

**TOWNSHIP OF MONROE
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2015**

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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
Williamstown, 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, 2015 and 2014, 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, 2015, 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, 2015 and 2014, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 14 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 \$1,483,748.23 and \$1,406,917.48 for 2015 and 2014, 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, 2015 and 2014, 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, 2015, 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 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 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, 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 16, 2016, 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



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

June 16, 2016

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Regular Fund			
Cash - Treasurer	A-4	\$ 8,174,283.46	\$ 6,001,554.91
Cash - Change Fund	A-5	850.00	850.00
		<u>8,175,133.46</u>	<u>6,002,404.91</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	2,033,478.62	2,656,401.07
Tax Title Liens Receivable	A-7	886,873.16	1,024,146.45
Property Acquired for Taxes - Assessed Valuation	A-8	2,033,900.00	1,551,400.00
Local Grant Receivable	A-9	4,500.00	
Revenue Accounts Receivable	A-10	14,349.07	70,248.90
Assessments Receivable		22,647.31	27,550.74
Due from Animal Control Trust Fund	B	13,149.74	6,568.51
		<u>5,008,897.90</u>	<u>5,336,315.67</u>
Federal and State Grant Fund			
Grants Receivable	A-16	403,580.64	527,936.89
Due from Current Fund	A	5,078.91	111,364.35
		<u>408,659.55</u>	<u>639,301.24</u>
		<u>\$ 13,592,690.91</u>	<u>\$ 11,978,021.82</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, 2015	Balance Dec. 31, 2014
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-12	\$ 1,534,856.65	\$ 927,704.01
Encumbrances Payable	A-13	803,396.11	679,329.38
Accounts Payable		30,564.68	5,446.05
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-11	56,457.87	58,710.32
Prepaid Taxes	A-4	731,186.85	521,592.07
Tax Overpayments		55,875.69	71,097.36
Due State - Marriage License Fees		675.00	1,225.00
Due State of New Jersey - DCA Fees		12,321.00	5,858.00
Payroll Taxes Payable		129,975.26	122,373.91
Due County for Added & Omitted Taxes	A-6	208,868.17	83,935.26
Reserve for Local Grants	A-15	29,154.85	52,370.28
Due Monroe MUA		318.06	
Due Affordable Housing Trust			67.00
Due Grant Fund	A	5,078.91	111,364.35
Reserve for Police Department Evidence	A-4	14,382.44	
		<u>3,613,111.54</u>	<u>2,641,072.99</u>
Reserve for Receivables		5,008,897.90	5,336,315.67
Fund Balance	A-1	4,562,021.92	3,361,331.92
		<u>13,184,031.36</u>	<u>11,338,720.58</u>
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-17	289,882.22	507,354.52
Encumbrances Payable	A-13	118,777.33	131,946.72
		<u>408,659.55</u>	<u>639,301.24</u>
		<u>\$ 13,592,690.91</u>	<u>\$ 11,978,021.82</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 2015	Year 2014
Fund Balance Utilized	A-2	\$ 2,800,000.00	\$ 2,965,753.00
Miscellaneous Revenue Anticipated	A-2	7,644,970.84	8,597,424.14
Receipts from Delinquent Taxes	A-2	2,862,141.77	2,473,516.20
Receipts from Current Taxes	A-2	88,121,346.07	84,180,759.67
Non-Budget Revenue	A-2	1,063,610.47	640,727.21
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	809,212.11	500,737.52
Encumbrances Payable - Canceled	A-13	147,278.35	91,527.00
Accounts Payable Canceled		7,030.47	
Local Grant Canceled			838.30
Grant Reserve Balance Canceled			20,785.39
Total Income		103,455,590.08	99,472,068.43
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	13,410,720.00	12,806,720.00
Other Expenses	A-3	13,223,802.00	13,659,950.00
Deferred Charges and Statutory Expenditures	A-3	2,532,000.00	2,578,500.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	60,000.00	75,848.77
Other Expenses	A-3	1,224,470.44	1,776,749.99
Capital Improvements	A-3	100,000.00	50,000.00
Municipal Debt Service	A-3	2,317,547.92	2,210,229.44
Deferred Charges	A-3	42,000.00	42,000.00
County Taxes	A-6	16,522,601.94	15,651,148.40
Due County for Added Taxes	A-6	208,868.17	83,935.26
Municipal Open Space Tax	A-6	79,173.00	72,046.00
Local District School Tax	A-14	49,600,597.00	48,218,268.00
Grant Receivables Canceled	A-16		8,335.57
Local Grant Receivables Canceled	A-9		838.30
Interfund Loan Advanced		122,974.05	8,709.67
Prior Year Deductions Disallowed	A-11	10,073.29	9,814.78
Refund of Prior Year Revenue	A-4	72.25	287.82
Total Expenditures		99,454,900.06	97,253,382.00
Excess in Revenue		4,000,690.02	2,218,686.43
Fund Balance			
Balance January 1	A	3,361,331.92	4,108,398.49
		7,362,021.94	6,327,084.92
Decreased by:			
Utilization as Anticipated Revenue	A-1	2,800,000.00	2,965,753.00
Balance December 31	A	\$ 4,562,021.94	\$ 3,361,331.92

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	\$ 2,800,000.00		\$ 2,800,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	35,000.00		35,580.00	\$ 580.00
Other	A-10	25,000.00		31,442.09	6,442.09
Fees and Permits	A-10	450,000.00		580,362.96	130,362.96
Fines and Costs:					
Municipal Court	A-10	200,000.00		212,710.20	12,710.20
Interest and Costs on Taxes	A-10	525,000.00		640,867.29	115,867.29
Interest on Investments and Deposits	A-10	70,000.00		46,066.87	(23,933.13)
Insurance Reimbursements - Ambulance	A-10	900,000.00		962,613.37	62,613.37
Energy Receipts Tax	A-10	4,022,996.00		4,022,996.00	
Garden State Trust Pilot	A-10	12,800.00		12,800.00	
Uniform Construction Code Fees	A-10	375,000.00		460,438.45	85,438.45
Uniform Fire Safety Act	A-10	50,000.00		49,929.33	(70.67)
Franchise Fees - Cable Television	A-10	220,000.00		220,337.19	337.19
Engineering Review Fees	A-10	15,000.00		18,935.00	3,935.00
Park & Recreation Trust Fund	A-10	25,000.00		25,000.00	
Basin Maintenance Trust	A-10	30,000.00		30,000.00	
Gloucester County Improvement Authority					
Debt Fund Proceeds	A-10	30,000.00		37,908.65	7,908.65
Click It or Ticket	A-16		\$ 2,800.00	2,800.00	
Municipal Alliance Youth Service	A-16	26,460.00		26,460.00	
Community Development Block Grant	A-16		50,000.00	50,000.00	
Body Armor Replacement Grant	A-16		6,141.01	6,141.01	
Firefighters	A-16		22,728.00	22,728.00	
JIF Safety Incentive Program	A-9		8,725.00	8,725.00	
Clean Communities	A-16		75,829.43	75,829.43	
Safe and Secure	A-16	60,000.00		60,000.00	
Drive Sober or Get Pulled Over	A-16	1,900.00	2,400.00	4,300.00	
Total Miscellaneous Revenues		7,074,156.00	168,623.44	7,644,970.84	402,191.40
Receipts from Delinquent Taxes	A-2	2,600,000.00		2,862,141.77	262,141.77
Subtotal General Revenues		12,474,156.00	168,623.44	13,307,112.61	664,333.17
Amount to be Raised by Taxation		22,593,440.53		23,956,720.47	1,363,279.94
Minimum Library Tax		838,884.32		838,884.32	
Budget Totals		35,906,480.85	168,623.44	38,102,717.40	\$ 2,027,613.11
Non-Budget Revenue	A-2			1,063,610.47	
		\$ 35,906,480.85	\$ 168,623.44	\$ 39,166,327.87	
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	\$ 88,121,346.07
Allocated to:		
Municipal Open Space	A-6	79,173.00
School and County Taxes	A-6	66,332,067.11
		<hr/>
Balance for Support of Municipal Budget Appropriations		21,710,105.96
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	3,085,498.85
	A-2	<hr/>
		\$ 24,795,604.81
		<hr/> <hr/>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6	\$ 2,691,951.50
Tax Title Liens	A-7	170,190.27
		<hr/>
	A-2	\$ 2,862,141.77
		<hr/> <hr/>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Refunds	A-10	\$ 35,846.34
Insurance Dividends	A-10	317,371.22
Ads on Bus Shelters	A-10	2,784.32
Inspection Violations	A-10	1,077.00
Tax Map Maintenance	A-10	340.00
Administrative Fees Off-Duty Police	A-10	64,083.75
Administrative Fees - Senior Citizen Deductions	A-10	7,732.49
In Lieu of Taxes	A-10	77,108.51
School Security Officers Reimbursement	A-10	180,000.00
Street Opening Restorations	A-10	520.00
Miscellaneous	A-10	133,042.64
Hotel/Motel Tax Revenue	A-10	53,621.95
Demolition/Boarding Up	A-10	19,818.55
Restitution	A-10	100.00
Red Light Camera	A-10	122,443.70
Sale of Municipal Assets	A-10	47,720.00
		<hr/>
	A-2	\$ 1,063,610.47
		<hr/> <hr/>

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	\$ 247,400.00	\$ 247,400.00	\$ 237,347.41		\$ 10,052.59	
Other Expenses	46,000.00	46,000.00	40,317.69	\$ 2,838.61	2,843.70	
Mayor and Township Council						
Salaries & Wages						
Mayor	14,100.00	14,100.00	14,100.00			
Council	60,000.00	60,000.00	59,800.48		199.52	
Other Expenses						
Council	1,500.00	1,500.00	1,372.00		128.00	
Municipal Clerk						
Salaries & Wages	243,000.00	243,000.00	236,774.08		6,225.92	
Other Expenses	74,000.00	74,000.00	71,852.09	1,122.10	1,025.81	
Elections						
Salaries & Wages	5,000.00	5,000.00	1,853.53		3,146.47	
Other Expenses	23,000.00	23,000.00	20,561.05		2,438.95	
Financial Administration						
Salaries & Wages	146,100.00	146,100.00	131,682.45		14,417.55	
Other Expenses	64,000.00	69,000.00	64,342.73		4,657.27	
Audit Services						
Other Expenses	61,000.00	61,000.00	60,550.00		450.00	
Municipal Information Services (MIS)						
Salaries & Wages	124,500.00	124,500.00	119,921.75		4,578.25	
Other Expenses	80,000.00	87,000.00	80,550.50	5,517.22	932.28	
Revenue Administration (Tax Collection)						
Salaries & Wages	234,600.00	234,600.00	224,105.47		10,494.53	
Other Expenses	17,000.00	20,000.00	18,865.51	986.00	148.49	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
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	300,000.00	350,000.00	321,866.54	13,734.46	14,399.00	
Engineering Services & Costs						
Other Expenses	125,000.00	125,000.00	73,111.75	7,700.00	44,188.25	
Economic Development						
Other Expenses	25,000.00	28,000.00	11,013.04	15,846.25	1,140.71	
Historical Society (40:48-2)						
Other Expenses	3,000.00	3,000.00			3,000.00	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries & Wages	109,600.00	109,600.00	102,037.12		7,562.88	
Other Expenses	40,000.00	50,000.00	42,388.77	2,663.69	4,947.54	
Zoning Board and Board of Adjustment						
Salaries & Wages	5,000.00	5,000.00	2,745.00		2,255.00	
Other Expenses	21,000.00	21,000.00	18,772.43	464.19	1,763.38	
CODE ENFORCEMENT AND ADMINISTRATION						
Code Enforcement Officer						
Salaries & Wages	190,600.00	190,600.00	181,295.82		9,304.18	
Other Expenses	53,000.00	28,000.00	9,049.98	43.99	18,906.03	
INSURANCE						
Insurance Safety Program	12,000.00	12,000.00	11,427.80	556.42	15.78	
Liability Insurance	550,000.00	550,000.00	531,362.00		18,638.00	
Workmen's Compensation Insurance	915,000.00	915,000.00	915,000.00			
Group Plans for Employees	5,842,400.00	5,842,400.00	5,544,774.82	5,035.20	292,589.98	
Health Insurance Waiver	60,000.00	60,000.00	46,200.00		13,800.00	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC SAFETY FUNCTIONS						
Director of Public Safety						
Salaries & Wages	6,000.00	6,000.00	6,000.00			
Police						
Salaries & Wages	7,412,000.00	7,412,000.00	7,084,268.19		327,731.81	
Other Expenses	475,000.00	480,000.00	418,710.12	56,540.60	4,749.28	
Office of Emergency Management						
Salaries & Wages	112,700.00	112,700.00	101,532.53		11,167.47	
Other Expenses	8,000.00	8,000.00	6,833.27	1,041.27	125.46	
First Aid Organization - Ambulances						
Monroe Township Ambulance	72,000.00	72,000.00	58,326.29	13,393.62	280.09	
Fire						
Other Expenses						
Fire Hydrant Service	45,000.00	45,000.00	45,000.00			
Cecil Fire Company	62,000.00	62,000.00	55,393.46	6,567.07	39.47	
Williamstown Fire Company	68,000.00	68,000.00	59,167.24	8,717.90	114.86	
Uniform Fire Safety Act (P.L. 1983, C383)						
Salaries & Wages	69,000.00	69,000.00	61,968.54		7,031.46	
Other Expenses	30,000.00	5,000.00	2,433.92	2,110.96	455.12	
Ambulance						
Salaries & Wages	395,500.00	395,500.00	372,379.20		23,120.80	
Other Expenses	123,000.00	123,000.00	82,536.99	19,859.94	20,603.07	
Prosecutor						
Salaries & Wages	25,000.00	25,000.00	20,961.48		4,038.52	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	782,000.00	782,000.00	707,064.38		74,935.62	
Other Expenses	33,000.00	33,000.00	19,035.83	3,699.23	10,264.94	
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		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Garbage & Trash Removal						
Salaries & Wages	1,205,400.00	1,205,400.00	1,100,871.10		104,528.90	
Other Expenses	5,000.00	5,000.00	3,952.42		1,047.58	
Public Buildings & Grounds						
Salaries & Wages	378,700.00	378,700.00	359,800.49		18,899.51	
Other Expenses	130,000.00	140,000.00	117,659.24	15,805.88	6,534.88	
Vehicle Maintenance						
Salaries & Wages	437,500.00	437,500.00	413,147.61		24,352.39	
Other Expenses	490,000.00	490,000.00	443,894.67	44,125.32	1,980.01	
Community Services Act						
Condominium Trash Services	195,000.00	195,000.00	174,566.40	16,675.03	3,758.57	
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health)						
Salaries & Wages	57,200.00	57,200.00	55,819.29		1,380.71	
Other Expenses	2,500.00	2,500.00	956.63	313.00	1,230.37	
Environmental Commission (40:56A et. seq.)						
Salaries & Wages	700.00	700.00			700.00	
Other Expenses	1,000.00	1,000.00	960.00		40.00	
RECREATION FUNCTIONS						
Parks & Recreation						
Salaries & Wages	392,000.00	392,000.00	359,017.84		32,982.16	
Other Expenses	70,000.00	70,000.00	62,416.43	7,581.56	2.01	
Community Center						
Salaries & Wages	72,600.00	72,600.00	37,971.24		34,628.76	
Other Expenses	4,000.00	4,000.00	1,929.10	505.66	1,565.24	
Community Transportation Service						
Salaries & Wages	78,500.00	78,500.00	60,631.11		17,868.89	
Other Expenses	400.00	400.00			400.00	
Senior Citizen Center						
Salaries & Wages	720.00	720.00			720.00	
Other Expenses	7,500.00	7,500.00	4,952.75	920.53	1,626.72	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
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	53,000.00	53,000.00	50,071.34	2,228.84	699.82	
Salary Adjustments						
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	290,000.00	290,000.00	251,056.44	27,527.73	11,415.83	
Street Lighting	540,000.00	550,000.00	498,687.07	46,365.20	4,947.73	
Telephone and Telegraph	113,000.00	113,000.00	93,691.38	13,984.13	5,324.49	
Natural Gas	115,000.00	115,000.00	88,134.55	7,024.24	19,841.21	
Fuel Oil	6,000.00	6,000.00	2,125.34	1,874.66	2,000.00	
Gasoline	539,502.00	471,502.00	332,904.32	67,095.68	71,502.00	
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Gloucester County Landfill						
Other Expenses	1,245,000.00	1,245,000.00	993,121.96	207,839.79	44,038.25	
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	284,700.00	284,700.00	265,146.53		19,553.47	
Other Expenses	32,000.00	32,000.00	26,032.62	452.57	5,514.81	
Public Defender						
Other Expenses	15,000.00	15,000.00	12,291.63		2,708.37	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)						
State Uniform Construction Code						
Construction Official						
Salaries & Wages	312,600.00	312,600.00	296,597.54		16,002.46	
Other Expenses	56,000.00	56,000.00	12,834.46	25,385.73	17,779.81	
Total Operations within "CAPS"	26,649,522.00	26,634,522.00	24,521,894.75	654,144.27	1,458,482.98	
Detail:						
Salaries & Wages	13,410,720.00	13,410,720.00	12,618,840.18		791,879.82	
Other Expenses	13,238,802.00	13,223,802.00	11,903,054.57	654,144.27	666,603.16	
DEFERRED CHARGES						
Uncollected Developer Escrow - Cedar Creek						
STATUTORY EXPENDITURES						
Contribution to:						
Public Employees' Retirement System	645,000.00	645,000.00	641,448.71		3,551.29	
Deferred Compensation Retirement System	2,000.00	2,000.00	261.70		1,738.30	
Social Security System (OASI)	585,000.00	585,000.00	547,170.38		37,829.62	
Police and Firemen's Retirement System of NJ	1,270,000.00	1,270,000.00	1,264,241.54		5,758.46	
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00			
PERS - Delayed Enrollment	20,000.00	20,000.00			20,000.00	
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	2,532,000.00	2,532,000.00	2,463,122.33		68,877.67	
Total General Appropriations for Municipal Purposes within "CAPS"	29,181,522.00	29,166,522.00	26,985,017.08	654,144.27	1,527,360.65	
PUBLIC SAFETY FUNCTIONS						
Length of Service Awards Program (P.L. 1997, c. 388)	145,000.00	145,000.00		145,000.00		
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	800,000.00	800,000.00	800,000.00			

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Recycling Tax						
Other Expenses	50,000.00	50,000.00	42,504.00		7,496.00	
INSURANCE						
Group Plans for Employees	23,600.00	23,600.00	23,600.00			
Total Other Operations - Excluded from "CAPS"	1,018,600.00	1,018,600.00	866,104.00	145,000.00	7,496.00	
PUBLIC AND PRIVATE PROGRAMS						
OFF-SET BY REVENUES						
Click It or Ticket		2,800.00	2,800.00			
Municipal Alliance Youth Service	33,075.00	33,075.00	33,075.00			
Clean Communities		75,829.43	75,829.43			
Firefighters		22,728.00	22,728.00			
Body Armor Replacement Grant		6,141.01	6,141.01			
Drive Sober or Get Pulled Over	1,900.00	4,300.00	4,300.00			
Safe and Secure	60,000.00	60,000.00	60,000.00			
Community Development Block Grant		50,000.00	50,000.00			
JIF Safety Incentive Program		8,725.00	8,725.00			
Matching Funds for Grants	13,385.00	13,385.00	2,272.00			\$ 11,113.00
Total Operations Excluded from "CAPS"	1,126,960.00	1,295,583.44	1,131,974.44	145,000.00	7,496.00	11,113.00
Detail:						
Salaries and Wages	60,000.00	60,000.00	60,000.00			
Other Expenses	1,066,960.00	1,235,583.44	1,071,974.44	145,000.00	7,496.00	11,113.00

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00			
Total Capital Improvements Excluded from "CAPS"	100,000.00	100,000.00	100,000.00			
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Bond Principal	1,595,000.00	1,610,000.00	1,610,000.00			
Interest on Bonds	386,000.00	386,000.00	351,503.32			34,496.68
Interest on Notes	8,000.00	8,000.00	5,161.33			2,838.67
Green Trust Loan Repayments - Principal & Interest	22,500.00	22,500.00	17,251.70			5,248.30
Capital Lease Obligations						
Principal	255,000.00	255,000.00	254,998.93			1.07
Interest	79,000.00	79,000.00	78,632.64			367.36
Total Municipal Debt Service Excluded From "CAPS"	2,345,500.00	2,360,500.00	2,317,547.92			42,952.08
DEFERRED CHARGES EXCLUDED FROM CAPS						
Deferred Charges to Future Taxation-Unfunded						
Ordinance 12-2012	42,000.00	42,000.00	42,000.00			
Ordinance 08-2014	25,000.00	25,000.00				25,000.00
Total Deferred Charges Excluded from "CAPS"	67,000.00	67,000.00	42,000.00			25,000.00
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,639,460.00	3,823,083.44	3,591,522.36	145,000.00	7,496.00	79,065.08
Subtotal General Appropriations	32,820,982.00	32,989,605.44	30,576,539.44	799,144.27	1,534,856.65	79,065.08
RESERVE FOR UNCOLLECTED TAXES	3,085,498.85	3,085,498.85	3,085,498.85			

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS	<u>\$ 35,906,480.85</u>	<u>\$ 36,075,104.29</u>	<u>\$ 33,662,038.29</u>	<u>\$ 799,144.27</u>	<u>\$ 1,534,856.65</u>	<u>\$ 79,065.08</u>
Ref.	A-2			A-13	A	
Budget	Ref.					
Appropriations by 40A:4-87	A-3	\$ 35,906,480.85				
	A-2	<u>168,623.44</u>				
		<u>\$ 36,075,104.29</u>				
Reserve for Federal and State Grants	Ref.					
Reserve for Uncollected Taxes	A-17		\$ 257,145.44			
Reserve for Local Grants	A-3		3,085,498.85			
Disbursed	A-15		8,725.00			
	A-4		<u>30,310,669.00</u>			
			<u>\$ 33,662,038.29</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, 2015	Balance Dec. 31, 2014
ASSETS			
Trust Fund			
Cash - Treasurer	B-1	\$ 6,319,419.51	\$ 5,363,328.52
Off-Duty Police Receivables		24,071.47	2,413.22
		<u>6,343,490.98</u>	<u>5,365,741.74</u>
LOSAP (unaudited)			
Investment		<u>1,483,748.23</u>	<u>1,406,917.48</u>
Escrow Trust Fund			
Cash - Treasurer	B-1	892,048.78	1,087,649.40
Escrow Receivable		15,258.82	14,963.82
		<u>907,307.60</u>	<u>1,102,613.22</u>
		<u>\$ 8,734,546.81</u>	<u>\$ 7,875,272.44</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, 2015	Balance Dec. 31, 2014
LIABILITIES, RESERVES, AND FUND BALANCE			
Trust Fund			
Encumbrances Payable	B-4	\$ 298,032.80	\$ 183,645.50
Due Current Fund	A	13,149.74	6,568.51
Reserve for Dog Fund Expenditures	B-2	59,666.60	55,706.80
Reserve for Intersection/Road Improvements		39,970.00	13,635.00
Reserve for Forfeited Funds		119,661.49	92,434.37
Reserve for Off-Duty Police Fees		39,994.50	61,096.25
Deposits for Redemption of Tax Sale Certificates	B-3	26,496.79	448.79
Reserve for Tax Sale Premiums	B-3	2,510,610.00	1,626,210.00
Reserve for Parks and Recreation		375,872.77	372,952.29
Reserve for Veterans Affairs Donations		200.00	200.00
Reserve for Public Defender Fees		6,117.66	2,200.99
Reserve for POAA Fees		1,089.67	1,033.67
Reserve for Recycling Fees		239,219.59	299,108.63
Reserve for Sidewalk Trust Fund		104,984.42	108,484.42
Reserve for Snow Removal		113,140.39	129,833.81
Reserve for Accumulated Absences		346,678.25	499,700.00
Reserve for Basin Maintenance Trust		176,335.35	216,335.35
Reserve for Municipal Open Space		1,282,408.71	1,195,975.86
Reserve for Affordable Housing		495,799.50	424,767.06
Reserve for Unemployment Compensation		69,061.23	57,942.46
Reserve for Police Donations		7,539.54	
Reserve for Municipal Alliance Donations		301.43	301.43
Reserve for Historical Society Donations		17,160.55	17,160.55
		<u>6,343,490.98</u>	<u>5,365,741.74</u>
LOSAP (unaudited)			
Reserve for LOSAP Benefits		<u>1,483,748.23</u>	<u>1,406,917.48</u>
Escrow Trust Fund			
Encumbrances Payable	B-4	34,926.22	41,897.81
Reserve for Developers Escrow		872,381.38	1,060,715.41
		<u>907,307.60</u>	<u>1,102,613.22</u>
		<u>\$ 8,734,546.81</u>	<u>\$ 7,875,272.44</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

	Ref.	Balance	
		Dec. 31, 2015	Dec. 31, 2014
ASSETS			
Cash	C-1	\$ 299,250.45	\$ 857,587.89
Amount to be Provided by Lease Payments Expenditure Without Appropriation		1,570,000.00 628,791.10	1,825,000.00
Deferred Charges to Future Taxation:			
Funded	C-3	11,560,913.24	12,822,019.70
Unfunded	C-4	8,789,375.00	7,659,250.00
		<u>\$ 22,848,329.79</u>	<u>\$ 23,163,857.59</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Serial Bonds Payable	C-7	\$ 11,465,000.00	\$ 12,711,000.00
Loan Payable - Green Trust	C-9	95,913.24	111,019.70
Bond Anticipation Notes Payable		1,389,375.00	717,250.00
Encumbrances Payable	C-10	599,301.33	460,105.53
Obligations Under Capital Lease	C-11	1,570,000.00	1,825,000.00
Capital Improvement Fund	C-5	73,515.63	8,890.63
Reserve for Payment of Bonds	C-2	21,352.28	21,352.28
Improvement Authorizations:			
Funded	C-6	233,872.31	323,949.59
Unfunded	C-6	7,400,000.00	6,985,289.86
		<u>\$ 22,848,329.79</u>	<u>\$ 23,163,857.59</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

	Balance Dec 31, 2015	Balance Dec 31, 2014
Buildings	\$ 9,882,875.00	\$ 9,625,075.00
Land	4,652,816.73	4,203,116.73
Equipment	1,623,956.13	1,532,292.13
Vehicles	11,876,746.73	12,021,277.73
	<u>\$ 28,036,394.59</u>	<u>\$ 27,381,761.59</u>
Investment in General Fixed Assets	<u>\$ 28,036,394.59</u>	<u>\$ 27,381,761.59</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, 2015 AND 2014

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, 2015 AND 2014

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 NJS 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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes (Continued) - not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

Interest on Delinquent Taxes - It is the policy of the Township to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 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, 2015 AND 2014

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.

Tax Appeals and Other Contingent Losses - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

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 February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Township's financial reporting.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective (Continued)

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Township's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Township's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will have an effect on the Township's financial reporting. The impact of this statement on the Township's financial reporting is not presently determinable.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Township's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, 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.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

The following budget amendments were approved as follows:

Special Items of Revenue \$ 168,623.44

NOTE 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2015 and 2014, the carrying amount of the Township's deposits was \$15,685,852.20 and \$13,310,970.72, respectively. As of December 31, 2015 and 2014, \$0 of the municipality's bank balance of \$15,687,255.78 and \$13,815,568.26, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2015 or 2014, 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, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - 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.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4: INVESTMENTS (CONTINUED)

Unaudited Investments:

As more fully described in Note 14, 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, 2015 and 2014, amounted to \$1,483,748.23 and \$1,406,917.48, respectively. The information on 5% or more invested with Variable Annual Life Insurance Company is not yet available.

NOTE 5: FUND BALANCES APPROPRIATED

	Year	Balance December 31	Utilized in Budget of Succeeding Year
	2015	\$ 4,562,021.92	\$ 3,050,000.00
	2014	3,361,331.92	2,800,000.00
Current Fund	2013	4,108,398.49	2,965,753.00
	2012	1,897,073.52	1,300,000.00
	2011	3,225,307.07	2,810,000.00

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
2015	\$ 216.05	\$ 18,112.50	\$ 10,000.00	\$ 17,209.78	\$ 69,061.23
2014	382.12	16,018.42	10,000.00	22,382.78	57,942.46

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2015.

	Due From	Due To
Current Fund		
Federal and State Grant Fund		\$ 5,078.91
Trust Other	\$ 13,149.74	
Federal and State Grant Fund		
Current Fund	5,078.91	
Trust Other		
Current Fund		13,149.74
	\$ 18,228.65	\$ 18,228.65

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, 2015 and 2014, was \$1,934,121.21 and \$1,891,794.61, respectively. The Township had appropriated \$60,000.00 in the 2015 adopted budget to fund a reserve for accumulated absences. The accumulated absence trust has a reserve balance as of December 31, 2015 and 2014, of \$346,678.25 and \$499,700.00, 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.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9: DEFERRED COMPENSATION PLAN (CONTINUED)

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 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, 2015:

	Balance Dec. 31, 2014	Additions	Deletions	Balance Dec. 31, 2015
Buildings	\$ 9,625,075.00	\$ 257,800.00		\$ 9,882,875.00
Land	4,203,116.73	449,700.00		4,652,816.73
Equipment	1,532,292.13	92,664.00	\$ 1,000.00	1,623,956.13
Vehicles	12,021,277.73	673,708.00	818,239.00	11,876,746.73
	<u>\$ 27,381,761.59</u>	<u>\$ 1,473,872.00</u>	<u>\$ 819,239.00</u>	<u>\$ 28,036,394.59</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, 2015	Balance Dec. 31, 2014
Prepaid Taxes - Cash Liability	<u>\$ 731,186.85</u>	<u>\$ 521,592.07</u>

NOTE 12: 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 has long term programs in accordance with the Council on Affordable Housing.

NOTE 13: ECONOMIC DEPENDENCY

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 14: 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.

Contributions by the Township for qualified participants were \$108,138.00 and \$119,175.00 for 2015 and 2014, 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 15: PENSION FUNDS

Description of Plans - All eligible employees of the Township are covered by either the Public Employees' Retirement System, (PERS) or the Police and Firemen's Retirement System (PFRS), a cost-sharing, multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems 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 PERS and PFRS. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 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. Plan members and employer contributions may be amended by State of New Jersey legislation.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 15: PENSION FUNDS (CONTINUED)

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. The PERS contribution rate increased to 6.5% of base salary effective with the first payroll, to be paid on or after October 1, 2011. Subsequent increases will then be phased in over 7 years (each July 1st) to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. The PFRS contribution rate increased to 10% of base salary effective with the first payroll to be paid on or after October 1, 2011. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. 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, 2015, 2014, and 2013, were \$641,448.71, \$621,726.61, and \$611,712.00, respectively, equal to the required contributions for each year. The Township's contributions to PFRS for the years ending December 31, 2015, 2014, and 2013, were \$1,264,241.54, \$1,245,603.00, and \$1,326,397.00, 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, 2015, 2014, and 2013, were \$261.70, \$271.39, and \$193.85, respectively, equal to the required contributions for each year.

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

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

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 15: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued)

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 16: POST-EMPLOYMENT HEALTHCARE PLAN

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

Funding Policy - The contribution requirements of the Township healthcare plan are established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For calendar year 2015, the Township contributed \$2,095,597.00 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)	\$ 8,541
Interest on Net OPEB Obligation	0
Adjustment to Annual Required Contribution	222
Annual OPEB Cost (Expense) (Thousands)	<u>8,763</u>
Contributions Made (Thousands)	<u>2,095</u>
Increase in Net OPEB Obligation (Thousands)	6,668
Net OPEB Obligation - Beginning of Year	<u>39,692</u>
Net OPEB Obligation - End of Year (Thousands)	<u><u>\$ 46,360</u></u>

The Township's most recent actuarial valuation to determine ARC was performed for the year ended December 31, 2013. The next actuarial valuation is expected to be performed for the year ending December 31, 2016. 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 2015 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 2.60%. The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 follows (dollar amounts in thousands):

Calendar Year Ended	Annual OPEB Cost (Thousands)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Thousands)
12/31/2015	\$ 8,763	23.90%	\$ 46,360

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 16: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Funded Status and Funding Progress - As of December 31, 2015, 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 \$92,566.6 (thousands) as of December 31, 2013.

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, 2013, actuarial valuation, utilized the projected unit credit method with amortization on a straight-line basis was utilized, for a period of 30 years.

NOTE 17: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 & GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS and PFRS retirement systems.

Public Employee's Retirement System - At December 31, 2015, the Township's proportionate share of net pension liability was \$17,803,472. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's allocation percentage was 0.0793098495% compared to 0.0796835872% at June 30, 2014.

For the year ended December 31, 2015, the Township's pension expense would have been \$1,166,380 if New Jersey municipalities followed GAAP accounting principles. The Township's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PERS are from the following sources:

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 17: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,825,714	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 63,974
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions	236,498	
Difference Between Expected and Actual Experience	424,728	
	\$ 2,486,940	\$ 63,974

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended December 31,	Amount
2016	\$ 449,741
2017	449,742
2018	449,742
2019	709,955
2020	363,785
	\$ 2,422,965

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

	June 30, 2014	June 30, 2015
Collective Deferred Outflows of Resources	\$ 588,743,291	\$ 2,946,265,815
Collective Deferred Inflows of Resources	1,115,773,278	360,920,604
Collective Net Pension Liability	18,722,735,003	22,447,996,119
 Township's Proportion	 0.0796835872%	 0.0793098495%

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 17: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Contributions - The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Township's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions

The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% Based on Age
Thereafter	3.15 – 5.40% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

Police and Firemen's Retirement System - At December 31, 2015, the Township's proportionate share of net pension liability for Police was \$28,667,719. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's proportion was 0.1721111579% compared to 0.1644184168% at June 30, 2014.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 17: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

For the year ended December 31, 2015, the Township's pension expense would have been \$1,874,385 if New Jersey municipalities followed GAAP accounting principles. The Township's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 5,142,583	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	28,704	
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions	412,776	
Difference Between Expected and Actual Experience		\$ 247,268
	\$ 5,584,063	\$ 247,268

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended December 31,	Amount
2016	\$ 1,048,159
2017	1,048,158
2018	1,048,158
2019	1,575,798
2020	616,522
	\$ 5,336,795

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 17: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

	June 30, 2014	June 30, 2015
Collective Deferred Outflows of Resources	\$ 472,261,128	\$ 375,206,294
Collective Deferred Inflows of Resources	1,283,652,103	433,559,708
Collective Net Pension Liability	13,933,627,178	18,117,234,618
 Township's Proportion	 0.1644184168%	 0.1721111579%

Contributions

The contribution policy for PFRS is set by NJSA 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The Township's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions

The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.60 – 9.48% Based on Age
Thereafter	3.60 – 10.48% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 17: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The June 30, 2015 and June 30, 2014, special funding situation net pension liability amounts of \$2,514,063 and \$2,227,137 are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date.

NOTE 18: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-term debt as of December 31, 2015, consisted of the following:

	Year 2015	Year 2014	Year 2013
Bonds, Notes, and Loans Issued	\$ 12,950,288.24	\$ 13,539,269.70	\$ 14,151,705.79
Bonds and Notes Authorized But Not Issued	7,400,000.00	6,942,000.00	6,984,000.00
Net Bonds, Notes, and Loans Issued and Authorized But Not Issued	<u>\$ 20,350,288.24</u>	<u>\$ 20,481,269.70</u>	<u>\$ 21,135,705.79</u>

	Balance 12/31/2014	Issued	Retired/ Reduction	Balance 12/31/2015	Due Within One Year
Issued:					
General:					
Serial Bonds Payable	\$ 12,711,000.00	\$ 4,300,000.00	\$ 5,546,000.00	\$ 11,465,000.00	\$ 1,735,000.00
Loans	111,019.70		15,106.46	95,913.24	15,410.10
Bond Anticipation Note	717,250.00	672,125.00		1,389,375.00	
Authorized But Not Issued:					
General:					
Bonds and Notes	6,942,000.00	5,472,125.00	5,014,125.00	7,400,000.00	
	<u>\$ 20,481,269.70</u>	<u>\$ 10,444,250.00</u>	<u>\$ 10,575,231.46</u>	<u>\$ 20,350,288.24</u>	<u>\$ 1,750,410.10</u>

Permanently Funded Debt as of December 31, 2015, Consisted of the Following:

\$4,436,000.00 General Obligation Bonds dated November 2008, payable in annual installments through November 2018. Interest is paid semi-annually at a rate of 4.75% per annum. The balance remaining at December 31, 2015, was \$150,000.00.

\$5,730,000.00 General Obligation Refunding Bonds dated April 2012, payable in annual installments through June 2018. Interest is paid semi-annually at a rate of 3.00% per annum. The balance remaining at December 31, 2015, was \$3,990,000.00.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 18: LONG-TERM DEBT (CONTINUED)

\$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, 2015, was \$3,040,000.00.

\$4,300,000.00 General Obligation Refunding Bonds dated May 2015, payable in annual installments through November 2028. Interest is paid semi-annually at a rate of 1.50% - 3.50% per annum. The balance remaining at December 31, 2015, was \$4,285,000.00.

\$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, 2015, was \$49,361.81.

\$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, 2015, was \$2,579.43.

\$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, 2015, was \$43,972.00.

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

Year Ended	Principal	Interest	Total
2016	\$ 1,750,410.10	\$ 278,804.10	\$ 2,029,214.20
2017	1,815,719.83	232,469.36	2,048,189.19
2018	1,835,504.37	184,178.37	2,019,682.74
2019	745,279.20	155,047.05	900,326.25
2020	734,823.81	139,014.94	873,838.75
2021-2025	3,146,867.17	464,514.03	3,611,381.20
2026-2028	1,532,308.76	106,560.61	1,638,869.37
	<u>\$ 11,560,913.24</u>	<u>\$ 1,560,588.46</u>	<u>\$ 13,121,501.70</u>

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .789%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 50,953,000.00	\$ 50,953,000.00	
General Debt	20,350,288.24	21,352.28	\$ 20,328,935.96
	<u>\$ 71,303,288.24</u>	<u>\$ 50,974,352.28</u>	<u>\$ 20,328,935.96</u>

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 18: LONG-TERM DEBT (CONTINUED)

Net Debt \$20,328,935.96/Equalized Valuation Basis per NJSA 40A:2-2 as amended
 \$2,576,072,622.00 = .789%

Borrowing Power Under NJSA 40:A2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 90,162,541.77
Net Debt	<u>21,643,435.96</u>
Remaining Borrowing Power	<u><u>\$ 68,519,105.81</u></u>

NOTE 19: BOND ANTICIPATION NOTES

The Township had the following General Capital Bond Anticipation Notes outstanding as of December 31, 2015:

Note in the amount of \$717,250.00. This note will mature on December 8, 2016, at an interest rate per annum of .7196%.

Note in the amount of \$672,125.00. This note will mature on December 8, 2016, at an interest rate per annum of .7196%.

NOTE 20: CAPITAL LEASE OBLIGATIONS

The Township has lease agreements in effect at December 31, 2015, 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
2016	\$ 265,000.00	\$ 66,245.39	\$ 331,245.39
2017	225,000.00	53,203.32	278,203.32
2018	240,000.00	44,666.45	284,666.45
2019	245,000.00	35,045.37	280,045.37
2020	245,000.00	25,460.33	270,460.33
2021-2024	350,000.00	24,625.99	374,625.99
	<u>\$ 1,570,000.00</u>	<u>\$ 249,246.85</u>	<u>\$ 1,819,246.85</u>

NOTE 21: SERVICE AGREEMENT

On June 10, 1960, the Township of Monroe entered into a Service Agreement with the Monroe Municipal Utilities Authority. This agreement was amended June 10, 1986, and again on July 16, 1987. This agreement was for the conveyance of Township property to the Authority to operate the water system. In consideration of the conveyance of the water system, the Authority shall make an annual payment to the Township of 25% of moneys remaining at the end of each Authority fiscal year after payment or provisions for payment in each fiscal year of operating expenses, operating reserves, debt service on all obligations, reserves required by

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 21: SERVICE AGREEMENT (CONTINUED)

any security agreement and anticipated improvements, except to the extent that any such payment is waived by the Township. The Township agrees to pay any deficit the Authority may have in making payments for operating expenses and/or debt service.

NOTE 22: CONTINGENCIES

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

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

NOTE 23: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2015 and June 16, 2016, the date that the financial statements were issued, and no additional items have come to their attention that would require disclosure.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68 & GASB 71)**

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PERS
Last Two Fiscal Years

	Year Ended	
	<u>12/31/15</u>	<u>12/31/14</u>
Township's Proportion of the Net Pension Liability (Asset)	0.0793098495%	0.0796835872%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,803,472	\$ 14,918,947
Township's Covered-Employee Payroll	4,819,855	4,954,609
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	369.38%	301.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%
Measurement Date	6/30/2015	6/30/2014

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PERS
Last Two Fiscal Years

	Year Ended	
	<u>12/31/15</u>	<u>12/31/14</u>
Contractually Required Contribution	\$ 656,900	\$ 578,563
Contributions in Relation to the Contractually Required Contribution	<u>656,900</u>	<u>578,563</u>
Contribution Deficiency (Excess)	<u>None</u>	<u>None</u>
Township's Covered-Employee Payroll	\$ 4,819,855	\$ 4,954,609
Contributions as a Percentage of Covered-Employee Payroll	13.63%	11.68%
Measurement Date	6/30/2015	6/30/2014

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PFRS
Last Two Fiscal Years

	Year Ended	
	<u>12/31/15</u>	<u>12/31/14</u>
Township's Proportion of the Net Pension Liability (Asset)	0.1721111579%	0.1644184168%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 28,667,719	\$ 20,682,312
Township's Covered-Employee Payroll	5,707,803	5,409,725
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	502.25%	382.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.30%	62.41%
Measurement Date	6/30/2015	6/30/2014

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PFRS
Last Two Fiscal Years

	Year Ended	
	<u>12/31/15</u>	<u>12/31/14</u>
Contractually Required Contribution	\$ 1,262,847	\$ 1,245,603
Contributions in Relation to the Contractually Required Contribution	<u>1,262,847</u>	<u>1,245,603</u>
Contribution Deficiency (Excess)	<u>None</u>	<u>None</u>
Township's Covered-Employee Payroll	\$ 5,707,803	\$ 5,409,725
Contributions as a Percentage of Covered-Employee Payroll	22.12%	23.03%
Measurement Date	6/30/2015	6/30/2014

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PFRS
Last Two Fiscal Years
Special Funding Situation

	Year Ended	
	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.1644184168%	0.1721111579%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,514,063	\$ 2,227,137
Township's Covered-Employee Payroll	5,707,803	5,409,725
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	44.05%	41.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.30%	62.41%
Measurement Date	6/30/2015	6/30/2014

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the Township.

The Police & Firemen's Retirement System is a Cost-Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% of the additional costs incurred by Local Employers under Chapter 8, PL 2000, Chapter 318, PL 2001, Chapter 86, PL 2001, Chapter 511, PL 1991, Chapter 109, PL 1979, Chapter 247, PL 1993, and Chapter 201, PL 2001.

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PFRS
 Last Two Fiscal Years
 Special Funding Situation

	Year Ended	
	<u>12/31/15</u>	<u>12/31/14</u>
Contractually Required Contribution	\$ 92,447	\$ 83,229
Contributions in Relation to the Contractually Required Contribution	<u>92,447</u>	<u>83,229</u>
Contribution Deficiency (Excess)	<u>None</u>	<u>None</u>
Township's Covered-Employee Payroll	\$ 5,707,803	\$ 5,409,725
Contributions as a Percentage of Covered-Employee Payroll	1.62%	1.54%
Measurement Date	6/30/2015	6/30/2014

SUPPLEMENTARY INFORMATION

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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, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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, 2015, 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 16, 2016, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. The financial statements of the Length of Service Award Program (LOSAP) have not been audited, and we were not engaged to audit the LOSAP financial statements as part of the audit of the Township of Monroe's financial statements.

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 16, 2016

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

Balance December 31, 2014	Ref. A		\$ 6,001,554.91
Increased by Receipts:			
Taxes Receivable	A-6	\$ 89,710,591.04	
Tax Title Liens	A-7	170,190.27	
Prepaid Taxes	A	731,186.85	
Tax Overpayments		231,284.00	
Grants Receivable	A-16	372,614.69	
Revenue Accounts Receivable	A-10	8,451,597.87	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-11	386,624.68	
Due State of New Jersey Registrar Fees		4,750.00	
Construction DCA Fees		36,934.00	
Due from Dog		6,568.51	
Due Monroe MUA		71,002.09	
Petty Cash		1,482.04	
Reserve for Police Department Evidence	A	14,382.44	
Local Grants Receivable	A-9	4,225.00	
Payroll Taxes Payable		4,992,773.15	
			105,186,206.63
			<u>111,187,761.54</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	30,310,669.00	
Appropriation Reserves	A-12	88,831.29	
Encumbrances Payable	A-13	594,834.63	
Reserve for Grants - Appropriated	A-17	425,003.33	
Reserve for Local Grants	A-15	27,688.79	
Tax Overpayments		187,315.15	
County Taxes	A-6	16,522,601.94	
Due County Added & Omitted Taxes		83,935.26	
Municipal Open Space	A-6	79,173.00	
Local District School Tax	A-14	49,600,597.00	
Accounts Payable		690.99	
Payroll Taxes Payable		4,983,793.42	
Due State of New Jersey Registrar Fees		5,300.00	
Construction DCA Fees		30,471.00	
Petty Cash		1,750.00	
Due Monroe MUA		70,684.03	
Due Affordable Housing		67.00	
Prior Year Refunds	A-1	72.25	
			103,013,478.08
Balance December 31, 2015	A		<u><u>\$ 8,174,283.46</u></u>

SCHEDULE OF CHANGE FUND

Balance December 31, 2014	Ref. A	<u>\$ 850.00</u>
Balance December 31, 2015	A	<u>\$ 850.00</u>

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Transferred from Tax Title	Canceled	Transferred to Tax Title	Balance
	Dec. 31, 2014			2014	2015		Liens		Liens	Dec. 31, 2015
1986	\$ 12.90									\$ 12.90
1998					\$ 54.40		\$ 54.40			
1999					55.92		55.92			
2000					59.34		59.34			
2001					55.20		61.54			6.34
2002							64.94			64.94
2003							73.14			73.14
2004							78.54			78.54
2005							86.36			86.36
2006							92.20			92.20
2007							95.36			95.36
2008							50.98			50.98
2009							53.50			53.50
2010							55.56			55.56
2011	3,989.43				3,655.32		56.60			390.71
2012	23,988.75				12,784.34		57.46			11,261.87
2013	53,754.64		\$ 3,010.10		4,494.94			\$ 24,878.68		27,391.12
2014	2,574,655.35		265,815.71		2,670,792.04			47,126.36	\$ 90,161.36	32,391.30
	<u>2,656,401.07</u>		<u>268,825.81</u>		<u>2,691,951.50</u>		<u>995.84</u>	<u>72,005.04</u>	<u>90,161.36</u>	<u>72,104.82</u>
2015		\$ 90,528,899.12		\$ 521,592.07	87,417,589.96	\$ 182,164.04		210,217.07	235,962.18	1,961,373.80
	<u>\$ 2,656,401.07</u>	<u>\$ 90,528,899.12</u>	<u>\$ 268,825.81</u>	<u>\$ 521,592.07</u>	<u>\$ 90,109,541.46</u>	<u>\$ 182,164.04</u>	<u>\$ 995.84</u>	<u>\$ 282,222.11</u>	<u>\$ 326,123.54</u>	<u>\$ 2,033,478.62</u>
Ref.	A						A-7		A-7	A
		Cash - Treasurer		Ref.	\$ 89,710,591.04					
		Due State of New Jersey		A-4	398,950.42					
				A-11	<u>\$ 90,109,541.46</u>					

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		\$ 245,744.35	
General Property Tax		89,404,834.93	
		<hr/>	
		\$ 89,650,579.28	
Added Taxes (54:4-63.1 et seq.)		878,319.84	
		<hr/>	
			\$ 90,528,899.12
			<hr/> <hr/>

	Ref.		
Tax Levied			
Local District School Tax (Abstract)	A-14		\$ 49,600,597.00
County Taxes:			
County Tax (Abstract)		\$ 15,479,781.69	
Due County for Open Space		1,042,820.25	
Due County for Added Taxes (54:4-63.1 et seq.)		208,868.17	
		<hr/>	
Total County Taxes			16,731,470.11
Local Tax for Municipal Purposes	A-2	22,593,440.53	
Minimum Library Tax	A-2	838,884.32	
Local Municipal Open Space	A-2	79,173.00	
Add: Additional Taxes Levied		685,334.16	
		<hr/>	
			24,196,832.01
			<hr/>
			\$ 90,528,899.12
			<hr/> <hr/>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2014	Ref. A		\$ 1,024,146.45
Increased by:			
Transfers from Taxes Receivable	A-6	\$ 326,123.54	
Interest and Costs		<u>17,789.88</u>	
			<u>343,913.42</u>
			<u>1,368,059.87</u>
Decreased by:			
Cash Receipts	A-4	170,190.27	
Transfer to foreclosure	A-8	310,000.60	
Transfer to arrears	A-6	<u>995.84</u>	
			<u>481,186.71</u>
Balance December 31, 2015	A		<u><u>\$ 886,873.16</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance December 31, 2014	Ref. A		\$ 1,551,400.00
Increased by:			
Transfer from Municipal Liens	A-7	\$ 310,000.60	
Adjust to Assessed Values		<u>509,699.40</u>	
			<u>819,700.00</u>
			<u>2,371,100.00</u>
Decreased by:			
Prior year adjustment			<u>337,200.00</u>
Balance December 31, 2015	A		<u><u>\$ 2,033,900.00</u></u>

SCHEDULE OF LOCAL GRANTS RECEIVABLE

Grant	Transferred From Budget Appropriation	Receipts	Balance Dec. 31, 2015
JIF Safety Incentive	\$ 8,725.00	\$ 4,225.00	\$ 4,500.00
Ref.	A-2	A-4	A

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2014	Accrued in 2015	Collected	Balance Dec. 31, 2015
Miscellaneous Revenue Anticipated				
Licenses:				
Alcoholic Beverages		\$ 35,580.00	\$ 35,580.00	
Other		31,442.09	31,442.09	
Fees and Permits		580,362.96	580,362.96	
Fines and Costs:				
Municipal Court	\$ 70,248.90	156,810.37	212,710.20	\$ 14,349.07
Interest and Costs on Taxes		640,867.29	640,867.29	
Interest on Investments and Deposits		46,066.87	46,066.87	
Insurance Reimbursements - Ambulance		962,613.37	962,613.37	
Energy Receipts Tax		4,022,996.00	4,022,996.00	
Garden State Trust Pilot		12,800.00	12,800.00	
Uniform Construction Code Fees		460,438.45	460,438.45	
Uniform Fire Safety Act		49,929.33	49,929.33	
Franchise Fees - Cable Television		220,337.19	220,337.19	
Engineering Review Fees		18,935.00	18,935.00	
Park & Recreation Trust Fund		25,000.00	25,000.00	
Basin Maintenance Trust		30,000.00	30,000.00	
Gloucester County Improvement Authority Debt Fund Proceeds		37,908.65	37,908.65	
Miscellaneous Revenue Not Anticipated				
Refunds		35,846.34	35,846.34	
Insurance Dividends		317,371.22	317,371.22	
Ads on Bus Shelters		2,784.32	2,784.32	
Inspection Violations		1,077.00	1,077.00	
Tax Map Maintenance		340.00	340.00	
Administrative Fees Off-Duty Police		64,083.75	64,083.75	
Administrative Fees - Senior Citizen Deductions		7,732.49	7,732.49	
In Lieu of Taxes		77,108.51	77,108.51	
School Security Officers Reimbursement		180,000.00	180,000.00	
Street Opening Restorations		520.00	520.00	
Miscellaneous		133,042.64	133,042.64	
Hotel/Motel Tax Revenue		53,621.95	53,621.95	
Demolition/Boarding Up		19,818.55	19,818.55	
Restitution		100.00	100.00	
Red Light Camera		122,443.70	122,443.70	
Sale of Municipal Assets		47,720.00	47,720.00	
	<u>\$ 70,248.90</u>	<u>\$ 8,395,698.04</u>	<u>\$ 8,451,597.87</u>	<u>\$ 14,349.07</u>
Ref.	A		A-4	A

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

Balance December 31, 2014	Ref. A	\$ 58,710.32
Increased by:		
Cash Receipts	A-4	386,624.68
		<u>445,335.00</u>
Decreased by:		
Current Year Deductions Per Tax Duplicate		\$ 390,450.42
Current Year Deductions Allowed by Collector		11,250.00
Current Year Deductions Disallowed by Collector		<u>(2,750.00)</u>
	A-6	398,950.42
Prior Year Deductions Disallowed by Collector	A-1	<u>(10,073.29)</u>
		<u>388,877.13</u>
Balance December 31, 2015	A	<u>\$ 56,457.87</u>

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses				
General Administration	\$ 881.05	\$ 881.05	\$ 790.40	\$ 90.65
Municipal Clerk	11,905.27	11,905.27	7.90	11,897.37
Elections	2,360.83	2,360.83	50.00	2,310.83
Finance	2,136.29	2,136.29	2,076.55	59.74
Municipal Information Services	4,021.35	4,021.35	519.22	3,502.13
Engineering Services	13,548.12	13,548.12	105.92	13,442.20
Planning Board	19,486.46	19,486.46	30.86	19,455.60
Zoning Board	9,993.46	9,993.46	16.68	9,976.78
Group Plan for Employees	156,110.79	156,110.79	82,163.30	73,947.49
Ambulance	8,803.00	8,803.00	2,480.44	6,322.56
Community Services Act	13,123.68	13,123.68	507.91	12,615.77
Street Lighting	7,910.62	7,910.62	7,910.62	
Public Employees Retirement System	23,273.39	23,273.39	50.88	23,222.51
Recycling Tax	21,959.00	21,959.00	14,736.00	7,223.00
Salaries and Wages				
Police	81,494.51	81,494.51	3,621.39	77,873.12
Vehicle Maintenance	11,894.72	11,894.72	1,107.63	10,787.09
Park & Recreation	4,733.41	4,733.41	2,316.20	2,417.21
Other Accounts - No Change	534,068.06	534,068.06		534,068.06
	<u>\$ 927,704.01</u>	<u>\$ 927,704.01</u>	<u>\$ 118,491.90</u>	<u>\$ 809,212.11</u>
Ref. A				A-1
		Ref. A-4	\$ 88,831.29	
			29,660.61	
			<u>\$ 118,491.90</u>	

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2014	A	\$ 679,329.38	\$ 131,946.72
Increased by:			
Charges to Current Year Appropriations	A-3	799,144.27	
Local Grants	A-15	4,251.64	
Charges to Reserve for Grants Appropriated	A-17		118,777.33
		<u>803,395.91</u>	<u>118,777.33</u>
		1,482,725.29	250,724.05
Decreased by:			
Payments	A-4	532,050.83	62,783.80
Canceled	A-1:A-17	147,278.35	69,162.92
		<u>679,329.18</u>	<u>131,946.72</u>
Balance December 31, 2015	A	<u>\$ 803,396.11</u>	<u>\$ 118,777.33</u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	Ref.	
Increased by:		
2015 Calendar Year School Levy	A-6	\$ 49,600,597.00
Decreased by:		
Payments	A-4	<u>49,600,597.00</u>
2015 Tax Liability for Local District School Tax:		
Tax Paid/Encumbered	A-14	<u>49,600,597.00</u>
Amount Charged to 2015 Operations	A-1	<u>\$ 49,600,597.00</u>

SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Balance Dec. 31, 2014	Transferred from Budget Appropriation	Paid	Encumbered	Balance Dec. 31, 2015
Walmart Safe Grant	\$ 3,764.01			\$ 2,112.45	\$ 1,651.56
JIF Safety Incentive	3,357.01	\$ 8,725.00	\$ 7,453.80	2,139.19	2,489.02
Comcast Technology Grant	20,249.26		20,234.99		14.27
Paving Program	25,000.00				25,000.00
	<u>\$ 52,370.28</u>	<u>\$ 8,725.00</u>	<u>\$ 27,688.79</u>	<u>\$ 4,251.64</u>	<u>\$ 29,154.85</u>
Ref.	A	A-3	A-4	A-13	A

SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2014	Budget Revenue Realized	Received	Balance Dec. 31, 2015
Federal Grants				
Emergency Management Assistance Grant	\$ 5,000.00			\$ 5,000.00
Click It or Ticket		\$ 2,800.00	\$ 2,800.00	
Drive Sober or Get Pulled Over		4,300.00	4,300.00	
Body Armor Replacement Fund		6,141.01	6,141.01	
CDBG - Winslow Rd.	50,000.00			50,000.00
CDBG		50,000.00		50,000.00
TCDI Multi-Modal Transportation System Master Plan	85,000.00			85,000.00
	<u>140,000.00</u>	<u>63,241.01</u>	<u>13,241.01</u>	<u>190,000.00</u>
State Grants				
NJ Transportation Trust - Winslow Rd. Phase V	52,692.50		52,692.50	
NJ Transportation Trust - Winslow Rd. Phase VI	211,560.00		153,939.75	57,620.25
NJDEP Timberlake Water Main Project	72,115.29			72,115.29
Municipal Alliance Youth Service	26,141.26	26,460.00	16,912.00	35,689.26
Clean Communities		75,829.43	75,829.43	
Firefighters		22,728.00		22,728.00
NJDEP Williamsburg Village	10,427.84			10,427.84
Safe and Secure	15,000.00	60,000.00	60,000.00	15,000.00
	<u>387,936.89</u>	<u>185,017.43</u>	<u>359,373.68</u>	<u>213,580.64</u>
	<u>\$ 527,936.89</u>	<u>\$ 248,258.44</u>	<u>\$ 372,614.69</u>	<u>\$ 403,580.64</u>
Ref.	A	A-2	A-4	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2014	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Encumbrance Canceled	Balance Dec. 31, 2015
Federal Grants:						
Click It or Ticket		\$ 2,800.00	\$ 2,800.00			
Drive Sober or Get Pulled Over		4,300.00	4,300.00			
Bulletproof Vest	\$ 5,182.00		4,512.00			\$ 670.00
CDBG - Winslow Rd.	50,000.00		15,377.77	\$ 34,622.23		
CDBG - Lois Drive Drainage	39,419.00		39,419.00			
CDBG		50,000.00		3,937.50	\$ 437.50	46,500.00
Body Armor Grant	5,729.78	6,141.01	6,639.42			5,231.37
TCDI Multi-Modal Transportation System				57,967.52	57,967.52	
	<u>100,330.78</u>	<u>63,241.01</u>	<u>73,048.19</u>	<u>96,527.25</u>	<u>58,405.02</u>	<u>52,401.37</u>
State Grants:						
NJ Transportation Trust - Winslow Rd. Phase V	24,745.38		24,745.38			
NJ Transportation Trust - Winslow Rd. Phase VI	187,060.00		154,110.22	3,339.78		29,610.00
Sustainable NJ	1,775.00					1,775.00
Drunk Driving Enforcement	24,624.74		19,115.50			5,509.24
Clean Communities	46,580.74	75,829.43	66,043.02	8,200.05	47.65	48,214.75
Municipal Alliance	24,694.75	33,075.00	27,941.02			29,828.73
Hazardous Discharge Site - ATS Property Site				10,710.25	10,710.25	
Timberlake Water Main Project	72,115.29					72,115.29
Firefighters		25,000.00				25,000.00
NJDEP Williamsburg Village	10,427.84					10,427.84
Safe & Secure	15,000.00	60,000.00	60,000.00			15,000.00
	<u>407,023.74</u>	<u>193,904.43</u>	<u>351,955.14</u>	<u>22,250.08</u>	<u>10,757.90</u>	<u>237,480.85</u>
	<u>\$ 507,354.52</u>	<u>\$ 257,145.44</u>	<u>\$ 425,003.33</u>	<u>\$ 118,777.33</u>	<u>\$ 69,162.92</u>	<u>\$ 289,882.22</u>
Ref.	A	A-3	A-4	A-13	A-13	A

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Trust Fund	Escrow Trust Fund
Balance December 31, 2014	B	<u>\$ 5,363,328.52</u>	<u>\$ 1,087,649.40</u>
Increased by Receipts:			
Dog License Fees:			
Municipal Share	B-2	21,094.60	
State Share		3,653.40	
Forfeited Funds		90,238.41	
Off-Duty Police Fees		191,591.25	
Tax Sale Premiums	B-3	1,736,600.00	
Tax Sale Redemptions	B-3	934,460.96	
Park and Recreation Fees		260,907.84	
POAA Fees		56.00	
Public Defender Fees		5,000.00	
Police Donations		8,039.54	
Recycling Fees		110,916.94	
Sidewalk Trust		9,000.00	
Snow Removal		40,000.00	
Accumulated Absence		60,000.00	
Intersection & Road Improvements		26,335.00	
Municipal Open Space		86,582.85	
Affordable Housing		85,961.69	
Unemployment Trust		28,328.55	
Escrow Fees			290,885.78
Interest			1,707.10
		<u>3,698,767.03</u>	<u>292,592.88</u>
		<u>9,062,095.55</u>	<u>1,380,242.28</u>
Decreased by Disbursements:			
Due State of New Jersey		3,653.40	
Escrow Fees			446,295.69
Expenditures Under RS 4:19-15.11	B-2	3,985.06	
Forfeited Funds		62,987.04	
Off-Duty Police Fees		228,858.75	
Tax Sale Premiums	B-3	693,700.00	
Tax Sale Redemptions	B-3	832,648.94	
Park and Recreation Fees		250,149.28	
Recycling Fees		166,967.15	
Basin Maintenance		39,222.46	
Municipal Open Space		150.00	
Accumulated Absence		213,021.75	
Police Donations		500.00	
Public Defender Fees		1,083.33	
Snow Removal		34,590.23	
Affordable Housing		14,996.25	
Unemployment Compensation		17,209.78	
Encumbrances Payable	B-4	172,451.11	41,897.81
Due Current Fund		6,501.51	
		<u>2,742,676.04</u>	<u>488,193.50</u>
Balance December 31, 2015	B	<u><u>\$ 6,319,419.51</u></u>	<u><u>\$ 892,048.78</u></u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2014	Ref. B		\$ 55,706.80
Increased by:			
Municipal Share of Dog License Fees	B-1		21,094.60
			<u>76,801.4</u>
Decreased by:			
Expenditures Under RS 4:19-15.11	B-1	3,985.06	
Due Current Fund	A	<u>13,149.74</u>	
			<u>17,134.80</u>
Balance December 31, 2015	B		<u><u>\$ 59,666.60</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ 35,818.90
2014	<u>23,847.70</u>
	<u><u>\$ 59,666.60</u></u>

EXHIBIT B-3

SCHEDULE OF RESERVE FOR TAX SALE REDEMPTION AND PREMIUMS

	Ref.	<u>Premiums</u>	<u>Redemptions</u>
Balance December 31, 2014	B	\$ 1,626,210.00	\$ 448.79
Increased by:			
Receipts	B-1	1,736,600.00	934,460.96
		<u>3,362,810.00</u>	<u>934,909.75</u>
Decreased by:			
Disbursements	B-1	693,700.00	832,648.94
Encumbrances	B-4	158,500.00	75,764.02
		<u>852,200.00</u>	<u>908,412.96</u>
Balance December 31, 2015	B	<u>\$ 2,510,610.00</u>	<u>\$ 26,496.79</u>

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Trust Fund	Escrow Trust Fund
Balance December 31, 2014	B	<u>\$ 183,645.50</u>	<u>\$ 41,897.81</u>
Increased by Charges for:			
Tax Sale Redemptions	B-3	75,764.02	
Tax Sale Premiums	B-3	158,500.00	
Forfeited Funds		24.25	
Park & Recreation		7,838.08	
Recycling		3,838.83	
Sidewalk Trust		12,500.00	
Snow Removal		22,103.19	
Basin Maintenance		777.54	
Police Off-Duty		5,492.50	
Escrow			34,926.22
Total Increases		<u>286,838.41</u>	<u>34,926.22</u>
		470,483.91	76,824.03
Decreased by:			
Cash Disbursements	B-1	<u>172,451.11</u>	<u>41,897.81</u>
Balance December 31, 2015	B	<u><u>\$ 298,032.80</u></u>	<u><u>\$ 34,926.22</u></u>

GENERAL CAPITAL FUND

EXHIBIT C-1

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2014	Ref. C		\$ 857,587.89
Increased by:			
Budget Appropriation			
Capital Improvement Fund	C-5	\$ 100,000.00	
Fund Ordinance 12-2012	C-2	42,000.00	
Developers Donations	C-2	35,000.00	
Transfer from Grant Fund	C-2	69,745.38	
Bond Anticipation Note	C-2:C-12	672,125.00	
		<hr/>	918,870.38
			<hr/>
			1,776,458.27
Decreased by:			
Improvement Authorizations	C-6	864,155.39	
Expenditure Without Appropriation	C-2	158,932.00	
Encumbrances Payable	C-10	454,120.43	
		<hr/>	1,477,207.82
			<hr/>
Balance December 31, 2015	C		<u><u>\$ 299,250.45</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2014	Receipts		Disbursements		Transfers To/(From)	Balance Dec. 31, 2015
		Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous		
Capital Improvement Fund	\$ 8,890.63	\$ 100,000.00				\$ (35,375.00)	\$ 73,515.63
Reserve for Payment of Bonds	21,352.28						21,352.28
Encumbrances Payable	460,105.53				\$ 454,120.43	593,316.23	599,301.33
Expenditures without Appropriation					158,932.00	(469,859.10)	(628,791.10)
Improvement Authorizations:							
Ordinance Number							
18-2003 Various Capital Improvements	14,701.13			\$ 8,701.98			5,999.15
3-2008 Development of Mary Mazza Duffy Park	661.44						661.44
5-2008 Dam Remediation Engineering and Survey	27,441.25					2,006.25	29,447.50
8-2008 Petro Kiryk and ATS Property Site Remediation	5,531.84						5,531.84
17-2009 Restoration of Farmhouse	125.44						125.44
22-2009 Various Capital Improvements						3,013.32	3,013.32
9-2012 Various Capital Improvements and Acquisition of Various Pieces of Equipment	92,478.00			34,465.50		(18,550.00)	39,462.50
12-2012 Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	111,692.29	111,745.38		43,671.82		(66,000.42)	113,765.43
01-2013 Installation of Lighting and Other Parks and Recreation Facility Improvements	1,539.17			1,539.17			
07-2013 Various Capital Improvements and Acquisition of Various Pieces of Equipment	2,952.00			2,952.00			
10-2013 Purchase of Emergency Turnout Gear and SCBA Gear	225.28					(225.28)	
18-2013 Purchase of Municipal Bus	2,545.75						2,545.75
01-2014 Purchase and Installation of Lighting and Other Park and Recreation Facility Improvements	17,756.00			13,510.83			4,245.17
06-2014 Purchase of Various Equipment	46,300.00			24,945.20		(300.00)	21,054.80
08-2014 Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	43,289.86			26,868.89		(8,401.00)	8,019.97
01-2015 Acquisition of Property			\$ 672,125.00	707,500.00		35,375.00	
16-2015 Installation of an Irrigation System at Owens Park		35,000.00		35,000.00		(35,000.00)	
	<u>\$ 857,587.89</u>	<u>\$ 246,745.38</u>	<u>\$ 672,125.00</u>	<u>\$ 899,155.39</u>	<u>\$ 613,052.43</u>		<u>\$ 299,250.45</u>
Ref.	C-1	C-1	C-12	C-6	C-1		C-1

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2014	Ref. C		\$ 12,822,019.70
Increased by:			
2015 General Obligation Bonds	C-7		4,300,000.00
Decreased by:			
Payments on General Serial Bonds	C-7	\$ 5,546,000.00	
Payments on Green Trust Loans	C-9	<u>15,106.46</u>	
			<u>5,561,106.46</u>
Balance December 31, 2015	C		<u><u>\$ 11,560,913.24</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	Funded By Budget Appropriation	Authorized	Transferred to Deferred Charges Funded	Balance Dec. 31, 2015	Analysis of Balances Dec. 31, 2015	
							Financed by Bond Anticipation Notes	Unexpended Improvement Authorizations
9-2011	Various Capital Improvements	\$ 6,900,000.00				\$ 6,900,000.00		\$ 6,900,000.00
12-2012	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	42,000.00	\$ 42,000.00					
8-2014	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	717,250.00				717,250.00	\$ 717,250.00	
01-2015	Acquisition of Real Property			\$ 672,125.00		672,125.00	672,125.00	
11-2015	Refunding Bonds			4,800,000.00	\$ 4,300,000.00	500,000.00		500,000.00
		<u>\$ 7,659,250.00</u>	<u>\$ 42,000.00</u>	<u>\$5,472,125.00</u>	<u>\$ 4,300,000.00</u>	<u>\$ 8,789,375.00</u>	<u>\$ 1,389,375.00</u>	<u>\$ 7,400,000.00</u>
Ref.		C	C-8	C-8	C-3	C	C-12	C-6

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2014	C	\$ 8,890.63
Increased by:		
Budget Appropriation	C-1	<u>100,000.00</u>
		108,890.63
Decreased by:		
Funding of Ordinance	C-6	<u>35,375.00</u>
Balance December 31, 2015	C	<u><u>\$ 73,515.63</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2014		2015 Authorizations	Encumbrance Canceled	Transfer to Grant Fund	Paid or Charged	Encumbrance	Balance Dec. 31, 2015	
		Date	Amount	Funded	Unfunded						Funded	Unfunded
18-2003	Various Capital Improvements	5-13-03	\$ 1,589,500.00	\$ 14,701.13			\$ 881.25		\$ 8,701.98	\$ 881.25	\$ 5,999.15	
3-2008	Development of Mary Mazza Duffy Park	2-12-08	950,000.00	661.44			84.28			84.28	661.44	
5-2008	Dam Remediation Engineering and Survey	3-11-08	100,000.00	27,441.25			2,006.25				29,447.50	
8-2008	Petro Kiryk and ATS Property Site Remediation	3-25-08	10,000.00	5,531.84							5,531.84	
17-2009	Restoration of Farmhouse	5-26-09	20,000.00	125.44							125.44	
22-2009	Various Capital Improvements	7-28-09	101,000.00				3,013.32				3,013.32	
09-2011	Various Capital Improvements	4-12-11	6,900,000.00		\$ 6,900,000.00							\$ 6,900,000.00
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	92,478.00					34,465.50	18,550.00	39,462.50	
12-2012	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	3-30-12	3,200,000.00	111,692.29	42,000.00			\$ 69,745.38	43,671.82	66,000.42	113,765.43	
01-2013	Installation of Lighting and Other Parks and Recreation Facility Improvements	1-28-13	85,000.00	1,539.17					1,539.17			
07-2013	Various Capital Improvements and Acquisition of Various Pieces of Equipment	4-22-13	250,000.00	2,952.00					2,952.00			
10-2013	Purchase of Emergency Turnout Gear and SCBA Gear	6-24-13	25,000.00	225.28						225.28		
18-2013	Purchase of Municipal Bus	10-28-13	40,000.00	2,545.75							2,545.75	
01-2014	Purchase and Installation of Lighting and Other Park and Recreation Facility Improvements	2-10-14	400,000.00	\$ 17,756.00					13,510.83		4,245.17	
06-2014	Purchase of Various Equipment	3-24-14	133,000.00	\$ 46,300.00					24,945.20	300.00	21,054.80	
08-2014	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	4-28-14	755,000.00		\$ 43,289.86				26,868.89	8,401.00	8,019.97	
01-2015	Acquisition of Real Property	1/26/15	707,500.00			\$ 707,500.00			707,500.00			
11-2015	Refunding Bond Issuance Costs	2/23/15	500,000.00			500,000.00						500,000.00
16-2015	Installation of an Irrigation System at Owens Park	3/23/15	35,000.00			35,000.00				35,000.00		
				\$ 323,949.59	\$ 6,985,289.86	\$ 1,242,500.00	\$ 5,985.10	69,745.38	\$ 864,155.39	\$ 129,442.23	\$ 233,872.31	\$ 7,400,000.00
Ref.				C	C		C-10		C-1	C-10	C	C
Capital Improvement Fund				Ref.		\$ 35,375.00						
Deferred Charges-Unfunded				C-5		1,172,125.00						
Developer's Donations				C-4		35,000.00						
				C-2		<u>\$ 1,242,500.00</u>						

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2015		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
General Improvement of 2008	11/01/08	\$ 4,436,000.00	11/1/16-2018	\$ 50,000.00	4.75%	\$ 4,136,000.00		\$ 3,986,000.00	\$ 150,000.00
2012 General Obligation Refunding Bonds	04/30/12	5,730,000.00	6/15/2016	1,280,000.00	3.00%	5,175,000.00		1,185,000.00	3,990,000.00
			6/15/2017	1,345,000.00	3.00%				
			6/15/2018	1,365,000.00	3.00%				
2012 General Obligation Bonds	08/01/12	3,800,000.00	3/1/2016-2017	360,000.00	1.00%	3,400,000.00		360,000.00	3,040,000.00
			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%				
2015 General Obligation Refunding Bonds	05/05/15	4,300,000.00	11/1/2016	\$ 45,000.00	1.50%				
			11/1/2017	45,000.00	2.00%				
			11/1/2018	45,000.00	3.00%				
			11/1/2019	350,000.00	3.00%				
			11/1/2020	345,000.00	2.00%				
			11/1/2021	335,000.00	2.00%				
			11/1/2022	330,000.00	4.00%				
			11/1/2023	430,000.00	2.25%				
			11/1/2024	420,000.00	2.50%				
			11/1/2025	410,000.00	3.00%				
			11/1/2026	505,000.00	3.25%				
			11/1/2027	500,000.00	3.50%				
			11/1/2028	525,000.00	3.50%				
						<u>\$ 12,711,000.00</u>	<u>\$ 4,300,000.00</u>	<u>\$ 5,546,000.00</u>	<u>\$ 11,465,000.00</u>
Ref.	C							C-3	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	Authorized	Issued	Funded by Budget Appropriation	Balance Dec. 31, 2015
9-2011	Various Capital Improvements (Redevelopment Area)	\$ 6,900,000.00				\$ 6,900,000.00
12-2012	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	42,000.00			\$ 42,000.00	
01-2015	Acquisition of Real Property		\$ 672,125.00	\$ 672,125.00		
11-2015	Refunding Bonds		4,800,000.00	4,300,000.00		500,000.00
		<u>\$ 6,942,000.00</u>	<u>\$ 5,472,125.00</u>	<u>\$ 4,972,125.00</u>	<u>\$ 42,000.00</u>	<u>\$ 7,400,000.00</u>
	Ref.		C-4	C-12	C-4	

EXHIBIT C-9

SCHEDULE OF LOAN PAYABLE - GREEN TRUST

Balance December 31, 2014	Ref. C		\$ 111,019.70
Decreased by:			
Payments	C-3		<u>15,106.46</u>
Balance December 31, 2015	C		<u><u>\$ 95,913.24</u></u>

EXHIBIT C-10

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.		
Balance December 31, 2014	C		\$ 460,105.53
Increased by:			
Charges to Improvement Authorizations	C-6	\$ 129,442.23	
Expenditures Without Appropriation		<u>469,859.10</u>	
			599,301.33
Decreased by:			
Payments	C-1	454,120.43	
Canceled	C-6	<u>5,985.10</u>	
			<u>460,105.53</u>
Balance December 31, 2015	C		<u><u>\$ 599,301.33</u></u>

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE

Purpose	Lease Number	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate	Balance		Balance Dec. 31, 2015
				Principal	Interest		Dec. 31, 2014	Decreased	
Various Capital Improvements	Series 2004C	12/07/04	20 Years	\$ 2,468,000.00	\$ 519,280.00	3%-4.5%	\$ 305,000.00	\$ 30,000.00	\$ 275,000.00
Various Capital Improvements	Series 2006	12/18/06	15 Years	3,405,000.00	1,079,650.00	3.75%-5%	1,520,000.00	225,000.00	1,295,000.00
							<u>\$ 1,825,000.00</u>	<u>\$ 255,000.00</u>	<u>\$ 1,570,000.00</u>
						Ref.	C		C

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Amount of Original Issue	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Increased	Balance Dec. 31, 2015
08-2014	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	\$ 717,250.00	12/11/2014	12/9/2015	12/8/2016	0.7196%	\$ 717,250.00		\$ 717,250.00
01-2015	Acquisition of Real Property	672,125.00	12/9/2015	12/9/2015	12/8/2016	0.7196%		\$ 672,125.00	672,125.00
							<u>\$ 717,250.00</u>	<u>\$ 672,125.00</u>	<u>\$ 1,389,375.00</u>
						Ref.	C	C-8	C

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2015

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 VI.

Purchase of one 2016 Ford E450 Remount/Refurbishment of an Emergency Vehicle.

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 1, 2014, adopted the following resolution authorizing interest to be charged on delinquent taxes:

The Town Council of the Township of Monroe now states that the rate of interest on unpaid taxes and sewer bills as well as the amount required to redeem Tax Sale Certificates, shall be eight (8) percent per annum on the first One Thousand Five Hundred Dollars (\$1,500.00) of delinquency and eighteen (18) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00) to be calculated from the date the tax was payable until the date of actual payment, provided that no interest shall be charged if payment of any installment is made on or before the tenth calendar day following the date upon which the same became payable.

Collection of Interest on Delinquent Taxes and Assessments (Continued)

In addition to the interest provided above, on all delinquencies in excess of Ten Thousand Dollars (\$10,000.00) and which are not paid prior to the end of the fiscal year, the Tax Collector shall also collect a penalty of six (6) percent of the amount of the delinquency in excess of Ten Thousand Dollars (\$10,000.00).

NJSA 54:5-61 provides that a municipality holding a Tax Sale Certificate may charge a two (2) percent penalty on the amount due over \$200.00 up to \$5,000.00, four (4) percent up to \$10,000.00 and six (6) percent in excess of \$10,000.00.

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 October 19, 2015, 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>
2015	187
2014	209
2013	183

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	3.397	3.298	3.129
Apportionment of Tax Rate:			
Municipal	0.856	0.833	0.793
Municipal Library	0.031	0.033	0.032
Municipal Open Space	0.003	0.003	0.003
County	0.627	0.596	0.557
Local School	1.88	1.833	1.744
Assessed Valuation	2,639,110,158	2,630,578,882	2,716,189,371

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.

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY (CONTINUED)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Levy	\$ 90,528,899.12	\$ 87,196,605.40	\$ 85,358,404.80
Cash Collections	88,121,346.07	84,180,759.67	82,288,100.88
Percentage of Collections	97.34%	96.54%	96.40%

DELINQUENT TAXES AND TAX TITLE LIENS

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Amount of Tax Title Liens	\$ 886,873.16	\$ 1,024,146.45	\$ 915,568.37
Delinquent Taxes	2,033,478.62	2,656,401.07	2,561,190.38
Total Delinquent	<u>\$ 2,920,351.78</u>	<u>\$ 3,680,547.52</u>	<u>\$ 3,476,758.75</u>
Percentage of Tax Levy	3.23%	4.22%	4.07%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Property Acquired for Taxes (Assessed Valuation)	<u>2,033,900</u>	<u>1,551,400</u>	<u>1,551,400</u>

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 2014 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