

ANNUAL REPORT OF
THE MONROE MUNICIPAL UTILITIES AUTHORITY
COUNTY OF GLOUCESTER
STATE OF NEW JERSEY
For the Fiscal Years Ended June 30, 2021 and 2020

AND

THE TOWNSHIP OF MONROE
COUNTY OF GLOUCESTER
STATE OF NEW JERSEY
For the Years Ended December 31, 2020 and 2019

[as required by Securities and Exchange Commission
Under Rule 15c 2-12 (b)(5)]



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SECTION I

Annual Report of the Monroe Municipal Utilities Authority

**(as required by Securities and Exchange Commission)
Under Rule 15c 2-12 (b) (5)**

THE UTILITY SYSTEM

Description of the Utility System

The Authority has approximately 302 miles of water and sewer mains. The Authority delivers water to its customers and acts as a sewage collection agent within the Township. Sewage is treated by the Gloucester County Utilities Authority, pursuant to a sewage treatment agreement. The sewage collection system contains 28 pumping stations, and several force mains as well as the gravity lines which deliver the sewage through one metering station maintained by the Gloucester County Utilities Authority.

The water system has two 1 million gallon elevated storage tanks, one 300,000 gallon elevated storage tank, and three 2 million gallon ground storage facilities which provide a total storage capacity of approximately 8.3 million gallons of water. If all existing production wells pump to capacity, the Authority is able to pump 4.0 million gallons per day.

The Authority's customers are billed monthly via a computerized billing system. Residential customers pay a water fee based upon actual metered usage. Residential customers pay a sewer fee based on a flat rate.

Service Area and Services Unit

The Authority's present water and sewer service is entirely within the boundaries of the Township. The Authority currently has approximately 14,320 units serviced by its sewer system and approximately 14,137 units serviced by its water system.

Largest Customers for 07/01/20 to 06/30/21

Water/Sewer Totals

Colonial Estates	\$488,586.14
Friendly Village	\$443,263.52
Jefferson Village	\$216,994.80
Streamwood	\$145,582.16
Laurelton Village	\$143,902.47
Meadowview Nursing Home	\$99,887.61
Housing Authority Senior Complex	\$72,804.00
Violet Packing	\$46,888.49
ShopRite	\$64,512.31
Juniper Village	\$67,473.99

Total Water and Sewer billings for fiscal year 7/1/20 - 6/30/21 were \$12,698,786.26 and for fiscal year 7/1/19 - 6/30/20 were \$12,335,409.58. Percent of total customer collections in fiscal year 2021 was 95.00% and for 2020 95.48%.

Water Supply

The Authority presently obtains water from 10 wells, 8 production wells, 6 of which draw from the Cohansey Acquirer, 2 which draw from the Piney Point acquirer and 2 Acquirer Storage and Recovery ("ASR") wells. The 8 production wells pump directly into the system and the excess is stored in the PRM through 2 ASR wells. The 2 ASR wells pump water from the Cohansey Acquirer into the Potomac Raritan-Magothy Acquirer ("P-R-M Acquirer") for storage and then the stored is recovered from the P-R-M Acquirer directly into the system when needed after treated. The Authority's average daily flow for 2016 was approximately 3.0 million gallons per day. The New Jersey Department of Environmental Protection ("NJDEP") believes that the P-R-M Acquirer is being depleted. Presently, this has no effect on the Authority since the Authority only withdraws storage Cohansey water and does not have a direct allocation to draw from the acquirer. The NJDEP therefore has designated a Proposed Water Supply Critical Area No 2 in a portion of Southern New Jersey including the Township.

RATES, CHARGES AND FEES

The Authority is authorized pursuant to the Act to prescribe and to revise from time to time, a schedule of Service Charges. The Act provides that the schedule must comply with the terms of any contract of the Authority and must be such that the revenues of the Authority will at all times be adequate to pay the expenses of operation and maintenance of the system, including reserves, insurance, extensions and replacements, and to pay the principal of and interest on any bonds and to maintain such reserves or sinking funds therefore as may be required by the terms of any contract of the Authority or as may be deemed necessary or desirable by the Authority.

The proposed rate schedule must be approved by the Authority after a public hearing is held by the Authority at least 20 days after publication of the proposed adjustment of the Service Charges. The Act also provides that the Authority must present evidence at the hearing that the proposed adjustment is reasonable and necessary and must provide for cross-examination of its witnesses.

Water Rates

Eff. July 1, 2021- Minimum Rate: \$21.20 per month – 3,500 gallons allowance monthly per service unit.
Eff. July 1, 2015 - Excess Rate: Thereafter \$6.20 per 3,500 – 10,000 gallons; \$7.20 per 11,000 - 20,000; \$8.20 per 21,000 - 30,000; \$9.20 per 31,000 and over

Whereas the minimum number of service units will be determined in accordance with the Definition of Classes.

Each additional service unit serviced through the same meter shall be charged per month above the minimum charge. The minimum water charge shall be billed in advance and the excess shall be billed in arrears.

Sewer Rates

Eff. April 1, 2020- Residential sewer connections shall be charged at an annual rate of \$491.64 per service unit payable monthly. Residential users shall be billed at \$40.97 per month and shall be billed in advance.

Eff. April 1, 2020 - Non-residential connections shall be charged at an annual rate of \$491.64 per service unit or \$5.92 per 1,000 gallons per water metered, whichever is greater. Non-residential users shall be billed monthly and shall be billed in advance; excess water metered shall be billed on a monthly basis.

SECTION II

Annual Report of the Township of Monroe

**(as required by Securities and Exchange Commission)
Under Rule 15c 2-12 (b) (5)**

TEN LARGEST EMPLOYERS

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Monroe Township School District	K-12 Education	819
COPS Monitoring	Alarm Monitoring Company	250
Monroe Township	Government	250
Snow Ball Foods, Inc.	Poultry Processing Plant	250
Student Transportation of America, Inc.	School Transportation	250
Tall Pines Day Camp, Inc.	Camp for Children	250
ASL Transportation Group	Trucking Company	100
County Acres Preschool	Private Preschool	100
Meadowview Geriatrics, Inc.	Nursing Center	100
Maryville, Inc.	Addiction Treatment Center	100

**CERTAIN TAX INFORMATION
TEN LARGEST REAL PROPERTY TAXPAYERS (1)**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2021 Assessed Valuation</u>
Barclay Glenn at Cross Keys LLC	Apartments	\$21,550,000
Wal-Mart Real Estate Business Trust	Shopping Center	18,500,000
Nationwide MHC LLC / Continental Com.	Mobile Home Park	16,330,000
Williamstown Inc. Suisse / Wal-Mart	Shopping Center	13,905,000
Jefferson Village LLC	Apartments	12,630,000
Friendly Village MHP LLC	Mobile Home Park	12,350,000
Gordon Partnership LLP	Shopping Center	8,979,600
Laurelton Village Realty	Apartments	8,970,000
Barclay Glenn North	Apartments	7,940,000
Streamwood Association Williamstown, LLC	Apartments	7,650,000

CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Tax Levy</u>	<u>Current Collection</u>		<u>Outstanding Dec. 31</u>	<u>Percent</u>
		<u>Amount</u>	<u>Percent</u>		
2020	\$99,792,157	\$97,418,438	97.62%	\$1,903,565	1.91%
2019	98,218,471	96,038,448	97.78	1,880,077	1.91
2018	96,479,120	94,017,691	97.44	1,854,762	1.92
2017	94,712,100	92,295,798	97.45	1,760,746	1.86
2016	93,263,582	90,848,082	97.41	1,927,419	2.07

(1) Source: Township Tax Assessor

(2) Source: Annual Reports of Audit

DELINQUENT TAXES (1)

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected Amount</u>	<u>Collected Percent</u>	<u>Transfer to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
2020	\$1,932,337	\$87,659	\$1,918,240	94.96%	\$24,538	\$8,960	\$68,258
2019	1,913,060	79,570	1,896,575	95.18	15,724	28,069	52,260
2018	1,832,658	59,630	1,745,963	92.27	80,287	52,678	7,740
2017	2,004,253	23,488	1,780,604	87.81	52,692	122,533	71,912
2016	2,033,479	80,550	1,913,330	90.51	70,740	53,125	76,834

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales & Transfers</u>	<u>Collected</u>	<u>Other Credits</u>	<u>Balance Dec. 31</u>
2020	\$1,430,749	\$268,033	\$123,698	\$322,226	\$1,252,858
2019	1,414,188	282,690	119,908	146,221	1,430,749
2018	1,226,703	412,797	74,473	150,839	1,414,188
2017	992,308	350,834	116,439	---	1,226,703
2016	886,873	318,508	213,073	---	992,308

FORECLOSED PROPERTY (1)(2)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Transfer from Municipal Liens</u>	<u>Sale</u>	<u>Adjust to Assessed Values</u>	<u>Loss on Sale</u>	<u>Balance Dec. 31</u>
2020	\$2,294,600	\$315,870	---	\$1,508,530	---	\$4,119,000
2019	2,328,000	138,366	\$48,450	325,334	\$448,650	2,294,600
2018	2,033,900	120,250	---	173,850	---	2,328,000
2017	2,033,900	---	---	---	---	2,033,900
2016	2,033,900	---	---	---	---	2,033,900

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (3)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate(4)</u>				
		<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>	<u>Municipal Open Space</u>
2021	\$2,753,359,000	\$3.641	\$.705	\$2.037	\$.895	\$.004
2020	2,721,975,400	3.637	.697	2.040	.897	.003
2019	2,704,193,200	3.615	.688	2.026	.898	.003
2018	2,704,555,200	3.556	.668	1.990	.896	.002
2017	2,666,561,754	3.542	.666	1.977	.896	.003

(1) Source: Annual Reports of Audit

(2) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services. These amounts represent the property acquired for taxes and by deed by the Township

(3) Source: Township Tax Assessor

(4) Per \$100 of assessed valuation

**RATIO OF ASSESSED VALUATION TO TRUE VALUE
AND TRUE VALUE PER CAPITA (1)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita</u>
2021	\$2,753,359,000	97.41%	\$2,824,567,088	\$76,099(2)
2020	2,721,975,400	100.15	2,717,896,552	73,225(2)
2019	2,704,193,200	99.55	2,716,417,077	73,599(2)
2018	2,704,555,200	102.08	2,649,446,708	71,785(3)
2017	2,658,667,400	101.09	2,630,000,396	71,258(3)

REAL PROPERTY CLASSIFICATION (4)

<u>Year</u>	<u>Assessed Value Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Farmland & Industrial</u>	<u>Apartment</u>
2021	\$2,753,359,000	\$54,825,400	\$2,283,698,900	\$306,264,000	\$40,305,000	\$68,265,700
2020	2,721,975,400	56,442,200	2,253,341,900	304,210,900	39,714,700	68,265,700
2019	2,704,193,200	54,606,700	2,239,400,000	302,500,300	39,420,500	68,265,700
2018	2,704,555,200	54,336,500	2,237,912,700	304,869,300	39,171,000	68,265,700
2017	2,658,667,400	56,106,300	2,215,759,500	295,580,800	39,008,800	52,212,000

(1) Source: State of New Jersey, Department of Treasury, Division of Taxation

(2) Based on Census 2020 of 37,117

(3) Based on Estimated Census 2016 of 36,908

(4) Source: Township Tax Assessor

**TOWNSHIP OF MONROE
STATEMENT OF INDEBTEDNESS (1)**

The following table summarizes the direct debt of the Township of Monroe as of December 31, 2020. The gross debt comprises long-term debt issued, debt authorized but not issued, including General and debt of the School District. Deductions from gross debt to arrive at net debt include deductible school district debt. The resulting net debt of \$29,304,626 represents 1.071% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Authorized but not <u>Issued</u>	Gross <u>Debt</u>	Deductions		Net <u>Debt</u>
	<u>Bonds & Notes</u>	<u>Loans</u>			<u>School Debt</u>	<u>Cash on Hand</u>	
General	\$16,555,000	\$24,176	\$12,725,450	\$29,304,626			\$29,304,626
School District	37,970,000			37,970,000	\$37,970,000		
	<u>\$54,525,000</u>	<u>\$24,176</u>	<u>\$12,725,450</u>	<u>\$67,274,626</u>	<u>\$37,970,000</u>	<u>\$0</u>	<u>\$29,304,626</u>

(1) As of December 31, 2020

Source: Township Annual Debt Statement and School District Records

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad Property for 2018, 2019 and 2020	\$2,737,090,913
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2018, 2019 and 2020	1.071%
2020 Net Valuation Taxable	\$2,721,975,400
2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$2,717,896,552
Gross Debt (2)	
As a Percentage of 2020 Net Valuation Taxable	2.47%
As a Percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.47%
Net Debt (2)	
As a Percentage of 2020 Net Valuation Taxable	1.07%
As a Percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.07%
Gross Debt per Capita (3)	\$1,813
Net Debt per Capita (3)	\$790

TOWNSHIP BORROWING CAPACITY AS OF DECEMBER 31, 2020

3 1/2% of Average (2018-20) Equalized Valuation of Real Property with Improvements (\$2,737,090,913)	\$95,798,182
Net Debt	<u>29,304,626</u>
Remaining Borrowing Capacity	<u>\$66,493,556</u>

SCHOOL DISTRICT BORROWING CAPACITY AS OF JUNE 30, 2021

4% of Average (2018-20) Equalized Valuation of Real Property with Improvements (\$2,737,090,913)	\$109,483,637
Local School Debt	<u>34,900,000</u>
Remaining Borrowing Capacity	<u>\$74,583,637</u>

-
- (1) As of December 31, 2020
 - (2) Excluding overlapping debt
 - (3) Based on Census 2020 of 37,117

**COUNTY OF GLOUCESTER
OVERLAPPING DEBT
AS OF DECEMBER 31, 2020**

	DEBT ISSUED				
	<u>Debt Outstanding</u>	<u>Deduction</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	Debt Auth. but not Issued
County of Gloucester(1):					
General	\$ 258,227,000	\$ 19,156,621	(2) \$ 239,070,379	\$ 23,561,060	(4) \$ 700,800
Bonds Issued by Other Public Bodies					
Guaranteed by the County	182,249,993	182,249,993	(3)		
Monroe MUA	7,755,000		7,755,000	7,755,000	
	\$ 448,231,993	\$ 201,406,614	\$ 246,825,379	\$ 31,316,060	\$ 700,800

(1) Source: County's Annual Debt Statement

(2) Includes County College Bonds

(3) Deductible in accordance with N.J.S. 40:37A-80

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2020 Net Valuation on which County taxes are apportioned, which is 9.855%

PETRONI & ASSOCIATES LLC

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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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, 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 \$2,179,627.13 and \$1,939,197.15 for 2020 and 2019, 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, 2020 and 2019, 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, 2020, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Monroe’s basic financial statements. The supplementary information listed in the table of contents and 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.

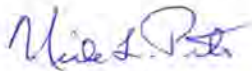
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2021, 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

July 2, 2021

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2020	Balance Dec. 31, 2019
Regular Fund			
Cash - Treasurer	A-4	\$ 10,120,857.53	\$ 9,112,477.19
Cash - Change Fund	A-5	3,550.00	3,550.00
		<u>10,124,407.53</u>	<u>9,116,027.19</u>
Deferred Charges:			
Overexpenditure of Appropriations			45,227.34
Overexpenditure of Appropriation Reserves			71.31
Local Grant Without Expenditure	A-20	3,038.34	
		<u>3,038.34</u>	<u>45,298.65</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	1,971,823.61	1,932,336.91
Tax Title Liens Receivable	A-7	1,252,858.02	1,430,748.51
Property Acquired for Taxes - Assessed Valuation	A-8	4,119,000.00	2,294,600.00
Local Grant Receivable	A-9	5,697.22	11,339.96
Other Liens Receivable		28,794.33	23,116.67
Other Receivables		72,640.60	206,861.32
Revenue Accounts Receivable	A-10	5,884.42	12,600.60
Due from Developers Escrow			350.00
		<u>7,456,698.20</u>	<u>5,911,953.97</u>
Federal and State Grant Fund			
Grants Receivable	A-16	575,230.76	724,012.01
Grant Expenditures Without Appropriation	A-21	14,442.67	
Due from Current Fund	A	445,885.37	65,993.87
		<u>1,035,558.80</u>	<u>790,005.88</u>
		<u>\$ 18,619,702.87</u>	<u>\$ 15,863,285.69</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2020	Balance Dec. 31, 2019
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-12	\$ 2,467,233.48	\$ 1,797,589.01
Encumbrances Payable	A-13	566,046.08	878,615.57
Accounts Payable		150.00	3,506.18
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-11	49,357.91	55,385.19
Local Grants Unappropriated	A-19	7,750.00	6,000.00
Prepaid Taxes	A-4	1,067,241.38	859,071.86
Tax Overpayments		203,744.19	62,107.35
School Taxes Payable	A-14	2.00	
Deposits on Sale of Property		700.00	700.00
Due State - Marriage License Fees		1,750.00	1,725.00
Due State of New Jersey - DCA Fees		16,654.00	23,349.00
Payroll Taxes Payable		150,786.35	137,377.51
Due County for Added & Omitted Taxes	A-6	165,361.33	100,611.81
Reserve for Local Grants	A-15	4,756.58	3,662.46
Due Monroe MUA		0.09	
Due Grant Fund	A	445,885.37	65,993.87
Due Municipal Open Space			81,301.00
Reserve for Police Department Evidence		16,711.56	16,681.56
		<u>5,164,130.32</u>	<u>4,093,677.37</u>
Reserve for Receivables		7,456,698.20	5,911,953.97
Fund Balance	A-1	4,963,315.55	5,067,648.47
		<u>17,584,144.07</u>	<u>15,073,279.81</u>
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-17	939,417.61	724,047.32
Reserve for Grants - Unappropriated			53,705.91
Encumbrances Payable	A-13	96,141.19	12,252.65
		<u>1,035,558.80</u>	<u>790,005.88</u>
		<u>\$ 18,619,702.87</u>	<u>\$ 15,863,285.69</u>

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

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
CURRENT FUND - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2020	Year 2019
Fund Balance Utilized	A-2	\$ 3,325,147.67	\$ 3,857,600.00
Miscellaneous Revenue Anticipated	A-2	8,487,389.13	8,566,982.87
Receipts from Delinquent Taxes	A-2	2,041,937.66	2,016,483.17
Receipts from Current Taxes	A-2	97,418,438.32	96,038,559.22
Non-Budget Revenue	A-2	621,707.23	911,153.44
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	1,297,746.81	1,029,921.41
Encumbrances Payable - Canceled	A-13	125,352.51	143,156.87
Prior Year Interfunds Returned		65,550.25	
Accounts Payable Canceled			13,301.15
Total Income		113,383,269.58	112,577,158.13
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	14,921,320.00	14,539,186.57
Other Expenses	A-3	13,098,850.00	13,370,052.33
Deferred Charges and Statutory Expenditures	A-3	3,349,986.65	3,378,458.18
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	105,000.00	
Other Expenses	A-3	1,183,331.04	1,436,922.21
Capital Improvements	A-3	697,561.00	578,084.00
Municipal Debt Service	A-3	2,056,769.25	2,467,826.84
Deferred Charges			
County Taxes	A-6	18,957,778.09	18,587,681.96
Due County for Added Taxes	A-6	165,361.32	100,611.81
Municipal Open Space Tax	A-6	81,762.00	81,301.00
Local District School Tax	A-14	55,528,988.00	54,785,520.00
Interfund Loan Advanced			42.48
Prior Year Deductions Disallowed	A-11	12,375.06	11,891.04
Refund of Prior Year Revenue	A-4	3,372.42	4,259.53
Local Grant Without Expenditure	A-20	3,038.34	
Total Expenditures		110,165,493.17	109,341,837.95
Excess in Revenue		3,217,776.41	3,235,320.18
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-20	3,038.34	45,227.34
Statutory Excess to Fund Balance		3,220,814.75	3,280,547.52
Fund Balance			
Balance January 1	A	5,067,648.47	5,644,700.95
		8,288,463.22	8,925,248.47
Decreased by:			
Utilization as Anticipated Revenue	A-1	3,325,147.67	3,857,600.00
Balance December 31	A	\$ 4,963,315.55	\$ 5,067,648.47

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	\$ 3,325,147.67		\$ 3,325,147.67	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	35,000.00		35,340.00	\$ 340.00
Other	A-10	25,000.00		18,587.13	(6,412.87)
Fees and Permits	A-10	650,000.00		695,880.38	45,880.38
Fines and Costs:					
Municipal Court	A-10	190,000.00		131,904.58	(58,095.42)
Interest and Costs on Taxes	A-10	440,000.00		524,538.76	84,538.76
Interest on Investments and Deposits	A-10	95,000.00		86,154.65	(8,845.35)
Insurance Reimbursements - Ambulance	A-10	950,000.00		929,835.80	(20,164.20)
Insurance Reimbursements - Other	A-10	64,000.00		64,721.91	721.91
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	490,000.00		797,335.00	307,335.00
Uniform Fire Safety Act	A-10	65,000.00		70,688.28	5,688.28
Franchise Fees - Cable Television	A-10	210,000.00		224,716.09	14,716.09
Engineering Review Fees	A-10	15,000.00		55,105.00	40,105.00
Payment in Lieu of Taxes	A-10	65,000.00		75,165.27	10,165.27
School Resource Officer	A-10	180,000.00		163,400.00	(16,600.00)
NJ Transportation Trust	A-16	347,561.00		347,561.00	
Municipal Alliance Youth Service	A-16	22,500.00		22,500.00	
Walmart Grant	A-9	6,000.00	\$ 2,000.00	8,000.00	
Safe and Secure	A-16	45,000.00	60,000.00	105,000.00	
Emergency Management Assistance Grant	A-16		10,000.00	10,000.00	
Body Armor Replacement Grant	A-16	6,505.91		6,505.91	
Body Armor Grant	A-16	5,536.07		5,536.07	
Clean Communities	A-16		70,917.30	70,917.30	
Drive Sober or Get Pulled Over	A-16	2,200.00		2,200.00	
Total Miscellaneous Revenues		7,945,098.98	142,917.30	8,487,389.13	399,372.85
Receipts from Delinquent Taxes	A-2	1,800,000.00		2,041,937.66	241,937.66
Subtotal General Revenues		13,070,246.65	142,917.30	13,854,474.46	641,310.51
Amount to be Raised by Taxation	A-2	23,522,099.38		24,006,240.55	484,141.17
Minimum Library Tax	A-2	900,046.76		900,046.76	
Budget Totals		37,492,392.79	142,917.30	38,760,761.77	\$ 1,125,451.68
Non-Budget Revenue	A-2			621,707.23	
		\$ 37,492,392.79	\$ 142,917.30	\$ 39,382,469.00	
	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	\$ 97,418,438.32
Allocated to:		
Municipal Open Space	A-6	81,762.00
School and County Taxes	A-6	74,652,127.41
		<hr/>
Balance for Support of Municipal Budget Appropriations		22,684,548.91
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	2,221,738.40
	A-2	<hr/> <hr/>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6	\$ 1,918,239.65
Tax Title Liens	A-7	123,698.01
	A-2	<hr/> <hr/>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Refunds	A-10	\$ 24,993.46
Insurance Dividends	A-10	235,238.00
Inspection Fees	A-10	4,430.50
Ads on Bus Shelters	A-10	2,594.48
Tax Map Maintenance	A-10	3,210.00
Administrative Fees Off-Duty Police	A-10	91,750.00
Monroe BOE Wireless Communication	A-10	127,674.00
Miscellaneous	A-10	58,020.15
Hotel/Motel Tax Revenue	A-10	43,694.53
Property Maintenance	A-10	6,103.28
Excess Dog Fees	A-10	18,035.78
Sale of Municipal Assets	A-10	3,579.20
Senior Citizens and Vets Administrative Fee	A-10	2,383.85
	A-2	<hr/> <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	Reserved	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 363,000.00	\$ 363,000.00	\$ 330,586.95	\$ 32,413.05	
Other Expenses	129,000.00	129,000.00	121,751.27	7,248.73	
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	59,477.44	522.56	
Other Expenses					
Council	2,100.00	2,100.00	300.00	1,800.00	
Municipal Clerk					
Salaries & Wages	234,600.00	234,600.00	227,777.91	6,822.09	
Other Expenses	87,200.00	87,200.00	60,036.51	27,163.49	
Elections					
Salaries & Wages	2,600.00	2,600.00	2,600.00		
Other Expenses	32,500.00	32,500.00	32,127.46	372.54	
Financial Administration					
Salaries & Wages	227,700.00	227,700.00	213,942.99	13,757.01	
Other Expenses	72,000.00	72,000.00	69,232.88	2,767.12	
Audit Services					
Other Expenses	72,000.00	72,000.00	72,000.00		
Municipal Information Services (MIS)					
Salaries & Wages	148,300.00	148,300.00	143,723.68	4,576.32	
Other Expenses	91,000.00	91,000.00	82,328.17	8,671.83	
Revenue Administration (Tax Collection)					
Salaries & Wages	202,500.00	202,500.00	155,820.93	46,679.07	
Other Expenses	29,000.00	29,000.00	19,709.67	9,290.33	
Director of Real Estate					
Salaries & Wages	6,000.00	6,000.00	6,000.00		
Legal Services & Costs					
Other Expenses	580,000.00	580,000.00	517,180.84	62,819.16	
Engineering Services & Costs					
Other Expenses	135,000.00	135,000.00	132,739.49	2,260.51	
Economic Development					
Salaries & Wages	35,000.00	35,000.00	35,000.00		
Other Expenses	5,000.00	5,000.00	4,384.65	615.35	
Historical Society (40:48-2)					
Other Expenses	3,000.00	3,000.00	945.00	2,055.00	

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STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Reserved	
LAND USE ADMINISTRATION					
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries & Wages	138,000.00	139,000.00	134,820.42	4,179.58	
Other Expenses	131,000.00	141,000.00	94,853.36	46,146.64	
Zoning Board and Board of Adjustment					
Salaries & Wages	5,000.00	5,000.00		5,000.00	
Other Expenses	23,000.00	23,000.00	21,710.06	1,289.94	
CODE ENFORCEMENT AND ADMINISTRATION					
Director of Code Enforcement					
Salaries & Wages	6,000.00	6,000.00	4,615.40	1,384.60	
Code Enforcement Officer					
Salaries & Wages	116,500.00	130,500.00	123,305.74	7,194.26	
Other Expenses	9,700.00	9,700.00	3,797.53	5,902.47	
Housing Department					
Salaries & Wages	182,000.00	182,000.00	170,259.00	11,741.00	
Other Expenses	7,000.00	7,000.00	2,880.07	4,119.93	
INSURANCE					
Insurance Safety Program	12,000.00	12,000.00		12,000.00	
Liability Insurance	480,000.00	480,000.00	480,000.00		
Workmen's Compensation Insurance	882,000.00	882,000.00	882,000.00		
Group Plans for Employees	4,395,000.00	4,395,000.00	4,036,557.51	358,442.49	
Health Insurance Waiver	94,000.00	94,000.00	80,760.17	13,239.83	
PUBLIC SAFETY FUNCTIONS					
Director of Public Safety					
Salaries & Wages	6,000.00	6,000.00	6,000.00		
Police					
Salaries & Wages	7,915,600.00	7,915,600.00	7,423,824.32	491,775.68	
Other Expenses	663,000.00	618,000.00	575,521.43	42,478.57	
Office of Emergency Management					
Salaries & Wages	66,100.00	66,100.00	58,254.83	7,845.17	
Other Expenses	16,000.00	16,000.00	2,186.09	13,813.91	
Fire					
Other Expenses					
Fire Hydrant Service	45,000.00	45,000.00	45,000.00		
Cecil Fire Company	64,000.00	64,000.00	53,978.71	10,021.29	
Williamstown Fire Company	99,000.00	99,000.00	88,862.18	10,137.82	
Uniform Fire Safety Act (P.L. 1983, C383)					
Salaries & Wages	80,000.00	80,000.00	63,474.12	16,525.88	
Other Expenses	10,000.00	10,000.00	9,677.40	322.60	

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STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Reserved	
Ambulance					
Salaries & Wages	704,600.00	794,600.00	764,511.24	30,088.76	
Other Expenses	238,000.00	238,000.00	173,808.23	64,191.77	
Prosecutor					
Salaries & Wages	30,000.00	30,000.00	29,999.90	0.10	
PUBLIC WORKS FUNCTIONS					
Road Repairs & Maintenance					
Salaries & Wages	879,500.00	784,500.00	748,649.03	35,850.97	
Other Expenses	66,100.00	66,100.00	26,141.65	39,958.35	
Snow Removal					
Other Expenses	40,000.00	40,000.00	40,000.00		
Garbage & Trash Removal					
Salaries & Wages	1,319,300.00	1,217,300.00	1,128,063.47	89,236.53	
Other Expenses	10,750.00	10,750.00	8,466.98	2,283.02	
Public Buildings & Grounds					
Salaries & Wages	367,500.00	367,500.00	340,220.87	27,279.13	
Other Expenses	172,600.00	172,600.00	106,709.20	65,890.80	
Director of Public Works					
Salaries & Wages	6,000.00	6,000.00	6,000.00		
Vehicle Maintenance					
Salaries & Wages	376,000.00	376,000.00	343,044.09	32,955.91	
Other Expenses	567,200.00	567,200.00	552,821.42	14,378.58	
Community Services Act					
Condominium Trash Services	235,000.00	235,000.00	201,334.32	33,665.68	
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health)					
Salaries & Wages	135,000.00	135,000.00	131,963.04	3,036.96	
Other Expenses	5,200.00	5,200.00	1,949.68	3,250.32	
Environmental Commission (40:56A et seq.)					
Salaries & Wages	700.00	700.00	540.00	160.00	
Other Expenses	3,000.00	3,000.00	470.00	2,530.00	

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	Reserved	
RECREATION FUNCTIONS					
Director of Parks & Recreation					
Salaries & Wages	6,000.00	6,000.00	5,769.25	230.75	
Parks & Recreation					
Salaries & Wages	436,000.00	403,000.00	359,769.09	43,230.91	
Other Expenses	72,000.00	72,000.00	59,356.00	12,644.00	
Community Center					
Salaries & Wages	133,000.00	133,000.00	108,402.57	24,597.43	
Other Expenses	12,500.00	12,500.00	8,462.08	4,037.92	
Community Transportation Service					
Salaries & Wages	97,000.00	97,000.00	25,292.90	71,707.10	
Other Expenses	400.00	400.00		400.00	
Senior Citizen Center					
Salaries & Wages	720.00	720.00		720.00	
Other Expenses	9,500.00	9,500.00	915.10	8,584.90	
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	70,000.00	60,000.00	23,561.65	36,438.35	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	250,000.00	250,000.00	200,335.26	49,664.74	
Street Lighting	580,000.00	580,000.00	536,737.62	43,262.38	
Telephone and Telegraph	130,000.00	155,000.00	136,747.45	18,252.55	
Natural Gas	100,500.00	100,500.00	80,757.66	19,742.34	
Gasoline	415,000.00	415,000.00	280,000.00	135,000.00	
LANDFILL AND SOLID WASTE DISPOSAL COSTS					
Gloucester County Landfill Other Expenses	1,640,000.00	1,771,000.00	1,711,812.05	59,187.95	
MUNICIPAL COURT FUNCTIONS					
Municipal Court					
Salaries & Wages	297,000.00	314,000.00	311,377.73	2,622.27	
Other Expenses	28,600.00	23,600.00	20,374.66	3,225.34	
Public Defender					
Other Expenses	20,000.00	20,000.00	17,000.04	2,999.96	

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	Reserved	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)					
State Uniform Construction Code					
Construction Official					
Salaries & Wages	432,000.00	432,000.00	389,323.53	42,676.47	
Other Expenses	58,000.00	58,000.00	48,655.20	9,344.80	
Total Operations within "CAPS"	28,022,170.00	28,020,170.00	25,693,446.94	2,326,723.06	
Detail:					
Salaries & Wages	15,029,320.00	14,921,320.00	13,866,510.24	1,054,809.76	
Other Expenses	12,992,850.00	13,098,850.00	11,826,936.70	1,271,913.30	
DEFERRED CHARGES					
Overexpenditure of Appropriations	45,227.34	45,227.34	45,227.34		
Overexpenditure of Appropriation Reserves	71.31	71.31	71.31		
STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	762,611.00	762,611.00	762,611.00		
Social Security System (OASI)	660,000.00	660,000.00	622,683.10	37,316.90	
Unemployment Compensation Insurance	15,000.00	15,000.00	15,000.00		
Deferred Compensation Retirement System	15,000.00	15,000.00	11,806.48	3,193.52	
Police and Firemen's Retirement System of NJ	1,852,077.00	1,852,077.00	1,852,077.00		
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	3,349,986.65	3,349,986.65	3,309,476.23	40,510.42	
Total General Appropriations for Municipal Purposes within "CAPS"	31,372,156.65	31,370,156.65	29,002,923.17	2,367,233.48	
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (P.L. 1997, c. 388)	100,000.00	100,000.00		100,000.00	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	900,046.76	900,046.76	900,046.76		
LANDFILL AND SOLID WASTE DISPOSAL COSTS					
Recycling Tax					
Other Expenses	50,000.00	52,000.00	52,000.00		
Total Other Operations - Excluded from "CAPS"	1,050,046.76	1,052,046.76	952,046.76	100,000.00	

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	Reserved	
PUBLIC AND PRIVATE PROGRAMS					
OFF-SET BY REVENUES					
Bulletproof Vest	6,505.91	6,505.91	6,505.91		
Municipal Alliance Youth Service	28,125.00	28,125.00	28,125.00		
Safe and Secure Communities Program	45,000.00	105,000.00	105,000.00		
Emergency Management Assistance		10,000.00	10,000.00		
Clean Communities		70,917.30	70,917.30		
Body Armor Replacement Grant	5,536.07	5,536.07	5,536.07		
Drive Sober or Get Pulled Over	2,200.00	2,200.00	2,200.00		
Walmart Grant	6,000.00	8,000.00	8,000.00		
Total Operations Excluded from "CAPS"	<u>1,143,413.74</u>	<u>1,288,331.04</u>	<u>1,188,331.04</u>	<u>100,000.00</u>	
Detail:					
Salaries and Wages	45,000.00	105,000.00	105,000.00		
Other Expenses	1,098,413.74	1,183,331.04	1,083,331.04	100,000.00	
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	<u>347,561.00</u>	<u>347,561.00</u>	<u>347,561.00</u>		
Total Capital Improvements Excluded from "CAPS"	<u>697,561.00</u>	<u>697,561.00</u>	<u>697,561.00</u>		
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Bond Principal	1,352,000.00	1,352,000.00	1,352,000.00		
Interest on Bonds	436,683.00	436,683.00	436,683.00		
Green Trust Loan Repayments					
Principal	9,824.00	9,824.00	9,823.70		\$ 0.30
Interest	603.00	603.00	602.44		0.56
Capital Lease Obligations					
Principal	245,000.00	245,000.00	245,000.00		
Interest	13,413.00	13,413.00	12,660.11		752.89
Total Municipal Debt Service Excluded From "CAPS"	<u>2,057,523.00</u>	<u>2,057,523.00</u>	<u>2,056,769.25</u>		<u>753.75</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,898,497.74</u>	<u>4,043,415.04</u>	<u>3,942,661.29</u>	<u>100,000.00</u>	<u>753.75</u>
Subtotal General Appropriations	35,270,654.39	35,413,571.69	32,945,584.46	2,467,233.48	753.75
RESERVE FOR UNCOLLECTED TAXES	<u>2,221,738.40</u>	<u>2,221,738.40</u>	<u>2,221,738.40</u>		

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Reserved	
TOTAL GENERAL APPROPRIATIONS	<u>\$ 37,492,392.79</u>	<u>\$ 37,635,310.09</u>	<u>\$ 35,167,322.86</u>	<u>\$ 2,467,233.48</u>	<u>\$ 753.75</u>
	Ref. A-2			A	
Budget	Ref. A-3	\$ 37,492,392.79			
Appropriations by 40A:4-87	A-2	142,917.30			
		<u>\$ 37,635,310.09</u>			
Reserve for Federal and State Grants	Ref. A-17		\$ 575,845.28		
Reserve for Uncollected Taxes	A-2		2,221,738.40		
Reserve for Local Grants	A-15		8,000.00		
Deferred Charges			45,298.65		
Encumbrances	A-13		563,410.57		
Disbursed	A-4		31,753,029.96		
			<u>\$ 35,167,322.86</u>		

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

EXHIBIT B

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2020	Balance Dec. 31, 2019
ASSETS			
Trust Fund			
Cash - Treasurer	B-1	\$ 5,343,859.40	\$ 4,727,348.27
Off-Duty Police Receivables		19,266.47	83,591.47
Due from Current Fund	A		81,301.00
		5,363,125.87	4,892,240.74
LOSAP (Unaudited)			
Investment		2,179,627.13	1,939,197.15
Escrow Trust Fund			
Cash - Treasurer	B-1	1,171,082.00	1,047,821.47
		1,171,082.00	1,047,821.47
		\$ 8,713,835.00	\$ 7,879,259.36

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, 2020	Balance Dec. 31, 2019
LIABILITIES, RESERVES, AND FUND BALANCE			
Trust Fund			
Encumbrances Payable	B-4	\$ 104,491.48	\$ 97,602.54
Due State of NJ		9.00	22.80
Reserve for Dog Fund Expenditures	B-2	30,668.20	39,571.50
Reserve for Forfeited Funds		78,664.37	113,515.35
Reserve for Off-Duty Police Fees		56,652.25	42,362.25
Deposits for Redemption of Tax Sale Certificates	B-3	1,007.94	553.28
Reserve for Tax Sale Premiums	B-3	1,288,800.00	1,109,100.00
Reserve for Parks and Recreation		390,041.37	398,057.72
Reserve for Public Defender Fees		22,969.47	21,297.97
Reserve for POAA Fees		1,299.67	1,269.67
Reserve for Recycling Fees		118,466.85	177,510.16
Reserve for Sidewalk Trust Fund		119,617.07	116,367.07
Reserve for Storm Recovery		198,416.64	158,416.64
Reserve for Accumulated Absences		165,038.95	166,266.95
Reserve for Basin Maintenance Trust		95,534.79	104,534.79
Reserve for Municipal Open Space		1,713,980.17	1,637,650.80
Reserve for Affordable Housing		916,457.81	622,350.13
Reserve for Unemployment Compensation		35,066.43	60,224.70
Reserve for Police Donations		10,354.36	10,116.36
Reserve for Historical Society Donations		8,660.55	8,660.55
Reserve for Community Activities and Events		5,072.50	4,933.51
Reserve for Main Street Committee Donations		1,356.00	1,356.00
Reserve for Environmental Commission Donations		500.00	500.00
		<u>5,363,125.87</u>	<u>4,892,240.74</u>
LOSAP (unaudited)			
Reserve for LOSAP Benefits		<u>2,179,627.13</u>	<u>1,939,197.15</u>
Escrow Trust Fund			
Encumbrances Payable	B-4	27,872.20	32,327.80
Due to Current Fund			350.00
Reserve for Developers Escrow		1,143,209.80	1,015,143.67
		<u>1,171,082.00</u>	<u>1,047,821.47</u>
		<u><u>\$ 8,713,835.00</u></u>	<u><u>\$ 7,879,259.36</u></u>

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

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL - REGULATORY BASIS

	Ref.	Balance	
		Dec. 31, 2020	Dec. 31, 2019
ASSETS			
Cash	C-2	\$ 2,334,618.33	\$ 6,056,535.74
Grants Receivable		460,000.00	460,000.00
Amount to be Provided by Lease Payments		345,000.00	590,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	16,579,176.05	17,940,999.75
Unfunded	C-5	12,725,450.00	3,866,700.00
		<u>\$ 32,444,244.38</u>	<u>\$ 28,914,235.49</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Serial Bonds Payable	C-8	\$ 16,555,000.00	\$ 17,907,000.00
Loan Payable - Green Trust	C-10	24,176.05	33,999.75
Encumbrances Payable	C-11	1,270,674.08	1,859,956.92
Obligations Under Capital Lease	C-12	345,000.00	590,000.00
Capital Improvement Fund	C-6	715.63	116,965.63
Improvement Authorizations:			
Funded	C-7	3,169,851.38	5,138,683.49
Unfunded	C-7	11,044,080.72	3,232,883.18
Fund Balance	C-1	34,746.52	34,746.52
		<u>\$ 32,444,244.38</u>	<u>\$ 28,914,235.49</u>

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Under the regulatory basis of accounting in New Jersey, the component units are neither blended nor shown in a discrete presentation in the financial statements of the Township. The Utilities Authority and Free Public Library also have an independent audit performed.

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, 2020 AND 2019

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, 2020 AND 2019

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, 2020 AND 2019

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. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement, originally effective for period's beginning after June 15, 2018, was postponed until June 15, 2019. This Statement did not have any significant impact on the financial reporting.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Accounting Pronouncements Adopted (Continued)

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, originally effective for periods beginning after June 15, 2018, was postponed until June 15, 2019. This Statement did not have any significant impact on the financial reporting.

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, originally effective for periods beginning after December 15, 2018, was postponed until December 15, 2019. This Statement did not have any significant impact on the financial reporting.

F. Recent Effective Accounting Pronouncements Postponed by Statement No. 95

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As a result of GASB 95, the effective dates of the following statements are postponed by one year:

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020." This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021. Management has not yet determined the impact of this Statement on the financial Statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rate." This Statement, except for paragraph 11b originally effective for periods beginning after June 15, 2020, is postponed until June 15, 2021. The requirement in paragraph 11b originally effective for periods beginning after December 31, 2021, is postponed until December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

G. Recent Accounting Pronouncements Not Yet Effective

In June 2017, the Governmental Accounting Standards Board (GASB) issued 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, originally effective for periods beginning after December 15, 2019, is postponed until June 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Recent Accounting Pronouncements Not Yet Effective (Continued)

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." The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until December 15, 2020, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84 and supersession of GASB Statement No. 32." The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component. This Statement is effective for periods beginning after June 15, 2021. Management does not expect this Statement will have a significant impact on the financial statements.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2: BUDGETARY INFORMATION

The Township must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year.

Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87.

The Township amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$142,917.30 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, 2020 and 2019, the carrying amount of the Township's deposits was \$18,973,967.26 and \$20,947,732.67, respectively. As of December 31, 2020 and 2019, \$0 of the municipality's bank balance of \$19,311,166.27 and \$20,961,467.78, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2020 and 2019, 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.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 4: INVESTMENTS (CONTINUED)

Credit Risk - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Township or bonds or other obligations of the Township school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer.

Unaudited Investments - As more fully described in Note 14, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Township. All investments are valued at contract value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the accounts on December 31, 2020 and 2019, amounted to \$2,179,627.13 and \$1,939,197.15, respectively.

NOTE 5: FUND BALANCES APPROPRIATED

	Balance	Utilized in Budget
Year	December 31	of Succeeding Year
2020	\$ 4,963,315.55	\$ 3,104,515.82
2019	5,067,648.47	3,325,147.67
Current Fund 2018	5,644,700.95	3,857,600.00
2017	6,269,521.30	3,750,531.74
2016	5,422,108.26	3,510,000.00

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.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance

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

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance Dec. 31
2020	\$ 133.37	\$ 20,303.45	\$ 15,000.00	\$ 60,595.09	\$ 35,066.43
2019	801.89	20,517.53	15,000.00	53,528.09	60,224.70
2018	429.53	34,804.77		38,746.10	77,433.37

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, 2020 and 2019, was \$1,932,149.48 and \$1,859,621.30, respectively. The Township had appropriated \$100,000.00 in the 2020 adopted budget to fund a reserve for accumulated absences. The accumulated absence trust has a reserve balance as of December 31, 2020 and 2019, of \$165,038.95 and \$166,266.95, respectively.

NOTE 8: DEFERRED COMPENSATION PLAN

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

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8: DEFERRED COMPENSATION PLAN (CONTINUED)

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

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

NOTE 9: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2020.

	Due From	Due To	
Current Fund			
Federal and State Grant Fund		\$ 445,885.37	
Federal and State Grant Fund			
Current Fund	\$ 445,885.37		
	\$ 412,311.50	\$ 412,311.50	

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 10: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2020:

	Balance Dec. 31, 2019	Additions	Deletions	Balance Dec. 31, 2020
Buildings	\$ 9,882,875.00			\$ 9,882,875.00
Land	4,652,816.73			4,652,816.73
Equipment	1,889,638.89	\$ 607,141.35	\$ 29,389.69	2,467,390.55
Vehicles	14,247,699.48	80,841.73	220,018.50	14,108,522.71
	\$ 30,673,030.10	\$ 687,983.08	\$ 249,408.19	\$ 31,111,604.99

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020	Balance Dec. 31, 2019
Prepaid Taxes - Cash Liability	\$ 1,067,241.38	\$ 859,071.86

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, 2020, the Township abated property taxes totaling \$547,256.36. The following agreements were in effect as of December 31, 2020, under the provisions of the aforementioned statutes:

- An 83.76% abatement to a developer for construction and operation of a 132 apartment unit affordable housing project. The abatement amounted to \$281,469.80.
- A 92.81% 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 \$265,786.56.

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14: LENGTH OF SERVICE AWARD PROGRAM (CONTINUED)

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 \$85,696.00 and \$102,176.00 for 2020 and 2019, 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.

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.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 15: PENSION FUNDS (CONTINUED)

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS provide for employee contributions of 7.50% of employees' annual compensation. The PFRS provides for employee contributions of 10% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in the PERS and PFRS. The PERS and PFRS rates in effect for 2020 are 13.69% and 29.80%, respectively, of covered payroll, as reported on June 30, 2019. 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, 2020, 2019, and 2018, were \$762,611.00, \$820,780.00, and \$753,698.14, respectively, equal to the required contributions for each year. The Township's contributions to the PFRS for the years ending December 31, 2020, 2019, and 2018, were \$1,852,077.00, \$1,877,370.00, and \$1,719,541.00, respectively, equal to the required contributions for each year. The Township's contributions to DCRP for the years ending December 31, 2020, 2019, and 2018, were \$11,806.48, \$13,701.58, and \$10,939.33, 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 $\frac{1}{4}$ 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.
- 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.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 15: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued)

- 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 at 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, 2020 AND 2019

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. The 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, 2020, 2019, and 2018, were \$1,271,177.35, \$1,252,375.63, and \$2,166,623.70, respectively, which equaled the required contributions for retirees for the year.

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, 2020 AND 2019

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

Public Employee's Retirement System - At December 31, 2020, the Township's proportionate share of net pension liability was \$12,574,736. The net pension liability was measured as of June 30, 2020, 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, 2020 and 2019, the Township's allocation percentage was 0.0771106849% and 0.0780949681%, respectively.

For the year ended December 31, 2020, the Township's pension expense would have been (\$974,779) 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		\$ 4,765,988
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 271,726	
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions		667,963.00
Difference Between Expected and Actual Experience		150,728
	\$ 271,726	\$ 5,584,679

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
2021	\$ (2,136,429)
2022	(1,772,624)
2023	(1,041,034)
2024	(303,846)
2025	(59,020)
	\$ (5,312,953)

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, are as follows:

	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective Deferred Inflows of Resources	7,849,949,467	7,645,087,574
Collective Net Pension Liability	16,307,384,832	18,018,482,972
 Township's Proportion	 0.0771106849%	 0.0780949681%

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, 2020, measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% Based on Age
Thereafter	3.00 – 7.00% Based on Age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020, the Township's proportionate share of net pension liability for Police was \$22,743,919. The net pension liability was measured as of June 30, 2020, 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, 2020 and 2019, the Township's proportion was 0.176018555% and 0.1833538830%, respectively.

For the year ended December 31, 2020, the Township's pension expense would have been (\$621,045) 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		\$ 5,195,238
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 694,399	
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions		2,606,243
Difference Between Expected and Actual Experience	130,172	
	\$ 824,571	\$ 7,801,481

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

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Police and Firemen’s Retirement System (Continued)

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

Year Ending December 31,	Amount
2021	\$ (2,973,727)
2022	(2,181,177)
2023	(1,199,182)
2024	(477,319)
2025	(145,503)
	<u>\$ (6,976,908)</u>

Additional information – Collective balances at June 30, 2020 and 2019, are as follows:

	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	\$ 1,601,195,680	\$ 1,198,936,924
Collective Deferred Inflows of Resources	4,191,274,402	4,874,748,912
Collective Net Pension Liability	<u>12,921,318,904</u>	<u>12,237,818,793</u>
Township's Proportion	0.1760185555%	0.1833538830%

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, 2020, measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25
Salary Increases:	
Through all Future Years	3.25 – 15.25% Based on Years of Service
Investment Rate of Return	7.00%

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2020 and June 30, 2019, special funding situation net pension liability amounts of \$3,529,753 and \$3,543,084 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, 2019, was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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, 2020 AND 2019

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	2.00 – 6.00% Based on Age
Thereafter	3.00 – 7.00% Based on Age
Salary Increases (PFRS):	
All Future Years	3.25 – 15.25% Based on Age
Discount Rate	3.50%

Pre-retirement mortality rates were based on the (PERS): PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019 and (PFRS): PUB-2010 “Safety” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

Post-retirement health mortality rates were based on (Chapter 330 Retirees): PUB-2010 “Safety” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Other Retirees: PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

Disability mortality was based on the PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019 for PERS Future Disabled Retirees and Other Current Retirees. PFRS Future Disabled Retirees and Chapter 330 Current Retirees was based on PUB-2010 “Safety” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

Certain actuarial assumptions used in the June 30, 2018, 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, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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>.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Actuarial Assumptions (Continued)

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

Total OPEB Liability

Service Cost	\$ 666,574,660
Interest	636,082,461
Changes of Benefit Terms	(1903958)
Differences Between Expected and Actual Experience	(1,399,921,930)
Changes in Assumptions or Other Inputs	(1,635,760,217)
Benefit Payments	(470,179,613)
Contributions - Members	43,249,952
Net Change in OPEB Liability	<u>(2,161,858,645)</u>
Total OPEB Liability Beginning	<u>15,981,103,227</u>
Total OPEB Liability Ending	<u><u>\$ 13,819,244,582</u></u>

Plan Fiduciary Net Position

Contributions - Employer	\$ 346,415,056
Contributions - Non-Employer Contributing Entities	43,854,500
Contributions - Members	43,249,952
Net Investment Income	4,826,936
Benefit Payments	(470,179,613)
Administrative Expense	<u>(9,478,435)</u>
Net Change in Plan Fiduciary Net Position	<u>(41,311,604)</u>
Plan Fiduciary Net Position Beginning	<u>314,485,086</u>
Plan Fiduciary Net Position Ending	<u><u>\$ 273,173,482</u></u>

Net OPEB Liability Ending \$ 13,546,071,100

There were no changes in benefit terms during the year.

Differences Between Expected and Actual Experiences: The decrease in the liability from June 30, 2018 to June 30, 2019, is due to changes in the census, claims, and premiums experience.

Changes in Assumptions: The decrease in the liability from June 30, 2018 to June 30, 2019, is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019, and changes in the trend, excise tax, updated decrements, PPO/HMO future retiree elections, salary scale, and mortality assumptions.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Actuarial Assumptions (Continued)

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, 2019, 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.

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Net OPEB Liability	\$ 15,662,704,137	\$ 13,546,071,100	\$ 11,826,026,995

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate: The following presents the net OPEB liability as of June 30, 2019, 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	\$ 11,431,214,644	\$ 13,546,071,100	\$ 16,243,926,531

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

At December 31, 2019, the Township would have reported a liability of \$26,285,067 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, 2019, 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, 2019 and 2018, the Township's proportion was .194042% and .202775%, respectively.

For the year ended December 31, 2019, the Township would have recognized net OPEB expense of (\$84,309) 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:

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

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)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience		\$ 7,686,778
Differences Between Projected and Actual Investment Earnings	\$ 21,652	
Changes in Assumptions		9,314,843
Changes in Proportions		3,310,916
	\$ 21,652	\$ 20,312,537

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

Year Ending	
2020	\$ (3,375,356)
2021	(3,375,358)
2022	(3,377,074)
2023	(3,379,984)
2024	(3,382,356)
Thereafter	(3,400,757)
	\$ (20,290,885)

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. At December 31, 2019 and 2018, the Township's proportion was .211324% and .225225%, respectively. The Township's proportionate share of the State's collective net OPEB liability at December 31, 2019 and 2018, was \$154,784 and \$423,649, respectively.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 19: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-term debt as of December 31, 2020, consisted of the following:

	Year 2020	Year 2019	Year 2018
Bonds, Notes, and Loans Issued	\$ 16,579,176.05	\$ 17,940,999.73	\$ 13,090,730.95
Bonds and Notes Authorized But Not Issued	12,725,450.00	3,866,700.00	7,110,000.00
Net Bonds, Notes, and Loans Issued and Authorized But Not Issued	<u>\$ 29,304,626.05</u>	<u>\$ 21,807,699.73</u>	<u>\$ 20,200,730.95</u>

	Balance 12/31/2019	Issued	Retired/ Reduction	Balance 12/31/2020	Due Within One Year
Issued:					
General:					
Serial Bonds Payable	\$ 17,907,000.00		\$ 1,352,000.00	\$ 16,555,000.00	\$ 1,385,000.00
Loans	33,999.73		9,823.68	24,176.05	4,201.12
Authorized But Not Issued:					
General:					
Bonds and Notes	3,866,700.00	8,858,750.00		12,725,450.00	
	<u>\$ 21,807,699.73</u>	<u>\$ 8,858,750.00</u>	<u>\$ 1,361,823.68</u>	<u>\$ 29,304,626.05</u>	<u>\$ 1,389,201.12</u>

Permanently Funded Debt as of December 31, 2020, 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 1.50% - 2.00% per annum. The balance remaining at December 31, 2020, was \$1,200,000.00.

\$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, 2020, was \$3,455,000.00.

\$12,527,000.00 General Obligation Bonds dated May 2019, payable in annual installments through May 2028. Interest is paid semi-annually at a rate of 2.00% - 3.00% per annum. The balance remaining at December 31, 2020, was \$11,900,000.00.

\$75,000.00 Green Trust Loan dated September 2006, payable in semi-annual installments through 2026. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining at December 31, 2020, was \$24,176.05.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 19: LONG-TERM DEBT (CONTINUED)

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

Year Ended	Principal	Interest	Total
2021	\$ 1,389,201.12	\$ 410,625.12	\$ 1,799,826.24
2022	1,384,285.56	382,840.68	1,767,126.24
2023	1,434,371.71	349,054.53	1,783,426.24
2024	1,374,459.57	319,791.67	1,694,251.24
2025	1,364,549.21	290,291.67	1,654,840.88
2026-2030	6,032,308.88	943,652.03	6,975,960.91
2031-2034	3,600,000.00	216,022.98	3,816,022.98
	<u>\$ 16,579,176.05</u>	<u>\$ 2,912,278.68</u>	<u>\$ 19,491,454.73</u>

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.071%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 37,970,000.00	\$ 37,970,000.00	
General Debt	29,304,625.92		\$ 29,304,625.92
	<u>\$ 67,274,625.92</u>	<u>\$ 37,970,000.00</u>	<u>\$ 29,304,625.92</u>

Net Debt \$29,304,625.92/Equalized Valuation Basis per NJSA 40A:2-2 as amended
 \$2,737,090,913.00 = 1.071%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 95,798,181.96
Net Debt	29,304,625.92
Remaining Borrowing Power	<u>\$ 66,493,556.04</u>

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 20: CAPITAL LEASE OBLIGATIONS

The Township has lease agreements in effect at December 31, 2020, 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
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>\$ 345,000.00</u>	<u>\$ 18,129.76</u>	<u>\$ 363,129.76</u>

NOTE 21: SERVICE AGREEMENT

On June 10, 1960, the Township of Monroe entered into a Service Agreement with the Monroe Municipal Utilities Authority. This agreement was amended June 10, 1986, and again on July 16, 1987. This agreement was for the conveyance of Township property to the Authority to operate the water system. In consideration of the conveyance of the water system, the Authority shall make an annual payment to the Township of 25% of moneys remaining at the end of each Authority fiscal year after payment or provisions for payment in each fiscal year of operating expenses, operating reserves, debt service on all obligations, reserves required by any security agreement, and anticipated improvements, except to the extent that any such payment is waived by the Township. The Township agrees to pay any deficit the Authority may have in making payments for operating expenses and/or debt service.

NOTE 22: CONTINGENCIES

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

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

NOTE 23: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2020 and July 2, 2021, the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the collection of certain anticipated revenues, such as licenses, fees and permits, and municipal court fees. Other financial impact could occur though such potential impact is unknown at this time.