

TOWNSHIP OF WASHINGTON

BURLINGTON COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

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TOWNSHIP OF WASHINGTON

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2023 and 2022, 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, 2023 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 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 May 10, 2024 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

May 10, 2024

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EXHIBIT A - CURRENT FUND

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

	2023	2022
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash - Treasurer	\$ 5,529,493.20	5,310,909.15
Cash - Petty Cash	50.00	50.00
Cash - Change	100.00	100.00
Total Cash	5,529,643.20	5,311,059.15
Due from State:		
Seniors and Veterans	6,215.00	5,465.00
Homestead Rebates	-	22,190.46
Total Due from State	6,215.00	27,655.46
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	20,693.92	63,666.28
Unbilled School Taxes	960,840.17	-
Tax Title and Other Liens	54,012.54	51,947.57
Prepaid School Tax	131,390.65	-
Interfund Receivable:		
Dog Trust	582.24	350.00
Other Trust Funds	2,774.00	740.75
Payroll TRUST	2,276.99	2,221.23
Total Receivables and Other Assets	1,172,570.51	118,925.83
Total Regular Fund	6,708,428.71	5,457,640.44
Federal and State Grant Fund:		
Due from Current Fund	125,116.55	194,859.21
Federal and State Grants Receivable	591,467.05	709,021.92
Total Federal and State Grant Fund	716,583.60	903,881.13
Total Current Fund	\$ 7,425,012.31	6,361,521.57

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

	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 219,304.72	377,495.31
Reserve for Encumbrances	27,004.45	9,573.18
Accounts Payable	9,103.00	9,103.00
Prepaid Taxes	-	30,465.87
Prepaid License Fees	250.00	250.00
Overpaid Taxes	178,718.17	13,727.21
Local School Tax Payable	-	53,507.92
County Added Tax Payable	-	71.32
Due to Grant Fund	125,116.55	194,859.21
Reserve for Garden State Preservation	169,240.00	-
Reserve for Municipal Relief Act	8,944.10	4,472.92
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
	750,076.99	705,921.94
Reserve for Receivables and Other Assets	1,172,570.51	118,925.83
Fund Balance	4,785,781.21	4,632,792.67
Total Regular Fund	6,708,428.71	5,457,640.44
Federal and State Grant Fund:		
Appropriated Reserves	716,583.60	828,539.35
Unappropriated Reserves	-	75,341.78
Total Federal and State Grant Fund	716,583.60	903,881.13
Total Current Fund	\$ 7,425,012.31	6,361,521.57

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

	2023	2022
Revenue and Other Income Realized		
Fund Balance	\$ 260,000.00	394,844.00
Miscellaneous Revenue Anticipated	1,087,844.53	1,182,281.11
Receipts from Delinquent Taxes	63,241.93	59,616.43
Receipts from Current Taxes	593,042.62	1,156,993.33
Non Budget Revenue	9,812.18	8,219.51
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	373,875.58	196,977.67
Interfund Returned	-	101,625.77
Total Income	<u>2,387,816.84</u>	<u>3,100,557.82</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	166,349.00	159,605.00
Other Expenses	701,602.00	683,202.00
Deferred Charges & Statutory Expenditures	15,639.00	14,650.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	304,371.23	475,895.64
Capital Improvements	-	155,000.00
Local District School Tax	241,656.83	795,800.00
County Tax	411,461.05	429,046.58
County Share of Added Tax	-	71.32
Refund of Prior Year Revenue	-	500.00
Prior Year Expense	37.29	213.76
Prepaid School Tax	131,390.65	-
Interfund Created	2,321.25	-
Total Expenditures	<u>1,974,828.30</u>	<u>2,713,984.30</u>
Excess in Revenue	<u>412,988.54</u>	<u>386,573.52</u>

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

	<u>2023</u>	<u>2022</u>
Statutory Excess to Fund Balance	412,988.54	386,573.52
Fund Balance January 1	4,632,792.67	4,641,063.15
	5,045,781.21	5,027,636.67
Decreased by:		
Utilization as Anticipated Revenue	<u>260,000.00</u>	<u>394,844.00</u>
Fund Balance December 31	<u>\$ 4,785,781.21</u>	<u>4,632,792.67</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 260,000.00		260,000.00	-
Total Fund Balance Anticipated	<u>260,000.00</u>	<u>-</u>	<u>260,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	5,000.00		9,912.22	4,912.22
Interest and Costs on Taxes	6,000.00		10,163.82	4,163.82
Interest on Investments and Deposits	15,000.00		84,664.62	69,664.62
Total Section A: Local Revenues	<u>26,000.00</u>	<u>-</u>	<u>104,740.66</u>	<u>78,740.66</u>
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	86,340.00		86,339.72	(0.28)
Garden State Trust	731,260.00		731,260.00	-
Reserve for Municipal Relief Act	4,472.92		4,472.92	-
Total Section B: State Aid Without Offsetting Appropriations	<u>822,072.92</u>	<u>-</u>	<u>822,072.64</u>	<u>(0.28)</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Recycling Tonnage Grant	1,210.46	922.44	2,132.90
Clean Communities Program		9,349.20	9,349.20
Alcohol Education & Rehabilitation Fund		129.79	129.79
American Rescue Plan		74,419.34	74,419.34
Municipal Stormwater		75,000.00	75,000.00
Total Section F: Special Items - Public and Private Programs	<u>1,210.46</u>	<u>159,820.77</u>	<u>161,031.23</u>
Off-Set with Appropriations			
Total Miscellaneous Revenues:	<u>849,283.38</u>	<u>159,820.77</u>	<u>1,087,844.53</u>
Receipts from Delinquent Taxes	-		63,241.93
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	-		59,044.66
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>-</u>	<u>-</u>	<u>59,044.66</u>
Budget Totals	<u>1,109,283.38</u>	<u>159,820.77</u>	<u>1,470,131.12</u>
Non-Budget Revenues:			
Other Non-Budget Revenues:			9,812.18
	<u>1,109,283.38</u>	<u>159,820.77</u>	<u>1,479,943.30</u>
			<u>210,839.15</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Analysis of Realized Revenues

Allocation of Current Tax Collections:		
Revenue from Collections	\$	593,042.62
Less: Reserve for Tax Appeals Pending		<u> -</u>
Net Revenue from Collections		593,042.62
Allocated to:		
School, County and Other Taxes		<u>615,140.88</u>
Balance for Support of Municipal Budget Appropriations		(22,098.26)
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>81,142.92</u>
Amount for Support of Municipal Budget Appropriations		<u><u>59,044.66</u></u>

Receipts from Delinquent Taxes:		
Delinquent Tax Collection	63,241.93	
Tax Title Lien Collections	<u> -</u>	
Total Receipts from Delinquent Taxes		<u><u>63,241.93</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:		
Parade Permits	1,750.00	
Polling Place Fees	40.00	
Zoning Applications	1,575.00	
Certified Copies	405.00	
Certified Lists	90.00	
Variance Applications	1,100.00	
Planning Board Approval	1,525.00	
Comcast	2,179.54	
Vital Statistics	12.00	
Senior & Vet Admin Fee	125.00	
Raffle Licenses	20.00	
Homestead Rebate Postage	38.40	
Property Maintenance	750.00	
Dog Fund Excess	202.24	
Total Miscellaneous Revenue Not Anticipated:		<u><u>\$ 9,812.18</u></u>

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Committee	\$ 9,850.00	9,850.00	9,524.91		325.09
Salaries and Wages	3,315.00	3,315.00	1,674.00		1,641.00
Other Expenses					
Municipal Clerk					
Salaries and Wages	35,000.00	35,000.00	34,255.83		744.17
Other Expenses	25,000.00	25,000.00	14,204.81		10,795.19
Financial Administration					
Salaries and Wages	20,250.00	20,250.00	20,104.09		145.91
Other Expenses	10,000.00	8,000.00	5,583.23	100.00	2,316.77
Audit Services					
Other Expenses	19,000.00	19,000.00	19,000.00		-
Computerized Processing					
Other Expenses	18,000.00	23,000.00	18,612.08	2,000.00	2,387.92
Revenue Administration (Tax Collector)					
Salaries and Wages	16,750.00	16,750.00	16,395.63		354.37
Other Expenses	6,000.00	6,000.00	3,295.28		2,704.72
Tax Assessment Administration					
Salaries and Wages	19,500.00	19,500.00	19,276.44		223.56
Other Expenses	5,000.00	5,000.00	1,770.00	500.00	2,730.00
Tax Maps	5,000.00	5,000.00		247.50	4,752.50
Legal Services & Costs					
Other Expenses	33,000.00	33,000.00	15,606.50	2,000.00	15,393.50
Engineering Services and Costs					
Other Expenses	70,000.00	70,000.00	19,185.89	10,000.00	40,814.11

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, 2023**

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)					
Land Development Board					
Salaries and Wages	5,150.00	5,150.00	2,623.25		2,526.75
Other Expenses	6,000.00	6,000.00	2,070.75		3,929.25
INSURANCE					
Unemployment Insurance	700.00	700.00			700.00
Liability Insurance	43,000.00	43,000.00	42,050.16		949.84
Workers Compensation Insurance	21,000.00	21,000.00	20,208.96		791.04
EMERGENCY MANAGEMENT SERVICES					
Office of Emergency Management					
Salaries and Wages	2,700.00	3,400.00	3,289.90		110.10
Other Expenses	5,000.00	4,300.00	484.00		3,816.00
Other Expenses	10,000.00	10,000.00			10,000.00
Aid to Volunteer Fire Company	106,000.00	106,000.00	106,000.00		-
Aid to Volunteer Ambulance Service	53,000.00	53,000.00	53,000.00		-
STREETS AND ROADS					
Road Repairs & Maintenance					
Salaries and Wages	31,000.00	31,000.00	22,719.88		8,280.12
Other Expenses	27,500.00	27,500.00	3,234.63	6,656.95	17,608.42

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, 2023**

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
PUBLIC WORKS					
Other Public Works Functions - Recycling					
Other Expenses	1,500.00	1,500.00			1,500.00
Public Building & Grounds					
Salaries and Wages	17,819.00	17,819.00	13,180.16		4,638.84
Other Expenses	30,000.00	30,000.00	19,361.04		10,638.96
HEALTH AND WELFARE					
Board of Health	1,000.00	-			-
Other Expenses					
Animal Control Services	3,000.00	3,000.00	1,500.00		1,500.00
Other Expenses					
PARKS AND RECREATION					
Recreation					
Other Expenses	1,500.00	-			-
Maintenance of Parks					
Other Expenses	500.00	-			-
UTILITY EXPENSES & BULK PURCHASES					
Electricity	8,500.00	8,500.00	5,367.94		3,132.06
Street Lighting	4,600.00	4,600.00	4,023.58		576.42
Telephone	11,000.00	11,000.00	7,320.11		3,679.89
Fuel oil	22,000.00	22,000.00	5,955.22		16,044.78
Telecommunications Cost	5,000.00	5,000.00	3,837.16		1,162.84
Propane	1,000.00	1,000.00	248.94		751.06
Gasoline	1,500.00	1,500.00	185.03		1,314.97

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Solid Waste Disposal	31,000.00	31,000.00	29,225.76		1,774.24
Other Expenses	90,000.00	90,000.00	89,660.48		339.52
Other Expenses - Garbage Removal					
LAND USE ADMINISTRATION					
Zoning Map Other Expenses	10,000.00	10,000.00			10,000.00
Master Plan Other Expenses	10,000.00	10,000.00			10,000.00
STATE UNIFORM CONSTRUCTION CODE					
Construction Official	7,630.00	7,630.00	6,828.87		801.13
Salaries and Wages	1,887.00	1,887.00	90.00		1,797.00
Other Expenses					
UNCLASSIFIED					
Celebration of Public Events	1,800.00	1,800.00	1,297.20		502.80
Other Expenses					
TOTAL OPERATIONS WITHIN "CAPS"	867,951.00	867,951.00	642,251.71	21,504.45	204,194.84
Contingent					

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, 2023**

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>867,951.00</u>	<u>867,951.00</u>	<u>642,251.71</u>	<u>21,504.45</u>	<u>204,194.84</u>
Detail:					
Salaries and Wages	165,649.00	166,349.00	148,198.96	-	18,150.04
Other Expenses	702,302.00	701,602.00	494,052.75	21,504.45	186,044.80
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	3,139.00	3,139.00	3,139.00		-
Social Security System (O.A.S.I.)	12,500.00	12,500.00	11,337.20		1,162.80
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	<u>15,639.00</u>	<u>15,639.00</u>	<u>14,476.20</u>	<u>-</u>	<u>1,162.80</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>883,590.00</u>	<u>883,590.00</u>	<u>656,727.91</u>	<u>21,504.45</u>	<u>205,357.64</u>

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, 2023**

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Interlocal Municipal Service Agreements:					
Municipal Prosecutor					
Other Expenses	5,000.00	5,000.00	1,293.06	400.00	3,306.94
Municipal Court					
Other Expenses	25,000.00	25,000.00	11,259.86	5,100.00	8,640.14
Public Defender					
Other Expenses	2,000.00	2,000.00	-		2,000.00
	<u>32,000.00</u>	<u>32,000.00</u>	<u>12,552.92</u>	<u>5,500.00</u>	<u>13,947.08</u>
(A) Public and Private Programs Off-Set by Revenues					
Alcohol Education & Rehabilitation Fund		129.79	129.79		-
American Rescue Plan - Public Health		74,419.34	74,419.34		-
Municipal Stormwater		75,000.00	75,000.00		-
Gypsy Moth Grant - Local Share	44,340.00	44,340.00	44,340.00		-
Clean Communities Program		9,349.20	9,349.20		-
Recycling Tonnage	1,210.46	2,132.90	2,132.90		-
	<u>45,550.46</u>	<u>205,371.23</u>	<u>205,371.23</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues					

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, 2023**

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
Total Operations - Excluded from "CAPS"	77,550.46	237,371.23	217,924.15	5,500.00	13,947.08
Detail:					
Other Expenses	77,550.46	237,371.23	217,924.15	5,500.00	13,947.08
(N) Transferred to Board of Education for Use of Local Schools	67,000.00	67,000.00	67,000.00		-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>144,550.46</u>	<u>304,371.23</u>	<u>284,924.15</u>	<u>5,500.00</u>	<u>13,947.08</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>1,028,140.46</u>	<u>1,187,961.23</u>	<u>941,652.06</u>	<u>27,004.45</u>	<u>219,304.72</u>
(M) Reserve for Uncollected Taxes	81,142.92	81,142.92	81,142.92		
TOTAL GENERAL APPROPRIATIONS	<u>\$ 1,109,283.38</u>	<u>1,269,104.15</u>	<u>1,022,794.98</u>	<u>27,004.45</u>	<u>219,304.72</u>
Budget		1,109,283.38			
Appropriations by 40A:4-87		<u>159,820.77</u>			
		<u>1,269,104.15</u>			
Reserve for Uncollected Taxes			81,142.92		
Federal and State Grants			205,371.23		
Deferred Charges			-		
Disbursements			736,280.83		
			<u>1,022,794.98</u>		

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

EXHIBIT B - TRUST FUNDS

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

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Dog License Fund:		
Cash	\$ 1,071.04	840.04
Due from State of New Jersey		
	<u>1,071.04</u>	<u>840.04</u>
Other Funds:		
Cash - Treasurer	40,419.93	15,360.38
	<u>40,419.93</u>	<u>15,360.38</u>
	<u>41,490.97</u>	<u>16,200.42</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Due to Current Fund	582.24	350.00
Reserve for Dog Fund Expenditures	488.80	490.04
	<u>1,071.04</u>	<u>840.04</u>
Other Funds:		
Due to Current Fund	2,774.00	740.75
Due to Current Fund - Payroll Trust	2,276.99	2,221.23
Payroll Taxes Payable	1,334.95	1,331.16
Miscellaneous Reserves	34,033.99	11,067.24
	<u>40,419.93</u>	<u>15,360.38</u>
	<u>\$ 41,490.97</u>	<u>16,200.42</u>

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

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EXHIBIT C - GENERAL CAPITAL FUND

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

	2023	2022
<u>ASSETS</u>		
Cash	\$ 1,034,905.74	1,034,905.74
	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,

2022	None
2023	None

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

	<u>2023</u>	<u>2022</u>
Beginning Balance January 1	\$ 45,837.10	45,837.10
Ending Balance December 31	\$ <u>45,837.10</u>	<u>45,837.10</u>

EXHIBIT G - GENERAL FIXED ASSETS

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

	<u>2023</u>	<u>2022</u>
General Fixed Assets:		
Land and Improvements	\$ 1,522,824.50	1,522,824.50
Equipment	<u>292,976.85</u>	<u>290,548.00</u>
Total General Fixed Assets	<u>1,815,801.35</u>	<u>1,813,372.50</u>
Investment in General Fixed Assets	\$ <u>1,815,801.35</u>	<u>1,813,372.50</u>

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

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**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2023 AND 2022**

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, 2023 AND 2022**

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, 2023 AND 2022**

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 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.

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 Township's financial reporting.

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement is effective for fiscal years beginning after June 15, 2024, and will not have any effect on the Township'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 2023 and 2022 statutory budgets included a reserve for uncollected taxes in the amount of \$81,142.92 and \$66,000. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2023 and 2022 statutory budgets was \$260,000 and \$394,844.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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 2023 or 2022 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 2023 and 2022, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2023</u>	<u>2022</u>
<u>Current Fund:</u>		
NJDOT		67,900.00
Clean Communities	9,349.20	8,335.64
Alcohol Education and Rehabilitation Fund	129.79	-
Recycling Tonnage Grant	922.44	
American Rescue Plan	74,419.34	
Municipal Stormwater	75,000.00	

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. As of December 31, 2023, the Township had no special emergencies.

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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2023 and 2022, \$935,553.87 and \$0 of the municipality’s bank balance of \$6,638,040.19 and \$6,393,479.53 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2023 and 2022:

	Balance 12/31/2022	Additions	Retirements/ Adjustments	Balance 12/31/2023
Land and Improvements	\$ 1,522,824.50			1,522,824.50
Machinery & Equipment	290,548.00	2,428.85		292,976.85
	<u>\$ 1,813,372.50</u>	<u>2,428.85</u>	<u>-</u>	<u>1,815,801.35</u>

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
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>

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 6: LONG TERM DEBT

Lease Liability

The Township entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at present value of the future minimum lease payments as of the date of their inception. The Township has determined the accumulated amortization to be immaterial to the government-wide financial statements and has elected to record the remaining payments in full.

The first agreement was executed in July 2019 to lease copiers within the Township. The term of the lease is 63 months and matures in October 2024. The remaining liability as of December 31, 2023 is \$1,720.00.

The second agreement was executed in October 2019 to lease a mail machine within the Township. The term of the lease is 60 months and matures in October 2024. The remaining liability as of December 31, 2023 is \$652.40.

The future minimum lease obligations as of December 31, 2023, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,372.40	-	2,372.40
	<u>\$ 2,372.40</u>	<u>-</u>	<u>2,372.40</u>

Summary of Municipal Debt

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</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>

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

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%.

	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, \$121,705,088.33 = 0%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 4,259,678.09
Net Debt	-
Remaining Borrowing Power	<u>\$ 4,259,678.09</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, 2023 and 2022, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current Fund	\$ 356,159.27	260,000.00

The 2024 figures shown above are as shown in the introduced budget.

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 8: SCHOOL TAXES

The Local School District failed to adopt their budget prior to December 31, 2023, subsequently the budget was adopted, and the tax levy was certified in January of 2024. As a result, there is a receivable on the balance sheet for Unbilled School Taxes in the amount of \$960,840.17, these taxes have been billed and will be collected in 2024. Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable(prepaid) set forth in the Current Fund liabilities as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Balance of Tax	\$ (29,550.65)	139,817.00
Deferred	101,840.00	139,817.00
Tax Payable/(Prepaid)	<u>\$ (131,390.65)</u>	<u>-</u>

Note 9: 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 12/31/23</u>	<u>Balance 12/31/22</u>
Prepaid Taxes	\$ -	30,465.87
Cash Liability for Taxes Collected in Advance	\$ -	30,465.87

Note 10: 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/annrprts.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, 2023 AND 2022**

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, 2023, 2022, and 2021 were \$3,139.00, \$2,818.00, and \$2,666.00, respectively. The total payroll for the year ended December 31, 2023, 2022 and 2021 was \$148,198.96, \$143,693.51, and \$141,427.72, respectively. Payroll covered by PERS was \$19,276.00, \$18,715.00, and \$18,258.00.

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).

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

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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 1/60th from 1/55th, 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 1/7th 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 11: 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, 2022:

Public Employees' Retirement System

The Municipality has a liability of \$37,565 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. 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 June 30, 2022, the Municipality's proportion would be 0.00024891990%, which would be an increase of 3.45% from its proportion measured as of June 30, 2021.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

For the year ended December 31, 2022, the Municipality would have recognized pension expense of (\$23,835). At December 31, 2022, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 271	\$ (239)
Changes of assumptions	116	-5625
Changes in proportion	1,404	(9,769)
Net difference between projected and actual earnings on pension plan investments	1,555	
Total	<u>\$ 3,346</u>	<u>\$ (15,633)</u>

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:

<u>Year ended June 30,</u>		
2023	\$	(11,231)
2024		(4,136)
2025		(291)
2026		3,397
2027		(26)
Total	<u>\$</u>	<u>(12,287)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
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

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those

**TOWNSHIP OF WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining 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 as disclosed above, 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 or 1-percentage point higher 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	\$ 45,048	\$ 37,565	\$ 31,204

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 12: 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 13: 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, 2023 and 2022 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, 2023 AND 2022**

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>
2023	\$ -	-	-	465.99
2022	-	-	-	465.99
2021	-	-	-	465.99

Note 14: 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 15: INTERFUND BALANCES

During the most current calendar year ended December 31, 2023, 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	\$	125,116.55
Dog Trust	582.24	
Other Trust Fund	2,774.00	
Payroll Trust	2,276.99	
Grant Fund:		
Current Fund	125,116.55	
Dog Trust:		
Current Fund		582.24
Other Trust Funds:		
Current Fund		5,050.99
	<u>\$ 130,749.78</u>	<u>130,749.78</u>

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.

**TOWNSHIP OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 16: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through May 10, 2024 the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY INFORMATION

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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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, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 10, 2024, 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

May 10, 2024

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2022	\$ 5,310,909.15	-
Increased by Receipts:		
Taxes Receivable	542,606.71	
Delinquent Taxes	63,241.93	
Prior Year Homestead Reabates	22,190.46	
Revenue Accounts Receivable	922,340.38	
Miscellaneous Revenue	9,812.18	
Tax Overpayments	177,961.00	
Reserve for Municipal Relief Act	8,944.10	
Reserve for Garden State Preservation	169,240.00	
Grants Receivable		203,244.32
Matching Funds - Due from Current		44,340.00
Due from Current Fund		69,742.66
State of New Jersey		
Senior Citizens and Veterans	6,250.00	
	1,922,586.76	317,326.98
	7,233,495.91	317,326.98
Decreased by Disbursements:		
Current Year Appropriation	736,280.83	
Prior Year Appropriations	13,192.91	
Appropriated Grant Reserves		317,326.98
Local District School Taxes	426,555.40	
County Taxes	411,532.37	
Matching Funds Due to Grant Fund	44,340.00	
Due from Payroll	55.76	
Due to Federal and State Grant Fund	69,742.66	
Due from Dog Trust	232.24	
Due from Other Trust Funds	2,033.25	
Prior Year's Expense	37.29	
	1,704,002.71	317,326.98
Balance December 31, 2023	\$ 5,529,493.20	-

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

Year	Balance Dec. 31, 2022	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2023
				2022	2023			
2021 \$	34.12				(333.23)	367.35		(0.00)
2022	63,632.16				63,575.16			57.00
	63,666.28	-	-	-	63,241.93	367.35	-	57.00
2023		615,704.51		30,465.87	562,576.75	(40.00)	2,064.97	20,636.92
\$	63,666.28	615,704.51	-	30,465.87	625,818.68	327.35	2,064.97	20,693.92

Cash Receipts 605,848.64
 Overpayments Applied 12,970.04
 Senior Citizens and Veterans 7,000.00
625,818.68

Analysis of Current Year Tax Levy

Tax Yield:	
General Property Tax	615,704.51
Added Taxes (54:4-63.1 et. Seq.)	-
	<u>615,704.51</u>
Tax Levy:	
General County Taxes	350,181.85
County Library Taxes	32,389.86
County Open Space Taxes	28,889.34
County Added and Omitted Taxes	
Total County Taxes	411,461.05
Local School District Tax	203,679.83
Local Tax for Municipal Purposes	
Add: Additional Tax Levied	563.63
	<u>615,704.51</u>

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

Balance December 31, 2022		\$	51,947.57
Increased by:			
Transfers from Taxes Receivable	2,064.97		
Interest and Costs Accrued by Sale			
	<hr/>		<hr/>
			2,064.97
			54,012.54
Decreased by:			
Collections			
	<hr/>		<hr/>
Balance December 31, 2023		\$	<u><u>54,012.54</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2022	Accrued in 2023	Collected by Treasurer	Balance Dec. 31, 2023
Licenses - Other	\$ 9,912.22	9,912.22	9,912.22	-
Interest and Costs on Taxes	10,163.82	10,163.82	10,163.82	-
Interest on Investments and Deposits	84,664.62	84,664.62	84,664.62	-
Energy Receipts Tax	86,339.72	86,339.72	86,339.72	-
Garden State Trust	731,260.00	731,260.00	731,260.00	-
Miscellaneous Revenue Not Anticipated	9,812.18	9,812.18	9,812.18	-
	<u>\$ -</u>	<u>932,152.56</u>	<u>932,152.56</u>	<u>-</u>

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

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charges	Balance Lapsed
GENERAL GOVERNMENT	\$			
Mayor and Committee				
Salaries and Wages	108.37	108.37		108.37
Other Expenses	1,988.70	1,988.70		1,988.70
Municipal Clerk				
Salaries and Wages	741.88	741.88		741.88
Other Expenses	14,793.85	14,793.85	468.05	14,325.80
Financial Administration				
Salaries and Wages	81.45	81.45		81.45
Other Expenses	4,932.79	4,932.79		4,932.79
Computerized Processing				
Other Expenses	2,765.03	2,765.03	968.60	1,796.43
Revenue Administration (Tax Collector)				
Salaries and Wages	206.88	206.88		206.88
Other Expenses	2,738.16	2,738.16		2,738.16
Tax Assessment Administration				
Salaries and Wages	35.00	35.00		35.00
Other Expenses	2,914.80	2,914.80		2,914.80
Tax Maps	5,000.00	5,000.00		5,000.00
Legal Services & Costs				
Other Expenses	10,061.29	10,061.29	450.00	9,611.29
Engineering Services and Costs				
Other Expenses	44,477.78	44,477.78	3,350.00	41,127.78
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)				
Land Development Board				
Salaries and Wages	2,453.11	2,453.11		2,453.11
Other Expenses	5,227.00	5,227.00		5,227.00
INSURANCE				
Unemployment Insurance	700.00	700.00		700.00
Liability Insurance	11.00	11.00		11.00
Workers Compensation Insurance	1.00	1.00		1.00
EMERGENCY MANAGEMENT SERVICES				
Office of Emergency Management				
Salaries and Wages	53.11	53.11		53.11
Other Expenses	4,157.22	4,157.22		4,157.22
Other Expenses	10,000.00	10,000.00		10,000.00
STREETS AND ROADS				
Road Repairs & Maintenance				
Salaries and Wages	5,703.43	5,703.43		5,703.43
Other Expenses	16,447.30	16,447.30	2,229.40	14,217.90
PUBLIC WORKS				
Other Public Works Functions - Recycling				
Other Expenses	1,500.00	1,500.00		1,500.00
Public Building & Grounds				
Salaries and Wages	5,883.51	5,883.51		5,883.51
Other Expenses	19,057.34	19,057.34	83.16	18,974.18

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

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charges	Balance Lapsed
HEALTH AND WELFARE				
Board of Health				
Other Expenses	1,000.00	1,000.00		1,000.00
Animal Control Services				
Other Expenses	1,800.00	1,800.00		1,800.00
PARKS AND RECREATION				
Recreation				
Other Expenses	1,500.00	1,500.00		1,500.00
Maintenance of Parks				
Other Expenses	500.00	500.00		500.00
UTILITY EXPENSES & BULK PURCHASES				
Electricity	4,364.45	4,364.45		4,364.45
Street Lighting	1,043.37	1,043.37	324.28	719.09
Telephone	3,803.40	3,803.40		3,803.40
Fuel oil	661.84	661.84		661.84
Telecommunications Cost	1,772.31	1,772.31		1,772.31
Propane	1,000.00	1,000.00		1,000.00
Gasoline	1,121.12	1,121.12		1,121.12
LANDFILL/SOLID WASTE DISPOSAL COSTS				
Solid Waste Disposal				
Other Expenses	4,086.75	4,086.75		4,086.75
Other Expenses - Garbage Removal	491.78	491.78		491.78
LAND USE ADMINISTRATION				
Zoning Map Other Expenses	10,000.00	10,000.00		10,000.00
Master Plan Other Expenses	10,000.00	10,000.00		10,000.00
STATE UNIFORM CONSTRUCTION CODE				
Construction Official				
Salaries and Wages	644.75	644.75		644.75
Other Expenses	1,887.00	1,887.00		1,887.00
UNCLASSIFIED				
Celebration of Public Events				
Other Expenses	602.67	602.67		602.67
Statutory Expenditures:				
Contributions to:				
Social Security System (O.A.S.I.)	839.42	839.42		839.42
Interlocal Municipal Service Agreements:				
Municipal Prosecutor				
Other Expenses	3,868.50	3,868.50	485.00	3,383.50
Municipal Court				
Other Expenses	17,041.13	17,041.13	4,834.42	12,206.71
Public Defender				
Other Expenses	2,000.00	2,000.00		2,000.00
Capital Improvements				
Municipal Buildings and Property	155,000.00	155,000.00		155,000.00
	<u>\$ 387,068.49</u>	<u>387,068.49</u>	<u>13,192.91</u>	<u>373,875.58</u>

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

Balance December 31, 2022			
School Tax Payable/(Prepaid)	\$	53,507.92	
School Tax Deferred		<u>139,817.00</u>	
			\$ 193,324.92
Increased by:			
Levy - School Year July 1 to June 30			<u>203,679.83</u>
			397,004.75
Decreased by:			
Payments			<u>426,555.40</u>
Balance December 31, 2023			
School Tax Payable/(Prepaid)		(131,390.65)	
School Tax Deferred		<u>101,840.00</u>	
			<u><u>(29,550.65)</u></u>
Current Year Liability for Local School District School Tax:			
Tax Paid			426,555.40
Tax Payable Ending			<u>(131,390.65)</u>
			295,164.75
Less: Tax Payable Beginning			<u>53,507.92</u>
Amount charged to Current Year Operations			<u><u>\$ 241,656.83</u></u>

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

Purpose	Balance Dec. 31, 2022	Transferred From 2023 Revenues	Received	Cancelled	Balance Dec. 31, 2023
FEDERAL GRANTS:					
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>
STATE GRANTS:					
NJDOT - River Road 2019	29,537.84				29,537.84
NJDOT - Turtle Creek	157,152.30				157,152.30
NJDOT - Lovers Lane - 2020	26,167.51				26,167.51
NJDOT - Old Church Road 2021 - Phase I	150,000.00		71,110.89		78,889.11
NJDOT - Old Church Road - Phase III	67,900.00				67,900.00
NJDOT - Old Church Road - Phase II	175,000.00		74,164.11		100,835.89
Gypsy Moth Grant	33,264.27		22,279.87		10,984.40
Recycling Tonnage		1,210.46	1,210.46		-
Stormwater Assistance Grant		75,000.00	25,000.00		50,000.00
Clean Communities Program		9,349.20	9,349.20		-
Alcohol Education & Rehabilitation Fund		129.79	129.79		-
Total State	<u>639,021.92</u>	<u>85,689.45</u>	<u>203,244.32</u>	<u>-</u>	<u>521,467.05</u>
	<u>\$ 709,021.92</u>	<u>85,689.45</u>	<u>203,244.32</u>	<u>-</u>	<u>591,467.05</u>

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

	Balance December 31, 2022		2023 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2023
	Appropriated	Reserve for Encumbrances				
FEDERAL GRANTS:						
Community Development Block Grant:						
CDBG - 2020	\$ 70,000.00					70,000.00
American Rescue Plan			74,419.34	56,511.65		17,907.69
Emergency Management - FEMA	3,443.00					3,443.00
Total Federal	<u>73,443.00</u>	<u>-</u>	<u>74,419.34</u>	<u>56,511.65</u>	<u>-</u>	<u>91,350.69</u>
STATE GRANTS:						
Clean Communities Grant	25,656.72		9,349.20	6,790.31		28,215.61
NJDOT - Turtle Creek	161,688.55					161,688.55
NJDOT - River Road 2019	34,619.09					34,619.09
NDOT - 2020	27,692.51					27,692.51
NJDOT - Old Church Road 2021	150,000.00			150,000.00		-
NJDOT - Old Church Road - Phase II	175,000.00			59,405.19		115,594.81
NJDOT - Old Church Road - Phase III	67,900.00					67,900.00
Gypsy Moth Grant	66,846.54					66,846.54
Gypsy Moth Grant - Local Share			44,340.00	44,317.83		22.17
Alcohol Education & Rehabilitation Fund	7,753.79		129.79			7,883.58
Recycling Tonnage Grant	3,453.13		2,132.90	302.00		5,284.03
NJ Forest Fire Services	15,259.00					15,259.00
Community Forestry	14,227.02					14,227.02
Municipal Stormwater Grant	5,000.00		75,000.00			80,000.00
Total State	<u>755,096.35</u>	<u>-</u>	<u>130,951.89</u>	<u>260,815.33</u>	<u>-</u>	<u>625,232.91</u>
Grand Total	<u>828,539.35</u>	<u>-</u>	<u>205,371.23</u>	<u>317,326.98</u>	<u>-</u>	<u>716,583.60</u>

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

Purpose	Balance Dec. 31, 2022	Transferred To 2023 Appropriations	Received	Adjustments	Balance Dec. 31, 2023
American Rescue Plan	74,419.34	74,419.34			-
Recycling Tonnage Grant	922.44	922.44			-
Total	\$ 75,341.78	75,341.78	-	-	-

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

		Dog Licenses		Other
Balance December 31, 2022	\$	840.04		15,360.38
Increased by Receipts:				
Dog License Fees 2023		201.00		
Due to State of New Jersey		30.00		
Payroll Receipts				162,672.16
Payroll - Due to Current				55.76
Miscellaneous Trust Reserves				25,000.00
Due to Current		82.80		4,066.50
		313.80		191,794.42
		1,153.84		207,154.80
Decreased by Disbursements				
Statutory Expenditures		-		
Due to State of New Jersey		30.00		
Miscellaneous Trust Reserves				2,033.25
Payroll Disbursements				162,668.37
Due to Current		52.80		2,033.25
		82.80		166,734.87
Balance December 31, 2023	\$	1,071.04		40,419.93

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

Balance December 31, 2022		\$	490.04
Increased by:			
Dog License Fees Collected			201.00
Other	-		
			201.00
			691.04
Decreased by:			
Statutory Excess			202.24
Expenditures under N.J.S. 4:19-15:11	-		
			202.24
Balance December 31, 2023		\$	488.80

License Fees Collected:

Year	Amount
2021	\$ 268.80
2022	220.00
	\$ 488.80

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

Balance December 31, 2022	\$	350.00
Increased by:		
Cash Receipts	82.80	
Statutory Excess	202.24	
		285.04
		635.04
Decreased by:		
Payment		52.80
Balance December 31, 2023	\$	582.24

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

Balance December 31, 2022	\$	-
Increased by:		
2023 State License Fees Due from Current Fund	30.00	
		30.00
		30.00
Decreased by:		
Disbursements to the State		30.00
Balance December 31, 2023	\$	-

**TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Balance</u> <u>Dec 31, 2022</u>	<u>Increased by</u> <u>Receipts</u>	<u>Decreased by</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec 31, 2023</u>
<u>Reserve</u>				
Other Trust Funds	\$ 740.75	4,066.50	2,033.25	2,774.00
	<u>\$ 740.75</u>	<u>4,066.50</u>	<u>2,033.25</u>	<u>2,774.00</u>

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Reserve</u>	Balance Dec 31, 2022	<u>Increased by</u> <u>Decreased by</u>		Balance Dec 31, 2023
		Receipts Held in Trust	Disbursements Held in Trust	
Unemployment Compensation	\$ 465.99			465.99
Public Defender	1,645.00			1,645.00
Builders Escrow	8,956.25	25,000.00	2,033.25	31,923.00
	<u>\$ 11,067.24</u>	<u>25,000.00</u>	<u>2,033.25</u>	<u>34,033.99</u>

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

Balance December 31, 2022	\$	1,034,905.74
Increased by:		
None		
		<hr/>
		-
		<hr/>
		1,034,905.74
Decreased by:		
None		
		<hr/>
		-
		<hr/>
Balance December 31, 2023	\$	<u>1,034,905.74</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance	Transfers		Balance
	Dec. 31, 2022	From	To	Dec. 31, 2023
Fund Balance	\$ 45,837.10			45,837.10
Capital Improvement Fund	819,452.00			819,452.00
<u>Improvement Authorizations:</u>				
General Improvements	169,616.64			169,616.64
	<u>\$ 1,034,905.74</u>		-	<u>1,034,905.74</u>

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

Balance December 31, 2022		\$	819,452.00
Increased by:			
None	_____		<u>-</u>
			819,452.00
Decreased by:			
None	_____		<u>-</u>
Balance December 31, 2023		\$	<u><u>819,452.00</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2022		Re-Appropriated	Paid or Charged	Balance December 31, 2023	
				Funded	Unfunded			Funded	Unfunded
2022-04	General Improvements	9/6/2022	169,616.64	169,616.64	-	-	169,616.64	-	
			\$	169,616.64	-	-	169,616.64	-	

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TOWNSHIP OF WASHINGTON

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

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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 following bids were requested for public advertising:

2021 & 2022 State Aid Improvement of Old Church Road
Refuse Collection

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 3, 2023, 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 did not have a tax sale during the year.

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>
2023	13
2022	13
2021	13

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 2024 and 2023 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>Collections</u>	<u>Collections</u>
2023	615,705	593,043	96.32%
2022	1,225,073	1,156,993	94.44%
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%

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	1.662	1.279	1.296	1.272	1.251
Apportionment of Tax Rate:					
Municipal	-	-	-	-	-
County	0.434	0.448	0.449	0.425	0.382
Local School	1.228	0.831	0.847	0.847	0.869
Assessed Valuation	94,858,284	95,767,685	94,967,489	95,035,094	94,673,700

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>
2023	\$ 54,013	20,694	74,706	12.13%
2022	51,948	63,666	115,614	9.44%
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%

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

May 10, 2024