000.00	
Fund Balance, December 31	\$ 39,381.91		\$ 564,381.41	

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

	YEAR 2008		YEAR 2007	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$		\$	11.08
Collection of Sewer Use Charges	2,012,426.90	85.75	2,066,284.22	83.28
Miscellaneous-From Other Than Sewer Use	334,477.63	14.25	139,943.91	5.64
<u>TOTAL INCOME</u>	<u>\$ 2,346,904.53</u>	<u>100.00%</u>	<u>\$ 2,481,228.13</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 1,110,966.00	46.61	\$ 990,346.00	39.86
Deferred Charges and Statutory Expenditures	12,499.29	0.52	4,772.00	0.19
Debt Service	1,255,038.00	52.66	1,399,456.88	56.33
Capital Improvements	4,500.00	0.19	88,546.00	3.56
Other	434.45	0.02	1,152.54	0.05
<u>TOTAL EXPENDITURES</u>	<u>\$ 2,383,437.74</u>	<u>100.00%</u>	<u>\$ 2,484,273.42</u>	<u>100.00%</u>
Excess (Deficit) in Revenue	\$ (36,533.21)		\$ (3,045.29)	
Operating Deficit to be Raised in Budget of Succeeding Year	\$ <u>36,533.21</u>		\$ <u>3,045.29</u>	
Fund Balance, January 1	\$ <u>21,633.61</u>		\$ <u>296,633.61</u>	
	\$ 21,633.61		\$ 296,633.61	
Less: Utilization as Anticipated Revenue			<u>275,000.00</u>	
Fund Balance, December 31	\$ <u>21,633.61</u>		\$ <u>21,633.61</u>	

COMPARATIVE SCHEDULE OF TAX RATE
INFORMATION

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tax Rate	<u>\$4.027</u>	<u>\$3.970</u>	<u>\$3.720</u>
Apportionments of Tax Rate:			
Municipal	1.054	1.005	0.926
County	0.770	0.755	0.697
County Open Space	0.094	0.092	0.084
Local School	1.005	0.980	0.937
Regional School	<u>1.104</u>	<u>1.138</u>	<u>1.076</u>

ASSESSED VALUATIONS

2008	<u>\$383,362,790.00</u>	
2007		<u>\$379,341,707.00</u>
2006		<u>\$375,927,918.00</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>CASH</u> <u>COLLECTIONS</u>	<u>CURRENTLY</u> <u>PERCENTAGE OF</u> <u>COLLECTION</u>
2008	\$15,682,830.26	\$15,018,538.01	95.76%
2007	\$15,303,660.80	\$14,805,785.28	96.74%
2006	\$14,218,580.00	\$13,779,768.05	96.91%

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>
2008	\$627,217.85	\$496,952.87	\$1,124,170.72	7.17%
2007	\$541,553.70	\$439,899.62	\$981,453.32	6.41%
2006	\$491,479.79	\$354,488.44	\$845,968.23	5.95%

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>
2008	\$112,300.00
2007	\$112,300.00
2006	\$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	2008	\$ 39,381.41	\$ *
	2007	564,381.41	525,000.00
	2006	652,583.44	565,000.00
	2005	727,034.59	675,000.00
	2004	598,855.78	506,416.00
Sewer Utility Operating Fund	2008	\$ 21,633.61	\$ *
	2007	21,633.61	None
	2006	296,633.61	275,000.00
	2005	333,611.53	300,000.00
	2004	681,113.83	636,940.00

* - Budget not yet introduced

* 2009 Budget not introduced

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	*	
David Higgins	Deputy Mayor	*	
Victor Cioni	Councilman	*	
Andrew Turner	Councilman	*	
Charles T. Housel	Councilman	*	
Heather Oakley	Councilwoman	*	
Christina Woykowski	Councilwoman	*	
John Corica	Borough Manager	*	
Kristine Blanchard	Municipal Clerk	\$5,000.00	Selective Insurance Company
Kay F. Stasyshan	Tax Collector, C.F.O. to 7/31/08	\$200,000.00	Selective Insurance Company
Thomas F. Kane	C.F.O. from 8/1/08		
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
Andrew Holt	Engineer	*	
Richard P. Cushing	Borough Attorney	*	
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.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$21,000.00 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:

Aerial Platform Fire Truck
DPW Garage Site Improvements

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$21,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolutions authorizing contracts or agreements for "Professional Services" were awarded during 2008 for the following professional services:

Municipal Auditor
Municipal Prosecutor
Engineering Services
Public Defender
Municipal Attorney
Planning Services
Legal Services
Financial Analyst

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 2, 2008 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 2008.

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 4, 2008 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>
2008	17
2007	14
2006	14

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a 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 2009 Taxes	25
Payments of 2008 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

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

Expenditures were charged to a grant item which was never appropriated in the 2008 Budget. Grants should be properly appropriated in the Budget prior to the commitment or expenditure of funds.

Funds were committed in excess of amounts appropriated by Current Fund appropriation reserve or budget appropriations as well as by Sewer Utility Fund appropriation reserves. 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 amounts of \$12,682.51 and \$8,331.14 will have to be raised in the 2009 Current Fund and Sewer Utility Operating Fund budgets respectively.

Monthly reconciliations and reviews between the balances in the general ledger and various subsidiary records are not being performed. These reconciliations and reviews serve as a check and balance on the accuracy of the financial information recorded in the general ledger. Any differences noted should be fully investigated and necessary adjustments recorded timely.

Purchasing

The Borough has not fully implemented Pay-to Play legislation with respect to the awarding of professional service contracts.

Several items contained in the bid specifications for the purchase of a fire truck were deemed to be considered proprietary.

The Borough has not maintained a complete encumbrance accounting system in accordance with the minimum requirements as promulgated by the Division of Local Government Services. We noted that several purchase orders are processed as confirming orders. This is where goods have been received or services have been rendered prior to the issuance of a purchase order. In effect, the controls that minimize the possibility of overexpenditures and unauthorized purchases are not in operation.

Fixed Assets

The General Fixed Asset Ledger was not currently maintained to reflect purchases, retirement or sale of general fixed assets.

OTHER COMMENTS (CONTINUED)

Payroll

The balance on deposit in the payroll agency account was not analyzed on a monthly basis.

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:

Police Department

The Borough's Police 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

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

That all grants be appropriated in the budget prior to the commitment or expenditure of funds.

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

*That general ledger account balances be reviewed and reconciled to supporting records on a monthly basis.

That the Borough adhere to Pay-to-Play legislation.

That bid specifications be developed to allow competitive bidding.

That an encumbrance accounting system be completely maintained for all funds.

*That the General Fixed Asset Ledger be currently maintained.

*That a detailed analysis of the balance on deposit in the payroll agency account be prepared on a monthly basis.

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

*Prior Year Recommendations

