

TOWNSHIP OF MONROE
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2010

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PART I

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Township of Monroe
125 Virginia Avenue
Williamstown, New Jersey 08094

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Township of Monroe as of December 31, 2010 and 2009, the related statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds, as listed in the table of contents for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township of Monroe's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

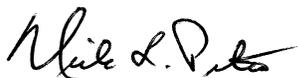
In our opinion, because of the effects of preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Monroe as of December 31, 2010 and 2009, or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Township of Monroe as of December 31, 2010 and 2009, and the results of its operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the years ended December 31, 2010 and 2009 on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2011 on our consideration of the Township of Monroe's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Monroe taken as a whole. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Monroe. The accompanying schedule of State Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States Local Governments and Non-Profit Organizations*, and New Jersey Treasurer Circular Letter 04-04-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and is also not a required part of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements. The supplemental schedules and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

April 20, 2011

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2010</u>	Balance <u>Dec. 31, 2009</u>
<u>Regular Fund</u>			
Cash - Treasurer	A-4	5,732,260	6,818,943
Cash - Change Fund	A-6	750	750
		<u>5,733,010</u>	<u>6,819,693</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	2,893,128	2,693,992
Tax Title Liens Receivable	A-8	561,663	463,600
Property Acquired for Taxes - Assessed Valuation	A-9	1,453,100	1,292,500
Revenue Accounts Receivable	A-13	19,842	15,108
Assessments Receivable	A-10	13,361	13,361
Due from General Capital		155,140	
Due from Municipal Open Space Trust		894	1,593
Due from Tax Title Lien Premium Trust		28,700	5,200
Due from Federal and State Grant Fund	A	271,338	325,317
		<u>5,397,166</u>	<u>4,810,672</u>
Deferred Charges:			
Special Emergency Authorization	A-12	180,000	360,000
		<u>180,000</u>	<u>360,000</u>
		<u>11,310,176</u>	<u>11,990,365</u>
<u>Federal and State Grant Fund</u>			
Grants Receivable	A-19	1,586,990	1,985,166
		<u>1,586,990</u>	<u>1,985,166</u>
		<u>12,897,166</u>	<u>13,975,531</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<u>Regular Fund</u>			
Liabilities:			
Appropriation Reserves	A-3:A-15	776,468	1,876,152
Encumbrances Payable	A-16	742,184	755,590
Accounts Payable		16,017	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	37,597	34,215
Prepaid Taxes		439,241	543,329
Tax Overpayments		110,045	140,523
Due State - Marriage License Fees			885
Due State of New Jersey - DCA Fees			7,287
Payroll Taxes Payable		114,181	163,128
County Taxes Payable		2,702	
Due County for Added & Omitted Taxes	A-7	120,491	93,629
Reserve for Local Grants	A-18	35,591	33,246
		2,394,518	3,647,984
Reserve for Receivables		5,397,166	4,810,672
Fund Balance	A-1	3,518,492	3,531,709
		11,310,176	11,990,365
<u>Federal and State Grant Fund</u>			
Reserve for Grants - Appropriated	A-20	1,078,111	1,620,877
Due Current Fund	A	271,338	325,317
Encumbrances Payable	A-21	237,540	38,972
		1,586,990	1,985,166
		12,897,166	13,975,531

The accompanying notes to the financial statements are an integral part of this statement.

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Fund Balance Utilized	A-2	3,143,000	3,694,576
Miscellaneous Revenue Anticipated	A-2	8,225,974	8,710,502
Receipts from Delinquent Taxes	A-2	2,529,082	2,472,516
Receipts from Current Taxes	A-2	77,418,623	74,714,452
Non-Budget Revenue	A-2	1,629,984	642,443
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	1,703,886	1,305,144
Encumbrances Payable - Canceled	A-16	160,365	214,077
Accounts Payable - Canceled		427	
Interfund Loan Returned		60,771	39,169
Grant Reserve Balance Canceled	A-20	1,500	2,027
Total Income		<u>94,873,612</u>	<u>91,794,906</u>
<u>Expenditures</u>			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	12,532,500	12,923,000
Other Expenses	A-3	11,537,238	11,906,075
Deferred Charges and Statutory Expenditures	A-3	2,269,543	2,230,000
Budget Appropriations Excluded from "CAPS"			
Operations:			
Other Expenses	A-3	1,791,997	1,296,966
Capital Improvements	A-3	212,094	375,000
Municipal Debt Service	A-3	2,214,637	2,269,595
Deferred Charges	A-3	238,000	180,000
Judgments	A-3	55,000	10,000
County Taxes	A-7	16,672,554	17,027,803
Due County for Added Taxes	A-7	120,491	93,629
Municipal Open Space Tax	A-7	144,938	288,125
Local District School Tax	A-17	43,784,332	40,482,378
Grant Receivables Canceled			5,507
Interfund Loan Advanced		156,033	117,096
Local Grants Receivable Canceled			3,575
Prior Year Deductions Disallowed	A-14	8,022	
Refund of Prior Year Revenue	A-4	6,450	85,695
Total Expenditures		<u>91,743,829</u>	<u>89,294,444</u>

The accompanying notes to the financial statements are an integral part of this statement.

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

	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Excess in Revenue		3,129,783	2,500,462
<u>Fund Balance</u>			
Balance January 1	A	3,531,709	4,725,823
		6,661,492	7,226,285
Decreased by:			
Utilization as Anticipated Revenue	A-1	3,143,000	3,694,576
Balance December 31	A	<u>3,518,492</u>	<u>3,531,709</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2010	Special N.J.S.A. 40A:4-87		
Fund Balance Anticipated	A-1	3,143,000		3,143,000	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	33,000		35,580	2,580
Other	A-13	38,000		42,803	4,803
Fees and Permits	A-13	440,000		433,940	(6,060)
Fines and Costs:					
Municipal Court	A-13	294,000		322,746	28,746
Interest and Costs on Taxes	A-13	500,000		547,227	47,227
Interest on Investments and Deposits	A-13	150,000		47,785	(102,215)
Insurance Reimbursements - Ambulance	A-13	825,000		816,036	(8,964)
Consolidated Municipal Property Tax Relief	A-13	242,578		240,651	(1,927)
Energy Receipts Tax	A-13	3,780,418		3,780,418	
Garden State PILOT Trust	A-13	19,200		12,800	(6,400)
Uniform Construction Code Fees	A-13	400,000		593,876	193,876
Uniform Fire Safety Act	A-13	31,000		29,603	(1,397)
Franchise Fees - Cable Television	A-13	150,000		154,556	4,556
Engineering Review Fees	A-13	30,000		23,690	(6,310)
Gloucester County Improvement Authority					
Debt Fund Proceeds	A-13	162,881		162,881	
Basin Maintenance Trust	A-13	50,000		50,000	
Click It or Ticket	A-19		4,000	4,000	
NJ Transportation Trust	A-19	162,094		162,094	
Municipal Alliance Youth Service	A-19	23,460		23,460	
Drunk Driving Enforcement	A-19		8,902	8,902	
Body Armor Replacement Grant	A-19	2,136	5,704	7,840	
CDBG - Pfeiffer Center	A-19	75,000		75,000	
FEMA - Assistance to Firefighters	A-19	87,163		87,163	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2010	Special N.J.S.A. 40A:4-87		
Clean Communities	A-19	52,285		52,285	
Police Over the Limit, Under Arrest	A-19	5,000		5,000	
Safe and Secure	A-19	60,000		60,000	
Pedestrian Decoy	A-19		8,000	8,000	
Hazardous Discharge Site - Monroe Twp Landfill	A-19		408,938	408,938	
Walmart Safe Grant	A-11		500	500	
Cedar Creek Development - Roof Donation	A-11	17,500		17,500	
Monroe Rotary Club - K-9 Donations	A-11	2,300		2,300	
JIF Safety Incentive Program	A-11		8,400	8,400	
Total Miscellaneous Revenues		7,633,015	444,444	8,225,974	148,515
Receipts from Delinquent Taxes	A-2	2,600,000		2,529,082	(70,918)
Subtotal General Revenues		13,376,015	444,444	13,898,056	77,597
Amount to be Raised by Taxation		19,909,253		19,563,542	(345,711)
Budget Totals		33,285,268	444,444	33,461,598	(268,114)
Non-Budget Revenue	A-2			1,629,984	
		33,285,268	444,444	35,091,582	
	Ref.	A-3	A-3		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized Revenue

	<u>Ref.</u>	
Allocation of Current Tax Collections:		
Revenue from Collections	A-7	77,418,623
Allocated to:		
Municipal Open Space	A-7	144,939
School and County Taxes	A-7	60,577,378
		16,696,307
Balance for Support of Municipal Budget Appropriations		
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	2,867,235
Amount for Support of Municipal Budget Appropriations	A-2	19,563,542
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-7	2,516,171
Tax Title Liens	A-8	12,911
	A-2	2,529,082

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Refunds	A-13	46,242
Revaluation Expense Reimbursement	A-13	840,548
Disability/Healthcare Reimbursement	A-13	89,572
Bus Driver Reimbursement	A-13	25,350
JIF Dividends/Safety Incentive	A-13	195,356
Ads on Bus Shelters	A-13	3,312
Inspection Fees	A-13	17,896
In Lieu of Taxes	A-13	20,264
Tax Map Maintenance	A-13	1,105
Sale of Property	A-13	37,000
Administrative Fees Off-Duty Police	A-13	120,732
Administrative Fees - Senior Citizen Deductions	A-13	9,471
Street Opening Restoration	A-13	1,500
School Security Officers Reimbursement	A-13	137,000
Excess Dog Fees	A-13	10,395
Tax Abatements	A13	3,669
Miscellaneous	A-13	11,678
Hotel/Motel Tax Revenue	A-13	53,463
Demolition/Boarding Up	A-13	4,805
Voided Checks	A-13	626
	A-2	1,629,984

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	146,800	146,800	146,120		680	
Other Expenses	20,000	20,000	14,128	347	5,525	
Human Resources (Personnel)						
Salaries & Wages	116,000	116,000	115,210		790	
Other Expenses	20,000	20,000	13,052	187	6,761	
Mayor and Township Council						
Salaries & Wages						
Mayor	62,600	62,600	58,959		3,641	
Council	60,000	60,000	59,623		377	
Other Expenses						
Mayor	2,500	2,500	825		1,675	
Council	1,000	1,000	632		368	
Municipal Clerk						
Salaries & Wages	203,900	203,900	200,815		3,085	
Other Expenses	71,200	71,200	62,810	4,800	3,590	
Elections						
Salaries & Wages	4,600	4,600	3,942		658	
Other Expenses	22,500	22,500	19,749		2,751	
Financial Administration						
Salaries & Wages	190,300	190,300	187,173		3,127	
Other Expenses	41,000	41,000	38,710	121	2,169	
Audit Services						
Other Expenses	57,700	57,700	57,700			
Municipal Information Services (MIS)						
Salaries & Wages	111,000	111,000	110,835		165	
Other Expenses	63,000	63,000	57,342	5,134	524	
Revenue Administration (Tax Collection)						
Salaries & Wages	216,200	216,200	214,498		1,702	
Other Expenses	16,000	16,000	6,644	3,351	6,005	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

OPERATIONS WITHIN "CAPS" - (CONTINUED)	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
GENERAL GOVERNMENT						
Director of Real Estate						
Salaries & Wages	4,000	4,000	4,000			
Tax Assessment Administration						
Salaries & Wages	42,700	42,700	42,666		34	
Other Expenses	3,500	3,500	3,481		19	
Legal Services & Costs						
Salaries & Wages	4,000	4,000	4,000			
Other Expenses	250,000	288,000	256,990	28,561	2,449	
Engineering Services & Costs						
Other Expenses	160,000	130,000	93,955	20,371	15,674	
Economic Development						
Other Expenses	10,000	10,000			10,000	
Historical Society (40:48-2)						
Other Expenses	1,300	1,300	198	198	904	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries & Wages	167,600	167,600	162,739		4,861	
Other Expenses	92,000	117,000	104,973	8,108	3,919	
Zoning Board and Board of Adjustment						
Salaries & Wages	5,000	5,000	2,920		2,080	
Other Expenses	28,000	28,000	12,018	297	15,685	
CODE ENFORCEMENT AND ADMINISTRATION						
Code Enforcement Officer						
Salaries & Wages	198,400	198,400	197,650		750	
Other Expenses	14,000	14,000	3,666	383	9,951	
INSURANCE						
Insurance Safety Program	12,000	12,000	10,173	1,823	4	
Liability Insurance	615,000	615,000	613,298		1,702	
Workmens Compensation Insurance	900,000	900,000	897,857		2,143	
Group Plans for Employees	4,700,413	4,700,413	4,617,701	1,158	81,554	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC SAFETY FUNCTIONS						
Director of Public Safety						
Salaries & Wages	4,000	4,000	4,000			
Police						
Salaries & Wages	6,661,200	6,661,200	6,544,883		116,317	
Other Expenses	405,000	405,000	310,630	55,683	38,687	
Contractual Services-Red Light Camera	38,000	30,000			30,000	
Office of Emergency Management						
Salaries & Wages	102,900	102,900	99,521		3,379	
Other Expenses	7,500	7,500	5,939	500	1,061	
First Aid Organization- Ambulances						
Cecil Ambulance	36,000	36,000	4,020	19,694	12,286	
Monroe Township Ambulance	54,000	54,000	30,265	20,356	3,379	
Fire						
Other Expenses						
Fire Hydrant Service	26,125	26,125	26,125			
Cecil Fire Company	55,000	55,000	21,200	26,256	7,544	
Williamstown Fire Company	51,000	51,000	26,136	24,706	158	
Uniform Fire Safety Act (P.L. 1983, C383)						
Salaries & Wages	55,300	55,300	53,132		2,168	
Other Expenses	5,000	5,000	2,336	789	1,875	
Ambulance						
Salaries & Wages	323,000	323,000	309,976		13,024	
Other Expenses	113,000	113,000	68,981	14,436	29,583	
Prosecutor						
Salaries & Wages	18,000	18,000	18,000			

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	828,000	828,000	805,997		22,003	
Other Expenses	28,800	28,800	21,881	5,004	1,915	
Snow Removal						
Other Expenses	40,000	40,000	40,000			
Garbage & Trash Removal						
Salaries & Wages	1,224,000	1,201,000	1,140,745		60,255	
Other Expenses	3,600	3,600	2,511	140	949	
Public Buildings & Grounds						
Salaries & Wages	311,300	311,300	292,547		18,753	
Other Expenses	105,000	105,000	87,235	14,477	3,288	
Vehicle Maintenance						
Salaries & Wages	317,300	317,300	313,132		4,168	
Other Expenses	382,000	382,000	343,363	34,622	4,015	
Community Services Act						
Condominium Trash Services	110,000	110,000	81,761	16,319	11,920	
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health)						
Salaries & Wages	81,000	84,000	83,368		632	
Other Expenses	3,000	3,000	1,786	266	948	
Social Concerns						
Other Expenses	1,000	1,000			1,000	
Environmental Commission (40:56A et. seq.)						
Salaries & Wages	700	700	360		340	
Other Expenses	2,000	2,000	614	135	1,251	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
RECREATION FUNCTIONS						
Parks & Recreation						
Salaries & Wages	261,600	284,600	271,222		13,378	
Other Expenses	75,000	75,000	69,167	5,581	252	
Community Center						
Salaries & Wages	186,700	183,700	181,351		2,349	
Other Expenses	6,500	6,500	1,495	25	4,980	
Community Transportation Service						
Salaries & Wages	62,000	62,000	59,374		2,626	
Other Expenses	500	500		500		
Senior Citizen Center						
Salaries & Wages	600	600	480		120	
Other Expenses	5,000	5,000	4,864		136	
OTHER COMMON OPERATING FUNCTIONS						
Accumulated Absence Management	60,000	60,000	60,000			
Celebration of Public Event						
Anniversary or Holiday						
Other Expenses	30,500	30,500	25,803	1,716	2,981	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	325,000	360,000	300,253	25,000	34,747	
Street Lighting	440,000	460,000	418,568	40,589	843	
Telephone and Telegraph	110,000	110,000	90,059	7,979	11,962	
Natural Gas	135,000	135,000	93,516	14,000	27,484	
Fuel Oil	5,000	5,000	2,047	953	2,000	
Gasoline	510,000	460,000	398,880	61,120		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Gloucester County Landfill						
Other Expenses	1,196,600	1,166,600	1,045,786	93,812	27,002	
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	247,500	247,500	233,805		13,695	
Other Expenses	31,000	31,000	24,829	1,643	4,528	
Public Defender						
Salaries & Wages	8,000	8,000	3,463	667	3,870	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
State Uniform Construction Code						
Construction Official						
Salaries & Wages	306,300	306,300	304,772		1,528	
Other Expenses	40,000	40,000	14,745	16,757	8,498	
Total Operations within "CAPS"	24,069,738	24,069,738	22,741,975	578,564	749,199	
Detail:						
Salaries & Wages	12,532,500	12,532,500	12,231,278	667	300,555	
Other Expenses	11,537,238	11,537,238	10,510,697	577,897	448,644	
STATUTORY EXPENDITURES						
Contribution to:						
Public Employees' Retirement System	490,235	490,235	490,235			
Social Security System (O.A.S.I.)	591,000	591,000	566,688		24,312	
Police and Firemen's Retirement System of NJ	1,173,308	1,173,308	1,172,196		1,112	
Unemployment Compensation Insurance	15,000	15,000	15,000			
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	2,269,543	2,269,543	2,244,119		25,424	
Total General Appropriations for Municipal Purposes within "CAPS"	26,339,281	26,339,281	24,986,094	578,564	774,623	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC SAFETY FUNCTIONS						
Length of Service Awards Program (P.L. 1997, c. 388)	135,000	135,000		135,000		
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	790,000	790,000	790,000			
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Recycling Tax						
Other Expenses	48,000	48,000	46,155		1,845	
STATUTORY EXPENDITURES						
Contribution to:						
Public Employees' Retirement System	27,565	27,565	27,565			
Police and Firemen's Retirement System of NJ	11,692	11,692	11,692			
Total Other Operations - Excluded from "CAPS"	1,012,257	1,012,257	875,412	135,000	1,845	
PUBLIC AND PRIVATE PROGRAMS						
OFF-SET BY REVENUES						
Click It or Ticket		4,000	4,000			
Municipal Alliance Youth Service	29,325	29,325	29,325			
Drunk Driving Enforcement		8,902	8,902			
Clean Communities	52,285	52,285	52,285			
Police Over the Limit, Under Arrest	5,000	5,000	5,000			
JIF Safety Incentive Program		8,400	8,400			
Walmart Safe Grant		500	500			
CDBG-Pfeiffer Center Stormwater	75,000	75,000	75,000			
Body Armor Replacement Grant	2,136	7,840	7,840			
FEMA - Assistance to Firefighters	91,750	91,750	91,750			
Monroe Rotary Club-K-9 Donations	2,300	2,300	2,300			
Cedar Creek Development-Roof Donation	17,500	17,500	17,500			
Pedestrian Decoy		8,000	8,000			
Hazardous Discharge Site-Monroe Twp Landfill		408,938	408,938			

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Safe and Secure	60,000	60,000	60,000			
Matching Funds for Grants	7,000	7,000				7,000
Total Operations Excluded from "CAPS"	1,354,553	1,798,997	1,655,152	135,000	1,845	7,000
Detail:						
Salaries and Wages	60,000	60,000	60,000			
Other Expenses	1,294,553	1,738,997	1,595,152	135,000	1,845	7,000
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	50,000	50,000	50,000			
NJ Transportation Trust	162,094	162,094	162,094			
Total Capital Improvements Excluded from "CAPS"	212,094	212,094	212,094			
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Bond Principal	1,015,000	1,015,000	1,015,000			
Interest on Bonds	520,500	520,500	520,031			469
Green Trust Loan Repayments - Principal & Interest	41,000	41,000	40,938			62
Capital Lease Obligations Approved Prior to July 1, 2007						
Principal	482,000	482,000	482,000			
Interest	160,605	160,605	156,668			3,937
Total Municipal Debt Service Excluded From "CAPS"	2,219,105	2,219,105	2,214,637			4,468

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
DEFERRED CHARGES EXCLUDED FROM CAPS					
Special Emergency Authorizations - 5 Years	180,000	180,000	180,000		
Deferred Charges to Future Taxation-Unfunded Ordinance 22-09	46,500	46,500	46,500		
Ordinance 24-09	11,500	11,500	11,500		
Total Deferred Charges Excluded from "CAPS"	238,000	238,000	238,000		
Judgments	55,000	55,000	45,000	10,000	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,078,752	4,523,196	4,364,883	145,000	1,845
Subtotal General Appropriations	30,418,033	30,862,477	29,350,977	723,564	776,468
RESERVE FOR UNCOLLECTED TAXES	2,867,235	2,867,235	2,867,235		
TOTAL GENERAL APPROPRIATIONS	<u>33,285,268</u>	<u>33,729,712</u>	<u>32,218,212</u>	<u>723,564</u>	<u>776,468</u>
Ref.	A-2			A-16	A
Budget	Ref.				
Appropriations by 40A:4-87	A-3	33,285,268			
	A-2	444,444			
		<u>33,729,712</u>			
Reserve for Federal and State Grants	Ref.				
Reserve for Uncollected Taxes	A-20		913,134		
Reserve for Local Grants	A-3		2,867,235		
Special Emergency Disbursed	A-18		28,700		
	A-12		180,000		
	A-4		28,229,143		
			<u>32,218,212</u>		

The accompanying notes to the financial statements are an integral part of this statement.

TRUST FUND

EXHIBIT B

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<u>Trust Fund</u>			
Cash - Treasurer	B-1	3,256,857	3,066,739
Off-Duty Police Receivables			22,563
		<u>3,256,857</u>	<u>3,089,302</u>
<u>Escrow Trust Fund</u>			
Cash - Treasurer	B-1	1,117,658	1,149,536
Escrow Receivable		21,358	
		<u>1,139,016</u>	<u>1,149,536</u>
		<u>4,395,873</u>	<u>4,238,838</u>

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT B
(Continued)

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<u>Trust Fund</u>			
Encumbrances Payable	B-5	71,203	83,992
Due Current Fund		29,594	6,793
Reserve for Dog Fund Expenditures	B-3	27,016	25,069
Reserve for Intersection/Road Improvements		16,635	
Reserve for Forfeited Funds		92,442	54,942
Reserve for Off-Duty Police Fees		52,513	28,671
Deposits for Redemption of Tax Sale Certificates	B-4	3,099	32,457
Reserve for Tax Sale Premiums	B-4	276,400	464,900
Reserve for Parks and Recreation		320,318	367,044
Reserve for Veterans Affairs Donations		125	125
Reserve for POAA Fees		858	806
Reserve for Recycling Fees		108,959	42,384
Reserve for Sidewalk Trust Fund		145,269	110,658
Reserve for Snow Removal		108,124	61,939
Reserve for Accumulated Absences		350,000	290,000
Reserve for Basin Maintenance Trust		468,149	475,033
Reserve for Municipal Open Space		900,978	786,426
Reserve for Affordable Housing		222,936	199,767
Reserve for Unemployment Compensation		41,445	33,357
Reserve for Municipal Alliance Donations		3,633	6,928
Reserve for Historical Society Donations		17,161	18,011
		3,256,857	3,089,302
<u>Escrow Trust Fund</u>			
Encumbrances Payable	B-5	44,496	42,564
Reserve for Developers Escrow		1,094,520	1,106,972
		1,139,016	1,149,536
		4,395,873	4,238,838

The accompanying notes to the financial statements are an integral part of this statement.

GENERAL CAPITAL FUND

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL- REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Cash - Treasurer			506,574
Amount to be Provided by Lease Payments		3,393,000	3,875,000
Deferred Charges to Future Taxation:			
Funded	C-4	13,917,742	14,969,197
Unfunded	C-5	994,000	577,000
Due from Gloucester County Improvement Authority - Capital Projects		156,409	195,268
		<u>18,461,151</u>	<u>20,123,039</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Due to Current Fund		155,140	
Serial Bonds Payable	C-9	13,721,000	14,736,000
Loan Payable - Green Trust	C-8	196,742	233,197
Encumbrances Payable	C-11	272,434	578,581
Obligations Under Capital Lease	C-12	3,393,000	3,875,000
Capital Improvement Fund	C-6	25,321	19,321
Reserve for Payment of Bonds		7,624	7,624
Reserve for Traffic Light		13,357	
Improvement Authorizations:			
Funded	C-7	329,711	497,117
Unfunded	C-7	346,822	176,199
		<u>18,461,151</u>	<u>20,123,039</u>
		(0)	

The accompanying notes to the financial statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

EXHIBIT D

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	<u>2010</u>	<u>2009</u>
Buildings	9,619,800	9,619,800
Land	4,176,691	4,067,750
Equipment	1,406,670	1,332,454
Vehicles	9,062,611	8,819,919
	<u>24,265,772</u>	<u>23,839,923</u>
Investment in General Fixed Assets	<u>24,265,772</u>	<u>23,839,923</u>

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds and Account Groups

The accounting policies of the Township of Monroe conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Monroe accounts for its transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by G.A.A.P.

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

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

General Capital Fund – Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

Payroll/Payroll Agency Account – Receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

General Fixed Assets – To account for fixed assets used in governmental operations.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differs in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting principles are as follows:

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

Revenues – are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

Expenditures – are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and 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 and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 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. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. 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. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property 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 the 11th day of the 11th month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with N.J.S.A. 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. The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Township’s annual budget protects the Township from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a “Reserve for Uncollected Taxes” would not be an appropriation.

Interest on Delinquent Taxes – It is the policy of the Township 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 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 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.

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America, foreclosed property would be recorded at historical cost and no reserve would be provided.

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. Under accounting principles generally accepted in the United States of America inter-funds are not reserved.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Under accounting principles generally accepted in the United States of America inventory would be recorded as an asset on the balance sheet.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Insurance – Cost of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

General Fixed Assets – In accordance with N.J.A.C. 5:30-5.6 accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township has developed a fixed assets accounting and reporting system.

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

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 recorded 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. The Township capitalizes fixed assets with an original cost in excess of \$1,000.

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

No depreciation has been provided for in the financial statements.

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

General Long Term Debt – General Long Term Debt is accounted for in the General Capital Fund. Accounting principles generally accepted in the United States of America require General Long Term Debt to be accounted for in the General Long Term Debt Account Group.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory 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 MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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 Township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2: BUDGETARY INFORMATION

The Township must adopt an annual budget in accordance with N.J.S.A. 40A:4 et. al. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per N.J.S.A. 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per N.J.S.A. 40A:4-87. The following budget amendments were approved as follows:

Current Fund:

Special Items of Revenue:

Various Grants as Detailed on Exhibit A-2	\$444,444
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NOTE 3: CASH AND CASH EQUIVALENTS

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 able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2010 and 2009, the carrying amount of the Township's deposits was \$10,107,525 and \$11,542,542, respectively. As of December 31, 2010 and 2009, \$0 of the municipality's bank balance of \$10,716,458 and \$11,882,475, respectively, was exposed to custodial credit risk.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 4: INVESTMENTS

As of December 31, 2010 or 2009 the Township did not have any investments.

Interest Rate Risk - The Township 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 Statues N.J.S.A. 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - New Jersey Statues N.J.S.A. 40A:5-15.1(a) limits municipal investments to those specified in the statues. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Township or bonds or other obligations of the Township school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, 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 Township places no limit on the amount the Township may invest in any one issuer.

NOTE 5: FUND BALANCES APPROPRIATED

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
	2010	3,518,491	3,215,000
	2009	3,531,709	3,143,000
Current Fund	2008	4,725,823	3,694,576
	2007	5,410,265	3,802,896
	2006	6,323,063	3,958,903

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance Dec. 31, 2010</u>	<u>2011 Budget Appropriation</u>
Special Emergency:		
Preparation of Reassessment	180,000	180,000
	<u>180,000</u>	<u>180,000</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 7: RISK MANAGEMENT

The Township is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Township maintains commercial insurance coverage for property, liability and surety bonds. Any potential liability of the Township with respect to loss claims would be equal to the deductibles associated with policies and an event, which may exceed coverage limits. There have not been any significant reductions in insurance coverage amounts.

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2010.

	Due From	Due To
Current Fund		
Federal and State Grant Fund	271,339	
Municipal Open Space Trust	894	
Tax Title Lien Premiums	28,700	
General Capital Fund	155,140	
Federal and State Grant Fund		
Current Fund		271,339
General Capital Fund		
Current Fund		155,140
Tax Title Lien Premium Trust		
Current Fund		28,700
Municipal Open Space Trust		
Current Fund		894
	456,073	456,073

The amount due from Federal and State Grant Fund to Current Fund is due to the fact that there is only one bank account maintained.

NOTE 9: ACCUMULATED ABSENCE BENEFITS

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. The liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Township and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Township and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 9: ACCUMULATED ABSENCE BENEFITS (CONTINUED)

Employees of the Township are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. Employees are represented by a number of labor unions, and each contract contains different provisions for employee-compensated absences.

The total value of compensated absences owed to employees as of December 31, 2010 was \$1,742,833. The Township had appropriated \$60,000 in the 2011 adopted budget to fund a reserve for accumulated absences. The accumulated absence trust has a reserve balance of \$350,000 as of December 31, 2010.

NOTE 10: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets of the plan are held by an independent administrator, The NPC Group of Companies and Equitable.

NOTE 11: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2010:

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Buildings	9,619,800		9,619,800
Land	4,067,750	108,941	4,176,691
Equipment	1,332,454	74,216	1,406,670
Vehicles	8,819,919	242,692	9,062,611
	<u>23,839,923</u>	<u>425,849</u>	<u>24,265,772</u>

NOTE 12: TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Prepaid Taxes - Cash Liability	<u>439,242</u>	<u>543,329</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 13: ECONOMIC DEPENDENCY

The Township of Monroe is not economically dependent on any one business or industry within the Township.

NOTE 14: LENGTH OF SERVICE AWARD PROGRAM

The Township's Length of Service Awards Program (LOSAP) was created by a Township resolution which was approved in January 2002 in accordance with Chapter 338 of the Laws of 1997. LOSAP provides tax deferred income benefits to active volunteer firefighters. Amounts deferred under section 457 plans must be held in trust for the exclusive benefit of the participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the LOSAP, the balances and activities of the LOSAP are not reported in the Township's financial statements. The Township's budget appropriation for 2010 and 2009 are \$135,000 and \$155,000 respectively. The assets of the plan are held by an independent administrator, Lincoln Financial Group.

NOTE 15: PENSION FUNDS

Description of Plans - All required employees of the Township are covered by either the Public Employees' Retirement System or Police and Firemen's Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension 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 retirement systems. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archieve.htm.

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Police and Firemen's Retirement System (P.F.R.S.) – The Police and Firemen's Retirement System was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Enrollment is required for permanent, full-time employees appointed to positions of law enforcement or firefighting in the State of New Jersey.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 15: PENSION FUNDS (CONTINUED)

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 members and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provides for employee contributions of 5.5% of employees' annual compensation, as defined. P.F.R.S. provides for employees contributions of 8 ½% of employees' annual compensation, as defined. Employers are required to contribute at an actuarial determined rate in P.E.R.S. and P.F.R.S. The P.E.R.S. and P.F.R.S. rates in effect for 2010 is 8.85% and 25.88% of covered payroll, respectively as reported on June 30, 2008. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Township's contributions to P.E.R.S. for the years ending December 31, 2010, 2009 and 2008 were \$517,800, \$473,657 and \$363,707 respectively, equal to the required contributions for each year. The Township's contributions to P.F.R.S. for the years ending December 31, 2010, 2009 and 2008 were \$1,183,888, \$1,133,631 and \$1,038,832 respectively, equal to the required contributions for each year.

Defined Contribution Retirement Program (D.C.R.P.) – The Township established Defined Contribution Retirement Program by ordinance on July 22, 2008 as required by Chapter 92 of the Laws of 2007 and N.J.S.A. 43:15C-1 et. seq. D.C.R.P. provides for employee contributions of 5 ½% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Township's contributions to D.C.R.P. for the years ending December 31, 2010 and 2009 were \$0 and \$0 respectively, equal to the required contributions for each year.

NOTE 16: POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description - Township of Monroe, New Jersey Post-employment Healthcare Benefit Plan is a single-employer defined benefit healthcare plan administered by Southern NJ Regional Employee Benefits Fund. MRHIF provides fully-insured medical and prescription drug coverage to eligible retirees and their spouses.

Funding Policy - The contribution requirements of the Township healthcare plan are established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For calendar year 2010, the Township contributed \$1,198,896 to the plan for current premiums. Plan members receiving benefits are not required to make contributions.

Annual O.P.E.B. Cost and Net O.P.E.B. Obligation - The Township's annual other postemployment benefit (O.P.E.B.) cost (expense) is calculated based on the *annual required contribution of the employer (A.R.C.)*, an amount actuarially determined in accordance with the parameters of G.A.S.B. Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Township's annual O.P.E.B. cost for the year, the amount actually contributed to the plan, and changes in the Township's net O.P.E.B. obligation to Southern NJ Regional Employee Benefits Fund (dollar amounts in thousands):

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 16: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Annual Required Contribution (Thousands)	\$5,843
Interest on Net O.P.E.B. Obligation	\$0
Adjustment to Annual Required Contribution	\$0
Annual O.P.E.B. Cost (Expense) (Thousands)	\$5,843
Contributions Made (thousands)	\$1,199
Increase in Net O.P.E.B. Obligation (Thousands)	\$4,644
Net O.P.E.B. Obligation - Beginning of Year	\$9,311
Net O.P.E.B. Obligation - End of Year (Thousands)	\$13,955

The Township's most recent actuarial valuation to determine ARC was performed for the year ended December 31, 2008. The next actuarial valuation is expected to be performed for the year ending December 31, 2011. GASB 45 permits the calculation of ARC in the intervening years to be based on the annual rate of inflation. In determining the ARC for the year ended 2010, the Township utilized the US Bureau of Labor Statistics annual report on inflation for medical care costs, which yielded a rate of inflation of 3.4%. The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 follows (dollars amounts in thousands):

Calendar Year Ended	Annual O.P.E.B. Cost (Thousands)	Percentage of Annual O.P.E.B. Cost Contributed	Net O.P.E.B. Obligation (Thousands)
12/31/2010	\$5, 843	20.50%	\$13,955

Funded Status and Funding Progress - As of December 31, 2010, the Township is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

The Actuarial Accrued Liability ("AAL") is the present value of all future expected post-retirement medical payments and administrative costs which are attributable to past service. The Township's unfunded AAL is calculated to be \$49,647.1 (thousands) as of December 31, 2008.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The December 31, 2008 actuarial valuation, utilized the projected unit credit method with amortization on a straight line basis was utilized, for a period of 30 years.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 17: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-term debt as of December 31, 2010 consisted of the following:

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
Bonds, Notes and Loans Issued	13,917,742	14,969,197	15,959,934
Bonds and Notes Authorized but not Issued	<u>994,000</u>	<u>577,000</u>	<u>0</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u><u>14,911,742</u></u>	<u><u>15,546,197</u></u>	<u><u>15,959,934</u></u>

	<u>Balance 12/31/2009</u>	<u>Issued/ Authorized</u>	<u>Retired/ Reduction</u>	<u>Balance 12/31/2010</u>
Issued				
General:				
Serial Bonds Payable	14,736,000		1,015,000	13,721,000
Loan	233,197		36,455	196,742
Authorized but not Issued				
General:				
Bonds and Notes	<u>577,000</u>	<u>475,000</u>	<u>58,000</u>	<u>994,000</u>
	<u><u>15,546,197</u></u>	<u><u>475,000</u></u>	<u><u>1,109,455</u></u>	<u><u>14,911,742</u></u>

\$8,755,000 General Obligation Bonds dated June 2003, payable in annual installments through June 2018. Interest is paid semi-annually at a rate of 3.25% - 3.50% per annum. The balance remaining at December 31, 2010 was \$7,190,000.

\$4,436,000 General Obligation Bonds dated November 2008, payable in annual installments through November 2028. Interest is paid semi-annually at a rate of 4.75% - 5.00% per annum. The balance remaining at December 31, 2010 was \$4,336,000.

\$2,840,000 General Obligation Refunding Bonds dated April 2009, payable in annual installments through June 2014. Interest is paid semi-annually at a rate of 2.00%-2.75% per annum. The balance remaining at December 31, 2010 was \$2,195,000.

\$262,201 Green Trust Loan dated April 1994, payable in semi-annual installments through 2011. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining at December 31, 2010 was \$9,275.

\$67,500 Green Trust Loan dated January 1999, payable in semi-annual installments through 2012. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining at December 31, 2010 was \$18,940.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 17: LONG-TERM DEBT (CONTINUED)

Summary of Municipal Debt Service (Continued)

\$144,442 Green Trust Loan dated April 2005, payable in semi-annual installments through 2020. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining at December 31, 2010 was \$99,265.

\$11,290 Green Trust Loan dated March 2006, payable in semi-annual installments through 2018. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining at December 31, 2010 was \$7,369.

\$75,000 Green Trust Loan dated September 2006, payable in semi-annual installments through 2026. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining at December 31, 2010 was \$61,893.

Schedule of Annual Debt Service for Principal and Interest For Bonded
Debt Issued and Outstanding

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	1,077,820	496,662	1,574,482
2012	1,098,918	467,172	1,566,090
2013	1,089,298	435,922	1,525,220
2014	1,134,686	402,635	1,537,321
2015	1,265,106	364,395	1,629,501
2016-2020	4,891,737	1,177,276	6,069,013
2021-2025	1,821,867	656,202	2,478,069
2026-2028	1,538,310	155,423	1,693,733
	<u>13,917,742</u>	<u>4,155,687</u>	<u>18,073,429</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 .52%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	65,125,421	65,125,421	
General Debt	14,911,742	7,624	14,904,118
	<u>80,037,163</u>	<u>65,133,045</u>	<u>14,904,118</u>

Net Debt \$14,904,118/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended
\$2,982,179,975 = .50%

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 17: LONG-TERM DEBT (CONTINUED)

Summary of Municipal Debt Service (Continued)
Borrowing Power Under N.J.S.A. 40:A2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	104,376,299
Net Debt	14,904,118
Remaining Borrowing Power	<u><u>89,472,181</u></u>

NOTE 18: CAPITAL LEASE OBLIGATIONS

The Township has lease agreements in effect at December 31, 2010 for various capital improvements. The leases are funded through Gloucester County Improvement Authority and were all approved by the Local Finance Board prior to July 1, 2007.

Future minimum lease payments under capital lease agreements are as follows:

Year	Principal	Interest/Costs	Total
2011	496,000	142,625	638,625
2012	351,000	120,202	471,202
2013	356,000	105,090	461,090
2014	365,000	91,799	456,799
2015	255,000	78,648	333,648
2016-2020	1,220,000	224,621	1,444,621
2021-2024	350,000	24,626	374,626
	<u><u>3,393,000</u></u>	<u><u>787,611</u></u>	<u><u>4,180,611</u></u>

NOTE 19: PROPERTY TAX INFORMATION

COMPARATIVE STATEMENT OF TAX RATE INFORMATION

	2010	2009	2008
Tax Rate	2.778	2.675	2.549
Apportionment of Tax Rate:			
Municipal	0.686	0.668	0.618
Municipal Open Space	0.005	0.01	0.01
County	0.576	0.592	0.562
Local School	1.511	1.405	1.359
Assessed Valuation	2,898,748,363	2,881,250,038	2,852,405,792

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 19: PROPERTY TAX INFORMATION (CONTINUED)

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Levy	81,017,099	77,466,363	73,547,158
Cash Collections	77,418,623	74,714,451	70,843,666
Percentage of Collections	95.56%	96.45%	96.32%

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 three years.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Amount of Tax Title Liens	561,663	463,600	396,013
Delinquent Taxes	2,893,126	2,693,992	2,554,437
Total Delinquent	3,454,789	3,157,592	2,950,450
Percentage of Tax Levy	4.26%	4.08%	4.01%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties was as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Property Acquired for Taxes (Assessed Valuation)	1,453,100	1,292,500	1,293,700

NOTE 20: CONTINGENCIES

The Township participates in federal and state assisted grant programs. The Township is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the Township of Monroe Counsel's opinion there exists no litigation or contingent liability that may be pending against the Township of Monroe that would have an adverse effect on the financial position in the future.

SUPPLEMENTARY DATA

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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(856) 881-1600 • Fax (856) 881-6860

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Deanna L. Roller, CPA, RMA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
of the Township Council
Township of Monroe
125 Virginia Avenue
Williamstown, New Jersey 08094

We have audited the financial statements – regulatory basis of the Township of Monroe, State of New Jersey as of and for the year ended December 31, 2010, and have issued our report thereon dated April 20, 2011. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Township of Monroe prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Monroe's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and recommendations as item 2010-1.

This report is intended solely for the information and use of the governing body, management, federal and state awarding agencies and pass-through entities and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

April 20, 2011

PETRONI & ASSOCIATES LLC

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE OF NEW JERSEY STATE TREASURY CIRCULAR LETTER 04-04 OMB

Honorable Mayor and Members
of the Township Council
Township of Monroe
125 Virginia Avenue
Williamstown, New Jersey 08094

Compliance

We have audited the compliance of the Township of Monroe with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the provisions of the *New Jersey State Aid/Grant Compliance Supplement Circular Letter 04-04 OMB*, that are applicable to each of its major state programs for the year ended December 31, 2010. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Township of Monroe prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The Township of Monroe's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Township of Monroe's management. Our responsibility is to express an opinion on the Township of Monroe's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; audit requirements as prescribed by the State of New Jersey; and the provisions of the *New Jersey State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid."* Those standards, *OMB Circular A-133* and the *New Jersey State Treasury Circular Letter 04-04 OMB*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township of Monroe's compliance

with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township of Monroe's compliance with those requirements.

In our opinion, the Township of Monroe complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the Township of Monroe is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Township of Monroe's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Monroe's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the governing body, management, others within the organization, federal and state awarding agencies and pass-through entities, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

April 20, 2011

TOWNSHIP OF MONROE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

State Funding Department/Program	State Grant Number	Program Amount	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
				From	To		
Department of Law and Public Safety:							
Drunk Driving Enforcement Program	1110-448-301020-60	8,902	8,902	1/1/10	12/31/10		
Drunk Driving Enforcement Program	1110-448-301020-60	11,279		1/1/09	12/31/09	299	299
Drunk Driving Enforcement Program	1110-448-301020-60	10,471		1/1/08	12/31/08	5,742	10,449
Safe & Secure Program	100-066-1020-232	60,000	45,000	1/1/10	12/31/10	45,000	45,000
Safe & Secure Program	100-066-1020-232	58,507	14,628	1/1/09	12/31/09	14,625	58,507
Department of Community Affairs:							
Municipal Alliance on Alcohol and Drugs	N/A	29,325	3,757	1/1/10	12/31/10	29,325	29,325
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	54,005		1/1/09	12/31/09	29,576	29,576
Department of Environmental Protection							
Clean Communities	4900-765-042-4900-004-VCMB-6020	39,180		1/1/08	12/31/08		38,845
Clean Communities	4900-765-042-4900-004-VCMB-6020	50,275		1/1/09	12/31/09	32,607	50,222
Clean Communities	4900-765-042-4900-004-VCMB-6020	52,285	52,285	1/1/10	12/31/10	21,073	21,073
Timberlakes Water Main Extension	N/A	2,086,643	725,976	1/1/07	12/31/07	725,976	1,554,003
Department of Transportation:							
NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	50,000		1/1/07	12/31/07	9,236	50,000
NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	162,094		1/1/10	12/31/10	157,271	157,271
NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	156,100	117,075	1/1/08	12/31/08		156,100
NJ DOT Bike Path	6320-480-078-6320-Z50-TCAP-6010	200,000	128,823	1/1/08	12/31/08	194,864	196,234
Pedestrian Decoy	N/A	8,000	8,000	1/1/10	12/31/10	8,000	8,000
Department of Health:							
Hepatitis B Inoculation	N/A	1,655		1/1/08	12/31/08	174	1,647
		<u>3,038,720</u>	<u>1,104,446</u>			<u>1,273,768</u>	<u>2,406,551</u>

The accompanying notes to schedule of expenditures of state awards is an integral part of this schedule.

TOWNSHIP OF MONROE
NOTES TO SCHEDULES OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1: GENERAL

The accompanying schedule of expenditures of state awards includes the state grant activity of the Township of Monroe. The Township is defined in Note 1 to the Township's financial statements. All state awards received directly from state agencies, as well as state awards passed through other government agencies, is included on the schedules of expenditures of state awards.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state awards includes the state grant activity of the Township of Monroe and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Circular Letter 04-04-OMB. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

TOWNSHIP OF MONROE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified? _____yes___X___no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____yes___X___no

Noncompliance material to general-purpose financial statements noted? _____yes___X___no

Federal Awards

N/A

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _____yes___X___no

Type of auditor’s report issued on compliance for major programs: Unqualified

Internal control over major programs:

1) Material weakness(es) identified? _____yes___X___no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____yes___X___no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? _____yes___X___no

TOWNSHIP OF MONROE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section I – Summary of Auditor’s Results (Continued)

State Awards

Identification of major programs:

<u>State Grant Number</u>	<u>Name of State Program</u>
N/A	Timberlakes Water Main Project

Section II– Financial Statement Findings

None

Section III– Federal and State Awards Findings and Questioned Costs

Federal Awards

N/A

State Awards

None

TOWNSHIP OF MONROE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

None

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

Balance December 31, 2009	<u>Ref.</u> A		6,818,943
Increased by Receipts:			
Taxes Receivable	A-7	78,869,924	
Tax Title Liens	A-8	12,911	
Prepaid Taxes		441,217	
Tax Overpayments		284,414	
Grants Receivable	A-19	1,300,858	
Revenue Accounts Receivable	A-13	8,924,576	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	473,558	
Due State of New Jersey - Fees		39,566	
Local Grants Receivable	A-11	28,700	
Payroll Taxes Payable		4,795,369	
Net Payroll		13,532,079	
Due from Trust Fund		6,793	
Due Monroe MUA		17,435	
Petty Cash		1,608	
Election Receipts		43,100	
			<u>108,772,108</u>
Decreased by Disbursements:			
2010 Budget Appropriations	A-3	28,229,143	
2009 Appropriation Reserves	A-15	132,041	
Encumbrances Payable	A-16	595,225	
Federal & State Grant Encumbrances Payable	A-21	20,967	
Reserve for Grants - Appropriated	A-20	1,234,865	
Reserve for Local Grants	A-18	7,735	
Tax Overpayments		273,524	
County Taxes		16,669,851	
Due County Added & Omitted Taxes		93,629	
			<u>115,591,051</u>

SCHEDULE OF CURRENT FUND CASH - TREASURER

	<u>Ref.</u>		
Due State of New Jersey - Fees		47,738	
Municipal Open Space		144,938	
Local District School Tax	A-17	43,784,332	
Payroll Taxes Payable		4,844,317	
Net Payroll		13,532,079	
Election Worker Payments		43,100	
Refund of Prior Year Revenue	A-1	6,450	
Petty Cash		1,608	
Due General Capital		155,140	
Due Trust Fund		894	
Due Monroe MUA		17,435	
Accounts Payable		23,780	
		<hr/>	109,858,791
Balance December 31, 2010	A		<hr/> <hr/> 5,732,260

SCHEDULE OF CURRENT FUND CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

Balance December 31, 2010	<u>Ref.</u> A-4	5,732,260
Increased by Receipts:		
Cash Receipts Record		26,128,813
		<u>31,861,073</u>
Decreased by Disbursements:		
Cash Disbursements Record		28,340,913
Balance March 31, 2011	A-5	<u><u>3,520,160</u></u>
<u>Cash Reconciliation - March 31, 2011</u>		
Balance per Statement		
TD Bank		3,243,868
Monroe Savings Bank		49,244
Newfield National Bank		315,464
The Bank		9,329
Add: Deposit in Transit		34,543
Less: Outstanding Checks		132,288
Balance March 31, 2011	A-5	<u><u>3,520,160</u></u>

SCHEDULE OF CHANGE FUND

Balance December 31, 2009	Ref. A	<u>750</u>
Balance December 31, 2010	A	<u><u>750</u></u>

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2009	2010 Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2010
				2009	2010				
2003	398				139				259
2004	3,111				2,313				798
2005	3,645				2,769				876
2006	22,009				16,833				5,176
2007	34,114				21,877		940		11,297
2008	47,242		19,649		32,308				34,583
2009	2,583,473		73,937		2,439,932		106,857	43,071	67,550
	2,693,992		93,586		2,516,171		107,797	43,071	120,541
2010		81,017,099		543,329	76,831,951	43,343	721,981	103,908	2,772,587
	2,693,992	81,017,099	93,586	543,329	79,348,122	43,343	829,778	146,979	2,893,128
Ref.	A							A-8	A
				Ref.					
		Cash - Treasurer		A-4	78,869,924				
		Due State of New Jersey		A-14	478,198				
					79,348,122				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax	270,251		
General Property Tax	80,256,978		
		80,527,229	
Added Taxes (54:4-63.1 et seq.)		489,870	
			81,017,099

	<u>Ref.</u>		
<u>Tax Levied</u>			
Local District School Tax (Abstract)	A-17		43,784,332
County Taxes:			
County Tax (Abstract)		15,458,165	
Due County for Open Space		1,214,389	
Due County for Added Taxes (54:4-63.1 et seq.)		120,491	
Total County Taxes			16,793,045
Local Tax for Municipal Purposes	A-2	19,909,253	
Local Municipal Open Space		144,938	
Add: Additional Taxes Levied		385,531	
			20,439,722
			81,017,099

EXHIBIT A-8

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2009	A		463,600
Increased by:			
Transfers from Taxes Receivable	A-7	146,979	
Interest and Costs		9,460	
		<hr/>	156,439
			<hr/>
			620,039
Decreased by:			
Cash Receipts	A-4	12,911	
Transfer to Foreclosure	A-9	45,465	
		<hr/>	58,376
			<hr/>
Balance December 31, 2010	A		<u>561,663</u>

EXHIBIT A-9

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	<u>Ref.</u>		
Balance December 31, 2009	A		1,292,500
Increased by:			
Transfer from Liens	A-8	45,465	
Adjustment to Assessed Value		115,135	
		<hr/>	160,600
			<hr/>
Balance December 31, 2010	A		<u>1,453,100</u>

EXHIBIT A-10

SCHEDULE OF ASSESSMENTS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2009	A		<u>13,361</u>
Balance December 31, 2010	A		<u>13,361</u>

SCHEDULE OF LOCAL GRANTS RECEIVABLE

<u>Grant</u>	Transferred from 2010 Budget <u>Appropriation</u>	<u>Receipts</u>
Walmart Safe Grant	500	500
Cedar Creek Development Roof Donation	17,500	17,500
JIF Safety Incentive	8,400	8,400
Rotary Club K-9 Donation	2,300	2,300
	<u>28,700</u>	<u>28,700</u>
Ref.	A-2	A-4

SCHEDULE OF SPECIAL EMERGENCY APPROPRIATION
PER N.J.S.A. 40A:4-55

<u>Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Balance Dec. 31, 2009</u>	<u>Budget Appropriation</u>	<u>Balance Dec. 31, 2010</u>
12/4/06	Preparation of Reassessment	900,000.00	360,000	180,000	180,000
			360,000	180,000	180,000
	Ref.		A	A-3	A

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2009</u>	<u>Accrued in 2010</u>	<u>Collected</u>	<u>Balance Dec. 31, 2010</u>
<u>Miscellaneous Revenue Anticipated</u>				
Licenses:				
Alcoholic Beverages		35,580	35,580	
Other		42,803	42,803	
Fees and Permits		433,940	433,940	
Fines and Costs:				
Municipal Court	15,108	327,480	322,746	19,842
Interest and Costs on Taxes		547,227	547,227	
Interest on Investments and Deposits		47,785	47,785	
Insurance Reimbursements - Ambulance		816,036	816,036	
Consolidated Municipal Property Tax Relief		240,651	240,651	
Energy Receipts Tax		3,780,418	3,780,418	
Garden State PILOT Trust		12,800	12,800	
Uniform Construction Code Fees		593,876	593,876	
Uniform Fire Safety Act		29,603	29,603	
Franchise Fees - Cable Television		154,556	154,556	
Engineering Review Fees		23,690	23,690	
Gloucester County Improvement Authority - Debt Fund Proceeds		162,881	162,881	
Basin Maintenance Trust		50,000	50,000	
<u>Miscellaneous Revenue Not Anticipated</u>				
Refunds		46,242	46,242	
Revaluation Expense Reimbursement		840,548	840,548	
Disability/Healthcare Reimbursement		89,572	89,572	
Bus Driver Reimbursement		25,350	25,350	
JIF Dividends/Safety Incentive		195,356	195,356	
Ads on Bus Shelters		3,312	3,312	
Inspection Fees		17,896	17,896	
In Lieu of Taxes		20,264	20,264	
Tax Map Maintenance		1,105	1,105	
Sale of Property		37,000	37,000	
Administrative Fees Off-Duty Police		120,732	120,732	
Administrative Fees - Senior Citizen Deductions		9,471	9,471	
Street Opening Restoration		1,500	1,500	
School Security Officers Reimbursement		137,000	137,000	
Excess Dog Fees		10,395	10,395	
Tax Abatements		3,669	3,669	
Miscellaneous		11,678	11,678	
Hotel/Motel Tax Revenue		53,463	53,463	
Demolition/Boarding Up		4,805	4,805	
Voided Checks		626	626	
	<u>15,108</u>	<u>8,929,310</u>	<u>8,924,576</u>	<u>19,842</u>
Ref.	A		A-4	A

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY
SENIOR CITIZEN AND VETERANS DEDUCTIONS

	<u>Ref.</u>		
Balance December 31, 2009	A		34,215
Increased by:			
Cash Receipts	A-4		473,558
			<u>507,773</u>
Decreased by:			
2010 Deductions Per Tax Duplicate		475,250	
2010 Deductions Allowed by Collector		10,659	
2010 Deductions Disallowed by Collector		(7,711)	
		<u>478,198</u>	
2009 Deductions Disallowed by Collector	A-1	(8,022)	
			<u>470,176</u>
Balance December 31, 2010	A		<u><u>37,597</u></u>

SCHEDULE OF 2009 APPROPRIATION RESERVES

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>After Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Salaries and Wages				
General Administration	4,600	4,600	2,563	2,037
Human Resources	4,195	4,195	2,382	1,813
Mayor	5,465	5,465	990	4,475
Municipal Clerk	6,773	6,773	3,955	2,818
Finance	17,020	17,020	4,554	12,466
Municipal Informations Services (MIS)	8,214	8,214	2,283	5,931
Tax Collection	11,209	11,209	4,232	6,977
Tax Assessment	19,151	19,151	1,940	17,211
Planning Board	11,218	11,218	3,011	8,207
Code Enforcement Officer	11,919	11,919	3,728	8,191
Police	406,006	406,006	13,262	392,744
Office of Emergency Management	18,379	18,379	1,972	16,407
Cecil Ambulance	20	20	17	3
Uniform Fire Safety	6,096	6,096	969	5,127
Ambulance	25,803	25,803	3,912	21,891
Road Repairs & Maintenance	76,887	76,887	16,274	60,613
Garbage & Trash Removal	102,137	102,137	24,051	78,086
Public Buildings & Grounds	18,090	18,090	5,889	12,201
Vehicle Maintenance	15,251	15,251	6,556	8,695
Board of Health	1,125	1,125	1,125	
Park and Recreation	19,201	19,201	5,097	14,104
Community Center	8,736	8,736	3,917	4,819
Community Transportation Service	9,834	9,834	3,407	6,427
Electricity	25,194	25,194	1,483	23,711
Municipal Court	14,123	14,123	4,654	9,469
Construction Code Official	42,905	42,905	5,699	37,206
Other Expenses				
Township Council	206	206	85	121
Municipal Clerk	9,395	9,395	377	9,018
Municipal Informations Services (MIS)	2,661	2,661	953	1,708
Tax Collection	5,173	5,173	3,387	1,786
Engineering	81,997	81,997	7,770	74,227
Historical Society	890	890	396	494
Group Plan for Employees	186,121	186,121	23,397	162,724
Social Security	48,772	48,772	7,979	40,793
Other Accounts - No Change	651,386	651,386		651,386
	<u>1,876,152</u>	<u>1,876,152</u>	<u>172,266</u>	<u>1,703,886</u>
Ref. A				A-1
		<u>Ref.</u>		
Accounts Payable			40,225	
Cash Disbursed		A-4	<u>132,041</u>	
			<u>172,266</u>	

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>		
Balance December 31, 2009	A		755,590
Increased by:			
Charges to 2010 Appropriations	A-3	723,564	
Local Grants	A-18	18,620	
		<hr/>	742,184
			<hr/>
			1,497,774
Decreased by:			
Payments	A-4	595,225	
Canceled	A-1	160,365	
		<hr/>	755,590
			<hr/>
Balance December 31, 2010	A		<u><u>742,184</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	<u>Ref.</u>		
Increased by:			
2010 Calendar Year School Levy			43,784,332
Decreased by:			
Payments	A-4		43,784,332
			<hr/>
2010 Tax Liability for Local District School Tax:			
Tax Paid	A-17		43,784,332
			<hr/>
Amount Charged to 2010 Operations	A-1		<u><u>43,784,332</u></u>

SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Balance Dec. 31, 2009	Transferred from 2010 Budget Appropriation	Paid	Encumbered	Balance Dec. 31, 2010
Walmart Safe Grant		500			500
Cedar Creek Development Roof Donation		17,500		17,500	
JIF Safety Incentive	8,246	8,400	5,435	1,120	10,091
Rotary Club K-9 Donation		2,300	2,300		
Paving Program	25,000				25,000
	<u>33,246</u>	<u>28,700</u>	<u>7,735</u>	<u>18,620</u>	<u>35,591</u>
Ref.	A	A-3	A-4	A-16	A

SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2009	2010 Budget Revenue Realized	Received	Balance Dec. 31, 2010
<u>Federal Grants</u>				
Emergency Management Assistance Grant	5,000		5,000	
Click It or Ticket		4,000	4,000	
Community Development Block Grant	17,249			17,249
Body Armor Replacement Fund		7,840	7,840	
CDBG - Pfeiffer Center		75,000		75,000
FEMA-Assistance to Firefighters		87,163	87,163	
Police Over the Limit, Under Arrest		5,000	5,000	
CDBG - Virginia Avenue Sidewalks	75,000		75,000	
	<u>97,249</u>	<u>179,003</u>	<u>184,003</u>	<u>92,249</u>
<u>State Grants</u>				
NJ Transportation Trust - Winslow Rd Phase II	81,250			81,250
NJ Transportation Trust - Winslow Rd Phase III		162,094		162,094
NJ Transportation Trust I Winslow Rd	50,000			50,000
NJ Transportation Trust - Virginia Avenue	156,100		117,075	39,025
NJ DOT Bike Path	200,000		128,823	71,177
Green Communities Grant	3,000		3,000	
NJ DEP Timberlake Water Main Project	1,258,617		725,976	532,641
Hazardous Discharge Site - Petro Kiryk Site	61,582		3,200	58,382
Hazardous Discharge Site - American Training	33,106			33,106
Hazardous Discharge Site - Monroe Twp Landfill		408,938		408,938
Municipal Alliance Youth Service	6,209	23,460	9,966	19,703
Drunk Driving Enforcement		8,902	8,902	
Clean Communities		52,285	52,285	
Pedestrian Decoy		8,000	8,000	
Delaware Valley Reg Planning Comm	23,425			23,425
Safe and Secure	14,628	60,000	59,628	15,000
	<u>1,887,917</u>	<u>723,679</u>	<u>1,116,855</u>	<u>1,494,741</u>
	<u>1,985,166</u>	<u>902,682</u>	<u>1,300,858</u>	<u>1,586,990</u>
Ref.	A	A-2	A-4	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2009	Transferred from 2010 Budget Appropriation	Paid or Charged	Encumbered	Encumbrance Canceled	Canceled	Balance Dec. 31, 2010
<u>Federal Grants:</u>							
CDBG	17,249						17,249
CDBG - Pfeiffer Center		75,000	3,500	71,500			
FEMA - Assistance to Firefighters		91,750	91,750				
Click It or Ticket		4,000	4,000				
Police Over the Limit Grant		5,000	5,000				
Body Armor Grant	7,548	7,840	3,790	2,340			9,258
	<u>24,797</u>	<u>183,590</u>	<u>108,040</u>	<u>73,840</u>			<u>26,507</u>
<u>State Grants:</u>							
Pedestrian Decoy		8,000	8,000				
NJ Transportation Trust - Winslow Rd	9,236		9,236				
NJ Transportation Trust - Winslow Rd Phase II					1,000		1,000
NJ Transportation Trust - Winslow Rd Phase III		162,094	19,700	137,571			4,823
NJ DOT Bike Path	198,630		186,206	8,658			3,766
Drunk Driving Enforcement	17,042	8,902	5,503	538			19,903
Green Communities	1,500					1,500	
Clean Communities	34,466	52,285	53,504	176	248		33,319
Municipal Alliance		29,325	29,325				
Hazardous Discharge Site - Petro Kiryk Site	7,777						7,777
Hazardous Discharge Site - Monroe Twp Landfill		408,938					408,938
Timberlakes Water Main Project	1,258,617		725,976				532,641
NJ Recycling Tonnage Grant	54,005		29,576				24,429
Safe & Secure	14,625	60,000	59,625				15,000
Hepatitis B Innoculation	182		174				8
	<u>1,596,080</u>	<u>729,544</u>	<u>1,126,825</u>	<u>146,943</u>	<u>1,248</u>	<u>1,500</u>	<u>1,051,604</u>
	<u>1,620,877</u>	<u>913,134</u>	<u>1,234,865</u>	<u>220,783</u>	<u>1,248</u>	<u>1,500</u>	<u>1,078,111</u>
Ref.	A	A-3	A-4	A-21	A-21	A-1	A

SCHEDULE OF FEDERAL AND STATE GRANT ENCUMBRANCES PAYABLE

	<u>Ref.</u>		
Balance December 31, 2009	A		38,972
Increased by:			
Charges to Reserve for Grants Appropriated	A-20		220,783
			<u>259,755</u>
Decreased by:			
Payments	A-4	20,967	
Canceled	A-20	1,248	
			<u>22,215</u>
Balance December 31, 2010	A		<u><u>237,540</u></u>

TRUST FUND

EXHIBIT B-1

SCHEDULE OF TRUST FUND CASH - TREASURER

	<u>Ref.</u>	<u>Trust Fund</u>	<u>Escrow Trust Fund</u>
Balance December 31, 2009	B	3,066,739	1,149,536
Increased by Receipts:			
Dog License Fees:			
Municipal Share	B-3	14,977	
State Share		2,582	
Forfeited Funds		88,903	
Off-Duty Police Fees		437,550	
Tax Sale Premiums	B-4	128,000	
Tax Sale Redemptions	B-4	983,229	
Intersection/Road Improvements		16,635	
Park and Recreation Fees		178,485	
POAA Fees		52	
Public Defender Fees		4,370	
Recycling Fees		70,806	
Sidewalk Trust		56,000	
Snow Removal		166,747	
Accumulated Absence		60,000	
Basin Maintenance Trust		76,737	
Municipal Open Space		152,029	
Affordable Housing		33,766	
Unemployment Trust		32,718	
Municipal Alliance		29,325	
Escrow Fees			454,869
Due from Current Fund			5,703
		<u>2,532,911</u>	<u>460,572</u>
		<u>5,599,650</u>	<u>1,610,108</u>
Decreased by Disbursements:			
Due State of New Jersey		2,582	
Escrow Fees			444,183
Expenditures Under RS 4:19-15.11	B-3	13,030	
Forfeited Funds		51,379	
Historical Society Donations		850	
Off-Duty Police Fees		391,146	
Tax Sale Premiums	B-4	287,800	
Tax Sale Redemptions	B-4	1,012,099	
Park and Recreation Fees		221,258	
Public Defender Fees		3,870	
Recycling Fees		3,381	
Basin Maintenance		80,183	
Municipal Open Space		36,583	
Affordable Housing		9,463	
Sidewalk Trust		20,288	
Snow Removal		82,322	
Unemployment Compensation		24,631	
Municipal Alliance		21,180	
Encumbrances	B-5	73,957	42,564
Due Current Fund		6,791	5,703
		<u>2,342,793</u>	<u>492,450</u>
Balance December 31, 2010	B	<u>3,256,857</u>	<u>1,117,658</u>

SCHEDULE OF TRUST FUND CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

	<u>Ref.</u>	<u>Trust Fund</u>	<u>Escrow Trust Fund</u>
Balance December 31, 2010	B-1	3,256,857	1,117,658
Increased by Receipts:			
Cash Receipts Record		592,733	819,580
		3,849,590	1,937,238
Decreased by Disbursements:			
Cash Disbursements Record		431,875	
Balance March 31, 2011	B-2	<u>3,417,715</u>	<u>1,937,238</u>

Cash Reconciliation - March 31, 2011

Balance Per Statement			
TD Bank		2,676,205	1,937,238
Monroe Savings		741,510	
Balance March 31, 2011	B-2	<u>3,417,715</u>	<u>1,937,238</u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2009	<u>Ref.</u> B	25,069
Increased by:		
Municipal Share of Dog License Fees	B-1	14,977
		<hr/> 40,046
Decreased by:		
Expenditures Under R.S.4:19-15.11	B-1	13,030
Balance December 31, 2010	B	<hr/> <hr/> 27,016

License Fees Collected

<u>Year</u>	<u>Amount</u>
2008	12,302
2009	14,719
	<hr/> 27,021
	<hr/> <hr/> 27,021

SCHEDULE OF RESERVE FOR TAX SALE REDEMPTION AND PREMIUMS

	<u>Ref.</u>	<u>Premiums</u>	<u>Redemptions</u>
Balance December 31, 2009	B	464,900	32,457
Increased by:			
Receipts	B-1	128,000	983,229
		<u>592,900</u>	<u>1,015,686</u>
Decreased by:			
Disbursements	B-1	287,800	1,012,099
Encumbrances	B-5		488
Due Current Fund		28,700	
		<u>316,500</u>	<u>1,012,587</u>
Balance December 31, 2010	B	<u>276,400</u>	<u>3,099</u>

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2009	<u>Ref.</u> B		126,556
Increased by Charges for:			
Tax Sale Redemptions	B-4	488	
Sidewalk Trust		1,100	
Affordable Housing		1,134	
Basin Maintenance Trust		3,439	
Municipal Alliance		11,440	
Forfeited Funds		24	
Park & Recreation		3,953	
Recycling		850	
Public Defender Fees		500	
Escrow		44,496	
Snow Removal		<u>38,240</u>	
			<u>105,664</u>
			232,220
Decreased by:			
Cash Disbursements	B-1		<u>116,521</u>
Balance December 31, 2010	B		<u><u>115,699</u></u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2009	<u>Ref.</u> C		506,574
Increased by:			
Budget Appropriation	C-5:C-6	108,000	
Due from Gloucester County Improvement Authority		288,833	
Due from Library		32,500	
Due Trust Fund		151,500	
Due Current Fund	C-3	155,140	
		<hr/>	735,972
			<hr/>
			1,242,546
Decreased by:			
Improvement Authorizations	C-7	437,302	
Encumbrances Payable	C-11	549,627	
Reserve for Traffic Light		5,643	
Due Gloucester County Improvement Authority		249,974	
		<hr/>	1,242,546
			<hr/>

SCHEDULE OF GENERAL CAPITAL CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

	<u>Ref.</u>	
Increased by:		
Cash Receipts Record		<u>304,584</u>
Decreased by:		
Cash Disbursements Record		<u>304,584</u>
		<u>Cash Reconciliation - March 31, 2011</u>
Balance per Statement		
TD Bank	C-2	<u><u>0</u></u>

SCHEDULE OF GENERAL CAPITAL FUND CASH

	Balance	Receipts		Disbursements		Transfers To/(From)	Balance
	Dec. 31, 2009	Miscellaneous	Improvement Authorizations	Miscellaneous			Dec. 31, 2010
Capital Improvement Fund	19,321	50,000				(44,000)	25,321
Due from Gloucester County Improvement Authority	(195,268)	288,833		249,974			(156,409)
Due to Trust Fund		151,500				(151,500)	
Grant Receivable		32,500				(32,500)	
Due Current		155,140					155,140
Reserve for Payment of Bonds	7,624						7,624
Reserve for Traffic Light				5,643		19,000	13,357
Improvement Authorizations:							
Ordinance							
<u>Number</u>							
18-02 Various Capital Improvements	76,974		55,235			(21,739)	
18-03 Various Capital Improvements	35,942					(777)	35,166
8-05 Various Capital Improvements	5,000						5,000
16-05 Development of Football Field						2,768	2,768
22-05 Various Capital Improvements	6,333					126	6,459
37-05 Various Capital Improvements	10,000		9,969			(31)	
17-06 Various Capital Improvements	5,756		2,974				2,782
10-2007 Various Capital Improvements	84,671		8,235				76,436
3-2008 Development of the Mary Mazza Duffy Memorial Park	274					16,007	16,281
5-2008 Dam Remediation Engineering and Survey	47,055					6	47,061
8-2008 Petro Kiryk and ATS Property Site Remediation	7,066		585				6,481
18-2008 Reconstruction and Refurbishment of the Municipal Library	4,875					1,063	5,938
20-2008 Various Capital Improvements and Acquisition of Various Pieces of Equipment	62,044					(7,029)	55,015
21-2008 SCBA Bottle Replacement and Thermal Imaging Camera	7,000						7,000
17-2009 Restoration of Farmhouse	14,300		5,625			(7,875)	800
22-2009 Various Capital Improvements	(287,918)	46,500	1,347			(115,863)	(358,628)
23-2009 Various Capital Improvements	29,825						29,825
24-2009 Acquisition of Dump Truck	(112,883)	11,500					(101,383)
29-2009 Purchase of Real Estate	100,000		100,000				
10-2010 Various Capital Improvements			244,392			57,225	(187,167)
13-2010 Purchase of Real Estate			8,940			8,999	59
14-2010 Purchase of Real Estate						27,500	27,500
22-2010 Installation of lighting and other Parks and Recreation Facility Improvements						5,140	5,140
Encumbrances Payable	578,581			549,627		243,480	272,434
	<u>506,572</u>	<u>735,973</u>	<u>437,302</u>	<u>805,244</u>			
Ref.	C	C-1	C-7	C-1			

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2009	<u>Ref.</u> C		14,969,197
Decreased by:			
Payments on General Serial Bonds	C-9	1,015,000	
Payments on Green Trust Loans	C-8	<u>36,455</u>	
			<u>1,051,455</u>
Balance December 31, 2010	C		<u><u>13,917,742</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2009	Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2010	Analysis of Balances Dec. 31, 2010	
						Expenditures	Unexpended Improvement Authorizations
22-09	Various Capital Improvements	463,000		46,500	416,500	358,628	57,872
24-09	Acquisition of Dump Truck	114,000		11,500	102,500	101,383	1,117
10-10	Various Capital Improvements		475,000		475,000	187,167	287,833
		<u>577,000</u>	<u>475,000</u>	<u>58,000</u>	<u>994,000</u>	<u>647,178</u>	<u>346,822</u>
Ref.		C	C-7		C	C-3	C-7

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	C	19,321
Increased by:		
Budget Appropriation	C-1	<u>50,000</u>
		69,321
Decreased by:		
Funding of Ordinance	C-7	25,000
Reserve for Traffic Light		<u>19,000</u>
		<u>44,000</u>
Balance December 31, 2010	C	<u><u>25,321</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2009		2010 Authorizations	Encumbrance Cancelled	Paid or Charged	Balance Dec. 31, 2010	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
18-2002	Various Capital Improvements	10-22-02	2,143,582	76,974				76,974		
18-2003	Various Capital Improvements	5-13-03	1,589,500	35,942				776		35,166
8-2005	Various Capital Improvements	5-24-05	47,985	5,000						5,000
16-2005	Development of Football Field	8-10-05	265,000				2,768			2,768
22-2005	Various Capital Improvements	8-25-05	150,000	6,333			126			6,459
37-2005	Various Capital Improvements	11-22-05	200,000	10,000				10,000		
17-2006	Various Capital Improvements	4-25-06	30,000	5,756				2,974		2,782
10-2007	Various Capital Improvements	4-24-07	1,900,000	84,671				8,235		76,436
3-2008	Development of the Mary Mazza Duffy Memorial Park	2-12-08	950,000	274			16,007			16,281
5-2008	Dam Remediation Engineering and Survey	3-11-08	100,000	47,055			6			47,061
8-2008	Petro Kiryk and ATS Property Site Remediation	3-25-08	10,000	7,066				585		6,481
18-2008	Reconstruction and Refurbishment of the Municipal Library	6-24-08	2,500,000	4,875			1,063			5,938
20-2008	Various Capital Improvements and Acquisition of Various Pieces of Equipment	7-22-08	360,000	62,044				7,029		55,015
21-2008	SCBA Bottle Replacement and Thermal Imaging Camera	9-9-08	20,000	7,000						7,000
17-2009	Restoration of Farmhouse	5-26-09	20,000	14,300				13,500		800
22-2009	Various Capital Improvements	7-28-09	563,000		175,082			117,210		57,872
23-2009	Various Capital Improvements	7-28-09	101,000	29,825						29,825
24-2009	Acquisition of Dump Truck	8-25-09	120,000		1,117					1,117
29-2009	Purchase of Real Estate	9-22-09	100,000	100,000				100,000		
10-2010	Various Capital Improvements	7-7-10	532,500			532,500		244,667		287,833
13-2010	Purchase of Real Estate	8-24-10	9,000			9,000		8,941		59
14-2010	Purchase of Real Estate	8-24-10	27,500			27,500				27,500
17-2010	Installation of a subsurface sewage disposal system at Mary Mazza Duffy Park	8-24-10	50,000			50,000		50,000		
22-2010	Installation of lighting and other Parks and Recreation Facility Improvements	10-26-10	65,000			65,000		59,860		5,140
				<u>497,117</u>	<u>176,199</u>	<u>684,000</u>	<u>19,970</u>	<u>700,751</u>	<u>329,711</u>	<u>346,822</u>
		Ref.	C	C	C-4	C-11			C	C
				<u>Ref.</u>						
	Open Space			C-2		36,500				
	Capital Improvement Fund			C-6		25,000				
	Deferred Charges Unfunded			C-5		475,000				
	Developer's Donations			C-2		115,000				
	Grant					<u>32,500</u>				
						<u>684,000</u>				
							<u>Ref.</u>			
						Disbursed	C-1	437,302		
						Encumbered	C-11	<u>263,449</u>		
								<u>700,751</u>		

SCHEDULE OF LOAN PAYABLE - GREEN TRUST

	<u>Ref.</u>	
Balance December 31, 2009	C	233,197
Decreased by:		
Payments	C-4	<u>36,455</u>
Balance December 31, 2010	C	<u><u>196,742</u></u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2009	Authorized	Funded by Budget	Balance Dec. 31, 2010
22-2009	Various Capital Improvements	463,000		46,500	416,500
24-2009	Acquisition of Dump Truck	114,000		11,500	102,500
10-2010	Various Capital Improvements		475,000		475,000
		<u>577,000</u>	<u>475,000</u>	<u>58,000</u>	<u>994,000</u>
	Ref.		C-7		

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>		
Balance December 31, 2009	C		578,581
Increased by:			
Charges	C-7		<u>263,449</u>
			842,030
Decreased by:			
Cancelled	C-7	19,970	
Payments	C-1	<u>549,627</u>	
			<u>569,597</u>
Balance December 31, 2010	C		<u><u>272,433</u></u>

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE

<u>Purpose</u>	<u>Lease Number</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Decreased</u>	<u>Balance</u>
				<u>Principal</u>	<u>Interest</u>		<u>Dec. 31, 2009</u>		<u>Dec. 31, 2010</u>
Various Capital Improvements	Series 2004C	12/07/04	20 Years	2,468,000	519,280	3%-4.5%	1,050,000	142,000	908,000
Various Capital Improvements	Series 2006	12/18/06	15 Years	3,405,000	1,079,650	3.75%-5%	2,825,000	340,000	2,485,000
							<u>3,875,000</u>	<u>482,000</u>	<u>3,393,000</u>
						Ref.	C		C

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states “Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law.”

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

The minutes indicate that bids were requested by public advertisement for various items including:

- Extension of the bike path
- Downtown drainage & pedestrian safety project
- Monroe Township Public Library roof renovations
- Subsurface sewage disposal system For Mary Mazza Duffy Memorial Park
- Winslow Road resurfacing project – Phase III
- Purchase of two (2) 2010 Dodge Charger 4-Door sedans
- Complete sports lighting system at the Monroe Township Little League Baseball Field

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for “Professional Services” per N.J.S.A. 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 the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did reveal individual payments, contracts or agreements in excess of the bid threshold “for the performance of any work or the furnishing or hiring of any materials or supplies,” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

N.J.S.A. 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

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 February 9, 2010, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 authorizes the governing body of each municipality by resolution to fix the rate of interest to be charged for nonpayment of taxes or assessments and to fix a penalty to be charged to a taxpayer with a delinquency.

NOW, THEREFORE, BE IT RESOLVED by the Township Council of the Township of Monroe as follows: There shall be interest on delinquent taxes during the year 2010 to be charged at the rate of eight (8%) per annum up to \$1,500.00 and eighteen (18%) per annum over \$1,500.00, the same to be calculated from the date the tax was payable until the date of actual payment, provided however, that no interest shall be charged if payment of taxes is made within ten (10) days after the date upon the same became payable.

BE IT FURTHER RESOLVED, there shall also be a penalty of six (6%) percent to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. For the purpose of this paragraph, "delinquency" means the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters of years.

It appears from an examination of the collector's records that interest was collected in accordance with the statutes.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 15, 2010 and was not complete.

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

<u>Year</u>	<u>Number of Liens</u>
2010	170
2009	124
2008	113

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

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. A separate report will be rendered if any irregularities develop after the date of the audit.

OTHER COMMENTS

Chief Financial Officer

The records maintained by the Chief Financial Officer were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements.

Tax Collector

The following was noted during the review of the records maintained by the Tax Collector:

Corrective Action Plan

A corrective action plan for the 2009 audit was filed with the Division of Local Government Services by the Chief Financial Officer.

STATUS OF PRIOR RECOMMENDATIONS

Control Deficiencies:

1) Finding:

There were exceptions noted during the audit of the Municipal Court with respect to case management processing.

Status:

Corrected.

FINDINGS AND RECOMMENDATIONS

2010-1) Finding:

There are several properties recorded in the tax arrears register that require proper disposition of balances.

Recommendation:

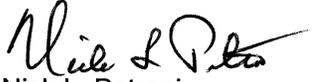
The Tax Collector review the properties in the arrears register and take action to collect delinquent taxes and determine if all property subject to sale as required by N.J.S.A. 54-5 is included in the tax sale.

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

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

We received the complete cooperation of all the officials of the Township and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nick L. Petroni". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Nick L. Petroni

Certified Public Accountant

Registered Municipal Accountant #252