

**TOWNSHIP OF MONROE
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2018**

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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, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, 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, 2018 and 2017, 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 \$1,673,107.68 and \$1,758,112.17 for 2018 and 2017, 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, 2018 and 2017, 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, 2018, 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 is the responsibility of management and was 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, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

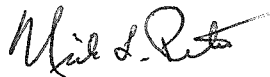
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2019, 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

August 1, 2019

CURRENT FUND

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Regular Fund			
Cash - Treasurer	A-4	\$ 9,666,609.64	\$ 11,121,233.81
Cash - Change Fund	A-5	850.00	850.00
		<u>9,667,459.64</u>	<u>11,122,083.81</u>
Deferred Charges:			
Emergency Appropriation			<u>150,000.00</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	1,913,059.51	1,832,657.75
Tax Title Liens Receivable	A-7	1,414,188.07	1,226,703.22
Property Acquired for Taxes - Assessed Valuation	A-8	2,328,000.00	2,033,900.00
Local Grant Receivable	A-9	12,839.96	12,000.00
Revenue Accounts Receivable	A-10	244,232.37	61,872.64
Due from Developers Escrow		307.52	
Due from Animal Control Trust Fund			20,567.64
		<u>5,912,627.43</u>	<u>5,187,701.25</u>
Federal and State Grant Fund			
Grants Receivable	A-16	425,935.01	105,440.51
Due from Current Fund	A	403,755.42	113,859.81
		<u>829,690.43</u>	<u>219,300.32</u>
		<u><u>\$ 16,409,777.50</u></u>	<u><u>\$ 16,679,085.38</u></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, 2018	Balance Dec. 31, 2017
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-12	\$ 1,524,167.90	\$ 1,953,026.89
Encumbrances Payable	A-13	790,384.74	675,123.43
Accounts Payable		12,052.67	15,458.30
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-11	61,145.88	67,792.43
Prepaid Taxes	A-4	875,773.75	1,853,142.35
Tax Overpayments		144,087.47	95,088.29
Due State - Marriage License Fees		3,050.00	1,700.00
Due State of New Jersey - DCA Fees		7,508.00	2,098.00
Payroll Taxes Payable		125,966.27	132,842.63
Due County for Added & Omitted Taxes	A-6	60,261.47	51,645.81
Reserve for Local Grants	A-15	6,038.12	40,766.13
Due Affordable Housing Trust	B	8,248.56	
Due Grant Fund	A	403,755.42	113,859.81
Reserve for Police Department Evidence		318.44	18.44
		<hr/>	<hr/>
		4,022,758.69	5,002,562.51
Reserve for Receivables		5,912,627.43	5,187,701.25
Fund Balance	A-1	5,644,700.95	6,269,521.30
		<hr/>	<hr/>
		15,580,087.07	16,459,785.06
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-17	475,336.44	206,336.02
Encumbrances Payable	A-13	354,353.99	12,964.30
		<hr/>	<hr/>
		829,690.43	219,300.32
		<hr/>	<hr/>
		\$ 16,409,777.50	\$ 16,679,085.38
		<hr/>	<hr/>

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 2018	Year 2017
Fund Balance Utilized	A-2	\$ 3,750,531.74	\$ 3,510,000.00
Miscellaneous Revenue Anticipated	A-2	9,186,769.13	8,926,891.44
Receipts from Delinquent Taxes	A-2	1,820,435.96	1,897,042.99
Receipts from Current Taxes	A-2	94,017,691.45	92,295,798.05
Non-Budget Revenue	A-2	651,584.48	1,944,143.94
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	1,721,846.93	987,591.30
Encumbrances Payable - Canceled	A-13	119,115.15	137,353.71
Prior Year Interfunds Returned		24,750.69	95,031.76
Accounts Payable Canceled		1,770.93	
Total Income		111,294,496.46	109,793,853.19
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	14,394,320.00	14,657,920.00
Other Expenses	A-3	13,591,900.00	13,471,900.00
Deferred Charges and Statutory Expenditures	A-3	3,300,000.00	2,826,000.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	60,000.00	60,000.00
Other Expenses	A-3	1,238,689.12	1,230,489.22
Capital Improvements	A-3	959,150.00	150,000.00
Municipal Debt Service	A-3	2,609,476.99	2,523,710.39
Deferred Charges	A-3	25,000.00	50,000.00
County Taxes	A-6	18,019,546.77	17,735,743.95
Due County for Added Taxes	A-6	60,261.47	51,645.81
Municipal Open Space Tax	A-6	81,136.00	79,997.00
Local District School Tax	A-14	53,804,137.00	52,716,650.00
Interfund Loan Advanced			11,620.33
Prior Year Deductions Disallowed	A-11	22,008.05	11,406.17
Refund of Prior Year Revenue	A-4	3,159.67	9,357.30
Total Expenditures		108,168,785.07	105,586,440.17
Excess in Revenue		3,125,711.39	4,207,413.02
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			150,000.00
Statutory Excess to Fund Balance		3,125,711.39	4,357,413.02
Fund Balance			
Balance January 1	A	6,269,521.30	5,422,108.28
		9,395,232.69	9,779,521.30
Decreased by:			
Utilization as Anticipated Revenue	A-1	3,750,531.74	3,510,000.00
Balance December 31	A	\$ 5,644,700.95	\$ 6,269,521.30

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	\$ 3,750,531.74		\$ 3,750,531.74	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	35,000.00		35,590.00	\$ 590.00
Other	A-10	31,000.00		26,420.13	(4,579.87)
Fees and Permits	A-10	1,000,000.00		1,198,715.88	198,715.88
Fines and Costs:					
Municipal Court	A-10	225,000.00		198,888.41	(26,111.59)
Interest and Costs on Taxes	A-10	465,000.00		477,201.32	12,201.32
Interest on Investments and Deposits	A-10	70,000.00		75,413.46	5,413.46
Insurance Reimbursements - Ambulance	A-10	935,000.00		902,189.16	(32,810.84)
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	480,000.00		758,630.76	278,630.76
Uniform Fire Safety Act	A-10	50,000.00		70,594.33	20,594.33
Franchise Fees - Cable Television	A-10	258,808.00		258,808.19	0.19
Engineering Review Fees	A-10	13,000.00		11,795.00	(1,205.00)
Payment in Lieu of Taxes	A-10	65,000.00		67,502.37	2,502.37
School Resource Officer	A-10	180,000.00		180,000.00	
General Capital Surplus	A-10	28,000.00		28,000.00	
U Text U Drive U Pay	A-16		\$ 4,840.00	4,840.00	
NJ Transportation Trust	A-16	339,150.00	270,000.00	609,150.00	
Municipal Alliance Youth Service	A-16	26,460.00		26,460.00	
JIF Safety Incentive Program	A-9	4,225.00		4,225.00	
JIF Wellness Incentive Program	A-9	1,500.00		1,500.00	
JIF Optional Safety Program	A-9	4,500.00		4,500.00	
HDSRF-Sanitary Landfill	A-16		18,787.00	18,787.00	
CDBG Forest Drive ADA Improvements	A-16	50,000.00		50,000.00	
Sustainable NJ	A-16		3,150.00	3,150.00	
Clean Communities	A-16		70,472.12	70,472.12	
Safe and Secure	A-16	60,000.00		60,000.00	
Drive Sober or Get Pulled Over	A-16	4,840.00		4,840.00	
Click it or Ticket	A-16		3,300.00	3,300.00	
Total Miscellaneous Revenues		8,362,279.00	370,549.12	9,186,769.13	453,941.01
Receipts from Delinquent Taxes	A-2	2,000,000.00		1,820,435.96	(179,564.04)
Subtotal General Revenues		14,112,810.74	370,549.12	14,757,736.83	274,376.97
Amount to be Raised by Taxation	A-2	23,371,233.10		23,712,414.05	341,180.95
Minimum Library Tax	A-2	884,882.90		884,882.90	
Budget Totals		38,368,926.74	370,549.12	39,355,033.78	\$ 615,557.92
Non-Budget Revenue	A-2			651,584.48	
		\$ 38,368,926.74	\$ 370,549.12	\$ 40,006,618.26	
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	\$ 94,017,691.45
Allocated to:		
Municipal Open Space	A-6	81,136.00
School and County Taxes	A-6	71,883,945.24
		<hr/>
Balance for Support of Municipal Budget Appropriations		22,052,610.21
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	2,544,686.74
	A-2	<hr/>
		\$ 24,597,296.95
		<hr/>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6	\$ 1,745,962.90
Tax Title Liens	A-7	74,473.06
	A-2	<hr/>
		\$ 1,820,435.96
		<hr/>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Refunds	A-10	\$ 142,743.44
Insurance Dividends	A-10	196,694.00
Ads on Bus Shelters	A-10	2,910.88
Tax Sale Premiums	A-10	117,410.00
Tax Map Maintenance	A-10	848.00
Administrative Fees Off-Duty Police	A-10	65,770.00
Senior Citizen and Vet Administrative Fee	A-10	6,811.91
Miscellaneous	A-10	22,651.90
Hotel/Motel Tax Revenue	A-10	59,588.43
Demolition/Boarding Up	A-10	12,093.54
Excess Dog Fees	A-10	17,962.38
Sale of Municipal Assets	A-10	6,100.00
	A-2	<hr/>
		\$ 651,584.48
		<hr/>

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	\$ 276,000.00	\$ 276,000.00	\$ 270,267.56		\$ 5,732.44	
Other Expenses	61,000.00	61,000.00	57,958.22	\$ 2,751.32	290.46	
Mayor and Township Council						
Salaries & Wages						
Mayor	14,100.00	14,100.00	14,099.80		0.20	
Council	60,000.00	60,000.00	59,800.52		199.48	
Other Expenses						
Council	2,000.00	2,000.00	369.00	283.90	1,347.10	
Municipal Clerk						
Salaries & Wages	253,100.00	253,100.00	241,223.38		11,876.62	
Other Expenses	86,000.00	86,000.00	73,918.11	2,701.00	9,380.89	
Elections						
Salaries & Wages	2,600.00	2,600.00	1,233.20		1,366.80	
Other Expenses	25,000.00	25,000.00	24,178.65		821.35	
Financial Administration						
Salaries & Wages	164,300.00	164,300.00	145,314.12		18,985.88	
Other Expenses	72,000.00	72,000.00	56,107.69	50.90	15,841.41	
Audit Services						
Other Expenses	64,000.00	64,000.00	63,849.75		150.25	
Municipal Information Services (MIS)						
Salaries & Wages	144,800.00	144,800.00	135,324.85		9,475.15	
Other Expenses	87,000.00	87,000.00	82,564.76		4,435.24	
Revenue Administration (Tax Collection)						
Salaries & Wages	226,500.00	226,500.00	177,589.75		48,910.25	
Other Expenses	28,000.00	28,000.00	20,463.67	2,347.89	5,188.44	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
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	5,846.13		153.87	
Other Expenses	430,000.00	520,000.00	443,787.43	35,680.38	40,532.19	
Engineering Services & Costs						
Other Expenses	135,000.00	170,000.00	134,347.25	16,425.00	19,227.75	
Economic Development						
Other Expenses	20,000.00	20,000.00	7,959.33	6,400.00	5,640.67	
Main Street Committee						
Other Expenses	20,000.00	20,000.00	18,544.57	1,351.95	103.48	
Historical Society (40:48-2)						
Other Expenses	3,000.00	3,000.00	755.00	2,103.00	142.00	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries & Wages	6,000.00	6,000.00	4,615.00		1,385.00	
Other Expenses	131,000.00	171,000.00	158,141.63	879.67	11,978.70	
Zoning Board and Board of Adjustment						
Salaries & Wages	5,000.00	5,000.00	3,910.00		1,090.00	
Other Expenses	23,000.00	30,000.00	16,646.27	750.00	12,603.73	
CODE ENFORCEMENT AND ADMINISTRATION						
Code Enforcement Officer						
Salaries & Wages	282,400.00	272,400.00	250,045.84		22,354.16	
Other Expenses	110,000.00	110,000.00	64,893.82	5,127.53	39,978.65	
INSURANCE						
Insurance Safety Program	12,000.00	12,000.00	5,841.36		6,158.64	
Liability Insurance	540,000.00	540,000.00	510,377.00		29,623.00	
Workmen's Compensation Insurance	840,000.00	840,000.00	840,000.00			
Group Plans for Employees	5,406,000.00	5,246,000.00	5,051,010.58		194,989.42	
Health Insurance Waiver	94,000.00	94,000.00	70,233.24		23,766.76	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC SAFETY FUNCTIONS						
Director of Public Safety						
Salaries & Wages	6,000.00	6,000.00	6,000.00			
Police						
Salaries & Wages	7,962,600.00	7,962,600.00	7,881,712.21		80,887.79	
Other Expenses	545,000.00	545,000.00	515,097.60	29,876.78	25.62	
Office of Emergency Management						
Salaries & Wages	63,000.00	63,000.00	57,884.25		5,115.75	
Other Expenses	16,000.00	16,000.00	9,115.02	5,418.46	1,466.52	
First Aid Organization - Ambulances						
Monroe Township Ambulance	64,000.00	64,000.00	35,548.20	8,773.22	19,678.58	
Fire						
Other Expenses						
Fire Hydrant Service	45,000.00	45,000.00	45,000.00			
Cecil Fire Company	64,000.00	64,000.00	42,404.71	16,785.54	4,809.75	
Williamstown Fire Company	85,000.00	85,000.00	35,239.32	48,569.41	1,191.27	
Uniform Fire Safety Act (P.L. 1983, C383)						
Salaries & Wages	85,000.00	85,000.00	75,633.04		9,366.96	
Other Expenses	10,000.00	10,000.00	2,921.00	109.09	6,969.91	
Ambulance						
Salaries & Wages	445,600.00	490,600.00	482,344.72		8,255.28	
Other Expenses	178,000.00	178,000.00	152,092.00	3,571.78	22,336.22	
Prosecutor						
Salaries & Wages	30,000.00	30,000.00	30,000.00			
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	948,900.00	863,900.00	725,745.29		138,154.71	
Other Expenses	36,000.00	36,000.00	27,898.00	7,300.52	801.48	
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		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Garbage & Trash Removal						
Salaries & Wages	1,320,400.00	1,250,400.00	1,116,934.34		133,465.66	
Other Expenses	5,000.00	5,000.00	4,737.00	263.00		
Public Buildings & Grounds						
Salaries & Wages	403,800.00	403,800.00	378,282.16		25,517.84	
Other Expenses	157,000.00	157,000.00	108,259.14	34,631.18	14,109.68	
Vehicle Maintenance						
Salaries & Wages	372,000.00	372,000.00	307,142.42		64,857.58	
Other Expenses	510,000.00	510,000.00	364,837.11	140,557.71	4,605.18	
Community Services Act						
Condominium Trash Services	235,000.00	235,000.00	175,171.32	4,194.00	55,634.68	
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health)						
Salaries & Wages	65,100.00	65,100.00	63,034.80		2,065.20	
Other Expenses	3,000.00	3,000.00	1,194.76	312.17	1,493.07	
Environmental Commission (40:56A et seq.)						
Salaries & Wages	700.00	700.00	120.00		580.00	
Other Expenses	2,000.00	2,000.00	906.84		1,093.16	
RECREATION FUNCTIONS						
Parks & Recreation						
Salaries & Wages	501,100.00	501,100.00	471,039.08		30,060.92	
Other Expenses	72,000.00	72,000.00	70,909.43	1,080.98	9.59	
Community Center						
Salaries & Wages	45,400.00	45,400.00	45,041.20		358.80	
Other Expenses	4,000.00	4,000.00	2,839.52	303.23	857.25	
Community Transportation Service						
Salaries & Wages	89,000.00	89,000.00	82,516.59		6,483.41	
Other Expenses	400.00	400.00			400.00	
Senior Citizen Center						
Salaries & Wages	720.00	720.00			720.00	
Other Expenses	8,500.00	8,500.00	5,486.77	1,750.00	1,263.23	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OTHER COMMON OPERATING FUNCTIONS						
Accumulated Absence Management	100,000.00	100,000.00	100,000.00			
Celebration of Public Event						
Anniversary or Holiday						
Other Expenses	64,000.00	64,000.00	57,822.42	5,474.80	702.78	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	305,000.00	305,000.00	208,143.96	8,840.65	88,015.39	
Street Lighting	610,000.00	610,000.00	503,953.88	24,811.36	81,234.76	
Telephone and Telegraph	130,000.00	130,000.00	126,007.97	1,260.38	2,731.65	
Natural Gas	105,000.00	105,000.00	74,530.41	3,523.31	26,946.28	
Gasoline	410,000.00	410,000.00	370,887.23	39,112.77		
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Gloucester County Landfill						
Other Expenses	1,350,000.00	1,430,000.00	1,277,229.47	131,712.25	21,058.28	
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	305,600.00	305,600.00	281,501.24		24,098.76	
Other Expenses	28,000.00	28,000.00	20,419.87	524.76	7,055.37	
Public Defender						
Other Expenses	15,000.00	15,000.00	9,747.00		5,253.00	

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	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)						
State Uniform Construction Code						
Construction Official						
Salaries & Wages	412,600.00	422,600.00	409,176.76		13,423.24	
Other Expenses	56,000.00	74,000.00	38,063.80	29,129.00	6,807.20	
Total Operations within "CAPS"	27,986,220.00	27,986,220.00	25,891,789.33	624,738.89	1,469,691.78	
Detail:						
Salaries & Wages	14,504,320.00	14,394,320.00	13,723,378.25		670,941.75	
Other Expenses	13,481,900.00	13,591,900.00	12,168,411.08	624,738.89	798,750.03	
DEFERRED CHARGES						
Emergency Authorization	150,000.00	150,000.00	150,000.00			
STATUTORY EXPENDITURES						
Contribution to:						
Public Employees' Retirement System	760,000.00	760,000.00	753,698.14		6,301.86	
Social Security System (OASI)	630,000.00	630,000.00	600,051.50		29,948.50	
Unemployment Compensation Insurance	15,000.00	15,000.00	15,000.00			
Deferred Compensation Retirement System	15,000.00	15,000.00	10,939.33		4,060.67	
Police and Firemen's Retirement System of NJ	1,730,000.00	1,730,000.00	1,719,541.00		10,459.00	
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	3,300,000.00	3,300,000.00	3,249,229.97		50,770.03	
Total General Appropriations for Municipal Purposes within "CAPS"	31,286,220.00	31,286,220.00	29,141,019.30	624,738.89	1,520,461.81	
PUBLIC SAFETY FUNCTIONS						
Length of Service Awards Program (P.L. 1997, c. 388)	160,000.00	160,000.00		160,000.00		
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	830,000.00	830,000.00	830,000.00			

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Recycling Tax						
Other Expenses	50,000.00	50,000.00	42,593.91	3,700.00	3,706.09	
Total Other Operations - Excluded from "CAPS"	1,040,000.00	1,040,000.00	872,593.91	163,700.00	3,706.09	
PUBLIC AND PRIVATE PROGRAMS						
OFF-SET BY REVENUES						
U Text U Drive U Pay		4,840.00	4,840.00			
Municipal Alliance Youth Service	33,075.00	33,075.00	33,075.00			
JIF Safety Incentive Program	4,225.00	4,225.00	4,225.00			
JIF Wellness Incentive Program	1,500.00	1,500.00	1,500.00			
JIF Optional Safety Program	4,500.00	4,500.00	4,500.00			
Clean Communities		70,472.12	70,472.12			
Click it or Ticket		3,300.00	3,300.00			
Drive Sober or Get Pulled Over	4,840.00	4,840.00	4,840.00			
HDSRF-Sanitary Landfill		18,787.00	18,787.00			
Sustainable NJ		3,150.00	3,150.00			
CDBG Forest Drive ADA Improvements	50,000.00	50,000.00	50,000.00			
Safe and Secure	60,000.00	60,000.00	60,000.00			
Matching Funds for Grants	14,000.00	14,000.00				\$ 14,000.00
Total Operations Excluded from "CAPS"	1,212,140.00	1,312,689.12	1,131,283.03	163,700.00	3,706.09	14,000.00
Detail:						
Salaries and Wages	60,000.00	60,000.00	60,000.00			
Other Expenses	1,152,140.00	1,252,689.12	1,071,283.03	163,700.00	3,706.09	14,000.00

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended	
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Canceled
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	350,000.00	350,000.00	350,000.00			
State and Federal Programs - Offset with Revenues: NJ Transportation Trust Fund Authority Act	339,150.00	609,150.00	609,150.00			
Total Capital Improvements Excluded from "CAPS"	689,150.00	959,150.00	959,150.00			
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Bond Principal	1,820,000.00	1,820,000.00	1,820,000.00			
Payment of Notes	215,000.00	215,000.00	215,000.00			
Interest on Bonds	183,000.00	183,000.00	182,962.50			37.50
Interest on Notes	99,930.00	99,930.00	99,647.74			282.26
Green Trust Loan Repayments - Principal & Interest	17,500.00	17,500.00	16,720.23			779.77
Capital Lease Obligations						
Principal	250,000.00	250,000.00	250,000.00			
Interest	26,300.00	26,300.00	25,146.52			1,153.48
Total Municipal Debt Service Excluded From "CAPS"	2,611,730.00	2,611,730.00	2,609,476.99			2,253.01
DEFERRED CHARGES EXCLUDED FROM CAPS						
Deferred Charges to Future Taxation-Unfunded Ordinance 13-2017	25,000.00	25,000.00	25,000.00			
Total Deferred Charges Excluded from "CAPS"	25,000.00	25,000.00	25,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,538,020.00	4,908,569.12	4,724,910.02	163,700.00	3,706.09	16,253.01
Subtotal General Appropriations	35,824,240.00	36,194,789.12	33,865,929.32	788,438.89	1,524,167.90	16,253.01
RESERVE FOR UNCOLLECTED TAXES	2,544,686.74	2,544,686.74	2,544,686.74			

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	
TOTAL GENERAL APPROPRIATIONS	<u>\$ 38,368,926.74</u>	<u>\$ 38,739,475.86</u>	<u>\$ 36,410,616.06</u>	<u>\$ 788,438.89</u>	<u>\$ 1,524,167.90</u>	<u>\$ 16,253.01</u>
Ref.	A-2			A-13	A	
Budget	Ref.					
	A-3	\$ 38,368,926.74				
Appropriations by 40A:4-87	A-2	<u>370,549.12</u>				
		<u>\$ 38,739,475.86</u>				
	Ref.					
Reserve for Federal and State Grants	A-17		\$ 857,614.12			
Reserve for Uncollected Taxes	A-2		2,544,686.74			
Reserve for Local Grants	A-15		10,225.00			
Deferred Charges			150,000.00			
Disbursed	A-4		<u>32,848,090.20</u>			
			<u>\$ 36,410,616.06</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, 2018	Balance Dec. 31, 2017
ASSETS			
Trust Fund			
Cash - Treasurer	B-1	\$ 4,108,417.41	\$ 5,706,269.31
Off-Duty Police Receivables		53,612.72	
Due from Current Fund	A	8,248.56	
		<u>4,170,278.69</u>	<u>5,706,269.31</u>
LOSAP (Unaudited)			
Investment		<u>1,673,107.68</u>	<u>1,758,112.17</u>
Escrow Trust Fund			
Cash - Treasurer	B-1	1,070,155.01	1,020,717.48
		<u>1,070,155.01</u>	<u>1,020,717.48</u>
		<u>\$ 6,913,541.38</u>	<u>\$ 8,485,098.96</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, 2018	Balance Dec. 31, 2017
LIABILITIES, RESERVES, AND FUND BALANCE			
Trust Fund			
Encumbrances Payable	B-4	\$ 245,102.69	\$ 189,710.35
Due Current Fund			20,567.64
Due State of NJ			3.60
Reserve for Dog Fund Expenditures	B-2	38,152.10	42,408.60
Reserve for Intersection/Road Improvements			39,970.00
Reserve for Forfeited Funds		119,932.49	54,067.36
Reserve for Off-Duty Police Fees		46,071.00	39,029.53
Deposits for Redemption of Tax Sale Certificates			906.35
Reserve for Tax Sale Premiums	B-3	597,200.00	1,672,910.00
Reserve for Parks and Recreation		343,609.67	390,582.64
Reserve for Public Defender Fees		14,872.97	12,118.97
Reserve for POAA Fees		1,219.67	1,189.67
Reserve for Recycling Fees		140,690.65	312,256.31
Reserve for Sidewalk Trust Fund		104,817.07	112,069.67
Reserve for Storm Recovery		152,799.30	140,284.54
Reserve for Accumulated Absences		100,000.00	304,290.86
Reserve for Basin Maintenance Trust		115,174.39	124,731.74
Reserve for Municipal Open Space		1,549,905.04	1,458,866.12
Reserve for Affordable Housing		496,964.60	673,616.25
Reserve for Unemployment Compensation		77,433.37	80,945.17
Reserve for Police Donations		10,000.65	9,440.48
Reserve for Municipal Alliance Donations			301.43
Reserve for Historical Society Donations		8,660.55	17,160.55
Reserve for Community Activities and Events		5,816.48	2,776.48
Reserve for Main Street Committee Donations		1,356.00	5,565.00
Reserve for Environmental Commission Donations		500.00	500.00
		<u>4,170,278.69</u>	<u>5,706,269.31</u>
LOSAP (unaudited)			
Reserve for LOSAP Benefits		<u>1,673,107.68</u>	<u>1,758,112.17</u>
Escrow Trust Fund			
Encumbrances Payable	B-4	29,276.00	67,137.12
Due to Current Fund	A	307.52	
Reserve for Developers Escrow		1,040,571.49	953,580.36
		<u>1,070,155.01</u>	<u>1,020,717.48</u>
		<u>\$ 6,913,541.38</u>	<u>\$ 8,485,098.96</u>

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

GENERAL CAPITAL FUND

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL - REGULATORY BASIS

ASSETS	Ref.	Balance	Balance
		Dec. 31, 2018	Dec. 31, 2017
Cash	C-2	\$ 1,289,184.89	\$ 33,468.66
Grants Receivable		460,000.00	460,000.00
Amount to be Provided by Lease Payments		840,000.00	1,090,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	6,159,278.95	7,994,783.30
Unfunded	C-5	14,041,452.00	14,537,125.00
		<u>\$ 22,789,915.84</u>	<u>\$ 24,115,376.96</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Serial Bonds Payable	C-8	\$ 6,110,000.00	\$ 7,930,000.00
Loan Payable - Green Trust	C-10	49,278.95	64,783.30
Bond Anticipation Notes Payable	C-13	6,931,452.00	4,441,125.00
Encumbrances Payable	C-11	2,365,796.19	586,458.76
Obligations Under Capital Lease	C-12	840,000.00	1,090,000.00
Capital Improvement Fund	C-6	6,265.63	6,265.63
Reserve for Payment of Bonds		21,352.28	21,352.28
Improvement Authorizations:			
Funded	C-7	570,559.95	587,491.98
Unfunded	C-7	5,853,816.60	9,359,217.55
Fund Balance	C-1	41,394.24	28,682.46
		<u>\$ 22,789,915.84</u>	<u>\$ 24,115,376.96</u>

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

EXHIBIT C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2017	Ref. C		\$ 28,682.46
Increased by:			
Bond Anticipation Note Premium	C-2	\$ 21,834.07	
Canceled Authorizations	C-7	18,877.71	
			<u>40,711.78</u>
			69,394.24
Decreased by:			
Anticipated in Current Fund Budget	C-2		<u>28,000.00</u>
Balance December 31, 2018	C		<u><u>\$ 41,394.24</u></u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

EXHIBIT D

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec 31, 2018	Balance Dec 31, 2017
Buildings	\$ 9,882,875.00	\$ 9,882,875.00
Land	4,652,816.73	4,652,816.73
Equipment	1,872,362.97	1,851,032.56
Vehicles	13,308,497.88	13,032,943.68
	<u>\$ 29,716,552.58</u>	<u>\$ 29,419,667.97</u>
Investment in General Fixed Assets	<u>\$ 29,716,552.58</u>	<u>\$ 29,419,667.97</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, 2018 AND 2017

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, 2018 AND 2017

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, 2018 AND 2017

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 and 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, 2018 AND 2017

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. Accounting Pronouncements Adopted

Statement No. 75, "Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment 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. The adoption of this Statement did not have an impact on the financial statements.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Recent Accounting Pronouncements Not Yet Effective

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

Statement No. 83, "Certain Asset Retirement Obligations." This statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). The Statement is effective for period's beginning after June 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 84, "Fiduciary Activities." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement is effective for reporting periods beginning after December 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement is effective for periods beginning after December 15, 2019. Management does not expect this Statement will have an impact on the financial statements.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement is effective for periods beginning after June 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." This Statement is effective for fiscal periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61." This Statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Township's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." This Statement, which is effective for fiscal periods beginning after December 15, 2020, will not have a significant impact on the Township's financial statements.

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.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

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 \$370,549.12 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, 2018 and 2017, the carrying amount of the Township's deposits was \$16,135,216.95 and \$17,882,539.26, respectively. As of December 31, 2018 and 2017, \$0 of the municipality's bank balance of \$16,135,216.95 and \$17,798,800.31, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2018 or 2017, 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.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 4: INVESTMENTS (CONTINUED)

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, 2018 and 2017, amounted to \$1,673,107.68 and \$1,758,112.17, 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
	2018	\$ 5,644,700.95	\$ 3,857,600.00
	2017	6,269,521.30	3,750,531.74
Current Fund	2016	5,422,108.26	3,510,000.00
	2015	4,562,021.92	3,050,000.00
	2014	3,361,331.92	2,800,000.00

NOTE 6: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance (Continued)

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance Dec. 31
2018	\$ 429.53	\$ 34,804.77		\$ 38,746.10	\$ 77,433.37
2017	450.46	19,325.27	\$ 10,000.00	36,405.87	80,945.17
2016	416.62	22,964.52	10,000.00	10,849.30	87,575.31

NOTE 7: 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, 2018 and 2017, was \$1,954,942.71 and \$1,944,773.93, respectively. The Township had appropriated \$100,000.00 in the 2018 adopted budget to fund a reserve for accumulated absences. The accumulated absence trust has a reserve balance as of December 31, 2018 and 2017, of \$100,000.00 and \$304,290.86, respectively.

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2018.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Federal and State Grant Fund		\$ 403,755.42
Affordable Housing Trust		8,248.56
Developers Escrow Trust	\$ 307.52	
Federal and State Grant Fund		
Current Fund	403,755.42	
Affordable Housing Trust		
Current Fund	8,248.56	
Developers Escrow		
Current Fund		307.52
	<u>\$ 412,311.50</u>	<u>\$ 412,311.50</u>

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

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.

NOTE 10: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2018:

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10: FIXED ASSETS (CONTINUED)

	Balance Dec. 31, 2017	Additions	Deletions	Balance Dec. 31, 2018
Buildings	\$ 9,882,875.00			\$ 9,882,875.00
Land	4,652,816.73			4,652,816.73
Equipment	1,851,032.56	\$ 23,865.00	\$ 2,534.59	1,872,362.97
Vehicles	13,032,943.68	544,254.20	268,700.00	13,308,497.88
	<u>\$ 29,419,667.97</u>	<u>\$ 568,119.20</u>	<u>\$ 271,234.59</u>	<u>\$ 29,716,552.58</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 current and previous year:

	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Prepaid Taxes - Cash Liability	<u>\$ 875,773.75</u>	<u>\$ 1,853,142.35</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, 2018, the Township abated property taxes totaling \$541,199.34. The following agreements were in effect as of December 31, 2018, under the provisions of the aforementioned statutes:

- An 84.57% abatement to a developer for construction and operation of a 132 apartment unit affordable housing project. The abatement amounted to \$277,880.40.
- A 94.05% 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 \$263,318.94.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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 \$135,136.00 and \$120,990.00 for 2018 and 2017, 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/financial-reports.shtml>.

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

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 15: PENSION FUNDS (CONTINUED)

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 5½% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary.

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 provide for employee contributions of 7.34% to 7.50% of employees' annual compensation, as defined as of July 1, 2018. The PFRS provides for employee contributions of 10% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and PFRS. The PERS and PFRS rates in effect for 2018 are 13.37% and 27.35%, respectively, of covered payroll, as reported on June 30, 2017. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Township's contributions to the PERS for the years ending December 31, 2018, 2017, and 2016, were \$753,698.14, \$703,918.12, and \$697,000.00, respectively, equal to the required contributions for each year. The Township's contributions to the PFRS for the years ending December 31, 2018, 2017, and 2016, were \$1,719,541.00, \$1,480,583.00, and \$1,399,667.13, respectively, equal to the required contributions for each year. The Township's contributions to DCRP for the years ending December 31, 2018, 2017, and 2016, were \$10,939.33, \$6,869.98, and \$5,000.00, 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, 2018 AND 2017

NOTE 15: PENSION FUNDS (CONTINUED)

Significant Legislation

- 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 the PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of the PERS to 1/60th from 1/55th and it provided that new members of the 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 the 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, 2018 AND 2017

NOTE 16: POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description - The Township of Monroe contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit postemployment 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. The 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 Monroe 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/hb-employers.shtml.

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 the SHBP for the years ended December 31, 2018, 2017, and 2016, were \$2,166,623.70, \$2,120,820.31, and \$1,316,133.80, respectively, which equaled the required contributions for retirees for the year. There were approximately 96, 96, and 96 retired participants eligible at December 31, 2018, 2017, and 2016, respectively.

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.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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

Public Employee's Retirement System - At December 31, 2018, the Township's proportionate share of net pension liability was \$16,196,659. The net pension liability was measured as of June 30, 2018, 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, 2018, the Township's allocation percentage was 0.0822603800% compared to 0.0806733036% at June 30, 2017.

For the year ended December 31, 2018, the Township's pension expense would have been \$1,114,654 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 the PERS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 3,961,601
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		109,694
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions	\$ 482,248	
Difference Between Expected and Actual Experience		49,297
	<u>\$ 482,248</u>	<u>\$ 4,120,592</u>

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

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

Year Ended December 31,	Amount
2019	\$ (205,979)
2020	(552,149)
2021	(1,446,471)
2022	(1,082,667)
2023	(351,078)
	<u>\$ (3,638,344)</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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

Public Employee's Retirement System (Continued)

Additional information – Collective balances at June 30, 2017 and 2018, are as follows:

	June 30, 2017	June 30, 2018
Collective Deferred Outflows of Resources	\$ 5,396,431,901	\$ 4,684,852,302
Collective Deferred Inflows of Resources	4,672,602,040	7,646,736,226
Collective Net Pension Liability	<u>23,278,401,588</u>	<u>19,689,501,539</u>
 Township's Proportion	 0.0806733036%	 0.0822603800%

Contributions - The contribution policy for the 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, 2018, measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% Based on Age
Thereafter	2.65 – 5.15% Based on Age
Investment Rate of Return	7.00%

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 set back 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviate from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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

Actuarial Assumptions (Continued)

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.state.nj.us/treasury/pensions/gasb-notices.shtml>.

Police and Firemen's Retirement System - At December 31, 2018, the Township's proportionate share of net pension liability for Police was \$25,984,739. The net pension liability was measured as of June 30, 2018, 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, 2018, the Township's proportion was 0.1920293685% compared to 0.19424943658% at June 30, 2017.

For the year ended December 31, 2018, the Township's pension expense would have been \$2,739,395 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 the PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 6,495,891
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		240,519
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions	\$ 895,386	
Difference Between Expected and Actual Experience	208,331	
	<u>\$ 1,103,717</u>	<u>\$ 6,736,410</u>

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, 2018 AND 2017

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

Police and Firemen's Retirement System (Continued)

Year Ending December 31,	Amount
2019	\$ (30,913)
2020	(990,188)
2021	(2,392,896)
2022	(1,600,346)
2023	(618,350)
	<u>\$ (5,632,693)</u>

Additional information – Collective balances at June 30, 2018 and 2017, are as follows:

	June 30, 2017	June 30, 2018
Collective Deferred Outflows of Resources	\$ 2,298,433,198	\$ 1,988,215,695
Collective Deferred Inflows of Resources	2,618,912,538	4,286,994,294
Collective Net Pension Liability	<u>17,167,260,198</u>	<u>13,531,648,591</u>
 Township's Proportion	 0.1942943658%	 0.1920293685%

Contributions

The contribution policy for the 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, 2018, measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.10 – 8.98% Based on Age
Thereafter	3.10 – 9.98% Based on Age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For pre-retirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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

Actuarial Assumptions (Continued)

projection scale thereafter. Post-retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017, 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.state.nj.us/treasury/pensions/gasb-notice.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, 2018 and June 30, 2017, special funding situation net pension liability amounts of \$3,529,597 and \$3,359,726 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: FINANCIAL INFORMATION RELATED TO GASB 75 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 other post-employment benefit (OPEB) liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 75 information in the Notes to the Financial Statements. The following OPEB liability note information is reported at the State's level and is not specific to the municipality. The following disclosures meet the requirements of GASB 75 for the PERS and PFRS retirement systems.

Actuarial Assumptions

The total OPEB liability as of June 30, 2018, was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 18: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

Inflation rate	2.50%
Salary increases (PERS):	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Salary increases (PFRS):	
Through 2026	2.10 – 8.98% based on age
Thereafter	3.10 – 9.98% based on age
Discount Rate	3.87%

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - The Police and Firemen Retirement System (PFRS) and the Public Employees Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively. 100% of active members are considered to participate in the Plan upon retirement.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Changes in the Total Net OPEB Liability reported by the State of New Jersey:

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 18: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Total OPEB Liability

Service Cost	\$ 896,235,148
Interest	764,082,232
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	(3,626,384,047)
Changes in Assumptions or Other Inputs	(2,314,240,675)
Benefit Payments	(421,621,253)
Contributions - Members	53,987,166
Net Change in OPEB Liability	<u>(4,647,941,429)</u>
Total OPEB Liability Beginning	20,629,044,656
Total OPEB Liability Ending	<u><u>\$ 15,981,103,227</u></u>

Plan Fiduciary Net Position

Contributions - Employer	\$ 421,194,662
Contributions - Non-Employer Contributing Entities	53,548,285
Contributions - Members	53,987,166
Net Investment Income	2,320,422
Benefit Payments	(421,621,253)
Administrative Expense	(8,200,113)
Net Change in Plan Fiduciary Net Position	<u>101,229,169</u>
Plan Fiduciary Net Position Beginning	213,255,917
Plan Fiduciary Net Position Ending	<u><u>\$ 314,485,086</u></u>

Net OPEB Liability Ending	<u><u>\$ 15,666,618,141</u></u>
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There were no changes in benefit terms during the year.

Differences Between Expected and Actual Experiences: The decrease in the liability from June 30, 2017 to June 30, 2018, is due to changes in the census, claims and premiums experience.

Changes in Assumptions: The decrease in the liability from June 30, 2017 to June 30, 2018, is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018, and a decrease in the assumed health care cost trend and excise tax assumptions.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate: The following represents the collective net OPEB liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current rate.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 18: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
Net OPEB Liability	<u>\$ 18,381,085,096</u>	<u>\$ 15,666,618,141</u>	<u>\$ 13,498,373,388</u>

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate: The following presents the net OPEB liability as of June 30, 2018, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Health Care Costs Trend Rate	1% Increase
Net OPEB Liability	<u>\$ 13,068,471,450</u>	<u>\$ 15,666,618,141</u>	<u>\$ 19,029,006,023</u>

OPEB Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the Township would have reported a liability of \$31,767,985 for its proportionate share of the net OPEB liability if New Jersey municipalities followed GAAP accounting principles. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Township's proportion of the net OPEB liability was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2018, the Township's proportion was .202775 percent.

For the year ended December 31, 2018, the Township would have recognized net OPEB expense of \$886,566 if New Jersey municipalities followed GAAP accounting principles. The Township's deferred outflows of resources and deferred inflows of resources (which are not recorded) are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience		\$ 6,450,034
Differences Between Projected and Actual Investment Earnings	\$ 16,788	
Changes in Assumptions		8,058,365
Changes in Proportions		1,915,953
	<u>\$ 16,788</u>	<u>\$ 16,424,352</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 18: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

OPEB Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

<u>Year Ending</u>	
2019	\$ (2,474,556)
2020	(2,474,556)
2021	(2,474,558)
2022	(2,476,274)
2023	(2,479,183)
Thereafter	<u>(4,028,437)</u>
	<u><u>\$ (16,407,564)</u></u>

Special Funding Situation

A special funding situation exists for some local employers of the Police and Firefighters Retirement System who do not pay for health benefits coverage for their retired employees. Under Chapter 330, P.L. 1997, certain retired local police officers and firefighters are eligible for enrollment in the State Health Benefits Program with part of the cost paid by the State. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The State is treated as a nonemployer contributing entity. Since the local participating employer does not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report. The Township's proportionate share of the State's collective net OPEB liability is \$423,649.

NOTE 19: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-term debt as of December 31, 2018, consisted of the following:

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
Bonds, Notes, and Loans Issued	\$ 13,090,730.95	\$ 12,435,908.30	\$ 12,546,378.14
Bonds and Notes Authorized But Not Issued	<u>7,110,000.00</u>	<u>10,096,000.00</u>	<u>9,255,250.00</u>
Net Bonds, Notes, and Loans Issued and Authorized But Not Issued	<u><u>\$ 20,200,730.95</u></u>	<u><u>\$ 22,531,908.30</u></u>	<u><u>\$ 21,801,628.14</u></u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 19: LONG-TERM DEBT (CONTINUED)

	Balance 12/31/2017	Issued	Retired/ Reduction	Balance 12/31/2018	Due Within One Year
Issued:					
General:					
Serial Bonds Payable	\$ 7,930,000.00		\$ 1,820,000.00	\$ 6,110,000.00	\$ 730,000.00
Loans	64,783.30		15,504.35	49,278.95	15,279.22
Bond Anticipation Note	4,441,125.00	\$ 2,705,327.00	215,000.00	6,931,452.00	122,000.00
Authorized But Not Issued:					
General:					
Bonds and Notes	10,096,000.00	6,650,000.00	9,636,000.00	7,110,000.00	
	<u>\$ 22,531,908.30</u>	<u>\$ 9,355,327.00</u>	<u>\$ 11,686,504.35</u>	<u>\$ 20,200,730.95</u>	<u>\$ 867,279.22</u>

Permanently Funded Debt as of December 31, 2018, Consisted of the Following:

\$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 1.25% - 2.00% per annum. The balance remaining at December 31, 2018, was \$1,960,000.00.

\$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, 2018, was \$4,150,000.00.

\$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, 2018, was \$16,947.49.

\$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, 2018, was \$32,331.46.

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

Year Ended	Principal	Interest	Total
2019	\$ 745,279.22	\$ 155,047.05	\$ 900,326.27
2020	734,823.81	139,014.94	873,838.75
2021	739,201.12	125,125.12	864,326.24
2022	734,285.56	110,340.68	844,626.24
2023	834,371.71	89,054.53	923,426.24
2024-2028	2,371,317.53	246,554.31	2,617,871.84
	<u>\$ 6,159,278.95</u>	<u>\$ 865,136.63</u>	<u>\$ 7,024,415.58</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 19: LONG-TERM DEBT (CONTINUED)

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 .758%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 42,955,000.00	\$ 42,955,000.00	
General Debt	20,200,730.95	21,352.28	\$ 20,179,378.67
	<u>\$ 63,155,730.95</u>	<u>\$ 42,976,352.28</u>	<u>\$ 20,179,378.67</u>

Net Debt \$20,179,378.67/Equalized Valuation Basis per NJSA 40A:2-2 as amended
\$2,662,162,715.67 = .758%.

Borrowing Power Under NJSA 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 93,175,695.05
Net Debt	20,179,378.67
Remaining Borrowing Power	<u>\$ 72,996,316.38</u>

NOTE 20: BOND ANTICIPATION NOTES

The Township had the following General Capital Bond Anticipation Note outstanding as of December 31, 2018:

Note in the amount of \$6,931,452.00. This note will mature on May 5, 2019, at an interest rate per annum of 3.00%.

NOTE 21: CAPITAL LEASE OBLIGATIONS

The Township has lease agreements in effect at December 31, 2018, 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
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	30,000.00	4,485.50	34,485.50
2023	30,000.00	3,186.50	33,186.50
2024	30,000.00	1,350.00	31,350.00
	<u>\$ 840,000.00</u>	<u>\$ 49,585.14</u>	<u>\$ 889,585.14</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 22: 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 23: 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 24: SUBSEQUENT EVENTS

On May 2, 2019, the Township Committee issued General Obligation Bonds in the amount of \$12,527.00.

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and August 1, 2019, 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 Five Fiscal Years

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.0822603800%	0.0806733036%	0.0777923358%	0.0793098495%	0.0796835872%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 16,196,659	\$ 18,779,456	\$ 23,039,859	\$ 17,803,472	\$ 14,918,947
Township's Covered-Employee Payroll	5,497,429	5,645,560	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	294.62%	332.64%	441.54%	369.38%	301.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.59%	48.10%	40.14%	47.92%	52.08%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PERS
Last Five Fiscal Years

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 747,352	\$ 691,096	\$ 681,852	\$ 681,852	\$ 656,900
Contributions in Relation to the Contractually Required Contribution	747,352	691,096	681,852	681,852	656,900
Contribution Deficiency (Excess)	None	None	None	None	None
Township's Covered-Employee Payroll	\$ 5,497,429	\$ 5,645,560	\$ 5,218,023	\$ 4,819,855	\$ 4,954,609
Contributions as a Percentage of Covered-Employee Payroll	13.59%	12.24%	13.07%	14.15%	13.26%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

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

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.1920293685%	0.1942943658%	0.1815907380%	0.1721111579%	0.1644184168%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 25,984,739	\$ 29,995,294	\$ 34,688,476	\$ 28,667,719	\$ 20,682,312
Township's Covered-Employee Payroll	6,227,380	6,334,566	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	417.27%	473.52%	571.47%	502.25%	382.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.47%	58.60%	52.01%	56.30%	62.41%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PFRS
Last Five Fiscal Years

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 1,877,370	\$ 1,719,541	\$ 1,480,583	\$ 1,399,007	\$ 1,262,847
Contributions in Relation to the Contractually Required Contribution	1,877,370	1,719,541	1,480,583	1,399,007	1,262,847
Contribution Deficiency (Excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
Township's Covered-Employee Payroll	\$ 6,227,380	\$ 6,334,566	\$ 6,070,044	\$ 5,707,803	\$ 5,409,725
Contributions as a Percentage of Covered-Employee Payroll	30.15%	27.15%	24.39%	24.51%	23.34%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

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

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.1920293685%	0.1942943658%	0.1815907380%	0.1721111579%	0.1644184168%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,529,597	\$ 3,359,726	\$ 2,912,972	\$ 2,514,063	\$ 2,227,137
Township's Covered-Employee Payroll	6,227,380	6,334,566	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	56.68%	53.04%	47.99%	44.05%	41.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.47%	58.60%	52.01%	56.30%	62.41%
Measurement Date	6/30/2018	6/30/2017	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 Five Fiscal Years
Special Funding Situation

	Year Ended				
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 209,037	\$ 168,001	\$ 111,617	\$ 130,870	\$ 92,477
Contributions in Relation to the Contractually Required Contribution	209,037	168,001	111,617	130,870	92,477
Contribution Deficiency (Excess)	None	None	None	None	None
Township's Covered-Employee Payroll	\$ 6,227,380	\$ 6,334,566	\$ 6,070,044	\$ 5,707,803	\$ 5,409,725
Contributions as a Percentage of Covered-Employee Payroll	3.36%	2.65%	1.84%	2.29%	1.71%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SUPPLEMENTARY INFORMATION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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MEMBER: AMERICAN INSTITUTE OF
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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, 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, 2018, 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 August 1, 2019, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *schedule of findings and recommendations* as items 2018-001, 2018-002, 2018-003, and 2018-004.

Municipality's Responses to Findings

The Township's responses to the findings identified in our audit in the accompanying *Schedule of Findings and Recommendations* will be addressed in their corrective action plan.

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

August 1, 2019

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

Balance December 31, 2017	Ref. A		\$ 11,121,233.81
Increased by Receipts:			
Taxes Receivable	A-6	\$ 92,266,386.93	
Tax Title Liens	A-7	74,473.06	
Prepaid Taxes	A	875,773.75	
Tax Overpayments		349,795.72	
Homestead Rebate	A-6	1,242,687.95	
Grants Receivable	A-16	530,504.62	
Revenue Accounts Receivable	A-10	8,977,129.49	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-11	327,845.40	
Due State of New Jersey Registrar Fees		5,175.00	
Construction DCA Fees		51,646.00	
Due Monroe MUA		124,634.03	
Evidence and Property Deposits		24,964.00	
Petty Cash		2,450.00	
Local Grants Receivable	A-9	9,385.04	
Due from Affordable Housing		352,798.10	
Payroll Taxes Payable		6,009,159.10	
			<u>111,224,808.19</u>
			122,346,042.00
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	32,848,090.20	
Appropriation Reserves	A-12	231,179.96	
Encumbrances Payable	A-13	560,406.28	
Reserve for Grants - Appropriated	A-17	242,826.01	
Reserve for Local Grants	A-15	43,007.16	
Tax Overpayments		210,922.30	
County Taxes	A-6	18,019,546.77	
Due County Added & Omitted Taxes		51,645.81	
Local District School Tax	A-14	53,804,137.00	
Due to Open Space		81,136.00	
Payroll Taxes Payable		6,036,735.87	
Due State of New Jersey Registrar Fees		3,825.00	
Construction DCA Fees		44,138.00	
Petty Cash		2,450.00	
Prior Year Revenue	A-1	3,159.67	
Due to Affordable Housing		344,549.54	
Evidence and Property Deposits		24,664.00	
Accounts Payable		2,919.36	
Due Monroe MUA		124,093.43	
			<u>112,679,432.36</u>
Balance December 31, 2018	A		<u>\$ 9,666,609.64</u>

SCHEDULE OF CHANGE FUND

Balance December 31, 2017	Ref. A	<u>\$ 850.00</u>
Balance December 31, 2018	A	<u><u>\$ 850.00</u></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, 2017			2017	2018				Dec. 31, 2018
2013	\$ 4,003.96		\$ 4,863.33		\$ 4,222.62			\$ 4,644.67	
2014	11,245.19		4,590.20		4,522.54			4,488.58	\$ 6,824.27
2015	11,218.70		5,149.84		3,928.47	\$ 500.00		4,623.32	7,316.75
2016	45,444.19				19,825.77	509.69	\$ 3,019.30	4,763.03	17,326.40
2017	1,760,745.71		45,026.76		1,668,526.38	43,927.43	4,721.15	61,767.71	26,829.80
	<u>1,832,657.75</u>		<u>59,630.13</u>		<u>1,701,025.78</u>	<u>44,937.12</u>	<u>7,740.45</u>	<u>80,287.31</u>	<u>58,297.22</u>
2018		\$ 96,173,983.69	305,136.04	\$ 1,853,142.35	92,164,549.10		312,533.33	294,132.66	1,854,762.29
	<u>\$ 1,832,657.75</u>	<u>\$ 96,173,983.69</u>	<u>\$ 364,766.17</u>	<u>\$ 1,853,142.35</u>	<u>\$ 93,865,574.88</u>	<u>\$ 44,937.12</u>	<u>\$ 320,273.78</u>	<u>\$ 374,419.97</u>	<u>\$ 1,913,059.51</u>
Ref.	A							A-7	A
		Cash - Treasurer		Ref.					
		Homestead Rebate		A-4	\$ 92,266,386.93				
		Due State of New Jersey		A-4	1,242,687.95				
				A-11	356,500.00				
					<u>\$ 93,865,574.88</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:

General Property Tax \$ 96,173,983.69

\$ 96,173,983.69

Added Taxes (54:4-63.1 et seq.)

305,136.04

\$ 96,479,119.73

Ref.

Tax Levied

Local District School Tax (Abstract)

A-14

\$ 53,804,137.00

County Taxes:

County Tax (Abstract) \$ 16,959,200.17

Due County for Open Space 1,060,346.60

Due County for Added Taxes
(54:4-63.1 et seq.) 60,261.47

Total County Taxes

18,079,808.24

Local Tax for Municipal Purposes

A-2

23,371,233.10

Minimum Library Tax

A-2

884,882.90

Local Municipal Open Space

A-2

81,136.00

Add: Additional Taxes Levied

257,922.49

24,595,174.49

\$ 96,479,119.73

EXHIBIT A-7

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2017	Ref. A		\$ 1,226,703.22
Increased by:			
Transfers from Taxes Receivable	A-6	\$ 374,419.97	
Interest and Costs		38,376.62	
			<u>412,796.59</u>
			1,639,499.81
Decreased by:			
Cash Receipts	A-4	74,473.06	
Canceled		30,588.35	
Transfer to foreclosure	A-8	120,250.33	
			<u>225,311.74</u>
Balance December 31, 2018	A		<u><u>\$ 1,414,188.07</u></u>

EXHIBIT A-8

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance December 31, 2017	Ref. A		\$ 2,033,900.00
Increased by:			
Transfers from Tax Title Liens	A-7	\$ 120,250.33	
Adjust to Assessed Value		173,849.67	
			<u>294,100.00</u>
Balance December 31, 2018	A		<u><u>\$ 2,328,000.00</u></u>

SCHEDULE OF LOCAL GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2017	Transferred From Budget Appropriation	Receipts	Balance Dec. 31, 2018
JIF Safety Incentive	\$ 12,000.00	\$ 10,225.00	\$ 9,385.04	\$ 12,839.96
	<u>\$ 12,000.00</u>	<u>\$ 10,225.00</u>	<u>\$ 9,385.04</u>	<u>\$ 12,839.96</u>
Ref.	A	A-2	A-4	A

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2017	Accrued in 2018	Collected	Balance Dec. 31, 2018
Miscellaneous Revenue Anticipated				
Licenses:				
Alcoholic Beverages		\$ 35,590.00	\$ 35,590.00	
Other		26,420.13	26,420.13	
Fees and Permits		1,198,715.88	1,198,715.88	
Fines and Costs:				
Municipal Court	\$ 13,510.45	197,632.59	198,888.41	\$ 12,254.63
Interest and Costs on Taxes		477,201.32	477,201.32	
Interest on Investments and Deposits		75,413.46	75,413.46	
Insurance Reimbursements - Ambulance		902,189.16	902,189.16	
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		758,630.76	758,630.76	
Uniform Fire Safety Act		70,594.33	70,594.33	
Franchise Fees - Cable Television		258,808.19	258,808.19	
Engineering Review Fees		11,795.00	11,795.00	
Payment in Lieu of Taxes		67,502.37	67,502.37	
School Resource Officer		180,000.00	180,000.00	
General Capital Surplus		28,000.00	28,000.00	
Miscellaneous Revenue Not Anticipated				
Refunds		142,743.44	142,743.44	
Insurance Dividends		196,694.00	196,694.00	
Ads on Bus Shelters		2,910.88	2,910.88	
Tax Sale Premiums		117,410.00	117,410.00	
Tax Map Maintenance		848.00	848.00	
Administrative Fees Off-Duty Police		65,770.00	65,770.00	
Senior Citizen and Vet Administrative Fee		6,811.91	6,811.91	
Miscellaneous		22,651.90	22,651.90	
Hotel/Motel Tax Revenue		59,588.43	59,588.43	
Demolition/Boarding Up	48,362.19	195,709.09	12,093.54	231,977.74
Excess Dog Fees		17,962.38	17,962.38	
Sale of Municipal Assets		6,100.00	6,100.00	
	<u>\$ 61,872.64</u>	<u>\$ 9,159,489.22</u>	<u>\$ 8,977,129.49</u>	<u>\$ 244,232.37</u>
Ref.	A		A-4	A

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

Balance December 31, 2017	Ref. A		\$ 67,792.43
Increased by:			
Cash Receipts	A-4		<u>327,845.40</u>
			395,637.83
Decreased by:			
Current Year Deductions Per Tax Duplicate		\$ 350,000.00	
Current Year Deductions Allowed by Collector		9,750.00	
Current Year Deductions Disallowed by Collector		<u>(3,250.00)</u>	
	A-6	356,500.00	
Prior Year Deductions Disallowed by Collector	A-1	<u>(22,008.05)</u>	
			<u>334,491.95</u>
Balance December 31, 2018	A		<u><u>\$ 61,145.88</u></u>

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses				
Finance	\$ 13,746.19	\$ 13,746.19	\$ 6,721.22	\$ 7,024.97
Legal	16,586.91	16,586.91	1,124.29	15,462.62
Engineering	28,979.97	28,979.97	10,943.75	18,036.22
Zoning Board and Board of Adjustment	1,282.28	1,282.28	550.00	732.28
Insurance Safety Program	6,009.48	6,009.48	6,009.48	
Group Plan for Employees	343,202.03	343,202.03	118,325.50	224,876.53
Ambulance	10,588.03	10,588.03	6,936.58	3,651.45
Community Services Act	9,460.28	9,460.28	1,734.82	7,725.46
Senior Citizens Center	2,234.40	2,234.40	2,000.00	234.40
Electricity	73,969.11	73,969.11	27,760.18	46,208.93
Street Lighting	101,329.12	101,329.12	41,928.98	59,400.14
Telephone and Telegraph	6,593.94	6,593.94	2,177.65	4,416.29
Salaries and Wages				
Police	353,104.27	353,104.27	4,967.51	348,136.76
Other Accounts - No Change	985,940.88	985,940.88		985,940.88
	<u>\$ 1,953,026.89</u>	<u>\$ 1,953,026.89</u>	<u>\$ 231,179.96</u>	<u>\$ 1,721,846.93</u>
Ref.	A		A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2017	A	\$ 675,123.43	\$ 12,964.30
Increased by:			
Charges to Current Year Appropriations	A-3	788,438.89	
Local Grants	A-15	1,945.85	
Charges to Reserve for Grants Appropriated	A-17		345,787.69
		<u>790,384.74</u>	<u>345,787.69</u>
		1,465,508.17	358,751.99
Decreased by:			
Payments	A-4	556,008.28	4,398.00
Canceled	A-1	119,115.15	
		<u>675,123.43</u>	<u>4,398.00</u>
Balance December 31, 2018	A	<u>\$ 790,384.74</u>	<u>\$ 354,353.99</u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	Ref.	
Increased by:		
2018 Calendar Year School Levy	A-6	\$ 53,804,137.00
Decreased by:		
Payments	A-4	<u>53,804,137.00</u>
2018 Tax Liability for Local District School Tax:		
Tax Paid/Encumbered	A-14	<u>53,804,137.00</u>
Amount Charged to 2018 Operations	A-1	<u>\$ 53,804,137.00</u>

SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Balance Dec. 31, 2017	Transferred from Budget Appropriation	Paid	Encumbered	Balance Dec. 31, 2018
Walmart Safe Grant	\$ 5,600.06		\$ 3,936.00		\$ 1,664.06
JIF Safety Incentive	10,151.80	\$ 10,225.00	14,071.16	\$ 1,945.85	4,359.79
Comcast Technology Grant	14.27				14.27
Paving Program	25,000.00		25,000.00		
	<u>\$ 40,766.13</u>	<u>\$ 10,225.00</u>	<u>\$ 43,007.16</u>	<u>\$ 1,945.85</u>	<u>\$ 6,038.12</u>
Ref.	A	A-3	A-4	A-13	A

SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2017	Budget Revenue Realized	Received	Balance Dec. 31, 2018
Federal Grants				
Bullet Proof Vest	\$ 7,900.51			\$ 7,900.51
Drive Sober or Get Pulled Over		\$ 4,840.00	\$ 4,840.00	
Drive Sober Labor Day	3,080.00		3,080.00	
U Test U Drive U Pay		4,840.00	4,840.00	
Click it or Ticket		3,300.00	3,300.00	
CDBG - Pfeiffer Center	50,000.00		50,000.00	
CDBG - Forest Drive ADA Improvements		50,000.00	50,000.00	
	<u>60,980.51</u>	<u>62,980.00</u>	<u>116,060.00</u>	<u>7,900.51</u>
State Grants				
NJ Transportation Trust - Bikeway Path		270,000.00		270,000.00
NJ Transportation Trust		339,150.00	254,362.50	84,787.50
Municipal Alliance Youth Service	26,460.00	26,460.00	26,460.00	26,460.00
Clean Communities		70,472.12	70,472.12	
Sustainable NJ		3,150.00	3,150.00	
HDSRF-Sanitary Landfill		18,787.00		18,787.00
Green Communities Grant	3,000.00			3,000.00
Safe and Secure	15,000.00	60,000.00	60,000.00	15,000.00
	<u>44,460.00</u>	<u>788,019.12</u>	<u>414,444.62</u>	<u>418,034.50</u>
	<u>\$ 105,440.51</u>	<u>\$ 850,999.12</u>	<u>\$ 530,504.62</u>	<u>\$ 425,935.01</u>
Ref.	A	A-2	A-4	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2017	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Balance Dec. 31, 2018
Federal Grants:					
U Text U Drive U Pay	\$ 4,180.00	\$ 4,840.00	\$ 9,020.00		
Drive Sober or Get Pulled Over		4,840.00	4,840.00		
Bulletproof Vest	7,900.51		6,080.00		\$ 1,820.51
CDBG - Forest Drive ADA Improvements		50,000.00	50,000.00		
CDBG	0.50				0.50
Click it or Ticket		3,300.00	3,300.00		
Body Armor Grant	5,053.47		5,053.47		
	<u>17,134.48</u>	<u>62,980.00</u>	<u>78,293.47</u>		<u>1,821.01</u>
State Grants:					
Transportation Trust		339,150.00		\$ 339,150.00	
Transportation Trust - Bikeway Program		270,000.00			270,000.00
Sustainable NJ		3,150.00	3,150.00		
Drunk Driving Enforcement	10,452.87		2,738.19		7,714.68
Clean Communities	89,237.75	70,472.12	70,898.39	2,137.69	86,673.79
HDSRF-Sanitary Landfill		18,787.00			18,787.00
Municipal Alliance	29,510.92	33,075.00	27,745.96	4,500.00	30,339.96
Safe & Secure	60,000.00	60,000.00	60,000.00		60,000.00
	<u>189,201.54</u>	<u>794,634.12</u>	<u>164,532.54</u>	<u>345,787.69</u>	<u>473,515.43</u>
	<u>\$ 206,336.02</u>	<u>\$ 857,614.12</u>	<u>\$ 242,826.01</u>	<u>\$ 345,787.69</u>	<u>\$ 475,336.44</u>
Ref.	A	A-3	A-4	A-13	A

TRUST FUND

EXHIBIT B-1

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Trust Fund	Escrow Trust Fund
	B	<u>\$ 5,706,269.31</u>	<u>\$ 1,020,717.48</u>
Balance December 31, 2017			
Increased by Receipts:			
Dog License Fees:			
Municipal Share	B-2	16,454.40	
State Share		2,643.60	
Forfeited Funds		67,969.35	
Off-Duty Police Fees		252,936.25	
Tax Sale Premiums	B-3	115,464.64	
Tax Sale Redemptions	B-3	1,875,581.74	
Park and Recreation Fees		267,532.37	
POAA Fees		30.00	
Public Defender Fees		4,920.00	
Police Donations		10,200.00	
Recycling Fees		3,045.30	
Storm Recovery		80,000.00	
Accumulated Absence		100,000.00	
Municipal Open Space		91,038.92	
Affordable Housing		146,645.89	
Unemployment Trust		35,234.30	
Community Activities and Events		2,520.00	
Main Street Committee Donations		1,393.00	
Escrow Fees			511,088.85
Due Current Fund			307.52
Interest			2,380.97
		<u>3,073,609.76</u>	<u>513,777.34</u>
		<u>8,779,879.07</u>	<u>1,534,494.82</u>
Decreased by Disbursements:			
Due State of New Jersey		2,647.20	
Escrow Fees			397,202.69
Expenditures Under RS 4:19-15.11	B-2	2,748.52	
Forfeited Funds		2,104.22	
Off-Duty Police Fees		296,665.00	
Tax Sale Premiums	B-3	1,191,074.64	
Tax Sale Redemptions	B-3	1,810,769.55	
Park and Recreation Fees		302,048.76	
Recycling Fees		55,312.96	
Intersection Improvements		39,970.00	
Basin Maintenance		9,557.35	
Accumulated Absence		304,290.86	
Police Donations		9,639.83	
Public Defender		2,166.00	
Storm Recovery		47,485.24	
Main Street Committee Donations		5,602.00	
Affordable Housing		318,130.04	
Unemployment Compensation		38,746.10	
Sidewalk Trust		7,252.60	
Encumbrances Payable	B-4	185,710.35	67,137.12
Due Current Fund		39,540.44	
		<u>4,671,461.66</u>	<u>464,339.81</u>
Balance December 31, 2018	B	<u>\$ 4,108,417.41</u>	<u>\$ 1,070,155.01</u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2017	Ref. B		\$ 42,408.60
Increased by:			
Municipal Share of Dog License Fees	B-1		16,454.40
			<u>58,863.0</u>
Decreased by:			
Expenditures Under RS 4:19-15.11	B-1	\$ 2,748.52	
Due Current Fund	A	<u>17,962.38</u>	
			20,710.90
Balance December 31, 2018	B		<u><u>\$ 38,152.10</u></u>

License Fees Collected

Year	Amount
2016	\$ 17,676.60
2017	<u>20,475.50</u>
	<u><u>\$ 38,152.10</u></u>

EXHIBIT B-3

SCHEDULE OF RESERVE FOR TAX SALE REDEMPTION AND PREMIUMS

	Ref.	Premiums	Redemptions
Balance December 31, 2017	B	<u>\$ 1,672,910.00</u>	<u>\$ 906.35</u>
Increased by:			
Receipts	B-1	<u>115,464.64</u>	<u>1,875,581.74</u>
		<u>1,788,374.64</u>	<u>1,876,488.09</u>
Decreased by:			
Disbursements	B-1	<u>1,191,074.64</u>	<u>1,810,769.55</u>
Encumbrances	B-4	<u>100.00</u>	<u>65,718.54</u>
		<u>1,191,174.64</u>	<u>1,876,488.09</u>
Balance December 31, 2018	B	<u><u>\$ 597,200.00</u></u>	

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Trust Fund	Escrow Trust Fund
Balance December 31, 2017	B	<u>\$ 189,710.35</u>	<u>\$ 67,137.12</u>
Increased by Charges for:			
Tax Sale Redemptions	B-3	65,718.54	
Tax Sale Premiums	B-3	100.00	
Park & Recreation		11,936.15	
Recycling		119,298.00	
Historical Society		8,500.00	
Storm Recovery		20,000.00	
COAH		5,167.50	
Police Off-Duty		10,382.50	
Escrow			29,276.00
Total Increases		<u>241,102.69</u>	<u>29,276.00</u>
		430,813.04	96,413.12
Decreased by:			
Cash Disbursements	B-1	<u>185,710.35</u>	<u>67,137.12</u>
Balance December 31, 2018	B	<u><u>\$ 245,102.69</u></u>	<u><u>\$ 29,276.00</u></u>

GENERAL CAPITAL FUND

EXHIBIT C-2

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2017	Ref. C		\$ 33,468.66
Increased by:			
Budget Appropriation			
Capital Improvement Fund	C-6	\$ 350,000.00	
Unfunded Ordinance	C-9	25,000.00	
Due from Park & Recreation	C-3	50,000.00	
Bond Anticipation Note Premium	C-1	21,834.07	
Bond Anticipation Note	C-13	2,705,327.00	
			<u>3,152,161.07</u>
			3,185,629.73
Decreased by:			
Improvement Authorizations	C-7	1,301,584.38	
Due Current Fund	C-3	28,000.00	
Encumbrances Payable	C-11	566,860.46	
			<u>1,896,444.84</u>
Balance December 31, 2018	C		<u><u>\$ 1,289,184.89</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2017	Receipts		Disbursements		Transfers To/(From)	Balance Dec. 31, 2018
		Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous		
Capital Improvement Fund	\$ 6,265.63	\$ 350,000.00				\$ (350,000.00)	\$ 6,265.63
Reserve for Payment of Bonds	21,352.28						21,352.28
Encumbrances Payable	586,458.76				\$ 566,860.46	2,346,197.89	2,365,796.19
Grants Receivable	(460,000.00)						(460,000.00)
Fund Balance	28,682.46	21,834.07			28,000.00	18,877.71	41,394.24
Improvement Authorizations:							
Ordinance Number							
18-2003 Various Capital Improvements	2,142.15			\$ 2,142.15			
3-2008 Development of Mary Mazza Duffy Park	745.72					(745.72)	
5-2008 Dam Remediation Engineering and Survey	14,797.50			3,500.00			11,297.50
8-2008 Petro Kiryk and ATS Property Site Remediation	2,636.84						2,636.84
17-2009 Restoration of Farmhouse	125.44					(125.44)	
9-2012 Various Capital Improvements and Acquisition of Various Pieces of Equipment	7,579.08					(1,943.05)	5,636.03
18-2013 Purchase of Municipal Bus	2,545.75					(2,545.75)	
06-2014 Purchase of Various Equipment	4,024.31					(4,024.31)	
08-2014 Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	7,307.90					(8.59)	7,299.31
32-2015 Various Capital Improvements at Owens Park	70,000.00						70,000.00
33-2015 Various Capital Improvements	78,141.44			2,380.82		(2,615.35)	73,145.27
12-2016 Expansion Project at Owens Memorial Park	390,000.00						390,000.00
14-2016 Demolition of Existing Library	7,445.85					(7,445.85)	
16-2016 Various Capital Improvements	278,811.85			36,891.18		(34,479.32)	207,441.35
32-2016 Acquisition of Tanker Truck	32.00					(32.00)	
13-2017 Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	(1,015,626.30)	25,000.00	\$ 2,705,327.00	984,498.91		(428,050.94)	302,150.85
12-2018 Improvements to Township Parks		50,000.00		34,925.00		(4,530.00)	10,545.00
13-2018 Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements				237,246.32		(1,548,529.28)	(1,785,775.60)
30-2018 Improvements to Township Parks						20,000.00	20,000.00
	<u>\$ 33,468.66</u>	<u>\$ 446,834.07</u>	<u>\$ 2,705,327.00</u>	<u>\$ 1,301,584.38</u>	<u>\$ 594,860.46</u>		<u>\$ 1,289,184.89</u>
Ref.		C-2	C-13	C-7	C-2		C-2

EXHIBIT C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2017	Ref. C		\$ 7,994,783.30
Decreased by:			
Payments on General Serial Bonds	C-8	\$ 1,820,000.00	
Payments on Green Trust Loans	C-10	<u>15,504.35</u>	
			<u>1,835,504.35</u>
Balance December 31, 2018	C		<u><u>\$ 6,159,278.95</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	Funded By Budget Appropriation	Authorized	Canceled	Balance Dec. 31, 2018	Analysis of Balances Dec. 31, 2018		
							Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
9-2011	Various Capital Improvements	\$ 6,900,000.00			\$ 6,900,000.00				
8-2014	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	617,250.00	\$ 50,000.00			\$ 567,250.00	\$ 567,250.00		
01-2015	Acquisition of Real Property	647,125.00	50,000.00			597,125.00	597,125.00		
32-2015	Various Capital Improvements at Owens Park	70,000.00				70,000.00			\$ 70,000.00
33-2015	Various Capital Improvements	1,194,500.00	50,000.00			1,144,500.00	1,144,500.00		
12-2016	Expansion Project at Owens Memorial Park	390,000.00				390,000.00			390,000.00
14-2016	Demolition of Existing Library	137,000.00	15,000.00			122,000.00	122,000.00		
16-2016	Various Capital Improvements	1,826,250.00	50,000.00			1,776,250.00	1,776,250.00		
32-2016	Acquisition of Tanker Truck	19,000.00				19,000.00	19,000.00		
13-2017	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	2,736,000.00	\$ 25,000.00		5,673.00	2,705,327.00	2,705,327.00		
13-2018	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements			\$ 6,650,000.00		6,650,000.00		\$ 1,785,775.60	4,864,224.40
		<u>\$ 14,537,125.00</u>	<u>\$ 240,000.00</u>	<u>\$ 6,650,000.00</u>	<u>\$ 6,905,673.00</u>	<u>\$ 14,041,452.00</u>	<u>\$ 6,931,452.00</u>	<u>\$ 1,785,775.60</u>	<u>\$ 5,324,224.40</u>
	Ref. C			C-9	C-7	C	C-13	C-3	
							Ref. C-7		\$ 5,853,816.60
							C-3	\$ 207,441.35	
							C-3	302,150.85	
							C-3	20,000.00	
									529,592.20
									<u>\$ 5,324,224.40</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2017	C	\$ 6,265.63
Increased by:		
Budget Appropriation	C-2	<u>350,000.00</u>
		356,265.63
Decreased by:		
Funding of Ordinance	C-7	<u>350,000.00</u>
Balance December 31, 2018	C	<u><u>\$ 6,265.63</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2017		2018 Authorizations	Reappropriate	Authorization Canceled	Paid or Charged	Encumbrance	Balance Dec. 31, 2018	
		Date	Amount	Funded	Unfunded						Funded	Unfunded
18-2003	Various Capital Improvements	5/13/2003	\$ 1,589,500.00	\$ 2,142.15					\$ 2,142.15			
3-2008	Development of Mary Mazza Duffy Park	2/12/2008	950,000.00	745.72				\$ 745.72				
5-2008	Dam Remediation Engineering and Survey	3/11/2008	100,000.00	14,797.50					3,500.00		\$ 11,297.50	
8-2008	Petro Kiryk and ATS Property Site Remediation	3/25/2008	10,000.00	2,636.84							2,636.84	
17-2009	Restoration of Farmhouse	5/26/2009	20,000.00	125.44				125.44				
09-2011	Various Capital Improvements	4/12/2011	6,900,000.00		\$ 6,900,000.00			6,900,000.00				
9-2012	Reappropriation of Unexpended Balance of Previous Ordinance Per 40A:2-39 by Resolution for the Purpose of:											
	Various Capital Improvements	3/30/2012	208,966.59	7,579.08				1,943.05			5,636.03	
18-2013	Purchase of Municipal Bus	10/28/2013	40,000.00	2,545.75				2,545.75				
06-2014	Purchase of Various Equipment	3/24/2014	133,000.00	4,024.31				4,024.31				
08-2014	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	4/28/2014	755,000.00	7,307.90				8.59			7,299.31	
11-2015	Refunding Bond Issuance Costs	2/23/2015	500,000.00									
32-2015	Various Capital Improvements at Owens Park	6/13/2016	140,000.00	70,000.00	70,000.00						70,000.00	\$ 70,000.00
33-2015	Various Capital Improvements	6/13/2016	1,310,000.00	78,141.44				1,427.76	2,380.82	\$ 1,187.59	73,145.27	
12-2016	Expansion Project at Owens Memorial Park	4/25/2016	780,000.00	390,000.00	390,000.00						390,000.00	390,000.00
14-2016	Demolition of Existing Library	4/25/2016	160,000.00	7,445.85				7,445.85				
16-2016	Various Capital Improvements	5/23/2016	1,975,000.00		278,811.85			579.32	36,891.18	33,900.00		207,441.35
32-2016	Acquisition of Tanker Truck	9/26/2016	20,000.00		32.00			32.00				
13-2017	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	3/30/2017	2,880,000.00		1,720,373.70		\$ (20,000.00)	5,672.92	984,498.91	408,051.02		302,150.85
12-2018	Improvements to Township Parks	4/23/2018	50,000.00			\$ 50,000.00			34,925.00	4,530.00	10,545.00	
13-2018	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	4/23/2018	7,000,000.00			7,000,000.00			237,246.32	1,898,529.28		4,864,224.40
30-2018	Improvements to Township Parks	9/24/2018	20,000.00				20,000.00					20,000.00
				\$ 587,491.98	\$ 9,359,217.55	\$ 7,050,000.00		6,924,550.71	\$ 1,301,584.38	\$ 2,346,197.89	\$ 570,559.95	\$ 5,853,816.60
Ref.				C	C			C-5:C-1	C-2	C-11	C	C
						Ref.						
						C-6		\$ 350,000.00				
						C-5		6,650,000.00				
								50,000.00				
								<u>\$ 7,050,000.00</u>				

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Outstanding Date	December 31, 2018 Amount				
General Improvement of 2008	11/01/08	\$ 4,436,000.00				\$ 50,000.00	\$ 50,000.00	
2012 General Obligation Refunding Bonds	04/30/12	5,730,000.00				1,365,000.00	1,365,000.00	
2012 General Obligation Bonds	08/01/12	3,800,000.00	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%	2,320,000.00	360,000.00	\$ 1,960,000.00
2015 General Obligation Refunding Bonds	05/05/15	4,300,000.00	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%	4,195,000.00	45,000.00	4,150,000.00
						<u>\$ 7,930,000.00</u>	<u>\$ 1,820,000.00</u>	<u>\$ 6,110,000.00</u>
					Ref.	C	C-4	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	Authorized	Issued	Funded by Budget	Canceled	Balance Dec. 31, 2018
9-2011	Various Capital Improvements (Redevelopment Area)	\$ 6,900,000.00				\$ 6,900,000.00	
32-2015	Various Capital Improvements at Owens Park	70,000.00					\$ 70,000.00
12-2016	Expansion Project at Owens Memorial Park	390,000.00					390,000.00
16-2016	Various Capital Improvements						
32-2016	Acquisition of Tanker Truck						
13-2017	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	2,736,000.00		\$ 2,705,327.00	\$ 25,000.00	5,673.00	
13-2018	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements		\$ 6,650,000.00				6,650,000.00
		<u>\$ 10,096,000.00</u>	<u>\$ 6,650,000.00</u>	<u>\$ 2,705,327.00</u>	<u>\$ 25,000.00</u>	<u>\$ 6,905,673.00</u>	<u>\$ 7,110,000.00</u>
	Ref.		C-5	C-13	C-2		

EXHIBIT C-10

SCHEDULE OF LOAN PAYABLE - GREEN TRUST

Balance December 31, 2017	Ref. C	\$ 64,783.30
Decreased by:		
Payments	C-4	<u>15,504.35</u>
Balance December 31, 2018	C	<u><u>\$ 49,278.95</u></u>

EXHIBIT C-11

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	
Balance December 31, 2017	C	\$ 586,458.76
Increased by:		
Charges to Improvement Authorizations	C-7	<u>2,346,197.89</u>
		2,932,656.65
Decreased by:		
Payments	C-2	<u>566,860.46</u>
Balance December 31, 2018	C	<u><u>\$ 2,365,796.19</u></u>

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE

Purpose	Lease Number	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate	Balance	Decreased	Balance
				Principal	Interest		Dec. 31, 2017		Dec. 31, 2018
Various Capital Improvements	Series 2004C	12/07/04	20 Years	\$ 2,468,000.00	\$ 519,280.00	3%-4.5%	\$ 215,000.00	\$ 35,000.00	\$ 180,000.00
Various Capital Improvements	Series 2006	12/18/06	15 Years	3,405,000.00	1,079,650.00	3.75%-5%	875,000.00	215,000.00	660,000.00
							<u>\$ 1,090,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ 840,000.00</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, 2017	Increased	Decreased	Balance Dec. 31, 2018
08-2014	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	\$ 717,250.00	12/11/2014	12/3/2018	5/15/2009	3.00%	\$ 617,250.00		\$ 50,000.00	\$ 567,250.00
01-2015	Acquisition of Real Property	672,125.00	12/9/2015	12/3/2018	5/15/2009	3.00%	647,125.00		50,000.00	597,125.00
33-2015	Various Capital Improvements	1,244,500.00	12/7/2016	12/3/2018	5/15/2009	3.00%	1,194,500.00		50,000.00	1,144,500.00
14-2016	Demolition of Existing Library	152,000.00	12/7/2016	12/3/2018	5/15/2009	3.00%	137,000.00		15,000.00	122,000.00
16-2016	Various Capital Improvements	1,826,250.00	12/5/2017	12/3/2018	5/15/2009	3.00%	1,826,250.00		50,000.00	1,776,250.00
32-2016	Acquisition of Tanker Truck	19,000.00	12/5/2017	12/3/2018	5/15/2009	3.00%	19,000.00			19,000.00
13-2017	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	2,705,327.00	12/3/2018	12/3/2018	5/15/2009	3.00%		\$ 2,705,327.00		2,705,327.00
							<u>\$ 4,441,125.00</u>	<u>\$ 2,705,327.00</u>	<u>\$ 215,000.00</u>	<u>\$ 6,931,452.00</u>
						Ref.	C	C-9		C

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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:

- Purchase of Equipment for Radio System Coverage
- Purchase of Equipment for Ambulances
- Disposition of Vegetative Waste
- Forest Drive Phase II Improvements
- Township Road Program
- Purchase of Automated Refuse Collection System
- Purchase of new replacement engine

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

Collection of Interest on Delinquent Taxes and Assessments (Continued)

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.

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 15, 2018, and was complete.

The following comparison is made of the number of tax title liens receivable on December 31 of the current and previous two years.

<u>Year</u>	<u>Number of Liens</u>
2018	174
2017	205
2016	197

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>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	3.556	3.542	3.497
Apportionment of Tax Rate:			
Municipal	0.864	0.864	0.864
Municipal Library	0.032	0.032	0.032
Municipal Open Space	0.002	0.003	0.003
County	0.668	0.666	0.666
Local School	1.990	1.977	1.932
Assessed Valuation	2,652,970,582	2,659,263,631	2,659,263,631

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)

	2018	2017	2016
Tax Levy	\$ 96,479,119.73	\$ 94,712,099.55	\$ 93,263,581.72
Cash Collections	94,017,691.45	92,295,798.05	90,848,081.99
Percentage of Collections	97.45%	97.45%	97.41%

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 current and previous two years.

	2018	2017	2016
Amount of Tax Title Liens	\$ 1,414,188.07	\$ 1,226,703.22	\$ 992,308.40
Delinquent Taxes	1,913,059.51	1,832,657.75	2,004,253.24
Total Delinquent	\$ 3,327,247.58	\$ 3,059,360.97	\$ 2,996,561.64
Percentage of Tax Levy	3.45%	3.38%	3.31%

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:

	2018	2017	2016
Property Acquired for Taxes (Assessed Valuation)	2,328,000	2,033,900	2,033,900

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 2017 audit.

STATUS OF PRIOR RECOMMENDATIONS

None

FINDINGS AND RECOMMENDATIONS

Finding 2018-001: The accounting for outside employment of police officers does not comply with the directives of Local Finance Notice CFO-2000-14. Vendors are billed after police services are performed. Funds should be deposited before services are performed.

Recommendation: The CFO implement the directives of Local Finance Notice CF-2000-14.

Finding 2018-002: The Construction Code Office failed to deposit 6 of 25 receipts tested (24%) within 48 hours of collection.

Recommendation: The Construction Code Office should deposit all receipts within 48 hours of collection.

Finding 2018-003: Purchase of equipment was made through a National Cooperative Contract without performing a cost-benefit analysis or obtaining all required documentation.

Recommendation: Requirements of Local Finance Notice 2012-10 should be followed when purchasing through a National Cooperative.

Finding 2018-004: Internal control procedures are not in place regarding fees billed and collected for code enforcement.

Recommendation: Controls be put in place to ensure fees are billed and collected and processed through the Township's general ledger.

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