

**TOWNSHIP OF MONROE  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2011**

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**PART I**  
**INDEPENDENT AUDITOR'S REPORT**

# PETRONI & ASSOCIATES LLC

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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, 2011 and 2010, 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, 2011. 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, 2011 and 2010, 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, 2011 and 2010, 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, 2011 and 2010, on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2012, 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 supplemental schedules 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

July 5, 2012

**CURRENT FUND**

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<b>Regular Fund</b>			
Cash - Treasurer	A-4	5,600,871.50	5,732,260.15
Cash - Change Fund	A-5	900.00	750.00
		<u>5,601,771.50</u>	<u>5,733,010.15</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	2,373,240.84	2,893,128.74
Tax Title Liens Receivable	A-7	664,650.65	561,664.06
Property Acquired for Taxes - Assessed Valuation	A-8	1,551,000.00	1,453,100.00
Revenue Accounts Receivable	A-11	40,917.80	19,842.09
Assessments Receivable		13,900.50	13,361.00
Due from General Capital	C	212,948.47	155,140.10
Due from Municipal Open Space Trust		317.97	893.71
Due from Tax Title Lien Premium Trust			28,700.00
Due from Federal and State Grant Fund	A		271,338.85
		<u>4,856,976.23</u>	<u>5,397,168.55</u>
Deferred Charges:			
Special Emergency Authorization Emergency Appropriation	A-3	5,875.00	180,000.00
		<u>5,875.00</u>	<u>180,000.00</u>
		<u>10,464,622.73</u>	<u>11,310,178.70</u>
<b>Federal and State Grant Fund</b>			
Grants Receivable	A-17	334,566.97	1,586,989.19
Due from Current Fund		157,218.30	
		<u>491,785.27</u>	<u>1,586,989.19</u>
		<u>10,956,408.00</u>	<u>12,897,167.89</u>

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



COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<b>Regular Fund</b>			
Liabilities:			
Appropriation Reserves	A-3:A-13	521,785.49	776,468.80
Encumbrances Payable	A-14	710,001.26	742,183.95
Accounts Payable		16,891.05	16,017.24
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-12	52,633.32	37,596.94
Prepaid Taxes	A	544,060.89	439,241.97
Tax Overpayments		76,454.17	110,045.13
Due State - Marriage License Fees		875.00	
Due State of New Jersey - DCA Fees		4,543.00	
Payroll Taxes Payable		121,902.67	114,180.70
County Taxes Payable			2,702.45
Due County for Added & Omitted Taxes	A-6	94,800.18	120,491.17
Reserve for Local Grants	A-16	81,174.10	35,591.50
Due Grant Fund		157,218.30	
		<u>2,382,339.43</u>	<u>2,394,519.85</u>
Reserve for Receivables		4,856,976.23	5,397,168.55
Fund Balance	A-1	3,225,307.07	3,518,490.30
		<u>10,464,622.73</u>	<u>11,310,178.70</u>
<b>Federal and State Grant Fund</b>			
Reserve for Grants - Appropriated	A-18	384,176.60	1,078,110.53
Due Current Fund	A		271,338.85
Encumbrances Payable	A-19	107,608.67	237,539.81
		<u>491,785.27</u>	<u>1,586,989.19</u>
		<u>10,956,408.00</u>	<u>12,897,167.89</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

<b>Revenue and Other Income Realized</b>	Ref.	Year 2011	Year 2010
Fund Balance Utilized	A-2	3,215,000.00	3,143,000.00
Miscellaneous Revenue Anticipated	A-2	7,844,532.38	8,225,974.00
Receipts from Delinquent Taxes	A-2	2,830,908.40	2,529,082.00
Receipts from Current Taxes	A-2	79,035,461.70	77,418,623.00
Non-Budget Revenue	A-2	845,329.70	1,629,984.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	729,607.87	1,703,886.00
Encumbrances Payable - Canceled	A-14	109,762.55	160,365.00
Accounts Payable - Canceled			427.00
Interfund Loan Returned		459,873.74	60,771.00
Grant Reserve Balance Canceled	A-18	477,774.16	1,500.00
Total Income		<u>95,548,250.50</u>	<u>94,873,612.00</u>
<b>Expenditures</b>			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	12,043,300.00	12,532,500.00
Other Expenses	A-3	11,668,330.00	11,537,238.00
Deferred Charges and Statutory Expenditures	A-3	2,677,000.00	2,269,543.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	61,554.40	
Other Expenses	A-3	1,418,581.12	1,791,997.00
Capital Improvements	A-3	50,000.00	212,094.00
Municipal Debt Service	A-3	2,215,653.99	2,214,637.00
Deferred Charges	A-3	288,000.00	238,000.00
Judgments			55,000.00
County Taxes	A-6	15,458,136.96	16,672,554.00
Due County for Added Taxes	A-6	94,800.18	120,491.00
Municipal Open Space Tax	A-6	72,046.00	144,938.00
Local District School Tax	A-15	45,767,460.50	43,784,332.00
Grant Receivables Canceled	A-17	478,527.15	
Interfund Loan Advanced		323,583.59	156,034.70
Prior Year Deductions Disallowed	A-12	9,459.84	8,022.00
Refund of Prior Year Revenue			6,450.00
Total Expenditures		<u>92,626,433.73</u>	<u>91,743,830.70</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

	Ref.	<u>Year 2011</u>	<u>Year 2010</u>
Excess in Revenue		2,921,816.77	3,129,781.30
<b>Fund Balance</b>			
Balance January 1	A	<u>3,518,490.30</u>	<u>3,531,709.00</u>
		6,440,307.07	6,661,490.30
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>3,215,000.00</u>	<u>3,143,000.00</u>
Balance December 31	A	<u><u>3,225,307.07</u></u>	<u><u>3,518,490.30</u></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 2011	Special N.J.S.A. 40A:4-87		
Fund Balance Anticipated	A-1	3,215,000.00		3,215,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-11	35,000.00		35,440.00	440.00
Other	A-11	42,000.00		21,383.76	(20,616.24)
Fees and Permits	A-11	432,000.00		437,472.32	5,472.32
Fines and Costs:					
Municipal Court	A-11	322,000.00		280,243.50	(41,756.50)
Interest and Costs on Taxes	A-11	535,000.00		547,360.50	12,360.50
Interest on Investments and Deposits	A-11	47,000.00		22,059.96	(24,940.04)
Insurance Reimbursements - Ambulance	A-11	816,000.00		844,317.57	28,317.57
Consolidated Municipal Property Tax Relief	A-11	163,913.00		163,913.00	
Energy Receipts Tax	A-11	3,859,083.00		3,859,083.00	
Garden State PILOT Trust	A-11	12,800.00		12,800.00	
Uniform Construction Code Fees	A-11	476,000.00		512,384.00	36,384.00
Uniform Fire Safety Act	A-11	29,000.00		50,086.96	21,086.96
Franchise Fees - Cable Television	A-11	176,000.00		176,197.34	197.34
Engineering Review Fees	A-11	20,000.00		17,545.00	(2,455.00)
Park & Recreation Trust Fund	A-11	25,000.00		25,000.00	
Gloucester County Improvement Authority					
Debt Fund Proceeds	A-11	53,600.17		53,600.17	
Basin Maintenance Trust	A-11	50,000.00		50,000.00	
Red Light Camera Enforcement	A-11	114,000.00		354,744.78	240,744.78
Click It or Ticket	A-17		4,000.00	4,000.00	
Recycling Tonnage Grant	A-17	53,879.13	53,396.85	107,275.98	
Municipal Alliance Youth Service	A-17	23,460.00		23,460.00	
Drunk Driving Enforcement	A-17		6,616.40	6,616.40	
Body Armor Replacement Grant	A-17		5,442.03	5,442.03	
Emergency Management Assistance Grant	A-17	5,000.00		5,000.00	
Energy Efficiency Grant	A-17		19,318.10	19,318.10	

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 2011	Special N.J.S.A. 40A:4-87		
Clean Communities	A-17		57,150.01	57,150.01	
Police Over the Limit, Under Arrest	A-17	5,000.00	4,300.00	9,300.00	
Safe and Secure	A-17	54,938.00		54,938.00	
Comcast Technology Grant	A-9		80,000.00	80,000.00	
JIF Safety Incentive Program	A-9	8,400.00		8,400.00	
Total Miscellaneous Revenues		<u>7,359,073.30</u>	<u>230,223.39</u>	<u>7,844,532.38</u>	<u>255,235.69</u>
Receipts from Delinquent Taxes	A-2	<u>2,800,000.00</u>		<u>2,830,908.40</u>	<u>30,908.40</u>
Subtotal General Revenues		<u>13,374,073.30</u>	<u>230,223.39</u>	<u>13,890,440.78</u>	<u>286,144.09</u>
Amount to be Raised by Taxation		<u>20,251,585.13</u>		<u>20,663,134.36</u>	<u>411,549.23</u>
Budget Totals		<u>33,625,658.43</u>	<u>230,223.39</u>	<u>34,553,575.14</u>	<u>697,693.32</u>
Non-Budget Revenue	A-2			845,329.70	
		<u>33,625,658.43</u>	<u>230,223.39</u>	<u>35,398,904.84</u>	
	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**

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-6	79,035,461.70
Allocated to:		
Municipal Open Space	A-6	72,046.00
School and County Taxes	A-6	61,320,397.64
		<hr/>
Balance for Support of Municipal Budget Appropriations		17,643,018.06
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	3,020,116.30
		<hr/>
Amount for Support of Municipal Budget Appropriations	A-2	<u>20,663,134.36</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6	2,776,813.39
Tax Title Liens	A-7	54,095.01
		<hr/>
	A-2	<u>2,830,908.40</u>

**Analysis of Non-Budget Revenue**

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Refunds	A-11	128,553.64
JIF Dividends/Safety Incentive	A-11	271,349.45
Ads on Bus Shelters	A-11	2,713.24
Inspection Fees	A-11	11,515.25
Tax Map Maintenance	A-11	255.00
Sale of Property	A-11	77,956.75
Administrative Fees Off-Duty Police	A-11	84,130.00
Administrative Fees - Senior Citizen Deductions	A-11	11,776.29
In Lieu of Taxes	A-11	18,369.04
School Security Officers Reimbursement	A-11	156,000.00
Excess Dog Fees	A-11	9,315.16
Tax Abatements	A-11	6,360.89
Miscellaneous	A-11	10,150.88
Hotel/Motel Tax Revenue	A-11	51,659.79
Demolition/Boarding Up	A-11	4,624.32
Rental	A-11	600.00
		<hr/>
	A-2	<u>845,329.70</u>

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	
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration					
Salaries & Wages	148,500.00	148,500.00	147,879.84	620.16	
Other Expenses	18,000.00	18,000.00	16,123.32	1,876.68	
Human Resources (Personnel)					
Salaries & Wages	117,700.00	85,700.00	77,321.58	8,378.42	
Other Expenses	17,000.00	17,000.00	15,662.01	318.45	1,019.54
Mayor and Township Council					
Salaries & Wages					
Mayor	60,100.00	60,100.00	45,492.19	4,607.81	10,000.00
Council	60,000.00	60,000.00	59,622.61	377.39	
Other Expenses					
Mayor	1,500.00	1,500.00	1,259.24	240.76	
Council	1,000.00	1,000.00	169.90	830.10	
Municipal Clerk					
Salaries & Wages	206,000.00	206,000.00	205,366.70	633.30	
Other Expenses	70,000.00	70,000.00	57,093.76	318.04	12,588.20
Elections					
Salaries & Wages	4,500.00	4,500.00	3,407.00	1,093.00	
Other Expenses	21,000.00	21,000.00	19,131.73	1,868.27	
Financial Administration					
Salaries & Wages	191,500.00	203,500.00	193,304.71	10,195.29	
Other Expenses	50,000.00	50,000.00	46,339.36	125.00	3,535.64
Audit Services					
Other Expenses	59,000.00	59,000.00	59,000.00		
Municipal Information Services (MIS)					
Salaries & Wages	113,100.00	113,100.00	113,003.99	96.01	
Other Expenses	63,000.00	63,000.00	47,493.31	10,542.61	4,964.08
Revenue Administration (Tax Collection)					
Salaries & Wages	220,300.00	220,300.00	193,459.75	6,840.25	20,000.00
Other Expenses	15,000.00	15,000.00	13,032.49	1,967.51	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS" - (CONTINUED)</b>						
<b>GENERAL GOVERNMENT</b>						
Director of Real Estate						
Salaries & Wages	4,000.00	4,000.00	4,000.00			
Legal Services & Costs						
Salaries & Wages	4,000.00	4,000.00	4,000.00			
Other Expenses	250,000.00	250,000.00	215,071.10	14,296.42	20,632.48	
Engineering Services & Costs						
Other Expenses	100,000.00	100,000.00	38,782.72	3,000.00	23,217.28	35,000.00
Economic Development						
Other Expenses	10,000.00	10,000.00	1,200.00	4,800.00	4,000.00	
Historical Society (40:48-2)						
Other Expenses	1,000.00	1,000.00		1,000.00		
<b>LAND USE ADMINISTRATION</b>						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries & Wages	99,000.00	99,000.00	94,822.98		4,177.02	
Other Expenses	92,000.00	55,000.00	11,251.04	249.00	43,499.96	
Zoning Board and Board of Adjustment						
Salaries & Wages	5,000.00	5,000.00	3,365.00		1,635.00	
Other Expenses	25,000.00	25,000.00	6,137.35	621.10	18,241.55	
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>						
Code Enforcement Officer						
Salaries & Wages	204,800.00	204,800.00	199,912.60		4,887.40	
Other Expenses	12,000.00	12,000.00	3,081.21	67.00	8,851.79	
<b>INSURANCE</b>						
Insurance Safety Program	12,000.00	12,000.00	7,480.89	4,105.62	413.49	
Liability Insurance	615,000.00	615,000.00	612,437.00		2,563.00	
Workmens Compensation Insurance	930,000.00	930,000.00	930,000.00			
Group Plans for Employees	4,888,430.00	4,888,430.00	4,750,546.03		72,883.97	65,000.00
Health Insurance Waiver	43,200.00	43,200.00	40,800.00		2,400.00	

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	
<b>PUBLIC SAFETY FUNCTIONS</b>					
Director of Public Safety					
Salaries & Wages	4,000.00	4,000.00	4,000.00		
Police					
Salaries & Wages	6,575,000.00	6,575,000.00	6,472,878.04		75,000.00
Other Expenses	395,000.00	395,000.00	254,452.75	114,079.73	26,467.52
Contractual Services-Red Light Camera	114,000.00	150,000.00	149,793.56		206.44
Office of Emergency Management					
Salaries & Wages	103,200.00	103,200.00	96,660.91		6,539.09
Other Expenses	7,000.00	7,000.00	6,107.04	48.01	844.95
First Aid Organization- Ambulances					
Cecil Ambulance	31,000.00	31,000.00	19,486.51	11,311.72	201.77
Monroe Township Ambulance	50,000.00	50,000.00	31,436.10	16,716.25	1,847.65
Fire					
Other Expenses					
Fire Hydrant Service	26,500.00	26,500.00	26,400.00		100.00
Cecil Fire Company	50,000.00	50,000.00	43,413.41	5,669.47	917.12
Williamstown Fire Company	50,000.00	50,000.00	45,273.93	4,726.07	
Uniform Fire Safety Act (P.L. 1983, C383)					
Salaries & Wages	56,000.00	58,000.00	57,580.54		419.46
Other Expenses	4,000.00	4,000.00	1,880.00	1,147.54	972.46
Ambulance					
Salaries & Wages	330,100.00	342,100.00	340,174.90		1,925.10
Other Expenses	110,000.00	110,000.00	78,584.99	20,784.77	10,630.24
Prosecutor					
Salaries & Wages	18,000.00	18,000.00	18,000.00		
<b>PUBLIC WORKS FUNCTIONS</b>					
Road Repairs & Maintenance					
Salaries & Wages	759,300.00	759,300.00	724,873.87		25,000.00
Other Expenses	28,000.00	28,000.00	19,461.20	8,130.22	408.58
Snow Removal					
Other Expenses	40,000.00	40,000.00	40,000.00		

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	
Garbage & Trash Removal						
Salaries & Wages	1,118,000.00	1,118,000.00	1,065,654.99		12,345.01	40,000.00
Other Expenses	3,000.00	3,000.00	2,900.00		100.00	
Public Buildings & Grounds						
Salaries & Wages	305,600.00	305,600.00	296,061.72		9,538.28	
Other Expenses	100,000.00	122,000.00	108,570.33	10,445.32	2,984.35	
Vehicle Maintenance						
Salaries & Wages	340,000.00	340,000.00	334,822.71		5,177.29	
Other Expenses	382,000.00	407,000.00	353,418.60	53,418.76	162.64	
Community Services Act						
Condominium Trash Services	115,000.00	125,000.00	88,048.02	36,951.98		
<b>HEALTH AND HUMAN SERVICES</b>						
Public Health Services (Board of Health)						
Salaries & Wages	81,300.00	81,300.00	73,964.89		2,335.11	5,000.00
Other Expenses	2,500.00	2,500.00	2,088.57	287.50	123.93	
Social Concerns						
Other Expenses	1,000.00	1,000.00			1,000.00	
Environmental Commission (40:56A et. seq.)						
Salaries & Wages	700.00	700.00	420.00		280.00	
Other Expenses	1,000.00	1,000.00	390.00		610.00	
<b>RECREATION FUNCTIONS</b>						
Parks & Recreation						
Salaries & Wages	290,000.00	290,000.00	289,746.08		253.92	
Other Expenses	70,000.00	70,000.00	52,441.25	17,523.93	34.82	
Community Center						
Salaries & Wages	188,000.00	188,000.00	158,501.61		4,498.39	25,000.00
Other Expenses	4,000.00	4,000.00	2,159.79	182.96	1,657.25	
Community Transportation Service						
Salaries & Wages	62,000.00	62,000.00	56,241.00		5,759.00	
Other Expenses	200.00	200.00			200.00	
Senior Citizen Center						
Salaries & Wages	600.00	600.00	480.00		120.00	
Other Expenses	5,000.00	5,000.00	2,988.87	139.55	1,871.58	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Accumulated Absence Management	60,000.00	60,000.00	60,000.00			
Celebration of Public Event Anniversary or Holiday Other Expenses	27,000.00	27,000.00	25,703.32	48.88	1,247.80	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	350,000.00	314,000.00	259,631.48	22,000.00	12,368.52	20,000.00
Street Lighting	473,000.00	453,000.00	399,199.64	49,700.00	4,100.36	
Telephone and Telegraph	100,000.00	100,000.00	79,854.39	5,826.02	14,319.59	
Natural Gas	125,000.00	105,000.00	86,429.87	18,000.00	570.13	
Fuel Oil	4,000.00	4,000.00	1,395.28	2,604.72	0.00	
Gasoline	525,000.00	565,000.00	518,748.22	46,251.78	0.00	
<b>LANDFILL AND SOLID WASTE DISPOSAL COSTS</b>						
Gloucester County Landfill Other Expenses	1,210,000.00	1,190,000.00	1,048,796.86	88,398.50	22,804.64	30,000.00
<b>MUNICIPAL COURT FUNCTIONS</b>						
Municipal Court Salaries & Wages Other Expenses	261,000.00	261,000.00	250,816.91		10,183.09	
Public Defender Other Expenses	18,000.00	18,000.00	15,672.66	164.00	2,163.34	
	8,000.00	8,000.00	4,508.37		3,491.63	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</b>						
State Uniform Construction Code						
Construction Official						
Salaries & Wages	312,000.00	318,000.00	317,029.08		970.92	
Other Expenses	35,000.00	35,000.00	11,722.16	341.80	22,936.04	
Total Operations within "CAPS"	24,061,630.00	24,061,630.00	22,635,915.83	574,342.72	501,371.45	350,000.00
Detail:						
Salaries & Wages	12,243,300.00	12,243,300.00	11,902,866.20		140,433.80	200,000.00
Other Expenses	11,818,330.00	11,818,330.00	10,733,049.63	574,342.72	360,937.65	150,000.00
<b>STATUTORY EXPENDITURES</b>						
Contribution to:						
Public Employees' Retirement System	636,000.00	636,000.00	635,299.00		701.00	
Social Security System (O.A.S.I.)	580,000.00	580,000.00	541,228.42		13,771.58	25,000.00
Police and Firemen's Retirement System of NJ	1,486,000.00	1,486,000.00	1,485,178.00		822.00	
Unemployment Compensation Insurance	25,000.00	25,000.00				25,000.00
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	2,727,000.00	2,727,000.00	2,661,705.42		15,294.58	50,000.00
Total General Appropriations for Municipal Purposes within "CAPS"	26,788,630.00	26,788,630.00	25,297,621.25	574,342.72	516,666.03	400,000.00
<b>PUBLIC SAFETY FUNCTIONS</b>						
Length of Service Awards Program (P.L. 1997, c. 388)	135,000.00	135,000.00		135,000.00		
<b>EDUCATION FUNCTIONS</b>						
Maintenance of Free Public Library	790,000.00	790,000.00	790,000.00			

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	
<b>LANDFILL AND SOLID WASTE DISPOSAL COSTS</b>					
Recycling Tax					
Other Expenses	50,000.00	50,000.00	44,880.54		5,119.46
<b>INSURANCE</b>					
Group Plan for Employees	118,370.00	118,370.00	118,370.00		
Total Other Operations - Excluded from "CAPS"	1,093,370.00	1,093,370.00	953,250.54	135,000.00	5,119.46
<b>PUBLIC AND PRIVATE PROGRAMS</b>					
<b>OFF-SET BY REVENUES</b>					
Click It or Ticket		4,000.00	4,000.00		
Municipal Alliance Youth Service	29,325.00	29,325.00	29,325.00		
Drunk Driving Enforcement		6,616.40	6,616.40		
Clean Communities		57,150.01	57,150.01		
Police Over the Limit, Under Arrest	5,000.00	9,300.00	9,300.00		
JIF Safety Incentive Program	8,400.00	8,400.00	8,400.00		
Emergency Management Grant	5,000.00	5,000.00	5,000.00		
Comcast Technology Grant		80,000.00	80,000.00		
Body Armor Replacement Grant		5,442.03	5,442.03		
Energy Efficiency Grant		19,318.10	19,318.10		
NJ Recycling Tonnage Grant	53,879.13	107,275.98	107,275.98		
Safe and Secure	54,938.00	54,938.00	54,938.00		
Matching Funds for Grants	7,000.00	7,000.00			7,000.00
Total Operations Excluded from "CAPS"	1,256,912.13	1,487,135.52	1,340,016.06	135,000.00	7,000.00
Detail:					
Salaries and Wages	54,938.00	61,554.40	61,554.40		
Other Expenses	1,201,974.13	1,425,581.12	1,278,461.66	135,000.00	7,000.00

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	
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Total Capital Improvements Excluded from "CAPS"	50,000.00	50,000.00	50,000.00		
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Bond Principal	1,050,000.00	1,050,000.00	1,050,000.00		
Interest on Bonds	493,000.00	493,000.00	492,912.50		87.50
Interest on Notes		5,875.00	5,875.00		
Green Trust Loan Repayments - Principal & Interest	40,000.00	40,000.00	31,570.02		8,429.98
Capital Lease Obligations					
Principal	496,000.00	496,000.00	496,000.00		
Interest	143,000.00	143,000.00	139,296.47		3,703.53
Total Municipal Debt Service Excluded From "CAPS"	2,222,000.00	2,227,875.00	2,215,653.99		12,221.01

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>DEFERRED CHARGES EXCLUDED FROM CAPS</b>						
Special Emergency Authorizations - 5 Years	180,000.00	180,000.00	180,000.00			
Deferred Charges to Future Taxation-Unfunded						
Ordinance 22-09	46,500.00	46,500.00	46,500.00			
Ordinance 24-09	11,500.00	11,500.00	11,500.00			
Ordinance 10-10	50,000.00	50,000.00	50,000.00			
Total Deferred Charges Excluded from "CAPS"	288,000.00	288,000.00	288,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,816,912.13	4,053,010.52	3,893,670.05	135,000.00	5,119.46	19,221.01
Subtotal General Appropriations	30,605,542.13	30,841,640.52	29,191,291.30	709,342.72	521,785.49	419,221.01
<b>RESERVE FOR UNCOLLECTED TAXES</b>	3,020,116.30	3,020,116.30	3,020,116.30			
<b>TOTAL GENERAL APPROPRIATIONS</b>	<u>33,625,658.43</u>	<u>33,861,756.82</u>	<u>32,211,407.60</u>	<u>709,342.72</u>	<u>521,785.49</u>	<u>419,221.01</u>
Ref.	A-2			A-14	A	
		Ref.				
Budget		A-3	33,625,658.43			
Appropriations by 40A:4-87		A-2	230,223.39			
Emergency Appropriation		A	5,875.00			
			<u>33,861,756.82</u>			
		<u>Ref.</u>				
Reserve for Federal and State Grants		A-18	298,365.52			
Reserve for Uncollected Taxes		A-3	3,020,116.30			
Reserve for Local Grants		A-16	88,400.00			
Special Emergency Disbursed		A-10	180,000.00			
		A-4	28,624,525.78			
			<u>32,211,407.60</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

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<b>Trust Fund</b>			
Cash - Treasurer	B-1	3,852,642.60	3,256,857.15
Off-Duty Police Receivables		8,395.00	
		<u>3,861,037.60</u>	<u>3,256,857.15</u>
<b>Escrow Trust Fund</b>			
Cash - Treasurer	B-1	1,279,518.39	1,117,658.38
Escrow Receivable		17,238.50	21,358.02
		<u>1,296,756.89</u>	<u>1,139,016.40</u>
		<u><u>5,157,794.49</u></u>	<u><u>4,395,873.55</u></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

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<b>Trust Fund</b>			
Encumbrances Payable	B-4	116,750.01	71,202.97
Due Current Fund	A	317.97	29,593.71
Reserve for Dog Fund Expenditures	B-2	28,944.10	27,016.30
Reserve for Intersection/Road Improvements		4,635.00	16,635.00
Reserve for Forfeited Funds		99,992.40	92,442.28
Reserve for Off-Duty Police Fees		20,198.03	52,513.03
Deposits for Redemption of Tax Sale Certificates	B-3	11,917.86	3,099.33
Reserve for Tax Sale Premiums	B-3	453,600.00	276,400.00
Reserve for Parks and Recreation		606,147.99	320,317.99
Reserve for Veterans Affairs Donations		125.00	125.00
Reserve for POAA Fees		943.74	857.67
Reserve for Recycling Fees		208,832.47	108,958.99
Reserve for Sidewalk Trust Fund		151,844.42	145,269.42
Reserve for Snow Removal		85,187.08	108,124.03
Reserve for Accumulated Absences		410,000.00	350,000.00
Reserve for Basin Maintenance Trust		396,170.95	468,148.75
Reserve for Municipal Open Space		977,020.46	900,978.16
Reserve for Affordable Housing		223,639.70	222,935.73
Reserve for Unemployment Compensation		41,291.42	41,444.81
Reserve for Municipal Alliance Donations		6,318.45	3,633.43
Reserve for Historical Society Donations		17,160.55	17,160.55
		3,861,037.60	3,256,857.15
<b>Escrow Trust Fund</b>			
Encumbrances Payable	B-4	162,531.61	44,496.12
Reserve for Developers Escrow		1,134,225.28	1,094,520.28
		1,296,756.89	1,139,016.40
		5,157,794.49	4,395,873.55

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

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Amount to be Provided by Lease Payments		2,897,000.00	3,393,000.00
Deferred Charges to Future Taxation:			
Funded	C-3	12,839,921.92	13,917,742.04
Unfunded	C-4	7,786,000.00	994,000.00
Due from Gloucester County Improvement Authority - Capital Projects		8,353.58	156,408.75
		<u>23,531,275.50</u>	<u>18,461,150.79</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Due to Current Fund	A	212,948.47	155,140.10
Serial Bonds Payable	C-8	12,671,000.00	13,721,000.00
Loan Payable - Green Trust	C-7	168,921.92	196,742.04
Encumbrances Payable	C-10	38,445.36	272,433.64
Obligations Under Capital Lease	C-11	2,897,000.00	3,393,000.00
Capital Improvement Fund	C-5	68,677.83	25,321.08
Reserve for Payment of Bonds		7,624.03	7,624.03
Reserve for Traffic Light			13,356.75
Reserve for Improvements		32,500.00	
Improvement Authorizations:			
Funded	C-6	246,030.38	329,711.17
Unfunded	C-6	7,188,127.51	346,821.98
		<u>23,531,275.50</u>	<u>18,461,150.79</u>

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>2011</u>	<u>2010</u>
Buildings	9,619,800.00	9,619,800.00
Land	4,203,116.73	4,176,690.50
Equipment	1,516,057.82	1,406,669.50
Vehicles	9,139,074.67	9,062,610.67
	<u>24,478,049.22</u>	<u>24,265,770.67</u>
Investment in General Fixed Assets	<u>24,478,049.22</u>	<u>24,265,770.67</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, 2011 AND 2010

**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, 2011 AND 2010

**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, 2011 AND 2010

**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 11<sup>th</sup> day of the 11<sup>th</sup> 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 \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31<sup>st</sup>, 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, 2011 AND 2010

**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 \$1,000.00.

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, 2011 AND 2010

**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:

Special Items of Revenue	\$ 230,223.39
Emergency Appropriation	<u>5,875.00</u>
	<u><u>\$ 236,098.39</u></u>

**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, 2011 and 2010, the carrying amount of the Township's deposits was \$10,733,932.49 and \$10,107,525.68, respectively. As of December 31, 2011 and 2010, \$0 of the municipality's bank balance of \$11,521,431.86 and \$10,716,458.00, respectively, was exposed to Custodial Credit Risk.

TOWNSHIP OF MONROE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

**NOTE 4: INVESTMENTS**

As of December 31, 2011 or 2010, 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 Statutes N.J.S.A. 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - New Jersey Statutes N.J.S.A. 40A:5-15.1(a) limits municipal investments to those specified in the statutes. 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**

	Year	Balance December 31	Utilized in Budget of Succeeding Year
	2011	3,225,307.07	2,810,000.00
	2010	3,518,490.30	3,215,000.00
Current Fund	2009	3,531,709.00	3,143,000.00
	2008	4,725,823.00	3,694,576.00
	2007	5,410,265.00	3,802,896.00

**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, 2011, the following deferred charges are shown on the balance sheets of the various funds.

	Balance Dec. 31, 2011	2012 Budget Appropriation
Special Emergency:		
Emergency Appropriation	5,875.00	5,875.00
	<u>5,875.00</u>	<u>5,875.00</u>

TOWNSHIP OF MONROE  
 NOTES TO FINANCIAL STATEMENTS  
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**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, 2011.

	Due From	Due To
Current Fund		
Federal and State Grant Fund		157,218.30
Municipal Open Space Trust	317.97	
General Capital Fund	212,948.47	
Federal and State Grant Fund		
Current Fund	157,218.30	
General Capital Fund		
Current Fund		212,948.47
Municipal Open Space Trust		
Current Fund		317.97
	370,484.74	370,484.74

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.

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.

TOWNSHIP OF MONROE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

**NOTE 9: ACCUMULATED ABSENCE BENEFITS (CONTINUED)**

The total value of compensated absences owed to employees as of December 31, 2011, was \$1,664,913.11. The Township had appropriated \$60,000.00 in the 2012 adopted budget to fund a reserve for accumulated absences. The accumulated absence trust has a reserve balance of \$410,000.00 as of December 31, 2011.

**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, 2011:

	Balance Dec. 31, 2010	Additions	Deletions	Balance Dec. 31, 2011
Buildings	9,619,800.00			9,619,800.00
Land	4,176,690.50	26,426.23		4,203,116.73
Equipment	1,406,669.50	109,388.32		1,516,057.82
Vehicles	9,062,610.67	244,568.00	168,104.00	9,139,074.67
	<u>24,265,770.67</u>	<u>380,382.55</u>	<u>168,104.00</u>	<u>24,478,049.22</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:

	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Prepaid Taxes - Cash Liability	<u>544,060.89</u>	<u>439,241.97</u>

**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 (L.O.S.A.P.) was created by a Township resolution which was approved in January 2002 in accordance with Chapter 338 of the Laws of 1997. L.O.S.A.P. provides tax deferred income benefits to active volunteer firefighters.

TOWNSHIP OF MONROE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010

**NOTE 14: LENGTH OF SERVICE AWARD PROGRAM (CONTINUED)**

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 L.O.S.A.P., the balances and activities of the L.O.S.A.P. are not reported in the Township's financial statements. The Township's budget appropriation for 2011 and 2010 are \$135,000.00 and \$135,000.00, 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](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.

**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% and 6.5% effective October 1, 2011, of employees' annual compensation, as defined. P.F.R.S. provides for employees contributions of 8 ½% and 10% effective October 1, 2011, 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 2011 are 11.05% and 29.36% of covered payroll, respectively, as reported on June 30, 2009. 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, 2011, 2010 and 2009, were \$635,299.00, \$517,800.00 and \$473,657.00, respectively, equal to the required contributions for



TOWNSHIP OF MONROE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

**NOTE 15: PENSION FUNDS (CONTINUED)**

**Funding Policy (Continued)** - each year. The Township's contributions to P.F.R.S. for the years ending December 31, 2011, 2010 and 2009, were \$1,485,178.00, \$1,183,888.00 and \$1,133,631.00, 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, 2011 and 2010, 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. M.R.H.I.F. 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 2011, the Township contributed \$1,368,300.00 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 A.R.C. 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):

Annual Required Contribution (Thousands)	\$6,820
Interest on Net O.P.E.B. Obligation	\$0
Adjustment to Annual Required Contribution	\$245
Annual O.P.E.B. Cost (Expense) (Thousands)	<u>\$7,065</u>
Contributions Made (Thousands)	<u>\$1,368</u>
Increase in Net O.P.E.B. Obligation (Thousands)	\$5,697
Net O.P.E.B. Obligation - Beginning of Year	\$14,997
Net O.P.E.B. Obligation - End of Year (Thousands)	<u>\$20,694</u>

The Township's most recent actuarial valuation to determine A.R.C. was performed for the year ended December 31, 2010. The next actuarial valuation is expected to be performed for the

TOWNSHIP OF MONROE  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 16: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Annual O.P.E.B. Cost and Net O.P.E.B. Obligation (Continued)** - year ending December 31, 2012. G.A.S.B. 45 permits the calculation of A.R.C. in the intervening years to be based on the annual rate of inflation. In determining the A.R.C. for the year ended 2011 the Township utilized the US Bureau of Labor Statistics annual report on inflation for medical care costs, which yielded a rate of inflation of 3.60%. The Township's annual O.P.E.B. cost, the percentage of annual O.P.E.B. cost contributed to the plan, and the net O.P.E.B. obligation for 2011 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)
12/31/2011	7065	19.40%	\$20,694

**Funded Status and Funding Progress** - As of December 31, 2011, 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 ("A.A.L.") 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 \$64,433.9 (thousands) as of December 31, 2010.

**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, 2010, 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, 2011 AND 2010

**NOTE 17: LONG-TERM DEBT**

**Summary of Municipal Debt Service**

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

	Year 2011	Year 2010	Year 2009
Bonds, Notes and Loans Issued	12,839,921.92	13,917,742.04	14,969,197.00
Bonds and Notes Authorized but not Issued	7,786,000.00	994,000.00	577,000.00
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>20,625,921.92</u>	<u>14,911,742.04</u>	<u>15,546,197.00</u>

	Balance 12/31/2010	Issued/ Authorized	Retired/ Reduction	Balance 12/31/2011
Issued				
General:				
Serial Bonds Payable	13,721,000.00		1,050,000.00	12,671,000.00
Loan	196,742.04		27,820.12	168,921.92
Authorized but not Issued				
General:				
Bonds and Notes	<u>994,000.00</u>	<u>6,900,000.00</u>	<u>108,000.00</u>	<u>7,786,000.00</u>
	<u>14,911,742.04</u>	<u>6,900,000.00</u>	<u>1,185,820.12</u>	<u>20,625,921.92</u>

\$8,755,000.00 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, 2011, was \$6,760,000.00.

\$4,436,000.00 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, 2011, was \$4,286,000.00.

\$2,840,000.00 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, 2011, was \$1,625,000.00.

\$67,500.00 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, 2011, was \$14,345.45.

TOWNSHIP OF MONROE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

**NOTE 17: LONG-TERM DEBT (CONTINUED)**

**Summary of Municipal Debt Service (Continued)**

\$144,442.00 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, 2011, was \$89,677.73.

\$11,290.00 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, 2011, was \$6,448.61.

\$75,000.00 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, 2011, was \$58,450.13.

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

Year Ended	Principal	Interest	Total
2012	1,098,917.93	467,171.83	1,566,089.76
2013	1,089,298.20	435,921.82	1,525,220.02
2014	1,134,686.09	402,634.93	1,537,321.02
2015	1,265,106.46	364,395.24	1,629,501.70
2016	1,365,410.10	319,466.60	1,684,876.70
2017-2021	3,830,528.33	1,020,572.34	4,851,100.67
2022-2026	2,019,974.81	570,262.02	2,590,236.83
2027-2028	1,036,000.00	78,600.00	1,114,600.00
	<u>12,839,921.92</u>	<u>3,659,024.78</u>	<u>16,498,946.70</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 .48%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	62,415,947.36	62,415,947.36	
General Debt	20,625,921.92	6,907,624.03	13,718,297.89
	<u>83,041,869.28</u>	<u>69,323,571.39</u>	<u>13,718,297.89</u>

Net Debt \$13,718,297.89/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended  
 \$2,883,909,591.00 = .48%

TOWNSHIP OF MONROE  
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**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)	100,936,835.69
Net Debt	13,718,297.89
Remaining Borrowing Power	<u>87,218,537.80</u>

**NOTE 18: CAPITAL LEASE OBLIGATIONS**

The Township has lease agreements in effect at December 31, 2011, 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
2012	351,000.00	120,201.82	471,201.82
2013	356,000.00	105,090.60	461,090.60
2014	365,000.00	91,799.20	456,799.20
2015	255,000.00	78,648.58	333,648.58
2016	265,000.00	66,245.39	331,245.39
2017-2021	1,215,000.00	173,979.46	1,388,979.46
2022-2024	90,000.00	9,022.00	99,022.00
	<u>2,897,000.00</u>	<u>644,987.05</u>	<u>3,541,987.05</u>

**NOTE 19: PROPERTY TAX INFORMATION**

COMPARATIVE STATEMENT OF TAX RATE INFORMATION

	2011	2010	2009
Tax Rate	2.83	2.778	2.675
Apportionment of Tax Rate:			
Municipal	0.702	0.686	0.668
Municipal Open Space	0.002	0.005	0.01
County	0.537	0.576	0.592
Local School	1.589	1.511	1.405
Assessed Valuation	2,881,856,611	2,898,748,363	2,881,250,038

TOWNSHIP OF MONROE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2011 AND 2010

**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.

	2011	2010	2009
Tax Levy	82,022,797.15	81,017,099.00	77,466,363.00
Cash Collections	79,035,461.70	77,418,623.00	74,714,451.00
Percentage of Collections	96.36%	95.56%	96.45%

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.

	2011	2010	2009
Amount of Tax Title Liens	664,650.65	561,664.06	463,600.00
Delinquent Taxes	2,373,240.84	2,893,128.74	2,693,992.00
Total Delinquent	3,454,789.00	3,454,789.00	3,157,592.00
Percentage of Tax Levy	4.21%	4.26%	4.08%

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:

	2011	2010	2009
Property Acquired for Taxes (Assessed Valuation)	1,551,000.00	1,453,100.00	1,292,500.00

**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.

On July 17, 2012, the Township was served with a class action lawsuit filed in regard to the Red Light/PILOT Program instituted in 2010 in Monroe Township. The lawsuit alleges unjust enrichment. The complaint has been forwarded to the Joint Insurance Fund for a determination of coverage. The damages alleged at this time are undetermined.

**NOTE 21: SUBSEQUENT EVENTS**

The Township has evaluated subsequent events through July 5, 2012, and no additional items were noted for disclosure.

## SUPPLEMENTARY DATA

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
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MEMBER: AMERICAN INSTITUTE OF  
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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, 2011, and have issued our report thereon dated July 5, 2012. 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**

Management of the Township of Monroe is responsible for establishing and maintaining effective 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

July 5, 2012

TOWNSHIP OF MONROE  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

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	6,616	6,616	1/1/11	12/31/11		
Drunk Driving Enforcement Program	1110-448-301020-60	8,902		1/1/10	12/31/10	862.47	862.47
Drunk Driving Enforcement Program	1110-448-301020-60	11,279		1/1/09	12/31/09	10,980	11,279
Drunk Driving Enforcement Program	1110-448-301020-60	10,471		1/1/08	12/31/08	21	10,471
Safe & Secure Program	100-066-1020-232	54,938		1/1/11	12/31/11		
Safe & Secure Program	100-066-1020-232	60,000	15,000	1/1/10	12/31/10		45,000
Department of Community Affairs:							
Municipal Alliance on Alcohol and Drugs	N/A	29,325	12,424	1/1/11	12/31/11	29,325	29,325
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	53,397	53,879	1/1/11	12/31/11		
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	53,879	53,397	1/1/10	12/31/10		
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	54,005		1/1/09	12/31/09	2,617	32,193
Department of Environmental Protection							
Clean Communities	4900-765-042-4900-004-VCMB-6020	39,180		1/1/08	12/31/08		37,126
Clean Communities	4900-765-042-4900-004-VCMB-6020	50,275		1/1/09	12/31/09	73	49,863
Clean Communities	4900-765-042-4900-004-VCMB-6020	52,285		1/1/10	12/31/10	31,206	52,279
Clean Communities	4900-765-042-4900-004-VCMB-6020	57,150	57,150	1/1/11	12/31/11	13,881	13,881
Timberlakes Water Main Extension	N/A	2,086,643		1/1/07	12/31/07		1,554,003
Hazardous Discharge Site-Petro Kiryk Site	N/A	97,688		1/1/07	12/31/07		89,911
Hazardous Discharge Site-Monroe Twp Landfill	N/A	408,938	408,938	1/1/11	12/31/11	408,938	408,938
Energy Efficiency Grant	N/A	19,318		1/1/11	12/31/11		
Department of Transportation:							
NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	162,094	152,839	1/1/10	12/31/10		152,839
NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	156,100	81,250	1/1/08	12/31/08		155,100
NJ DOT Bike Path	6320-480-078-6320-Z50-TCAP-6010	200,000		1/1/08	12/31/08		190,163
Department of Health:							
Hepatitis B Inoculation	N/A	1,655		1/1/08	12/31/08	174	1,647
		<u>3,674,137</u>	<u>841,493</u>			<u>498,078</u>	<u>2,834,878</u>

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

## CURRENT FUND

## SCHEDULE OF CURRENT FUND CASH - TREASURER

Balance December 31, 2010	Ref. A		5,732,260.15
Increased by Receipts:			
Taxes Receivable	A-6	80,814,833.42	
Tax Title Liens	A-7	54,095.01	
Prepaid Taxes	A	544,060.89	
Tax Overpayments		116,400.35	
Grants Receivable	A-17	1,066,395.59	
Revenue Accounts Receivable	A-11	8,308,961.56	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-12	473,558.16	
Due State of New Jersey - Fees		5,418.00	
Local Grants Receivable	A-9	88,400.00	
Payroll Taxes Payable		4,640,304.73	
Due from Trust Fund		16,016.50	
Due from General Capital		155,140.10	
			<u>96,283,584.31</u>
			102,015,844.46
Decreased by Disbursements:			
2011 Budget Appropriations	A-3	28,624,525.78	
2010 Appropriation Reserves	A-13	46,860.93	
Encumbrances Payable	A-14	632,421.40	
Federal & State Grant Encumbrances Payable	A-19	211,610.29	
Reserve for Grants - Appropriated	A-18	432,846.14	
Reserve for Local Grants	A-16	42,158.86	
Tax Overpayments		149,991.31	
County Taxes	A-6	15,458,136.96	
Due County Added & Omitted Taxes		123,193.62	
Municipal Open Space	A-6	72,046.00	
Local District School Tax	A-15	45,767,460.50	
Payroll Taxes Payable		4,640,304.73	
Change Fund	A-5	150.00	
Due General Capital	C-1	212,948.47	
Due Trust Fund		317.97	
			<u>96,414,972.96</u>
Balance December 31, 2011	A		<u><u>5,600,871.50</u></u>

SCHEDULE OF CHANGE FUND

	Balance <u>Dec. 31, 2010</u>	<u>Receipts</u>	Balance <u>Dec. 31, 2011</u>
	<u>750.00</u>	<u>150.00</u>	<u>900.00</u>
Ref.	A	A-4	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2011 Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transfers	Transferred to Tax Title Liens	Balance
	Dec. 31, 2010			2010	2011					Dec. 31, 2011
1986								12.90		12.90
1990								6.84		6.84
1991								6.38		6.38
1992								6.96		6.96
1993								7.34		7.34
1994								7.08		7.08
1995								7.35		7.35
1996								7.68		7.68
1997								8.04		8.04
1998								8.16		8.16
1999								8.39		8.39
2000								8.90		8.90
2001								9.23		9.23
2002								9.74		9.74
2003	259.66				249.24			0.55		10.97
2004	797.18							(117.72)		679.46
2005	876.55							12.95		889.50
2006	5,175.84				2,626.34			13.83		2,563.33
2007	11,296.96				1,830.10			(1,283.07)		8,183.79
2008	34,583.41				26,365.91			1,258.47		9,475.97
2009	67,550.94		5,546.88		43,779.93					29,317.89
2010	2,772,588.20		24,593.96		2,701,961.87		4,836.58		43,907.26	46,476.45
	<u>2,893,128.74</u>		<u>30,140.84</u>		<u>2,776,813.39</u>		<u>4,836.58</u>		<u>43,907.26</u>	<u>97,712.35</u>
2011		82,022,797.15		441,225.11	78,506,001.65	88,234.94	574,740.36		137,066.60	2,275,528.49
	<u>2,893,128.74</u>	<u>82,022,797.15</u>	<u>30,140.84</u>	<u>441,225.11</u>	<u>81,282,815.04</u>	<u>88,234.94</u>	<u>579,576.94</u>		<u>180,973.86</u>	<u>2,373,240.84</u>
Ref.	A								A-7	A
		Cash - Treasurer		Ref.	80,814,833.42					
		Due State of New Jersey		A-4	467,981.62					
				A-12	<u>81,282,815.04</u>					

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

**Analysis of Property Tax Levy**

**Tax Yield**

General Purpose Tax:			
Business Personalty Tax		295,627.77	
General Property Tax		<u>81,260,914.32</u>	
			81,556,542.09
Added Taxes (54:4-63.1 et seq.)			<u>466,255.06</u>
			<u><u>82,022,797.15</u></u>

<b>Tax Levied</b>	<b>Ref.</b>		
Local District School Tax (Abstract)	A-15		45,767,460.50
County Taxes:			
County Tax (Abstract)		14,314,439.09	
Due County for Open Space		1,143,697.87	
Due County for Added Taxes (54:4-63.1 et seq.)		<u>94,800.18</u>	
Total County Taxes			15,552,937.14
Local Tax for Municipal Purposes	A-2	20,251,585.13	
Local Municipal Open Space		72,046.00	
Add: Additional Taxes Levied		<u>378,768.38</u>	
			<u>20,702,399.51</u>
			<u><u>82,022,797.15</u></u>

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2010	Ref. A		561,664.06
Increased by:			
Transfers from Taxes Receivable	A-6	180,973.86	
Interest and Costs		<u>7,969.38</u>	
			<u>188,943.24</u>
			<u>750,607.30</u>
Decreased by:			
Cash Receipts	A-4	54,095.01	
Transfer to Foreclosure	A-8	<u>31,861.64</u>	
			<u>85,956.65</u>
Balance December 31, 2011	A		<u><u>664,650.65</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

Balance December 31, 2010	Ref. A		1,453,100.00
Increased by:			
Transfer from Liens	A-7	31,861.64	
Adjustment to Assessed Value		<u>66,038.36</u>	
			<u>97,900.00</u>
Balance December 31, 2011	A		<u><u>1,551,000.00</u></u>



SCHEDULE OF LOCAL GRANTS RECEIVABLE

<u>Grant</u>	<u>Transferred from 2011 Budget Appropriation</u>	<u>Receipts</u>
Comcast Technology Grant	80,000.00	80,000.00
JIF Safety Incentive	8,400.00	8,400.00
	<u>88,400.00</u>	<u>88,400.00</u>
Ref.	A-2	A-4

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

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

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2010	Accrued in 2011	Collected	Balance Dec. 31, 2011
<b>Miscellaneous Revenue Anticipated</b>				
Licenses:				
Alcoholic Beverages		35,440.00	35,440.00	
Other		21,383.76	21,383.76	
Fees and Permits		437,472.32	437,472.32	
Fines and Costs:				
Municipal Court	19,842.09	301,319.21	280,243.50	40,917.80
Interest and Costs on Taxes		547,360.50	547,360.50	
Interest on Investments and Deposits		22,059.96	22,059.96	
Insurance Reimbursements - Ambulance		844,317.57	844,317.57	
Consolidated Municipal Property Tax Relief		163,913.00	163,913.00	
Energy Receipts Tax		3,859,083.00	3,859,083.00	
Garden State PILOT Trust		12,800.00	12,800.00	
Uniform Construction Code Fees		512,384.00	512,384.00	
Uniform Fire Safety Act		50,086.96	50,086.96	
Franchise Fees - Cable Television		176,197.34	176,197.34	
Engineering Review Fees		17,545.00	17,545.00	
Gloucester County Improvement Authority - Debt Fund Proceeds		53,600.17	53,600.17	
Red Light Camera Fees		354,744.78	354,744.78	
Park & Recreation Trust Funds		25,000.00	25,000.00	
Basin Maintenance Trust		50,000.00	50,000.00	
<b>Miscellaneous Revenue Not Anticipated</b>				
Refunds		128,553.64	128,553.64	
JIF Dividends/Safety Incentive		271,349.45	271,349.45	
Ads on Bus Shelters		2,713.24	2,713.24	
Inspection Fees		11,515.25	11,515.25	
Tax Map Maintenance		255.00	255.00	
Sale of Property		77,956.75	77,956.75	
Administrative Fees Off-Duty Police		84,130.00	84,130.00	
Administrative Fees - Senior Citizen Deductions		11,776.29	11,776.29	
In Lieu of Taxes		18,369.04	18,369.04	
School Security Officers Reimbursement		156,000.00	156,000.00	
Excess Dog Fees		9,315.16	9,315.16	
Tax Abatements		6,360.89	6,360.89	
Miscellaneous		10,150.88	10,150.88	
Hotel/Motel Tax Revenue		51,659.79	51,659.79	
Demolition/Boarding Up		4,624.32	4,624.32	
Rental		600.00	600.00	
	<u>19,842.09</u>	<u>8,330,037.27</u>	<u>8,308,961.56</u>	<u>40,917.80</u>
Ref.	A		A-4	A

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

Balance December 31, 2010	Ref. A		37,596.94
Increased by:			
Cash Receipts	A-4		473,558.16
			<u>511,155.10</u>
Decreased by:			
2011 Deductions Per Tax Duplicate		460,500.00	
2011 Deductions Allowed by Collector		14,750.00	
2011 Deductions Disallowed by Collector		<u>(7,268.38)</u>	
	A-6	467,981.62	
2010 Deductions Disallowed by Collector	A-1	<u>(9,459.84)</u>	
			<u>458,521.78</u>
Balance December 31, 2011	A		<u><u>52,633.32</u></u>

## SCHEDULE OF 2010 APPROPRIATION RESERVES

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses				
General Administration	5,524.70	5,524.70	60.04	5,464.66
Human Resources	6,760.92	6,760.92	42.25	6,718.67
Council	368.00	368.00	56.00	312.00
Municipal Clerk	3,589.74	3,589.74	605.97	2,983.77
Elections	2,751.34	2,751.34	22.52	2,728.82
Finance	2,169.49	2,169.49	620.22	1,549.27
Municipal Information Services (MIS)				
Tax Collection	6,005.19	6,005.19	2,509.06	3,496.13
Engineering	15,673.80	15,673.80	899.55	14,774.25
Planning Board	3,918.76	3,918.76	27.32	3,891.44
Zoning Board	15,685.15	15,685.15	766.70	14,918.45
Code Enforcement Officer	9,950.64	9,950.64	1,179.53	8,771.11
Group Plan for Employees	81,554.40	81,554.40	23,735.00	57,819.40
Police	38,687.30	38,687.30	2,056.52	36,630.78
Monroe Twp Ambulance	3,378.54	3,378.54	1,946.32	1,432.22
Public Buildings & Grounds	3,288.15	3,288.15	641.64	2,646.51
Community Services Act	11,919.92	11,919.92	10,879.81	1,040.11
Celebration of Public Event	2,980.59	2,980.59	350.60	2,629.99
Natural Gas	27,483.80	27,483.80	379.24	27,104.56
Social Security	24,311.60	24,311.60	82.64	24,228.96
Other Accounts - No Change	510,466.77	510,466.77		510,466.77
	<u>776,468.80</u>	<u>776,468.80</u>	<u>46,860.93</u>	<u>729,607.87</u>
Ref.	A		A-4	A-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.		
Balance December 31, 2010	A		742,183.95
Increased by:			
Charges to 2011 Appropriations	A-3	709,342.72	
Local Grants	A-16	658.54	
		<u>709,342.72</u>	
			710,001.26
			<u>1,452,185.21</u>
Decreased by:			
Payments	A-4	632,421.40	
Canceled	A-1	109,762.55	
		<u>632,421.40</u>	
			742,183.95
Balance December 31, 2011	A		<u><u>710,001.26</u></u>

## SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	Ref.		
Increased by:			
2011 Calendar Year School Levy			45,767,460.50
Decreased by:			
Payments	A-4		<u>45,767,460.50</u>
2011 Tax Liability for Local District School Tax:			
Tax Paid	A-15		<u>45,767,460.50</u>
Amount Charged to 2011 Operations	A-1		<u><u>45,767,460.50</u></u>

SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Balance Dec. 31, 2010	Transferred from 2011 Budget Appropriation	Paid	Encumbered	Balance Dec. 31, 2011
Walmart Safe Grant	500.00				500.00
JIF Safety Incentive	10,091.50	8,400.00	7,126.16	658.54	10,706.80
Comcast Technology Grant		80,000.00	35,032.70		44,967.30
Paving Program	25,000.00				25,000.00
	<u>35,591.50</u>	<u>88,400.00</u>	<u>42,158.86</u>	<u>658.54</u>	<u>81,174.10</u>
Ref.	A	A-3	A-4	A-14	A

## SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2010	2011 Budget Revenue Realized	Received	Canceled	Balance Dec. 31, 2011
<u>Federal Grants</u>					
Emergency Management Assistance Grant		5,000.00	5,000.00		
Click It or Ticket		4,000.00	4,000.00		
Community Development Block Grant	17,249.34			17,249.34	
Body Armor Replacement Fund		5,442.03	5,442.03		
CDBG - Pfeiffer Center	75,000.00		75,000.00		
Police Over the Limit, Under Arrest		9,300.00	9,300.00		
	<u>92,249.34</u>	<u>23,742.03</u>	<u>98,742.03</u>	<u>17,249.34</u>	
<u>State Grants</u>					
NJ Transportation Trust - Winslow Rd Phase II	81,250.00		81,250.00		
NJ Transportation Trust - Winslow Rd Phase III	162,094.00		152,838.52		9,255.48
NJ Transportation Trust I Winslow Rd	50,000.00		44,760.90		5,239.10
NJ Transportation Trust - Virginia Avenue	39,025.00		39,025.00		
NJ DOT Bike Path	71,177.00				71,177.00
NJ DEP Timberlake Water Main Project	532,640.11			460,524.82	72,115.29
Hazardous Discharge Site - Petro Kiryk Site	58,382.00				58,382.00
Hazardous Discharge Site - American Training	33,106.00				33,106.00
Hazardous Discharge Site - Monroe Twp Landfill	408,938.00		408,938.00		
Municipal Alliance Youth Service	19,703.00	23,460.00	32,127.00		11,036.00
Drunk Driving Enforcement		6,616.40	6,616.40		
Clean Communities		57,150.01	57,150.01		
Energy Efficiency Conservation		19,318.10			19,318.10
Recycling Tonnage Grant		107,275.98	107,275.98		
Delaware Valley Reg Planning Comm	23,424.74		22,671.75	752.99	
Safe and Secure	15,000.00	54,938.00	15,000.00		54,938.00
	<u>1,494,739.85</u>	<u>268,758.49</u>	<u>967,653.56</u>	<u>461,277.81</u>	<u>334,566.97</u>
	<u>1,586,989.19</u>	<u>292,500.52</u>	<u>1,066,395.59</u>	<u>478,527.15</u>	<u>334,566.97</u>
Ref.	A	A-2	A-4	A-1	A



SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2010	Transferred from 2011 Budget Appropriation	Paid or Charged	Encumbered	Encumbrance Canceled	Canceled	Balance Dec. 31, 2011
<b>Federal Grants:</b>							
CDBG	17,249.34					17,249.34	
Click It or Ticket		4,000.00	4,000.00				
Police Over the Limit Grant		9,300.00	9,300.00				
Emergency Management Assistance Grant		5,000.00	5,000.00				
Body Armor Grant	9,257.41	5,442.03		9,257.41			5,442.03
	<u>26,506.75</u>	<u>23,742.03</u>	<u>18,300.00</u>	<u>9,257.41</u>		<u>17,249.34</u>	<u>5,442.03</u>
<b>State Grants:</b>							
NJ Transportation Trust - Winslow Rd Phase II	1,000.48						1,000.48
NJ Transportation Trust - Winslow Rd Phase III	4,823.10				4,432.38		9,255.48
NJ DOT Bike Path	3,766.01				6,071.47		9,837.48
Drunk Driving Enforcement	19,902.50	6,616.40	11,716.27	147.00			14,655.63
Clean Communities	33,319.09	57,150.01	44,612.28	547.65	431.91		45,741.08
Energy Efficiency Grant		19,318.10					19,318.10
Municipal Alliance		29,325.00	29,325.00				
Hazardous Discharge Site - Petro Kiryk Site	7,777.00						7,777.00
Hazardous Discharge Site - Monroe Twp Landfill	408,938.00		328,592.15	80,345.85			
Timberlakes Water Main Project	532,640.11					460,524.82	72,115.29
NJ Recycling Tonnage Grant	24,429.43	107,275.98	300.44	2,317.00			129,087.97
Safe & Secure	15,000.00	54,938.00					69,938.00
Hepatitis B Innoculation	8.06						8.06
	<u>1,051,603.78</u>	<u>274,623.49</u>	<u>414,546.14</u>	<u>83,357.50</u>	<u>10,935.76</u>	<u>460,524.82</u>	<u>378,734.57</u>
	<u>1,078,110.53</u>	<u>298,365.52</u>	<u>432,846.14</u>	<u>92,614.91</u>	<u>10,935.76</u>	<u>477,774.16</u>	<u>384,176.60</u>
Ref.	A	A-3	A-4	A-19	A-19	A-1	A

## SCHEDULE OF FEDERAL AND STATE GRANT ENCUMBRANCES PAYABLE

	Ref.		
Balance December 31, 2010	A		237,539.81
Increased by:			
Charges to Reserve for Grants Appropriated	A-18		<u>92,614.91</u>
			330,154.72
Decreased by:			
Payments	A-4	211,610.29	
Canceled	A-18	<u>10,935.76</u>	
			<u>222,546.05</u>
Balance December 31, 2011	A		<u><u>107,608.67</u></u>

## TRUST FUND

## SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Trust Fund	Escrow Trust Fund
Balance December 31, 2010	B	<u>3,256,857.15</u>	<u>1,117,658.38</u>
Increased by Receipts:			
Dog License Fees:			
Municipal Share	B-2	13,977.90	
State Share		2,454.60	
Forfeited Funds		45,621.22	
Off-Duty Police Fees		233,830.00	
Tax Sale Premiums	B-3	351,400.00	
Tax Sale Redemptions	B-3	1,028,524.31	
Intersection/Road Improvements		8,250.00	
Park and Recreation Fees		560,759.02	
POAA Fees		86.07	
Public Defender Fees		2,825.00	
Recycling Fees		162,034.48	
Sidewalk Trust		6,300.00	
Snow Removal		54,316.68	
Accumulated Absence		60,000.00	
Municipal Open Space		72,363.97	
Affordable Housing		210,599.48	
Unemployment Trust		16,516.55	
Municipal Alliance		29,325.18	
Escrow Fees			1,250,078.28
Interest		4,667.61	3,365.82
		<u>2,863,852.07</u>	<u>1,253,444.10</u>
		<u>6,120,709.22</u>	<u>2,371,102.48</u>
Decreased by Disbursements:			
Due State of New Jersey		2,454.60	
Escrow Fees			1,045,128.58
Expenditures Under RS 4:19-15.11	B-2	11,825.10	
Forfeited Funds		38,166.49	
Off-Duty Police Fees		272,207.50	
Tax Sale Premiums	B-3	165,500.00	
Tax Sale Redemptions	B-3	960,951.34	
Park and Recreation Fees		263,651.71	
Public Defender Fees		2,825.00	
Recycling Fees		61,977.18	
Basin Maintenance		71,411.40	
Intersection/Road Improvements		20,250.00	
Affordable Housing		210,406.23	
Snow Removal		42,567.52	
Unemployment Compensation		16,735.14	
Municipal Alliance		26,640.06	
Encumbrances	B-4	70,903.72	44,496.12
Due Current Fund		29,593.63	1,959.39
		<u>2,268,066.62</u>	<u>1,091,584.09</u>
Balance December 31, 2011	B	<u>3,852,642.60</u>	<u>1,279,518.39</u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2010	Ref. B		27,016.30
Increased by:			
Municipal Share of Dog License Fees	B-1		<u>13,977.90</u>
			40,994.20
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-1	11,825.10	
Encumbered	B-4	<u>225.00</u>	
			<u>12,050.10</u>
Balance December 31, 2011	B		<u><u>28,944.10</u></u>

**License Fees Collected**

<u>Year</u>	<u>Amount</u>
2009	14,718.50
2010	14,971.60
	<u>29,690.10</u>

## EXHIBIT B-3

## SCHEDULE OF RESERVE FOR TAX SALE REDEMPTION AND PREMIUMS

	Ref.	<u>Premiums</u>	<u>Redemptions</u>
Balance December 31, 2010	B	<u>276,400.00</u>	<u>3,099.33</u>
Increased by:			
Receipts	B-1	351,400.00	1,028,524.31
		<u>627,800.00</u>	<u>1,031,623.64</u>
Decreased by:			
Disbursements	B-1	165,500.00	960,951.34
Encumbrances	B-4	8,700.00	58,754.44
		<u>174,200.00</u>	<u>1,019,705.78</u>
Balance December 31, 2011	B	<u><u>453,600.00</u></u>	<u><u>11,917.86</u></u>

## SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2010	Ref. B		115,699.09
Increased by Charges for:			
Tax Sale Redemptions	B-3	58,754.44	
Tax Sale Premiums	B-3	8,700.00	
Animal Control Trust	B-2	225.00	
Basin Maintenance Trust		566.40	
Park & Recreation		11,277.31	
Recycling		184.00	
Police Off Duty		2,332.50	
Escrow		162,531.61	
Snow Removal		<u>34,686.11</u>	
			<u>279,257.37</u>
			394,956.46
Decreased by:			
Cash Disbursements	B-1	115,399.84	
Encumbrances Canceled		<u>275.00</u>	
			<u>115,674.84</u>
Balance December 31, 2011	B		<u><u>279,281.62</u></u>

## **GENERAL CAPITAL FUND**



EXHIBIT C-1

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

	Ref.	
Increased by:		
Budget Appropriation	C-4:C-5	158,000.00
Due from Gloucester County Improvement Authority	C-2	148,055.17
Due Current Fund	C-2	212,948.47
		<hr/>
		519,003.64
Decreased by:		
Improvement Authorizations	C-6	106,367.61
Encumbrances Payable	C-10	257,495.93
Due Current Fund	C-2	155,140.10
		<hr/>
		519,003.64
		<hr/>

## ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2010	Receipts		Disbursements		Transfers To/(From)	Balance Dec. 31, 2011
		Miscellaneous		Improvement Authorizations	Miscellaneous		
Capital Improvement Fund	25,321.08	50,000.00				(6,643.25)	68,677.83
Due from Gloucester County Improvement Authority	(156,408.75)	148,055.17					(8,353.58)
Due to Current Fund	155,140.10	212,948.47			155,140.10		212,948.47
Reserve for Payment of Bonds	7,624.03						7,624.03
Reserve for Traffic Light	13,356.75					(13,356.75)	
Reserve for Improvements						32,500.00	32,500.00
Improvement Authorizations: Ordinance							
<u>Number</u>							
18-03 Various Capital Improvements	35,166.56		1,974.47			(1,725.00)	31,467.09
8-05 Various Capital Improvements	5,000.00		3,000.00				2,000.00
16-05 Development of Football Field	2,767.74						2,767.74
22-05 Various Capital Improvements	6,459.25						6,459.25
17-06 Various Capital Improvements	2,782.42		422.00				2,360.42
10-2007 Various Capital Improvements	76,436.18		2,979.70			(880.00)	72,576.48
3-2008 Development of the Mary Mazza Duffy Memorial Park	16,280.48		7,813.46			(2,247.56)	6,219.46
5-2008 Dam Remediation Engineering and Survey	47,061.25		2,338.75			(6,431.25)	38,291.25
8-2008 Petro Kiryk and ATS Property Site Remediation	6,480.57						6,480.57
18-2008 Reconstruction and Refurbishment of the Municipal Library	5,937.27		5,937.27				
20-2008 Various Capital Improvements and Acquisition of Various Pieces of Equipment	55,014.93		3,182.20			(704.90)	51,127.83
21-2008 SCBA Bottle Replacement and Thermal Imaging Camera	7,000.00		6,624.00				376.00
17-2009 Restoration of Farmhouse	800.00						800.00
22-2009 Various Capital Improvements	(358,627.61)	46,500.00	17,977.05			(5,244.02)	(335,348.68)
23-2009 Various Capital Improvements	29,825.02		4,719.08			(6,274.92)	18,831.02
24-2009 Acquisition of Dump Truck	(101,383.00)	11,500.00					(89,883.00)
10-2010 Various Capital Improvements	(187,167.41)	50,000.00	2,973.40			(32,500.00)	(172,640.81)
13-2010 Purchase of Real Estate	59.50						59.50
14-2010 Purchase of Real Estate	27,500.00		26,426.23				1,073.77
22-2010 Installation of lighting and other Parks and Recreation Facility Improvements	5,140.00						5,140.00
23-2011 Purchase of Emergency Services Air Pack Breathing Equipment			20,000.00			20,000.00	
Encumbrances Payable	272,433.64				257,495.93	23,507.65	38,445.36
		<u>519,003.64</u>	<u>106,367.61</u>	<u>412,636.03</u>			
Ref.		C-1	C-6	C-1			

## SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2010	Ref. C		13,917,742.04
Decreased by:			
Payments on General Serial Bonds	C-8	1,050,000.00	
Payments on Green Trust Loans	C-7	27,820.12	
		<u>1,077,820.12</u>	<u>1,077,820.12</u>
Balance December 31, 2011	C		<u><u>12,839,921.92</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2011	Analysis of Balances Dec. 31, 2011	
						Expenditures	Unexpended Improvement Authorizations
22-09	Various Capital Improvements	416,500.00		46,500.00	370,000.00	335,348.68	34,651.32
24-09	Acquisition of Dump Truck	102,500.00		11,500.00	91,000.00	89,883.00	1,117.00
10-10	Various Capital Improvements	475,000.00		50,000.00	425,000.00	172,640.81	252,359.19
09-11	Various Capital Improvements		6,900,000.00		6,900,000.00		6,900,000.00
		<u>994,000.00</u>	<u>6,900,000.00</u>	<u>108,000.00</u>	<u>7,786,000.00</u>	<u>597,872.49</u>	<u>7,188,127.51</u>
Ref.		C	C-6	C-9	C	C-2	C-6

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.		
Balance December 31, 2010	C		25,321.08
Increased by:			
Budget Appropriation	C-1	50,000.00	
Cancel Preliminary Expenses		<u>13,356.75</u>	
			<u>63,356.75</u>
			88,677.83
Decreased by:			
Funding of Ordinance	C-6		<u>20,000.00</u>
Balance December 31, 2011	C		<u><u>68,677.83</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2010		2011 Authorizations	Reclassified	Paid or Charged	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
18-2003	Various Capital Improvements	5-13-03	1,589,500.00	35,166.56				3,699.47	31,467.09	
8-2005	Various Capital Improvements	5-24-05	47,985.00	5,000.00				3,000.00	2,000.00	
16-2005	Development of Football Field	8-10-05	265,000.00	2,767.74					2,767.74	
22-2005	Various Capital Improvements	8-25-05	150,000.00	6,459.25					6,459.25	
17-2006	Various Capital Improvements	4-25-06	30,000.00	2,782.42				422.00	2,360.42	
10-2007	Various Capital Improvements	4-24-07	44,000.00	76,436.18				3,859.70	72,576.48	
3-2008	Development of the Mary Mazza Duffy Memorial Park	2-12-08	950,000.00	16,280.48				10,061.02	6,219.46	
5-2008	Dam Remediation Engineering and Survey	3-11-08	100,000.00	47,061.25				8,770.00	38,291.25	
8-2008	Petro Kiryk and ATS Property Site Remediation	3-25-08	10,000.00	6,480.57					6,480.57	
18-2008	Reconstruction and Refurbishment of the Municipal Library	6-24-08	2,500,000.00	5,937.27				5,937.27		
20-2008	Various Capital Improvements and Acquisition of Various Pieces of Equipment	7-22-08	360,000.00	55,014.93				3,887.10	51,127.83	
21-2008	SCBA Bottle Replacement and Thermal Imaging Camera	9-9-08	20,000.00	7,000.00				6,624.00	376.00	
17-2009	Restoration of Farmhouse	5-26-09	20,000.00	800.00					800.00	
22-2009	Various Capital Improvements	7-28-09	563,000.00		57,872.39			23,221.07		34,651.32
23-2009	Various Capital Improvements	7-28-09	101,000.00	29,825.02				10,994.00	18,831.02	
24-2009	Acquisition of Dump Truck	8-25-09	120,000.00		1,117.00					1,117.00
10-2010	Various Capital Improvements	7-7-10	532,500.00		287,832.59		32,500.00	2,973.40		252,359.19
13-2010	Purchase of Real Estate	8-24-10	9,000.00	59.50					59.50	
14-2010	Purchase of Real Estate	8-24-10	27,500.00	27,500.00				26,426.23	1,073.77	
22-2010	Installation of lighting and other Parks and Recreation Facility Improvements	10-26-10	65,000.00	5,140.00					5,140.00	
09-2011	Various Capital Improvements	4-12-11	6,900,000.00			6,900,000.00				6,900,000.00
23-2011	Purchase of Emergency Services Air Pack Breathing Equipment	9-27-11	20,000.00			20,000.00		20,000.00		
				<u>329,711.17</u>	<u>346,821.98</u>	<u>6,920,000.00</u>	<u>32,500.00</u>	<u>129,875.26</u>	<u>246,030.38</u>	<u>7,188,127.51</u>
		Ref.	C	C	C-3				C	C
				Ref.						
	Capital Improvement Fund			C-5		20,000.00				
	Deferred Charges Unfunded			C-4		6,900,000.00				
						<u>6,920,000.00</u>				
							Ref.			
						Disbursed	C-1	106,367.61		
						Encumbered	C-10	23,507.65		
								<u>129,875.26</u>		

SCHEDULE OF LOAN PAYABLE - GREEN TRUST

	Ref.	
Balance December 31, 2010	C	196,742.04
Decreased by:		
Payments	C-3	<u>27,820.12</u>
Balance December 31, 2011	C	<u><u>168,921.92</u></u>

## SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Outstanding Date	December 31, 2010 Amount				
General Improvement of 2003	6/15/03	8,755,000.00	6/15/12-2013	475,000.00	3.25%	7,190,000.00	430,000.00	6,760,000.00
			6/15/14	540,000.00	3.25%			
			6/15/15	1,200,000.00	3.25%			
			6/15/16	1,300,000.00	3.50%			
			6/15/17	1,370,000.00	3.50%			
			6/15/18	1,400,000.00	3.50%			
General Improvement of 2008	11/01/08	4,436,000.00	11/1/12-2018	50,000.00	4.75%	4,336,000.00	50,000.00	4,286,000.00
			11/1/19-2022	300,000.00	4.75%			
			11/1/23-2025	400,000.00	4.75%			
			11/1/26-2027	500,000.00	5.00%			
			11/1/2028	536,000.00	5.00%			
2009 General Obligation Refunding Bonds	04/23/09	2,840,000.00	6/1/2012	555,000.00	2.25%	2,195,000.00	570,000.00	1,625,000.00
			6/1/2013	545,000.00	2.50%			
			6/1/2014	525,000.00	2.75%			
						<u>13,721,000.00</u>	<u>1,050,000.00</u>	<u>12,671,000.00</u>
					Ref.	C	C-3	C



## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	Authorized	Funded by Budget	Balance Dec. 31, 2011
22-2009	Various Capital Improvements	416,500.00		46,500.00	370,000.00
24-2009	Acquisition of Dump Truck	102,500.00		11,500.00	91,000.00
10-2010	Various Capital Improvements	475,000.00		50,000.00	425,000.00
9-2011	Various Capital Improvements (Redevelopment Area)		6,900,000.00		6,900,000.00
		<u>994,000.00</u>	<u>6,900,000.00</u>	<u>108,000.00</u>	<u>7,786,000.00</u>
	Ref.		C-6	C-4	

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	
Balance December 31, 2010	C	272,433.64
Increased by:		
Charges	C-6	<u>23,507.65</u>
		295,941.29
Decreased by:		
Payments	C-1	<u>257,495.93</u>
Balance December 31, 2011	C	<u><u>38,445.36</u></u>

## SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE

Purpose	Lease Number	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate	Balance	Decreased	Balance
				Principal	Interest		Dec. 31, 2010		Dec. 31, 2011
Various Capital Improvements	Series 2004C	12/07/04	20 Years	2,468,000	519,280	3%-4.5%	908,000.00	146,000.00	762,000.00
Various Capital Improvements	Series 2006	12/18/06	15 Years	3,405,000	1,079,650	3.75%-5%	<u>2,485,000.00</u>	<u>350,000.00</u>	<u>2,135,000.00</u>
							<u>3,393,000.00</u>	<u>496,000.00</u>	<u>2,897,000.00</u>
						Ref.	<u>C</u>		<u>C</u>

**PART II**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2011**

## **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:

Purchase of recycling cans  
Purchase of automated containers

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 10, 2011, and was 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>
2011	179
2010	170
2009	124

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 records maintained by the Tax Collector were found to be in good condition.

**Corrective Action Plan**

A corrective action plan for the 2010 audit was filed with the Division of Local Government Services by the Chief Financial Officer.

**STATUS OF PRIOR RECOMMENDATIONS**

Control Deficiencies:

2010-1) Finding: There are several properties recorded in the tax arrears register that require proper disposition of balances.

Status: Corrected.

**FINDINGS AND RECOMMENDATIONS**

None

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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,



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