

**TOWNSHIP OF MONROE
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2012**

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PART I
INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Monroe
125 Virginia Avenue
Willamstown, New Jersey 08094

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Monroe, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township of Monroe's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Monroe as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 13 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,087,188.93 and \$968,208.21 for 2012 and 2011, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Monroe's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

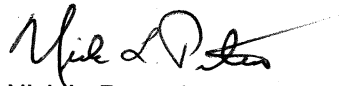
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2013, on our consideration of the Township of Monroe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Monroe's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC

A handwritten signature in black ink, appearing to read 'Nick L. Petroni', with a long horizontal flourish extending to the right.

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

June 20, 2013

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
Regular Fund			
Cash - Treasurer	A-4	8,084,433.69	5,600,871.50
Cash - Change Fund	A-5	850.00	900.00
		<u>8,085,283.69</u>	<u>5,601,771.50</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	2,501,543.40	2,373,240.84
Tax Title Liens Receivable	A-7	749,942.72	664,650.65
Property Acquired for Taxes - Assessed Valuation	A-8	1,551,400.00	1,551,000.00
Deduction Surcharge Receivable	A-9	12,442.45	
Revenue Accounts Receivable	A-11	48,749.21	40,917.80
Assessments Receivable		13,900.50	13,900.50
Due from General Capital			212,948.47
Due from Municipal Open Space Trust	B	317.97	317.97
Due from Federal and State Grant Fund	A	54,478.46	
		<u>4,932,774.71</u>	<u>4,856,976.23</u>
Deferred Charges:			
Special Emergency Authorization			5,875.00
Emergency Appropriation			<u>5,875.00</u>
		<u>13,018,058.40</u>	<u>10,464,622.73</u>
Federal and State Grant Fund			
Grants Receivable	A-17	342,027.17	334,566.97
Due from Current Fund			157,218.30
		<u>342,027.17</u>	<u>491,785.27</u>
		<u>13,360,085.57</u>	<u>10,956,408.00</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-13	877,877.05	521,785.49
Encumbrances Payable	A-14	4,343,840.64	710,001.26
Accounts Payable		16,191.05	16,891.05
Deduction Surcharge Payable	A-9	28,500.00	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-12	57,812.65	52,633.32
Prepaid Taxes	A-4	474,999.55	544,060.89
Tax Overpayments		105,454.43	76,454.17
Due State - Marriage License Fees		1,200.00	875.00
Due State of New Jersey - DCA Fees			4,543.00
Payroll Taxes Payable		130,337.47	121,902.67
Due County for Added & Omitted Taxes	A-6	96,971.80	94,800.18
Reserve for Local Grants	A-16	55,025.53	81,174.10
Due Grant Fund			157,218.30
		<u>6,188,210.17</u>	<u>2,382,339.43</u>
Reserve for Receivables		4,932,774.71	4,856,976.23
Fund Balance	A-1	1,897,073.52	3,225,307.07
		<u>13,018,058.40</u>	<u>10,464,622.73</u>
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-18	195,510.43	384,176.60
Reserve for Grants - Unappropriated	A-19	3,825.00	
Due Current Fund	A	54,478.46	
Encumbrances Payable	A-14	88,213.28	107,608.67
		<u>342,027.17</u>	<u>491,785.27</u>
		<u>13,360,085.57</u>	<u>10,956,408.00</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

Revenue and Other Income Realized	Ref.	Year 2012	Year 2011
Fund Balance Utilized	A-2	2,810,000.00	3,215,000.00
Miscellaneous Revenue Anticipated	A-2	7,962,181.66	7,844,532.38
Receipts from Delinquent Taxes	A-2	2,327,315.48	2,830,908.40
Receipts from Current Taxes	A-2	79,215,159.89	79,035,461.70
Non-Budget Revenue	A-2	697,769.44	845,329.70
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	457,836.32	729,607.87
Encumbrances Payable - Canceled	A-14	99,715.95	109,762.55
Accounts Payable - Canceled			
Interfund Loan Returned		212,948.47	459,873.74
Grant Reserve Balance Canceled			477,774.16
Total Income		93,782,927.21	95,548,250.50
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	12,133,400.00	12,043,300.00
Other Expenses	A-3	12,132,700.00	11,668,330.00
Deferred Charges and Statutory Expenditures	A-3	2,579,000.00	2,677,000.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	63,382.50	61,554.40
Other Expenses	A-3	1,148,047.80	1,418,581.12
Capital Improvements	A-3	334,100.00	50,000.00
Municipal Debt Service	A-3	2,004,252.83	2,215,653.99
Deferred Charges	A-3	5,875.00	288,000.00
Judgments			
County Taxes	A-6	15,104,780.53	15,458,136.96
Due County for Added Taxes	A-6	96,971.80	94,800.18
Municipal Open Space Tax	A-6	71,523.00	72,046.00
Local District School Tax	A-15	46,520,546.00	45,767,460.50
Grant Receivables Canceled			478,527.15
Interfund Loan Advanced		54,478.46	323,583.59
Deduction Surcharge	A-9	28,500.00	
Prior Year Deductions Disallowed	A-12	11,308.32	9,459.84
Prior Period Adjustment		814.09	
Refund of Prior Year Revenue	A-4	11,480.43	
Total Expenditures		92,301,160.76	92,626,433.73

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.	Year 2012	Year 2011
Excess in Revenue		<u>1,481,766.45</u>	<u>2,921,816.77</u>
Fund Balance			
Balance January 1	A	<u>3,225,307.07</u>	<u>3,518,490.30</u>
		<u>4,707,073.52</u>	<u>6,440,307.07</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>2,810,000.00</u>	<u>3,215,000.00</u>
Balance December 31	A	<u><u>1,897,073.52</u></u>	<u><u>3,225,307.07</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	Special NJSA 40A:4-87		
Fund Balance Anticipated	A-1	2,810,000.00		2,810,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-11	35,000.00		35,480.00	480.00
Other	A-11	21,000.00		29,312.23	8,312.23
Fees and Permits	A-11	435,000.00		434,779.44	(220.56)
Fines and Costs:					
Municipal Court	A-11	280,000.00		245,200.37	(34,799.63)
Interest and Costs on Taxes	A-11	535,000.00		436,305.70	(98,694.30)
Interest on Investments and Deposits	A-11	22,000.00		88,543.08	66,543.08
Insurance Reimbursements - Ambulance	A-11	840,000.00		810,933.83	(29,066.17)
Consolidated Municipal Property Tax Relief	A-11	27,530.00		27,530.00	
Energy Receipts Tax	A-11	3,995,466.00		3,995,466.00	
Garden State PILOT Trust	A-11	12,800.00		12,800.00	
Uniform Construction Code Fees	A-11	496,000.00		310,291.00	(185,709.00)
Uniform Fire Safety Act	A-11	50,000.00		51,671.11	1,671.11
Franchise Fees - Cable Television	A-11	184,656.00		184,656.75	0.75
Engineering Review Fees	A-11	17,000.00		16,675.00	(325.00)
Park & Recreation Trust Fund	A-11	25,000.00		25,000.00	
Basin Maintenance Trust	A-11	50,000.00		50,000.00	
Red Light Camera Enforcement	A-11	225,600.00		656,001.64	430,401.64
Gloucester County Improvement Authority					
Debt Fund Proceeds	A-11	136,870.21		136,870.21	
Click It or Ticket	A-17	4,000.00		4,000.00	
CDBG - Pedestrian Safety	A-17	50,000.00		50,000.00	
Municipal Alliance Youth Service	A-17	23,460.00		23,460.00	
Drunk Driving Enforcement	A-17		3,382.50	3,382.50	
Body Armor Replacement Grant	A-17		5,578.81	5,578.81	
Emergency Management Assistance Grant	A-17		5,000.00	5,000.00	
Bulletproof Vest	A-17		6,240.00	6,240.00	

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	Special NJSA 40A:4-87		
Clean Communities	A-17		56,178.99	56,178.99	
Police Over the Limit, Under Arrest	A-17	5,000.00		5,000.00	
Safe and Secure	A-17	60,000.00		60,000.00	
NJ Transportation Trust - Winslow Rd Phase IV	A-17	184,100.00		184,100.00	
Walmart Police Grant	A-10		3,000.00	3,000.00	
JIF Safety Incentive Program	A-10		8,725.00	8,725.00	
Total Miscellaneous Revenues		7,715,482.21	88,105.30	7,962,181.66	158,594.15
Receipts from Delinquent Taxes	A-2	2,450,000.00		2,327,315.48	(122,684.52)
Subtotal General Revenues		12,975,482.21	88,105.30	13,099,497.14	35,909.63
Amount to be Raised by Taxation		19,552,665.93		19,567,361.70	14,695.77
Minimum Library Tax		925,134.30		925,134.30	
Budget Totals		33,453,282.44	88,105.30	33,591,993.14	50,605.40
Non-Budget Revenue	A-2			697,769.44	
		33,453,282.44	88,105.30	34,289,762.58	
	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	79,215,159.89
Allocated to:		
Municipal Open Space	A-6	71,523.00
School and County Taxes	A-6	61,722,298.33
Balance for Support of Municipal Budget Appropriations		17,421,338.56
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	3,071,157.44
Amount for Support of Municipal Budget Appropriations	A-2	20,492,496.00
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6	2,278,941.44
Tax Title Liens	A-7	48,374.04
	A-2	2,327,315.48

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Refunds	A-11	57,378.56
Insurance Dividends	A-11	142,214.60
Ads on Bus Shelters	A-11	2,467.92
Inspection Violations	A-11	5,884.00
Tax Map Maintenance	A-11	255.00
Sale of Property	A-11	24,500.00
Administrative Fees Off-Duty Police	A-11	61,393.75
Administrative Fees - Senior Citizen Deductions	A-11	11,380.08
In Lieu of Taxes	A-11	22,076.82
School Security Officers Reimbursement	A-11	180,000.00
Excess Dog Fees	A-11	4,971.43
Tax Abatements	A-11	49,983.52
Miscellaneous	A-11	7,701.66
Hotel/Motel Tax Revenue	A-11	53,451.42
Demolition/Boarding Up	A-11	4,913.13
Pinelands Master Plan Reimbursement	A-11	10,000.00
Performance Bond Recall	A-11	42,240.00
Rental	A-11	900.00
Deduction Surcharge Receivable	A-9	16,057.55
	A-2	697,769.44

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	213,400.00	213,400.00	210,676.55		2,723.45	
Other Expenses	36,500.00	38,500.00	36,532.16	1,270.50	697.34	
Mayor and Township Council						
Salaries & Wages						
Mayor	10,100.00	10,100.00	10,018.64		81.36	
Council	60,000.00	60,000.00	59,800.52		199.48	
Other Expenses						
Council	1,000.00	1,000.00	388.00		612.00	
Municipal Clerk						
Salaries & Wages	218,000.00	222,000.00	221,039.03		960.97	
Other Expenses	69,000.00	69,000.00	67,286.96		1,713.04	
Elections						
Salaries & Wages	4,500.00	4,500.00	3,694.94		805.06	
Other Expenses	21,000.00	21,000.00	20,967.87		32.13	
Financial Administration						
Salaries & Wages	203,000.00	209,000.00	208,466.95		533.05	
Other Expenses	50,000.00	48,000.00	43,976.44	274.66	3,748.90	
Audit Services						
Other Expenses	59,700.00	59,700.00	59,700.00			
Municipal Information Services (MIS)						
Salaries & Wages	115,400.00	115,400.00	114,603.87		796.13	
Other Expenses	63,000.00	65,000.00	61,236.17	1,026.11	2,737.72	
Revenue Administration (Tax Collection)						
Salaries & Wages	170,000.00	171,000.00	170,423.54		576.46	
Other Expenses	15,000.00	15,000.00	11,815.79		3,184.21	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" - (CONTINUED)						
GENERAL GOVERNMENT						
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	229,258.73	15,269.62	5,471.65	
Engineering Services & Costs						
Other Expenses	80,000.00	100,000.00	90,001.09	1,837.50	8,161.41	
COAH Engineering Costs	75,000.00	75,000.00	74,829.57		170.43	
Economic Development						
Other Expenses	10,000.00	10,000.00	740.78	1,950.00	7,309.22	
Historical Society (40:48-2)						
Other Expenses	1,000.00	1,000.00		1,000.00		
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries & Wages	102,500.00	102,500.00	97,243.49		5,256.51	
Other Expenses	60,000.00	60,000.00	43,740.75	2,628.22	13,631.03	
Zoning Board and Board of Adjustment						
Salaries & Wages	5,000.00	5,000.00	3,065.00		1,935.00	
Other Expenses	21,000.00	21,000.00	5,956.50	1,509.60	13,533.90	
CODE ENFORCEMENT AND ADMINISTRATION						
Code Enforcement Officer						
Salaries & Wages	212,300.00	212,300.00	184,719.20		27,580.80	
Other Expenses	12,000.00	12,000.00	2,827.49		9,172.51	
INSURANCE						
Insurance Safety Program	12,000.00	12,000.00	8,697.86	2,954.21	347.93	
Liability Insurance	555,000.00	555,000.00	552,939.72		2,060.28	
Workmen's Compensation Insurance	960,000.00	960,000.00	960,000.00			
Group Plans for Employees	5,021,000.00	5,020,600.00	4,835,990.03	1,198.80	183,411.17	
Health Insurance Waiver	44,000.00	44,400.00	44,400.00			

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	
PUBLIC SAFETY FUNCTIONS						
Director of Public Safety						
Salaries & Wages	6,000.00	6,000.00	5,999.90		0.10	
Police						
Salaries & Wages	6,560,000.00	6,516,000.00	6,306,123.89		209,876.11	
Other Expenses	395,000.00	415,000.00	290,680.97	122,318.07	2,000.96	
Contractual Services-Red Light Camera	225,600.00	225,600.00	199,367.68	18,800.00	7,432.32	
Office of Emergency Management						
Salaries & Wages	105,300.00	105,300.00	98,743.84		6,556.16	
Other Expenses	7,000.00	7,000.00	4,595.21	2,067.13	337.66	
First Aid Organization - Ambulances						
Monroe Township Ambulance	60,000.00	60,000.00	54,686.48	5,246.82	66.70	
Fire						
Other Expenses						
Fire Hydrant Service	27,000.00	27,000.00	26,525.00		475.00	
Cecil Fire Company	50,000.00	52,000.00	36,885.00	13,989.80	1,125.20	
Williamstown Fire Company	50,000.00	52,000.00	50,419.36	1,431.58	149.06	
Uniform Fire Safety Act (P.L. 1983, C383)						
Salaries & Wages	60,000.00	60,000.00	58,453.02		1,546.98	
Other Expenses	4,000.00	4,000.00	1,200.00	1,821.11	978.89	
Ambulance						
Salaries & Wages	337,300.00	355,300.00	350,393.79		4,906.21	
Other Expenses	110,000.00	108,000.00	67,883.93	22,758.94	17,357.13	
Prosecutor						
Salaries & Wages	18,000.00	18,000.00	18,000.00			
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	750,000.00	750,000.00	705,371.70		44,628.30	
Other Expenses	28,000.00	28,000.00	17,572.84	8,134.26	2,292.90	
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	1,098,600.00	1,108,600.00	1,095,231.89		13,368.11	
Other Expenses	3,000.00	3,000.00	2,829.40	170.60		
Public Buildings & Grounds						
Salaries & Wages	311,500.00	312,500.00	310,487.59		2,012.41	
Other Expenses	122,000.00	122,000.00	106,327.87	9,400.80	6,271.33	
Vehicle Maintenance						
Salaries & Wages	386,500.00	386,500.00	378,809.86		7,690.14	
Other Expenses	415,000.00	450,000.00	388,095.86	61,825.95	78.19	
Community Services Act						
Condominium Trash Services	130,000.00	142,000.00	108,598.52	33,399.71	1.77	
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health)						
Salaries & Wages	68,300.00	68,300.00	67,254.28		1,045.72	
Other Expenses	2,500.00	2,500.00	1,722.55		777.45	
Environmental Commission (40:56A et. seq.)						
Salaries & Wages	700.00	700.00	300.00		400.00	
Other Expenses	1,000.00	1,000.00	428.80	20.00	551.20	
RECREATION FUNCTIONS						
Parks & Recreation						
Salaries & Wages	300,000.00	304,000.00	301,977.23		2,022.77	
Other Expenses	70,000.00	70,000.00	69,537.88	275.00	187.12	
Community Center						
Salaries & Wages	141,000.00	141,000.00	133,360.17		7,639.83	
Other Expenses	4,000.00	4,000.00	1,368.73	1,564.29	1,066.98	
Community Transportation Service						
Salaries & Wages	59,000.00	59,000.00	57,076.78		1,923.22	
Other Expenses	400.00	400.00			400.00	
Senior Citizen Center						
Salaries & Wages	600.00	600.00	600.00			
Other Expenses	5,000.00	5,000.00	4,877.60		122.40	

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	
OTHER COMMON OPERATING FUNCTIONS						
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	26,069.40	483.69	446.91	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	300,000.00	290,000.00	225,718.11	9,247.58	55,034.31	
Street Lighting	465,000.00	475,000.00	424,785.38	26,254.16	23,960.46	
Telephone and Telegraph	95,000.00	95,000.00	89,475.65	5,020.93	503.42	
Natural Gas	100,000.00	88,000.00	55,041.19	11,537.72	21,421.09	
Fuel Oil	4,000.00	4,000.00	3,138.14	861.86	0.00	
Gasoline	600,000.00	600,000.00	534,932.38	35,067.62	30,000.00	
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Gloucester County Landfill						
Other Expenses	1,260,000.00	1,179,000.00	973,524.10	195,576.50	9,899.40	
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	280,000.00	280,000.00	258,935.78		21,064.22	
Other Expenses	18,000.00	20,000.00	17,891.89	790.66	1,317.45	
Public Defender						
Other Expenses	8,000.00	8,000.00	3,758.36		4,241.64	

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	
UNIFORM CONSTRUCTION CODE -					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (NJAC 5:23-4.17)					
State Uniform Construction Code					
Construction Official					
Salaries & Wages	328,400.00	328,400.00	320,015.47		8,384.53
Other Expenses	30,000.00	30,000.00	8,934.87	152.14	20,912.99
Total Operations within "CAPS"	24,266,100.00	24,266,100.00	22,807,045.98	619,136.14	839,917.88
Detail:					
Salaries & Wages	12,133,400.00	12,133,400.00	11,758,886.92		374,513.08
Other Expenses	12,132,700.00	12,132,700.00	11,048,159.06	619,136.14	465,404.80
DEFERRED CHARGES					
Uncollected Developer Escrow - Cedar Creek	11,725.00	11,725.00			11,725.00
STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	661,000.00	661,000.00	660,458.00		542.00
Social Security System (OASI)	565,000.00	565,000.00	535,610.83		29,389.17
Police and Firemen's Retirement System of NJ	1,343,000.00	1,343,000.00	1,342,309.00		691.00
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00		
Total Deferred Charges & Statutory					
Expenditures - Municipal within "CAPS"	2,590,725.00	2,590,725.00	2,548,377.83		30,622.17
Total General Appropriations for					
Municipal Purposes within "CAPS"	26,856,825.00	26,856,825.00	25,355,423.81	619,136.14	870,540.05
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program					
(P.L. 1997, c. 388)	135,000.00	135,000.00		135,000.00	
EDUCATION FUNCTIONS					
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
LANDFILL AND SOLID WASTE DISPOSAL COSTS					
Recycling Tax					
Other Expenses	50,000.00	50,000.00	42,663.00		7,337.00
Total Other Operations - Excluded from "CAPS"	975,000.00	975,000.00	832,663.00	135,000.00	7,337.00
PUBLIC AND PRIVATE PROGRAMS					
OFF-SET BY REVENUES					
Click It or Ticket	4,000.00	4,000.00	4,000.00		
Municipal Alliance Youth Service	29,325.00	29,325.00	29,325.00		
Drunk Driving Enforcement		3,382.50	3,382.50		
Clean Communities		56,178.99	56,178.99		
Police Over the Limit, Under Arrest	5,000.00	5,000.00	5,000.00		
Emergency Management Grant		5,000.00	5,000.00		
CDBG Pedestrian Safety	50,000.00	50,000.00	50,000.00		
Body Armor Replacement Grant		5,578.81	5,578.81		
Bulletproof Vest		6,240.00	6,240.00		
Safe and Secure	60,000.00	60,000.00	60,000.00		
JIF Safety Incentive Program		8,725.00	8,725.00		
Walmart Police Grant		3,000.00	3,000.00		
Matching Funds for Grants	7,000.00	7,000.00			7,000.00
Total Operations Excluded from "CAPS"	1,130,325.00	1,218,430.30	1,069,093.30	135,000.00	7,337.00
Detail:					
Salaries and Wages	60,000.00	63,382.50	63,382.50		
Other Expenses	1,070,325.00	1,155,047.80	1,005,710.80	135,000.00	7,337.00

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	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	150,000.00	150,000.00	150,000.00		
NJ Transportation Trust - Winslow Rd Phase IV	184,100.00	184,100.00	184,100.00		
Total Capital Improvements Excluded from "CAPS"	334,100.00	334,100.00	334,100.00		
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Bond Principal	1,080,000.00	1,080,000.00	1,080,000.00		
Interest on Bonds	465,000.00	465,000.00	433,656.25		31,343.75
Interest on Notes	6,000.00	6,000.00			6,000.00
Green Trust Loan Repayments - Principal & Interest	32,000.00	32,000.00	22,202.27		9,797.73
Capital Lease Obligations					
Principal	351,000.00	351,000.00	351,000.00		
Interest	121,000.00	121,000.00	117,394.31		3,605.69
Total Municipal Debt Service Excluded From "CAPS"	2,055,000.00	2,055,000.00	2,004,252.83		50,747.17

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
DEFERRED CHARGES EXCLUDED FROM CAPS					
Emergency Authorizations	5,875.00	5,875.00	5,875.00		
Total Deferred Charges Excluded from "CAPS"	5,875.00	5,875.00	5,875.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,525,300.00	3,613,405.30	3,413,321.13	135,000.00	7,337.00
Subtotal General Appropriations	30,382,125.00	30,470,230.30	28,768,744.94	754,136.14	877,877.05
RESERVE FOR UNCOLLECTED TAXES	3,071,157.44	3,071,157.44	3,071,157.44		
TOTAL GENERAL APPROPRIATIONS	<u>33,453,282.44</u>	<u>33,541,387.74</u>	<u>31,839,902.38</u>	<u>754,136.14</u>	<u>877,877.05</u>
Ref.	A-2			A-14	A
Budget	Ref.				
Appropriations by 40A:4-87	A-3	33,453,282.44			
	A-2	88,105.30			
		<u>33,541,387.74</u>			
Reserve for Federal and State Grants	Ref.				
Reserve for Uncollected Taxes	A-18	408,805.30			
Reserve for Local Grants	A-3	3,071,157.44			
Special Emergency	A-16	11,725.00			
Disbursed		5,875.00			
	A-4	28,342,339.64			
		<u>31,839,902.38</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

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
ASSETS			
Trust Fund			
Cash - Treasurer	B-1	4,207,407.84	3,852,642.60
Off-Duty Police Receivables		637.50	8,395.00
		<u>4,208,045.34</u>	<u>3,861,037.60</u>
LOSAP (unaudited)			
Investment		<u>1,087,188.93</u>	<u>968,208.21</u>
Escrow Trust Fund			
Cash - Treasurer	B-1	1,260,819.36	1,279,518.39
Escrow Receivable		953.99	17,238.50
		<u>1,261,773.35</u>	<u>1,296,756.89</u>
		<u>6,557,007.62</u>	<u>6,126,002.70</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

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
LIABILITIES, RESERVES AND FUND BALANCE			
Trust Fund			
Encumbrances Payable	B-4	133,614.66	116,750.01
Due Current Fund	A	317.97	317.97
Reserve for Dog Fund Expenditures	B-2	28,949.50	28,944.10
Reserve for Intersection/Road Improvements		4,635.00	4,635.00
Reserve for Forfeited Funds		73,520.24	99,992.40
Reserve for Off-Duty Police Fees		53,828.03	20,198.03
Deposits for Redemption of Tax Sale Certificates	B-3	448.79	11,917.86
Reserve for Tax Sale Premiums	B-3	588,091.00	453,600.00
Reserve for Parks and Recreation		670,838.68	606,147.99
Reserve for Veterans Affairs Donations		125.00	125.00
Reserve for POAA Fees		971.67	943.74
Reserve for Recycling Fees		279,992.62	208,832.47
Reserve for Sidewalk Trust Fund		98,074.42	151,844.42
Reserve for Snow Removal		130,426.70	85,187.08
Reserve for Accumulated Absences		389,700.00	410,000.00
Reserve for Basin Maintenance Trust		337,387.35	396,170.95
Reserve for Municipal Open Space		1,054,271.56	977,020.46
Reserve for Affordable Housing		294,547.08	223,639.70
Reserve for Unemployment Compensation		51,140.27	41,291.42
Reserve for Municipal Alliance Donations		4.25	6,318.45
Reserve for Historical Society Donations		17,160.55	17,160.55
		<u>4,208,045.34</u>	<u>3,861,037.60</u>
LOSAP (unaudited)			
Reserve for LOSAP Benefits		<u>1,087,188.93</u>	<u>968,208.21</u>
Escrow Trust Fund			
Encumbrances Payable	B-4	49,597.77	162,531.61
Reserve for Developers Escrow		<u>1,212,175.58</u>	<u>1,134,225.28</u>
		<u>1,261,773.35</u>	<u>1,296,756.89</u>
		<u>6,557,007.62</u>	<u>6,126,002.70</u>

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

ASSETS	Ref.	Balance	Balance
		Dec. 31, 2012	Dec. 31, 2011
Cash	C-1	3,188,801.82	
Amount to be Provided by Lease Payments		2,546,000.00	2,897,000.00
Deferred Charges to Future Taxation:			
Funded	C-3	15,441,003.99	12,839,921.92
Unfunded	C-4	7,466,000.00	7,786,000.00
Due from Gloucester County Improvement Authority - Capital Projects			8,353.58
		<u>28,641,805.81</u>	<u>23,531,275.50</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Due to Current Fund			212,948.47
Serial Bonds Payable	C-7	15,291,000.00	12,671,000.00
Loan Payable - Green Trust	C-9	150,003.99	168,921.92
Encumbrances Payable	C-10	806,601.12	38,445.36
Obligations Under Capital Lease	C-11	2,546,000.00	2,897,000.00
Capital Improvement Fund	C-5	58,677.83	68,677.83
Reserve for Payment of Bonds	C-2	21,352.28	7,624.03
Reserve for Improvements			32,500.00
Improvement Authorizations:			
Funded	C-6	2,302,170.59	246,030.38
Unfunded	C-6	7,466,000.00	7,188,127.51
		<u>28,641,805.81</u>	<u>23,531,275.50</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

	2012	2011
Buildings	9,619,800.00	9,619,800.00
Land	4,203,116.73	4,203,116.73
Equipment	1,662,474.94	1,516,057.82
Vehicles	9,556,660.05	9,139,074.67
	<u>25,042,051.72</u>	<u>24,478,049.22</u>
Investment in General Fixed Assets	<u>25,042,051.72</u>	<u>24,478,049.22</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, 2012 AND 2011

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 NJSA 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 funds required by GAAP.

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.

C. Basis of Accounting

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

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.

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

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes (Continued) - 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 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

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

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. Under accounting principles generally accepted in the United States of America inter-funds are not reserved.

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

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 NJAC 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.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued) - 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.

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.

E. Recent Accounting Pronouncements Not Yet Effective

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34." The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the Township's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities." This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Township's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62." This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective (Continued)

flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Township's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27." This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Township's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations." This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the Township's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the Township's financial reporting.

NOTE 2: BUDGETARY INFORMATION

The Township must adopt an annual budget in accordance with NJSA 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 NJSA 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 NJSA 40A:4-87. The following budget amendments were approved as follows:

Special Items of Revenue	<u>\$ 88,105.30</u>
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NOTE 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits (Continued)

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 (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2012 and 2011, the carrying amount of the Township's deposits was \$16,742,312.71 and \$10,733,932.49, respectively. As of December 31, 2012 and 2011, \$0 of the municipality's bank balance of \$17,195,791.97 and \$11,521,431.86, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2012 or 2011, the Township did not have any investments other than for LOSAP.

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 NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - New Jersey Statutes NJSA 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.

Unaudited Investments:

As more fully described in Note 13, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Financial Group, which is an authorized provider, approved by the Division of Local Government Services. The balance in the accounts on December 31, 2012 and 2011, amounted to \$1,087,188.93 and \$968,208.21, respectively. The information on 5% or more invested with Variable Annual Life Insurance Company is not yet available.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 5: FUND BALANCES APPROPRIATED

	Year	Balance December 31	Utilized in Budget of Succeeding Year
	2012	1,897,073.52	1,300,000.00
	2011	3,225,307.07	2,810,000.00
Current Fund	2010	3,518,490.30	3,215,000.00
	2009	3,531,709.00	3,143,000.00
	2008	4,725,823.00	3,694,576.00

NOTE 6: 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.

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's Trust Fund for the current year and previous year:

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance Dec. 31
2012	397.39	16,606.40	10,000.00	17,154.94	51,140.27
2011	65.40	16,516.55	0.00	16,735.14	41,291.42

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2012.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Federal and State Grant Fund	54,478.46	
Municipal Open Space Trust	317.97	
Federal and State Grant Fund		
Current Fund		54,478.46
Municipal Open Space Trust		
Current Fund		317.97
	<u>54,796.43</u>	<u>54,796.43</u>

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 8: 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.

The total value of compensated absences owed to employees as of December 31, 2012 and 2011, was \$1,931,451.02 and \$1,664,913.11, respectively. 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 as of December 31, 2012 and 2011, of \$389,700.00 and \$410,000.00, respectively.

NOTE 9: 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 and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 9: DEFERRED COMPENSATION PLAN (CONTINUED)

institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the Township has an obligation of due care in selecting third party administrators. The independent administrators are NPC Group of Companies and Equitable.

NOTE 10: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2012:

	Balance Dec. 31, 2011	Additions	Deletions	Balance Dec. 31, 2012
Buildings	9,619,800.00			9,619,800.00
Land	4,203,116.73			4,203,116.73
Equipment	1,516,057.82	147,401.12	984.00	1,662,474.94
Vehicles	9,139,074.67	417,585.38		9,556,660.05
	<u>24,478,049.22</u>	<u>564,986.50</u>	<u>984.00</u>	<u>25,042,051.72</u>

NOTE 11: 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, 2012	Balance Dec. 31, 2011
Prepaid Taxes - Cash Liability	<u>474,999.55</u>	<u>544,060.89</u>

NOTE 12: ECONOMIC DEPENDENCY

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

NOTE 13: LENGTH OF SERVICE AWARD PROGRAM

During the year 2000 the voters of the Township of Monroe approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan was approved by voters of the Township of Monroe by referendum at the general election on November 7, 2000. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting services pursuant to section 457 of the Internal Revenue Code of 1986, as amended except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law of 1997, Chapter 338 and the LOSAP document. The balance is subject to the general creditors of the Township.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 13: LENGTH OF SERVICE AWARD PROGRAM (CONTINUED)

Contributions by the Township for qualified participants were \$116,325.00 and \$102,408.00 for 2011 and 2010, respectively. These payments are made in the subsequent year for participants who met the required qualifications. The assets of the plan are held by an independent administrator, Lincoln Financial Group.

NOTE 14: PENSION FUNDS

Description of Plans - All eligible employees of the Township are covered by Public Employees' Retirement System, (PERS), or Police and Firemen's Retirement System, (PFRS), a cost sharing, multiple-employer defined benefit pension plan 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 Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 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 (PFRS) - The Police and Firemen's Retirement System was established in July 1944 under the provisions of NJSA 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 NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. PFRS provides for employee contributions of 10% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The PERS and PFRS employer rates in effect for 2012 are 11.14% and 24.06%, respectively, of covered payroll, as reported on June 30, 2010. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. The Township's contributions to PERS for the years ending December 31, 2012, 2011 and 2010, were \$660,458, \$635,299 and \$517,800, respectively, equal to the required contributions for each year. The Township's contributions to PFRS for the years

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 14: PENSION FUNDS (CONTINUED)

Funding Policy (Continued) - ending December 31, 2012, 2011 and 2010, were \$1,342,309, \$1,485,178 and \$1,183,888, respectively, equal to the required contributions for each year.

Defined Contribution Retirement Program (DCRP) - The Township established Defined Contribution Retirement Program by ordinance on July 22, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et. seq. DCRP 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 DCRP for the years ending December 31, 2012 and 2011, were \$0 and \$0, respectively, equal to the required contributions for each year.

NOTE 15: POST-EMPLOYMENT HEALTHCARE PLAN

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

Funding Policy - The contribution requirements of the Township healthcare plan are established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For calendar year 2012, the Township contributed \$1,589,500 to the plan for current premiums. Plan members receiving benefits are not required to make contributions.

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

Annual Required Contribution (Thousands)	\$7,066
Interest on Net OPEB Obligation	\$0
Adjustment to Annual Required Contribution	\$261
Annual OPEB Cost (Expense) (Thousands)	<u>\$7,327</u>
Contributions Made (Thousands)	<u>\$1,590</u>
Increase in Net OPEB Obligation (Thousands)	<u>\$5,737</u>
Net OPEB Obligation - Beginning of Year	\$20,694
Net OPEB Obligation - End of Year (Thousands)	<u><u>\$26,431</u></u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 15: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued) - The Township's most recent actuarial valuation to determine ARC was performed for the year ended December 31, 2010. The next actuarial valuation is expected to be performed for the year ending December 31, 2013. GASB 45 permits the calculation of ARC in the intervening years to be based on the annual rate of inflation. In determining the ARC for the year ended 2012 the Township utilized the U.S. Bureau of Labor Statistics annual report on inflation for medical care costs, which yielded a rate of inflation of 3.70%. The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 follows (dollars amounts in thousands):

Calendar Year Ended	Annual OPEB Cost (Thousands)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Thousands)
12/31/2012	7,327	21.70%	\$26,431

Funded Status and Funding Progress - As of December 31, 2012, the Township is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

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

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

NOTE 16: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-term debt as of December 31, 2012, consisted of the following:

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 16: LONG-TERM DEBT (CONTINUED)

Summary of Municipal Debt Service (Continued)

	Year 2012	Year 2011	Year 2010
Bonds, Notes and Loans Issued	15,441,003.99	12,839,921.92	13,917,742.04
Bonds and Notes Authorized But Not Issued	7,466,000.00	7,786,000.00	994,000.00
Net Bonds, Notes and Loans Issued and Authorized But Not Issued	<u>22,907,003.99</u>	<u>20,625,921.92</u>	<u>14,911,742.04</u>

	Balance 12/31/2011	Issued/ Authorized	Retired/ Reduction	Balance 12/31/2012
Issued				
General:				
Serial Bonds Payable	12,671,000.00	9,530,000.00	6,910,000.00	15,291,000.00
Loan	168,921.92		18,917.93	150,003.99
Authorized but not Issued				
General:				
Bonds and Notes	7,786,000.00	3,480,000.00	3,800,000.00	7,466,000.00
	<u>20,625,921.92</u>	<u>13,010,000.00</u>	<u>10,728,917.93</u>	<u>22,907,003.99</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, 2012, was \$475,000.00.

\$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, 2012, was \$4,236,000.00.

\$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, 2012, was \$1,070,000.00.

\$3,800,000.00 General Obligation Bonds dated August 2012 payable in annual installments through March 2023. Interest is paid semi-annually at a rate of 1.00% - 2.00% per annum. The balance remaining at December 31, 2012, was \$3,800,000.00.

Advance Refunding

On April 30, 2012, the Township issued \$5,730,000.00 Refunding Bonds payable in annual installments through June 15, 2018. Interest is paid semiannually at varying rates ranging from 2% to 3% per annum. The bond issue Series of 2003 was advance refunding in the amount of \$5,810,000.00 of the outstanding balance which had interest at varying rates ranging from 3.25% to 3.5%. The Refunding Bonds maturing on and after June 15, 2014 through June 15, 2018, are subject to redemption prior to their stated maturity dates upon notice, at the option of the

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 16: LONG-TERM DEBT (CONTINUED)

Advance Refunding (Continued)

Township, at a redemption price equal to 100% of the principal amount of the Refunding Bonds to be redeemed, plus accrued interest to the redemption date. The balance remaining at December 31, 2012, was \$5,710,000.00.

\$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, 2012, was \$9,658.48.

\$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, 2012, was \$79,897.59.

\$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, 2012, was \$5510.00.

\$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, 2012, was \$54,937.92.

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

Year Ended	Principal	Interest	Total
2013	1,289,298.20	460,100.99	1,749,399.19
2014	1,329,686.09	423,759.93	1,753,446.02
2015	1,610,106.46	387,870.24	1,997,976.70
2016	1,705,410.10	344,616.60	2,050,026.70
2017	1,770,719.83	298,956.86	2,069,676.69
2018-2022	4,584,094.06	1,022,543.66	5,606,637.72
2023-2027	2,615,689.25	477,633.84	3,093,323.09
2028	536,000.00	26,800.00	562,800.00
	<u>15,441,003.99</u>	<u>3,442,282.12</u>	<u>18,883,286.11</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 .828%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	59,676,473.68	59,676,473.68	
General Debt	22,907,003.99	7,624.03	22,899,379.96
	<u>82,583,477.67</u>	<u>59,684,097.71</u>	<u>22,899,379.96</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 16: LONG-TERM DEBT (CONTINUED)

Advance Refunding (Continued)

Net Debt \$22,899,379.96/Equalized Valuation Basis per NJSA 40A:2-2 as amended
\$2,766,491,296 = .828%

Borrowing Power Under NJSA 40:A2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	96,827,195.36
Net Debt	<u>22,899,379.96</u>
Remaining Borrowing Power	<u><u>73,927,815.40</u></u>

NOTE 17: CAPITAL LEASE OBLIGATIONS

The Township has lease agreements in effect at December 31, 2012, 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
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	225,000.00	53,203.32	278,203.32
2018-2022	1,020,000.00	173,979.46	1,193,979.46
2023-2024	60,000.00	4,536.50	64,536.50
	<u>2,546,000.00</u>	<u>573,503.05</u>	<u>3,119,503.05</u>

NOTE 18: TAX ABATEMENT PROGRAMS

Tax abatement programs were established to encourage development in the Township. There are five year programs where real estate taxes on the approved improvements are abated and payments are made in lieu. Payments are based on financial agreements adopted through Township ordinances. The Township also has long-term programs in accordance with the Local Redevelopment and Housing Law and the Long Term Exemption Law, codified at NJSA 40A:20-1 et seq. These programs are for thirty years and require a payment of 5% of the fee collected be made to the County of Gloucester.

NOTE 19: 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.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 19: CONTINGENCIES (CONTINUED)

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 20: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2012 and June 20, 2013, the date that the financial statements were issued, and no additional items have come to their attention that would require disclosure.

SUPPLEMENTARY INFORMATION

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Township of Monroe, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township of Monroe's basic financial statements, and have issued our report thereon dated June 20, 2013, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

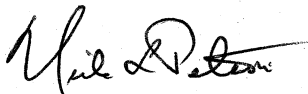
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

PETRONI & ASSOCIATES LLC



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

June 20, 2013

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE AWARDS REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Township of Monroe's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and NJ OMB 04-04, that could have a direct and material effect on each of the Township of Monroe's major state programs for the year ended December 31, 2012. The Township of Monroe's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Monroe's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and NJ OMB 04-04. Those standards and OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township of Monroe's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Township of Monroe's compliance.

Opinion on Each Major State Program

In our opinion, the Township of Monroe complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2012

Report on Internal Control Over Compliance

Management of the Township of Monroe is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Monroe's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, and NJ OMB 04-04 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Monroe's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

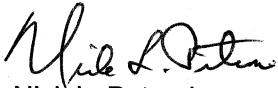
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and NJ OMB 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of State Awards Required by OMB Circular A-133 and NJ OMB 04-04

We have audited the financial statements of the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Township of Monroe as of and for the year ended December 31, 2012, and have issued our report thereon dated June 20, 2013, which

contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of state awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 schedule of expenditure of state awards 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

June 20, 2013

SCHEDULE 1

TOWNSHIP OF MONROE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

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	3,382.50	3,382.50	1/1/12	12/31/12		
Drunk Driving Enforcement Program	1110-448-301020-60	6,616.40		1/1/11	12/31/11		
Drunk Driving Enforcement Program	1110-448-301020-60	8,901.70		1/1/10	12/31/10	812.51	1,674.98
Drunk Driving Enforcement Program	1110-448-301020-60	11,278.62		1/1/09	12/31/09		11,278.62
Drunk Driving Enforcement Program	1110-448-301020-60	10,470.66		1/1/08	12/31/08		10,470.66
Safe & Secure Program	100-066-1020-232	60,000.00	45,000.00	1/1/12	12/31/12	45,000.00	45,000.00
Safe & Secure Program	100-066-1020-232	54,938.00	54,938.00	1/1/11	12/31/11	54,938.00	54,938.00
Safe & Secure Program	100-066-1020-232	60,000.00		1/1/10	12/31/10	15,000.00	60,000.00
Department of Community Affairs:							
Municipal Alliance on Alcohol and Drugs	N/A	29,325.00	12,331.52	1/1/12	12/31/12	29,325.00	29,325.00
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	53,396.85	11,036.00	1/1/11	12/31/11	53,396.85	53,396.85
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	53,879.13		1/1/10	12/31/10	53,879.13	53,879.13
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	54,005.19		1/1/09	12/31/09	21,811.99	54,005.19
Department of Environmental Protection							
Clean Communities	4900-765-042-4900-004-VCMB-6020	39,179.66		1/1/08	12/31/08	2,053.23	39,179.66
Clean Communities	4900-765-042-4900-004-VCMB-6020	50,274.99		1/1/09	12/31/09	412.33	50,274.99
Clean Communities	4900-765-042-4900-004-VCMB-6020	52,285.09		1/1/10	12/31/10	6.45	52,285.09
Clean Communities	4900-765-042-4900-004-VCMB-6020	57,150.01		1/1/11	12/31/11	43,209.07	57,090.01
Clean Communities	4900-765-042-4900-004-VCMB-6020	56,178.99	56,178.99	1/1/12	12/31/12	23,018.82	23,018.82
Timberlakes Water Main Extension	N/A	2,086,643.00		1/1/07	12/31/07		1,554,002.89
Hazardous Discharge Site-Petro Kiryk Site	N/A	97,688.00		1/1/07	12/31/07		89,911.00
Hazardous Discharge Site-Monroe Twp Landfill	N/A	408,938.00		1/1/11	12/31/11		408,938.00
Energy Efficiency Grant	N/A	19,318.10		1/1/11	12/31/11		
Department of Transportation:							
NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	184,100.00	125,424.75	1/1/12	12/31/12	184,100.00	184,100.00
NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	162,094.00		1/1/10	12/31/10		152,838.52
NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	156,100.00		1/1/08	12/31/08		155,099.52
NJ DOT Bike Path	6320-480-078-6320-Z50-TCAP-6010	200,000.00	61,369.53	1/1/08	12/31/08		190,162.52
Department of Health:							
Hepatitis B Inoculation	N/A	1,655.00		1/1/08	12/31/08	8.06	1,655.00
		<u>3,977,798.89</u>	<u>369,661.29</u>			<u>526,971.44</u>	<u>3,332,524.45</u>

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

SCHEDULE 2

TOWNSHIP OF MONROE NOTES TO SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of State Financial Assistance include federal and state activity of the Township of Monroe. The Township is defined in Note 1 to the Township's financial statements. All state assistance received directly from state agencies, as well as state financial assistance passed through other government agencies, is included on the Schedule of Expenditures of State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

TOWNSHIP OF MONROE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

1. Material weakness(es) identified? Yes X No
2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

N/A

Internal control over financial reporting:

1. Material weakness(es) identified? Yes No
2. Significant deficiencies identified that are not considered to be material weaknesses? Yes None

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

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? Yes X No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

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

Auditee qualified as low-risk auditee? Yes No

TOWNSHIP OF MONROE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Section I – Summary of Auditor’s Results

State Awards

N/A

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

Auditee qualified as low-risk auditee? Yes X No

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

Internal control over major programs:

1. Material weakness(es) identified? Yes X No

2. Significant deficiencies identified that
are not considered to be material weaknesses? Yes X None

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

 Yes X No

Identification of major programs:

State Grant Number
6320-480-078-6320
4900-752-042-4900

Name of State Program
NJ Transportation Trust
Recycling Tonnage Grant

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings

N/A

Section IV – State Awards Findings

None

SCHEDULE 4

TOWNSHIP OF MONROE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2012

No matters were reported in the prior year related to federal or state grant awards.

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

Balance December 31, 2011	Ref. A		5,600,871.50
Increased by Receipts:			
Taxes Receivable	A-6	80,455,400.71	
Tax Title Liens	A-7	48,374.04	
Prepaid Taxes	A	474,999.55	
Tax Overpayments		279,662.28	
Deduction Surcharge Receivable	A-9	16,057.55	
Grants Receivable	A-17	395,480.10	
Revenue Accounts Receivable	A-11	8,229,228.25	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-12	445,704.05	
Reserve for Grants - Unappropriated	A-19	3,825.00	
Due State of New Jersey Registrar Fees		4,800.00	
Construction DCA Fees		22,279.00	
Due Monroe MUA		64,585.30	
Local Grants Receivable	A-10	11,725.00	
Net Payroll		8,278,199.98	
Payroll Taxes Payable		4,618,970.96	
Change Fund	A-5	50.00	
Due from General Capital		212,948.47	
			103,562,290.24
			109,163,161.74
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	28,342,339.64	
Appropriation Reserves	A-13	63,949.17	
Encumbrances Payable	A-14	667,287.00	
Accounts Payable		700.00	
Reserve for Grants - Appropriated	A-18	548,361.63	
Reserve for Local Grants	A-16	35,894.61	
Tax Overpayments		208,669.42	
County Taxes	A-6	15,104,780.53	
Due County Added & Omitted Taxes		94,800.18	
Municipal Open Space	A-6	71,523.00	
Local District School Tax	A-15	42,944,324.00	
Net Payroll		8,278,199.98	
Payroll Taxes Payable		4,610,536.16	
Due State of New Jersey Registrar Fees		4,475.00	
Construction DCA Fees		26,822.00	
Due Monroe MUA		64,585.30	
Prior Year Refunds	A-1	11,480.43	
			101,078,728.05
Balance December 31, 2012	A		8,084,433.69

SCHEDULE OF CHANGE FUND

	Balance Dec. 31, 2011	Disbursements	Balance Dec. 31, 2012
	900.00	50.00	850.00
Ref.	A	A-4	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred	Balance
	Dec. 31, 2011			2011	2012			to Tax Title Liens	Dec. 31, 2012
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	10.97							10.97	
2004	679.46				211.00			468.46	
2005	889.50							889.50	
2006	2,563.33				1,613.67			949.66	
2007	8,183.79				6,332.15		869.44	982.20	
2008	9,475.97				6,991.84		2,067.24	38.24	378.65
2009	29,317.89		876.68		15,811.78		2,169.43	40.13	12,173.23
2010	46,476.45		4,529.37		21,648.58		5,561.56	2.78	23,792.90
2011	2,275,528.49		35,607.65		2,226,332.42		44,341.13	16,039.04	24,423.55
	2,373,240.84		41,013.70		2,278,941.44		55,008.80	19,523.07	60,781.23
2012		82,696,807.20		544,060.89	78,628,292.31	42,806.69	923,069.51	117,815.63	2,440,762.17
	2,373,240.84	82,696,807.20	41,013.70	544,060.89	80,907,233.75	42,806.69	978,078.31	137,338.70	2,501,543.40
Ref.	A							A-7	A
		Cash - Treasurer		Ref.					
		Due State of New Jersey		A-4	80,455,400.71				
				A-12	451,833.04				
					80,907,233.75				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		272,387.72	
General Property Tax		<u>81,921,297.57</u>	
			82,193,685.29
Added Taxes (54:4-63.1 et seq.)			<u>503,121.91</u>
			<u><u>82,696,807.20</u></u>

	Ref.		
Tax Levied			
Local District School Tax (Abstract)	A-15		46,520,546.00
County Taxes:			
County Tax (Abstract)		14,002,828.46	
Due County for Open Space		1,101,952.07	
Due County for Added Taxes (54:4-63.1 et seq.)		<u>96,971.80</u>	
Total County Taxes			15,201,752.33
Local Tax for Municipal Purposes	A-2	19,552,665.93	
Minimum Library Tax	A-2	925,134.30	
Local Municipal Open Space		71,523.00	
Add: Additional Taxes Levied		<u>425,185.64</u>	
			<u>20,974,508.87</u>
			<u><u>82,696,807.20</u></u>

EXHIBIT A-7

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2011	Ref. A		664,650.65
Increased by:			
Transfers from Taxes Receivable	A-6	137,338.70	
Interest and Costs		<u>6,505.15</u>	
			<u>143,843.85</u>
			808,494.50
Decreased by:			
Cash Receipts	A-4	48,374.04	
Transfer to Foreclosure	A-8	1,823.32	
Canceled		<u>8,354.42</u>	
			<u>58,551.78</u>
Balance December 31, 2012	A		<u><u>749,942.72</u></u>

EXHIBIT A-8

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance December 31, 2011	Ref. A		1,551,000.00
Increased by:			
Transfer from Liens	A-7	1,823.32	
Adjustment to Assessed Value		<u>(1,423.32)</u>	
			<u>400.00</u>
Balance December 31, 2012	A		<u><u>1,551,400.00</u></u>

SCHEDULE OF DEDUCTION SURCHARGE RECEIVABLE

	Ref.	
Increased by:		
Deduction Surcharges Assessed	A:A-1	28,500.00
Decreased by:		
Collections	A-4	<u>16,057.55</u>
Balance December 31, 2012	A	<u><u>12,442.45</u></u>

SCHEDULE OF LOCAL GRANTS RECEIVABLE

Grant	Transferred from Budget Appropriation	Receipts
Walmart Police Grant	3,000.00	3,000.00
JIF Safety Incentive	8,725.00	8,725.00
	11,725.00	11,725.00
Ref.	A-2	A-4

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2011	Accrued in 2012	Collected	Balance Dec. 31, 2012
Miscellaneous Revenue Anticipated				
Licenses:				
Alcoholic Beverages		35,480.00	35,480.00	
Other		29,312.23	29,312.23	
Fees and Permits		434,779.44	434,779.44	
Fines and Costs:				
Municipal Court	40,917.80	253,031.78	245,200.37	48,749.21
Interest and Costs on Taxes		436,305.70	436,305.70	
Interest on Investments and Deposits		88,543.08	88,543.08	
Insurance Reimbursements - Ambulance		810,933.83	810,933.83	
Consolidated Municipal Property Tax Relief		27,530.00	27,530.00	
Energy Receipts Tax		3,995,466.00	3,995,466.00	
Garden State PILOT Trust		12,800.00	12,800.00	
Uniform Construction Code Fees		310,291.00	310,291.00	
Uniform Fire Safety Act		51,671.11	51,671.11	
Franchise Fees - Cable Television		184,656.75	184,656.75	
Engineering Review Fees		16,675.00	16,675.00	
Park & Recreation Trust Funds		25,000.00	25,000.00	
Basin Maintenance Trust		50,000.00	50,000.00	
Red Light Camera Fees		656,001.64	656,001.64	
Gloucester County Improvement Authority - Debt Fund Proceeds		136,870.21	136,870.21	
Miscellaneous Revenue Not Anticipated				
Refunds		57,378.56	57,378.56	
Insurance Dividends		142,214.60	142,214.60	
Ads on Bus Shelters		2,467.92	2,467.92	
Inspection Violations		5,884.00	5,884.00	
Tax Map Maintenance		255.00	255.00	
Sale of Property		24,500.00	24,500.00	
Administrative Fees Off-Duty Police		61,393.75	61,393.75	
Administrative Fees - Senior Citizen Deductions		11,380.08	11,380.08	
In Lieu of Taxes		22,076.82	22,076.82	
School Security Officers Reimbursement		180,000.00	180,000.00	
Excess Dog Fees		4,971.43	4,971.43	
Tax Abatements		49,983.52	49,983.52	
Miscellaneous		7,701.66	7,701.66	
Hotel/Motel Tax Revenue		53,451.42	53,451.42	
Demolition/Boarding Up		4,913.13	4,913.13	
Pinelands Master Plan Reimbursement		10,000.00	10,000.00	
Performance Bond Recall		42,240.00	42,240.00	
Rental		900.00	900.00	
	<u>40,917.80</u>	<u>8,237,059.66</u>	<u>8,229,228.25</u>	<u>48,749.21</u>
Ref.	A		A-4	A

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

Balance December 31, 2011	Ref. A		52,633.32
Increased by:			
Cash Receipts	A-4		445,704.05
			<u>498,337.37</u>
Decreased by:			
Current Year Deductions Per Tax Duplicate		449,000.00	
Current Year Deductions Allowed by Collector		12,500.00	
Current Year Deductions Disallowed by Collector		(9,666.96)	
		<u>451,833.04</u>	
Prior Year Deductions Disallowed by Collector	A-6 A-1	(11,308.32)	
			<u>440,524.72</u>
Balance December 31, 2012	A		<u><u>57,812.65</u></u>

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages				
Finance	10,195.29	10,195.29	9,979.62	215.67
Other Expenses				
Municipal Clerk	12,588.20	12,588.20	324.10	12,264.10
Finance	3,535.64	3,535.64	1,047.55	2,488.09
Planning Board	43,499.96	43,499.96	1,154.60	42,345.36
Zoning Board	18,241.55	18,241.55	270.30	17,971.25
Group Plan for Employees	72,883.97	72,883.97	47,662.20	25,221.77
Senior Citizen Center	1,871.58	1,871.58	595.75	1,275.83
Telephone	14,319.59	14,319.59	923.65	13,395.94
Gloucester County Landfill	22,804.64	22,804.64	1,324.73	21,479.91
Public Defender	3,491.63	3,491.63	666.67	2,824.96
Other Accounts - No Change	318,353.44	318,353.44		318,353.44
	<u>521,785.49</u>	<u>521,785.49</u>	<u>63,949.17</u>	<u>457,836.32</u>
Ref.	A		A-4	A-1

EXHIBIT A-14

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2011	A	710,001.26	107,608.67
Increased by:			
Charges to Current Year Appropriations	A-3	754,136.14	
Local District School Taxes Payable	A-15	3,576,222.00	
Local Grants	A-16	2,637.50	
Charges to Reserve for Grants Appropriated	A-18		49,109.84
		4,332,995.64	49,109.84
		5,042,996.90	156,718.51
Decreased by:			
Payments	A-4	598,781.77	68,505.23
Transfer to Local Grants	A-16	658.54	
Canceled	A-1	99,715.95	
		699,156.26	68,505.23
Balance December 31, 2012	A	4,343,840.64	88,213.28

EXHIBIT A-15

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	Ref.	
Increased by:		
2012 Calendar Year School Levy		46,520,546.00
Decreased by:		
Payments	A-4	42,944,324.00
Encumbered	A-14	3,576,222.00
		46,520,546.00
2012 Tax Liability for Local District School Tax:		
Tax Paid/Encumbered	A-15	46,520,546.00
Amount Charged to 2012 Operations	A-1	46,520,546.00

SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Balance Dec. 31, 2011	Transferred from Budget Appropriation	Paid	Encumbered	Encumbrance Canceled	Balance Dec. 31, 2012
Walmart Safe Grant	500.00	3,000.00				3,500.00
JIF Safety Incentive	10,706.80	8,725.00	11,176.57	2,637.50	658.54	6,276.27
Comcast Technology Grant	44,967.30		24,718.04			20,249.26
Paving Program	25,000.00					25,000.00
	<u>81,174.10</u>	<u>11,725.00</u>	<u>35,894.61</u>	<u>2,637.50</u>	<u>658.54</u>	<u>55,025.53</u>
Ref.	A	A-3	A-4	A-14	A-14	A

SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2011	Budget Revenue Realized	Received	Balance Dec. 31, 2012
Federal Grants				
Emergency Management Assistance Grant		5,000.00	5,000.00	
Click It or Ticket		4,000.00	4,000.00	
Bulletproof Vest		6,240.00	6,240.00	
Body Armor Replacement Fund		5,578.81	5,578.81	
CDBG - Pedestrian Safety		50,000.00		50,000.00
Police Over the Limit, Under Arrest		5,000.00	5,000.00	
		<u>75,818.81</u>	<u>25,818.81</u>	<u>50,000.00</u>
State Grants				
NJ Transportation Trust - Winslow Rd Phase III	9,255.48			9,255.48
NJ Transportation Trust I Winslow Rd	5,239.10			5,239.10
NJ Transportation Trust - Winslow Rd Phase IV		184,100.00	125,424.75	58,675.25
NJ DOT Bike Path	71,177.00		61,369.53	9,807.47
NJ DEP Timberlake Water Main Project	72,115.29			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
Municipal Alliance Youth Service	11,036.00	23,460.00	23,367.52	11,128.48
Drunk Driving Enforcement		3,382.50	3,382.50	
Clean Communities		56,178.99	56,178.99	
Energy Efficiency Conservation	19,318.10			19,318.10
Safe and Secure	54,938.00	60,000.00	99,938.00	15,000.00
	<u>334,566.97</u>	<u>327,121.49</u>	<u>369,661.29</u>	<u>292,027.17</u>
	<u>334,566.97</u>	<u>402,940.30</u>	<u>395,480.10</u>	<u>342,027.17</u>
Ref.	A	A-2	A-4	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2011	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Balance Dec. 31, 2012
Federal Grants:					
CDBG - Pedestrian Safety		50,000.00	50,000.00		
Click It or Ticket		4,000.00	4,000.00		
Bulletproof Vest		6,240.00		1,058.00	5,182.00
Police Over the Limit Grant		5,000.00	5,000.00		
Emergency Management Assistance Grant		5,000.00	5,000.00		
Body Armor Grant	5,442.03	5,578.81	3,900.03	1,542.00	5,578.81
	<u>5,442.03</u>	<u>75,818.81</u>	<u>67,900.03</u>	<u>2,600.00</u>	<u>10,760.81</u>
State Grants:					
NJ Transportation Trust - Winslow Rd Phase II	1,000.48				1,000.48
NJ Transportation Trust - Winslow Rd Phase III	9,255.48				9,255.48
NJ Transportation Trust - Winslow Rd Phase IV		184,100.00	138,549.31	45,550.69	
NJ DOT Bike Path	9,837.48				9,837.48
Drunk Driving Enforcement	14,655.63	3,382.50	657.51	155.00	17,225.62
Clean Communities	45,741.08	56,178.99	67,895.75	804.15	33,220.17
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					
Timberlakes Water Main Project	72,115.29				72,115.29
NJ Recycling Tonnage Grant	129,087.97		129,087.97		
Safe & Secure	69,938.00	60,000.00	114,938.00		15,000.00
Hepatitis B Innoculation	8.06		8.06		
	<u>378,734.57</u>	<u>332,986.49</u>	<u>480,461.60</u>	<u>46,509.84</u>	<u>184,749.62</u>
	<u>384,176.60</u>	<u>408,805.30</u>	<u>548,361.63</u>	<u>49,109.84</u>	<u>195,510.43</u>
Ref.	A	A-3	A-4	A-14	A

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Receipts	Balance Dec. 31, 2012
Drive Sober or Get Pulled Over	3,825.00	3,825.00
Ref.	A-4	A

TRUST FUND

EXHIBIT B-1

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Trust Fund	Escrow Trust Fund
Balance December 31, 2011	B	<u>3,852,642.60</u>	<u>1,279,518.39</u>
Increased by Receipts:			
Dog License Fees:			
Municipal Share	B-2	19,887.90	
State Share		3,264.60	
Forfeited Funds		28,971.12	
Off-Duty Police Fees		280,746.25	
Tax Sale Premiums	B-3	409,441.00	
Tax Sale Redemptions	B-3	1,073,562.00	
Park and Recreation Fees		248,633.71	
POAA Fees		46.00	
Public Defender Fees		3,575.00	
Recycling Fees		163,693.64	
Sidewalk Trust		14,490.00	
Snow Removal		55,909.54	
Accumulated Absence		60,000.00	
Municipal Open Space		77,251.10	
Affordable Housing		90,118.03	
Unemployment Trust		27,003.79	
Municipal Alliance		29,325.30	
Escrow Fees			485,041.69
Interest			4,363.96
		<u>2,585,918.98</u>	<u>489,405.65</u>
		<u>6,438,561.58</u>	<u>1,768,924.04</u>
Decreased by Disbursements:			
Due State of New Jersey		3,264.60	
Escrow Fees			341,209.11
Expenditures Under RS 4:19-15.11	B-2	15,882.50	
Forfeited Funds		35,943.28	
Off-Duty Police Fees		238,991.25	
Tax Sale Premiums	B-3	267,650.00	
Tax Sale Redemptions	B-3	1,075,265.15	
Park and Recreation Fees		180,748.85	
POAA Fees		18.07	
Public Defender Fees		3,575.00	
Recycling Fees		91,044.88	
Basin Maintenance		58,783.60	
Affordable Housing		19,210.65	
Sidewalk Trust		19,651.11	
Snow Removal		10,669.92	
Accumulated Absence		80,300.00	
Unemployment Compensation		17,154.94	
Municipal Alliance		30,960.29	
Encumbrances Payable	B-4	82,039.65	162,531.61
Due Current Fund			4,363.96
		<u>2,231,153.74</u>	<u>508,104.68</u>
Balance December 31, 2012	B	<u><u>4,207,407.84</u></u>	<u><u>1,260,819.36</u></u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2011	Ref. B		28,944.10
Increased by:			
Municipal Share of Dog License Fees	B-1		<u>19,887.90</u>
			48,832.00
Decreased by:			
Expenditures Under RS 4:19-15.11	B-1	15,882.50	
Encumbered	B-4	<u>4,000.00</u>	
			19,882.50
Balance December 31, 2012	B		<u><u>28,949.50</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	14,971.60
2011	<u>13,977.90</u>
	<u><u>28,949.50</u></u>

EXHIBIT B-3

SCHEDULE OF RESERVE FOR TAX SALE REDEMPTION AND PREMIUMS

	Ref.	<u>Premiums</u>	<u>Redemptions</u>
Balance December 31, 2011	B	453,600.00	11,917.86
Increased by:			
Receipts	B-1	<u>409,441.00</u>	<u>1,073,562.00</u>
		863,041.00	1,085,479.86
Decreased by:			
Disbursements	B-1	267,650.00	1,075,265.15
Encumbrances	B-4	<u>7,300.00</u>	<u>9,765.92</u>
		274,950.00	1,085,031.07
Balance December 31, 2012	B	<u><u>588,091.00</u></u>	<u><u>448.79</u></u>

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Trust Fund	Escrow Trust Fund
Balance December 31, 2011	B	<u>116,750.01</u>	<u>162,531.61</u>
Increased by Charges for:			
Tax Sale Redemptions	B-3	9,765.92	
Tax Sale Premiums	B-3	7,300.00	
Animal Control Trust	B-2	4,000.00	
Forfeited Funds		19,500.00	
Municipal Alliance		4,679.21	
Park & Recreation		3,194.17	
Recycling		1,488.61	
Police Off Duty		367.50	
Escrow			49,597.77
Sidewalk Trust		<u>48,608.89</u>	
Total Increases		<u>98,904.30</u>	<u>49,597.77</u>
		215,654.31	212,129.38
Decreased by:			
Cash Disbursements	B-1	<u>82,039.65</u>	<u>162,531.61</u>
Balance December 31, 2012	B	<u><u>133,614.66</u></u>	<u><u>49,597.77</u></u>

GENERAL CAPITAL FUND

EXHIBIT C-1

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

	Ref.	
Increased by:		
Budget Appropriation		
Capital Improvement Fund	C-5	150,000.00
Due from Gloucester County		
Improvement Authority	C-2	12,048.21
Reserve for Payment of Bonds	C-2	13,728.25
Serial Bonds	C-7	9,530,000.00
		<u>9,705,776.46</u>
Decreased by:		
Improvement Authorizations	C-6	520,194.35
Encumbrances Payable	C-10	17,637.19
Due Current Fund	C-2	212,948.47
Due from Gloucester County		
Improvement Authority	C-2	3,694.63
Reserve for Improvements	C-2	32,500.00
Serial Bonds	C-7	5,730,000.00
		<u>6,516,974.64</u>
Balance December 31, 2012	C	<u><u>3,188,801.82</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2011	Receipts		Disbursements		Transfers To/(From)	Balance Dec. 31, 2012
		Serial Bonds	Miscellaneous	Improvement Authorizations	Miscellaneous		
Capital Improvement Fund	68,677.83		150,000.00			(160,000.00)	58,677.83
Due from Gloucester County Improvement Authority	(8,353.58)		12,048.21		3,694.63		
Due to Current Fund	212,948.47				212,948.47		
Reserve for Payment of Bonds	7,624.03		13,728.25				21,352.28
Reserve for Improvements	32,500.00				32,500.00		
Improvement Authorizations:							
Ordinance							
Number							
18-02 Various Capital Improvements						11,928.90	11,928.90
18-03 Various Capital Improvements	31,467.09			2,334.71		(881.25)	28,251.13
8-05 Various Capital Improvements	2,000.00					(2,000.00)	
16-05 Development of Football Field	2,767.74			1,152.50			1,615.24
22-05 Various Capital Improvements	6,459.25					(6,459.25)	
17-06 Various Capital Improvements	2,360.42			83.39		(2,268.10)	8.93
10-2007 Various Capital Improvements	72,576.48					(72,576.48)	
3-2008 Development of the Mary Mazza Duffy Memorial Park	6,219.46			5,473.74		(745.72)	
5-2008 Dam Remediation Engineering and Survey	38,291.25					(3,100.00)	35,191.25
8-2008 Petro Kiryk and ATS Property Site Remediation	6,480.57			948.73			5,531.84
18-2008 Reconstruction and Refurbishment of the Municipal Library							
20-2008 Various Capital Improvements and Acquisition of Various Pieces of Equipment	51,127.83					(51,127.83)	
21-2008 SCBA Bottle Replacement and Thermal Imaging Camera	376.00					(376.00)	
17-2009 Restoration of Farmhouse	800.00			674.56			125.44
22-2009 Various Capital Improvements	(335,348.68)	335,349.00				1,434.38	1,434.70
23-2009 Various Capital Improvements	18,831.02			40.00		(1,786.25)	17,004.77
24-2009 Acquisition of Dump Truck	(89,883.00)	89,883.00					
10-2010 Various Capital Improvements	(172,640.81)	438,140.00		180,621.13		(84,878.06)	
13-2010 Purchase of Real Estate	59.50					(59.50)	
14-2010 Purchase of Real Estate	1,073.77					(1,073.77)	
22-2010 Installation of Lighting and Other Parks and Recreation Facility Improvements	5,140.00			3,550.00			1,590.00
6-2012 Refunding Bond Issuance Costs							
9-2012 Reappropriation of Unexpended Balance of Previous Ordinance Per 40A:2-39 by Resolution for the Purpose of:							
Various Capital Improvements		433,967.00		71,490.17		(230,694.01)	131,782.82
12-2012 Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements		2,502,661.00		253,825.42		(181,130.01)	2,067,705.57
Encumbrances Payable	38,445.36				17,637.19	785,792.95	806,601.12
		3,800,000.00	175,776.46	520,194.35	266,780.29		3,188,801.82
Ref.		C-7	C-1	C-6	C-1		C-1

EXHIBIT C-3

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2011	Ref. C		12,839,921.92
Increased :			
Improvement Costs Funded by:			
Serial Bonds			<u>3,800,000.00</u>
			<u>16,639,921.92</u>
Decreased by:			
Payments on General Serial Bonds	C-7	1,080,000.00	
Paid by Ordinance	C-7	100,000.00	
Payments on Green Trust Loans	C-9	<u>18,917.93</u>	
			<u>1,198,917.93</u>
Balance December 31, 2012	C		<u><u>15,441,003.99</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	Authorizations	Transferred to Deferred Charges Funded	Reappropriated	Reclassification	Balance Dec. 31, 2012	Analysis of Balances Dec. 31, 2012
								Unexpended Improvement Authorizations
22-2009	Various Capital Improvements	370,000.00		335,349.00	(34,651.32)	0.32		
24-2009	Acquisition of Dump Truck	91,000.00		89,883.00	(1,117.00)			
10-2010	Various Capital Improvements	425,000.00		438,140.00	(36,859.19)	49,999.19		
9-2011	Various Capital Improvements	6,900,000.00					6,900,000.00	6,900,000.00
6-2012	Refunding Bond Issuance Costs		440,000.00				440,000.00	440,000.00
9-2012	Reappropriation of Unexpended Balance of Previous Ordinance Per 40A:2-39 by Resolution for the Purpose of:							
	Various Capital Improvements			433,967.00	72,627.51	361,339.49		
12-2012	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements		3,040,000.00	2,502,661.00		(411,339.00)	126,000.00	126,000.00
		<u>7,786,000.00</u>	<u>3,480,000.00</u>	<u>3,800,000.00</u>			<u>7,466,000.00</u>	<u>7,466,000.00</u>
Ref.		C	C-6	C-8			C	C-6

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2011	C	68,677.83
Increased by:		
Budget Appropriation	C-1	<u>150,000.00</u>
		218,677.83
Decreased by:		
Funding of Ordinance	C-6	<u>160,000.00</u>
Balance December 31, 2012	C	<u><u>58,677.83</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2011		2012 Authorizations	Encumbrance Canceled	Reapprop. of Ordinance	Paid or Charged	Encumbrance	Balance Dec. 31, 2012	
		Date	Amount	Funded	Unfunded						Funded	Unfunded
18-2002	Various Capital Improvements	10-22-02	2,143,582.00				11,928.90				11,928.90	
18-2003	Various Capital Improvements	5-13-03	1,589,500.00	31,467.09					2,334.71	881.25	28,251.13	
8-2005	Various Capital Improvements	5-24-05	47,985.00	2,000.00				(2,000.00)				
16-2005	Development of Football Field	8-10-05	265,000.00	2,767.74					1,152.50		1,615.24	
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	2,360.42					83.39	2,268.10	8.93	
10-2007	Various Capital Improvements	4-24-07	44,000.00	72,576.48			880.00	(73,456.48)				
3-2008	Development of the Mary Mazza Duffy Memorial Park	2-12-08	950,000.00	6,219.46					5,473.74	745.72		
5-2008	Dam Remediation Engineering and Survey	3-11-08	100,000.00	38,291.25						3,100.00	35,191.25	
8-2008	Petro Kiryk and ATS Property Site Remediation	3-25-08	10,000.00	6,480.57					948.73		5,531.84	
18-2008	Reconstruction and Refurbishment of the Municipal Library	6-24-08	2,500,000.00									
20-2008	Various Capital Improvements and Acquisition of Various Pieces of Equipment	7-22-08	360,000.00	51,127.83				(51,127.83)				
21-2008	SCBA Bottle Replacement and Thermal Imaging Camera	9-9-08	20,000.00	376.00				(376.00)				
17-2009	Restoration of Farmhouse	5-26-09	20,000.00	800.00					674.56		125.44	
22-2009	Various Capital Improvements	7-28-09	563,000.00		34,651.32		1,434.70	(34,651.32)			1,434.70	
23-2009	Various Capital Improvements	7-28-09	101,000.00	18,831.02				(1,786.25)	40.00		17,004.77	
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		252,359.19			(36,859.19)	180,621.13	34,878.87		
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	1,073.77				(1,073.77)				
22-2010	Installation of Lighting and Other Parks and Recreation Facility Improvements	10-26-10	65,000.00	5,140.00					3,550.00		1,590.00	
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									
6-2012	Refunding Bond Issuance Costs	2-14-12	440,000.00			440,000.00						440,000.00
9-2012	Reappropriation of Unexpended Balance of Previous Ordinance Per 40A:2-39 by Resolution for the Purpose of:											
	Various Capital Improvements	3-30-12	208,966.59					208,966.59	71,490.17	5,693.60	131,782.82	
12-2012	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	3-30-12	3,200,000.00			3,200,000.00			253,825.42	752,469.01	2,067,705.57	126,000.00
			<u>246,030.38</u>	<u>7,188,127.51</u>	<u>3,640,000.00</u>		<u>14,243.60</u>		<u>520,194.35</u>	<u>800,036.55</u>	<u>2,302,170.59</u>	<u>7,466,000.00</u>
	Ref.		C	C		C-10			C-1	C-10	C	C
				Ref.								
	Capital Improvement Fund			C-5		160,000.00						
	Deferred Charges Unfunded			C-4		<u>3,480,000.00</u>						
						<u>3,640,000.00</u>						

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Outstanding December 31, 2012						
			Date	Amount					
General Improvement of 2003	6/15/03	8,755,000.00	06/15/13	475,000.00	3.25%				
			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%	6,760,000.00		6,285,000.00	475,000.00
General Improvement of 2008	11/01/08	4,436,000.00	11/1/13-2018	50,000.00	4.75%				
			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%	4,286,000.00		50,000.00	4,236,000.00
2009 General Obligation Refunding Bonds	04/23/09	2,840,000.00	6/1/2013	545,000.00	2.50%				
			6/1/2014	525,000.00	2.75%	1,625,000.00		555,000.00	1,070,000.00
2012 General Obligation Refunding Bonds	04/30/12	5,730,000.00	6/15/2014	535,000.00	2.00%				
			6/15/2015	1,185,000.00	3.00%				
			6/15/2016	1,280,000.00	3.00%				
			6/15/2017	1,345,000.00	3.00%				
			6/15/2018	1,365,000.00	3.00%		5,730,000.00	20,000.00	5,710,000.00
2012 General Obligation Bonds	08/01/12	3,800,000.00	3/1/2013-2014	200,000.00	1.00%				
			3/1/2015-2017	360,000.00	1.00%				
			3/1/2018	360,000.00	1.25%				
			3/1/2019	380,000.00	1.28%				
			3/1/2020	380,000.00	1.50%				
			3/1/2021-2023	400,000.00	2.00%		3,800,000.00		3,800,000.00
	</								

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	Authorized	Reappropriated	Reclassification	Serial Bonds Issued	Balance Dec. 31, 2012
22-2009	Various Capital Improvements	370,000.00		(34,651.32)	0.32	335,349.00	
24-2009	Acquisition of Dump Truck	91,000.00		(1,117.00)		89,883.00	
10-2010	Various Capital Improvements	425,000.00		(36,859.19)	49,999.19	438,140.00	
9-2011	Various Capital Improvements (Redevelopment Area)	6,900,000.00					6,900,000.00
6-2012	Refunding Bond Issuance Costs		440,000.00				440,000.00
9-2012	Reappropriation of Unexpended Balance of Previous Ordinance Per 40A:2-39 by Resolution for the purpose of:						
	Various Capital Improvements			72,627.51	361,339.49	433,967.00	
12-2012	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements		3,040,000.00		(411,339.00)	2,502,661.00	126,000.00
		<u>7,786,000.00</u>	<u>3,480,000.00</u>			<u>3,800,000.00</u>	<u>7,466,000.00</u>
	Ref.		C-6				

EXHIBIT C-9

SCHEDULE OF LOAN PAYABLE - GREEN TRUST

	Ref.	
Balance December 31, 2011	C	168,921.92
Decreased by:		
Payments	C-3	<u>18,917.93</u>
Balance December 31, 2012	C	<u><u>150,003.99</u></u>

EXHIBIT C-10

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	
Balance December 31, 2011	C	38,445.36
Increased by:		
Charges to Improvement Authorizations	C-6	<u>800,036.55</u>
		838,481.91
Decreased by:		
Payments	C-1	17,637.19
Canceled to Improvement Authorizations	C-6	<u>14,243.60</u>
		<u>31,880.79</u>
Balance December 31, 2012	C	<u><u>806,601.12</u></u>

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE

Purpose	Lease Number	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
				Principal	Interest				
Various Capital Improvements	Series 2004C	12/07/04	20 Years	2,468,000	519,280	3%-4.5%	762,000.00	151,000.00	611,000.00
Various Capital Improvements	Series 2006	12/18/06	15 Years	3,405,000	1,079,650	3.75%-5%	2,135,000.00	200,000.00	1,935,000.00
							<u>2,897,000.00</u>	<u>351,000.00</u>	<u>2,546,000.00</u>
						Ref.	C		C

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for NJSA 40A:11-4

NJSA 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:

Winslow Road Resurfacing Project-Phase IV
Two International 7400 Cab and Chassis
Partial Roof Re-coating for the Cecil Firehouse
Supply & Delivery of Parts & Accessories for Labrie & Leach Refuse Collection Vehicles
Municipal Building Re-Roofing & Sheet Metal Work
2012 North Main Street Sidewalk Extension Project

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 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 not 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 NJSA 40A:11-6.

NJSA 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 January 3, 2012, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, NJSA 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 2012 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 September 17, 2012, 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>
2012	175
2011	179
2010	170

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.

PROPERTY TAX INFORMATION

COMPARATIVE STATEMENT OF TAX RATE INFORMATION

	2012	2011	2010
Tax Rate	2.873	2.83	2.778
Apportionment of Tax Rate:			
Municipal	0.683	0.669	0.686
Municipal Library	0.032	0.033	
Municipal Open Space	0.002	0.002	0.005
County	0.529	0.537	0.576
Local School	1.627	1.589	1.511
Assessed Valuation	2,860,900,751	2,881,856,611	2,898,748,363

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.

	2012	2011	2010
Tax Levy	82,696,807.20	82,022,797.15	81,017,099.00
Cash Collections	79,215,159.89	79,035,461.70	77,418,623.00
Percentage of Collections	95.79%	96.36%	95.56%

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.

	2012	2011	2010
Amount of Tax Title Liens	749,942.72	664,650.65	561,664.06
Delinquent Taxes	2,501,543.40	2,373,240.84	2,893,128.74
Total Delinquent	3,251,486.12	3,037,891.49	3,454,792.80
Percentage of Tax Levy	3.93%	3.70%	4.26%

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:

	2012	2011	2010
Property Acquired for Taxes (Assessed Valuation)	1,551,400.00	1,551,000.00	1,453,100.00

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 was not required for the 2011 audit.

STATUS OF PRIOR RECOMMENDATIONS

None

FINDINGS AND RECOMMENDATIONS


None

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