

**TOWNSHIP OF MONROE
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2016**

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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, 2016 and 2015, 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, 2016, 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, 2016 and 2015, 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 \$1,574,411.06 and \$1,483,748.23 for 2016 and 2015, 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, 2016 and 2015, 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, 2016, 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 15, 2017, 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 15, 2017

CURRENT FUND

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Regular Fund			
Cash - Treasurer	A-4	\$ 8,709,581.53	\$ 8,174,283.46
Cash - Change Fund	A-5	850.00	850.00
		<u>8,710,431.53</u>	<u>8,175,133.46</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	2,004,253.24	2,033,478.62
Tax Title Liens Receivable	A-7	992,308.40	886,873.16
Property Acquired for Taxes - Assessed Valuation	A-8	2,033,900.00	2,033,900.00
Local Grant Receivable	A-9	10,500.00	4,500.00
Revenue Accounts Receivable	A-10	13,765.77	14,349.07
Assessments Receivable		23,773.48	22,647.31
Due from General Capital Fund	C	95,031.76	
Due from Animal Control Trust Fund	B	25,402.00	13,149.74
		<u>5,198,934.65</u>	<u>5,008,897.90</u>
Federal and State Grant Fund			
Grants Receivable	A-16	350,152.00	403,580.64
Due from Current Fund	A	12,359.25	5,078.91
		<u>362,511.25</u>	<u>408,659.55</u>
		<u>\$ 14,271,877.43</u>	<u>\$ 13,592,690.91</u>

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

EXHIBIT A
(Continued)

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-12	\$ 1,104,799.39	\$ 1,534,856.65
Encumbrances Payable	A-13	873,713.86	803,396.11
Accounts Payable		10,427.12	30,564.68
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-11	66,023.33	56,457.87
Prepaid Taxes	A-4	679,903.15	731,186.85
Tax Overpayments		208,845.77	55,875.69
Due State - Marriage License Fees		975.00	675.00
Due State of New Jersey - DCA Fees		12,632.00	12,321.00
Payroll Taxes Payable		136,727.55	129,975.26
Due County for Added & Omitted Taxes	A-6	63,740.97	208,868.17
Reserve for Local Grants	A-15	36,463.70	29,154.85
Due Monroe MUA		1,835.74	318.06
Due Open Space Trust	B	79,778.00	
Due Grant Fund	A	12,359.25	5,078.91
Reserve for Police Department Evidence		98.44	14,382.44
		<u>3,288,323.27</u>	<u>3,613,111.54</u>
Reserve for Receivables		5,198,934.65	5,008,897.90
Fund Balance	A-1	5,422,108.26	4,562,021.92
		<u>13,909,366.18</u>	<u>13,184,031.36</u>
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-17	353,444.95	289,882.22
Encumbrances Payable	A-13	9,066.30	118,777.33
		<u>362,511.25</u>	<u>408,659.55</u>
		<u>\$ 14,271,877.43</u>	<u>\$ 13,592,690.91</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 2016	Year 2015
Fund Balance Utilized	A-2	\$ 3,050,000.00	\$ 2,800,000.00
Miscellaneous Revenue Anticipated	A-2	8,411,553.15	7,644,970.84
Receipts from Delinquent Taxes	A-2	2,126,403.05	2,862,141.77
Receipts from Current Taxes	A-2	90,848,081.99	88,121,346.07
Non-Budget Revenue	A-2	1,474,044.09	1,063,610.47
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	1,150,759.35	809,212.11
Encumbrances Payable - Canceled	A-13	129,060.32	147,278.35
Accounts Payable Canceled			7,030.47
Grant Reserve Balance Canceled	A-17	82,980.63	
Total Income		<u>107,272,882.58</u>	<u>103,455,590.08</u>
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	13,987,820.00	13,410,720.00
Other Expenses	A-3	13,248,900.00	13,223,802.00
Deferred Charges and Statutory Expenditures	A-3	2,732,000.00	2,532,000.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	60,000.00	60,000.00
Other Expenses	A-3	1,396,634.39	1,224,470.44
Capital Improvements	A-3	100,000.00	100,000.00
Municipal Debt Service	A-3	2,423,185.12	2,317,547.92
Deferred Charges			42,000.00
County Taxes	A-6	17,696,296.83	16,522,601.94
Due County for Added Taxes	A-6	63,740.97	208,868.17
Municipal Open Space Tax	A-6	79,778.00	79,173.00
Local District School Tax	A-14	51,367,879.00	49,600,597.00
Grant Receivables Canceled	A-16	96,772.39	
Interfund Loan Advanced		97,466.82	122,974.07
Prior Year Deductions Disallowed	A-11	12,322.70	10,073.29
Refund of Prior Year Revenue			72.25
Total Expenditures		<u>103,362,796.22</u>	<u>99,454,900.08</u>
Excess in Revenue		3,910,086.36	4,000,690.00
Fund Balance			
Balance January 1	A	4,562,021.92	3,361,331.92
		8,472,108.28	7,362,021.92
Decreased by:			
Utilization as Anticipated Revenue	A-1	3,050,000.00	2,800,000.00
Balance December 31	A	<u>\$ 5,422,108.28</u>	<u>\$ 4,562,021.92</u>

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

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 3,050,000.00		\$ 3,050,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	35,000.00		35,340.00	\$ 340.00
Other	A-10	31,000.00		26,357.13	(4,642.87)
Fees and Permits	A-10	500,000.00		1,033,794.56	533,794.56
Fines and Costs:					
Municipal Court	A-10	210,000.00		220,292.89	10,292.89
Interest and Costs on Taxes	A-10	525,000.00		489,163.21	(35,836.79)
Interest on Investments and Deposits	A-10	45,000.00		74,442.89	29,442.89
Insurance Reimbursements - Ambulance	A-10	900,000.00		898,279.43	(1,720.57)
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	400,000.00		763,361.25	363,361.25
Uniform Fire Safety Act	A-10	50,000.00		53,489.04	3,489.04
Franchise Fees - Cable Television	A-10	246,916.00		246,916.18	0.18
Engineering Review Fees	A-10	15,000.00		35,540.00	20,540.00
Park & Recreation Trust Fund	A-10	25,000.00		25,000.00	
Basin Maintenance Trust	A-10	25,000.00		25,000.00	
Gloucester County Improvement Authority					
Debt Fund Proceeds	A-10	30,000.00		13,761.18	(16,238.82)
Click It or Ticket	A-16		\$ 3,000.00	3,000.00	
Municipal Alliance Youth Service	A-16		26,460.00	26,460.00	
Body Armor Replacement Grant	A-16		5,953.51	5,953.51	
JIF Safety Incentive Program	A-9	10,225.00		10,225.00	
Walmart Community Grant	A-9		2,500.00	2,500.00	
NJ DOT Corkery Lane	A-16		223,892.00	223,892.00	
Drunk Driving Enforcement Fund	A-16		10,565.53	10,565.53	
Clean Communities	A-16		86,703.35	86,703.35	
Safe and Secure	A-16	60,000.00		60,000.00	
Drive Sober or Get Pulled Over	A-16	2,200.00	3,520.00	5,720.00	
Total Miscellaneous Revenues		7,146,137.00	362,594.39	8,411,553.15	902,821.76
Receipts from Delinquent Taxes	A-2	2,300,000.00		2,126,403.05	(173,596.95)
Subtotal General Revenues		12,496,137.00	362,594.39	13,587,956.20	729,224.81
Amount to be Raised by Taxation		22,978,548.88		23,470,573.05	492,024.17
Minimum Library Tax		869,814.12		869,814.12	
Budget Totals		36,344,500.00	362,594.39	37,928,343.37	\$ 1,221,248.98
Non-Budget Revenue	A-2			1,474,044.09	
		\$ 36,344,500.00	\$ 362,594.39	\$ 39,402,387.46	
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	\$ 90,848,081.99
Allocated to:		
Municipal Open Space	A-6	79,778.00
School and County Taxes	A-6	69,127,916.80
		<hr/>
Balance for Support of Municipal Budget Appropriations		21,640,387.19
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	2,700,000.00
	A-2	<hr/>
		\$ 24,340,387.19
		<hr/> <hr/>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6	\$ 1,913,329.95
Tax Title Liens	A-7	213,073.10
	A-2	<hr/>
		\$ 2,126,403.05
		<hr/> <hr/>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Refunds	A-10	\$ 29,793.26
Insurance Dividends	A-10	707,467.00
Ads on Bus Shelters	A-10	3,292.56
Inspection Violations	A-10	1,883.62
Tax Map Maintenance	A-10	2,055.00
Administrative Fees Off-Duty Police	A-10	40,183.75
In Lieu of Taxes	A-10	76,394.88
School Security Officers Reimbursement	A-10	180,000.00
Miscellaneous	A-10	82,750.00
Hotel/Motel Tax Revenue	A-10	51,971.70
Disability Reimbursement	A-10	18,565.00
Demolition/Boarding Up	A-10	23,204.92
Office of Emergency Management	A-10	140,110.40
Sale of Municipal Assets	A-10	116,372.00
	A-2	<hr/>
		\$ 1,474,044.09
		<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	\$ 260,400.00	\$ 260,400.00	\$ 257,330.53		\$ 3,069.47	
Other Expenses	48,000.00	50,000.00	47,845.66	\$ 1,109.34	1,045.00	
Mayor and Township Council						
Salaries & Wages						
Mayor	14,100.00	14,100.00	14,100.00			
Council	60,000.00	60,000.00	58,577.37		1,422.63	
Other Expenses						
Council	2,000.00	2,000.00	2,000.00			
Municipal Clerk						
Salaries & Wages	260,800.00	260,800.00	257,937.35		2,862.65	
Other Expenses	76,000.00	76,000.00	70,960.56	1,692.17	3,347.27	
Elections						
Salaries & Wages	2,600.00	2,600.00	1,761.72		838.28	
Other Expenses	24,000.00	24,000.00	22,168.27		1,831.73	
Financial Administration						
Salaries & Wages	154,500.00	154,500.00	141,886.52		12,613.48	
Other Expenses	71,000.00	71,000.00	53,990.34	62.35	16,947.31	
Audit Services						
Other Expenses	63,000.00	63,000.00	61,718.75		1,281.25	
Municipal Information Services (MIS)						
Salaries & Wages	129,500.00	129,500.00	128,297.70		1,202.30	
Other Expenses	87,000.00	87,000.00	82,867.83	329.24	3,802.93	
Revenue Administration (Tax Collection)						
Salaries & Wages	215,800.00	215,800.00	205,293.10		10,506.90	
Other Expenses	22,000.00	25,000.00	24,095.22	652.35	252.43	

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	6,000.00	6,000.00			6,000.00	
Legal Services & Costs						
Salaries & Wages	6,000.00	6,000.00	4,000.00		2,000.00	
Other Expenses	360,000.00	420,000.00	392,285.18	9,180.90	18,533.92	
Engineering Services & Costs						
Other Expenses	125,000.00	125,000.00	115,725.00	9,241.25	33.75	
Economic Development						
Other Expenses	20,000.00	20,000.00	13,357.85	6,639.38	2.77	
Main Street Committee						
Other Expenses	20,000.00	20,000.00	18,932.61		1,067.39	
Historical Society (40:48-2)						
Other Expenses	3,000.00	3,000.00	1,860.20	1,100.00	39.80	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries & Wages	119,500.00	119,500.00	116,837.30		2,662.70	
Other Expenses	55,000.00	95,000.00	80,513.95	92.17	14,393.88	
Zoning Board and Board of Adjustment						
Salaries & Wages	5,000.00	5,000.00	2,470.00		2,530.00	
Other Expenses	24,000.00	14,000.00	6,272.70		7,727.30	
CODE ENFORCEMENT AND ADMINISTRATION						
Code Enforcement Officer						
Salaries & Wages	127,500.00	127,500.00	101,956.80		25,543.20	
Other Expenses	60,000.00	40,000.00	24,601.52	2,434.08	12,964.40	
INSURANCE						
Insurance Safety Program	12,000.00	12,000.00	11,280.56	597.62	121.82	
Liability Insurance	560,000.00	560,000.00	544,435.00		15,565.00	
Workmen's Compensation Insurance	900,000.00	900,000.00	900,000.00			
Group Plans for Employees	5,725,000.00	5,665,000.00	5,245,720.03	2,640.00	416,639.97	
Health Insurance Waiver	50,000.00	50,000.00	26,800.00		23,200.00	

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	7,704,000.00	7,814,000.00	7,768,803.64		45,196.36	
Other Expenses	500,000.00	508,000.00	482,177.82	25,742.85	79.33	
Office of Emergency Management						
Salaries & Wages	58,400.00	58,400.00	52,857.90		5,542.10	
Other Expenses	15,000.00	15,000.00	11,940.91	2,721.96	337.13	
First Aid Organization - Ambulances						
Monroe Township Ambulance	73,000.00	73,000.00	39,824.86	30,954.30	2,220.84	
Fire						
Other Expenses						
Fire Hydrant Service	45,000.00	45,000.00	45,000.00			
Cecil Fire Company	63,000.00	63,000.00	51,101.41	11,039.61	858.98	
Williamstown Fire Company	70,000.00	70,000.00	43,959.62	24,270.25	1,770.13	
Uniform Fire Safety Act (P.L. 1983, C383)						
Salaries & Wages	81,700.00	81,700.00	69,819.14		11,880.86	
Other Expenses	10,000.00	10,000.00	6,046.45	1,101.39	2,852.16	
Ambulance						
Salaries & Wages	420,000.00	420,000.00	399,851.15		20,148.85	
Other Expenses	123,000.00	123,000.00	97,495.78	24,149.66	1,354.56	
Prosecutor						
Salaries & Wages	30,000.00	30,000.00	30,000.00			
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	922,000.00	867,000.00	779,844.47		87,155.53	
Other Expenses	35,000.00	35,000.00	21,661.22	12,070.02	1,268.76	
Snow Removal						
Other Expenses	80,000.00	80,000.00	80,000.00			

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	1,294,700.00	1,237,700.00	1,180,397.11		57,302.89	
Other Expenses	5,000.00	5,000.00	4,034.72	451.37	513.91	
Public Buildings & Grounds						
Salaries & Wages	400,000.00	400,000.00	383,948.99		16,051.01	
Other Expenses	140,000.00	147,000.00	121,998.59	19,821.87	5,179.54	
Vehicle Maintenance						
Salaries & Wages	358,700.00	358,700.00	339,680.88		19,019.12	
Other Expenses	500,000.00	500,000.00	432,157.88	63,018.66	4,823.46	
Community Services Act						
Condominium Trash Services	210,000.00	210,000.00	169,294.90	35,307.95	5,397.15	
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health)						
Salaries & Wages	60,400.00	62,400.00	61,293.25		1,106.75	
Other Expenses	3,000.00	3,000.00	1,488.53	486.40	1,025.07	
Environmental Commission (40:56A et seq.)						
Salaries & Wages	700.00	700.00	480.00		220.00	
Other Expenses	2,000.00	2,000.00	1,210.00	340.00	450.00	
RECREATION FUNCTIONS						
Parks & Recreation						
Salaries & Wages	439,000.00	439,000.00	429,248.70		9,751.30	
Other Expenses	71,000.00	86,000.00	76,083.77	9,916.23		
Community Center						
Salaries & Wages	43,000.00	43,000.00	41,575.30		1,424.70	
Other Expenses	4,000.00	4,000.00	2,326.12		1,673.88	
Community Transportation Service						
Salaries & Wages	83,000.00	83,000.00	73,738.66		9,261.34	
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	5,799.16	1,675.00	25.84	

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	75,000.00	75,000.00	75,000.00			
Celebration of Public Event Anniversary or Holiday Other Expenses	53,000.00	53,000.00	39,728.21	1,640.00	11,631.79	
Salary Adjustments						
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	305,000.00	290,000.00	258,667.58	25,241.94	6,090.48	
Street Lighting	580,000.00	595,000.00	543,755.17	50,877.74	367.09	
Telephone and Telegraph	113,000.00	113,000.00	93,102.56	10,462.95	9,434.49	
Natural Gas	115,000.00	115,000.00	80,752.10	6,911.56	27,336.34	
Fuel Oil	5,000.00	5,000.00	2,334.44	1,665.56	1,000.00	
Gasoline	410,000.00	350,000.00	255,886.54	84,432.46	9,681.00	
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Gloucester County Landfill Other Expenses	1,245,000.00	1,245,000.00	1,006,393.49	204,411.13	34,195.38	
MUNICIPAL COURT FUNCTIONS						
Municipal Court Salaries & Wages Other Expenses	302,300.00	302,300.00	283,379.14		18,920.86	
Public Defender Other Expenses	28,000.00	28,000.00	19,978.73	1,146.88	6,874.39	
	15,000.00	15,000.00	12,999.96		2,000.04	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
UNIFORM CONSTRUCTION CODE -					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (NJAC 5:23-4.17)					
State Uniform Construction Code					
Construction Official					
Salaries & Wages	421,500.00	421,500.00	421,384.73	115.27	
Other Expenses	56,000.00	56,000.00	19,229.49	28,675.52	8,094.99
Total Operations within "CAPS"	27,251,720.00	27,236,720.00	25,461,612.69	714,304.11	1,060,803.20
Detail:					
Salaries & Wages	13,987,820.00	13,987,820.00	13,612,751.45		375,068.55
Other Expenses	13,263,900.00	13,248,900.00	11,848,861.24	714,304.11	685,734.65
DEFERRED CHARGES					
Uncollected Developer Escrow - Cedar Creek					
STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	682,000.00	697,000.00	697,000.00		
Social Security System (OASI)	610,000.00	610,000.00	576,621.97		33,378.03
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00		
Deferred Compensation Retirement System	5,000.00	5,000.00	5,000.00		
PERS - Delayed Enrollment	10,000.00	10,000.00	10,000.00		
Police and Firemen's Retirement System of NJ	1,400,000.00	1,400,000.00	1,399,667.13		332.87
Total Deferred Charges & Statutory	2,717,000.00	2,732,000.00	2,698,289.10		33,710.90
Total General Appropriations for	29,968,720.00	29,968,720.00	28,159,901.79	714,304.11	1,094,514.10
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (P.L. 1997, c. 388)	150,000.00	150,000.00		150,000.00	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	815,000.00	815,000.00	815,000.00		

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	32,164.71	7,550.00	10,285.29	
Total Other Operations - Excluded from "CAPS"	<u>1,015,000.00</u>	<u>1,015,000.00</u>	<u>847,164.71</u>	<u>157,550.00</u>	<u>10,285.29</u>	
PUBLIC AND PRIVATE PROGRAMS						
OFF-SET BY REVENUES						
Click It or Ticket		3,000.00	3,000.00			
Municipal Alliance Youth Service		26,460.00	26,460.00			
Clean Communities		86,703.35	86,703.35			
Body Armor Replacement Grant		5,953.51	5,953.51			
Drive Sober or Get Pulled Over	2,200.00	5,720.00	5,720.00			
Drunk Driving Enforcement Fund		10,565.53	10,565.53			
Walmart Community Grant		2,500.00	2,500.00			
NJ DOT Corkery Lane		223,892.00	223,892.00			
Safe and Secure	60,000.00	60,000.00	60,000.00			
JIF Safety Incentive Program	10,225.00	10,225.00	10,225.00			
Matching Funds for Grants	13,385.00	13,385.00	6,615.00			\$ 6,770.00
Total Operations Excluded from "CAPS"	<u>1,100,810.00</u>	<u>1,463,404.39</u>	<u>1,288,799.10</u>	<u>157,550.00</u>	<u>10,285.29</u>	<u>6,770.00</u>
Detail:						
Salaries and Wages	60,000.00	60,000.00	60,000.00			
Other Expenses	<u>1,040,810.00</u>	<u>1,403,404.39</u>	<u>1,228,799.10</u>	<u>157,550.00</u>	<u>10,285.29</u>	<u>6,770.00</u>

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	1,735,000.00	1,735,000.00	1,735,000.00			
Payment of Notes	50,000.00	50,000.00	50,000.00			
Interest on Bonds	276,970.00	276,970.00	276,962.50			7.50
Interest on Notes	13,000.00	13,000.00	12,746.74			253.26
Green Trust Loan Repayments - Principal & Interest	18,000.00	18,000.00	17,251.70			748.30
Capital Lease Obligations						
Principal	265,000.00	265,000.00	264,978.80			21.20
Interest	67,000.00	67,000.00	66,245.38			754.62
Total Municipal Debt Service Excluded From "CAPS"	2,424,970.00	2,424,970.00	2,423,185.12			1,784.88
DEFERRED CHARGES EXCLUDED FROM CAPS						
Deferred Charges to Future Taxation-Unfunded Ordinance 33-2015	50,000.00	50,000.00				50,000.00
Total Deferred Charges Excluded from "CAPS"	50,000.00	50,000.00				50,000.00
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,675,780.00	4,038,374.39	3,811,984.22	157,550.00	10,285.29	58,554.88
Subtotal General Appropriations	33,644,500.00	34,007,094.39	31,971,886.01	871,854.11	1,104,799.39	58,554.88
RESERVE FOR UNCOLLECTED TAXES	2,700,000.00	2,700,000.00	2,700,000.00			

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	
TOTAL GENERAL APPROPRIATIONS	<u>\$ 36,344,500.00</u>	<u>\$ 36,707,094.39</u>	<u>\$ 34,671,886.01</u>	<u>\$ 871,854.11</u>	<u>\$ 1,104,799.39</u>	<u>\$ 58,554.88</u>
	Ref. A-2			A-13	A	
Budget	Ref. A-3	\$ 36,344,500.00				
Appropriations by 40A:4-87	A-2	<u>362,594.39</u>				
		<u>\$ 36,707,094.39</u>				
Reserve for Federal and State Grants	Ref. A-17		\$ 428,909.39			
Reserve for Uncollected Taxes	A-3		2,700,000.00			
Reserve for Local Grants	A-15		12,725.00			
Disbursed	A-4		<u>31,530,251.62</u>			
			<u>\$ 34,671,886.01</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, 2016	Balance Dec. 31, 2015
ASSETS			
Trust Fund			
Cash - Treasurer	B-1	\$ 5,713,015.45	\$ 6,319,419.51
Off-Duty Police Receivables			24,071.47
Due from Current Fund	A	79,778.00	
		<u>5,792,793.45</u>	<u>6,343,490.98</u>
LOSAP (unaudited)			
Investment		<u>1,574,411.06</u>	<u>1,483,748.23</u>
Escrow Trust Fund			
Cash - Treasurer	B-1	936,331.37	892,048.78
Escrow Receivable			15,258.82
		<u>936,331.37</u>	<u>907,307.60</u>
		<u>\$ 8,303,535.88</u>	<u>\$ 8,734,546.81</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, 2016	Balance Dec. 31, 2015
LIABILITIES, RESERVES, AND FUND BALANCE			
Trust Fund			
Encumbrances Payable	B-4	\$ 205,232.89	\$ 298,032.80
Due Current Fund	A	25,402.00	13,149.74
Reserve for Dog Fund Expenditures	B-2	48,579.70	59,666.60
Reserve for Intersection/Road Improvements		39,970.00	39,970.00
Reserve for Forfeited Funds		52,680.65	119,661.49
Reserve for Off-Duty Police Fees		9,316.53	39,994.50
Deposits for Redemption of Tax Sale Certificates	B-3	6,764.11	26,496.79
Reserve for Tax Sale Premiums	B-3	1,881,510.00	2,510,610.00
Reserve for Parks and Recreation		464,248.39	375,872.77
Reserve for Veterans Affairs Donations		200.00	200.00
Reserve for Public Defender Fees		12,113.66	6,117.66
Reserve for POAA Fees		1,123.67	1,089.67
Reserve for Recycling Fees		207,487.31	239,219.59
Reserve for Sidewalk Trust Fund		112,369.67	104,984.42
Reserve for Storm Recovery		122,773.92	113,140.39
Reserve for Accumulated Absences		359,102.80	346,678.25
Reserve for Basin Maintenance Trust		149,174.39	176,335.35
Reserve for Municipal Open Space		1,370,537.89	1,282,408.71
Reserve for Affordable Housing		609,119.56	495,799.50
Reserve for Unemployment Compensation		87,575.31	69,061.23
Reserve for Police Donations		8,835.54	7,539.54
Reserve for Municipal Alliance Donations		301.43	301.43
Reserve for Historical Society Donations		17,160.55	17,160.55
Reserve for Community Activities and Events		1,213.48	
		<u>5,792,793.45</u>	<u>6,343,490.98</u>
LOSAP (unaudited)			
Reserve for LOSAP Benefits		<u>1,574,411.06</u>	<u>1,483,748.23</u>
Escrow Trust Fund			
Encumbrances Payable	B-4	31,915.62	34,926.22
Reserve for Developers Escrow		904,415.75	872,381.38
		<u>936,331.37</u>	<u>907,307.60</u>
		<u><u>\$ 8,303,535.88</u></u>	<u><u>\$ 8,734,546.81</u></u>

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

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL - REGULATORY BASIS

	Ref.	Balance	Balance
		Dec. 31, 2016	Dec. 31, 2015
ASSETS			
Cash	C-2		\$ 299,250.45
Grants Receivable		\$ 460,000.00	
Amount to be Provided by Lease Payments Expenditure Without Appropriation		1,330,000.00	1,570,000.00 628,791.10
Deferred Charges to Future Taxation:			
Funded	C-3	9,810,503.14	11,560,913.24
Unfunded	C-4	11,991,125.00	8,789,375.00
		<u>\$ 23,591,628.14</u>	<u>\$ 22,848,329.79</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Serial Bonds Payable	C-7	\$ 9,730,000.00	\$ 11,465,000.00
Loan Payable - Green Trust	C-9	80,503.14	95,913.24
Bond Anticipation Notes Payable	C-13	2,735,875.00	1,389,375.00
Encumbrances Payable	C-10	585,458.23	599,301.33
Obligations Under Capital Lease	C-11	1,330,000.00	1,570,000.00
Capital Improvement Fund	C-5	265.63	73,515.63
Due Current Fund	A	95,031.76	
Reserve for Payment of Bonds	C-3	21,352.28	21,352.28
Improvement Authorizations:			
Funded	C-6	700,356.78	233,872.31
Unfunded	C-6	8,284,304.86	7,400,000.00
Fund Balance	C-1	28,480.46	
		<u>\$ 23,591,628.14</u>	<u>\$ 22,848,329.79</u>

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

EXHIBIT C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Ref.	
Increased by:		
Bond Anticipation Note Premium	C-2	\$ 28,480.46
		<hr/>
Balance December 31, 2016	C	\$ 28,480.46
		<hr/> <hr/>

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, 2016	Balance Dec 31, 2015
Buildings	\$ 9,882,875.00	\$ 9,882,875.00
Land	4,652,816.73	4,652,816.73
Equipment	1,784,581.87	1,623,956.13
Vehicles	12,373,648.68	11,876,746.73
	<u>\$ 28,693,922.28</u>	<u>\$ 28,036,394.59</u>
Investment in General Fixed Assets	<u>\$ 28,693,922.28</u>	<u>\$ 28,036,394.59</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, 2016 AND 2015

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's component units are listed below:

Monroe Township Municipal Utilities Authority
Monroe Township Free Public Library

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.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted, to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes (Continued) -The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued) - Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Township capitalizes fixed assets with an original cost in excess of \$1,000.00.

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

No depreciation has been provided for in the financial statements.

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

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective (Continued)

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. Components of this Statement are effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement is effective for periods beginning after June 15, 2017. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for certain irrevocable split-interest agreements by providing recognition and measurement guidance or situations in which a government is a beneficiary of the agreement. The Statement is effective for periods beginning after December 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 82, *Pension Issues and Amendments of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to answer certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73. The Statement is effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Township's financial reporting.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective (Continued)

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the Township's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017." This statement, which is effective for fiscal periods beginning after June 15, 2017, 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 seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87.

The Township amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$362,594.39 for various grants as detailed on Exhibit A-2.

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, 2016 and 2015, the carrying amount of the Township's deposits was \$15,359,778.35 and \$15,685,852.20, respectively. As of December 31, 2016 and 2015, \$0 of the municipality's bank balance of \$15,591,251.45 and \$15,687,255.78, respectively, was exposed to Custodial Credit Risk.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4: INVESTMENTS

As of December 31, 2016 or 2015, 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.

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, 2016 and 2015, amounted to \$1,574,411.06 and \$1,483,748.23, 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
	2016	\$ 5,422,108.26	\$ 3,510,000.00
	2015	4,562,021.92	3,050,000.00
Current Fund	2014	3,361,331.92	2,800,000.00
	2013	4,108,398.49	2,965,753.00
	2012	1,897,073.52	1,300,000.00

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015

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 two years:

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance Dec. 31
2016	\$ 416.62	\$ 18,946.76	\$ 10,000.00	\$ 10,849.30	\$ 87,575.31
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

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2016.

	Due From	Due To
Current Fund		
Federal and State Grant Fund		\$ 12,359.25
General Capital	\$ 95,031.76	
Trust Other		79,778.00
Animal Control Trust Fund	25,402.00	
Federal and State Grant Fund		
Current Fund	12,359.25	
General Capital		
Current Fund		95,031.76
Animal Control Trust		
Current Fund		25,402.00
Trust Other		
Current Fund	79,778.00	
	<u>\$ 212,571.01</u>	<u>\$ 212,571.01</u>

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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, 2016 and 2015, was \$1,915,588.22 and \$1,934,121.21, respectively. The Township had appropriated \$75,000.00 in the 2016 adopted budget to fund a reserve for accumulated absences. The accumulated absence trust has a reserve balance as of December 31, 2016 and 2015, of \$359,102.80 and \$346,678.25, respectively.

NOTE 9: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

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

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 10: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2016:

	Balance Dec. 31, 2015	Additions	Deletions	Balance Dec. 31, 2016
Buildings	\$ 9,882,875.00			\$ 9,882,875.00
Land	4,652,816.73			4,652,816.73
Equipment	1,623,956.13	\$ 181,134.75	\$ 20,509.01	1,784,581.87
Vehicles	11,876,746.73	496,901.95		12,373,648.68
	<u>\$ 28,036,394.59</u>	<u>\$ 678,036.70</u>	<u>\$ 20,509.01</u>	<u>\$ 28,693,922.28</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, 2016	Balance Dec. 31, 2015
Prepaid Taxes - Cash Liability	<u>\$ 679,903.15</u>	<u>\$ 731,186.85</u>

NOTE 12: TAX ABATEMENT PROGRAMS

The Township entered into long-term tax abatement agreements (in excess of 5 year term) under the provisions of the New Jersey statutes as described below to promote and stimulate redevelopment and rehabilitation.

NJSA 40A:12A-1 et seq. "The Local Redevelopment and Housing Law" (LRHL), which designates "areas in need of redevelopment" as defined in the statute.

NJSA 40A:20-1 et seq. "Long Term Tax Exemption Law," which provides for long term tax exemption for the LRHL designated areas.

The statutes were utilized by the Township to attract redevelopers.

For the fiscal year ended December 31, 2016, the Township abated property taxes totaling \$522,067.71. The following agreements were in effect as of December 31, 2016, under the provisions of the aforementioned statutes:

- An 82.40% abatement to a developer for construction and operation of a 132 apartment unit affordable housing project. The abatement amounted to \$266,256.80.
- A 92.91% abatement to a developer for the purchase and maintenance of 17 dwelling units to ensure they remain affordable to low and moderate income eligible households. The abatement amounted to \$255,810.91.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 13: ECONOMIC DEPENDENCY

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

NOTE 14: LENGTH OF SERVICE AWARD PROGRAM

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 \$112,980.00 and \$108,138.00 for 2016 and 2015, 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, 2016 AND 2015

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, 2016, 2015, and 2014, were \$697,000.00, \$641,448.71, and \$621,726.61, respectively, equal to the required contributions for each year. The Township's contributions to PFRS for the years ending December 31, 2016, 2015, and 2014, were \$1,399,667.13, \$1,264,241.54, and \$1,245,603.00, 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, 2016, 2015, and 2014, were \$5,000.00, \$261.70, and \$271.39, 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, 2016 AND 2015

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, 2016 AND 2015

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 the period January 2016 through March 2016, the Township contributed \$568,953.91 to the plan for current premiums.

Plan Description – Beginning in April 2016, the Township of Monroe contributed to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2016, the Township of West Deptford authorized participation in the SHBP's post-retirement benefit program through resolution number R-2016-32. All employees who were part of a state administered pension system and have at least 25 years of government service are eligible to participate in the program.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to State of New Jersey - Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: www.state.nj.us/treasury/pensions/shbp.htm.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township of Monroe on a monthly basis.

The Township of Monroe's contributions to SHBP for the period April 1 through December 31, 2016, was \$1,316,133.80, which equaled the required contributions for retirees for the year. There were approximately 96 retired participants eligible at December 31, 2016.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015

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, 2016, the Township's proportionate share of net pension liability was \$23,039,859. The net pension liability was measured as of June 30, 2016, 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, 2016, the Township's allocation percentage was 0.0777923358% compared to 0.0793098495% at June 30, 2015.

For the year ended December 31, 2016, the Township's pension expense would have been \$1,760,033 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 4,294,471	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,172,365	
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions		\$ 123,632
Difference Between Expected and Actual Experience	338,487	
	\$ 5,805,323	\$ 123,632

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:

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015

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

Year Ended December 31,	Amount
2017	\$ 1,297,542
2018	1,297,542
2019	1,557,755
2020	1,211,585
2021	317,265
	\$ 5,681,689

Additional information – Collective balances at June 30, 2015 and 2016, are as follows:

	June 30, 2015	June 30, 2016
Collective Deferred Outflows of Resources	\$ 2,946,265,815	\$ 7,815,204,785
Collective Deferred Inflows of Resources	360,920,604	
Collective Net Pension Liability	22,447,996,119	29,617,131,759
Township's Proportion	0.0793098495%	0.0777923358%

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, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% Based on Age
Thereafter	2.65 – 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Tables for male and female active participants. For local employees, mortality tables are setback 2 years for males and 7 years for females. In addition, the table provides for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015

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

Actuarial Assumptions (Continued)

mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

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, 2016, the Township's proportionate share of net pension liability for Police was \$34,688,476. The net pension liability was measured as of June 30, 2016, 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, 2016, the Township's proportion was 0.1815907380% compared to 0.1721111579% at June 30, 2015.

For the year ended December 31, 2016, the Township's pension expense would have been \$4,966,528 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	\$ 3,507,285	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,082,926	
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions	1,145,235	
Difference Between Expected and Actual Experience	54,585	
	\$ 7,790,031	None

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.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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
2017	\$ 1,905,674
2018	1,905,674
2019	2,433,314
2020	1,474,039
2021	71,330
	<u>\$ 7,790,031</u>

Additional information – Collective balances at June 30, 2015 and 2016, are as follows:

	June 30, 2015	June 30, 2016
Collective Deferred Outflows of Resources	\$ 3,075,206,294	\$ 3,984,339,036
Collective Deferred Inflows of Resources	433,559,708	125,220,083
Collective Net Pension Liability	<u>18,117,234,618</u>	<u>20,706,699,056</u>
Township's Proportion	0.1721111579%	0.1815907380%

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, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	2.10 – 8.98% Based on Age
Thereafter	3.10 – 9.98% Based on Age
Investment Rate of Return	7.65%

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015

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

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015, 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>.

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, 2016 and June 30, 2015, special funding situation net pension liability amounts of \$2,912,972 and \$2,514,063 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, 2016, consisted of the following:

	Year 2016	Year 2015	Year 2014
Bonds, Notes, and Loans Issued	\$ 12,546,378.14	\$ 12,950,288.24	\$ 13,539,269.70
Bonds and Notes Authorized But Not Issued	9,255,250.00	7,400,000.00	6,942,000.00
Net Bonds, Notes, and Loans Issued and Authorized But Not Issued	<u>\$ 21,801,628.14</u>	<u>\$ 20,350,288.24</u>	<u>\$ 20,481,269.70</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 18: LONG-TERM DEBT (CONTINUED)

Summary of Municipal Debt Service (Continued)

	Balance 12/31/2015	Issued	Retired/ Reduction	Balance 12/31/2016	Due Within One Year
Issued:					
General:					
Serial Bonds Payable	\$ 11,465,000.00		\$ 1,735,000.00	\$ 9,730,000.00	\$ 1,800,000.00
Loans	95,913.24		15,410.10	80,503.14	15,719.83
Bond Anticipation Note	1,389,375.00	\$ 1,396,500.00	50,000.00	2,735,875.00	
Authorized But Not Issued:					
General:					
Bonds and Notes	7,400,000.00	3,751,750.00	1,896,500.00	9,255,250.00	
	<u>\$ 20,350,288.24</u>	<u>\$ 5,148,250.00</u>	<u>\$ 3,696,910.10</u>	<u>\$ 21,801,628.14</u>	<u>\$ 1,815,719.83</u>

Permanently Funded Debt as of December 31, 2016, 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, 2016, was \$100,000.00.

\$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, 2016, was \$2,710,000.00.

\$3,800,000.00 General Obligation Bonds dated August 2012, payable in annual installments through March 2023. Interest is paid semi-annually at a rate of 1.00% - 2.00% per annum. The balance remaining at December 31, 2016, was \$2,680,000.00.

\$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 2.00% - 4.00% per annum. The balance remaining at December 31, 2016, was \$4,240,000.00.

\$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, 2016, was \$38,771.32.

\$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, 2016, was \$1,563.04.

\$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, 2016, was \$40,168.78.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 18: LONG-TERM DEBT (CONTINUED)

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

Year Ended	Principal	Interest	Total
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	739,201.12	125,125.12	864,326.24
2022-2026	2,914,974.81	391,699.52	3,306,674.33
2027-2028	1,025,000.00	54,250.00	1,079,250.00
	<u>\$ 9,810,503.14</u>	<u>\$ 1,281,784.36</u>	<u>\$ 11,092,287.50</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 .845%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 48,403,000.00	\$ 48,403,000.00	
General Debt	21,801,628.14	21,352.28	\$ 21,780,275.86
	<u>\$ 70,204,628.14</u>	<u>\$ 48,424,352.28</u>	<u>\$ 21,780,275.86</u>

Net Debt \$21,780,275.86/Equalized Valuation Basis per NJSA 40A:2-2 as amended
 \$2,578,162,444.00 = .845%

Borrowing Power Under NJSA 40:A2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 90,235,685.54
Net Debt	<u>21,780,275.86</u>
Remaining Borrowing Power	<u>\$ 68,455,409.68</u>

NOTE 19: BOND ANTICIPATION NOTES

The Township had the following General Capital Bond Anticipation Note outstanding as of December 31, 2016:

Note in the amount of \$2,735,875.00. This note will mature on December 6, 2017, at an interest rate per annum of 2.50 %.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 20: CAPITAL LEASE OBLIGATIONS

The Township has lease agreements in effect at December 31, 2016, 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
2017	\$ 240,000.00	\$ 27,431.70	\$ 267,431.70
2018	250,000.00	23,146.52	273,146.52
2019	250,000.00	18,042.96	268,042.96
2020	245,000.00	13,412.42	258,412.42
2021	255,000.00	9,107.76	264,107.76
2022-2024	90,000.00	9,022.00	99,022.00
	<u>\$ 1,330,000.00</u>	<u>\$ 100,163.36</u>	<u>\$ 1,430,163.36</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 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, 2016 and June 15, 2017, 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 Three Fiscal Years

	Year Ended		
	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.0777923358%	0.0793098495%	0.0796835872%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 23,039,859	\$ 17,803,472	\$ 14,918,947
Township's Covered-Employee Payroll	5,218,023	4,819,855	4,954,609
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	441.54%	369.38%	301.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.92%	52.08%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PERS
Last Three Fiscal Years

	Year Ended		
	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 681,852	\$ 681,852	\$ 656,900
Contributions in Relation to the Contractually Required Contribution	681,852	681,852	656,900
Contribution Deficiency (Excess)	None	None	None
Township's Covered-Employee Payroll	\$ 5,218,023	\$ 4,819,855	\$ 4,954,609
Contributions as a Percentage of Covered-Employee Payroll	13.07%	14.15%	13.26%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

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

	Year Ended		
	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.1815907380%	0.1721111579%	0.1644184168%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 34,688,476	\$ 28,667,719	\$ 20,682,312
Township's Covered-Employee Payroll	6,070,044	5,707,803	5,409,725
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	571.47%	502.25%	382.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.30%	62.41%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PFRS
Last Three Fiscal Years

	Year Ended		
	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 1,480,583	\$ 1,399,007	\$ 1,262,847
Contributions in Relation to the Contractually Required Contribution	1,480,583	1,399,007	1,262,847
Contribution Deficiency (Excess)	None	None	None
Township's Covered-Employee Payroll	\$ 6,070,044	\$ 5,707,803	\$ 5,409,725
Contributions as a Percentage of Covered-Employee Payroll	24.39%	24.51%	23.34%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

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

	Year Ended		
	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.1815907380%	0.1721111579%	0.1644184168%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,912,972	\$ 2,514,063	\$ 2,227,137
Township's Covered-Employee Payroll	6,070,044	5,707,803	5,409,725
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	47.99%	44.05%	41.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.30%	62.41%
Measurement Date	6/30/2016	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, 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.

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

	Year Ended		
	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually Required Contribution	\$ 111,617	\$ 130,870	\$ 92,477
Contributions in Relation to the Contractually Required Contribution	111,617	130,870	92,477
Contribution Deficiency (Excess)	<u>None</u>	<u>None</u>	<u>None</u>
Township's Covered-Employee Payroll	\$ 6,070,044	\$ 5,707,803	\$ 5,409,725
Contributions as a Percentage of Covered-Employee Payroll	1.84%	2.29%	1.71%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

SUPPLEMENTARY INFORMATION

PETRONI & ASSOCIATES LLC

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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, 2016, 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 15, 2017, 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.

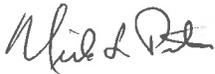
Compliance and Other Matters

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 15, 2017

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

Balance December 31, 2015	Ref. A		\$ 8,174,283.46
Increased by Receipts:			
Taxes Receivable	A-6	\$ 91,619,920.50	
Tax Title Liens	A-7	213,073.10	
Prepaid Taxes	A	679,903.15	
Tax Overpayments		129,460.18	
Grants Receivable	A-16	378,950.64	
Revenue Accounts Receivable	A-10	9,450,577.85	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-11	381,484.00	
Due State of New Jersey Registrar Fees		4,580.00	
Construction DCA Fees		57,219.00	
Due from Dog		13,149.74	
Due Monroe MUA		131,034.09	
Petty Cash		2,067.96	
Local Grants Receivable	A-9	6,725.00	
Payroll Taxes Payable		5,417,152.09	
			<u>108,485,297.30</u>
			<u>116,659,580.76</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	31,530,251.62	
Appropriation Reserves	A-12	384,097.30	
Encumbrances Payable	A-13	784,100.38	
Reserve for Grants - Appropriated	A-17	282,303.53	
Reserve for Local Grants	A-15	3,565.34	
Tax Overpayments		68,400.44	
County Taxes	A-6	17,696,296.83	
Due County Added & Omitted Taxes		208,868.17	
Local District School Tax	A-14	51,367,879.00	
Accounts Payable		29,722.36	
Payroll Taxes Payable		5,389,422.85	
Due State of New Jersey Registrar Fees		4,280.00	
Construction DCA Fees		56,908.00	
Petty Cash		1,800.00	
Due Monroe MUA		129,516.41	
Police Department Evidence		12,587.00	
			<u>107,949,999.23</u>
Balance December 31, 2016	A		<u>\$ 8,709,581.53</u>

SCHEDULE OF CHANGE FUND

Balance December 31, 2015	Ref. A	<u>\$ 850.00</u>
Balance December 31, 2016	A	<u>\$ 850.00</u>

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2015			2015	2016				Dec. 31, 2016
1986	\$ 12.90						\$ 12.90		
2001	6.34								\$ 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	390.71				\$ 334.11				56.60
2012	11,261.87				6,840.28				4,421.59
2013	27,391.12				10,137.24		0.06	\$ 2,457.65	14,796.17
2014	32,391.30		\$ 27,716.40		38,183.18		5,102.83		16,821.69
2015	1,961,373.80		52,833.94		1,857,835.14		48,008.94	68,282.52	40,081.14
	<u>2,033,478.62</u>		<u>80,550.34</u>		<u>1,913,329.95</u>		<u>53,124.73</u>	<u>70,740.17</u>	<u>76,834.11</u>
2016		\$ 93,263,581.72		\$ 731,186.85	90,090,831.79	\$ 26,063.35	253,291.30	234,789.30	1,927,419.13
	<u>\$ 2,033,478.62</u>	<u>\$ 93,263,581.72</u>	<u>\$ 80,550.34</u>	<u>\$ 731,186.85</u>	<u>\$ 92,004,161.74</u>	<u>\$ 26,063.35</u>	<u>\$ 306,416.03</u>	<u>\$ 305,529.47</u>	<u>\$ 2,004,253.24</u>
Ref.	A							A-7	A

Cash - Treasurer	Ref. A-4	\$ 91,619,920.50
Due State of New Jersey	Ref. A-11	384,241.24
		<u>\$ 92,004,161.74</u>

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		\$ 270,074.39	
General Property Tax		<u>92,724,382.16</u>	
			\$ 92,994,456.55
Added Taxes (54:4-63.1 et seq.)			<u>269,125.17</u>
			<u>\$ 93,263,581.72</u>

Tax Levied

	Ref.		
Local District School Tax (Abstract)	A-14		\$ 51,367,879.00
County Taxes:			
County Tax (Abstract)		\$ 16,618,488.04	
Due County for Open Space		1,077,808.79	
Due County for Added Taxes (54:4-63.1 et seq.)		<u>63,740.97</u>	
Total County Taxes			17,760,037.80
Local Tax for Municipal Purposes	A-2	22,978,548.88	
Minimum Library Tax	A-2	869,814.12	
Local Municipal Open Space	A-2	79,778.00	
Add: Additional Taxes Levied		<u>207,523.92</u>	
			<u>24,135,664.92</u>
			<u>\$ 93,263,581.72</u>

EXHIBIT A-7

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2015	Ref. A		\$ 886,873.16
Increased by:			
Transfers from Taxes Receivable	A-6	\$ 305,529.47	
Interest and Costs		<u>12,978.87</u>	
			<u>318,508.34</u>
			1,205,381.50
Decreased by:			
Cash Receipts	A-4		<u>213,073.10</u>
Balance December 31, 2016	A		<u><u>\$ 992,308.40</u></u>

EXHIBIT A-8

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance December 31, 2015	Ref. A		<u>\$ 2,033,900.00</u>
Balance December 31, 2016	A		<u><u>\$ 2,033,900.00</u></u>

SCHEDULE OF LOCAL GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2015	Transferred From Budget Appropriation	Receipts	Balance Dec. 31, 2016
JIF Safety Incentive	\$ 4,500.00	\$ 10,225.00	\$ 4,225.00	\$ 10,500.00
Walmart Safe Grant		2,500.00	2,500.00	
	<u>\$ 4,500.00</u>	<u>\$ 12,725.00</u>	<u>\$ 6,725.00</u>	<u>\$ 10,500.00</u>
Ref.	A	A-2	A-4	A

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2015	Accrued in 2016	Collected	Balance Dec. 31, 2016
Miscellaneous Revenue Anticipated				
Licenses:				
Alcoholic Beverages		\$ 35,340.00	\$ 35,340.00	
Other		26,357.13	26,357.13	
Fees and Permits		1,033,794.56	1,033,794.56	
Fines and Costs:				
Municipal Court	\$ 14,349.07	219,709.59	220,292.89	\$ 13,765.77
Interest and Costs on Taxes		489,163.21	489,163.21	
Interest on Investments and Deposits		74,442.89	74,442.89	
Insurance Reimbursements - Ambulance		898,279.43	898,279.43	
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		763,361.25	763,361.25	
Uniform Fire Safety Act		53,489.04	53,489.04	
Franchise Fees - Cable Television		246,916.18	246,916.18	
Engineering Review Fees		35,540.00	35,540.00	
Park & Recreation Trust Fund		25,000.00	25,000.00	
Basin Maintenance Trust		25,000.00	25,000.00	
Gloucester County Improvement Authority Debt Fund Proceeds		13,761.18	13,761.18	
Miscellaneous Revenue Not Anticipated				
Refunds		29,793.26	29,793.26	
Insurance Dividends		707,467.00	707,467.00	
Ads on Bus Shelters		3,292.56	3,292.56	
Inspection Violations		1,883.62	1,883.62	
Tax Map Maintenance		2,055.00	2,055.00	
Administrative Fees Off-Duty Police		40,183.75	40,183.75	
In Lieu of Taxes		76,394.88	76,394.88	
School Security Officers Reimbursement		180,000.00	180,000.00	
Miscellaneous		82,750.00	82,750.00	
Hotel/Motel Tax Revenue		51,971.70	51,971.70	
Disability Reimbursement		18,565.00	18,565.00	
Demolition/Boarding Up		23,204.92	23,204.92	
Office of Emergency Management		140,110.40	140,110.40	
Sale of Municipal Assets		116,372.00	116,372.00	
	<u>\$ 14,349.07</u>	<u>\$ 9,449,994.55</u>	<u>\$ 9,450,577.85</u>	<u>\$ 13,765.77</u>
Ref.	A		A-4	A

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

	Ref.	
Balance December 31, 2015	A	\$ 56,457.87
Increased by:		
Cash Receipts	A-4	381,484.00
		437,941.87
Decreased by:		
Current Year Deductions Per Tax Duplicate		\$ 378,000.00
Current Year Deductions Allowed by Collector		7,750.00
Current Year Deductions Disallowed by Collector		(1,508.76)
		384,241.24
Prior Year Deductions Disallowed by Collector	A-6 A-1	(12,322.70)
		371,918.54
Balance December 31, 2016	A	\$ 66,023.33

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses				
General Administration	\$ 2,843.70	\$ 2,843.70	\$ 1,996.17	\$ 847.53
Finance	4,657.27	4,657.27	4,624.65	32.62
Legal Services	14,399.00	14,399.00	13,156.43	1,242.57
Planning Board	4,947.54	4,947.54	4,799.25	148.29
Insurance Safety Program	15.78	15.78	15.78	
Group Plan for Employees	292,589.98	292,589.98	92,330.39	200,259.59
Police	4,749.28	4,749.28	3,794.69	954.59
Board of Health	1,230.37	1,230.37	476.80	753.57
Street Lighting	4,947.73	4,947.73	4,947.73	
Municipal Court	5,514.81	5,514.81	677.64	4,837.17
Public Employees Retirement System	3,551.29	3,551.29	2,262.32	1,288.97
PERS Delayed Enrollment	20,000.00	20,000.00	20,000.00	
Social Security	37,829.62	37,829.62	17,494.35	20,335.27
Police and Firemen's Retirement System	5,758.46	5,758.46	4,441.85	1,316.61
Salaries and Wages				
General Administration	10,052.59	10,052.59	6,669.57	3,383.02
Municipal Clerk	6,225.92	6,225.92	6,225.92	
Elections	3,146.47	3,146.47	2,919.14	227.33
Finance	14,417.55	14,417.55	8,594.63	5,822.92
Municipal Information Services	4,578.25	4,578.25	4,578.25	
Tax Collector	10,494.53	10,494.53	9,307.86	1,186.67
Planning Board	7,562.88	7,562.88	4,777.15	2,785.73
Code Enforcement Officer	9,304.18	9,304.18	7,045.12	2,259.06
Police	327,731.81	327,731.81	5,694.12	322,037.69
Office of Emergency Management	11,167.47	11,167.47	4,210.08	6,957.39
Cecil Fire Company	39.47	39.47	39.47	
Williamstown Fire Company	114.86	114.86	12.70	102.16
Uniform Fire Safety	7,031.46	7,031.46	2,458.74	4,572.72
Ambulance	23,120.80	23,120.80	15,607.95	7,512.85
Road Repairs and Maintenance	74,935.62	74,935.62	23,062.12	51,873.50
Garbage and Trash Removal	104,528.90	104,528.90	42,795.71	61,733.19
Public Buildings and Grounds	18,899.51	18,899.51	14,096.32	4,803.19
Vehicle Maintenance	24,352.39	24,352.39	16,604.03	7,748.36
Board of Health	1,380.71	1,380.71	1,380.71	
Park & Recreation	32,982.16	32,982.16	11,361.10	21,621.06
Community Center	34,628.76	34,628.76	1,566.57	33,062.19
Community Transportation Service	17,868.89	17,868.89	2,416.45	15,452.44
Municipal Court	19,553.47	19,553.47	9,468.49	10,084.98
Construction Code Official	16,002.46	16,002.46	12,187.05	3,815.41
Other Accounts - No Change	351,700.71	351,700.71		351,700.71
	<u>\$ 1,534,856.65</u>	<u>\$ 1,534,856.65</u>	<u>\$ 384,097.30</u>	<u>\$ 1,150,759.35</u>
Ref.	A		A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2015	A	\$ 803,396.11	\$ 118,777.33
Increased by:			
Charges to Current Year Appropriations	A-3	871,854.11	
Local Grants	A-15	1,850.81	
Charges to Reserve for Grants Appropriated	A-17		500.00
		<u>873,704.92</u>	<u>500.00</u>
		1,677,101.03	119,277.33
Decreased by:			
Payments	A-4	674,326.85	109,773.53
Canceled	A-1:A-17	129,060.32	437.50
		<u>803,387.17</u>	<u>110,211.03</u>
Balance December 31, 2016	A	<u>\$ 873,713.86</u>	<u>\$ 9,066.30</u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	Ref.	
Increased by:		
2016 Calendar Year School Levy	A-6	\$ 51,367,879.00
Decreased by:		
Payments	A-4	<u>51,367,879.00</u>
2016 Tax Liability for Local District School Tax:		
Tax Paid/Encumbered	A-14	<u>51,367,879.00</u>
Amount Charged to 2016 Operations	A-1	<u>\$ 51,367,879.00</u>

SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Balance Dec. 31, 2015	Transferred from Budget Appropriation	Paid	Encumbered	Balance Dec. 31, 2016
Walmart Safe Grant	\$ 1,651.56	\$ 2,500.00	\$ 450.00		\$ 3,701.56
JIF Safety Incentive	2,489.02	10,225.00	3,115.34	\$ 1,850.81	7,747.87
Comcast Technology Grant	14.27				14.27
Paving Program	25,000.00				25,000.00
	<u>\$ 29,154.85</u>	<u>\$ 12,725.00</u>	<u>\$ 3,565.34</u>	<u>\$ 1,850.81</u>	<u>\$ 36,463.70</u>
Ref.	A	A-3	A-4	A-13	A

SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2015	Budget Revenue Realized	Received	Cancel	Balance Dec. 31, 2016
Federal Grants					
Emergency Management Assistance Grant	\$ 5,000.00			\$ 5,000.00	
Click It or Ticket		\$ 3,000.00	\$ 3,000.00		
Drive Sober or Get Pulled Over		5,720.00	5,720.00		
Body Armor Replacement Fund		5,953.51	5,953.51		
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>190,000.00</u>	<u>14,673.51</u>	<u>114,673.51</u>	<u>5,000.00</u>	<u>85,000.00</u>
State Grants					
NJ Transportation Trust - Winslow Rd. Phase VI	57,620.25		57,620.25		
NJ Transportation Trust - Corkery Lane		223,892.00			223,892.00
NJDEP Timberlake Water Main Project	72,115.29			72,115.29	
Municipal Alliance Youth Service	35,689.26	26,460.00	26,660.00	9,229.26	26,260.00
Clean Communities		86,703.35	86,703.35		
Drunk Driving Enforcement Fund		10,565.53	10,565.53		
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>213,580.64</u>	<u>407,620.88</u>	<u>264,277.13</u>	<u>91,772.39</u>	<u>265,152.00</u>
	<u>\$ 403,580.64</u>	<u>\$ 422,294.39</u>	<u>\$ 378,950.64</u>	<u>\$ 96,772.39</u>	<u>\$ 350,152.00</u>
Ref.	A	A-2	A-4	A-1	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2015	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Encumbrance Canceled	Canceled	Balance Dec. 31, 2016
Federal Grants:							
Click It or Ticket		\$ 3,000.00	\$ 3,000.00				
Drive Sober or Get Pulled Over		5,720.00	5,720.00				
Bulletproof Vest	\$ 670.00		670.00				
CDBG - Lois Drive Drainage					\$ 437.50	\$ 437.50	
CDBG	46,500.00		46,499.50				\$ 0.50
Body Armor Grant	5,231.37	5,953.51	6,115.00				5,069.88
	<u>52,401.37</u>	<u>14,673.51</u>	<u>62,004.50</u>		<u>437.50</u>	<u>437.50</u>	<u>5,070.38</u>
State Grants:							
NJ Transportation Trust - Winslow Rd. Phase V							
NJ Transportation Trust - Winslow Rd. Phase VI	29,610.00		29,610.00				
NJ Transportation Trust - Corkery Lane		223,892.00					223,892.00
Sustainable NJ	1,775.00						1,775.00
Drunk Driving Enforcement	5,509.24	10,565.53	752.94				15,321.83
Clean Communities	48,214.75	86,703.35	59,812.64	\$ 500.00			74,605.46
Municipal Alliance	29,828.73	33,075.00	30,123.45				32,780.28
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	75,000.00				
	<u>237,480.85</u>	<u>414,235.88</u>	<u>220,299.03</u>	<u>500.00</u>		<u>82,543.13</u>	<u>348,374.57</u>
	<u>\$ 289,882.22</u>	<u>\$ 428,909.39</u>	<u>\$ 282,303.53</u>	<u>\$ 500.00</u>	<u>\$ 437.50</u>	<u>\$ 82,980.63</u>	<u>\$ 353,444.95</u>
Ref.	A	A-3	A-4	A-13	A-13	A-1	A

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Trust Fund	Escrow Trust Fund
Balance December 31, 2015	B	<u>\$ 6,319,419.51</u>	<u>\$ 892,048.78</u>
Increased by Receipts:			
Dog License Fees:			
Municipal Share	B-2	17,676.60	
State Share		3,038.40	
Forfeited Funds		17,900.25	
Off-Duty Police Fees		174,847.50	
Tax Sale Premiums	B-3	237,352.00	
Tax Sale Redemptions	B-3	1,156,092.17	
Park and Recreation Fees		346,679.57	
POAA Fees		34.00	
Public Defender Fees		5,996.00	
Police Donations		17,300.00	
Recycling Fees		12,521.17	
Sidewalk Trust		16,657.99	
Storm Recovery		80,000.00	
Accumulated Absence		75,000.00	
Municipal Open Space		8,351.18	
Affordable Housing		118,640.16	
Unemployment Trust		29,363.38	
Community Activities and Events		1,322.40	
Escrow Fees			467,796.33
Interest			2,321.93
		<u>2,318,772.77</u>	<u>470,118.26</u>
		<u>8,638,192.28</u>	<u>1,362,167.04</u>
Decreased by Disbursements:			
Due State of New Jersey		3,038.40	
Escrow Fees			390,909.45
Expenditures Under RS 4:19-15.11	B-2	3,361.50	
Forfeited Funds		62,733.09	
Off-Duty Police Fees		170,512.75	
Tax Sale Premiums	B-3	812,152.00	
Tax Sale Redemptions	B-3	1,100,994.96	
Park and Recreation Fees		253,950.87	
Recycling Fees		37,222.20	
Basin Maintenance		27,160.96	
Accumulated Absence		62,575.45	
Police Donations		16,004.00	
Storm Recovery		42,737.05	
Affordable Housing		5,320.10	
Unemployment Compensation		10,849.30	
Sidewalk Trust		9,272.74	
Community Activities and Events		108.92	
Encumbrances Payable	B-4	294,032.80	34,926.22
Due Current Fund		13,149.74	
		<u>2,925,176.83</u>	<u>425,835.67</u>
Balance December 31, 2016	B	<u><u>\$ 5,713,015.45</u></u>	<u><u>\$ 936,331.37</u></u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2015	Ref. B		\$ 59,666.60
Increased by:			
Municipal Share of Dog License Fees	B-1		17,676.60
			<u>77,343.2</u>
Decreased by:			
Expenditures Under RS 4:19-15.11	B-1	\$ 3,361.50	
Due Current Fund	A	<u>25,402.00</u>	
			<u>28,763.50</u>
Balance December 31, 2016	B		<u><u>\$ 48,579.70</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 23,847.70
2015	<u>24,732.00</u>
	<u><u>\$ 48,579.70</u></u>

EXHIBIT B-3

SCHEDULE OF RESERVE FOR TAX SALE REDEMPTION AND PREMIUMS

	Ref.	<u>Premiums</u>	<u>Redemptions</u>
Balance December 31, 2015	B	\$ 2,510,610.00	\$ 26,496.79
Increased by:			
Receipts	B-1	237,352.00	1,156,092.17
		<u>2,747,962.00</u>	<u>1,182,588.96</u>
Decreased by:			
Disbursements	B-1	812,152.00	1,100,994.96
Encumbrances	B-4	54,300.00	74,829.89
		<u>866,452.00</u>	<u>1,175,824.85</u>
Balance December 31, 2016	B	<u>\$ 1,881,510.00</u>	<u>\$ 6,764.11</u>

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Trust Fund	Escrow Trust Fund
Balance December 31, 2015	B	<u>\$ 298,032.80</u>	<u>\$ 34,926.22</u>
Increased by Charges for:			
Tax Sale Redemptions	B-3	74,829.89	
Tax Sale Premiums	B-3	54,300.00	
Forfeited Funds		22,148.00	
Park & Recreation		4,353.08	
Recycling		7,031.25	
Storm Recovery		27,629.42	
Police Off-Duty		10,941.25	
Escrow			31,915.62
Total Increases		<u>201,232.89</u>	<u>31,915.62</u>
		499,265.69	66,841.84
Decreased by:			
Cash Disbursements	B-1	<u>294,032.80</u>	<u>34,926.22</u>
Balance December 31, 2016	B	<u><u>\$ 205,232.89</u></u>	<u><u>\$ 31,915.62</u></u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2015	Ref. C		\$ 299,250.45
Increased by:			
Budget Appropriation			
Capital Improvement Fund	C-6	\$ 100,000.00	
Due Current Fund	C-3	564,890.86	
Bond Anticipation Note Premium	C-1:C-3	28,480.46	
Bond Anticipation Note	C-3:C-13	1,396,500.00	
		<u>2,089,871.32</u>	
			<u>2,389,121.77</u>
Decreased by:			
Improvement Authorizations	C-7	1,804,654.72	
Encumbrances Payable	C-11	584,467.05	
		<u>2,389,121.77</u>	

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2015	Receipts		Disbursements		Transfers To/(From)	Balance Dec. 31, 2016
		Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous		
Capital Improvement Fund	\$ 73,515.63	\$ 100,000.00				\$ (173,250.00)	\$ 265.63
Reserve for Payment of Bonds	21,352.28						21,352.28
Encumbrances Payable	599,301.33				\$ 584,467.05	570,623.95	585,458.23
Expenditures without Appropriation	(628,791.10)					628,791.10	
Grants Receivable						(460,000.00)	(460,000.00)
Due Current Fund		564,890.86				(469,859.10)	95,031.76
Fund Balance		28,480.46					28,480.46
Improvement Authorizations:							
Ordinance							
Number							
18-2003	Various Capital Improvements	5,999.15		\$ 551.25		(113.75)	5,334.15
3-2008	Development of Mary Mazza Duffy Park	661.44				84.28	745.72
5-2008	Dam Remediation Engineering and Survey	29,447.50		9,360.00		(640.00)	19,447.50
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	39,462.50		31,277.94			8,184.56
12-2012	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	113,765.43		108,352.93		(1,850.00)	3,562.50
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	4,245.17		4,245.17			
06-2014	Purchase of Various Equipment	21,054.80		10,307.10			10,747.70
08-2014	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	8,019.97		712.07			7,307.90
32-2015	Various Capital Improvements at Owens Park					70,000.00	70,000.00
33-2015	Various Capital Improvements		\$ 1,244,500.00	978,459.80		(96,662.33)	169,377.87
12-2016	Expansion Project at Owens Memorial Park					390,000.00	390,000.00
14-2016	Demolition of Existing Library		152,000.00	152,554.15		8,000.00	7,445.85
16-2016	Various Capital Improvements			505,820.99		(446,156.15)	(951,977.14)
32-2016	Acquisition of Tanker Truck					(18,968.00)	(18,968.00)
		<u>\$ 299,250.45</u>	<u>\$ 693,371.32</u>	<u>\$ 1,396,500.00</u>	<u>\$ 1,804,654.72</u>	<u>\$ 584,467.05</u>	
Ref.		C-2	C-2	C-13	C-7	C-2	

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2015	Ref. C		\$ 11,560,913.24
Decreased by:			
Payments on General Serial Bonds	C-8	\$ 1,735,000.00	
Payments on Green Trust Loans	C-10	<u>15,410.10</u>	
			<u>1,750,410.10</u>
Balance December 31, 2016	C		<u>\$ 9,810,503.14</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	Funded By Budget Appropriation	Authorized	Canceled	Balance Dec. 31, 2016	Analysis of Balances Dec. 31, 2016		Unexpended Improvement Authorizations
							Financed by Bond Anticipation Notes	Expenditures	
9-2011	Various Capital Improvements	\$ 6,900,000.00				\$ 6,900,000.00			\$ 6,900,000.00
8-2014	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	717,250.00	\$ 50,000.00			667,250.00	\$ 667,250.00		
01-2015	Acquisition of Real Property	672,125.00				672,125.00	672,125.00		
11-2015	Refunding Bonds	500,000.00			\$ 500,000.00				
32-2015	Various Capital Improvements at Owens Park			\$ 70,000.00		70,000.00			70,000.00
33-2015	Various Capital Improvements			1,244,500.00		1,244,500.00	1,244,500.00		
12-2016	Expansion Project at Owens Memorial Park			390,000.00		390,000.00			390,000.00
14-2016	Demolition of Existing Library			152,000.00		152,000.00	152,000.00		
16-2016	Various Capital Improvements			1,876,250.00		1,876,250.00		\$ 951,977.14	924,272.86
32-2016	Acquisition of Tanker Truck			19,000.00		19,000.00		18,968.00	32.00
		<u>\$ 8,789,375.00</u>	<u>\$ 50,000.00</u>	<u>\$ 3,751,750.00</u>	<u>\$ 500,000.00</u>	<u>\$ 11,991,125.00</u>	<u>\$ 2,735,875.00</u>	<u>\$ 970,945.14</u>	<u>\$ 8,284,304.86</u>
Ref.		C	C-13	C-9	C-7	C	C-13	C-4	C-7

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2015	C	\$ 73,515.63
Increased by:		
Budget Appropriation	C-2	<u>100,000.00</u>
		173,515.63
Decreased by:		
Funding of Ordinance	C-7	<u>173,250.00</u>
Balance December 31, 2016	C	<u><u>\$ 265.63</u></u>

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance		Balance Dec. 31, 2016
			Outstanding December 31, 2016			Dec. 31, 2015	Decreased	
			Date	Amount				
General Improvement of 2008	11/01/08	\$ 4,436,000.00	11/1/17-2018	\$ 50,000.00	4.75%	\$ 150,000.00	\$ 50,000.00	\$ 100,000.00
2012 General Obligation Refunding Bonds	04/30/12	5,730,000.00	6/15/2017	1,345,000.00	3.00%	3,990,000.00	1,280,000.00	2,710,000.00
			6/15/2018	1,365,000.00	3.00%			
2012 General Obligation Bonds	08/01/12	3,800,000.00	3/1/2017	360,000.00	1.00%	3,040,000.00	360,000.00	2,680,000.00
			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	11/1/2017	45,000.00	2.00%	4,285,000.00	45,000.00	4,240,000.00
			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%			
						\$ 4,285,000.00	\$ 45,000.00	\$ 4,240,000.00
						\$ 11,465,000.00	\$ 1,735,000.00	\$ 9,730,000.00
					Ref.	C	C-4	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	Authorized	Issued	Canceled	Balance Dec. 31, 2016
9-2011	Various Capital Improvements (Redevelopment Area)	\$ 6,900,000.00				\$ 6,900,000.00
11-2015	Refunding Bonds	500,000.00			\$ 500,000.00	
32-2015	Various Capital Improvements at Owens Park		\$ 70,000.00			70,000.00
33-2015	Various Capital Improvements		1,244,500.00	\$ 1,244,500.00		
12-2016	Expansion Project at Owens Memorial Park		390,000.00			390,000.00
14-2016	Demolition of Existing Library		152,000.00	152,000.00		
16-2016	Various Capital Improvements		1,876,250.00			1,876,250.00
32-2016	Acquisition of Tanker Truck		19,000.00			19,000.00
		<u>\$ 7,400,000.00</u>	<u>\$ 3,751,750.00</u>	<u>\$ 1,396,500.00</u>	<u>\$ 500,000.00</u>	<u>\$ 9,255,250.00</u>
	Ref.		C-5	C-13	C-5	

EXHIBIT C-10

SCHEDULE OF LOAN PAYABLE - GREEN TRUST

Balance December 31, 2015	Ref. C	\$ 95,913.24
Decreased by:		
Payments	C-4	<u>15,410.10</u>
Balance December 31, 2016	C	<u><u>\$ 80,503.14</u></u>

EXHIBIT C-11

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.		
Balance December 31, 2015	C	\$ 599,301.33	
Increased by:			
Charges to Improvement Authorizations	C-7	<u>570,708.23</u>	
			1,170,009.56
Decreased by:			
Payments	C-2	\$ 584,467.05	
Canceled	C-7	<u>84.28</u>	
			<u>584,551.33</u>
Balance December 31, 2016	C		<u><u>\$ 585,458.23</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, 2016
				Principal	Interest		Dec. 31, 2015	Increased	Decreased	
Various Capital Improvements	Series 2004C	12/07/04	20 Years	\$ 2,468,000.00	\$ 519,280.00	3%-4.5%	\$ 275,000.00		\$ 30,000.00	\$ 245,000.00
Various Capital Improvements	Series 2006	12/18/06	15 Years	3,405,000.00	1,079,650.00	3.75%-5%	1,295,000.00	\$ 25,000.00	235,000.00	1,085,000.00
							<u>\$ 1,570,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 265,000.00</u>	<u>\$ 1,330,000.00</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, 2015	Increased	Decreased	Balance Dec. 31, 2016
08-2014	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	\$ 717,250.00	12/11/2014	12/7/2016	12/6/2017	2.50%	\$ 717,250.00		\$ 50,000.00	\$ 667,250.00
01-2015	Acquisition of Real Property	672,125.00	12/9/2015	12/7/2016	12/6/2017	2.50%	672,125.00			672,125.00
33-2015	Various Capital Improvements	1,244,500.00	12/7/2016	12/7/2016	12/6/2017	2.50%		\$ 1,244,500.00		1,244,500.00
14-2016	Demolition of Existing Library	152,000.00	12/7/2016	12/7/2016	12/6/2017	2.50%		152,000.00		152,000.00
							<u>\$ 1,389,375.00</u>	<u>\$ 1,396,500.00</u>	<u>\$ 50,000.00</u>	<u>\$ 2,735,875.00</u>
						Ref.	C	C-9		C

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2016

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:

- Demolition of Library
- Handicap Ramp Improvements
- Winslow Road Resurfacing Project
- Purchase of Fire Tanker
- Purchase of Resuscitation Devices

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 17, 2016, 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>
2016	197
2015	187
2014	209

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>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	3.497	3.397	3.298
Apportionment of Tax Rate:			
Municipal	0.864	0.856	0.833
Municipal Library	0.032	0.031	0.033
Municipal Open Space	0.003	0.003	0.003
County	0.666	0.627	0.596
Local School	1.932	1.88	1.833
Assessed Valuation	2,659,263,631	2,639,110,158	2,630,578,882

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)

	2016	2015	2014
Tax Levy	\$ 93,263,581.72	\$ 90,528,899.12	\$ 87,196,605.40
Cash Collections	90,848,081.99	88,121,346.07	84,180,759.67
Percentage of Collections	97.41%	97.34%	96.54%

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.

	2016	2015	2014
Amount of Tax Title Liens	\$ 992,308.40	\$ 886,873.16	\$ 1,024,146.45
Delinquent Taxes	2,004,253.24	2,033,478.62	2,656,401.07
Total Delinquent	<u>\$ 2,996,561.64</u>	<u>\$ 2,920,351.78</u>	<u>\$ 3,680,547.52</u>
Percentage of Tax Levy	3.31%	3.23%	4.22%

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:

	2016	2015	2014
Property Acquired for Taxes (Assessed Valuation)	<u>2,033,900</u>	<u>2,033,900</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 2015 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