

**TOWNSHIP OF WASHINGTON**

**BURLINGTON COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2021**



**WASHINGTON TOWNSHIP  
TABLE OF CONTENTS**

	<b>Exhibit</b>	<b>Page</b>
<b>PART 1</b>		
Independent Auditor's Report		1 - 3
<b>CURRENT FUND</b>		
Comparative Balance Sheet - Regulatory Basis	A	4 - 5
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	A-1	6 - 7
Statement of Revenues -Regulatory Basis	A-2	8 - 10
Statement of Expenditures - Regulatory Basis	A-3	11 - 17
<b>TRUST FUND</b>		
Comparative Balance Sheet - Regulatory Basis	B	18
<b>CAPITAL FUND</b>		
Comparative Balance Sheet - Regulatory Basis	C	19
Schedule of Fund Balance - Regulatory Basis	C-1	20
<b>GENERAL FIXED ASSETS ACCOUNT GROUP</b>		
Balance Sheet - Regulatory Basis	G	21
<b>NOTES TO FINANCIAL STATEMENTS</b>		22-37
<b>SUPPLEMENTARY DATA</b>		
Independent Auditor's Report - Government Auditing Standards		38-39
<b>CURRENT FUND</b>		
Schedule of Cash - Treasurer	A-4	40
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-5	41
Schedule of Tax Title Liens	A-6	42
Schedule of Revenue Accounts Receivable	A-7	43
Schedule of Appropriation Reserves	A-8	44-45
Schedule of Local District School Tax	A-9	46

**WASHINGTON TOWNSHIP  
TABLE OF CONTENTS**

	<b>Exhibit</b>	<b>Page</b>
Schedule of State Grants Receivable	A-10	47
Schedule of Reserve for State Grants - Appropriated	A-11	48
Schedule of Reserve for State Grants - Unappropriated	A-12	49
 <b>TRUST FUNDS</b>		
Schedule of Cash - Treasurer	B-1	50
Schedule of Reserve for Dog Expenditures	B-2	51
Schedule of Amount Due to/(from) Current Fund - Dog License Fund	B-3	52
Schedule of Amount Due to State of New Jersey - Department of Health	B-4	52
Schedule of Due to/(From) Current Fund	B-5	53
Schedule of Miscellaneous Reserves	B-6	54
 <b>CAPITAL FUNDS</b>		
Schedule of Cash - Treasurer	C-2	55
Analysis of Cash	C-3	56
Schedule of Capital Improvement Fund	C-4	57
Statement of Improvement Authorizations	C-5	58
 <b>PART II</b>		
General Comments		59-61
Findings and Recommendations		62
Status of Prior Recommendations		62
Recommendations		62

**TOWNSHIP OF WASHINGTON**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2021**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of Township Committee  
Township of Washington  
County of Burlington, New Jersey

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

#### ***Opinions***

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Washington, as of December 31, 2021 and 2020, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Washington as of December 31, 2021 and 2020, or changes in financial position for the years then ended.

#### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2021 and 2020, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2021 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Township of Washington and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Washington's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township of Washington's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the Township of Washington's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control – related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Washington basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2022, on our consideration of the Township of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Washington's internal control over financial reporting and compliance.

***Ford, Scott & Associates, L.L.C.***  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

***Michael S. Garcia***  
**Michael S. Garcia**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 472**

**August 8, 2022**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**EXHIBIT A - CURRENT FUND**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Regular Fund:		
Cash:		
Cash - Treasurer	\$ 4,872,701.94	4,398,433.70
Cash - Petty Cash	50.00	50.00
Cash - Change	100.00	100.00
Total Cash	<u>4,872,851.94</u>	<u>4,398,583.70</u>
Due from State:		
Seniors and Veterans	5,715.00	5,465.00
Homestead Rebates	20,381.26	-
Total Due from State	<u>26,096.26</u>	<u>5,465.00</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	59,267.33	37,042.75
Tax Title and Other Liens	47,585.50	47,311.80
Interfund Receivable:		
Grant Fund	102,268.31	-
General Capital Fund	-	-
Dog Trust	53.60	3,369.02
Other Trust Funds	137.50	20,576.14
Payroll	2,217.34	2,214.76
Total Receivables and Other Assets	<u>211,529.58</u>	<u>110,514.47</u>
Deferred Charges:		
Special Emergency - Tax Maps	6,000.00	12,000.00
Total Deferred Charges	<u>6,000.00</u>	<u>12,000.00</u>
Total Regular Fund	<u>5,116,477.78</u>	<u>4,526,563.17</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	<u>655,356.84</u>	<u>660,145.00</u>
Total Federal and State Grant Fund	<u>655,356.84</u>	<u>660,145.00</u>
Total Current Fund	<u>\$ 5,771,834.62</u>	<u>5,186,708.17</u>

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2021</u>	<u>2020</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 189,874.33	465,096.19
Reserve for Encumbrances	17,701.55	5,525.96
Prepaid Taxes	36,714.96	28,274.12
Prepaid License Fees	250.00	250.00
Overpaid Taxes	5,679.73	4,876.39
County Added Tax Payable	1,268.48	168.49
Due to State:		
Marriage Licenses		
DCA Fees		
Reserve for Tax Sale Premiums	4,621.00	4,621.00
Reserve for Codification	4,000.00	4,000.00
Reserve for Reassessment Program	1,400.00	1,400.00
Reserve for Fire Safety	800.00	800.00
Reserve for Third Party Tax Title Lien	1,575.00	1,575.00
Reserve for Tax Maps	-	-
	263,885.05	516,587.15
Reserve for Receivables and Other Assets	211,529.58	110,514.47
Fund Balance	4,641,063.15	3,899,461.55
Total Regular Fund	5,116,477.78	4,526,563.17
Federal and State Grant Fund:		
Appropriated Reserves	515,878.86	365,949.24
Unappropriated Reserves	37,209.67	-
Encumbrances Payable	-	135,209.41
Due to General Capital Fund	-	158,986.35
Due to Current Fund	102,268.31	-
	655,356.84	660,145.00
Total Federal and State Grant Fund	655,356.84	660,145.00
Total Current Fund	\$ 5,771,834.62	5,186,708.17

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized		
Fund Balance	\$ 117,458.00	-
Miscellaneous Revenue Anticipated	1,394,276.32	1,081,776.32
Receipts from Delinquent Taxes	43,200.24	35,390.57
Receipts from Current Taxes	1,169,540.39	1,168,189.99
Non Budget Revenue	27,885.15	30,510.82
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	461,536.15	183,521.75
Cancelled Prior Overpayments	-	5,679.10
Correction to Prior Year County Taxes Payable	-	3,194.02
Miscellaneous Refunds	-	-
Interfund Returned	-	191,665.76
Total Income	<u>3,213,896.25</u>	<u>2,699,928.33</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	149,711.00	147,500.00
Other Expenses	628,738.00	619,405.00
Deferred Charges & Statutory Expenditures	14,266.00	14,648.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	252,377.45	364,517.82
Capital Improvements	-	260,000.00
Local District School Tax	804,505.00	804,505.00
County Tax	425,389.64	403,417.47
County Share of Added Tax	1,268.48	168.49
Grants Cancelled	-	64,431.00
Refund of Prior Year Expense	64.25	-
Interfund Created	78,516.83	-
Total Expenditures	<u>2,354,836.65</u>	<u>2,678,592.78</u>
Excess in Revenue	<u>859,059.60</u>	<u>21,335.55</u>

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	2021	2020
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		-
None		
Total Adjustments	-	-
Statutory Excess to Fund Balance	859,059.60	21,335.55
Fund Balance January 1	3,899,461.55	3,878,126.00
	4,758,521.15	3,899,461.55
Decreased by:		
Utilization as Anticipated Revenue	117,458.00	-
Fund Balance December 31	\$ 4,641,063.15	3,899,461.55



**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 117,458.00		-
Total Fund Balance Anticipated	<u>117,458.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Other	5,000.00		3,422.18
Interest and Costs on Taxes	5,000.00		2,296.24
Interest on Investments and Deposits	2,000.00		5,329.45
Total Section A: Local Revenues	<u>12,000.00</u>	<u>-</u>	<u>11,047.87</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	85,747.00		-
Garden State Trust	731,260.00		394,844.00
Total Section B: State Aid Without Offsetting Appropriations	<u>817,007.00</u>	<u>-</u>	<u>394,844.00</u>
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations	951.69		-
Recycling Tonnage Grant		7,971.36	-
Clean Communities Program		454.40	-
Alcohol Education & Rehabilitation Fund			-
NJDOT - Old Church Road		150,000.00	-
Total Section F: Special Items - Public and Private Programs	<u>951.69</u>	<u>158,425.76</u>	<u>-</u>
Off-Set with Appropriations			
		<u>159,377.45</u>	<u>-</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Anticipated	Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Total Miscellaneous Revenues:	829,958.69	158,425.76	405,891.87
Receipts from Delinquent Taxes	-	43,200.24	43,200.24
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	-	(872.73)	(872.73)
Total Amount to be Raised by Taxes for Support of Municipal Budget	-	(872.73)	(872.73)
Budget Totals	947,416.69	1,554,061.83	448,219.38
Non- Budget Revenues: Other Non- Budget Revenues:		27,885.15	27,885.15
	947,416.69	1,581,946.98	476,104.53

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 1,169,540.39
Less: Reserve for Tax Appeals Pending	<u>                    -</u>
Net Revenue from Collections	1,169,540.39
Allocated to:	
School, County and Other Taxes	<u>1,231,163.12</u>
Balance for Support of Municipal Budget Appropriations	(61,622.73)
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>60,750.00</u>
Amount for Support of Municipal Budget Appropriations	<u><u>(872.73)</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	37,075.60
Tax Title Lien Collections	<u>6,124.64</u>
Total Receipts from Delinquent Taxes	<u><u>43,200.24</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Parade Permits	900.00
Insurance Reimbursements	21,614.29
Reimbursements	140.00
Zoning Applications	2,175.00
Certified Copies	560.00
Comcast Rights of Way	2,314.86
200 Foot List	30.00
Marriage Licenses	6.00
Senior & Vet Admin Fee	135.00
Property Lists	<u>10.00</u>

Total Miscellaneous Revenue Not Anticipated:	<u><u>\$ 27,885.15</u></u>
--	----------------------------

Non-Budget Revenue:

Non-cash	
Cash	<u>27,885.15</u>
	<u><u>\$ 27,885.15</u></u>

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid or Charged	Encumbered
				Reserved
<b>OPERATIONS WITHIN "CAPS"</b>				
<b>GENERAL GOVERNMENT</b>				
Mayor and Committee	\$ 9,384.00	9,384.00	9,305.54	78.46
Salaries and Wages	3,315.00	3,315.00	963.86	2,351.14
Other Expenses				
Municipal Clerk				
Salaries and Wages	33,000.00	33,000.00	32,606.04	393.96
Other Expenses	24,040.00	24,040.00	13,616.87	1,294.22
Financial Administration				
Salaries and Wages	19,197.00	19,197.00	19,165.22	31.78
Other Expenses	10,000.00	10,000.00	5,300.73	4,299.27
Audit Services				
Other Expenses	18,000.00	18,000.00	18,000.00	-
Computerized Processing				
Other Expenses	12,900.00	12,900.00	10,303.89	2,094.75
Revenue Administration (Tax Collector)				
Salaries and Wages	15,810.00	15,810.00	15,606.00	204.00
Other Expenses	6,000.00	6,000.00	4,492.26	1,507.74
Tax Assessment Administration				
Salaries and Wages	18,360.00	18,360.00	18,348.04	11.96
Other Expenses	5,000.00	5,000.00	3,076.83	1,923.17
Tax Maps	10,000.00	13,000.00	10,291.24	2,708.76
Legal Services & Costs				
Other Expenses	30,000.00	30,000.00	11,847.75	9,693.00
Engineering Services and Costs				
Other Expenses	70,000.00	70,000.00	25,947.76	455.00
				8,459.25
				43,597.24

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
<b>MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)</b>					
Land Development Board					
Salaries and Wages	6,500.00	4,500.00	2,496.96		2,003.04
Other Expenses	6,000.00	6,000.00	2,915.25		3,084.75
<b>INSURANCE</b>					
Unemployment Insurance	700.00	700.00			700.00
Liability Insurance	36,821.00	36,821.00	36,821.00		-
Workers Compensation Insurance	17,455.00	17,455.00	17,455.00		-
<b>EMERGENCY MANAGEMENT SERVICES</b>					
Office of Emergency Management					
Salaries and Wages	2,550.00	2,550.00	2,496.96		53.04
Other Expenses	5,000.00	5,000.00	856.99	200.00	3,943.01
Aid to Volunteer Fire Company	100,000.00	100,000.00	100,000.00		-
Aid to Volunteer Ambulance Service	50,000.00	50,000.00	50,000.00		-
<b>STREETS AND ROADS</b>					
Road Repairs & Maintenance					
Salaries and Wages	23,460.00	23,460.00	22,095.76		1,364.24
Other Expenses	26,520.00	26,520.00	20,497.44	2,873.06	3,149.50

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
<b>PUBLIC WORKS</b>					
Other Public Works Functions - Recycling					1,500.00
Other Expenses	1,500.00	1,500.00			
Public Building & Grounds					
Salaries and Wages	16,950.00	16,950.00	12,807.20		4,142.80
Other Expenses	30,000.00	30,000.00	13,756.22	249.00	15,994.78
<b>HEALTH AND WELFARE</b>					
Board of Health					
Other Expenses	1,020.00	20.00			20.00
Animal Control Services					
Other Expenses	3,000.00	3,000.00	930.00	300.00	1,770.00
<b>PARKS AND RECREATION</b>					
Recreation					
Other Expenses	1,500.00	1,500.00			1,500.00
Maintenance of Parks					
Other Expenses	500.00	500.00			500.00
<b>UTILITY EXPENSES &amp; BULK PURCHASES</b>					
Electricity	8,000.00	8,000.00	2,911.89		5,088.11
Street Lighting	4,080.00	4,080.00	3,174.07		905.93
Telephone	11,000.00	11,000.00	7,312.55	142.52	3,544.93
Fuel oil	15,000.00	15,000.00	6,626.94		8,373.06
Telecommunications Cost	5,000.00	5,000.00	3,162.48		1,837.52
Propane	1,000.00	1,000.00			1,000.00
Gasoline	1,500.00	1,500.00	258.70		1,241.30

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Solid Waste Disposal					
Other Expenses	30,000.00	30,000.00	28,550.11		1,449.89
Other Expenses - Garbage Removal	78,500.00	78,500.00	78,118.18		381.82
<b>STATE UNIFORM CONSTRUCTION CODE</b>					
Construction Official					
Salaries and Wages	6,500.00	6,500.00	6,500.00		-
Other Expenses	1,887.00	1,887.00	-		1,887.00
<b>UNCLASSIFIED</b>					
Celebration of Public Events					
Other Expenses	1,500.00	1,500.00	1,113.79		386.21
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>778,449.00</b>	<b>778,449.00</b>	<b>619,729.52</b>	<b>17,701.55</b>	<b>141,017.93</b>
Contingent		-			
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>778,449.00</b>	<b>778,449.00</b>	<b>619,729.52</b>	<b>17,701.55</b>	<b>141,017.93</b>
Detail:					
Salaries and Wages	151,711.00	149,711.00	141,427.72	-	8,283.28
Other Expenses	626,738.00	628,738.00	478,301.80	17,701.55	132,734.65

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	2,666.00	2,666.00	2,666.00		-
Social Security System (O.A.S.I.)	11,600.00	11,600.00	10,819.23		780.77
	<u>14,266.00</u>	<u>14,266.00</u>	<u>13,485.23</u>	<u>-</u>	<u>780.77</u>
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<u>792,715.00</u>	<u>792,715.00</u>	<u>633,214.75</u>	<u>17,701.55</u>	<u>141,798.70</u>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>					
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
(A) Operations - Excluded from "CAPS"					
Office of Emergency Management					
Other Expenses	25,000.00	25,000.00			25,000.00
Interlocal Municipal Service Agreements:					
Municipal Prosecutor					
Other Expenses	5,000.00	5,000.00	1,380.00	-	3,620.00
Municipal Court					
Other Expenses	30,000.00	30,000.00	12,544.37	-	17,455.63
Public Defender					
Other Expenses	2,000.00	2,000.00			2,000.00
	<u>62,000.00</u>	<u>62,000.00</u>	<u>13,924.37</u>	<u>-</u>	<u>48,075.63</u>



**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid or Charged	Encumbered / Reserved
(A) Public and Private Programs Off-Set by Revenues				
NJDOT - Old Church Road		150,000.00	150,000.00	-
Clean Communities Program		7,971.36	7,971.36	-
Alcohol Education & Rehabilitation Fund		454.40	454.40	-
Recycling Tonnage	951.69	951.69	951.69	-
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>951.69</b>	<b>159,377.45</b>	<b>159,377.45</b>	<b>-</b>
Total Operations - Excluded from "CAPS"	62,951.69	221,377.45	173,301.82	48,075.63
Detail:				
Other Expenses	62,951.69	221,377.45	173,301.82	48,075.63
(C) Capital Improvements				
Municipal Buildings and Property	-	-	-	-
Total Capital Improvements	-	-	-	-
(E) Deferred Charges				
Special Emergency Authorizations - 5 years	6,000.00	6,000.00	6,000.00	-
Total Deferred Charges	6,000.00	6,000.00	6,000.00	-
(N) Transferred to Board of Education for Use of Local Schools	25,000.00	25,000.00	25,000.00	-

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>	93,951.69	252,377.45	204,301.82	-	48,075.63
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	886,666.69	1,045,092.45	837,516.57	17,701.55	189,874.33
(M) Reserve for Uncollected Taxes	60,750.00	60,750.00	60,750.00		
<b>TOTAL GENERAL APPROPRIATIONS</b>	<u>\$ 947,416.69</u>	<u>1,105,842.45</u>	<u>898,266.57</u>	<u>17,701.55</u>	<u>189,874.33</u>
Budget		947,416.69			
Appropriations by 40A:4-87		158,425.76			
		<u>1,105,842.45</u>			
Reserve for Uncollected Taxes			60,750.00		
Federal and State Grants			159,377.45		
Deferred Charges			6,000.00		
Disbursements			672,139.12		
			<u>898,266.57</u>		

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

**EXHIBIT B - TRUST FUNDS**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Dog License Fund:		
Cash	\$ 584.64	3,633.26
Due from State of New Jersey	2.00	-
	<u>586.64</u>	<u>3,633.26</u>
Other Funds:		
Cash - Treasurer	13,849.15	33,915.42
Due from Unemployment Trust	-	285.00
	<u>13,849.15</u>	<u>34,200.42</u>
	<u>14,435.79</u>	<u>37,833.68</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Due to Current Fund	53.60	3,369.02
Reserve for Dog Fund Expenditures	533.04	264.24
	<u>586.64</u>	<u>3,633.26</u>
Other Funds:		
Due to Current Fund	137.50	20,576.14
Due to Current Fund - Payroll Trust	2,217.34	2,214.76
Due to Payroll	-	285.00
Payroll Taxes Payable	1,323.82	1,316.53
Miscellaneous Reserves	10,170.49	9,807.99
	<u>13,849.15</u>	<u>34,200.42</u>
	<u>\$ 14,435.79</u>	<u>37,833.68</u>

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**EXHIBIT C - GENERAL CAPITAL FUND**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	2021	2020
<u>ASSETS</u>		
Cash	\$ 1,034,905.74	875,919.39
Due from Grant Fund	-	158,986.35
	1,034,905.74	1,034,905.74
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Improvement Authorizations: Funded	169,616.64	169,616.64
Capital Improvement Fund	819,452.00	819,452.00
Fund Balance	45,837.10	45,837.10
	\$ 1,034,905.74	1,034,905.74

There were bonds and notes authorized but not issued at December 31,

2020	None
2021	None

**GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
Beginning Balance January 1	\$ 45,837.10	45,837.00
Rounding Adjustment	-	0.10
Ending Balance December 31	<u>\$ 45,837.10</u>	<u>45,837.10</u>

**EXHIBIT G - GENERAL FIXED ASSETS**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS**  
**AS OF DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
General Fixed Assets:		
Land and Improvements	\$ 1,522,824.50	1,522,824.50
Equipment	<u>290,548.00</u>	<u>290,548.00</u>
Total General Fixed Assets	<u><u>1,813,372.50</u></u>	<u><u>1,813,372.50</u></u>
Investment in General Fixed Assets	\$ <u><u>1,813,372.50</u></u>	<u><u>1,813,372.50</u></u>

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Except as noted below, the financial statements of the Township of Washington include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township of Washington, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The entity has no component units.

**B. Description of Funds**

The accounting policies of the Township of Washington conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the Township of Washington accounts for its financial transactions through the following separate funds:

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

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

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

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

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

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund, accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

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

General Fixed Assets -- The entity has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.



**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 and 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 except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000 are capitalized.

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.

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes -- It is the policy of the Township of Washington to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the Township of Washington to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**D. Required Financial Statements**

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

**E. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**F. Recent Accounting Pronouncements Not Yet Effective**

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private Partnerships and Availability Payment Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the Township's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022 and will not have any effect on the Township's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is effective for fiscal periods beginning after June 15, 2021, and will not have any effect on the Township's financial reporting.

In October 2021, the Governmental Accounting Standards Board (GASB) issued Statement No. 98, "The Annual Comprehensive Financial Report". This statement is effective for fiscal periods ending after December 15, 2021, and will not have any effect on the Township's financial reporting.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement is effective for periods beginning after June 15, 2022 and June 15, 2023, and will not have any effect on the Township's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement is effective for fiscal years beginning after June 15, 2023, and will not have any effect on the Township's financial reporting.

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement is effective for fiscal years beginning after December 15, 2023, and will not have any effect on the City's financial reporting.

**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 2021 and 2020 statutory budgets included a reserve for uncollected taxes in the amount of \$60,750 and \$59,550. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2021 and 2020 statutory budgets was \$117,458 and \$0.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the governing body. There were no significant budget transfers during the 2021 or 2020 calendar years.

NJSA 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. During 2021 and 2020, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2021</u>	<u>2020</u>
<u>Current Fund:</u>		
NJDOT	\$ 150,000.00	-
Alcohol Education and Rehabilitation Fund	454.40	166.71
Clean Communities	7,971.36	7,498.84

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

The entity 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 for 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. The entity approved a special emergency appropriation in 2017 for \$30,000. The emergency was for tax maps. The unfunded balance as of December 31, 2021 was \$6,000.

**Note 3: INVESTMENTS**

**Interest Rate Risk.** The municipality 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 allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: 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 municipality places no limit on the amount the entity can invest in any one issuer.

**Note 4: 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 municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the 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. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2021 and 2020, \$0 and \$0 of the municipality's bank balance of \$5,961,658.27 and \$5,323,660.02 was exposed to custodial credit risk.

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Note 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2021 and 2020:

	Balance 12/31/2019	Additions	Retirements/ Adjustments	Balance 12/31/2020
Land and Improvements	\$ 1,516,627.00	6,197.50		1,522,824.50
Machinery & Equipment	290,548.00			290,548.00
	<u>\$ 1,807,175.00</u>	<u>6,197.50</u>	<u>-</u>	<u>1,813,372.50</u>

	Balance 12/31/2020	Additions	Retirements	Balance 12/31/2021
Land and Improvements	\$ 1,522,824.50			1,522,824.50
Machinery & Equipment	290,548.00	-		290,548.00
	<u>\$ 1,813,372.50</u>	<u>-</u>	<u>-</u>	<u>1,813,372.50</u>

**Note 6: LONG TERM DEBT**

<u>Summary of Municipal Debt</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ -	-	-
Total Issued	<u>-</u>	<u>-</u>	<u>-</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	-	-	-
Total Authorized But Not Issued	<u>-</u>	<u>-</u>	<u>-</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0%.

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ -	-	-
General Debt	-	-	-
	<u>\$ -</u>	<u>-</u>	<u>-</u>

Net Debt \$0 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$106,094,650.67 = 0%.

**Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis ( Municipal)	\$ 3,713,312.77
Net Debt	-
Remaining Borrowing Power	<u><u>\$ 3,713,312.77</u></u>

The Township of Washington School District, as a K-12 school district, is permitted to borrow up to 4% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

**Note 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2021 and 2020, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current Fund	\$ 394,844	117,458

**Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2021, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2021	2022 Budget Appropriation	Balance to Succeeding
Current fund:			
Special Emergency Appropriation	<u>\$ 6,000.00</u>	<u>6,000.00</u>	-
	<u><u>\$ 6,000.00</u></u>	<u><u>6,000.00</u></u>	<u><u>-</u></u>

The appropriations in the 2022 Budget are not less than that required by statute.

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Note 9: SCHOOL TAXES**

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<u>12/31/2021</u>	<u>12/31/2020</u>
Balance of Tax	\$ 139,817.00	139,817.00
Deferred	139,817.00	139,817.00
Tax Payable	<u>\$ -</u>	<u>-</u>

**Note 10: 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 12/31/21</u>	<u>Balance 12/31/20</u>
Prepaid Taxes	\$ 36,714.96	28,274.12
Cash Liability for Taxes Collected in Advance	<u>\$ 36,714.96</u>	<u>28,274.12</u>

**Note 11: PENSION FUNDS**

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. 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.

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The entity's contributions to PERS for the years ended December 31, 2021, 2020, and 2019 were \$3,298.00, \$3,298.00, and \$3,346.00, respectively. The total payroll for the year ended December 31, 2021, 2020 and 2019 was \$141,427.72, \$135,346.53, and \$136,962.00, respectively. Payroll covered by PERS was \$18,258.00, \$17,900.00, and \$17,549.00.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the 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.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).



**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new 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 a 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**Note 12: PENSION LIABILITIES**

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2020:

**Public Employees' Retirement System**

The Municipality has a liability of \$39,742 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

June 30, 2020, the Municipality's proportion would be 0.00024370410%, which would be a decrease of 28.12% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of (\$16,078). At December 31, 2020, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 724	\$ (141)
Changes of assumptions	1,289	(16,640)
Changes in proportion	15,785	(70,233)
Net difference between projected and actual earnings on pension plan investments	1,358	
<b>Total</b>	<b>\$ 19,156</b>	<b>\$ (87,014)</b>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2021	\$ (25,236)
2022	(23,007)
2023	(13,148)
2024	(5,317)
2025	(1,150)
<b>Total</b>	<b>\$ (67,858)</b>

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% – 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Investment rate of return: 7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

*Sensitivity of the Municipality’s proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Municipality’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Municipality’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 47,333	\$ 39,742	\$ 33,309

*Pension plan fiduciary net position.*

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

**Note 14: ECONOMIC DEPENDENCY**

The Township of Washington is not economically dependent on any one business or industry as a major source of tax revenue for the Township.

**Note 15: RISK MANAGEMENT**

The entity is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2021 and 2020 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**TOWNSHIP OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

<u>Calendar Year</u>	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ -	-		465.99
2020	-	-		465.99
2019	-	-		465.99

**Note 16: CONTINGENT LIABILITIES**

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity’s management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

**Note 17: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2021, the following interfunds were included on the balance sheets of the various funds of the Township of Washington:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
Grant Fund	\$ 102,268.31	
Dog Trust	53.60	
Other Trust Fund	137.50	
Payroll Trust	2,217.34	
Grant Fund:		
Current Fund		102,268.31
Dog Trust:		
Current Fund		53.60
Other Trust Funds:		
Current Fund		2,354.84
	<u>\$ 104,676.75</u>	<u>104,676.75</u>

**TOWNSHIP OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

The interfunds occurred since the Grant Fund does not have a separate bank account. The interfund in the other trust funds is due to interest earnings that were not transferred to the Current Fund prior to December 31 and bills paid by the Current Fund.

**Note 18: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through August 8, 2022 the date which the financial statements were available to be issued and identified no events requiring disclosure.

## **SUPPLEMENTARY INFORMATION**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

**INDEPENDENT AUDITOR'S REPORT**  
**ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER**  
**MATTER BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE**  
**WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the Township Committee  
Township of Washington  
County of Burlington, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the Township of Washington, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 8, 2022, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Township 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 (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Ford, Scott & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Michael S. Garcia*  
Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

August 8, 2022

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2020	\$ 4,398,433.70	-
Increased by Receipts:		
Taxes Receivable	1,113,885.01	
Delinquent Taxes	43,200.24	
Revenue Accounts Receivable	1,234,898.87	
Miscellaneous Revenue	27,885.15	
Prepaid Taxes	36,714.96	
Overpayments Created	803.34	
Due to General Capital Fund		
Grants Receivable		164,165.61
Unappropriated Reserves		37,209.67
Grants Cancelled - Due from Current Fund		
Due from Dog Trust	3,315.42	
Due from Other Trust Funds	20,438.64	
Due from Grant Fund		
Due from Current Fund		102,268.31
State of New Jersey		
Senior Citizens and Veterans	6,750.00	
	2,487,891.63	303,643.59
	6,886,325.33	303,643.59
Decreased by Disbursements:		
Current Year Appropriation	672,139.12	
Prior Year Appropriations	9,086.00	
Appropriated Grant Reserves		144,657.24
Local District School Taxes	804,505.00	
County Taxes	425,558.13	
Due to General Capital Fund		158,986.35
Due from Other Trust Funds		
Due from Payroll	2.58	
Due to Current Fund		
Due to Federal and State Grant Fund	102,268.31	
Grants Cancelled - Due to Grant Fund	-	
Reserve for Tax Maps		
Refund of Prior Year Expense	64.25	
Due to State of New Jersey		
Marriage Licenses		
DCA Fees		
Due to Municipal Open Space		
Petty Cash		
	2,013,623.39	303,643.59
Balance December 31, 2021	\$ <u>4,872,701.94</u>	<u>-</u>

**CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2020	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2021
				2020	2021			
Arrears	\$ -							-
2019	2,122.07				2,122.07	-		-
2020	34,920.68				34,953.53	(40.00)		7.15
	37,042.75				37,075.60	(40.00)		7.15
2021	-	1,230,778.66	3,672.89	28,274.12	1,141,266.27	(747.36)	6,398.34	59,260.18
	\$ 37,042.75	1,230,778.66	3,672.89	28,274.12	1,178,341.87	(787.36)	6,398.34	59,267.33

1,146,543.16	Cash Receipts
20,381.26	Homesite Rebate
4,417.45	Overpayments Applied
7,000.00	Senior Citizens and Veterans
<u>1,178,341.87</u>	

**Analysis of Current Year Tax Levy**

<b>Tax Yield:</b>	
General Property Tax	1,230,778.66
Added Taxes (54:4-63.1 et. Seq.)	3,672.89
	<u>1,234,451.55</u>
<b>Tax Levy:</b>	
General County Taxes	370,698.79
County Library Taxes	32,937.96
County Open Space Taxes	21,752.89
County Added and Omitted Taxes	1,268.48
Total County Taxes	426,658.12
Local School District Tax	804,505.00
Local Tax for Municipal Purposes	-
Add: Additional Tax Levied	3,288.43
	<u>3,288.43</u>
	<u>1,234,451.55</u>

**CURRENT FUND  
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2020		\$	47,311.80
Increased by:			
Transfers from Taxes Receivable	6,398.34		
Interest and Costs Accrued by Sale	-		
	6,398.34		6,398.34
			53,710.14
Decreased by:			
Collections	6,124.64		
	6,124.64		6,124.64
Balance December 31, 2021		\$	47,585.50

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2020	Accrued in 2021	Collected by Treasurer	Balance Dec. 31, 2021
Licenses - Other	\$	8,422.18	8,422.18	-
Interest and Costs on Taxes		7,296.24	7,296.24	-
Interest on Investments and Deposits		7,329.45	7,329.45	-
Energy Receipts Tax		85,747.00	85,747.00	-
Garden State Trust		1,126,104.00	1,126,104.00	-
Miscellaneous Revenue Not Anticipated		27,885.15	27,885.15	-
	\$	<u>1,262,784.02</u>	<u>1,262,784.02</u>	<u>-</u>
		Reserves		
		Cash	<u>1,262,784.02</u>	
			<u>1,262,784.02</u>	

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>GENERAL GOVERNMENT</b>				
Mayor and Committee				
Salaries and Wages	76.90	76.90	-	76.90
Other Expenses	621.88	621.88	-	621.88
Municipal Clerk				
Salaries and Wages	4,081.03	4,081.03	-	4,081.03
Other Expenses	4,795.80	4,795.80	-	4,795.80
Financial Administration				
Salaries and Wages	31.12	31.12	-	31.12
Other Expenses	7,285.41	7,285.41	-	7,285.41
Audit Services				
Other Expenses	25.00	25.00	-	25.00
Computerized Processing				
Other Expenses	1,855.67	1,855.67	817.60	1,038.07
Revenue Administration (Tax Collector)				
Salaries and Wages	200.00	200.00	-	200.00
Other Expenses	981.43	981.43	-	981.43
Tax Assessment Administration				
Salaries and Wages	11.74	11.74	-	11.74
Other Expenses	1,770.66	1,770.66	-	1,770.66
Legal Services & Costs				
Other Expenses	15,440.00	15,440.00	-	15,440.00
Engineering Services and Costs				
Other Expenses	24,491.91	24,491.91	2,936.25	21,555.66
<b>MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)</b>				
Land Development Board				
Salaries and Wages	718.68	718.68	-	718.68
Other Expenses	4,680.49	4,680.49	85.00	4,595.49
<b>INSURANCE</b>				
Unemployment Insurance	656.06	656.06	6.76	649.30
<b>EMERGENCY MANAGEMENT SERVICES</b>				
Office of Emergency Management				
Salaries and Wages	52.00	52.00	-	52.00
Other Expenses	4,649.12	4,649.12	-	4,649.12
<b>STREETS AND ROADS</b>				
Road Repairs & Maintenance				
Salaries and Wages	3,002.24	3,002.24	-	3,002.24
Other Expenses	8,488.67	8,488.67	-	8,488.67
<b>PUBLIC WORKS</b>				
Public Building & Grounds				
Salaries and Wages	4,547.76	4,547.76	-	4,547.76
Other Expenses	14,024.11	14,024.11	-	14,024.11
<b>HEALTH AND WELFARE</b>				
Board of Health				
Other Expenses	520.00	520.00	-	520.00
Animal Control Services				
Other Expenses	1,800.00	1,800.00	-	1,800.00

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>PARKS AND RECREATION</b>				
Recreation				
Other Expenses	250.00	250.00	-	250.00
Maintenance of Parks				
Other Expenses	500.00	500.00	-	500.00
<b>UTILITY EXPENSES &amp; BULK PURCHASES</b>				
Electricity	5,323.32	5,323.32	184.06	5,139.26
Street Lighting	889.16	889.16	347.97	541.19
Telephone	1,545.17	1,545.17	-	1,545.17
Fuel oil	9,803.18	9,803.18	-	9,803.18
Telecommunications Cost	47.99	47.99	-	47.99
Propane	1,500.00	1,500.00	-	1,500.00
Gasoline	694.81	694.81	-	694.81
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>				
Solid Waste Disposal				
Other Expenses	1,292.70	1,292.70	-	1,292.70
Other Expenses - Garbage Removal	48.74	48.74	-	48.74
<b>STATE UNIFORM CONSTRUCTION CODE</b>				
Construction Official				
Salaries and Wages	32.00	32.00	-	32.00
Other Expenses	1,400.00	1,400.00	-	1,400.00
<b>UNCLASSIFIED</b>				
Celebration of Public Events				
Other Expenses	1,500.00	1,500.00	-	1,500.00
<b>Statutory Expenditures:</b>				
Contributions to:				
Social Security System (O.A.S.I.)	995.99	995.99	-	995.99
<b>Office of Emergency Management</b>				
Other Expenses	50,000.00	50,000.00	-	50,000.00
<b>Interlocal Municipal Service Agreements:</b>				
Municipal Prosecutor				
Other Expenses	5,460.00	5,460.00	480.00	4,980.00
Municipal Court				
Other Expenses	22,531.41	22,531.41	4,228.36	18,303.05
Public Defender				
Other Expenses	2,000.00	2,000.00	-	2,000.00
<b>Capital Improvements</b>				
Municipal Buildings and Property	260,000.00	260,000.00	-	260,000.00
	<u>\$ 470,622.15</u>	<u>470,622.15</u>	<u>9,086.00</u>	<u>461,536.15</u>



**CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2020			
School Tax Payable	\$		
School Tax Deferred		139,817.00	
			\$ 139,817.00
Increased by:			
Levy - School Year July 1, 2020 to June 30, 2021			804,505.00
			944,322.00
Decreased by:			
Payments			804,505.00
Balance December 31, 2021			
School Tax Payable		-	
School Tax Deferred		139,817.00	
			139,817.00
Current Year Liability for Local School District School Tax:			
Tax Paid			804,505.00
Tax Payable Ending			-
			804,505.00
Less: Tax Payable Beginning			-
Amount charged to Current Year Operations			\$ 804,505.00

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	Balance Dec. 31, 2020	Transferred From 2021 Revenues	Received	Cancelled	Balance Dec. 31, 2021
<b>FEDERAL GRANTS:</b>					
Community Development Block Grant - 2020	\$ 70,000.00				70,000.00
Total Federal	<u>70,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000.00</u>
<b>STATE GRANTS:</b>					
NJDOT - River Road 2019	184,326.00		154,788.16		29,537.84
NJDOT - Turtle Creek	244,325.00				244,325.00
NJDOT - 2020	161,494.00				161,494.00
NJDOT - Old Church Road 2021		150,000.00			150,000.00
Recycling Tonnage		951.69	951.69		-
Clean Communities Program		7,971.36	7,971.36		-
Alcohol Education & Rehabilitation Fund		454.40	454.40		-
Total State	<u>590,145.00</u>	<u>159,377.45</u>	<u>164,165.61</u>	<u>-</u>	<u>585,356.84</u>
	<u>\$ 660,145.00</u>	<u>159,377.45</u>	<u>164,165.61</u>	<u>-</u>	<u>655,356.84</u>

**CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2020		2021		Balance
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed	Dec. 31, 2021
<b>FEDERAL GRANTS:</b>					
Community Development Block Grant:					
CDBG - 2020	\$ 70,000.00				70,000.00
Emergency Management - FEMA	3,443.00				3,443.00
Total Federal	<u>73,443.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,443.00</u>
<b>STATE GRANTS:</b>					
Clean Communities Grant	19,910.84		7,971.36	5,139.43	22,742.77
NJDOT - Turtle Creek	161,688.55				161,688.55
NJDOT - River Road 2019	30,826.00	8,468.41		4,675.32	34,619.09
NDOT - 2020	35,794.00	125,700.00		133,801.49	27,692.51
NJDOT - Old Church Road 2021			150,000.00		150,000.00
Alcohol Education & Rehabilitation Fund	7,299.39		454.40		7,753.79
Recycling Tonnage Grant	2,501.44	1,041.00	951.69	1,041.00	3,453.13
NJ Forest Fire Services	15,259.00				15,259.00
Community Forestry	14,227.02				14,227.02
Municipal Stormwater Grant	5,000.00				5,000.00
Total State	<u>292,506.24</u>	<u>135,209.41</u>	<u>159,377.45</u>	<u>144,657.24</u>	<u>442,435.86</u>
Grand Total	<u>365,949.24</u>	<u>135,209.41</u>	<u>159,377.45</u>	<u>144,657.24</u>	<u>515,878.86</u>

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	Balance Dec. 31, 2020	Transferred To 2021 Appropriations	Received	Adjustments	Balance Dec. 31, 2021
American Rescue Plan	-	-	37,209.67	-	37,209.67
<b>Total</b>	<b>\$ -</b>	<b>-</b>	<b>37,209.67</b>	<b>-</b>	<b>37,209.67</b>

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

		Dog Licenses		Other
Balance December 31, 2020	\$	3,633.26		33,915.42
Increased by Receipts:				
Dog License Fees 2021		268.80		
Due to State of New Jersey		50.40		
Other				
Payroll Receipts			179,975.46	
Payroll - Due to Current			2.58	
Miscellaneous Trust Reserves			1,000.00	
Due to Current		3,476.22		922.50
		3,795.42		181,900.54
		7,428.68		215,815.96
Decreased by Disbursements				
Statutory Expenditures				
Due to State of New Jersey		52.40		
Miscellaneous Trust Reserves			637.50	
Payroll Disbursements			179,968.17	
Due to Current		6,791.64		21,361.14
		6,844.04		201,966.81
Balance December 31, 2021	\$	584.64		13,849.15

**TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2020	\$	264.24
Increased by:		
Dog License Fees Collected	268.80	
Other	-	
		268.80
		533.04
Decreased by:		
Statutory Excess		
Expenditures under N.J.S. 4:19-15:11	-	
		-
Balance December 31, 2021	\$	533.04

License Fees Collected:

Year	Amount
2019	\$ 410.00
2020	221.24
	\$ 631.24

**TRUST FUND**  
**SCHEDULE OF AMOUNT DUE TO CURRENT FUND - DOG LICENSE FUND**

Balance December 31, 2020	\$	3,369.02
Increased by:		
Cash Receipts		3,476.22
		3,476.22
		6,845.24
Decreased by:		
Payment		6,791.64
		6,791.64
Balance December 31, 2021	\$	53.60

**TRUST FUND**  
**SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH**

Balance December 31, 2020	\$	-
Increased by:		
2021 State License Fees		50.40
		50.40
		50.40
Decreased by:		
Disbursements to the State		52.40
		52.40
Balance December 31, 2021	\$	(2.00)

**TRUST - OTHER FUNDS  
SCHEDULE OF DUE TO/(FROM) CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Increased by</u>		<u>Decreased by</u>			
<u>Reserve</u>	<u>Balance Dec 31, 2020</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>2021 Budget Appropriation</u>	<u>Collections made by Current Fund</u>	<u>Balance Dec 31, 2021</u>
Other Trust Funds	\$ 20,576.14	922.50	21,361.14			137.50
	<u>\$ 20,576.14</u>	<u>922.50</u>	<u>21,361.14</u>	<u>-</u>	<u>-</u>	<u>137.50</u>



**TRUST - OTHER FUNDS  
SCHEDULE OF MISCELLANEOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Increased by			Decreased by			Balance Dec 31, 2021
	Balance Dec 31, 2020	Collections made by Current Fund	Receipts Held in Trust	Disbursements Held in Trust	Payments made by Current Fund		
Unemployment Compensation	\$ 465.99					465.99	
Public Defender	1,645.00					1,645.00	
Builders Escrow	7,697.00		1,000.00	637.50		8,059.50	
	<u>\$ 9,807.99</u>	<u>-</u>	<u>1,000.00</u>	<u>637.50</u>	<u>-</u>	<u>10,170.49</u>	

**GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2020		\$ 875,919.39
Increased by:		
Due from Grant Fund	158,986.35	
	158,986.35	1,034,905.74
Decreased by:		
None		-
		-
Balance December 31, 2021		\$ <u><u>1,034,905.74</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2020	Receipts		Disbursements		Balance Dec. 31, 2021
		Miscellaneous	Miscellaneous	Improvement Authorizations	Miscellaneous	
Fund Balance	\$ 45,837.10					45,837.10
Capital Improvement Fund	819,452.00					819,452.00
Due from Grant Fund	(158,986.35)	158,986.35				-
<u>Improvement Authorizations:</u>						
Various Town Roads	19,123.72					19,123.72
Acquisition of Dump Truck and Building Renovation	121,154.58					121,154.58
Acquisition of Backhoe and Various Improvements	22,054.33					22,054.33
Improvements to Municipal Building	7,284.01					7,284.01
	<u>\$ 875,919.39</u>	<u>158,986.35</u>		<u>-</u>	<u>-</u>	<u>1,034,905.74</u>

**GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2020		\$	819,452.00
Increased by:			
None	_____		<u>-</u>
			819,452.00
Decreased by:			
None	-		<u>-</u>
Balance December 31, 2021		\$	<u><u>819,452.00</u></u>

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2020		Paid or Charged	Balance December 31, 2021	
				Funded	Unfunded		Funded	Unfunded
2010	Various Town Roads	5/11/2010	25,000.00	\$ 19,123.72			19,123.72	
2014	Acquisition of Dump Truck and Building Renovations	12/9/2014	330,000	121,154.58			121,154.58	
2015-06	Acquisition of Backhoe and Various Improvements	6/9/2015	75,000	22,054.33			22,054.33	
2015-10	Improvements to Municipal Building	12/29/2015	40,000	7,284.01			7,284.01	
			\$	169,616.64	-	-	169,616.64	-

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**TOWNSHIP OF WASHINGTON**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2021**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



## **GENERAL COMMENTS**

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

N.J.S.A. 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. Due to the Township having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$44,000.

The governing body of the Township of Washington has the responsibility of determining whether the expenditures in any category will exceed \$44,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township's counsel's opinion should be sought before a commitment is made.

The minutes indicate that no bids were requested for public advertising.

The minutes indicate resolutions were adopted and advertised 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 an accumulation of payments for categories for the performance of any work or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any payments in excess of \$44,000 "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. 40A:11-6.

### **Collection of Interest on Delinquent Taxes and Assessments**

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

The governing body, on January 5, 2021, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED by the Township Committee of the Township of Washington, in accordance with N.J.S.A. 54:4-67, which authorizes the Governing Body to fix the rate of interest to be charged, in the Township of Washington, for the nonpayment of taxes and assessments, said rate of interest shall be and is hereby fixed at eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount in excess of \$1,500 of the delinquent to be calculated from the date when the taxes and assessments become delinquent. There will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order."

Our examination of interest collected on delinquent taxes did not reveal any charges that were not in agreement with the above resolution.

## Delinquent Taxes and Tax Title Liens

The township's tax sale was held on October 26, 2021.

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

<u>Year</u>	<u>Number</u>
2021	13
2020	13
2019	12

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

## 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, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2022 and 2021 Taxes	5
Delinquent Taxes	5

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

## Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2021	1,234,452	1,169,540	94.74%
2020	1,209,350	1,168,190	96.60%
2019	1,188,052	1,142,380	96.16%
2018	1,402,200	1,334,098	95.14%

## Comparative Schedule of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	1.296	1.272	1.251	1.469	1.679
Apportionment of Tax Rate:					
Municipal	-	-	-	-	-
County	0.449	0.425	0.382	0.389	0.384
Local School	0.847	0.847	0.869	1.080	1.295
Assessed Valuation	94,967,489	95,035,094	94,673,700	94,945,650	95,354,200

### Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	Percentage of Tax <u>Levy</u>
2021	\$ 47,586	59,267	106,853	8.66%
2020	47,312	37,043	84,355	6.98%
2019	39,291	39,999	79,290	6.67%
2018	30,727	65,393	96,120	6.85%

**FINDINGS AND RECOMMENDATIONS**

None

**STATUS OF PRIOR RECOMMENDATIONS**

None

**FINDINGS**

None

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

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

Very truly yours,

*Ford, Scott & Associates, LLC*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Michael S. Garcia*  
**Michael S. Garcia**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 472**

**August 8, 2022**