

REPORT OF AUDIT
BOROUGH OF WASHINGTON
COUNTY OF WARREN
DECEMBER 31, 2011

BOROUGH OF WASHINGTON, N.J.
YEAR ENDED DECEMBER 31, 2011
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
<u>PART I</u>		
	Independent Auditor's Report	1 - 2
 <u>CURRENT FUND</u>		
A	Comparative Balance Sheet - Regulatory Basis	3 - 4
A-1	Comparative Statement of Operations and Changes in Fund Balance	5
A-2	Statement of Revenues	6 - 7
A-3	Statement of Expenditures	8 - 13
 <u>TRUST FUND</u>		
B	Comparative Balance Sheet - Trust Funds	14 - 15
B-1	Statement of Fund Balance - Assessment Trust	16
 <u>GENERAL CAPITAL FUND</u>		
C	Comparative Balance Sheet - General Capital Fund	17
C-1	Schedule of Fund Balance	18
 <u>SEWER UTILITY FUND</u>		
D	Comparative Balance Sheet	19 - 20
D-1	Comparative Statement of Operations and Changes in Fund Balance	21
D-2	Statement of Fund Balance - Sewer Utility Capital Fund	22
D-3	Statement of Revenues - Sewer Utility Operating Fund	22
D-4	Statement of Expenditures - Sewer Operating Fund	23
 <u>PUBLIC ASSISTANCE FUND</u>		
E	Comparative Balance Sheet - Public Assistance Fund	24
 <u>GENERAL FIXED ASSETS</u>		
F	Comparative Statement of General Fixed Assets	25

<u>Exhibit</u>	<u>Page</u>
NOTES TO FINANCIAL STATEMENTS	26 - 46
SUPPLEMENTARY DATA	
OFFICIALS IN OFFICE AND SURETY BONDS	47
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	48
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE	49 - 50
COMPARATIVE DATA	51 - 53
 <u>CURRENT FUND</u>	
A-4 Schedule of Cash - Treasurer	54
A-5 Schedule of Cash - Change Fund	55
A-6 Schedule of Taxes Receivable and Analysis of Property Tax Levy	56
A-7 Schedule of Tax Title Liens Receivable	57
A-8 Schedule of Property Acquired for Taxes Assessed Valuation	57
A-9 Schedule of Maintenance Liens Receivable	57
A-10 Schedule of Revenue Accounts Receivable	58
A-11 Schedule of Amount Due to State of New Jersey for Senior Citizens' and Veterans' Deductions - CH. 73 P.L.1976	59
A-12 Schedule of Interfunds Receivable/(Payables)	60
A-13 Schedule of Tax Anticipation Note	61
A-14 Schedule of Appropriations Reserves	62 - 64
A-15 Schedule of Various Cash Liabilities and Reserves	65
A-16 Schedule of Encumbrances Payable	66
A-17 Schedule of Prepaid Taxes	66
A-18 Schedule of County Taxes Payable	67
A-19 Schedule of Local District School Tax	68
A-20 Schedule of Regional High School Taxes Payable	69
A-21 Schedule of Special Improvement District Taxes Payable	69
A-22 Schedule of Interfunds Receivable (Payable)	70
A-23 Schedule of Grants Receivable	71
A-24 Schedule of Appropriated Reserves for Grants	72
A-25 Schedule of Unappropriated Reserves for Grants	73
A-26 Schedule of Encumbrances Payable	74
 <u>TRUST FUND</u>	
B-2 Schedule of Cash	75
B-3 Reserve/(Deficit) for Animal Control Trust Fund Expenditures	76
B-4 Schedule of Interfund Receivable (Payable) - Current Fund	77
B-5 Schedule of Due to State Department of Health	78
B-6 Schedule of Other Trust Funds	79
B-7 Schedule of Prepaid Assessments	80

GENERAL CAPITAL FUND

C-2	Schedule of Cash	81
C-3	Analysis of Cash	82
C-4	Schedule of Interfund Receivable (Payable) - Current Fund	83
C-5	Schedule of Interfund Receivable (Payable) - Sewer Capital Fund	84
C-6	Schedule of Interfund Receivable (Payable) - Sewer Operating Fund	84
C-7	Schedule of State Grants Receivable	85
C-8	Schedule of Deferred Charges to Future Taxation - Funded	86
C-9	Schedule of Deferred Charges to Future Taxation - Unfunded	87
C-10	Schedule of Capital Improvement Fund	88
C-11	Schedule of Improvement Authorizations	89
C-12	Schedule of Contracts Payable	90
C-13	Schedule of Bond Anticipation Notes Payable	91
C-14	Schedule of Green Trust Loan Payable	92
C-15	Schedule of General Serial Bonds Payable	93
C-16	Schedule of Bonds and Notes Authorized but not Issued	94

SEWER UTILITY FUND

D-5	Schedule of Cash	95
D-6	Analysis of Cash	96
D-7	Schedule of Change Fund	97
D-8	Schedule of Consumer Accounts Receivable	97
D-9	Schedule of Sewer Liens	98
D-10	Schedule of Wastewater Escrow Receivables	98
D-11	Schedule of Wastewater Fund Loan Receivable	99
D-12	Schedule of Wastewater Trust Loans Receivable	99
D-13	Schedule of Interfund Accounts Receivable (Payable)	100
D-14	Schedule of Fixed Capital	101
D-15	Schedule of Fixed Capital Authorized and Uncompleted	102
D-16	Schedule of Appropriations Reserves	103
D-17	Schedule of Encumbrances Payable	104
D-18	Schedule of Accrued Interest	105
D-19	Schedule of Improvement Authorizations	106
D-20	Schedule of Reserves - Sewer Utility Capital Fund	107
D-21	Schedule of Reserves - Sewer Utility Fund	108
D-22	Schedule of Capital Improvement Fund	109
D-23	Schedule of Reserve for Amortization	109
D-24	Schedule of Deferred Reserve for Amortization	110
D-25	Schedule of Wastewater Loans Payable	111 - 112
D-26	Schedule of Sewer Serial Bonds Payable	113
D-27	Schedule of Bonds and Notes Authorized but Not Issued	114

<u>Exhibit</u>	<u>Page</u>
 <u>PUBLIC ASSISTANCE FUND</u>	
E-1 Schedule of Cash - Treasurer	115
E-2 Schedule of Cash and Reconciliation per N.J.S. 40A:5-5	116
E-3 Schedule of Cash and Reconciliation	117
E-4 Schedule of Revenues - Cash Basis	118
E-5 Schedule of Expenditures - Cash Basis	118
E-6 Schedule of Reserve for Public Assistance	119
E-7 Schedule of Interfund Current Fund	119

PART II

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	120 - 121
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GENERAL COMMENTS:

Cash Balances	122
Contracts and Agreements	123
Collection of Interest on Delinquent Taxes and Assessments	123
Delinquent Taxes and Tax Title Liens	124
Verification of Delinquent Taxes and Other Charges	125

OTHER COMMENTS:

Interfunds	125
Treasurer	125
Municipal Court	126
Outside Offices	126

RECOMMENDATIONS	127
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STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS	127
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BOROUGH OF WASHINGTON

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITOR'S REPORT

May 31, 2012

The Honorable Mayor and
Members of the Borough Council
Borough of Washington
100 Belvidere Avenue
Washington, New Jersey 07882

We have audited the accompanying balance sheet - regulatory basis of the various funds and account group of the Borough of Washington in the County of Warren, as of and for the year ended December 31, 2011 and 2010 and the related statements of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years ended December 31, 2011. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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



The Honorable Mayor and
Members of the Borough Council
May 31, 2012
Page 2

In our opinion, because of the Borough of Washington's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Washington, New Jersey as of December 31, 2011 and 2010 or the results of its operation for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Washington, New Jersey at December 31, 2011, and the results of its operations and the changes in fund balance - regulatory basis of such funds for the year then ended and the statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the years ended December 31, 2011, and 2010, on the basis of accounting described in Note 1.

In accordance with the Government Auditing Standards, we have also issued a report dated May 31, 2012 on our consideration of the Borough of Washington, New Jersey internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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



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Registered Municipal Accountant
No. 497

Ferraioli, Wielkutz, Cerullo, & Cuva, P.A.

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Certified Public Accountants



Borough of Washington, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	3,568,951.75	3,412,925.09
Change Fund	A-5	325.00	325.00
Due From State of New Jersey:			
Senior Citizen and Veteran Deductions	A-11	7,424.49	7,174.49
		<u>3,576,701.24</u>	<u>3,420,424.58</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	802,987.98	589,847.80
Tax Title Liens Receivable	A-7	844,382.18	764,723.75
Property Acquired for Taxes - Assessed Valuation	A-8	138,600.00	138,600.00
Maintenance Liens Receivable	A-9	7,825.83	7,825.83
Revenue Accounts Receivable	A-10	3,670.41	5,340.58
Interfund Receivables:			
Animal Control Trust Fund	A-12		8,175.20
Other Trust	A-12	1,083.95	4,206.69
General Capital Fund	A-12	242,801.86	51,351.81
Sewer Operating Fund	A-12	129.57	129.57
		<u>2,041,481.78</u>	<u>1,570,201.23</u>
		<u>5,618,183.02</u>	<u>4,990,625.81</u>
Federal and State Grant Fund:			
Interfund Receivable:			
Current Fund	A-22	34,397.08	2,392.92
Grants Receivable	A-23	274,480.63	140,547.63
		<u>308,877.71</u>	<u>142,940.55</u>
		<u>5,927,060.73</u>	<u>5,133,566.36</u>

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

Borough of Washington, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3;A-14	277,975.29	346,108.71
Interfunds Payable:			
Federal and State Grants	A-12	34,397.08	2,392.92
Tax Anticipation Note Payable	A-13	2,000,000.00	2,000,000.00
Tax Overpayments	A-15	65,571.19	48,854.97
Accounts Payable	A-15	24,313.66	22,037.49
Reserve for:			
Revaluation	A-15		868.10
State Library Aid	A-15	4,223.61	10,458.90
Tax Appeals	A-15	75,000.00	75,000.00
Sale of Municipal Assets	A-15	9,400.00	700.00
Encumbrances Payable	A-16	234,487.03	149,550.49
Prepaid Taxes	A-17	35,955.77	11,141.27
County Taxes Payable	A-18	1,924.79	2,103.92
Local School District Tax Payable	A-19	91,223.73	53,837.75
Regional High School Taxes Payable	A-20	42,091.46	55,126.44
Special Improvement District Tax Payable	A-21		4,789.20
		<u>2,896,563.61</u>	<u>2,782,970.16</u>
Reserve for Receivables	Contra	2,041,481.78	1,570,201.23
Fund Balance	A-1	680,137.63	637,454.42
		<u>5,618,183.02</u>	<u>4,990,625.81</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-24	291,687.21	133,572.75
Unappropriated Reserve for Grants	A-25	6,617.47	
Encumbrances Payable	A-26	10,573.03	9,367.80
		<u>308,877.71</u>	<u>142,940.55</u>
		<u>5,927,060.73</u>	<u>5,133,566.36</u>

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

Borough of Washington, N.J.
Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis
Current Fund
Years Ended December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	306,681.36	130,000.00
Miscellaneous Revenue Anticipated	A-2	1,094,572.98	1,581,642.85
Receipts from Delinquent Taxes	A-2	561,586.56	655,908.44
Receipts from Current Taxes	A-2	16,694,248.55	16,333,251.45
Non-Budget Revenue	A-2	162,998.37	38,278.79
Other Credits to Income:			
Statutory Excess In Animal Control Trust			8,175.20
Interfunds Returned	A-12	8,175.20	5,964.76
Appropriated Grant Reserves Canceled			38,707.89
Unexpended Balance of Appropriation Reserves	A-14	227,674.30	104,707.81
Cancellation of Various Reserves	A-15	1,438.92	
Encumbrances Cancelled	A-16	66,620.08	21,521.72
Cancellation of Special Improvement District Payable	A-21	4,789.20	
Total Revenues and Other Income		<u>19,128,785.52</u>	<u>18,918,158.91</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Operating	A-3	2,787,183.08	3,011,551.75
Deferred Charges and Statutory Expenditures	A-3	253,720.01	205,859.33
Operations - Excluded From CAPS:			
Operating	A-3	2,544,682.54	2,548,149.22
Capital Improvements	A-3	140,000.00	37,500.00
Municipal Debt Service	A-3	778,154.12	812,985.04
Deferred Charges	A-3	70,000.00	
Refund of Prior Year Revenue	A-4	175.00	21,315.57
Interfund Advances	A-12	188,327.31	4,336.26
Grant Receivables Canceled			2,116.97
County Taxes including Added Taxes	A-18	3,382,467.69	3,271,204.89
Local District School Tax	A-19	4,187,281.00	4,045,426.00
Regional High School Tax	A-20	4,247,430.20	4,183,500.16
Special Improvement District Tax	A-21	200,000.00	200,000.00
Total Expenditures		<u>18,779,420.95</u>	<u>18,343,945.19</u>
Excess (Deficit) Revenue Over Expenditures		349,364.57	574,213.72
Adjustment to Income Before Fund Balance			
Expenditures Included above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			
		<u>349,364.57</u>	<u>574,213.72</u>
Statutory Excess to Fund Balance		349,364.57	574,213.72
Fund Balance, January 1,		<u>637,454.42</u>	<u>193,240.70</u>
		986,818.99	767,454.42
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>306,681.36</u>	<u>130,000.00</u>
Fund Balance, December 31,	A	<u><u>680,137.63</u></u>	<u><u>637,454.42</u></u>

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

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Ref.	Budget	Appropriated by: 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	306,681.36		306,681.36	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	5,000.00		5,040.00	40.00
Other	A-10	2,400.00		2,955.00	555.00
Fees and Permits	A-10	35,000.00		32,079.00	(2,921.00)
Fines and Costs:					
Municipal Court	A-10	110,000.00		84,043.50	(25,956.50)
Interest and Costs on Taxes	A-10	95,000.00		127,067.77	32,067.77
Interest on Investments and Deposits	A-10	9,000.00		5,378.92	(3,621.08)
Consolidated Municipal Property Tax Relief Aid	A-10	83,506.00		83,506.00	
Energy Receipts Tax	A-10	509,870.00		509,870.00	
Special Items of General Revenue Anticipated					
With Prior Written Consent of Director of					
Local Government Services:					
Public and Private Revenues:					
Recycling Tonnage Grant	A-23		8,074.01	8,074.01	
Municipal Alliance	A-23	10,517.00		10,517.00	
Clean Communities Grant	A-23		11,537.17	11,537.17	
Energy Efficiency Block Grant	A-23		10,431.23	10,431.23	
DOT- Beethoven Avenue	A-23		140,000.00	140,000.00	
Other Special Items:					
Uniform Fire Safety Act	A-10	10,000.00		11,422.76	1,422.76
Cable TV Gross Receipts	A-10	21,000.00		20,542.62	(457.38)
Animal Shelter Trust Fund	A-10	10,108.00		10,108.00	
General Capital Fund Balance	A-10	22,000.00		22,000.00	
Total Miscellaneous Revenues	A-1	923,401.00	170,042.41	1,094,572.98	1,129.57
Receipts from Delinquent Taxes	A-1;A-2	344,431.55		561,586.56	217,155.01
Subtotal General Revenues		1,574,513.91	170,042.41	1,962,840.90	218,284.58
Amount to be Raised by Taxes for Support of					
Municipal Budget-Local Tax for Municipal		192,012.62		192,012.62	
Purposes Including Reserve for Uncollected Taxes	A-2	5,562,397.76		5,379,611.06	(182,786.70)
Budget Totals		7,136,911.67	170,042.41	7,342,451.96	35,497.88
Non-Budget Revenue	A-1;A-2			162,998.37	162,998.37
		<u>7,136,911.67</u>	<u>170,042.41</u>	<u>7,505,450.33</u>	<u>198,496.25</u>
		A-3	A-3		

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2011

Analysis of Realized Revenues

Revenue from Collections	A-1;A-6	16,694,248.55
Allocated to School and County Taxes	A-6	<u>12,017,178.89</u>
Balance for Support of Municipal Budget Appropriations		4,677,069.66
Add:		
Appropriated Reserve for Uncollected Taxes	A-3	<u>702,541.40</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>5,379,611.06</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		
Taxes Receivable	A-6	557,162.97
Tax Title Liens Receivable	A-7	<u>4,423.59</u>
	A-2	<u><u>561,586.56</u></u>
<u>Analysis of Non-budget Revenues</u>	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Fire Prevention Inspection Fees		7,462.00
Division of Motor Vehicles Fines & Fees		897.00
Tax Department Miscellaneous		6,239.77
Senior Citizen and Veterans Admin. Costs Reimb.		1,010.00
Various Refunds and Miscellaneous		<u>24,492.64</u>
	A-4	40,101.41
Interfund Receivable	A-12	<u>122,896.96</u>
	A-2	<u><u>162,998.37</u></u>

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

General Appropriations	Current Fund				Unexpended Balance Canceled	
	Ref.	Budget	By Emergency	Budget After Modification		Paid or Charged
Year Ended December 31, 2011						
General Government:						
Administrative and Executive:						
Salaries and Wages		119,818.00		119,818.00	119,818.00	
Other Expenses		29,659.00		29,659.00	26,999.67	2,659.33
Mayor and Council:						
Salaries and Wages		10,500.00		10,500.00	10,500.00	
Other Expenses		7,715.00		7,715.00	7,045.46	669.54
Municipal Clerk:						
Salaries and Wages		72,670.60		72,670.60	72,120.60	550.00
Other Expenses		15,029.44		15,029.44	13,887.03	1,142.41
Financial Administration:						
Salaries and Wages		92,224.33		92,224.33	90,724.33	1,500.00
Other Expenses		15,000.00		15,000.00	14,999.33	0.67
Annual Audit		25,980.00		25,980.00	24,850.00	1,130.00
Forensic Audit		100,000.00		100,000.00	87,500.00	12,500.00
Revenue Administration:						
Salaries and Wages		158,839.00		158,839.00	157,339.00	1,500.00
Other Expenses		5,870.00		5,870.00	5,869.19	0.81
Assessment of Taxes:						
Salaries and Wages		38,608.75		37,608.75	32,150.25	5,458.50
Other Expenses		21,700.00		21,700.00	11,662.62	10,037.38
Legal Services and Costs:						
Other Expenses		69,000.00		69,000.00	65,314.56	3,685.44
Engineering Services and Costs:						
Other Expenses		47,500.00		49,500.00	49,183.06	316.94
Municipal Land Use Law (N.J.S. 40:55 D-1)						
Planning Board:						
Salaries and Wages		3,727.59		3,727.59	3,727.59	
Other Expenses		7,637.34		13,137.34	12,733.77	403.57
Board of Adjustment:						
Salaries and Wages		3,985.00		3,985.00	1,613.50	2,371.50
Other Expenses		5,583.34		5,583.34	1,762.80	3,820.54

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

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

Current Fund

Year Ended December 31, 2011

<u>Ref.</u>	<u>Budget</u>	<u>By Emergency</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
General Appropriations						
Local Code Enforcement:						
Salaries and Wages	40,000.00		19,500.00	17,628.50	1,871.50	
Other Expenses	1,875.00		1,875.00	1,551.06	323.94	
P.E.O.S.H.A. (P.L. 1983,C516):						
Other Expenses	1,000.00		1,000.00	269.00	731.00	
Insurance:						
General Liability	220,000.00		220,000.00	219,352.00	648.00	
Employee Group Health	214,483.41		214,483.41	171,541.76	42,941.65	
Public Safety:						
Fire:						
Other Expenses						
Miscellaneous Other Expenses	33,319.00		33,319.00	33,112.67	206.33	
Fire Hydrant Service	68,000.00		68,000.00	67,528.90	471.10	
Police:						
Salaries and Wages	14,608.04		14,608.04	14,608.04		
First Aid Organization - Aid Maintenance:						
Other Expenses	19,300.00		19,300.00	19,300.00		
Uniform Fire Safety Act (CH. 383, P.L. 1983)						
Fire and Code Enforcement:						
Salaries and Wages	22,662.72		22,662.72	19,142.38	3,520.34	
Other Expenses	4,821.28		4,821.28	4,167.91	653.37	
Office of Emergency Management:						
Salaries and Wages	5,015.00		5,015.00	2,975.00	2,040.00	
Other Expenses	1,000.00		1,000.00		1,000.00	
Public Works						
Road Repair and Maintenance						
Salaries and Wages	360,344.00		360,344.00	316,326.05	44,017.95	
Other Expenses	141,487.00		141,487.00	135,549.43	5,937.57	
Shade Tree Commission:						
Salaries and Wages	934.00		934.00	934.00		
Other Expenses	13,500.00		25,500.00	24,736.01	763.99	

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

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

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	By Emergency	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Public Buildings and Grounds:							
Salaries and Wages		12,083.24		12,083.24	11,618.50	464.74	
Other Expenses		30,195.00		30,195.00	28,780.47	1,414.53	
Solid Waste Collection:							
Other Expenses		259,000.00		259,000.00	259,000.00		
Health and Welfare							
Animal Control:							
Salaries and Wages		10,108.00		10,108.00	10,057.94	50.06	
Park and Recreation:							
Recreation and Education							
Salaries and Wages		40,000.00		40,000.00	26,529.01	13,470.99	
Celebration of Public Event, Anniversary or Holiday							
Other Expenses		500.00		500.00	352.00	148.00	
Public Defender (P.L. 1977,C.256)							
Other Expenses		6,000.00		6,000.00	6,000.00		
Utility Expenses							
Electricity		59,000.00		59,000.00	46,826.63	12,173.37	
Natural Gas		35,000.00		35,000.00	24,450.70	10,549.30	
Heating Oil		5,000.00					
Street Lighting & Traffic Lights		83,500.00		83,500.00	73,835.34	9,664.66	
Solid Waste Disposal		173,400.00		173,400.00	173,311.60	88.40	
Telephone		30,000.00		30,000.00	16,640.68	13,359.32	
Water		15,000.00		15,000.00	10,287.34	4,712.66	
Gasoline and Diesel Fuel		15,000.00		22,000.00	21,999.07	0.93	
Total Operations Within "CAPS"		2,787,183.08		2,787,183.08	2,568,212.75	218,970.33	
Total Operations Including Contingent- Within "CAPS"		2,787,183.08		2,787,183.08	2,568,212.75	218,970.33	
Detail:							
Salaries and Wages	A-1	1,006,128.27		984,628.27	907,812.69	76,815.58	
Other Expenses (Including Contingent)	A-1	1,781,054.81		1,802,554.81	1,660,400.06	142,154.75	

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

Current Fund

Year Ended December 31, 2011

<u>Ref.</u>	<u>Budget</u>	<u>By Emergency</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Deferred Charges and Statutory Expenditures-						
Municipal Within "CAPS"						
Statutory Expenditures						
Contribution to:						
	136,453.00		136,453.00	136,453.00		
	90,520.03		90,520.03	74,165.93	16,354.10	
	23,746.98		23,746.98	23,746.98		
	3,000.00		3,000.00	1,235.57	1,764.43	
A-1	253,720.01		253,720.01	235,601.48	18,118.53	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"						
Total General Appropriations for Municipal Purposes within "CAPS"						
	3,040,903.09		3,040,903.09	2,803,814.23	237,088.86	
Operations - Excluded From "CAPS"						
Maintenance of Free Public Library						
	147,141.00		147,141.00	124,295.05	22,845.95	
	45,522.00		45,522.00	45,446.11	75.89	
Road Repair & Maintenance						
	3,234.00		3,234.00	3,234.00		
	195,897.00		195,897.00	172,975.16	22,921.84	
Total Other Operations - Excluded From Caps						
Shared Service Agreements						
	2,143,646.13		2,143,646.13	2,143,646.13		
	162,622.00		162,622.00	144,657.41	17,964.59	
Public and Private Programs Offset By Revenues						
	8,074.01		8,074.01	8,074.01		
	11,537.17		11,537.17	11,537.17		
Municipal Alliance:						
	10,517.00		10,517.00	10,517.00		
	1,958.00		1,958.00	1,958.00		
	10,431.23		10,431.23	10,431.23		
Total Public and Private Programs Offset By Revenues						
	2,348,785.54		2,348,785.54	2,330,820.95	17,964.59	

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

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

Current Fund

Year Ended December 31, 2011

Ref.	Budget	By Emergency	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
<u>General Appropriations</u>						
	2,544,682.54		2,544,682.54	2,503,796.11	40,886.43	
Total Operations - Excluded from "CAPS"						
Detail:						
A-1	161,912.17		161,912.17	139,066.22	22,845.95	
A-1	2,382,770.37		2,382,770.37	2,364,729.89	18,040.48	
Capital Improvements - Excluded From "CAPS"						
	140,000.00		140,000.00	140,000.00		
A-1	140,000.00		140,000.00	140,000.00		
Municipal Debt Service - Excluded From "CAPS"						
	305,000.00		305,000.00	305,000.00	0.00	29,732.05
	87,000.00		87,000.00	57,267.95		
	290,160.00		290,160.00	290,160.00		
	51,964.65		51,964.65	51,893.55		71.10
	39,702.40		39,702.40	38,832.63		869.77
	35,000.00		35,000.00	34,999.99		0.01
A-1	808,827.05		808,827.05	778,154.12		30,672.93
Deferred Charges - Municipal - Excluded From "CAPS"						
	70,000.00		70,000.00	70,000.00		
A-1	70,000.00		70,000.00	70,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"						
	3,563,509.59		3,563,509.59	3,491,950.23	40,886.43	30,672.93
Total General Appropriations - Excluded From "CAPS"						
	3,563,509.59		3,563,509.59	3,491,950.23	40,886.43	30,672.93
	6,604,412.68		6,604,412.68	6,295,764.46	277,975.29	30,672.93
	702,697.55		702,697.55	702,541.40		
	7,307,110.23		7,306,954.08	6,998,305.86	277,975.29	30,672.93

A

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

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

Current Fund

Year Ended December 31, 2011

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>By Emergency</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Adopted Budget	A-2			7,136,911.67			
Appropriation by 40A:4-87	A-2			<u>170,042.41</u>			
				<u>7,306,954.08</u>			
<u>Analysis of Paid or Charged</u>							
Reserve for Uncollected Taxes	A-2				702,541.40		
Cash Disbursed	A-4				5,878,760.02		
Federal & State Grants (Matching Funds)	A-12				1,958.00		
Encumbrances Payable	A-16				234,487.03		
Interfund - Federal and State Grant Fund	A-24				<u>180,559.41</u>		
					<u>6,998,305.86</u>		

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Assessment Trust Fund			
Cash	B-2	<u>2,749.34</u>	<u>2,749.34</u>
Animal Control Trust Fund:			
Cash- Treasurer	B-2	<u>20,021.40</u>	<u>28,865.60</u>
Other Trust Funds:			
Cash	B-2	<u>955,491.22</u>	<u>824,053.43</u>
		<u><u>978,261.96</u></u>	<u><u>855,668.37</u></u>

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

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Trust Fund:			
Prepaid Assessments	B-7	1,488.20	1,488.20
Fund Balance	B-1	1,261.14	1,261.14
		<u>2,749.34</u>	<u>2,749.34</u>
Animal Control Trust Fund:			
Reserve for Animal Control Trust			
Fund Expenditures	B-3	19,997.40	20,676.00
Interfund Current Fund	B-4		8,175.20
Due State Department of Health	B-5	24.00	14.40
		<u>20,021.40</u>	<u>28,865.60</u>
Other Trust Fund:			
Interfund - Current Fund	B-4	1,083.95	4,206.69
Reserve for:			
Escrow Deposits	B-6	630,298.80	432,313.71
Municipal Alliance	B-6	2.79	2.79
POAA	B-6	1,612.78	1,300.78
Recreation	B-6	45,552.92	63,740.69
Police Department Trust	B-6	5,310.44	5,310.44
Police Donations	B-6	7,597.84	7,597.84
Tax Sale Premiums	B-6	61,600.00	135,725.00
Public Defender	B-6	4,961.50	4,361.50
Fire Safety Bureau Trust	B-6	12,012.09	14,137.29
C.O.A.H.	B-6	33,013.91	32,948.01
Unemployment	B-6	56,402.69	38,385.31
Payroll	B-6	13,872.19	14,023.38
Comcast	B-6	25,000.00	25,000.00
Snow Removal	B-6	57,169.32	45,000.00
		<u>955,491.22</u>	<u>824,053.43</u>
		<u>978,261.96</u>	<u>855,668.37</u>

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

Borough of Washington, N. J.

Statement of Fund Balance - Assessment Trust - Regulatory Basis

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	<u>1,261.14</u>
Balance - December 31, 2011	B	<u>1,261.14</u>

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

Borough of Washington, N. J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2011 and 2010

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Cash	C-2;C-3	94,932.34	23,690.25
Interfund - Sewer Capital Fund	C-5	799,612.30	899,612.30
Grants Receivable	C-7		139,763.00
Deferred Charges to Future Taxation			
Funded	C-8	6,724,480.04	7,059,738.22
Unfunded	C-9	2,858,586.00	2,846,090.95
		<u>10,477,610.68</u>	<u>10,968,894.72</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Current Fund	C-4	242,801.86	51,351.81
Interfund - Sewer Operating Fund	C-6	150,000.00	250,000.00
Capital Improvement Fund	C-10	117,660.00	117,660.00
Improvement Authorizations:			
Funded	C-11	355,184.66	342,711.96
Unfunded	C-11	28,418.08	61,149.38
Reserve for:			
Contracts Payable	C-12	28,483.61	55,982.92
Bond Anticipation Notes	C-13	2,787,628.00	2,965,346.00
Green Acres Loan Payable	C-14	449,480.04	479,738.22
General Serial Bonds Payable	C-15	6,275,000.00	6,580,000.00
Fund Balance	C-1	42,954.43	64,954.43
		<u>10,477,610.68</u>	<u>10,968,894.72</u>

Footnote C: There were Bonds and Notes Authorized But Not Issued in the amount of \$70,958.00 on December 31, 2011. See Exhibit C-16.

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

Borough of Washington, N. J.
Schedule of Fund Balance - Regulatory Basis
General Capital Fund
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	C	64,954.43
Decreased by:		
Anticipated As Current Fund Revenue	C-2	<u>22,000.00</u>
Balance - December 31, 2011	C	<u><u>42,954.43</u></u>

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

Borough of Washington, N. J.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31, 2011 and 2010

	<u>Ref</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Operating Fund:			
Cash-Treasurer	D-5	881,382.79	431,661.20
Change Fund	D-7	75.00	75.00
		<u>881,457.79</u>	<u>431,736.20</u>
Interfund Receivable:			
Sewer Capital Fund	D-13	0.44	0.44
General Capital	D-13	150,000.00	250,000.00
		<u>150,000.44</u>	<u>250,000.44</u>
Receivables with Full Reserves:			
Consumer Accounts	D-8	373,529.12	254,430.55
Sewer Liens	D-9	18,641.47	16,534.32
		<u>392,170.59</u>	<u>270,964.87</u>
Total Operating Fund		<u>1,423,628.82</u>	<u>952,701.51</u>
Capital Fund:			
Cash	D-5;D-6	54,016.30	54,016.30
Fixed Capital*	D-14	17,805,593.72	17,805,593.72
Fixed Capital Authorized and Uncompleted*	D-15	169,546.00	169,546.00
Wastewater Escrow Receivable	D-10		303,036.66
Wastewater Fund Loans Receivable	D-11		43,982.00
Wastewater Trust Loans Receivable	D-12		43,982.00
		<u>18,029,156.02</u>	<u>18,420,156.68</u>
Total Capital Fund		<u>18,029,156.02</u>	<u>18,420,156.68</u>
Total Assets		<u>19,452,784.84</u>	<u>19,372,858.19</u>

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

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

Borough of Washington, N. J.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31, 2011 and 2010

	<u>Ref</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4;D-16	55,343.55	42,389.91
Encumbrances Payable	D-17	105,020.57	102,318.45
Interfund Payable			
Current Fund	D-13	129.57	129.57
Accrued Interest	D-18	76,598.25	78,579.72
Accounts Payable	D-21	10,517.44	16,523.75
Overpayment of Sewer Charges	D-21	5,572.56	2,941.45
		<u>253,181.94</u>	<u>242,882.85</u>
Reserve for Receivables	Contra	392,170.59	270,964.87
Fund Balance	D-1	778,276.29	438,853.79
Total Operating Fund		<u>1,423,628.82</u>	<u>952,701.51</u>
Capital Fund:			
Interfund Payable:			
General Capital Fund	D-13	799,612.30	899,612.30
Sewer Operating Fund	D-13	0.44	0.44
Improvement Authorization			
Funded	D-19	122,560.01	122,560.01
Reserve for:			
Wastewater Trust Loan Receivable	D-20		45,741.00
McKinley Avenue Sewers	D-20		4,430.93
Capital Improvement Fund	D-22	4,500.00	4,500.00
Reserve for Amortization	D-23	11,308,292.03	10,487,708.29
Reserve for Deferred Amortization	D-24	132,546.00	132,546.00
USDA Rural Development Loan	D-25	5,099,213.51	6,085,056.91
Serial Bonds Payable	D-26	558,000.00	638,000.00
Fund Balance	D-2	4,431.73	0.80
		<u>18,029,156.02</u>	<u>18,420,156.68</u>
Total Liabilities, Reserves and Fund Balances		<u>19,452,784.84</u>	<u>19,372,858.19</u>

Footnote D: There were Bonds and Notes Authorized But Not Issued on December 31, 2011 in the amount of \$877,088.18 Per Exhibit D-27.

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

Borough of Washington, N. J.

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

Sewer Utility Operating Fund

Years Ended December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:			
Rents	D-3	2,254,288.64	2,022,313.04
Miscellaneous	D-3	22,000.00	17,104.11
Reserve Capacity Charges	D-3	24,215.85	39,821.38
Industrial/Commercial Permit Fees	D-3	21,628.37	17,880.00
Additional Sewer Charges			300,000.00
Non-Budget Revenues	D-3	152,985.73	20,144.92
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-16	31,872.47	135,882.78
Encumbrances Cancelled	D-17	24,719.21	11,946.57
Accounts Payable Cancelled	D-21	9,571.79	
Total Income		<u>2,541,282.06</u>	<u>2,565,092.80</u>
Expenditures:			
Operating	D-4	962,335.00	962,335.00
Debt Service	D-4	1,139,524.56	1,173,948.40
Deferred Charges and			
Statutory Expenditures	D-4	<u>100,000.00</u>	<u>26,224.86</u>
Total Expenditures		<u>2,201,859.56</u>	<u>2,162,508.26</u>
Excess (Deficit) in Revenue over Expenditures		<u>339,422.50</u>	<u>402,584.54</u>
Statutory Excess to Surplus		339,422.50	402,584.54
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years			
Statutory Excess to Surplus			
Fund Balance - January 1,	D-1	<u>438,853.79</u>	<u>36,269.25</u>
Fund Balance - December 31,	D	<u><u>778,276.29</u></u>	<u><u>438,853.79</u></u>

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

Borough of Washington, N. J.

Statement of Fund Balance - Regulatory Basis

Sewer Utility Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	D	0.80
Increase by:		
Cancellation of Reserves	D-20	<u>4,430.93</u>
Balance - December 31, 2011	D	<u><u>4,431.73</u></u>

D-3

Statement of Revenues - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Rents	D-1;D-8	2,312,000.00	2,254,288.64	(57,711.36)
Miscellaneous	D-1;D-5	22,000.00	22,000.00	
Reserve Capacity Charges	D-1;D-5	46,461.92	24,215.85	(22,246.07)
Industrial/Commercial Permit Fees	D-1;D-5	12,000.00	21,628.37	9,628.37
Non-Budget Revenues	D-1		<u>152,985.73</u>	<u>152,985.73</u>
Budget Totals		<u><u>2,392,461.92</u></u>	<u><u>2,475,118.59</u></u>	<u><u>82,656.67</u></u>

Analysis of Non-Budget Revenue

Interest on Investments:

Interest on Delinquent Sewer Rents		25,726.39	
Miscellaneous		1,025.00	
Connection Fees		124,868.21	
Interest on Operating Deposits		<u>1,366.13</u>	
	D-5		<u>152,985.73</u>
	D-3		<u><u>152,985.73</u></u>

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

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

Sewer Operating Fund

Year Ended December 31, 2011

	<u>Appropriated</u>	<u>Budget</u>	<u>Expended</u>	<u>Unexpended</u>
<u>Ref.</u>	<u>Budget</u>	<u>After</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:				
Other Expenses	<u>962,335.00</u>	<u>962,335.00</u>	<u>906,991.45</u>	<u>55,343.55</u>
Total Operating	<u>962,335.00</u>	<u>962,335.00</u>	<u>906,991.45</u>	<u>55,343.55</u>
Debt Service:				
Payment of Bond Principal	80,000.00	80,000.00	80,000.00	
Interest on Bonds	24,928.53	24,928.53	24,928.53	
Infrastructure Trust Principal and Interest	<u>1,225,198.39</u>	<u>1,225,198.39</u>	<u>1,034,596.03</u>	<u>190,602.36</u>
Total Debt Service	<u>1,330,126.92</u>	<u>1,330,126.92</u>	<u>1,139,524.56</u>	<u>190,602.36</u>
Deferred Charges and Statutory Expenditures				
Capital Ordinance Funding	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	
Total Deferred Charges and Statutory Expenditures	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	
Total Sewer Utility Appropriations	<u>2,392,461.92</u>	<u>2,392,461.92</u>	<u>2,146,516.01</u>	<u>55,343.55</u>
				<u>190,602.36</u>
Cash Disbursed			2,016,566.91	
Encumbrances Payable			105,020.57	
Accrued Interest			<u>24,928.53</u>	
			<u>2,146,516.01</u>	

D

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

Borough of Washington, N.J.

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash	E-1	<u>1,938.01</u>	<u>1,938.01</u>
<u>Liabilities and Reserves</u>			
Reserve for Public Assistance	E-6	<u>1,938.01</u>	<u>1,938.01</u>

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

Borough of Washington, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2011 and 2010

	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements		
Buildings	5,354,300.00	5,354,300.00
Machinery and Equipment	<u>3,878,000.00</u>	<u>4,232,642.00</u>
	<u>9,232,300.00</u>	<u>9,586,942.00</u>
 Investment in Fixed Assets	 <u>9,232,300.00</u>	 <u>9,586,942.00</u>

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

BOROUGH OF WASHINGTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting

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

The Borough has the following funds and account groups:

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

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

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

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

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

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

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

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

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

Basis of Accounting

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

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

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

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

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

Budgets and Budgetary Accounting

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

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

Animal Control Trust Fund
General Capital Fund

Public Assistance Fund Trust Fund
Sewer Capital Fund

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

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

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

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

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

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

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

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

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

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

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements

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

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2011 statutory budget included a reserve for uncollected taxes in the amount of \$702,541.40. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2011 statutory budget was \$306,681.36.

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

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. There were items of revenue and appropriation inserted into the annual budget for 2011; Clean Communities Grant for \$11,537.17; Recycling Tonnage for \$8,074.01; Energy Efficient Block Grant for \$10,431.23; and NJDOT Grant - Beethoven Avenue for \$140,000.00.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need or public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2011, there were no special emergency appropriations.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 3: FIXED ASSETS

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2011.

	<u>Balance as of</u> <u>12/31/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance as of</u> <u>12/31/11</u>
Land, Land Improvements, & Buildings	\$5,354,300.00	\$ -	\$ -	\$5,354,300.00
Machinery & Equipment	<u>\$4,232,642.00</u>	<u>47,114.00</u>	<u>401,756.00</u>	<u>3,878,000.00</u>
	<u>\$9,586,942.00</u>	<u>\$47,114.00</u>	<u>\$401,756.00</u>	<u>\$9,232,300.00</u>

NOTE 4: MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

<u>Issued</u>	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
General:			
Bonds, Notes & Loans	\$ 9,512,108.04	\$10,025,084.22	\$10,371,352.20
Sewer Utility:			
Bonds, Notes & Loans	<u>5,657,213.51</u>	<u>6,723,056.91</u>	<u>7,775,979.95</u>
Total Issued	<u>15,169,321.55</u>	<u>16,748,141.13</u>	<u>\$18,147,332.15</u>
Less:			
Funds Temporarily Held to Pay Notes	<u>-</u>	<u>-</u>	<u>-</u>
Net Debt Issued	\$15,169,321.55	\$16,748,141.13	\$18,147,332.15

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 4: MUNICIPAL DEBT (CONTINUED)

<u>Authorized But Not Issued</u>	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
General:			
Bonds and Notes	\$ 70,958.00	\$ 1,195.00	\$ 2,577.00
Sewer Utility:			
Bonds and Notes	<u>877,088.18</u>	<u>631,828.52</u>	<u>631,828.52</u>
Total Authorized But Not Issued	<u>948,046.18</u>	<u>633,023.52</u>	<u>634,405.52</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$16,117,367.73</u>	<u>\$17,381,164.65</u>	<u>\$18,781,737.67</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 statement net debt of 1.72%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 9,583,066.04	\$ -	\$9,583,066.04
Sewer Utility Debt	6,534,301.69	6,534,301.69	-
Local School District Debt	2,741,000.00	2,741,000.00	-
Regional School District Debt	<u>5,588,694.31</u>	<u>5,588,694.31</u>	<u>-</u>
	<u>\$24,447,062.04</u>	<u>\$14,863,996.00</u>	<u>\$9,583,066.04</u>

Net Debt \$9,583,066.04 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$556,822,869.00 = 1.72%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$19,488,800.42
Net Debt	<u>9,583,066.04</u>
Remaining Borrowing Power	<u>\$ 9,905,734.38</u>

ANALYSIS OF AVERAGE EQUALIZED VALUATION

2011	556,822,869.00	
2010		582,251,051.00
2009		585,113,298.33

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 4: MUNICIPAL DEBT (CONTINUED)

School Debt Deduction

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

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$2,475,118.59
Operating And Maintenance Costs	\$1,006,991.45	
Debt Service	<u>1,139,524.56</u>	
		<u>2,146,516.01</u>
Excess in Revenue		<u>\$ 328,602.58</u>

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

The Borough's debt issued and outstanding on December 31, 2011 is as follows:

General Capital Fund:

Green Acres Trust Loan - dated October 17, 2002 with New Jersey Department of Environmental Protection. This loan is payable in semi-annual installments through July 2022. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining as of December 31, 2011 was \$200,955.86.

Green Acres Trust Loan - dated March 4, 2009 with New Jersey Department of Environmental Protection. This loan is payable in semi-annual installments through December 31, 2026. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining as of December 31, 2011 was \$248,524.18.

General Serial Bonds - \$2,410,000.00 of 2001 General Improvement Bonds - dated April 1, 2001. This bond is payable in annual installments through April 1, 2016. The interest is payable annually at variable interest rates. The balance remaining as of December 31, 2011 was \$1,005,000.00.

General Serial Bonds - \$5,590,000.00 of 2008 General Improvement Bonds - dated March 12, 2008. This bond is payable in annual installments through March 1, 2022. The interest is payable annually at variable interest rates. The balance remaining as of December 31, 2011 was \$5,270,000.00.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 4: MUNICIPAL DEBT (CONTINUED)

Sewer Utility Capital Fund:

Wastewater Treatment Loans:

\$7,060,000 of 1998 Trust Loan dated August 1, 1998. This loan is payable in annual installments of \$425,000.00 to \$575,000.00 through August 2017. Interest is calculated at 5.00% and is included in the annual installments. The remaining balance as of December 31, 2011 was \$3,055,000.00.

\$1,075,000.00 of 1998 Trust Loan dated August 1, 1998. This loan is payable in annual installments of \$65,000.00 to \$85,000.00 through August 2017. Interest is calculated at 5.00% and is included in the annual installments. The remaining balance as of December 31, 2011 was \$450,000.00.

\$790,000.00 of 2002 Trust Loan dated October 15, 2002. This loan is payable in annual installments of \$35,000.00 to \$60,000.00 through August 2022. Interest is calculated at variable interest rates and is included in the annual installments. The remaining balance as of December 31, 2011 was \$540,000.00.

\$6,485,430.00 of 1998 Fund Loan dated August 1, 1998. This loan is payable in semi-annual installments of \$363,176.35 to \$365,147.41 through August 2012. The remaining balance as of December 31, 2011 was \$301,691.41.

\$1,014,350.00 of 1998 Fund Loan dated August 1, 1998. This loan is payable in annual installments of \$11,047.73 to \$55,622.13 through August 2017. The remaining balance as of December 31, 2011 was \$282,416.34.

\$835,741.00 of 2002 Fund Loan dated October 15, 2002. This loan is payable in annual installments of \$41,418.99 to \$44,186.70 through August 2022. The remaining balance as of December 31, 2011 was \$470,105.76.

Sewer Revenue Bonds:

\$728,828.00 of 2008 Sewer Bonds Notes dated March 12, 2008. This loan is payable in annual installments of \$78,000.00 to \$80,000.00 through March 1, 2018. Interest is calculated at variable interest rates and is included in the annual installments. The remaining balance as of December 31, 2011 was \$558,000.00.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 4: MUNICIPAL DEBT (CONTINUED)

The Borough's long term debt consisted of the following at December 31, 2011:

General Obligation Bonds & Loan from the General Capital Account	\$ 6,724,480.04
Sewer Utility Loan from the Sewer Utility Capital Account	<u>5,657,213.51</u>
	<u>\$12,381,693.55</u>

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT
ISSUED AND OUTSTANDING DECEMBER 31, 2011**

Calendar Year	<u>General</u>		<u>Sewer Utility</u>		<u>Yearly Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	350,866.37	284,933.54	1,034,508.27	225,610.00	1,385,374.64	510,543.54
2013	366,486.79	269,575.62	757,571.44	194,260.00	1,124,058.23	463,835.62
2014	387,119.68	253,315.24	787,106.88	161,560.00	1,174,226.56	414,875.24
2015	412,765.27	235,875.88	816,719.59	127,360.00	1,229,484.86	363,235.88
2016	438,423.86	217,196.05	846,002.95	91,760.00	1,284,426.81	308,956.05
2017-2021	3,807,470.79	658,016.30	1,313,885.39	96,065.00	5,121,356.18	754,081.30
2022-2026	<u>961,347.28</u>	<u>24,518.84</u>	<u>101,418.99</u>	<u>2,850.00</u>	<u>1,062,766.27</u>	<u>27,368.84</u>
Total	<u>6,724,480.04</u>	<u>1,943,431.47</u>	<u>5,657,213.51</u>	<u>899,465.00</u>	<u>12,381,693.55</u>	<u>2,842,896.47</u>

Long-term debt as of December 31, 2011 consisted of the following:

	<u>Balance Dec. 31, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2011</u>	<u>Amount Due Within One Year</u>
General Capital Fund:					
General Serial Bonds	\$ 6,580,000.00	\$ -	\$305,000.00	\$6,275,000.00	\$320,000.00
Green Acres Trust Fund	<u>479,738.22</u>	<u>-</u>	<u>30,258.18</u>	<u>449,480.04</u>	<u>30,866.37</u>
	<u>7,059,738.22</u>	<u>-</u>	<u>335,258.18</u>	<u>6,724,480.04</u>	<u>350,866.37</u>
Sewer Capital Fund:					
General Serial Bonds	638,000.00	-	80,000.00	558,000.00	80,000.00
Waste Sewer Loans	<u>6,085,056.91</u>	<u>-</u>	<u>985,843.40</u>	<u>5,099,213.51</u>	<u>954,508.27</u>
	<u>6,723,056.91</u>	<u>-</u>	<u>1,065,843.40</u>	<u>5,657,213.51</u>	<u>1,034,508.27</u>
Compensated Absences Payable	<u>212,691.26</u>	<u>18,120.84</u>	<u>108,920.97</u>	<u>121,891.13</u>	<u>-</u>
	<u>\$13,995,486.39</u>	<u>\$18,120.84</u>	<u>\$1,510,022.55</u>	<u>\$12,503,584.68</u>	<u>\$1,385,374.64</u>

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 5: BOND ANTICIPATION NOTES

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

On December 31, 2011, the Borough had \$2,787,628.00 in Outstanding General Capital Bond Anticipation Notes. This note will mature on March 10, 2012 and it is the intent of the Borough Council to renew this note for another one year period. The current interest rate on this note is 1.78%. Principal and interest on this note is paid from the Current Fund budget of the Borough. The Borough renewed this note on March 9, 2012 with the paydown of \$81,176.00 payable to Oppenheimer & Co. Inc. with an interest rate of 2.00%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2011.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
General Capital:				
PNC Bank	<u>\$2,965,346.00</u>	<u>\$2,787,628.00</u>	<u>\$2,965,346.00</u>	<u>\$2,787,628.00</u>

NOTE 6: TAX ANTICIPATION NOTES

Tax Anticipation Notes in the amount of \$2,000,000.00 issued March 18, 2011. The interest is payable annually at a rate of 1.86%. The balance remaining as of December 31, 2011 was \$2,000,000.00. The borough renewed this note for \$1,165,000.00 April 4, 2012 with an interest of 1.75%.

NOTE 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2011 which are appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012 were as follows:

Current Fund	<u>\$310,000.00</u>
Sewer Utility Operating	<u>\$433,227.30</u>

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 8: TAXES COLLECTED IN ADVANCE

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

	<u>Balance Dec 31, 2011</u>	<u>Balance Dec 31, 2010</u>
Prepaid Taxes	<u>\$35,955.77</u>	<u>\$11,141.27</u>
Cash Liability for Taxes Collected in Advance	<u>\$35,955.77</u>	<u>\$11,141.27</u>

NOTE 9: LOCAL AND REGIONAL DISTRICT SCHOOL TAXES

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

	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2010</u>
<u>Local District School Tax</u>		
Balance of Tax	\$2,057,809.75	\$2,020,423.77
Deferred	<u>1,966,586.02</u>	<u>1,966,586.02</u>
School Tax Payable	<u>91,223.73</u>	<u>53,837.75</u>
<u>Regional High School Tax</u>		
Balance of Tax	2,123,715.19	2,136,750.17
Deferred	<u>2,081,623.73</u>	<u>2,081,623.73</u>
School Tax Payable	<u>\$ 42,091.46</u>	<u>\$ 55,126.44</u>

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 10: PENSION PLANS

Description of Systems:

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

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Description of Systems, (continued)

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

members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

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

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

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

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

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Description of Systems, (continued)

Police and Firemens' Employees' Retirement System (PFRS)

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

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

Contribution Requirements

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

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

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2011	\$136,453.00	\$ -
2010	132,586.91	1,882.24
2009	66,867.50	131,241.62

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program

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

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

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

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

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

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

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

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

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

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 11: ACCRUED SICK AND VACATION BENEFITS

The Borough of Washington has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would be approximately \$121,891.13. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used.

NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2011, \$0- of the Borough's bank balance of \$5,666,701.16 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 13: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2011 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 14: PUBLIC ASSISTANCE

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

NOTE 15: HEALTH INSPECTIONS

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

NOTE 16: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2011 consist of the following:

\$ 1,083.95	Due to Current Fund from Other Trust Fund for cash receipts and disbursements in the Current Fund.
242,801.86	Due to Current Fund from General Capital Fund for receipts and disbursements in the Current Fund.
34,397.08	Due to Federal and State Grant Fund from Current Fund for cash receipts in the Current Fund.
129.57	Due to Current Fund from Sewer Operating Fund for cash receipts and disbursements in the Current Fund.
799,612.30	Due to General Capital Fund from the Sewer Capital Fund for cash receipts and disbursements.
\$ 150,000.00	Due to Sewer Operating Fund from General Capital Fund for cash receipts in the General Fund.
<u>0.44</u>	Due to Sewer Operating Fund from Sewer Capital Fund for interest earned.
<u>\$1,228,025.20</u>	

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

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 17: CONTINGENT LIABILITIES

The Borough of Washington counsel advises us of the following:

- “1. Various claims by persons who have asserted tort claims against the Borough of Washington. These claims have been turned over to the insurance company and this firm is not familiar with the status of those claims, except that the insurance company has not advised us in writing that there are any claims that will exceed the policy limits or that there are any uncovered claims asserted.
2. Various tax appeals which are being handled by others.
3. The Borough is involved in litigation with First Surety Financial which claims that the contractor on the municipal garage site assigned to it all of the proceeds of the construction contract between the Borough and the contractor. When the contractor defaulted, the contractor instructed the Borough to pay any future payments due under the contract to the Borough’s surety. First Surety Financial asserts those payments should have been made to it. The total amount that is claimed is not known at the present time but it is thought to be under \$500,000. The Borough has joined its surety as a party in the matter. The Borough has also asserted claims against its surety for certain liquidated damages claims the Borough has against the contractor. The surety has denied an obligation to play these claims”.

SUPPLEMENTARY DATA

BOROUGH OF WASHINGTON, N.J.

OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2011

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety Company</u>
Scott McDonald	Mayor	*	
Patrick Boyle	Deputy Mayor	*	
Jeanine Gleba	Councilperson	*	
David Higgins	Councilperson	*	
Robert Torres	Councilperson	*	
Justin Jewell	Councilperson	*	
John Valentine	Councilperson	*	
Richard Phelan	Manager	*	
Kristine Blanchard	Municipal Clerk, Licensing Official, Registrar, Search Officer, Zoning Officer to 6/1/11	*	
Tom Bocko	Zoning Officer from 6/1/11	5,000	Selective Ins. Co.
Kay F. Stasyshan	Tax Collector	*	
Natasha Turchan	CFO	200,000	Selective Ins. Co.
Thomas Efstathiou	Tax Assessor, Tax Search Officer to 8/31/11	*	
Ryan Riccio	Tax Assessor, Tax Search Officer from 8/31/11	*	
Mike Stone	Code Enforcement	*	
Andrew Holt	Engineer	*	
Richard P. Cushing, Esq.	Attorney	*	
Scott Willhelm	Public Defender	*	
Betty Wysocki	Animal Control Officer	*	
Thomas M. Ferry, C.P.A., R.M.A.	Auditor	*	

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

Borough of Washington
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Program or Award Amount	Grant Period From/To	12/31/2010		Receipts	Expended	Adjustments	12/31/2011		MEMO Cumulative Total Expenditures	
				(Receivable)	Reserve Balance				(Receivable)	Reserve Balance		
FEDERAL AND STATE GRANT FUND												
Federal Emergency Management Agency SLAHEOP GRANT	83.562	2,405.72	1/1/04-12/31/04		867.35		365.95			501.40	1,904.32	
Department of Housing & Urban Development Pass Through State of New Jersey Department of Community Affairs Small Cities Program	14.2280	169,000.00	4/1/09-8/31/10		21.71					21.71	168,978.49	
Department of Energy Pass through State of New Jersey Clean Energy Program Energy Efficiency and Conservation Block Grant	81.128	10,431.23	1/1/11-12/31/11			10,431.23	10,431.23				10,431.23	
Department of Justice COPS More Bulletproof Vest Partnership Program Bulletproof Vest Partnership Program Bulletproof Vest Partnership Program	16.607 16.607 16.607	1,792.50 700.00 2,430.00	1987 1/1/09-12/31/09 1/1/08-12/31/08 1/1/04-12/31/04	610.30 1,792.50 700.00 236.08 3,338.88					610.30 1,792.50 700.00 236.08 3,338.88		1,792.50 700.00 804.92 3,297.42	
FEDERAL AND STATE GRANT FUND												
				3,338.88	889.06	10,431.23	10,797.18		3,338.88	523.11	184,611.46	
GENERAL CAPITAL FUND												
				3,338.88	889.06	10,431.23	10,797.18		3,338.88	523.11	184,611.46	
TOTAL FEDERAL AID												

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	306,681.36	1.60%	130,000.00	0.69%
Miscellaneous - From Other Than				
Local Property Tax Levies	1,094,572.98	5.72%	1,581,642.85	8.36%
Collection of Delinquent Taxes				
and Tax Title Liens	561,586.56	2.94%	655,908.44	3.47%
Collection of Current				
Tax Levy	16,694,248.55	87.27%	16,333,251.45	86.34%
Other Credits to Income	471,696.07	2.47%	217,356.17	1.14%
	<u>19,128,785.52</u>	<u>100.00%</u>	<u>18,918,158.91</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	6,573,739.75	35.01%	6,616,045.34	36.07%
Local and Regional School Taxes	8,434,711.20	44.91%	8,228,926.16	44.86%
County Taxes	3,382,467.69	18.01%	3,271,204.89	17.83%
Special Improvement District Tax	200,000.00	1.06%	200,000.00	1.09%
Other Expenditures	188,502.31	1.01%	27,768.80	0.15%
	<u>18,779,420.95</u>	<u>100.00%</u>	<u>18,343,945.19</u>	<u>100.00%</u>
Excess (Deficit) in Revenue	349,364.57		574,213.72	
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year				
Deficit in Operations to be Raised in Budget of Succeeding Year	349,364.57		574,213.72	
Statutory Excess to Fund Balance	349,364.57		574,213.72	
Fund Balance, January 1,	<u>637,454.42</u>		<u>193,240.70</u>	
	986,818.99		767,454.42	
Less:				
Utilized as Anticipated Revenue	<u>306,681.36</u>		<u>130,000.00</u>	
Fund Balance, December 31,	<u>680,137.63</u>		<u>637,454.42</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate:</u>	<u>4.670</u>	<u>4.488</u>	<u>4.273</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	1.494	1.415	1.239
County	.816	.780	.771
County Open Space	.094	.094	.094
Local School	1.125	1.081	1.063
Regional School	1.141	1.118	1.106

Assessed Valuation

2011	372,149,461.00		
2010		374,253,624.00	
2009			376,386,626.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2011	17,588,983.61	16,694,248.55	94.91%
2010	17,023,522.23	16,333,251.45	95.95%
2009	16,309,760.01	15,458,872.53	94.78%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	802,987.98	844,382.18	1,647,370.16	9.37%
2010	589,847.80	764,723.75	1,354,571.55	7.96%
2009	680,118.70	687,551.37	1,367,670.07	8.38%

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>
2011	138,600.00
2010	138,600.00
2009	112,300.00

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2011	2,375,494.36	2,254,288.64
2010	2,322,313.04	2,322,313.04
2009	2,051,599.15	2,071,919.70

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Current Fund:</u>	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
	2011	680,137.63	310,000.00
	2010	637,454.42	306,681.36
	2009	193,240.70	130,000.00
	2008	39,381.41	-
	2007	564,381.41	525,000.00
<u>Sewer Utility Operating Fund:</u>			
	2011	778,276.29	433,227.30
	2010	438,853.79	-
	2009	36,269.25	-
	2008	21,633.61	-
	2007	21,633.61	-

Borough of Washington, N.J.

Schedule of Cash - Treasurer

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>		<u>Current Fund</u>
Balance - December 31, 2010	A		3,412,925.09
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	40,101.41	
Taxes Receivable	A-6	17,189,520.25	
Tax Title Liens Receivable	A-7	4,423.59	
Revenue Accounts Receivable	A-10	913,822.28	
Due From State - Senior Citizen and Veteran Deductions	A-11	50,500.00	
Interfunds	A-12	260,666.21	
Tax Anticipation Note Payable	A-13	2,000,000.00	
Various Cash Liabilities and Reserves	A-15	84,024.76	
Prepaid Taxes	A-17	<u>35,955.77</u>	
			<u>20,579,014.27</u>
			23,991,939.36
Decreased by Disbursements:			
Refund of Prior Year Taxes	A-1	175.00	
Current Year Budget Appropriations	A-3	5,878,760.02	
Interfunds	A-12	287,683.91	
Tax Anticipation Note Payable	A-13	2,000,000.00	
Appropriation Reserves	A-14	118,434.41	
Various Cash Liabilities and Reserves	A-15	64,843.83	
Encumbrances Payable	A-16	80,083.42	
County Taxes Payable	A-18	3,382,646.82	
Local School District Taxes Payable	A-19	4,149,895.02	
Regional High School Taxes Payable	A-20	4,260,465.18	
Special Improvement District Taxes Payable	A-21	<u>200,000.00</u>	
			<u>20,422,987.61</u>
Balance - December 31, 2011	A		<u><u>3,568,951.75</u></u>

Borough of Washington, N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	<u>325.00</u>
Balance - December 31, 2011	A	<u>325.00</u>
 <u>Analysis of Balance:</u>		
Tax Collector		100.00
Municipal Clerk		100.00
Recreation		<u>125.00</u>
		<u>325.00</u>

Borough of Washington, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2011

Year	Balance, Dec. 31, 2010	Levy	Added Taxes	Collected 2010	Collected 2011	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2011
2009	6,604.27			6,603.95				0.32	0.00
2010	583,243.53			551,809.02		(1,250.00)	4,195.69	16,716.11	11,772.71
	589,847.80			558,412.97		(1,250.00)	4,195.69	16,716.43	11,772.71
2011	589,847.80	17,579,105.76	9,877.85	11,141.27	16,631,107.28	52,000.00	72,290.12	31,229.67	791,215.27
	589,847.80	17,579,105.76	9,877.85	11,141.27	17,189,520.25	50,750.00	76,485.81	47,946.10	802,987.98
	A			A-2;A-17	A-2;A-4	A-2;A-11	A-7		A

Analysis of Tax Levy

Tax yield:	Ref.
General Purpose Tax	17,579,105.76
Added Tax (R.S. 54:4-63.1 et seq.)	9,877.85
	<u>17,588,983.61</u>
Tax Levy:	
County Tax	3,380,542.90
Added County Taxes	1,924.79
	<u>3,382,467.69</u>
Local District School Tax	4,187,281.00
Regional High School Tax	4,247,430.20
Special Improvement District Tax	200,000.00
	<u>8,634,711.20</u>
	<u>12,017,178.89</u>
Local Tax for Municipal Purposes	5,562,397.76
Additional Taxes	9,406.96
	<u>5,571,804.72</u>
	<u>17,588,983.61</u>

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

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	764,723.75
Increased by:		
Transferred from 2010 Taxes Receivable	A-6	4,195.69
Year End Penalty		6,753.74
Adjustments		842.47
Transferred from 2011 Taxes Receivable	A-6	<u>72,290.12</u>
		<u>84,082.02</u>
		848,805.77
Decreased by:		
Collected	A-4	<u>4,423.59</u>
Balance - December 31, 2011	A	<u><u>844,382.18</u></u>

A-8

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

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	<u><u>138,600.00</u></u>
Balance - December 31, 2011	A	<u><u>138,600.00</u></u>

A-9

Schedule of Maintenance Liens Receivable

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	<u><u>7,825.83</u></u>
Balance - December 31, 2011	A	<u><u>7,825.83</u></u>

Borough of Washington, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2011</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		5,040.00	5,040.00	
Other	A-2		2,955.00	2,955.00	
Fees and Permits	A-2		32,079.00	32,079.00	
Municipal Court :					
Fines and Costs	A-2	5,340.58	82,373.33	84,043.50	3,670.41
Tax Collector:					
Interest and Costs on Taxes	A-2		127,067.77	127,067.77	
Interest on Investments and Deposits	A-2		5,378.92	5,378.92	
Consolidated Municipal Property Tax					
Relief Aid	A-2		83,506.00	83,506.00	
Energy Receipts	A-2		509,870.00	509,870.00	
Animal Shelter Trust Fund	A-2		10,108.00	10,108.00	
General Capital Fund Balance	A-2		22,000.00	22,000.00	
Uniform Fire Safety Act	A-2		11,422.76	11,422.76	
Cable TV Gross Receipts	A-2		20,542.62	20,542.62	
		<u>5,340.58</u>	<u>912,343.40</u>	<u>914,013.57</u>	<u>3,670.41</u>
		A			A
Cash Receipts	A-4			913,822.28	
Interfund Receivable	A-12			191.29	
				<u>914,013.57</u>	

Borough of Washington, N.J.

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

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	A		7,174.49
Increased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billing		50,750.00	
Senior Citizens' and Veterans' Deductions Per Tax Collector		<u>1,750.00</u>	
		52,500.00	
Less: Senior Citizens Deductions Disallowed			
By the Tax Collector - 2011 Taxes		500.00	
By the Tax Collector - 2010 Taxes		<u>1,250.00</u>	
		<u>1,750.00</u>	
	A-6		<u>50,750.00</u>
			57,924.49
Decreased by:			
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4		<u>50,500.00</u>
Balance - December 31, 2011	A		<u><u>7,424.49</u></u>

Borough of Washington, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2011

Fund	Ref.	Due From/(To)			Due From/(To)
		Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
Federal and State Grants	A	(2,392.92)	55,201.88	23,197.72	(34,397.08)
Animal Control Trust Fund	A	8,175.20		8,175.20	
Other Trust	A	4,206.69	126,124.39	129,247.13	1,083.95
General Capital Fund	A	51,351.81	261,450.05	70,000.00	242,801.86
Sewer Utility Operating Fund	A	129.57			129.57
		<u>61,470.35</u>	<u>442,776.32</u>	<u>230,620.05</u>	<u>209,618.30</u>
<u>Analysis</u>					
Due From Current Fund	A-1	63,863.27			244,015.38
Due To Current Fund		<u>(2,392.92)</u>			<u>(34,397.08)</u>
		<u>61,470.35</u>			<u>209,618.30</u>
Various Escrows Cancelled	A-2		122,896.96		
Appropriations-Grants	A-3		1,958.00		
Received	A-4		53,243.88	207,422.33	
Disbursed	A-4		264,486.19	23,197.72	
Revenue Accounts Receivable	A-10		191.29		
			<u>442,776.32</u>	<u>230,620.05</u>	

Borough of Washington, N.J.

Schedule of Tax Anticipation Note

Current Fund

Year Ended December 31, 2011

<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2011</u>
3/29/12	1.86%	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
		A	A-4	A-4	A
		<u>2,000,000.00</u>	<u>2,000,000.00</u>	<u>2,000,000.00</u>	<u>2,000,000.00</u>

Borough of Washington, N.J.
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2011

	Balance, Dec. 31, <u>2010</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<u>GENERAL GOVERNMENT</u>				
Administration and Executive:				
Salaries and Wages	2,565.00	65.00		65.00
Other Expenses	2,789.40	2,789.40	922.81	1,866.59
Mayor and Council:				
Salaries and Wages	1,333.28	833.28		833.28
Other Expenses	4.00	4.00		4.00
Elections (Clerk):				
Salaries and Wages	175.74	175.74		175.74
Other Expenses	1,346.93	1,346.93	98.67	1,248.26
Financial Administration:				
Salaries and Wages	2,107.22	2,107.22		2,107.22
Other Expenses	11,408.31	11,408.31	1,455.98	9,952.33
Annual Audit	25,980.00	25,980.00	24,850.00	1,130.00
Revenue Administration:				
Salaries and Wages	2,263.00	2,263.00		2,263.00
Other Expenses	310.07	310.07		310.07
Assessment of Taxes:				
Salaries and Wages	2,134.83	2,134.83		2,134.83
Other Expenses	7,573.15	7,573.15	1,136.50	6,436.65
Legal Services and Costs:				
Other Expenses	9,934.19	9,934.19	9,934.19	
Engineering Services and Costs:				
Other Expenses	144.90	144.90	144.90	
Planning Board:				
Salaries and Wages	18.41	18.41		18.41
Other Expenses	490.02	590.02	590.02	
Board of Adjustment:				
Salaries and Wages	1,825.30	1,825.30		1,825.30
Other Expenses	510.77	3,010.77	601.16	2,409.61
Local Code Enforcement:				
Salaries and Wages	3,965.76	3,965.76		3,965.76
Other Expenses	1,248.65	1,248.65	315.57	933.08
P.E.O.S.H.A. (P.L. 1983, C516)				
Other Expenses	1,000.00	1,000.00		1,000.00
Insurance:				
General Liability	2.04	2.04		2.04
Employee Group Health	26,571.64	26,571.64	2,527.94	24,043.70

Borough of Washington, N.J.
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2011

	Balance, Dec. 31, <u>2010</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<u>PUBLIC SAFETY</u>				
Fire				
Other Expenses:				
Misc. Other Expenses	518.13	518.13	518.13	
Fire Hydrant Service	3,676.00	3,676.00	3,676.00	
Police:				
Salaries and Wages	57.84	57.84		57.84
Uniform Fire Safety Act (P.L. 1983,C.383):				
Fire and Safety Code Enforcement:				
Salaries and Wages	1,683.65	1,683.65		1,683.65
Other Expenses	633.23	633.23		633.23
Office of Emergency Management:				
Salaries and Wages	15.00	15.00		15.00
Other Expenses	1,000.00	1,000.00		1,000.00
<u>STREETS AND ROADS</u>				
Road Repairs and Maintenance:				
Salaries and Wages	32,195.32	32,195.32	32,195.32	
Other Expenses	20,623.87	20,623.87	20,623.87	
Shade Tree Commission:				
Salaries and Wages	5.00	5.00		5.00
Other Expenses	0.33	0.33	0.33	
Public Building and Grounds:				
Salaries and Wages	453.73	453.73		453.73
Other Expenses	8,213.56	8,213.56	3,503.73	4,709.83
<u>HEALTH AND WELFARE</u>				
Animal Control:				
Salaries and Wages	50.06	50.06		50.06
Local Municipal Alliance:				
Other Expenses	2,556.04	2,556.04		2,556.04
Park and Recreation:				
Recreation and Education				
Salaries and Wages	11,345.37	11,345.37	672.00	10,673.37
Other Expenses	23,453.86	23,453.86		23,453.86
Celebration of Public Event, Anniversary or Holiday				
Other Expenses	500.00	500.00		500.00

Borough of Washington, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2011

<u>Liabilities and Reserves</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Liabilities:</u>				
Accounts Payable	22,037.49	2,846.99	570.82	24,313.66
Tax Overpayments	48,854.97	72,347.76	55,631.54	65,571.19
<u>Reserve for:</u>				
Tax Appeals	75,000.00			75,000.00
Revaluation	868.10		868.10	
State Library Aid	10,458.90	2,977.00	9,212.29	4,223.61
Sale of Municipal Assets	700.00	8,700.00		9,400.00
	<u>157,919.46</u>	<u>86,871.75</u>	<u>66,282.75</u>	<u>178,508.46</u>
	A			A
	<u>Ref.</u>			
Cancelled	A-1		1,438.92	
Cash Received	A-4	84,024.76		
Cash Disbursed	A-4		64,843.83	
Encumbrances Payable	A-16	2,846.99		
		<u>86,871.75</u>	<u>66,282.75</u>	

Borough of Washington, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	A		149,550.49
Increased by:			
Transfer from Current Appropriations	A-3		<u>234,487.03</u>
			384,037.52
Decreased by:			
Cancelled to Surplus	A-1	66,620.08	
Disbursements	A-4	80,083.42	
Accounts Payable	A-15	<u>2,846.99</u>	
			<u>149,550.49</u>
Balance - December 31, 2011	A		<u><u>234,487.03</u></u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	A		11,141.27
Increased by:			
Receipts - Prepaid 2012 Taxes	A-4		<u>35,955.77</u>
			47,097.04
Decreased by:			
Applied to 2011 Taxes	A-6		<u>11,141.27</u>
Balance - December 31, 2011	A		<u><u>35,955.77</u></u>

Borough of Washington, N.J.
Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	A		2,103.92
Increased by:			
Levy	A-6	3,380,542.90	
Added and Omitted Taxes	A-6	<u>1,924.79</u>	
	A-1		<u>3,382,467.69</u>
			<u>3,384,571.61</u>
Decreased by:			
Payments	A-4		<u>3,382,646.82</u>
Balance - December 31, 2011	A		<u><u>1,924.79</u></u>

Borough of Washington, N.J.

Schedule of Local School District Tax

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010			
School Tax Deferred	A	53,837.75	
School Tax Payable		<u>1,966,586.02</u>	2,020,423.77
Increased by:			
Levy- 2011	A-6		<u>4,187,281.00</u>
			6,207,704.77
Decreased by:			
Payments	A-4		<u>4,149,895.02</u>
Balance - December 31, 2011			
School Tax Payable	A	91,223.73	
School Tax Deferred		<u>1,966,586.02</u>	<u>2,057,809.75</u>
2011 Liability for Local			
Taxes Paid			4,149,895.02
Taxes Payable December 31, 2011			<u>91,223.73</u>
			4,241,118.75
Less:			
Taxes Payable December 31, 2010			<u>53,837.75</u>
Amount Charged to Operations	A-1		<u><u>4,187,281.00</u></u>

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

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010			
Tax Payable	A	55,126.44	
School Taxes Deferred		<u>2,081,623.73</u>	2,136,750.17
Increased by:			
Levy- 2011	A-6		<u>4,247,430.20</u>
			6,384,180.37
Decreased by:			
Payments	A-4		<u>4,260,465.18</u>
Balance - December 31, 2011			
Tax Payable	A	42,091.46	
School Taxes Deferred		<u>2,081,623.73</u>	<u>2,123,715.19</u>
2011 Liability for Regional District School Tax:			
Taxes Paid			4,260,465.18
Taxes Payable-December 31, 2011			<u>42,091.46</u>
			4,302,556.64
Less:			
Taxes Payable-December 31, 2010			<u>55,126.44</u>
Amount Charged to Operations	A-1		<u>4,247,430.20</u>

A-21

Schedule of Special Improvement District Taxes Payable

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	A		4,789.20
Increased by:			
Levy- 2011	A-1;A-6		<u>200,000.00</u>
			<u>204,789.20</u>
Decreased by:			
Cancelled	A-1	4,789.20	
Payments	A-4	<u>200,000.00</u>	
			<u>204,789.20</u>

Borough of Washington, N.J.

Schedule of Interfunds Receivable (Payable)

Federal and State Grant Fund

Year Ended December 31, 2011

<u>Fund</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
Current Fund	A	<u>2,392.92</u>	<u>55,201.88</u>	<u>23,197.72</u>	<u>34,397.08</u>
Grants Receivable	A-23		46,626.41		
Appropriated Grants	A-24			13,971.72	
Appropriated Grants - Matching Share	A-24		1,958.00		
Unappropriated Grants	A-25		6,617.47		
Encumbrances Payable	A-26			9,226.00	
			<u>55,201.88</u>	<u>23,197.72</u>	

Borough of Washington, N.J.
Schedule of Grants Receivable
Federal and State Grant Fund
Year Ended December 31, 2011

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Budget</u> <u>Revenue</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Municipal Alliance Grant	7,663.75	10,517.00	9,584.00	8,596.75
Community Forestry Management	7,000.00		7,000.00	
2005 Summer Recreation Program	500.00			500.00
2006 Summer Recreation Program	500.00			500.00
COPS More Program - 1997	610.30			610.30
NJDOT - Beethoven Avenue		140,000.00		140,000.00
Clean Communities		11,537.17	11,537.17	
Energy Efficiency Block Grant		10,431.23	10,431.23	
Recycling Tonnage		8,074.01	8,074.01	
N.J. Site Remediation Fund:	116,545.00			116,545.00
Highlands Water Protection & Planning	5,000.00			5,000.00
Bulletproof Vest Program	2,728.58			2,728.58
	<u>140,547.63</u>	<u>180,559.41</u>	<u>46,626.41</u>	<u>274,480.63</u>
	A	A-2	A-22	A

Borough of Washington, N.J.

Schedule of Appropriated Reserves of Grants

Federal and State Grant Fund

Year Ended December 31, 2011

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Transfer</u> <u>From 2011</u> <u>Budget</u>	<u>Expended</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Recycling Tonnage Grant	13,505.86	8,074.01		21,579.87
Alcohol Education and Rehabilitation Fund	4,200.37			4,200.37
Municipal Alliance Grant:				
Local Share		1,958.00	1,958.00	
State Share	327.56	10,517.00	10,766.94	77.62
Clean Communities Program	38,734.21	11,537.17		50,271.38
Domestic Violence Training	3,580.88		880.83	2,700.05
Cool Cities Community Grant	3,860.00			3,860.00
Small Cities Grant	21.71			21.71
Hazardous Discharge Site Redemption	55,213.62			55,213.62
NJDOT - Beethoven Avenue		140,000.00		140,000.00
Energy Efficiency Block Grant		10,431.23	10,431.23	
SLAHEOP Grant	867.35		365.95	501.40
Planning Assistance COAH	2,732.39			2,732.39
Municipal Stormwater Regulation Grant	5,000.00			5,000.00
Highlands Water Protection & Planning	5,000.00			5,000.00
Storm Water Management Programs	528.80			528.80
	<u>133,572.75</u>	<u>182,517.41</u>	<u>24,402.95</u>	<u>291,687.21</u>
	A			A
	<u>Ref.</u>			
Federal and State Grants	A-3	180,559.41		
Interfund - Current Fund	A-22	1,958.00	13,971.72	
Reserve for Encumbrances	A-26		10,431.23	
		<u>182,517.41</u>	<u>24,402.95</u>	

Borough of Washington, N.J.**Schedule of Unappropriated Reserves for Grants****Federal and State Grant Fund****Year Ended December 31, 2011**

<u>Grant</u>	<u>Cash Received</u>	<u>Balance Dec. 31, 2011</u>
Recycling Tonnage Grant	<u>6,617.47</u>	<u>6,617.47</u>
	A-22	A

Borough of Washington, N.J.
Schedule of Encumbrances Payable
Federal and State Grant Fund
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	9,367.80
Increased by:		
Charged to Appropriated Reserves	A-24	<u>10,431.23</u>
		19,799.03
Decreased by:		
Interfund Current Fund	A-22	<u>9,226.00</u>
Balance - December 31, 2011	A	<u><u>10,573.03</u></u>

Borough of Washington, N. J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Assessment Trust Fund</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2010	B	<u>2,749.34</u>	<u>28,865.60</u>	<u>824,053.43</u>
Increased by Receipts:				
Dog License Fees - Borough	B-3		9,990.00	
Cat License Fees - Borough	B-3		1,700.00	
Dog Late Fees	B-3		3,564.00	
Dog License Fees - State Share	B-5		1,648.80	
Other Trust Funds	B-6			2,298,698.74
Interfund - Current Fund	B-4	<u>5.50</u>		<u>3,783.85</u>
Total Receipts		<u>5.50</u>	<u>16,902.80</u>	<u>2,302,482.59</u>
		<u>2,754.84</u>	<u>45,768.40</u>	<u>3,126,536.02</u>
Decreased by Disbursements:				
Interfund - Current Fund	B-4	5.50	8,175.20	129,803.55
Reserve for Animal Control Trust Fund Expenditures	B-3		15,932.60	
State Share - Dog Licenses	B-5		1,639.20	
Other Trust Funds	B-6			<u>2,041,241.25</u>
Total Disbursements		<u>5.50</u>	<u>25,747.00</u>	<u>2,171,044.80</u>
Balance - December 31, 2011	B	<u><u>2,749.34</u></u>	<u><u>20,021.40</u></u>	<u><u>955,491.22</u></u>

Borough of Washington, N. J.

Reserve/(Deficit) for Animal Control Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	B		20,676.00
Increased by:			
Dog License Fees	B-2	9,990.00	
Cat License Fees	B-2	1,700.00	
Dog Late Fees	B-2	<u>3,564.00</u>	
			<u>15,254.00</u>
			35,930.00
Decreased by:			
Reserve for Animal Control Trust Fund Expenditures	B-2		<u>15,932.60</u>
Balance - December 31, 2011	B		<u><u>19,997.40</u></u>

License Fees Collected

<u>Year</u>	
2010	11,515.00
2009	<u>10,756.00</u>
	<u><u>22,271.00</u></u>

Borough of Washington, N. J.

Schedule of Interfund Receivable (Payable) - Current Fund

Trust Fund

Year Ended December 31, 2011

	Due (to) / from Balance			Due (to) / from Balance
	<u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2011</u>
Assessment Trust Fund		5.50	5.50	
Animal Control Trust Fund	(8,175.20)		8,175.20	
Other Trust Fund	<u>(4,206.69)</u>	<u>126,680.81</u>	<u>129,803.55</u>	<u>(1,083.95)</u>
	<u>(12,381.89)</u>	<u>126,686.31</u>	<u>137,984.25</u>	<u>(1,083.95)</u>
	B			B
	<u>Ref.</u>			
Receipts-Trust Funds	B-2	3,783.85		
Receipts- Assessment Trust Fund	B-2	5.50		
Disbursed-Animal Control Trust Fund	B-2		8,175.20	
Disbursed-Trust Funds	B-2		129,803.55	
Disbursed - Assessment Trust Fund	B-2		5.50	
Other Trust Funds	B-6	<u>122,896.96</u>		
		<u>126,686.31</u>	<u>137,984.25</u>	

Borough of Washington, N. J.
Schedule of Due to State Department of Health

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	14.40
Increased by:		
State Fees Collected	B-2	<u>1,648.80</u>
		1,663.20
Decreased by:		
Disbursements	B-2	<u>1,639.20</u>
Balance - December 31, 2011	B	<u><u>24.00</u></u>

Borough of Washington, N. J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2011

	Balance <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2011</u>
Reserve for:				
Escrow Deposits	432,313.71	511,072.55	313,087.46	630,298.80
Municipal Alliance	2.79			2.79
POAA	1,300.78	312.00		1,612.78
Recreation	63,740.69	88,106.90	106,294.67	45,552.92
Police Department Trust	5,310.44			5,310.44
Tax Sale Premiums	135,725.00		74,125.00	61,600.00
Public Defender	4,361.50	600.00		4,961.50
Fire Safety Bureau Trust	14,137.29	3,000.00	5,125.20	12,012.09
Police Donations	7,597.84			7,597.84
C.O.A.H.	32,948.01	65.90		33,013.91
Unemployment	38,385.31	30,194.83	12,177.45	56,402.69
Payroll	14,023.38	1,609,383.28	1,609,534.47	13,872.19
Comcast	25,000.00			25,000.00
Snow Removal	45,000.00	55,963.28	43,793.96	57,169.32
	<u>819,846.74</u>	<u>2,298,698.74</u>	<u>2,164,138.21</u>	<u>954,407.27</u>
	B			B
	<u>Ref.</u>			
Cash Receipts	B-2	2,298,698.74		
Cash Disbursements	B-2		2,041,241.25	
Interfund Current	B-4		122,896.96	
		<u>2,298,698.74</u>	<u>2,164,138.21</u>	

Borough of Washington, N. J.

Schedule of Prepaid Assessments

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	<u><u>1,488.20</u></u>
Balance - December 31, 2011	B	<u><u>1,488.20</u></u>

Borough of Washington, N. J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	C;C-3		23,690.25
Increased by Receipts:			
Interfund - Current Fund	C-4	141,000.00	
Interfund - Sewer Capital Fund	C-5	100,000.00	
Budget Appropriation:			
Improvement Costs	C-9	<u>70,000.00</u>	
	C-3		<u>311,000.00</u>
			<u>334,690.25</u>
Decreased by Disbursements:			
Capital Fund Balance	C-1	22,000.00	
Interfund - Current Fund	C-4	70,000.00	
Interfund - Sewer Operating Fund	C-6	100,000.00	
Contracts Payable	C-12	5,959.64	
Improvement Authorizations	C-11	<u>41,798.27</u>	
	C-3		<u>239,757.91</u>
Balance - December 31, 2011	C;C-3		<u><u>94,932.34</u></u>

Borough of Washington, N. J.
Analysis of Cash
General Capital Fund
Year Ended December 31, 2011

	Balance Dec. 31, 2010	Receipts		Disbursements		Transfers		Balance Dec. 31, 2011
		Miscellaneous	Improvement Authorizations	Miscellaneous	Improvement Authorizations	To	(From)	
Fund Balance	64,954.43			22,000.00				42,954.43
Capital Improvement Fund	117,660.00							117,660.00
Contracts Payable	55,982.92			5,959.64			21,539.67	28,483.61
Grants Receivable	(139,763.00)					139,763.00		
Interfund - Current Fund	51,351.81	141,000.00		70,000.00		120,450.05		242,801.86
Interfund - Sewer Capital Fund	(899,612.30)	100,000.00						(799,612.30)
Interfund - Sewer Operating Fund	250,000.00			100,000.00				150,000.00
<u>Improvement Authorizations</u>								
23-2002 Improvements to Myrtle Avenue	(1,195.00)							(1,195.00)
02-2007 Supplemental Amending 2005-1	16,521.64							16,521.64
08-2005 Various Improvements and Purposes	282.00							282.00
12-2005 Various Public Improvements and Acquisitions	7,584.47							7,584.47
07-2007 Various Improvements and Purposes	94,850.11	70,000.00	38,838.12			6,651.57	197,441.83	(64,778.27)
12-2007 Various Improvements and Purposes	309,064.30							309,064.30
02-2008 Redevelopment Projects	2,286.24							729.45
05-2008 Various Improvements and Purposes	84,463.08		544.75					22,703.90
11-2008 Acq. of New and Additional Fire Apparatus	9,259.55		2,415.40					21,732.25
	23,690.25	311,000.00	41,798.27	197,959.64		281,752.72	281,752.72	94,932.34
	<u>C</u>	<u>C-2</u>	<u>C-2</u>	<u>C-2</u>		<u>C-2</u>	<u>C</u>	

Borough of Washington, N. J.

Schedule of Interfund Receivable (Payable) - Current Fund

General Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	C		(51,351.81)
Increased by:			
Cash Receipts	C-2	141,000.00	
Bond Anticipation Notes	C-13	<u>120,450.05</u>	
			<u>261,450.05</u>
			(312,801.86)
Decreased by:			
Disbursement	C-2		<u>70,000.00</u>
Balance - December 31, 2011	C		<u><u>(242,801.86)</u></u>

Borough of Washington, N. J.

Schedule of Interfund Receivable (Payable) - Sewer Capital Fund

General Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	C	899,612.30
Decreased by:		
Cash Receipts	C-2	<u>100,000.00</u>
Balance - December 31, 2011	C	<u><u>799,612.30</u></u>

C-6

Schedule of Interfund Receivable (Payable) - Sewer Operating Fund

General Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	C	(250,000.00)
Decreased by:		
Cash Disbursed	C-2	<u>100,000.00</u>
Balance - December 31, 2011	C	<u><u>(150,000.00)</u></u>

Borough of Washington, N. J.
Schedule of State Grants Receivable
General Capital Fund
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	C	<u>139,763.00</u>
Decreased by:		
Cancelled	C-9	<u>139,763.00</u>

Borough of Washington, N. J.

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	C		7,059,738.22
Decreased by:			
Funded by Budget Appropriation			
Green Acres Loan Payable	C-14	30,258.18	
Serial Bonds Payable	C-15	<u>305,000.00</u>	
			<u>335,258.18</u>
Balance - December 31, 2011	C		<u><u>6,724,480.04</u></u>

Borough of Washington, N. J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	C	<u>117,660.00</u>
Balance - December 31, 2011	C	<u>117,660.00</u>

Borough of Washington, N. J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2011

Ord. No./Date	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2010		Prior Years Contract Payable Cancelled	Paid or Charged	Balance Dec. 31, 2011	
				Funded	Unfunded			Funded	Unfunded
General Improvements:									
02-2007	Supplemental Amending 2005-01	03/06/07	498,265.00	16,521.64				16,521.64	
08-2005	Various Improvements and Purposes	06/10/05	2,871,250.00	282.00				282.00	
12-2005	Various Public Improvements and Acquisitions	06/10/05	25,000.00	7,584.47				7,584.47	
07-2007	Various Improvements and Purposes	07/17/07	2,145,950.00		37,171.28	6,651.57	38,838.12		4,984.73
12-2007	Various Improvements and Purposes	09/18/07	760,000.00	309,064.30				309,064.30	
02-2008	Redevelopment Projects	04/15/08	100,000.00		729.45				729.45
05-2008	Various Improvements and Purposes	07/01/08	414,000.00		23,248.65		544.75		22,703.90
11-2008	Acquisition of new and Additional Fire Apparatus	11/17/08	1,000,000.00	9,259.55		14,888.10	2,415.40	21,732.25	
				<u>342,711.96</u>	<u>61,149.38</u>	<u>21,539.67</u>	<u>41,798.27</u>	<u>355,184.66</u>	<u>28,418.08</u>
				C	C	C-12	C-2	C	C

Borough of Washington, N. J.
Schedule of Contracts Payable
General Capital Fund
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	C		55,982.92
Decreased by:			
Cash Disbursed	C-2	5,959.64	
Improvement Authorizations	C-11	<u>21,539.67</u>	
			<u>27,499.31</u>
Balance - December 31, 2011	C		<u><u>28,483.61</u></u>

Borough of Washington, N. J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2011

Ord. No./Date	Improvement Description	Date of		Date of Maturity	Interest Rate	Balance		Increased	Decreased	Balance Dec. 31, 2011
		Original Issue	Issue			Dec. 31, 2010	Dec. 31, 2011			
07-2007	Various Improvements	11/28/07	03/10/11	03/10/12	1.78%	1,997,046.00	1,997,046.00	1,997,046.00	1,997,046.00	1,897,761.00
02-2008	Redevelopment Project	09/18/08	03/10/11	03/10/12	1.78%	100,000.00	97,177.00	100,000.00	100,000.00	97,177.00
05-2008	Various Improvements	09/18/08	03/10/11	03/10/12	1.78%	393,300.00	317,690.00	393,300.00	393,300.00	317,690.00
11-2008	Acquisition of Fire Fighting Apparatus	08/27/09	03/10/11	03/10/12	1.78%	475,000.00	475,000.00	475,000.00	475,000.00	475,000.00
						<u>2,965,346.00</u>	<u>2,787,628.00</u>	<u>2,965,346.00</u>	<u>2,965,346.00</u>	<u>2,787,628.00</u>
						C				C
						Ref.				
						Renewals	2,787,628.00	2,787,628.00		
						Interfund - Current Fund	120,450.05		120,450.05	
						Paid by Budget Appropriation	57,267.95		57,267.95	
							<u>2,787,628.00</u>	<u>2,965,346.00</u>	<u>2,965,346.00</u>	

Borough of Washington, N. J.

Schedule of Green Acres Trust Loan Payable

General Capital Fund

Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Date	Interest Rate	Balance	
					Dec. 31, 2010	Dec. 31, 2011
Green Acres Loan	10/17/2002	328,750.00	1/17/2012-1/17/2022	2.00%	217,136.36	200,955.86
			7/17/2012-7/17/2022		16,180.50	
Green Acres Loan	3/4/2009	283,200.00	6/30/2012-6/30/2026	2.00%	262,601.86	248,524.18
			12/31/2012-12/31/2026		479,738.22	449,480.04
					<u>C</u>	<u>C</u>
					<u>30,258.18</u>	<u>449,480.04</u>
					C-8	C

Borough of Washington, N. J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2011	Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
General Improvement Bonds	04/01/01	2,410,000.00	195,000.00	4.500%			
			205,000.00	4.600%			
			205,000.00	4.650%			
			205,000.00	4.700%	1,200,000.00	195,000.00	1,005,000.00
General Improvement Bonds	03/12/08	5,590,000.00	125,000.00	4.500%			
			140,000.00	4.500%			
			150,000.00	4.500%			
			175,000.00	4.500%			
			200,000.00	4.500%			
			540,000.00	4.500%			
			640,000.00	4.500%			
			750,000.00	4.500%			
			850,000.00	4.500%			
			850,000.00	4.500%	5,380,000.00	110,000.00	5,270,000.00
					<u>6,580,000.00</u>	<u>305,000.00</u>	<u>6,275,000.00</u>
					C	C-8	C

Borough of Washington, N. J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2011

<u>Ord. No./Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>Grants Receivable Cancelled</u>	<u>Funded by Budget Appropriation</u>	<u>Balance Dec. 31, 2011</u>
23-2002	Improvements to Myrtle Ave.	1,195.00			1,195.00
07-2007	Various Improvments and Purposes	<u>1,195.00</u>	<u>139,763.00</u>	<u>70,000.00</u>	<u>69,763.00</u>
		<u>1,195.00</u>	<u>139,763.00</u>	<u>70,000.00</u>	<u>70,958.00</u>
			C-7	C-9	Footnote C

Borough of Washington, N. J.

Schedule of Cash

Sewer Utility Fund

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2010	D;D-6	<u>431,661.20</u>	<u>54,016.30</u>
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	D-3	152,985.73	
Miscellaneous	D-3	22,000.00	
Reserve Capacity Charges	D-3	24,215.85	
Industrial/Commercial Permit Fees	D-3	21,628.37	
Consumer Accounts/Liens Receivable	D-8	2,254,288.64	
Interfund-General Capital	D-13	100,000.00	
Reserve for Overpayments	D-21	2,631.11	
Budget Appropriation-Costs of Improvement Authorized Ord. #06-97	D-23		<u>100,000.00</u>
	D-6	<u>2,577,749.70</u>	<u>100,000.00</u>
		3,009,410.90	154,016.30
Decreased by Disbursements:			
Budget Appropriations	D-4	2,016,566.91	
Interfund - General Capital	D-13		100,000.00
Encumbrances Payable	D-17	77,599.24	
Accrued Interest	D-18	26,910.00	
Accounts Payable	D-21	6,951.96	
		<u>2,128,028.11</u>	<u>100,000.00</u>
Balance - December 31, 2011	D;D-6	<u><u>881,382.79</u></u>	<u><u>54,016.30</u></u>

Borough of Washington, N. J.

Analysis of Cash

Sewer Utility Capital Fund

Year Ended December 31, 2011

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2011
	Balance Dec. 31, 2010	Budgeted	Miscellaneous	To	From		
Fund Balance	0.80			4,430.93			4,431.73
Capital Improvement Fund	4,500.00						4,500.00
Wastewater Fund Loans Receivable	(43,982.00)			43,982.00			
Wastewater Trust Loans Receivable	(43,982.00)			43,982.00			
Wastewater Escrow Receivable	(303,036.66)			303,036.66			
Reserve for McKinley Avenue Sewers	4,430.93				(4,430.93)		
Reserve for Wastewater Trust Loan Receivable	45,741.00				(45,741.00)		
Interfund - Sewer Operating Fund	0.44						0.44
Interfund - General Capital Fund	899,612.30		100,000.00				799,612.30
Ord. 06-97	(631,828.52)	100,000.00				(345,259.66)	(877,088.18)
10-04	8,274.79						8,274.79
13-05	31,139.22						31,139.22
11-07	83,146.00						83,146.00
	<u>54,016.30</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>395,431.59</u>	<u>(395,431.59)</u>		<u>54,016.30</u>

D;D-5

D-5

D;D-5

Borough of Washington, N. J.
Schedule of Change Fund
Sewer Utility Operating Fund
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	D	<u><u>75.00</u></u>
Balance - December 31, 2011	D	<u><u>75.00</u></u>

Schedule of Consumer Accounts Receivable
Sewer Utility Operating Fund
Year Ended December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Charges</u>	<u>Transferred</u> <u>to Lien</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Consumer Accounts Receivable	<u>254,430.55</u>	<u>2,375,494.36</u>	<u>2,107.15</u>	<u>2,254,288.64</u>	<u>373,529.12</u>
	D		D-9	D-5	D

Borough of Washington, N. J.

Schedule of Sewer Liens

Sewer Utility Operating Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	D	16,534.32
Increased by:		
Transferred from Receivable	D-8	<u>2,107.15</u>
Balance - December 31, 2011	D	<u><u>18,641.47</u></u>

Schedule of Wastewater Escrow Receivables

Sewer Utility Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	D	<u><u>303,036.66</u></u>
Decreased by:		
Reserve for Amortization	D-23	<u><u>303,036.66</u></u>

D-11

Borough of Washington, N. J.

Schedule of Wastewater Fund Loan Receivable

Sewer Utility Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	D		<u>43,982.00</u>
Decreased by:			
Various Reserves	D-20	1,759.00	
Reserve for Amortization	D-23	<u>42,223.00</u>	
			<u>43,982.00</u>

D-12

Schedule of Wastewater Trust Loans Receivable

Sewer Utility Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	D		<u>43,982.00</u>
Decreased by:			
Various Reserves	D-20		<u>43,982.00</u>

Borough of Washington, N. J.

Schedule of Interfund Accounts Receivable (Payable)

Sewer Utility Fund

Year Ended December 31, 2011

Ref.	Sewer Operating Fund			Sewer Capital Fund	
	Current Fund	Sewer Capital Fund	General Capital Fund	General Capital Fund	Sewer Operating Fund
D	(129.57)	0.44	250,000.00	(899,612.30)	(0.44)
Balance - December 31, 2010					
Decreased by:					
D-5			100,000.00	100,000.00	
D-5			100,000.00	100,000.00	
D	(129.57)	0.44	150,000.00	(799,612.30)	(0.44)
Balance - December 31, 2011					

Borough of Washington, N. J.

Schedule of Fixed Capital

Sewer Utility Capital Fund

Year Ended December 31, 2011

<u>Description</u>	Balance <u>Dec. 31, 2010</u>	Balance <u>Dec. 31, 2011</u>
Wastewater Treatment Plant	17,780,843.72	17,780,843.72
Equipment	<u>24,750.00</u>	<u>24,750.00</u>
	<u>17,805,593.72</u>	<u>17,805,593.72</u>
	D	D

Borough of Washington, N. J.

Schedule of Fixed Capital Authorized and Uncompleted

Sewer Utility Capital Fund

Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance, Dec. 31, 2010</u>	<u>Balance, Dec. 31, 2011</u>
		<u>Date</u>	<u>Amount</u>		
10-04	Improvement of Sanitary Sewer System	06/14/04	40,000.00	40,000.00	40,000.00
13-05	Various Improvements	06/10/05	41,000.00	41,000.00	41,000.00
11-07	Improvement of Sanitary Sewer System	09/18/07	88,546.00	88,546.00	88,546.00
				<u>169,546.00</u>	<u>169,546.00</u>

D D

Borough of Washington, N. J.
Schedule of Appropriation Reserves
Sewer Utility Operating Fund
Year Ended December 31, 2011

	Balance, Dec. 31, <u>2010</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating: Other Expenses	<u>42,389.91</u>	<u>42,389.91</u>	<u>10,517.44</u>	<u>31,872.47</u>
	D		D-21	D-1

Borough of Washington, N. J.
Schedule of Encumbrances Payable
Sewer Utility Operating Fund
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	D		102,318.45
Increased by:			
Transfer from Budget	D-4		<u>105,020.57</u>
			207,339.02
Decreased by:			
Cancelled	D-1	24,719.21	
Cash Disbursed	D-5	<u>77,599.24</u>	
			<u>102,318.45</u>
Balance - December 31, 2011	D		<u><u>105,020.57</u></u>

Borough of Washington, N. J.

Schedule of Accrued Interest

Sewer Utility Operating Fund

Year Ended December 31, 2011

	<u>Ref.</u>	Totals	<u>Loans</u>	<u>Bonds</u>
Balance - December 31, 2010	D	78,579.72	68,925.75	9,653.97
Increased by:				
Budget Appropriations	D-4	<u>24,928.53</u>		<u>24,928.53</u>
Decreased by:				
Disbursements	D-5	<u>26,910.00</u>		<u>26,910.00</u>
Balance - December 31, 2011	D	<u>76,598.25</u>	<u>68,925.75</u>	<u>7,672.50</u>

Principal Outstanding December 31, 2011	Interest Rate	From	To	Period in Days	Required Amount	Excess/ (Deficit)	Actual Amount
<u>U.S.D.A. Rural Development Loan:</u>							
3,055,000.00	5.000%	8/1/11	12/31/11	152	64,494.44	(8,767.24)	55,727.20
301,691.41	0.000%	8/1/11	12/31/11	152			
450,000.00	5.000%	8/1/11	12/31/11	152	9,500.00	(1,291.41)	8,208.59
282,416.34	0.000%	8/1/11	12/31/11	152			
540,000.00	5.000%	10/15/11	12/31/11	77	5,775.00	(785.04)	4,989.96
470,105.76	0.000%	10/15/11	12/31/11	77			
					<u>79,769.44</u>	<u>(10,843.69)</u>	<u>68,925.75</u>

<u>Serial Bonds:</u>					<u>8,439.75</u>	<u>(767.25)</u>	<u>7,672.50</u>
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Borough of Washington, N. J.

Schedule of Improvement Authorizations

Sewer Utility Capital Fund

Year Ended December 31, 2011

ORD. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2010		Balance Dec. 31, 2011	
				Funded	Unfunded	Funded	Unfunded
10-04	Improvement of Sanitary Sewer System	06/14/04	40,000.00	8,274.79	8,274.79	8,274.79	
13-05	Various Public Improvements	06/10/05	41,000.00	31,139.22	31,139.22	31,139.22	
11-07	Improvement of Sanitary Sewer System	09/18/07	88,546.00	83,146.00	83,146.00	83,146.00	
				<u>122,560.01</u>	<u>122,560.01</u>	<u>122,560.01</u>	<u> </u>

D D

Borough of Washington, N. J.

Schedule of Reserves

Sewer Utility Capital Fund

Year Ended December 31, 2011

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Decreased</u>
McKinley Avenue Sewers	4,430.93	4,430.93
Wastewater Trust Loans Receivable	<u>45,741.00</u>	<u>45,741.00</u>
	<u>50,171.93</u>	<u>50,171.93</u>
	D	
Fund Balance	D-2	4,430.93
Wastewater Fund Loan Receivable	D-11	1,759.00
Wastewater Trust Loan Receivable	D-12	<u>43,982.00</u>
		<u>50,171.93</u>

Borough of Washington, N. J.

Schedule of Reserves

Sewer Utility Fund

Year Ended December 31, 2011

<u>Description</u>	<u>Balance</u> <u>Dec. 31,2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31,2011</u>
Overpaid Sewer Charges	2,941.45	2,631.11		5,572.56
Accounts Payable	<u>16,523.75</u>	<u>10,517.44</u>	<u>16,523.75</u>	<u>10,517.44</u>
	<u>19,465.20</u>	<u>13,148.55</u>	<u>16,523.75</u>	<u>16,090.00</u>
	D			D
Cancelled	D-1		9,571.79	
Cash Receipts	D-5	2,631.11		
Cash Disbursed	D-5		6,951.96	
Encumbrances Payable	D-17	<u>10,517.44</u>		
		<u>13,148.55</u>	<u>16,523.75</u>	

Borough of Washington, N. J.
Schedule of Capital Improvement Fund
Sewer Utility Capital Fund
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	D	<u><u>4,500.00</u></u>
Balance - December 31, 2011	D	<u><u>4,500.00</u></u>

Schedule of Reserve for Amortization
Sewer Utility Capital Fund
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	D	10,487,708.29
Increased by:		
Budget Appropriation - Costs of Improvements Authorized Ord. #06-97	D-5	100,000.00
USDA Rural Development Loan by Operating Budget	D-25	985,843.40
Serial Bonds Paid by Operating Budget	D-26	<u>80,000.00</u>
		<u>1,165,843.40</u>
		11,653,551.69
Decreased by:		
Wastewater Escrow Receivable	D-10	303,036.66
Wastewater Fund Loan Receivable	D-11	<u>42,223.00</u>
		<u>345,259.66</u>
Balance - December 31, 2011	D	<u><u>11,308,292.03</u></u>

Borough of Washington, N. J.
Schedule of Deferred Reserve for Amortization
Sewer Utility Capital Fund
Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31,2010</u>	<u>Balance, Dec. 31,2011</u>
10-04	Improvements to Sanitary Sewer	06/14/04	3,000.00	3,000.00
13-05	Various Improvements	06/10/05	41,000.00	41,000.00
11-07	Improvements to Sanitary Sewer	09/01/07	<u>88,546.00</u>	<u>88,546.00</u>
			<u>132,546.00</u>	<u>132,546.00</u>
			D	D

Borough of Washington, N. J.

Schedule of Wastewater Loans Payable

Sewer Utility Capital Fund

Year Ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
Trust Loan - Project #S40706-03	08/01/98	7,060,000.00	2012	450,000.00	5.00%	3,480,000.00	425,000.00	3,055,000.00
			2013	470,000.00	5.00%			
			2014	495,000.00	5.00%			
			2015	520,000.00	5.00%			
			2016	545,000.00	5.00%			
			2017	575,000.00	5.00%			
Fund Project - Loan #S340706-03	08/01/98	6,458,430.00	2012	301,690.84	0.00%	664,867.76	363,176.35	301,691.41
Trust Loan - Project #S340706-04	08/01/98	1,075,000.00	2012	65,000.00	5.00%			
			2013	70,000.00	5.00%			
			2014	75,000.00	5.00%			
			2015	75,000.00	5.00%			
			2016	80,000.00	5.00%			
			2017	85,000.00	5.00%			
						515,000.00	65,000.00	450,000.00
Fund Loan - Project #S340706-04	08/01/98	1,014,350.00	2012	53,630.16	0.00%			
			2013	54,702.76	0.00%			
			2014	55,622.13	0.00%			
			2015	53,323.70	0.00%			
			2016	54,089.84	0.00%			
			2017	11,047.75	0.00%			
						338,038.47	55,622.13	282,416.34

Borough of Washington, N. J.

Schedule of Wastewater Loans Payable

Sewer Utility Capital Fund

Year Ended December 31, 2011

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding		Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011		
			Date	Amount						
Trust Loan - Project #S340706-05	10/15/02	790,000.00	2012	40,000.00	5.00%					
			2013	40,000.00	5.00%					
			2014	40,000.00	5.00%					
			2015	45,000.00	5.00%					
			2016	45,000.00	5.00%					
			2017	50,000.00	5.00%					
			2018	50,000.00	5.00%					
			2019	55,000.00	5.00%					
			2020	55,000.00	5.00%					
			2021	60,000.00	5.00%					
			2022	60,000.00	4.75%			575,000.00	35,000.00	540,000.00
			Fund Loan - Project #S340706-05	10/15/02	835,741.00	2012	44,186.70	0.00%		
2013	42,868.68	0.00%								
2014	41,484.75	0.00%								
2015	43,395.89	0.00%								
2016	41,913.11	0.00%								
2017	43,725.39	0.00%								
2018	42,077.87	0.00%								
2019	43,725.39	0.00%								
2020	41,913.11	0.00%								
2021	43,395.88	0.00%								
2022	41,418.99	0.00%						512,150.68	42,044.92	470,105.76
						<u>6,085,056.91</u>	<u>985,843.40</u>	<u>5,099,213.51</u>		
						D	D-23	D		

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

Sewer Utility Capital Fund

Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities Outstanding December 31, 2011	Date	Amount	Interest Rate	Balance	
							Dec. 31, 2010	Dec. 31, 2011
Sewer Bonds	03/12/08	728,000.00	3/1/2012 - 2017		80,000.00	4.50%		
			03/01/18		78,000.00	4.50%	638,000.00	80,000.00
							D	D-23
							D	D

Borough of Washington, N. J.

Schedule of Bonds and Notes Authorized But Not Issued

Sewer Utility Capital Fund

Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2010</u>	<u>Wastewater Receivable Cancelled</u>	<u>Funded by Budget Appropriation</u>	<u>Balance, Dec. 31, 2011</u>
06-97	Improvements to Wastewater Treatment Plant	<u>631,828.52</u>	<u>345,259.66</u>	<u>100,000.00</u>	<u>877,088.18</u>
			D-23	D-23	Footnote D

Borough of Washington, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2011

	<u>Ref.</u>	<u>P.A.T.F. Account #1</u>
Balance - December 31, 2010	E	1,938.01
Increased by Receipts:		
Interfund - Current Fund	E-4	<u>3.88</u>
		1,941.89
Decreased by Disbursements:		
Interfund - Current Fund	E-5	<u>3.88</u>
Balance - December 31, 2011	E	<u><u>1,938.01</u></u>

Borough of Washington, N.J.

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

Public Assistance Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2011	E-1	1,938.01
Increased by:		
Cash Receipts Record		0.44
		<u>1,938.45</u>
Decreased by:		
Cash Disbursement Record		<u>1,938.45</u>
Balance - May 31, 2012		<u><u>-0-</u></u>
<u>Reconciliation - May 31, 2012</u>		<u>P.A.T.F.</u>
		<u>Account #1</u>
Balance on Deposit per Statement of:		
PNC Bank		
Checking		<u>-0-</u>
Less: Outstanding Checks Permanently Recorded		<u>-0-</u>
Balance - May 31, 2012		<u><u>-0-</u></u>

Borough of Washington, N.J.
Schedule of Cash and Reconciliation
Public Assistance Fund
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	E-1	1,938.01
Increased by Receipts:		
Cash Receipts Record		3.88
		1,941.89
Decreased by Disbursements:		
Cash Disbursements Record		3.88
Balance - December 31, 2011	E-1	1,938.01
<u>Reconciliation - December 31, 2011</u>		
Balance on Deposit per Statement of:		
PNC Bank		
Checking		1,938.01
Balance - December 31, 2011		1,938.01

P.A.T.F.
Account #1

Borough of Washington, N.J.
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2011

	P.A.T.F. <u>Account #1</u>
Interest Earned	3.88
Total Revenues (P.A.T.F.)	3.88
<u>Ref.</u>	E-1;E-7

Schedule of Expenditures - Cash Basis
Public Assistance Fund
Year Ended December 31, 2011

	P.A.T.F. <u>Account # 2</u>
Interfund - Current Fund	3.88
Total Disbursements (P.A.T.F.)	3.88
<u>Ref.</u>	E-1;E-7

Borough of Washington, N.J.
Schedule of Reserve for Public Assistance
Public Assistance Fund
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	E	<u><u>1,938.01</u></u>
Balance - December 31, 2011	E	<u><u>1,938.01</u></u>

Schedule of Interfund Current Fund
Public Assistance Fund
Year Ended December 31, 2011

	<u>Ref.</u>	
Increased by:		
Interest on Investments	E-4	<u><u>3.88</u></u>
Decreased by:		
Disbursements	E-5	<u><u>3.88</u></u>

BOROUGH OF WASHINGTON

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

May 31, 2012

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

We have audited the financial statements - regulatory basis of the Borough of Washington, in the County of Warren, State of New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated May 31, 2012. Our report disclosed that, as described in Note 1 to the financial statements - regulatory basis, the Borough of Washington prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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



Honorable Mayor and
Members of the Borough Council
Borough of Washington
May 31, 2012
Page 2

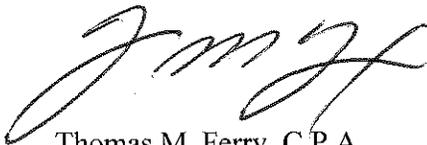
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Washington's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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



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

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

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

GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2011, and at May 31, 2012, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

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

N.J.S. 40A:11-3 states:

a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contracts made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. That adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsection b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

GENERAL COMMENTS (CONTINUED)

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

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

The Governing Body of the Borough of Washington have the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 4, 2011 adopted the following resolutions authorizing interest to be charged on delinquent taxes:

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

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

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments (continued)

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

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

BE IT FURTHER RESOLVED, that any installments received after the expiration of the grace period, and such grace period shall be the period starting with the second day and ending on the ten (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 2011.

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 15, 2011 and was complete, except for properties in bankruptcy court.

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

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

<u>Year</u>	<u>Number of Liens</u>
2011	18
2010	17
2009	19

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

GENERAL COMMENTS (CONTINUED)

Verification of Delinquent Taxes and Other Charges

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

The result of the test, which was made as of December 31, 2011 is not yet known, but a separate report will be rendered if any irregularities are developed.

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

OTHER COMMENTS

Interfunds

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

Management Response:

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

Treasurer

1. Contracts payable in the General Capital Fund listed on the General Ledger does not agree with the subsidiary ledgers.

Management Response:

Old contracts payable in General Capital Fund subsidiary ledger will be reviewed. Old purchase orders will be formally closed and reconciled to the General Ledger.

2. Sewer Overpayments in the Sewer Utility Fund listed on the General Ledger do not agree with the subsidiary ledgers.

Management Response:

Sewer Utility billing was brought in house in July 2010. Constant efforts are being made to reconcile all of the records brought forward.

OTHER COMMENTS (CONTINUED)

Treasurer (continued)

3. There is a Deferred Charge to Future Taxation - Unfunded over five years old.

Management Response:

Deferred Charges to Future Taxation are constantly reviewed for cancellation or funding through the budget. Several capital appropriations were cancelled in 2010; additional appropriations were budgeted in the 2011 budget to fund deferred charges. A second review will be done in 2011 and additional possible appropriations will be cancelled. The Borough plans to make appropriations in 2012 budget to fund additional deferred charges unfunded.

4. There are tax overpayments on the balance sheet that need to be reviewed for possible cancellation.

Management Response:

Tax overpayments ledger will be reviewed and balances cancelled or applied.

5. In one instance, a Borough employee received both a W-2 form and a 1099 form.

Management Response:

Form 1099 was triggered by the expense reimbursements and the W-2 was for clothing reimbursement.

Municipal Court

1. There were 143 tickets assigned but not issued over 181 days old.

Management Response:

In 2010, the Borough entered into a interlocal agreement with Mansfield Township for Municipal Court Services. In addition, police services in the Borough are provided by the Township of Washington. Both municipalities will be contacted and will work together with the Borough to resolve this issue.

Outside Offices

1. The Recreation Department charged fees for Family Recreation rates for sports that were not included in the adopted Fee Ordinance.

Management Response:

The Borough is in the process of revising the Recreation Fee Ordinance. This will be addressed during that process.

RECOMMENDATIONS

1. That interfund balances be reviewed and liquidated on a periodic basis.
2. That Contract Payable Subsidiary Ledgers agree with the General Ledger in the General Capital Fund.
3. That Sewer Overpayments in the Sewer Utility Fund agree with the General Ledger balance.
4. That the Deferred Charges to Future Taxation - Unfunded over five years old be cancelled or funded.
5. That tax overpayments be reviewed for possible cancellation.
6. That Municipal Court tickets over 181 days old be recalled and reassigned through the ATS System.
7. That an IRS form 1099 or a W-2 be issued.
8. Recreation Department should make every effort to only charge fees that are adopted in the Fee Ordinance.

Status of Prior Year's Audit Findings/Recommendations

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

1. That interfund balances be reviewed and liquidated on a periodic basis.
2. That Contract Payable Subsidiary Ledgers agree with the General Ledger in the General Capital Fund.
3. That Sewer Overpayments in the Sewer Utility Fund agree with the General Ledger balance.
4. That the Deferred Charges to Future Taxation - Unfunded over five years old be cancelled or funded.
5. That tax overpayments be reviewed for possible cancellation.
6. That Municipal Court tickets over 181 days old be recalled and reassigned through the ATS System.

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

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

Very truly yours,
Ferraioli, Wielkottz, Cerullo & Cuva, P.A.
Certified Public Accountants



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