ANNUAL REPORT OF

THE WATER UTILITY FUND OF
THE MONROE MUNICIPAL UTILITIES AUTHORITY
COUNTY OF GLOUCESTER
STATE OF NEW JERSEY
For the Fiscal Years Ended June 30, 2016 and 2015

AND

THE TOWNSHIP OF MONROE
COUNTY OF GLOUCESTER
STATE OF NEW JERSEY
For the Years Ended December 31, 2015 and 2014

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

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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SECTION I

Annual Report of the Water Fund 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 293 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 13,793 units serviced by its sewer system and approximately 13,511 units serviced by its water system.

Largest Customers for 07/01/15 to 06/30/16	Water/Sewer Totals
Colonial Estates	$476,293.38
Friendly Village	438,155.88
Jefferson Village	212,964.95
Streamwood	136,017.49
Laurelton Village	130,127.46
Meadowview Nursing Home	75,857.43
Housing Authority Senior Complex	69,762.45
Violet Packing	51,862.16
Juniper Village	53,633.64
ShopRite	54,915.09

Total Water and Sewer billings for fiscal year 7/1/14 - 6/30/15 were $10,150,141.38 and for fiscal year 7/1/15 - 6/30/16 were $11,833,737.03. Percent of total customer collections in fiscal year 2015 was 95.26% and for 2016 94.01%.

Water Supply

The Authority presently obtains water from 10 wells, 8 production wells, 6 of which draw from the Cohansey Acquifer, 2 which draw from the Piney Point acquifer and 2 Acquifer 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 Acquifer into the Potomac Raritan-Magothy Acquifer ("P-R-M Acquifer") for storage and then the stored is recovered from the P-R-M Acquifer directly into the system when needed after treated. The Authority's average daily flow for 2015 was approximately 3.0 million gallons per day. The New Jersey Department of Environmental Protection ("NJDEP") believes that the P-R-M Acquifer 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 acquifer. 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, 2015 - Minimum Rate: $18.70 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. July 1, 2015 - Residential sewer connections shall be charged at an annual rate of $467.04 per service unit payable monthly. Residential users shall be billed at $38.92 per month and shall be billed in advance.

Eff. July 1, 2015 - Non-residential connections shall be charged at an annual rate of $467.04 per service unit or $5.62 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.

LITIGATION

In the opinion of Counsel to the Authority, there is no controversy, litigation or other legal proceeding of any nature now pending or threatened, restraining or enjoining the issuance, sale, execution or delivery of the Series 2010, 2007 and 2004 Bonds or the security pledged therefor, or in any way questioning or affecting the validity of the Series 2010, 2007 and 2004 Bonds or any proceedings of the Authority taken with respect to the issuance of sale thereof, the pledge or application of any moneys or security provided for the payment of the Series 2010, 2007 and 2004 Bonds or in any way questioning the existence of the Authority, the title of any of the officials or officers of the Authority, the power of the Authority to enter into any agreements relating to the Series 2010, 2007 and 2004 Bonds or the Trust Agreement. In addition, there is no controversy or litigation pending or threatened relating to the existence or powers of the Authority or which would materially affect its financial position.

In addition, there is no controversy or litigation pending or threatened relating to the Authority's or Township's ability to perform all of its respective obligations under the Service Contract or relating to the validity or enforceability of the Service Contract.

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
The Monroe Municipal Utilities Authority
Williamstown, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Monroe Municipal Utilities Authority, in the County of Gloucester, State of New Jersey, a component unit of the Township of Monroe (Authority), as of and for the fiscal years ended June 30, 2016 and 2015 and the related notes to the financial statements, which collectively comprise the Authority'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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Monroe Municipal Utilities Authority, in the County of Gloucester, State of New Jersey as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows thereof for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress for the OPEB plan, schedule of employer contributions, schedule of the Authority's proportionate share of the net pension liability and schedule of Authority contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Monroe Municipal Utilities Authority's basic financial statements. The Authority's Report of Audit for the fiscal year ended June 30, 2015, includes certain supplementary information that is not included with this presentation of the basic financial statements.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
February 2, 2017

MONROE MUNICIPAL UTILITIES AUTHORITY
Statements of Net Position
As of June 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	$ 3,807,458.44	$ 3,925,941.77
Consumer Accounts Receivable	756,657.26	521,242.64
Other Receivables	468.00	8.47
Inventory	268,780.64	42,202.10
Prepaid Expenses	111,828.75	105,973.67
Total Unrestricted Assets	4,945,193.09	4,595,368.65
Restricted Assets:		
Cash and Cash Equivalents	7,916,923.82	7,227,034.14
Due from State of New Jersey	72,216.79	72,216.79
Total Restricted Assets	7,989,140.61	7,299,250.93
Total Current Assets	12,934,333.70	11,894,619.58
Noncurrent Assets:		
Capital Assets:		
Completed (Net of Accumulated Depreciation)	38,498,358.64	39,977,906.64
Construction in Progress	218,348.89	230,795.97
Total Capital Assets	38,716,707.53	40,208,702.61
Total Assets	51,651,041.23	52,103,322.19
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	1,559,561.00	448,258.00
Deferred Loss on Defeasance of Debt	135,604.64	162,725.56
Total Deferred Outflows of Resources	1,695,165.64	610,983.56

(Continued)

MONROE MUNICIPAL UTILITIES AUTHORITY
Statements of Net Position
As of June 30, 2016 and 2015

	2016	2015
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable - Operations	$ 149,611.14	$ 130,677.16
Accounts Payable - Related to Pensions	284,162.00	273,499.00
Payroll Deductions Payable	4.03	6.77
Developer Escrow Deposits	78,818.63	98,022.93
Total Current Liabilities Payable from Unrestricted Assets	512,595.80	502,205.86
Current Liabilities Payable from Restricted Assets:		
Revenue Bonds Payable - Current Portion	1,605,000.00	1,550,000.00
Accrued Interest Payable	355,840.62	378,271.87
Contracts Payable	905.00	-
Total Current Liabilities Payable from Restricted Assets	1,961,745.62	1,928,271.87
Long-term Liabilities:		
Revenue Bonds Payable	15,727,695.60	17,362,414.57
Net OPEB Obligation	472,121.14	412,916.79
Related to Pensions	7,141,186.00	5,557,552.00
Accrued Compensated Absences	50,223.67	72,952.38
Total Long-term Liabilities	23,391,226.41	23,405,835.74
Total Liabilities	25,865,567.83	25,836,313.47
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	285,064.00	539,792.00
Unearned Assessment Revenues	84,215.83	84,130.01
Total Deferred Inflows of Resources	369,279.83	623,922.01
NET POSITION		
Net Investment in Capital Assets	22,680,703.69	22,721,202.44
Restricted:		
Bond Resolution Covenants	6,010,964.58	4,934,692.92
Unrestricted (Deficit)	(1,580,309.06)	(1,401,825.09)
Total Net Position	$ 27,111,359.21	$ 26,254,070.27

The accompanying Notes to Financial Statements are an integral part of this statement.

MONROE MUNICIPAL UTILITIES AUTHORITY
Statements of Revenue, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
Operating Revenues:		
Service Charges	$ 12,046,751.48	$ 10,333,380.82
Connection Fees	782,565.83	468,136.94
Other Operating Revenues	119,385.83	154,498.72
Total Operating Revenues	12,948,703.14	10,956,016.48
Operating Expenses:		
Administration:		
Salaries and Wages	779,735.71	730,802.32
Fringe Benefits	495,521.55	407,152.09
Other Expenses	574,010.91	525,541.54
Cost of Providing Service:		
Salaries and Wages	1,808,299.99	1,695,796.06
Fringe Benefits	1,156,216.94	949,226.91
Other Expenses	4,806,113.31	4,761,147.95
Net OPEB Cost (GASB 45 Accrual)	59,204.35	48,305.79
Depreciation	1,547,064.00	1,549,519.00
Total Operating Expenses	11,226,166.76	10,667,491.66
Operating Income	1,722,536.38	288,524.82
Non-operating Revenue (Expenses):		
Investment Income	12,716.47	16,237.20
Interest Expense	(709,083.23)	(753,945.73)
Other Non-Operating	-	(4,691.00)
Major Repairs and Other Expenses	(168,880.68)	(86,274.24)
Total Non-operating Revenue (Expenses)	(865,247.44)	(828,673.77)
Change in Net Position	857,288.94	(540,148.95)
Net Position July 1,	26,254,070.27	26,794,219.22
Net Position June 30	$ 27,111,359.21	$ 26,254,070.27

The accompanying Notes to Financial Statements are an integral part of this statement.

MONROE MUNICIPAL UTILITIES AUTHORITY
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Receipts from Customers	$ 12,713,288.52	$ 10,994,376.81
Payments to Suppliers	(7,419,525.77)	(6,751,170.95)
Payments to Employees	(2,382,960.68)	(2,439,794.27)
Other Operating Receipts	154,959.12	133,933.61
Net Cash Provided by Operating Activities	3,065,761.19	1,937,345.20
Cash Flows from Noncapital Financing Activities:		
Deferred Assessment Revenues	85.82	90.85
Net Cash Provided by Noncapital Financing Activities	85.82	90.85
Cash Flows from Capital and Related Financing Activities:		
Capital Acquisitions	(223,044.64)	(173,541.96)
Bond Principal	(1,550,000.00)	(1,515,000.00)
Interest Expense	(734,112.49)	(781,324.99)
Net Cash Used in Capital and Related Financing Activities	(2,507,157.13)	(2,469,866.95)
Cash Flows from Investing Activities:		
Interest on Investments	12,716.47	16,237.20
Net Cash Provided by Investing Activities	12,716.47	16,237.20
Net Increase (Decrease) in Cash and Cash Equivalents	571,406.35	(516,193.70)
Cash and Cash Equivalents -- July 1	11,152,975.91	11,669,169.61
Cash and Cash Equivalents -- June 30	$ 11,724,382.26	$ 11,152,975.91
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$ 1,722,536.38	$ 288,524.82
Adjustments to Reconcile Operating Income to Net Cash Net Provided (Used) by Operating Activities:		
Depreciation Expense	1,547,064.00	1,549,519.00
Change in Assets and Liabilities:		
Change in Consumer Accounts Receivable	(235,414.62)	38,360.33
Change in Other Accounts Receivable	(459.53)	-
Change in Inventory	(226,578.54)	33,162.21
Change in Prepaid Expenses	(5,855.08)	10,985.19
Change in Deferred Outflows	(1,111,303.00)	(448,258.00)
Change in Accounts Payable - Operations	18,933.98	242,749.84
Change in Payroll Deductions Payable	(2.74)	2.89
Change in Accrued Liabilities	36,475.64	35,107.01
Change in Developers' Escrow Deposits	(19,204.30)	9,879.91
Change in Liabilities Related to Pension	1,594,297.00	(362,480.00)
Change in Deferred Inflows	(254,728.00)	539,792.00
Net Cash Provided from Operating Activities	$ 3,065,761.19	$ 1,937,345.20

The accompanying Notes to Financial Statements are an integral part of this statement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Monroe Municipal Utilities Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Reporting Entity

The Monroe Municipal Utilities Authority is a public body corporate and politic of the State of New Jersey and was originally created by an ordinance adopted on September 26, 1957 by the governing body of the Township of Monroe (the "Township"). By ordinance of the governing body of the Township adopted May 8, 1959, the Authority was reorganized as a municipal utilities authority pursuant to the Municipal and County Utilities Authorities Law.

The Authority provides water distribution and sewerage collection services to substantially all the area constituting the Township. The Authority commenced operations in 1960 and since then has undertaken various construction projects to upgrade and expand the system.

The Authority consists of five members and one alternate, who are appointed by resolution of the Township Council for five-year terms. The daily operations of the Authority are managed by the Executive Director.

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the Township of Monroe.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Presentation

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The transactions of the Authority are divided into two separate activities (water and sewer) within the enterprise fund type. Each activity is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflow of resources, net position, revenues and expenditures.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Water and sewer service charges are recognized as revenue when services are provided. Connection fees are recognized when they are received by the Authority.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, bond issue costs, bond discounts, deferred loss on defeasance and the annual required contribution for the Authority's Other Postemployment Benefits (OPEB) Plan are not included in the budget appropriations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets and Budgetary Accounting (Cont'd)

The legal level of budgetary control is established at the detail shown on the Statements of Revenue, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority adopted an amending budget resolution during the year.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories

Inventory consists principally of water meters and is valued at cost. The Authority has determined that any chemicals for the treatment of water, sewerage and sludge that are on hand are immaterial and are not recorded in the financial statements.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the applicable fiscal year end.

Capital Assets

Capital Assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets are stated at historical cost or estimated historical cost. Donated capital assets are recorded at their fair market value as of the date received.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of an asset are recorded as construction in progress. In the year that the project is completed, these costs are transferred to Capital Assets - Completed. Interest costs incurred during construction are not capitalized into the cost of the asset.

Expenditures are capitalized when they meet the following requirements:

1) Cost of $2,500.00 or more
2) Useful life of more than one year
3) Asset is not affected by consumption

Depreciation

Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	Years
Major Moveable Equipment	5-20
Vehicles	8
Buildings and Infrastructure	40

Bond Discounts / Bond Premiums

Bond discounts / bond premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in a systematic and rational method, from the issue date to maturity as a component of interest expense. Bond discounts / bond premiums are presented as an adjustment of the face amount on the bonds.

Deferred Outflows of Resources

The Authority reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. The only deferred outflows of resources reported in this year's financial statements are a deferred amount arising from a loss on refunding of general obligation bonds and a deferred outflow of resources for contributions made to the Authority's defined benefit pension plan between the measurement date of the net pension liabilities from those plans and the end of the Authority's fiscal year. The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred Inflows of Resources

The Authority's statements of net position report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of resources are reported in the Authority's statements of net position for a deferred amount arising from developer assessment fees received for ongoing construction projects and for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of five (5) fiscal years, including the current fiscal year.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A 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 Authority 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 Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"*, the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Position (Cont'd)

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." This component includes net position that may be allocated for specific purposes by the Board.

Income Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from water treatment and sewer collection facilities (i.e., water and sewer rents and connection fees) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the water treatment and sewer collection facilities and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Policies

Recently Issued and Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2016:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption this Statement had no impact on the Authority's financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption this Statement had no impact on the Authority's financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recently Issued and Adopted Accounting Pronouncements (Cont'd)

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption this Statement had no impact on the Authority's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement will become effective for the Authority in fiscal year 2017. Management does not expect this Statement will have an impact on the financial statements.

Recently Issued Accounting Pronouncements

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

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

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

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the Authority in fiscal year 2017. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the Authority in fiscal year 2017. Management does not expect this Statement will have an impact on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recently Issued Accounting Pronouncements (Cont'd)

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the Authority in fiscal year 2017. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the Authority in fiscal year 2018. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the Authority in fiscal year 2017. Management does not expect this Statement will have an impact on the financial statements.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with finance related legal and contractual provisions

Management of the Authority is unaware of any material violations of finance related legal and contractual provisions.

General Bond Resolution

The Authority is subject to the provisions and restrictions of the General Bond Resolution adopted June 24, 1987, as amended. As required by the Resolution, certain cash accounts and investments of the Authority are maintained by an independent trustee, accounted for in various accounts and segregated for specific use and for the security of the bondholders. A summary of the activities of each account created by the Bond Resolution is as follows:

Revenue Account - All money collected by the Authority for service charges or from any other source for operating, maintaining or repairing the system is deposited in this account. The Trustee, on the first day of each month, shall make payments into the other accounts to satisfy bond resolution or operating requirements.

Operating Account - The balance on deposit must be equal to at least two months of the annual appropriation for operating expenses. At June 30, 2016, the balance in the operating account meets the requirements of the Bond Resolution.

Debt Service Account - The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds, principal amount maturing on bonds and sinking fund installments when such payments are required. At June 30, 2016, the balance in the debt service account meets the requirements of the Bond Resolution.

Debt Reserve Account - The amount of funds on deposit varies by revenue bond series and must be maintained to insure that funds are available for payment of Debt Service. At June 30, 2016, the balance in the debt service reserve account meets the requirements of the various Bond Resolutions.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

General Bond Resolution (Cont'd)

Renewal and Replacement Account - These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually. At June 30, 2016, the balance in the renewal and replacement account meets the requirements of the Bond Resolution of $1,000,000.00.

Construction Account - These funds are held by the Trustee and used to pay for the cost of the 2010 project and are pledged, pending application to such costs, for the security of the payment of principal and interest on the Revenue Bonds.

General Account - All excess funds of the Authority are recorded in the General Account. If the Authority is not in default in the payment of bond principal or interest and all fund requirements are satisfied, the Authority may use the excess funds for any lawful purpose.

Rebate Account – An account established to maintain excess investment earnings per the annual rebate calculation on the Series 2004, Series 2007, and Series 2010 Bonds.

Debt Service Coverage

The Utility System Revenue Bond Resolution requires certain ratios of Net Revenues to Debt Service. Compliance with this covenant is calculated as follows:

	2016	2015
Operating Revenues:		
Utility Service Charges	$ 12,046,751.48	$ 10,333,380.82
Connection Fees	782,565.83	468,136.94
Investments and Miscellaneous Income	132,102.30	170,735.92
	12,961,419.61	10,972,253.68
Operating Expenses:		
Operating Expenses and Capital Outlay	9,391,632.41	9,067,113.87
	3,569,787.20	1,905,139.81
110% on Next Succeeding Bond Year's Annual Debt Service Requirement	2,520,897.49	2,512,523.74
Excess (Deficit) of Revenues	$ 1,048,889.71	$ (607,383.93)

This ratio meets the required debt service coverage of 110% for the Series 2004, 2007, and 2010 Revenue Bonds.

In conjunction with the aforementioned Utility System Revenue Bond Resolution, the Authority has entered into a service agreement with the Township. The Township has agreed to advance to the Authority sufficient monies to eliminate any deficiency in the Authority's revenues required for its operation and administrative expenses, including certain debt service requirements, and to meet its debt service coverage requirements. Any monies advanced in accordance with this agreement would be refunded at such time as the Authority deems appropriate.

Note 3: DETAIL NOTES - ASSETS

Cash and Cash Equivalents

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

As of June 30, 2016 and 2015, the Authority's bank balances were exposed to custodial credit risk as follows:

	2016	2015
Insured by FDIC	$ 663,641.07	$ 682,662.81
Insured and collateralized with securities held by pledging financial institutions	11,221,560.88	10,516,366.00
	$ 11,885,201.95	$ 11,199,028.81

Service Fees

The following is a three-year comparison of service charge billings and collections for all types of accounts maintained by the Authority:

Fiscal Year	Beginning Balance	Billings	Total Collections	Percentage of Collections
2016	$ 521,242.64	$ 12,107,091.82	$ 11,871,677.20	94.01%
2015	559,602.97	10,438,617.65	10,476,977.98	95.26%
2014	538,464.07	10,203,690.38	10,182,551.48	94.79%

Note 3: DETAIL NOTES – ASSETS (CONT'D)

Capital Assets

During the fiscal year ended June 30, 2016, the following changes in Capital Assets occurred:

	Balance July 1, 2015	Additions	Deletions	Adjustments	Balance June 30, 2016
Land, Plants & Buildings	$ 24,229,086.53				$ 24,229,086.53
Machinery & Equipment	3,461,258.00	$ 67,516.00			3,528,774.00
Furniture & Fixtures	146,343.00				146,343.00
Mains & Laterals	35,036,219.11				35,036,219.11
Construction in Progress	230,795.97	101,101.72	$ 113,548.80		218,348.89
	63,103,702.61	168,617.72	113,548.80	-	63,158,771.53
Less: Accumulated Depreciation	22,895,000.00	1,547,064.00	-	-	24,442,064.00
	$ 40,208,702.61	$ (1,378,446.28)	$ 113,548.80	$ -	$ 38,716,707.53

During the fiscal year ended June 30, 2015, the following changes in Capital Assets occurred:

	Balance July 1, 2014	Additions	Deletions	Adjustments	Balance June 30, 2015
Land, Plants & Buildings	$ 24,229,086.53				$ 24,229,086.53
Machinery & Equipment	3,440,387.00	$ 21,771.00	$ 900.00		3,461,258.00
Furniture & Fixtures	150,134.00		3,791.00		146,343.00
Mains & Laterals	32,653,824.34			$ 2,382,394.77	35,036,219.11
Construction in Progress	2,548,739.31	77,995.52	13,544.09	(2,382,394.77)	230,795.97
	63,022,171.18	99,766.52	18,235.09	-	63,103,702.61
Less: Accumulated Depreciation	21,345,481.00	1,549,519.00	-	-	22,895,000.00
	$ 41,676,690.18	$ (1,449,752.48)	$ 18,235.09	$ -	$ 40,208,702.61

Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss of Defeasance of Debt

In August of 2010, the Authority refunded $5,055,000.00 of the 2001 Revenue Bonds. The Authority issued $5,205,000.00 in Revenue Refunding Bonds and received $123,388.65 in NOI premium, of which $5,275,780.31 was used to provide resources to purchase government obligations that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $293,810.02 (restated). This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations over the life of the refunding bonds using the straight-line method. The advance refunding was undertaken to reduce total debt payments over the next 10 years by $213,535.83 and to obtain a present value economic gain of $182,061.14.

Note 5: DETAIL NOTES - LIABILITIES

Long-term Liabilities

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Bonds and Loans Payable:					
Bonds Payable	$ 18,720,000.00		$ (1,550,000.00)	$ 17,170,000.00	$ 1,605,000.00
Total Bonds Payable	18,720,000.00	$ -	(1,550,000.00)	17,170,000.00	1,605,000.00
Other Liabilities:					
Net Pension Liability	5,557,552.00	1,583,634.00		7,141,186.00	
Net OPEB Obiligation	412,916.79	59,204.35		472,121.14	
Other Liabilities -					
Related to Pension	273,499.00	284,162.00	(273,499.00)	284,162.00	
Compensated Absences	72,952.38		(22,728.71)	50,223.67	
Total Other Liabilities	6,316,920.17	1,927,000.35	(296,227.71)	7,947,692.81	-
Total Long Term Liabilities	$ 25,036,920.17	$ 1,927,000.35	$ (1,846,227.71)	$ 25,117,692.81	$ 1,605,000.00

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Long-term Liabilities (Cont'd)

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Bonds and Loans Payable:					
Bonds Payable	$ 20,235,000.00		$ (1,515,000.00)	$ 18,720,000.00	$ 1,550,000.00
Total Bonds Payable	20,235,000.00	$ -	(1,515,000.00)	18,720,000.00	1,550,000.00
Other Liabilities:					
Net Pension Liability		5,557,552.00		5,557,552.00	
Net OPEB Obiligation	364,611.00	48,305.79		412,916.79	
Other Liabilities - Related to Pension		273,499.00		273,499.00	
Compensated Absences	86,151.16		(13,198.78)	72,952.38	19,519.36
Total Other Liabilities	450,762.16	5,879,356.79	(13,198.78)	6,316,920.17	19,519.36
Total Long Term Liabilities	$ 20,685,762.16	$ 5,879,356.79	$ (1,528,198.78)	$ 25,036,920.17	$ 1,569,519.36

Revenue Bonds Payable

The Revenue Bonds Series 2004, 2007, and 2010A are direct obligations of the Authority. The Bonds are secured by a pledge on the Revenues derived by the Authority from the operation of its water supply and distribution facilities and its sewerage treatment facilities. The Bonds are further secured by the limited service agreement between the Authority and the Township (See Note 7).

The 2004 Series Bonds were issued to fund various capital improvements to the Authority's system, fund a deposit to the Bond Reserve Account and pay certain costs related to the issuance of the 2004 Bonds. The Bonds were issued originally for $7,370,000.00 and carried interest rates ranging from 2.0% to 4.5%. The final maturity of the 2004 Bonds is July 1, 2024.

The 2007 Series Bonds were issued to fund various capital improvements to the Authority's system, fund a deposit to the Bond Reserve Account and pay certain costs related to the issuance of the 2007 Bonds. The Bonds were issued originally for $7,445,000.00 and carried interest rates ranging from 4.0% to 4.375%. The final maturity of the 2007 Bonds is July 1, 2027.

The 2010A Series Bonds were issued to fund various capital improvements to the Authority's system, fund a deposit to the Bond Reserve Account and pay certain costs related to the issuance of the 2010A Bonds. The Bonds were issued originally for $6,550,000.00 and carried interest rates ranging from 3.0% to 4.5%. The final maturity of the 2010A Bonds is July 1, 2025.

The 2010B Series Bonds were issued to provide funds to advance refund a portion of the Authority's 2001 Series Bonds, fund a deposit to the Bond Reserve Account and pay certain costs related to the issuance of the 2010A Bonds. The Bonds were issued originally for $5,205,000.00 and carried interest rates ranging from 2.0% to 4.0%. The final maturity on the 2010B Bonds is July 1, 2021.

Note 5: DETAIL NOTES – LIABILITIES

Revenue Bonds Payable (Cont'd)

The following schedule reflects the Debt Requirements until 2028.

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	$ 1,605,000.00	$ 686,724.99	$ 2,291,724.99
2018	1,635,000.00	627,736.24	2,262,736.24
2019	1,730,000.00	558,872.49	2,288,872.49
2020	1,805,000.00	485,500.62	2,290,500.62
2021	1,880,000.00	406,785.00	2,286,785.00
2022	1,945,000.00	327,135.00	2,272,135.00
2023	1,415,000.00	257,917.50	1,672,917.50
2024	1,480,000.00	195,815.62	1,675,815.62
2025	1,545,000.00	128,990.62	1,673,990.62
2026	1,070,000.00	70,450.00	1,140,450.00
2027	520,000.00	35,000.00	555,000.00
2028	540,000.00	11,812.50	551,812.50
	17,170,000.00	$ 3,792,740.58	$ 20,962,740.58
Less:			
Current Maturities	(1,605,000.00)		
Premium/Discount on Bonds	162,695.60		
Long Term Portion	$ 15,727,695.60		

Compensated Absences

Authority employees may accumulate up to seventy unused sick days. Employees are compensated for accumulated sick leave upon retirement or resignation at their current hourly rate of pay times the number of hours accumulated. The accrued liability for accumulated sick leave is estimated to be $50,223.67 as of June 30, 2016 and $72,952.38 as of June 30, 2015.

Net Pension Liability

For details on the net pension liability, see the Pension Plans section below. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Pension Plans

A substantial number of Authority employees participate in the Public Employees' Retirement System (PERS), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits the "Division"). In addition, Authority employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
http://www.state.nj.us/treasury/pensions

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

General Information about the Pension Plans

Plan Descriptions

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et.seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for a certain enrollment tier but who earn salary of at least $5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for certain enrollment tiers, but who earn salary of at least $5,000.00 annually.

Vesting and Benefits Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

General Information about the Pension Plans (Cont'd)

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the fiscal years ended June 30, 2016 and 2015 was 12.22% and 12.75% of the Authority's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $284,162.00 and $273,499.00 for the fiscal years ended June 30, 2016 and 2015. Authority employee contributions were $164,665.08 and $148,844.54 for the fiscal years ended June 30, 2016 and 2015.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, Authorities are required to contribute 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. For the fiscal years ended June 30, 2016 and 2015, the Authority had no employees participating in this plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At June 30, 2016, the Authority reported a liability of $7,141,186.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Authority's proportion was .0318121301%, which was an increase of .0021286899% from its proportion measured as of June 30, 2014.

For the fiscal years ended June 30, 2016 and 2015, the Authority recognized pension expense of $501,755.00 and $247,384.00 respectively.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd)

At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	June 30, 2016		June 30, 2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 170,364.00			
Changes of Assumptions	766,906.00		$ 174,759.00	
Net Difference between Projected and Actual Earnings on Pension Plan Investments		$ 114,817.00		$ 331,200.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	338,129.00	170,247.00		208,592.00
Authority Contributions Subsequent to the Measurement Date	284,162.00		273,499.00	
	$ 1,559,561.00	$ 285,064.00	$ 448,258.00	$ 539,792.00

The deferred outflows of resources related to pensions totaling $1,559,561.00 and $448,258.00 will be included as a reduction of the net pension liability in the fiscal years ended June 30, 2017 and June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30, 2016		June 30, 2015	
Year Ending June 30,		Year Ending June 30,	
2016	$ 182,202.00	2015	$ (89,019.00)
2017	182,202.00	2016	(89,019.00)
2018	182,202.00	2017	(89,019.00)
2019	265,005.00	2018	(89,019.00)
2020	178,724.00	2019	(6,219.00)
		Thereafter	(2,738.00)
	$ 990,335.00		$ (365,033.00)

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Public Employees' Retirement System (Cont'd)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011

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

The long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following tables:

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Public Employees' Retirement System (Cont'd)

Actuarial Assumptions (Cont'd)

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and for PFRS, the non-employer contributing entity, will be made based on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Public Employees' Retirement System (Cont'd)

Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability at June 30, 2016 calculated using a discount rate of 4.90%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	June 30, 2016		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Authority's Proportionate Share of the Net Pension Liability	$ 8,875,620.00	$ 7,141,186.00	$ 5,687,048.00

The following presents the Authority's proportionate share of the net pension liability at June 30, 2015 calculated using a discount rate of 5.39%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	June 30, 2015		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Authority's Proportionate Share of the Net Pension Liability	$ 6,991,589.00	$ 5,557,552.00	$ 4,353,325.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/annrpts.shtml.

Post-employment Benefits

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Post-employment Benefits (Cont'd)

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 2002, the Authority authorized participation in the post-retirement benefit program through resolution number 19-2002. The policy of continued insurance coverage is detailed in the Authority's Contract Agreement with the American Federation of State, County, and Municipal Employees Local 3303D. The Authority provides health benefits to retired employees and their dependents provided that they have met all of the retirement criteria of the Public Employees Retirement System (PERS) and completed 25 years of service.

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/.

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 Authority on a monthly basis. The Authority funds these benefits on a pay-as-you-go basis.

The Authority's contributions to SHBP for the fiscal years ended June 30, 2016, 2015 and 2014, were $99,168.00, $95,792.52, and $82,569.35, respectively, which equaled the required contributions each year. There were approximately 6 retired participants eligible at June 30, 2016.

Plan Description - In addition to the State Health Benefits plan described above, the Authority provides benefits to employees that have retired from the Authority. The Authority provides dental, vision, and life insurance to retired employees and their dependents provided that they have met all the retirement criteria of the Public Employees Retirement System (PERS) and completed 25 years of service and attained age 55.

Funding Policy - The contribution requirement of plan members and the Authority are established by the Authority's Board and certain employment contracts and may be amended by the same. Current retiree plan members receiving benefits are not required to make any contributions to the plan.

Retirees - The Authority's contributions for the fiscal years ended June 30, 2016, 2015, and 2014, were $20,782.20, $15,723.49, and $12,525.96 respectively.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Authority is required to expense the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be $73,570.00 at an unfunded discount rate of 5.0%. As stated above, the Authority has funded the cost of existing retirees in the amount of $20,782.20, and has accrued the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Annual OPEB Cost - For fiscal year 2016, the Authority's annual OPEB cost (expense) of $59,204.35 for the plan was equal to the ARC plus certain adjustments because the Authority's actual contributions in prior years differed from the ARC.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Post-employment Benefits (Cont'd)

Annual OPEB Cost (Cont'd) - The Authority's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for fiscal years 2016, 2015, and 2014 are as follows:

Annual OPEB Cost

	2016	2015	2014
Annual Required Contribution (ARC)	$ 73,570.00	$ 68,158.00	$ 79,253.00
Interest on the Net OPEB Obligation	20,645.84	11,786.46	
Adjustment to the ARC	(25,581.49)	(22,208.67)	
Annual OPEB Cost	68,634.35	57,735.79	79,253.00
Pay-as-You Go Cost (Existing Retirees)	(9,430.00)	(9,430.00)	(6,016.00)
Increase in the Net OPEB Obligation	59,204.35	48,305.79	73,237.00
Net OPEB Obligation, July 1	412,916.79	364,611.00	291,374.00
Net OPEB Obligation, June 30	$ 472,121.14	$ 412,916.79	$ 364,611.00
Percentage of Annual OPEB Cost Contributed	13.74%	16.33%	7.59%

Funded Status and Funding Progress - The funded status of the plan as of June 30, 2016, was as follows:

Funded Status and Funding Progress

Actuarial Accrued Liability (AAL)	$ 693,489.00
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 693,489.00
Funded Ratio (Actuarial Value of Plan Assets / AAL)	-
Covered Payroll (Active Plan Members)	$ 2,426,598.00
UAAL as a Percentage of Covered Payroll	28.58%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Post-employment Benefits (Cont'd)

Actuarial Methods and Assumptions (Cont'd) - In the June 30, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality*. 1994 sex distinct Group Annuity Mortality Table.
- *Turnover*. In accordance with the U.S. Office of Personnel Management regarding the experience of the Employee group covered by the Federal Employees Retirement System.
- *Assumed Retirement Age.* at first eligibility but not earlier than age 65
- *Annual Discount Rate*. Future costs have been discounted at the rate of 5.0% compounded annually for GASB 45 purposes.
- *Rates of Retirement, Rates of Withdrawal, and Rates of Disability*. Assumed no terminations of employment due to disability. Retirees resulting from disability are factored into determination of age at retirement.
- *Spousal Coverage.* We have assumed that married employees remain married.
- *Health Care Cost Inflation*. Heath care gross costs will increase an annual rate of 5% for Post-Medicare medical benefits.
- *Administration Expenses*. Annual cost to administer the retiree claims, approximately 2% is included in the annual health care costs.

Note 6: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES

Unearned Revenue

The Authority has received developer assessment fees for ongoing construction projects. These fees are recorded as unearned revenues until the Authority provides the services associated with recognizing the funds as revenue.

Note 7: INTERGOVERNMENTAL AGREEMENTS

Township of Monroe Service Agreement

A Service Agreement was entered into on June 10, 1960 between the Authority and the Township. Under the Service Agreement, the Township agrees to pay any shortfall the Authority may encounter in making payments for either Operating Expenses and/or Debt Service (Annual Charges).

The purpose of this agreement is to grant temporary relief to the Authority should it experience difficulty in meeting its obligations. The agreement calls for the Township to be reimbursed for any Annual Charges paid by the Township when the Authority's operations permit. Ultimately, all Operating Expenses and Debt Service of the Authority are borne by revenues of the system.

Note 8: COMMITMENTS

The Authority had several outstanding or planned construction projects as of June 30, 2016. These projects are evidenced by contractual commitments with contractors and include:

Project	Awarded	Commitment Remaining
Renewal and Replacement Fund:		
Administration Office	$ 20,000.00	$ 1,540.99
Timber Lake Water Main	2,411,026.99	28,632.17
Construction Fund:		
Kimberly West Pump Station	741,493.80	629,063.80
Aquifer SR Wells 11 and 14	380,056.20	339,940.03
	$ 3,552,576.99	$ 999,176.99

Note 9: DEFERRED COMPENSATION

The Authority offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors. Since the Authority does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Authority's financial statements.

Note 10: RISK MANAGEMENT

The Authority is a member of New Jersey Utility Authorities Joint Insurance Fund. The Fund provides the Authority with the following coverage:

Property - Blanket Building and Grounds
Boiler and Machinery
General and Automobile Liability

Contributions to the Fund, including a reserve for contingencies are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. The Authority's agreement with the fund provides that the fund will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of $500,000 for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2015 which can be obtained from:

New Jersey Utilities Authority Joint Insurance Fund
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054

Note 11: CONTINGENCIES

Litigation - The Authority is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Authority, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

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

Employer	Type of Business	Approximate Number of Employees
MTS Systems Corporation	Engineering Services/Repair Services	1,000
Monroe Township School District	K-12 Education	804
Piramal Glass USA, Inc.	Glass Packaging	365
Shop-rite Supermarkets, Inc.	Grocery	350
Tall Pines Day Camp, Inc.	Camp for Children	300
Berat Corporation	Grocery	250
Lydua Security Monitoring, Inc.	Security Monitoring	200
Sam's West, Inc.	Wholesale Grocery	200
Meadowview Geriatrics, Inc.	Nursing Center	200
Student Transportation of America, Inc.	School Transportation	150

CERTAIN TAX INFORMATION
TEN LARGEST REAL PROPERTY TAXPAYERS (1)

Name of Taxpayer	Nature of Business	2016 Assessed Valuation
Williamstown TVC ARC / Walmart	Shopping Center	$21,746,200
Barclay Glenn at Cross Keys LLC	Apartments	16,100,000
Williamstown Inc. Suisse / Sam's Club	Shopping Center	13,270,200
Nationwide MHC LLC / Colonial Estates	Mobile Home Park	11,411,400
Jefferson Village	Apartments	10,250,000
Friendly Village	Mobile Home Park	9,887,700
Gordon Partnership LLP	Shopping Center	8,979,600
Laurelton Village Realty	Apartments	8,339,100
Verizon	Phone Services	7,723,031
Meadowview Geriatrics	Senior Nursing Home	6,900,000

CURRENT TAX COLLECTIONS (2)

Year	Tax Levy	Current Collection Amount	Current Collection Percent	Outstanding Dec. 31	Outstanding Percent
2015	$90,528,899	$88,121,346	97.34%	$1,961,374	2.16%
2014	87,196,605	84,180,760	96.54	2,574,655	2.95
2013	85,358,405	82,288,101	96.40	2,526,751	2.96
2012	82,696,807	79,215,160	95.79	2,440,762	2.95
2011	82,022,797	79,035,462	96.36	2,275,528	2.77

(1) Source: Township Tax Assessor
(2) Source: Annual Reports of Audit.

DELINQUENT TAXES (1)

Year	Outstanding Jan. 1	Added	Collected Amount	Collected Percent	Transfer to Liens	Other Credits	Outstanding Dec. 31
2015	$2,656,401	$268,826	$2,691,952	92.03%	$89,165	$72,005	$72,105
2014	2,561,190	34,529	2,365,304	91.12	23,596	125,073	81,746
2013	2,501,543	203,240	2,611,136	96.54	42,353	16,854	34,440
2012	2,373,241	41,014	2,278,941	94.40	19,523	55,010	60,781
2011	2,893,129	30,141	2,776,813	94.99	43,907	4,837	97,712

TAX TITLE LIENS (1)

Year	Balance Jan. 1	Added by Sales & Transfers	Collected	Other Credits	Balance Dec. 31
2015	$1,024,146	$343,914	$170,190	$310,997	$886,873
2014	915,568	216,790	108,212	---	1,024,146
2013	749,943	224,856	55,551	3,680	915,568
2012	664,651	143,844	48,374	10,178	749,943
2011	561,663	188,945	54,095	31,862	664,651

FORECLOSED PROPERTY (1)(2)

Year	Balance Jan. 1	Transfer from Municipal Liens	Sale	Adjust to Assessed Values	Prior Year Adjustment	Balance Dec. 31
2015	$1,551,400	$310,001	---	$509,699	$337,200	$2,033,900
2014	1,551,400	---	---	---	---	1,551,400
2013	1,551,400	---	---	---	---	1,551,400
2012	1,551,000	---	---	---	400	1,551,400
2011	1,453,100	---	---	---	97,900	1,551,000

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (3)

Year	Net Valuation Taxable	Tax Rate(4) Total	County	Local School	Municipal	Municipal Open Space
2016	$2,659,263,631	$3.497	$.625	$1.973	$.896	$.003
2015	2,639,110,158	3.397	.627	1.880	.887	.003
2014	2,630,578,882	3.298	.596	1.833	.866	.003
2013	2,715,189,371	3.129	.557	1.744	.825	.003
2012	2,860,900,751	2.873	.529	1.627	.715	.002

(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)

Year	Real Property Assessed Valuation	Percentage of True Value	True Value	True Value Per Capita
2016	$2,651,540,600	101.14%	$2,621,653,747	$71,372(2)
2015	2,631,876,000	104.54	2,517,577,961	68,539(2)
2014	2,623,249,500	103.44	2,536,010,731	69,041(2)
2013	2,706,694,800	107.69	2,513,413,316	68,425(2)
2012	2,851,419,800	103.85	2,745,709,966	75,997(3)

REAL PROPERTY CLASSIFICATION (4)

Year	Assessed Value Land and Improvements	Vacant Land	Residential	Commercial	Farmland & Industrial	Apartment
2016	$2,651,540,600	$57,971,000	$2,206,026,200	$299,400,600	$39,475,400	$48,667,400
2015	2,631,876,000	61,723,500	2,197,778,000	300,501,600	38,816,600	33,056,300
2014	2,623,249,500	67,718,300	2,181,040,900	302,329,500	39,104,500	33,056,300
2013	2,706,694,800	71,028,500	2,281,926,600	311,841,900	41,897,800	33,252,400
2012	2,851,419,800	79,465,000	2,404,296,400	291,471,400	42,849,000	33,338,000

(1) Source: State of New Jersey, Department of Treasury, Division of Taxation
(2) Based on Estimated Census 2013 of 36,732
(3) Based on 2010 Census Population of 36,129
(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, 2015. 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 $21,643,435.96 represents 0.840% 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	Gross	Deductions		Net
	Bonds & Notes	Loans	Issued	Debt	School Debt	Cash on Hand	Debt
General	$12,854,375	$95,913	$8,714,500	$21,664,788		$21,352	$21,643,436
School District	50,953,000			50,953,000	$50,953,000		
	$63,807,375	$95,913	$8,714,500	$72,617,788	$50,953,000	$21,352	$21,643,436

(1) As of December 31, 2015
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 2013, 2014 and 2015	$2,576,072,622
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2013, 2014 and 2015	.840%
2015 Net Valuation Taxable	$2,639,110,158
2015 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	$2,517,577,961
Gross Debt (2)	
As a Percentage of 2015 Net Valuation Taxable	2.75%
As a Percentage of 2015 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.88%
Net Debt (2)	
As a Percentage of 2015 Net Valuation Taxable	0.82%
As a Percentage of 2015 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.86%
Gross Debt per Capita (3)	$1,977
Net Debt per Capita (3)	$589

TOWNSHIP BORROWING CAPACITY
As of December 31, 2015

3 1/2% of Average (2013-15) Equalized Valuation of Real Property with Improvements ($2,576,072,622)	$90,162,542
Net Debt	21,643,436
Remaining Borrowing Capacity	$68,519,106

SCHOOL DISTRICT BORROWING CAPACITY
As of June 30, 2016

4% of Average (2013-15) Equalized Valuation of Real Property with Improvements ($2,576,072,622)	$103,042,905
Local School Debt	49,278,000
Remaining Borrowing Capacity	$53,764,905

(1) As of December 31, 2015
(2) Excluding overlapping debt.
(3) Based on Estimated Census 2013 of 36,732

COUNTY OF GLOUCESTER
OVERLAPPING DEBT
AS OF DECEMBER 31, 2015

	DEBT ISSUED					
	Debt Outstanding	Deduction		Net Debt Outstanding	Net Debt Outstanding Allocated to the Issuer		**Debt Auth. but not Issued**
County of Gloucester(1):							
General	$ 250,426,000	$ 7,866,500	(2)	$ 242,559,500	$ 24,061,902	(4)	$ 29,032
Bonds Issued by Other Public Bodies Guaranteed by the County	202,586,429	202,586,429	(3)				
Monroe MUA	17,170,000			17,170,000	17,170,000		
	$ 470,182,429	$ 210,452,929		$ 259,729,500	$ 41,231,902		$ 29,032

(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 2015 Net Valuation on which County taxes are apportioned, which is 9.92%.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Monroe, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township of Monroe's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Monroe as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting
As described in Note 14 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of $1,483,748.23 and $1,406,917.48 for 2015 and 2014, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting
In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Monroe's basic financial statements. The supplementary information listed in the table of and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

supplemental information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016, on our consideration of the Township of Monroe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

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

PETRONI & ASSOCIATES LLC

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

June 16, 2016

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Regular Fund			
Cash - Treasurer	A-4	$ 8,174,283.46	$ 6,001,554.91
Cash - Change Fund	A-5	850.00	850.00
		8,175,133.46	6,002,404.91
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	2,033,478.62	2,656,401.07
Tax Title Liens Receivable	A-7	886,873.16	1,024,146.45
Property Acquired for Taxes - Assessed Valuation	A-8	2,033,900.00	1,551,400.00
Local Grant Receivable	A-9	4,500.00	
Revenue Accounts Receivable	A-10	14,349.07	70,248.90
Assessments Receivable		22,647.31	27,550.74
Due from Animal Control Trust Fund	B	13,149.74	6,568.51
		5,008,897.90	5,336,315.67
Federal and State Grant Fund			
Grants Receivable	A-16	403,580.64	527,936.89
Due from Current Fund	A	5,078.91	111,364.35
		408,659.55	639,301.24
		$ 13,592,690.91	$ 11,978,021.82

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-12	$ 1,534,856.65	$ 927,704.01
Encumbrances Payable	A-13	803,396.11	679,329.38
Accounts Payable		30,564.68	5,446.05
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-11	56,457.87	58,710.32
Prepaid Taxes	A-4	731,186.85	521,592.07
Tax Overpayments		55,875.69	71,097.36
Due State - Marriage License Fees		675.00	1,225.00
Due State of New Jersey - DCA Fees		12,321.00	5,858.00
Payroll Taxes Payable		129,975.26	122,373.91
Due County for Added & Omitted Taxes	A-6	208,868.17	83,935.26
Reserve for Local Grants	A-15	29,154.85	52,370.28
Due Monroe MUA		318.06	
Due Affordable Housing Trust			67.00
Due Grant Fund	A	5,078.91	111,364.35
Reserve for Police Department Evidence	A-4	14,382.44	
		3,613,111.54	2,641,072.99
Reserve for Receivables		5,008,897.90	5,336,315.67
Fund Balance	A-1	4,562,021.92	3,361,331.92
		13,184,031.36	11,338,720.58
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-17	289,882.22	507,354.52
Encumbrances Payable	A-13	118,777.33	131,946.72
		408,659.55	639,301.24
		$ 13,592,690.91	$ 11,978,021.82

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

Revenue and Other Income Realized	Ref.	Year 2015	Year 2014
Fund Balance Utilized	A-2	$ 2,800,000.00	$ 2,965,753.00
Miscellaneous Revenue Anticipated	A-2	7,644,970.84	8,597,424.14
Receipts from Delinquent Taxes	A-2	2,862,141.77	2,473,516.20
Receipts from Current Taxes	A-2	88,121,346.07	84,180,759.67
Non-Budget Revenue	A-2	1,063,610.47	640,727.21
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	809,212.11	500,737.52
Encumbrances Payable - Canceled	A-13	147,278.35	91,527.00
Accounts Payable Canceled		7,030.47	
Local Grant Canceled			838.30
Grant Reserve Balance Canceled			20,785.39
Total Income		103,455,590.08	99,472,068.43
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	13,410,720.00	12,806,720.00
Other Expenses	A-3	13,223,802.00	13,659,950.00
Deferred Charges and Statutory Expenditures	A-3	2,532,000.00	2,578,500.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	60,000.00	75,848.77
Other Expenses	A-3	1,224,470.44	1,776,749.99
Capital Improvements	A-3	100,000.00	50,000.00
Municipal Debt Service	A-3	2,317,547.92	2,210,229.44
Deferred Charges	A-3	42,000.00	42,000.00
County Taxes	A-6	16,522,601.94	15,651,148.40
Due County for Added Taxes	A-6	208,868.17	83,935.26
Municipal Open Space Tax	A-6	79,173.00	72,046.00
Local District School Tax	A-14	49,600,597.00	48,218,268.00
Grant Receivables Canceled	A-16		8,335.57
Local Grant Receivables Canceled	A-9		838.30
Interfund Loan Advanced		122,974.05	8,709.67
Prior Year Deductions Disallowed	A-11	10,073.29	9,814.78
Refund of Prior Year Revenue	A-4	72.25	287.82
Total Expenditures		99,454,900.06	97,253,382.00
Excess in Revenue		4,000,690.02	2,218,686.43
Fund Balance			
Balance January 1	A	3,361,331.92	4,108,398.49
		7,362,021.94	6,327,084.92
Decreased by:			
Utilization as Anticipated Revenue	A-1	2,800,000.00	2,965,753.00
Balance December 31	A	$ 4,562,021.94	$ 3,361,331.92

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated Budget	Special NJSA 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	$ 2,800,000.00		$ 2,800,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	35,000.00		35,580.00	$ 580.00
Other	A-10	25,000.00		31,442.09	6,442.09
Fees and Permits	A-10	450,000.00		580,362.96	130,362.96
Fines and Costs:					
Municipal Court	A-10	200,000.00		212,710.20	12,710.20
Interest and Costs on Taxes	A-10	525,000.00		640,867.29	115,867.29
Interest on Investments and Deposits	A-10	70,000.00		46,066.87	(23,933.13)
Insurance Reimbursements - Ambulance	A-10	900,000.00		962,613.37	62,613.37
Energy Receipts Tax	A-10	4,022,996.00		4,022,996.00	
Garden State Trust Pilot	A-10	12,800.00		12,800.00	
Uniform Construction Code Fees	A-10	375,000.00		460,438.45	85,438.45
Uniform Fire Safety Act	A-10	50,000.00		49,929.33	(70.67)
Franchise Fees - Cable Television	A-10	220,000.00		220,337.19	337.19
Engineering Review Fees	A-10	15,000.00		18,935.00	3,935.00
Park & Recreation Trust Fund	A-10	25,000.00		25,000.00	
Basin Maintenance Trust	A-10	30,000.00		30,000.00	
Gloucester County Improvement Authority					
Debt Fund Proceeds	A-10	30,000.00		37,908.65	7,908.65
Click It or Ticket	A-16		$ 2,800.00	2,800.00	
Municipal Alliance Youth Service	A-16	26,460.00		26,460.00	
Community Development Block Grant	A-16		50,000.00	50,000.00	
Body Armor Replacement Grant	A-16		6,141.01	6,141.01	
Firefighters	A-16		22,728.00	22,728.00	
JIF Safety Incentive Program	A-9		8,725.00	8,725.00	
Clean Communities	A-16		75,829.43	75,829.43	
Safe and Secure	A-16	60,000.00		60,000.00	
Drive Sober or Get Pulled Over	A-16	1,900.00	2,400.00	4,300.00	
Total Miscellaneous Revenues		7,074,156.00	168,623.44	7,644,970.84	402,191.40
Receipts from Delinquent Taxes	A-2	2,600,000.00		2,862,141.77	262,141.77
Subtotal General Revenues		12,474,156.00	168,623.44	13,307,112.61	664,333.17
Amount to be Raised by Taxation		22,593,440.53		23,956,720.47	1,363,279.94
Minimum Library Tax		838,884.32		838,884.32	
Budget Totals		35,906,480.85	168,623.44	38,102,717.40	$ 2,027,613.11
Non-Budget Revenue	A-2			1,063,610.47	
		$ 35,906,480.85	$ 168,623.44	$ 39,166,327.87	
	Ref.	A-3	A-3		

STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized Revenue

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-6	$ 88,121,346.07
Allocated to:		
Municipal Open Space	A-6	79,173.00
School and County Taxes	A-6	66,332,067.11
Balance for Support of Municipal Budget Appropriations		21,710,105.96
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	3,085,498.85
	A-2	$ 24,795,604.81
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6	$ 2,691,951.50
Tax Title Liens	A-7	170,190.27
	A-2	$ 2,862,141.77

Analysis of Non-Budget Revenue

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC SAFETY FUNCTIONS						
Director of Public Safety						
Salaries & Wages	6,000.00	6,000.00	6,000.00			
Police						
Salaries & Wages	7,412,000.00	7,412,000.00	7,084,268.19		327,731.81	
Other Expenses	475,000.00	480,000.00	418,710.12	56,540.60	4,749.28	
Office of Emergency Management						
Salaries & Wages	112,700.00	112,700.00	101,532.53		11,167.47	
Other Expenses	8,000.00	8,000.00	6,833.27	1,041.27	125.46	
First Aid Organization - Ambulances						
Monroe Township Ambulance	72,000.00	72,000.00	58,326.29	13,393.62	280.09	
Fire						
Other Expenses						
Fire Hydrant Service	45,000.00	45,000.00	45,000.00			
Cecil Fire Company	62,000.00	62,000.00	55,393.46	6,567.07	39.47	
Williamstown Fire Company	68,000.00	68,000.00	59,167.24	8,717.90	114.86	
Uniform Fire Safety Act (P.L. 1983, C383)						
Salaries & Wages	69,000.00	69,000.00	61,968.54		7,031.46	
Other Expenses	30,000.00	5,000.00	2,433.92	2,110.96	455.12	
Ambulance						
Salaries & Wages	395,500.00	395,500.00	372,379.20		23,120.80	
Other Expenses	123,000.00	123,000.00	82,536.99	19,859.94	20,603.07	
Prosecutor						
Salaries & Wages	25,000.00	25,000.00	20,961.48		4,038.52	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	782,000.00	782,000.00	707,064.38		74,935.62	
Other Expenses	33,000.00	33,000.00	19,035.83	3,699.23	10,264.94	
Snow Removal						
Other Expenses	40,000.00	40,000.00	40,000.00			

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Garbage & Trash Removal						
Salaries & Wages	1,205,400.00	1,205,400.00	1,100,871.10		104,528.90	
Other Expenses	5,000.00	5,000.00	3,952.42		1,047.58	
Public Buildings & Grounds						
Salaries & Wages	378,700.00	378,700.00	359,800.49		18,899.51	
Other Expenses	130,000.00	140,000.00	117,659.24	15,805.88	6,534.88	
Vehicle Maintenance						
Salaries & Wages	437,500.00	437,500.00	413,147.61		24,352.39	
Other Expenses	490,000.00	490,000.00	443,894.67	44,125.32	1,980.01	
Community Services Act						
Condominium Trash Services	195,000.00	195,000.00	174,566.40	16,675.03	3,758.57	
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health)						
Salaries & Wages	57,200.00	57,200.00	55,819.29		1,380.71	
Other Expenses	2,500.00	2,500.00	956.63	313.00	1,230.37	
Environmental Commission (40:56A et. seq.)						
Salaries & Wages	700.00	700.00			700.00	
Other Expenses	1,000.00	1,000.00	960.00		40.00	
RECREATION FUNCTIONS						
Parks & Recreation						
Salaries & Wages	392,000.00	392,000.00	359,017.84		32,982.16	
Other Expenses	70,000.00	70,000.00	62,416.43	7,581.56	2.01	
Community Center						
Salaries & Wages	72,600.00	72,600.00	37,971.24		34,628.76	
Other Expenses	4,000.00	4,000.00	1,929.10	505.66	1,565.24	
Community Transportation Service						
Salaries & Wages	78,500.00	78,500.00	60,631.11		17,868.89	
Other Expenses	400.00	400.00			400.00	
Senior Citizen Center						
Salaries & Wages	720.00	720.00			720.00	
Other Expenses	7,500.00	7,500.00	4,952.75	920.53	1,626.72	

EXHIBIT A-3
(Continued)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OTHER COMMON OPERATING FUNCTIONS						
Accumulated Absence Management	60,000.00	60,000.00	60,000.00			
Celebration of Public Event						
Anniversary or Holiday						
Other Expenses	53,000.00	53,000.00	50,071.34	2,228.84	699.82	
Salary Adjustments						
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	290,000.00	290,000.00	251,056.44	27,527.73	11,415.83	
Street Lighting	540,000.00	550,000.00	498,687.07	46,365.20	4,947.73	
Telephone and Telegraph	113,000.00	113,000.00	93,691.38	13,984.13	5,324.49	
Natural Gas	115,000.00	115,000.00	88,134.55	7,024.24	19,841.21	
Fuel Oil	6,000.00	6,000.00	2,125.34	1,874.66	2,000.00	
Gasoline	539,502.00	471,502.00	332,904.32	67,095.68	71,502.00	
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Gloucester County Landfill						
Other Expenses	1,245,000.00	1,245,000.00	993,121.96	207,839.79	44,038.25	
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	284,700.00	284,700.00	265,146.53		19,553.47	
Other Expenses	32,000.00	32,000.00	26,032.62	452.57	5,514.81	
Public Defender						
Other Expenses	15,000.00	15,000.00	12,291.63		2,708.37	

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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

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

EXHIBIT A-3
(Continued)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

		Appropriations		Expended			Unexpended Balance Canceled
		Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS		$ 35,906,480.85	$ 36,075,104.29	$ 33,662,038.29	$ 799,144.27	$ 1,534,856.65	$ 79,065.08
	Ref.	A-2			A-13	A	

	Ref.	
Budget	A-3	$ 35,906,480.85
Appropriations by 40A:4-87	A-2	168,623.44
		$ 36,075,104.29

	Ref.	
Reserve for Federal and State Grants	A-17	$ 257,145.44
Reserve for Uncollected Taxes	A-3	3,085,498.85
Reserve for Local Grants	A-15	8,725.00
Disbursed	A-4	30,310,669.00
		$ 33,662,038.29

EXHIBIT B

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
ASSETS			
Trust Fund			
Cash - Treasurer	B-1	$ 6,319,419.51	$ 5,363,328.52
Off-Duty Police Receivables		24,071.47	2,413.22
		6,343,490.98	5,365,741.74
LOSAP (unaudited)			
Investment		1,483,748.23	1,406,917.48
Escrow Trust Fund			
Cash - Treasurer	B-1	892,048.78	1,087,649.40
Escrow Receivable		15,258.82	14,963.82
		907,307.60	1,102,613.22
		$ 8,734,546.81	$ 7,875,272.44

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

EXHIBIT B
(Continued)

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
LIABILITIES, RESERVES, AND FUND BALANCE			
Trust Fund			
Encumbrances Payable	B-4	$ 298,032.80	$ 183,645.50
Due Current Fund	A	13,149.74	6,568.51
Reserve for Dog Fund Expenditures	B-2	59,666.60	55,706.80
Reserve for Intersection/Road Improvements		39,970.00	13,635.00
Reserve for Forfeited Funds		119,661.49	92,434.37
Reserve for Off-Duty Police Fees		39,994.50	61,096.25
Deposits for Redemption of Tax Sale Certificates	B-3	26,496.79	448.79
Reserve for Tax Sale Premiums	B-3	2,510,610.00	1,626,210.00
Reserve for Parks and Recreation		375,872.77	372,952.29
Reserve for Veterans Affair Donations		200.00	200.00
Reserve for Public Defender Fees		6,117.66	2,200.99
Reserve for POAA Fees		1,089.67	1,033.67
Reserve for Recycling Fees		239,219.59	299,108.63
Reserve for Sidewalk Trust Fund		104,984.42	108,484.42
Reserve for Snow Removal		113,140.39	129,833.81
Reserve for Accumulated Absences		346,678.25	499,700.00
Reserve for Basin Maintenance Trust		176,335.35	216,335.35
Reserve for Municipal Open Space		1,282,408.71	1,195,975.86
Reserve for Affordable Housing		495,799.50	424,767.06
Reserve for Unemployment Compensation		69,061.23	57,942.46
Reserve for Police Donations		7,539.54	
Reserve for Municipal Alliance Donations		301.43	301.43
Reserve for Historical Society Donations		17,160.55	17,160.55
		6,343,490.98	5,365,741.74
LOSAP (unaudited)			
Reserve for LOSAP Benefits		1,483,748.23	1,406,917.48
Escrow Trust Fund			
Encumbrances Payable	B-4	34,926.22	41,897.81
Reserve for Developers Escrow		872,381.38	1,060,715.41
		907,307.60	1,102,613.22
		$ 8,734,546.81	$ 7,875,272.44

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

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL - REGULATORY BASIS

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Township of Monroe included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Monroe, as required by NJSA 40A:5-5.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of the taxes. The Township has no component units.

B. Description of Funds and Account Groups

The accounting policies of the Township of Monroe conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Monroe accounts for its transactions through the following separate funds and accounts as presented below. This presentation differs from the funds required by GAAP.

Current Fund - Resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

Trust Fund - Receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

Payroll/Payroll Agency Account - Receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

General Fixed Assets - To account for fixed assets used in governmental operations.

C. Basis of Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from those taxes

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Interest on Delinquent Taxes - It is the policy of the Township to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first $1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of $1,500.00 becoming delinquent after due date and if a delinquency is in excess of $10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

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

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

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

Insurance - Cost of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

General Fixed Assets - In accordance with NJAC 5:30-5.6 accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township has developed a fixed assets accounting and reporting system.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

D. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

E. Recent Accounting Pronouncements Not Yet Effective

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective (Continued)

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

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

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

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

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

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Township's financial reporting.

NOTE 2: BUDGETARY INFORMATION

The Township must adopt an annual budget in accordance with NJSA 40A:4 et. al. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87.

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

The following budget amendments were approved as follows:

Special Items of Revenue	$ 168,623.44

NOTE 3: CASH AND CASH EQUIVALENTS

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

NOTE 4: INVESTMENTS

As of December 31, 2015 or 2014, the Township did not have any investments other than for LOSAP.

Interest Rate Risk - The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statues. 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.

NOTE 4: INVESTMENTS (CONTINUED)

Unaudited Investments:

As more fully described in Note 14, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Financial Group, which is an authorized provider, approved by the Division of Local Government Services. The balance in the accounts on December 31, 2015 and 2014, amounted to $1,483,748.23 and $1,406,917.48, respectively. The information on 5% or more invested with Variable Annual Life Insurance Company is not yet available.

NOTE 5: FUND BALANCES APPROPRIATED

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

NOTE 6: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance

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

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance Dec. 31
2015	$ 216.05	$ 18,112.50	$ 10,000.00	$ 17,209.78	$ 69,061.23
2014	382.12	16,018.42	10,000.00	22,382.78	57,942.46

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

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

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

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

NOTE 8: ACCUMULATED ABSENCE BENEFITS

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. The liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Township and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Township and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Employees of the Township are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. Employees are represented by a number of labor unions, and each contract contains different provisions for employee-compensated absences.

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

NOTE 9: DEFERRED COMPENSATION PLAN

The Township offers it 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.

NOTE 9: DEFERRED COMPENSATION PLAN (CONTINUED)

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

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

NOTE 10: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2015:

	Balance Dec. 31, 2014	Additions	Deletions	Balance Dec. 31, 2015
Buildings	$ 9,625,075.00	$ 257,800.00		$ 9,882,875.00
Land	4,203,116.73	449,700.00		4,652,816.73
Equipment	1,532,292.13	92,664.00	$ 1,000.00	1,623,956.13
Vehicles	12,021,277.73	673,708.00	818,239.00	11,876,746.73
	$ 27,381,761.59	$ 1,473,872.00	$ 819,239.00	$ 28,036,394.59

NOTE 11: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for the previous two years:

	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Prepaid Taxes - Cash Liability	$ 731,186.85	$ 521,592.07

NOTE 12: TAX ABATEMENT PROGRAMS

Tax abatement programs were established to encourage development in the Township. There are five year programs where real estate taxes on the approved improvements are abated and payments are made in lieu. Payments are based on financial agreements adopted through Township ordinances.

The Township has long term programs in accordance with the Council on Affordable Housing.

NOTE 13: ECONOMIC DEPENDENCY

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

NOTE 14: LENGTH OF SERVICE AWARD PROGRAM

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

Contributions by the Township for qualified participants were $108,138.00 and $119,175.00 for 2015 and 2014, respectively. These payments are made in the subsequent year for participants who met the required qualifications. The assets of the plan are held by an independent administrator, Lincoln Financial Group.

NOTE 15: PENSION FUNDS

Description of Plans - All eligible employees of the Township are covered by either the Public Employees' Retirement System, (PERS) or the Police and Firemen's Retirement System (PFRS), a cost-sharing, multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS and PFRS. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml.

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

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System was established in July 1944, under the provisions of NJSA 43:16A, to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Plan members and employer contributions may be amended by State of New Jersey legislation.

NOTE 15: PENSION FUNDS (CONTINUED)

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS contribution rate increased to 6.5% of base salary effective with the first payroll, to be paid on or after October 1, 2011. Subsequent increases will then be phased in over 7 years (each July 1st) to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. The PFRS contribution rate increased to 10% of base salary effective with the first payroll to be paid on or after October 1, 2011. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Township's contributions to PERS for the years ending December 31, 2015, 2014, and 2013, were $641,448.71, $621,726.61, and $611,712.00, respectively, equal to the required contributions for each year. The Township's contributions to PFRS for the years ending December 31, 2015, 2014, and 2013, were $1,264,241.54, $1,245,603.00, and $1,326,397.00, respectively, equal to the required contributions for each year.

Defined Contribution Retirement Program (DCRP) - The Township established Defined Contribution Retirement Program by ordinance on July 22, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et. seq. DCRP provides for employee contributions of 5 ½% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Township's contributions to DCRP for the years ending December 31, 2015, 2014, and 2013, were $261.70, $271.39, and $193.85, respectively, equal to the required contributions for each year.

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

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

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

NOTE 15: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued)

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

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

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

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

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

NOTE 16: POST-EMPLOYMENT HEALTHCARE PLAN

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

Funding Policy - The contribution requirements of the Township healthcare plan are established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For calendar year 2015, the Township contributed $2,095,597.00 to the plan for current premiums. Plan members receiving benefits are not required to make contributions.

Annual OPEB Cost and Net OPEB Obligation - The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation to Southern NJ Regional Employee Benefits Fund (dollar amounts in thousands):

Annual Required Contribution (Thousands)	$ 8,541
Interest on Net OPEB Obligation	0
Adjustment to Annual Required Contribution	222
Annual OPEB Cost (Expense) (Thousands)	8,763
Contributions Made (Thousands)	2,095
Increase in Net OPEB Obligation (Thousands)	6,668
Net OPEB Obligation - Beginning of Year	39,692
Net OPEB Obligation - End of Year (Thousands)	$ 46,360

The Township's most recent actuarial valuation to determine ARC was performed for the year ended December 31, 2013. The next actuarial valuation is expected to be performed for the year ending December 31, 2016. GASB 45 permits the calculation of ARC in the intervening years to be based on the annual rate of inflation. In determining the ARC for the year ended 2015 the Township utilized the U.S. Bureau of Labor Statistics annual report on inflation for medical care costs, which yielded a rate of inflation of 2.60%. The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 follows (dollar amounts in thousands):

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

NOTE 16: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Funded Status and Funding Progress - As of December 31, 2015, the Township is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

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

The Actuarial Accrued Liability ("AAL") is the present value of all future expected post-retirement medical payments and administrative costs which are attributable to past service. The Township's unfunded AAL is calculated to be $92,566.6 (thousands) as of December 31, 2013.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The December 31, 2013, actuarial valuation, utilized the projected unit credit method with amortization on a straight-line basis was utilized, for a period of 30 years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 18: LONG-TERM DEBT

Summary of Municipal Debt Service

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

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

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

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

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

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

NOTE 18: LONG-TERM DEBT (CONTINUED)

$3,800,000.00 General Obligation Bonds dated August 2012, payable in annual installments through March 2023. Interest is paid semi-annually at a rate of 1.00% - 2.00% per annum. The balance remaining at December 31, 2015, was $3,040,000.00.

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

$144,442.00 Green Trust Loan dated April 2005, payable in semi-annual installments through 2020. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining at December 31, 2015, was $49,361.81.

$11,290.00 Green Trust Loan dated March 2006, payable in semi-annual installments through 2018. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining at December 31, 2015, was $2,579.43.

$75,000.00 Green Trust Loan dated September 2006, payable in semi-annual installments through 2026. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining at December 31, 2015, was $43,972.00.

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

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

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT
The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .789%.

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

NOTE 18: LONG-TERM DEBT (CONTINUED)

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

Borrowing Power Under NJSA 40:A2-6 as Amended

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

NOTE 19: BOND ANTICIPATION NOTES

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

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

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

NOTE 20: CAPITAL LEASE OBLIGATIONS

The Township has lease agreements in effect at December 31, 2015, for various capital improvements. The leases are funded through Gloucester County Improvement Authority and were all approved by the Local Finance Board prior to July 1, 2007.

Future minimum lease payments under capital lease agreements are as follows:

Year	Principal	Interest/Costs	Total
2016	$ 265,000.00	$ 66,245.39	$ 331,245.39
2017	225,000.00	53,203.32	278,203.32
2018	240,000.00	44,666.45	284,666.45
2019	245,000.00	35,045.37	280,045.37
2020	245,000.00	25,460.33	270,460.33
2021-2024	350,000.00	24,625.99	374,625.99
	$ 1,570,000.00	$ 249,246.85	$ 1,819,246.85

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

NOTE 21: SERVICE AGREEMENT (CONTINUED)

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

NOTE 22: CONTINGENCIES

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

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

NOTE 23: SUBSEQUENT EVENTS

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