

PRELIMINARY OFFICIAL STATEMENT DATED JULY 2, 2019

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority (as defined herein), assuming continuing compliance by the Authority with certain tax covenants described herein, under existing law, interest on the 2019 Bonds (as defined herein) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals pursuant to Section 55 of the Code. In addition, interest on the 2019 Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the 2019 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed. See "TAX MATTERS" herein.

\$5,785,000*

**THE MONROE MUNICIPAL UTILITIES AUTHORITY
(County of Gloucester, New Jersey)
REVENUE REFUNDING BONDS, SERIES 2019
(Non-Callable)(Bank Qualified)**

Dated: Date of Delivery

Due: July 1, as shown on the inside front cover

The \$5,785,000* aggregate principal amount of Revenue Refunding Bonds, Series 2019 ("2019 Bonds") of The Monroe Municipal Utilities Authority ("Authority") shall be issued in fully registered book-entry-only form without coupons. The principal of the 2019 Bonds shall be paid on their respective maturity dates upon presentation and surrender of the 2019 Bonds at the principal corporate trust office of The Bank of New York Mellon, Woodland Park, New Jersey, as paying agent ("Paying Agent"). Interest on the 2019 Bonds is payable semiannually January 1 and July 1, commencing January 1, 2020, in each year until maturity. The 2019 Bonds are not subject to redemption prior to their stated maturity dates.

Individual purchases of the 2019 Bonds will be made in book-entry only form (without certificates) in denominations of \$5,000 or any integral multiple thereof. Upon initial issuance, the 2019 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the 2019 Bonds. So long as Cede & Co. is the registered owner of the 2019 Bonds, payments of the principal of and interest on the 2019 Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the 2019 Bonds. Purchasers will not receive certificates representing their ownership interest in the 2019 Bonds purchased. For so long as any purchaser is a Beneficial Owner of a 2019 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant to receive payment of the principal of and interest on such 2019 Bond.

The 2019 Bonds are authorized and issued pursuant to: (i) the Municipal and County Utilities Authorities Law, constituting Chapter 183 of the Laws of 1957 of the State of New Jersey ("State"), and the acts amendatory thereof and supplemented thereto ("Act"); (ii) a bond resolution duly adopted by the Authority on May 15, 2019, as supplemented by a supplemental bond resolution of the Authority to be adopted on July __, 2019; and (iii) a Trust Agreement, by and between the Authority and The Bank of New York Mellon, as trustee, ("Trustee"), dated July 1, 1987, as previously amended and supplemented ("Original Trust Agreement"), and as further supplemented by the Eighth Supplemental Trust Agreement, dated July 1, 2019 ("Eighth Supplemental Trust Agreement"; together with the Original Trust Agreement, the "Trust Agreement").

The 2019 Bonds shall be direct and limited obligations of the Authority secured as to payment of the principal or redemption price of and interest on the 2019 Bonds by the Pledged Revenues (as defined in the Trust Agreement). The 2019 Bonds are additionally secured by Annual Charges to be paid by the Township of Monroe ("Township") to the Authority, when and if necessary, in accordance with a Service Contract, dated July 16, 1987 ("Service Contract"). The obligation of the Township to pay annual charges pursuant to the Service Contract, in the opinion of Bond Counsel, constitutes a valid, binding, direct and general obligation of the Township and the Township has the power and is obligated to levy and collect *ad valorem* taxes upon all taxable property within its boundaries for the payment of such annual charges. The Authority has no taxing power.

The 2019 Bonds are being issued to provide funds which, together with available funds of the Authority, will be used to: (i) currently refund and redeem all of the Authority's Revenue Bonds, Series 2004, maturing on July 1 in the years 2020 through 2024, both dates inclusive; (ii) currently refund and redeem all of the Authority's Revenue Bonds, Series 2007, maturing on July 1 in the years 2020 through 2027, both dates inclusive; (iii) fund a required deposit to the Debt Service Reserve Fund pursuant to the requirement of the Trust Agreement; and (iv) pay the cost and expenses incidental to the issuance and delivery of the 2019 Bonds.

THE 2019 BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR A LIABILITY OF THE STATE, THE TOWNSHIP (EXCEPT TO THE EXTENT SET FORTH UNDER THE SERVICE CONTRACT), OR ANY COUNTY OR OTHER MUNICIPALITY IN THE STATE AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OR OF THE TOWNSHIP (EXCEPT TO THE EXTENT SET FORTH UNDER THE SERVICE CONTRACT), OR OF ANY COUNTY OR OTHER MUNICIPALITY IN THE STATE, EITHER LEGAL, MORAL OR OTHERWISE. THE AUTHORITY HAS NO TAXING POWER.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to their making of an informed investment decision.

The 2019 Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Authority by its Solicitor, Louis Cappelli, Jr., Esquire, of the law firm of Florio Perrucci Steinhart & Cappelli, LLC, Cherry Hill, New Jersey and for the Underwriter by its counsel, Fleishman Daniels Law Offices, LLC, Linwood, New Jersey and for the Trustee by its counsel, McManimon, Scotland & Bauman, LLC, Roseland, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Municipal Advisor to the Authority in connection with the issuance of the 2019 Bonds. It is anticipated that the 2019 Bonds in definitive form will be available for delivery through DTC in New York, New York on or about July __, 2019.

STIFEL

* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the within described Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or the availability of an appropriate exemption under the securities laws of any such jurisdiction.

\$5,785,000*
THE MONROE MUNICIPAL UTILITIES AUTHORITY
(County of Gloucester, New Jersey)
REVENUE REFUNDING BONDS, SERIES 2019

MATURITY SCHEDULE, INTEREST RATES AND YIELDS

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2020	\$795,000	%	%	
2021	825,000			
2022	855,000			
2023	890,000			
2024	930,000			
2025	475,000			
2026	500,000			
2027	515,000			

* Preliminary, subject to change

** Registered trademark of American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the 2019 Bonds, and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2019 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2019 Bonds.

THE MONROE MUNICIPAL UTILITIES AUTHORITY

BOARD MEMBERS

Joseph DiLolle Jr.	Chairman
Hank Calloway	Vice Chairman
Ralph J. Manfredi, Jr.	Secretary
Robert Simone	Treasurer
Tony Neri	Assistant Treasurer
Rob Bender	Alternate

EXECUTIVE DIRECTOR

Wendy Mahoney

SOLICITOR

Florio Perrucci Steinhardt & Cappelli, LLC
Cherry Hill, New Jersey

AUDITOR

Bowman & Company LLP
Woodbury and Voorhees, New Jersey

BOND COUNSEL

Parker McCay PA
Mount Laurel, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

TRUSTEE

The Bank of New York
Woodland Park, New Jersey

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APPENDIX F –	Form of Bond Counsel Opinion
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No dealer, broker, salesperson or other person has been authorized by the Authority or by the Underwriter to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering of the 2019 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2019 Bonds, by any person, in any jurisdiction in which it is unlawful for such offer, solicitation or sale to be made.

Certain information set forth herein has been obtained from the Authority, the Township of Monroe, New Jersey, DTC and other sources which are believed to be reliable but the information provided by sources other than the Authority is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by the Authority. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the parties referred to above since the date hereof.

Upon issuance, the 2019 Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange, nor has the Resolution or the Trust Agreement been qualified under the Trust Indenture Act of 1939, as amended. In reliance upon exemptions contained in such acts, the registration or qualification of the 2019 Bonds in accordance with applicable provisions of securities laws of the states in which the 2019 Bonds have been registered or qualified and the exemption from registration or qualifications in other states cannot be regarded as a recommendation thereof. Neither the Securities Exchange Commission nor any other federal, state, municipal or other governmental entity have passed upon the merits of the 2019 Bonds or have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE 2019 BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE PRICE OF THE 2019 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2019 BONDS TO CERTAIN DEALERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES OR YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The order and placement of materials in this Official Statement, including the Appendices hereto, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices hereto, must be considered in its entirety.

OFFICIAL STATEMENT

RELATING TO

THE MONROE MUNICIPAL UTILITIES AUTHORITY
(County of Gloucester, New Jersey)
\$5,785,000* REVENUE REFUNDING BONDS, SERIES 2019
(Non-Callable)(Bank Qualified)

INTRODUCTION

This Official Statement, including the cover page hereof and the Appendices attached hereto, sets forth certain information relating to The Monroe Municipal Utilities Authority ("Authority"), a public body corporate and politic of the State of New Jersey ("State"), to provide certain information relating to the Authority's \$5,785,000* aggregate principal amount of Revenue Refunding Bonds, Series 2019 ("2019 Bonds"), to be issued by the Authority and to provide certain information relating to the service area of the Authority in the Township of Monroe, County of Gloucester, New Jersey ("Township").

In preparing this Official Statement, the Authority has relied upon certain information set forth in the report of Bowman & Company LLP, Woodbury and Voorhees, New Jersey, independent auditors of the Authority, attached hereto as Appendix B, "AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY". All other information, except where otherwise noted, has been provided by the Authority. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement (as hereinafter defined). The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive, or definitive, and each summary and reference is qualified in its entirety by reference to each document, statute, report or instrument.

PURPOSE OF THE 2019 BONDS

The 2019 Bonds are being issued to provide funds which, together with other available funds of the Authority, will be used to: (i) currently refund and redeem all of the Authority's Revenue Bonds, Series 2004, maturing on July 1 in the years 2020 through 2024, both dates inclusive ("2004 Refunded Bonds"); (ii) currently refund and redeem all of the Authority's Revenue Bonds, Series 2007, maturing on July 1 in the years 2020 through 2027, both dates inclusive ("2007 Refunded Bonds"; together with the 2004 Refunded Bonds, the "Refunded Bonds"); (iii) fund a required deposit to the Debt Service Reserve Fund pursuant to the requirement of the Trust Agreement; and (iv) pay the cost and expenses incidental to the issuance and delivery of the 2019 Bonds.

Pursuant to an Escrow Deposit Agreement ("Escrow Agreement"), dated the date of issuance of the 2019 Bonds, between the Authority and The Bank of New York Mellon, Woodland Park, New Jersey, as escrow agent ("Escrow Agent"), the Authority will irrevocably

* Preliminary, subject to change

deposit direct noncallable obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations") with the Escrow Agent, which Government Obligations will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, sufficient moneys will be available to make full and timely payments of the redemption price of and interest on the Refunded Bonds. The Authority will give irrevocable instructions to the Escrow Agent on the delivery date to have the Refunded Bonds called for redemption on August __, 2019.

The adequacy of the deposit provided for the Refunded Bonds will be verified by Bowman & Company LLP, Voorhees, New Jersey, certified public accountants, at the time of delivery of the 2019 Bonds. All moneys and Government Obligations deposited for the payment of the Refunded Bonds, including interest thereon, are pledged solely and irrevocably for the benefit of the holders of the Refunded Bonds.

The 2019 Bonds, together with all other Bonds Outstanding under the Trust Agreement, are direct and limited obligations of the Authority and the full faith and credit of the Authority are pledged to the payment of the principal or Redemption Price of and interest on the 2019 Bonds. See "SECURITY FOR THE 2019 BONDS" herein.

AUTHORIZATION FOR THE 2019 BONDS

The 2019 Bonds are authorized under and issued pursuant to: (i) the Municipal and County Utilities Authorities Law, constituting Chapter 183 of the Laws of 1957 of the State of New Jersey ("State"), and the acts amendatory thereof and supplemented thereto ("Act"); (ii) a bond resolution duly adopted by the Authority on May 15, 2019 ("Bond Resolution"), as supplemented by a supplemental bond resolution of the Authority to be adopted on July __, 2019 ("Supplemental Bond Resolution"; together with the Bond Resolution, the "Resolution"); and (iii) a Trust Agreement, by and between the Authority and The Bank of New York Mellon, as trustee, ("Trustee"), dated July 1, 1987, as previously amended and supplemented ("Original Trust Agreement"), and as further supplemented by the Eighth Supplemental Trust Agreement, dated as of July 1, 2019 ("Eighth Supplemental Trust Agreement"; together with the Original Trust Agreement, the "Trust Agreement"). The 2019 Bonds and any Additional Bonds of the Authority hereafter issued pursuant to the Trust Agreement are direct and limited obligations of the Authority payable solely from and secured as to payment from the Pledged Revenues (as hereinafter defined) of the Authority. See "SECURITY FOR THE 2019 BONDS".

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ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the 2019 Bonds.

	<u>2019 Bonds</u>
Sources of Funds:	
Par Amount of Bonds	\$
Available Funds	
[Net] Original Issue [Premium/Discount]	
Total Sources of Funds	\$
Uses of Funds:	
Deposit to Escrow Fund	\$
Deposit to Debt Service Reserve Fund	
Cost of Issuance ¹	
Rounding Amount	
Underwriter's Discount	
Total Uses of Funds	\$

(1) Includes printing, rating, legal fees, accounting fees, verification agent fees, fiduciary fees and related expenses.

THE 2019 BONDS

Description

The 2019 Bonds will be dated the date of delivery, will mature on the dates and in the amounts shown on the inside cover page hereof and will bear interest semiannually on July 1 and January 1 ("Interest Payment Dates"), commencing January 1, 2020, in each year until maturity at the rates per annum set forth on the inside cover page hereof. The 2019 Bonds will mature on July 1 in the years and in the principal amounts, all as shown on the inside cover page of this Official Statement. The 2019 Bonds are not subject to redemption prior to their stated maturity dates.

Individual purchases of the 2019 Bonds will be made in book-entry only form (without certificates) in denominations of \$5,000 or any integral multiple thereof. The principal of the 2019 Bonds will be payable to the registered owners at maturity upon presentation and surrender of the 2019 Bonds at the principal corporate trust office of The Bank of New York Mellon, Woodland Park, New Jersey, as paying agent ("Paying Agent"). Interest on each 2019 Bond shall be payable to the owner of record thereof appearing on the registration books kept by the Authority for such purpose at the principal office of the Paying Agent, as of the close of business on the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date ("Record Date").

Individual purchases of the 2019 Bonds will be made in book-entry only form (without certificates) in denominations of \$5,000 or any integral multiple thereof. So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the 2019 Bonds, payments of the principal of and interest on the 2019 Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the 2019 Bonds is the responsibility of the DTC Participants and not the Authority or the Paying Agent. See "THE 2019 BONDS--Book-Entry-Only System" herein.

Book-Entry-Only System ¹

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the 2019 Bonds, payment of principal and interest, and other payments on the 2019 Bonds to DTC Participants or Beneficial Owners (as each such terms is hereinafter defined), confirmation and transfer of beneficial ownership interests in the 2019 Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Authority. Accordingly, the Authority does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2019 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules

¹ Source: The Depository Trust Company

applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices, if any, shall be sent to DTC. If less than all of the 2019 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or its designated Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or its designated Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the

case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or its designated Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the Authority or its designated Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

THE AUTHORITY, THE TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS DIRECT OR INDIRECT DTC PARTICIPANTS OR THAT DIRECT OR INDIRECT DTC PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE 2019 BONDS: (1) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE 2019 BONDS; (2) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2019 BONDS; OR (3) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT DTC PARTICIPANTS OR INDIRECT DTC PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

THE AUTHORITY, THE TRUSTEE AND THE UNDERWRITER WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT DTC PARTICIPANTS, INDIRECT DTC PARTICIPANTS OR BENEFICIAL OWNERS OF THE 2019 BONDS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT DTC PARTICIPANT; (2) THE PAYMENT BY DTC TO ANY DIRECT DTC PARTICIPANT OR BY ANY DIRECT DTC PARTICIPANT OR INDIRECT DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON ANY 2019 BONDS; (3) THE DELIVERY BY DTC, ANY DIRECT DTC PARTICIPANT OR ANY INDIRECT DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO THE HOLDERS OF THE 2019 BONDS; (4) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2019 BONDS; OR (5) ANY CONSENT

GIVEN OR OTHER ACTION TAKEN BY DTC, ANY DIRECT DTC PARTICIPANT OR ANY INDIRECT DTC PARTICIPANT.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2019 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE 2019 BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2019 BONDS.

Discontinuance of Book-Entry Only System

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the 2019 Bonds, the following provisions would apply: (i) the 2019 Bonds may be exchanged for an equal aggregate principal amount of 2019 Bonds in other authorized denominations, of the same maturity, upon surrender thereof at the principal corporate trust office of the Paying Agent ; (ii) the transfer of any 2019 Bonds may be registered on the books maintained by the Paying Agent for such purpose only upon the surrender thereof to the Paying Agent together with the duly executed assignment in form satisfactory to the Authority and the Paying Agent; and (iii) for every exchange or registration of transfer of 2019 Bonds, the Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the 2019 Bonds.

Interest on the 2019 Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY FOR THE 2019 BONDS

General

The 2019 Bonds, together with the Authority's other Bonds issued and Outstanding under the Trust Agreement, are direct and limited obligations of the Authority, payable from the Pledged Revenues, which are defined in the Trust Agreement to include all rates, fees, rents or other charges or income received by the Authority or accrued to the Authority from the ownership or operation of the Utility System, determined in accordance with customary accounting principles and any additional revenues or amounts payable to the Authority which may in the future be assigned or pledged to the Trustee, including without limiting the generality of the foregoing the Municipal Payments, and all income and interest received from the investment of moneys in any Fund established under the Trust Agreement; provided however that Pledged Revenues do not include any funds held pursuant to the Escrow Agreement. Municipal Payments include the annual charges payable by the Township pursuant to the Service Contract (as hereinafter defined and described).

The Authority has no power to levy or collect taxes, and the 2019 Bonds are not and shall not be in any way a debt or liability of the State, any county or municipality, including the Township (except to the extent set forth in the Service Contract) and do not and shall not create or constitute any indebtedness, liability or obligation of the State, or of any county or

municipality, including the Township (except to the extent set forth in the Service Contract) either legal, moral or otherwise.

The provisions of the Trust Agreement shall be deemed to be and shall constitute a contract between the Authority and the owners of the 2019 Bonds, and the pledge and assignment made in the Trust Agreement and the covenants and agreements set forth in the Trust Agreement to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the owners of any and all of the 2019 Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the 2019 Bonds over any other thereof except as expressly provided in or pursuant to the Trust Agreement.

Rate Covenant

Pursuant to Section 6.01 of the Trust Agreement, the Authority has covenanted to make, impose, charge and collect rates and charges from its Utility System in accordance with the terms of the Act and other applicable laws of the State, so that its Pledged Revenues will be sufficient:

- (a) to pay the expenses of operating, maintaining and repairing the Utility System, and to pay the administrative expenses of the Authority; and
- (b) to provide in each Fiscal Year, an additional amount which shall be at least equal to the Debt Service Requirements for such Fiscal Year plus any amounts required to be transferred in such Fiscal Year to the 2019 Bonds Debt Service Reserve Fund, the Renewal, Replacement and Improvement Fund or any reserve fund created under the Trust Agreement, which in any event shall not be less than 110% of the Debt Service Requirements for the next succeeding Fiscal Year on all series of Bonds Outstanding at the beginning of such Fiscal Year.

In the event that the Authority's Pledged Revenues are insufficient to meet the obligations set forth in subsections (a) and (b) above, the Authority has covenanted in the Trust Agreement to revise its schedule of service charges in accordance with the Act so that the amounts which are reasonably expected to be collected (taking into consideration reasonable reserves for uncollectible accounts) will be sufficient to produce the amounts required in subsections (a) and (b) above.

2019 Bonds Debt Service Reserve Funds

As further security for the payment of the 2019 Bonds, the Eighth Supplemental Trust Agreement creates and pledges for the payment of the principal or redemption price of and interest on the 2019 Bonds, a 2019 Bonds Debt Service Reserve Fund. The 2019 Bonds Debt Service Reserve Fund is to be funded in an amount equal to the 2019 Bonds Debt Service Reserve Fund Requirement. The 2019 Bonds Debt Service Reserve Fund Requirement is equal to the maximum annual debt service on the 2019 Bonds during any Fiscal Year, provided, however, that the 2019 Bonds Debt Service Reserve Fund Requirement shall not exceed the amount permitted under the Internal Revenue Code of 1986, as amended. The 2019 Bonds Debt Service Reserve Fund shall be used to make up any deficiencies in the 2019 Bonds Debt Service Account, established in the Debt Service Fund, after first exhausting any available moneys in the General

Fund and in the Renewal, Replacement and Improvement Fund. (See "Appendix D – COPIES OF ORIGINAL TRUST AGREEMENT AND SERVICE CONTRACT" herein.)

Service Contract

In the Service Contract, dated July 16, 1987, by and between the Authority and the Township ("Service Contract"), the Authority has agreed, among other things, to operate, maintain and (to the extent feasible) enlarge the Utility System, and to impose Service Charges with respect to all water and sewer service provided by the Utility System. The Township has agreed that, to the extent permitted by law, it will require that all properties within its territory fronting or having reasonable access to the Utility System to be connected to the Utility System.

In the Service Contract, the Authority has agreed to make and impose service charges with respect to all water and sewer services provided by the Utility System. The Township has agreed to pay to the Authority Annual Charges in an amount which, together with the Authority's collected service charges and non-operating income, will be sufficient to pay: (1) operating, maintenance and administrative expenses of the Authority; (2) debt service requirements or other payments due on the Authority's Obligations (which include the 2019 Bonds); and (3) all other payments or amounts, including amounts necessary to meet any rate covenant or provide any reserves required by the terms of any Security Agreement. "Security Agreement" means a bond resolution, note resolution, trust indenture, trust agreement or any similar document under which any obligation is issued and/or secured.

The Authority is required annually to deliver to the Township the Authority's audit for the preceding fiscal year, the Authority's budget for the current fiscal year, and a certificate of the Authority stating the amount of the Annual Charge for the current fiscal year (estimated) and for the preceding fiscal year and the amount of any unpaid current Annual Charge and prior Annual Charge. The Township is required to pay to the Authority the amount of such current and prior Annual Charge, and to budget, appropriate and levy and collect ad valorem taxes upon all taxable property within the Township sufficient to pay such Annual Charge, including any deficiency for unpaid Annual Charges for prior or current fiscal years. The Authority is required to reimburse the Township for Annual Charges paid by the Township under the Service Contract at such times as the Authority's operations will permit.

The Service Contract obligates the Authority to pay to the Township 25% of all monies remaining at the end of each Authority Fiscal Year after payment or provision for payment of operating expenses, operating reserves, debt service on all Obligations, reserves required under any Security Agreement and anticipated improvements, except to the extent that such payment is waived by the Township. The Service Contract also requires the Township to consent to the issuance of any Additional Bonds. (See "Appendix D – COPIES OF ORIGINAL TRUST AGREEMENT AND SERVICE CONTRACT" herein.)

Additional Bonds

Under the Trust Agreement, the Authority may issue Additional Bonds for the purpose of raising funds to pay, or complete the payment of, the costs of constructing or acquiring any Project of the Authority, or for the purpose of refunding any Outstanding Bonds. Additional Bonds may be issued only if they have been authorized by a Certified Resolution. Additional

Bonds may not be issued unless the Trustee shall have received, among other things, a certificate of the Consulting Engineer setting forth (a) after issuance of the Bonds the Pledged Revenues available for debt service on the basis of rates and charges then in effect or which may reasonably be imposed in the future (which rates may include payments due under the Service Contract or any other service contract with public or private sources) will meet the requirements of Section 6.01 of the Trust Agreement for the two Fiscal Years following the later of the issuance of the Bonds or the completion of the period of any funded interest, (b) if the purpose is a Capital Addition or Project involving acquisition or construction, such Capital Addition, acquisition or construction is reasonable and practicable; and (c) if the purpose involves construction, (i) the costs of the construction items stated in the certificate of the Authority are reasonable, and (ii) the plans and specifications, if available, have been approved by the signer and all governmental authorities required to approve them (specifying such authorities), or that the signer knows of no reason why all necessary governmental approvals will not be granted in due and timely course. (See "Appendix D – COPIES OF ORIGINAL TRUST AGREEMENT AND SERVICE CONTRACT" herein.)

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MONROE MUNICIPAL UTILITIES AUTHORITY
 Statements of Revenue, Expenses and Changes in Net Position
 For the Fiscal Years Ended June 30, 2018, 2017, and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Revenues:			
Service Charges	\$ 11,792,769.99	\$ 12,066,222.74	\$ 12,046,751.48
Connection Fees	769,264.85	369,432.67	782,565.83
Other Operating Revenues	190,659.00	216,430.07	119,385.83
Total Operating Revenues	<u>12,752,693.84</u>	<u>12,652,085.48</u>	<u>12,948,703.14</u>
Operating Expenses:			
Administration:			
Salaries and Wages	770,668.02	769,387.09	779,735.71
Fringe Benefits	641,242.30	648,458.10	513,282.85
Other Expenses	662,667.32	623,409.59	574,010.91
Total Administration	<u>2,074,577.64</u>	<u>2,041,254.78</u>	<u>1,867,029.47</u>
Cost of Providing Services:			
Salaries and Wages	1,787,142.05	1,795,236.54	1,808,299.99
Fringe Benefits	1,496,232.04	1,513,068.90	1,197,659.99
Other Expenses	4,846,962.33	4,786,280.36	4,806,113.31
Total Cost of Providing Services	<u>8,130,336.42</u>	<u>8,094,585.80</u>	<u>7,812,073.29</u>
Depreciation	<u>1,640,708.56</u>	<u>1,522,939.00</u>	<u>1,547,064.00</u>
Total Operating Expenses	<u>11,845,622.62</u>	<u>11,658,779.58</u>	<u>11,226,166.76</u>
Operating Income	<u>907,071.22</u>	<u>993,305.90</u>	<u>1,722,536.38</u>
Non-operating Revenue (Expenses)	<u>(653,651.41)</u>	<u>(789,905.46)</u>	<u>(865,247.44)</u>
Change in Net Position	253,419.81	203,400.44	857,288.94
Net Position July 1	27,314,759.65	27,111,359.21	26,254,070.27
Restatement	<u>(10,085,616.47)</u>	<u>-</u>	<u>-</u>
Net Position July 1, Restated	<u>17,229,143.18</u>	<u>27,111,359.21</u>	<u>26,254,070.27</u>
Net Position June 30	<u>\$ 17,482,562.99</u>	<u>\$ 27,314,759.65</u>	<u>\$ 27,111,359.21</u>

(1) Source: Municipal Utilities Authority Reports of Audit

**MONROE MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF EXISTING DEBT SERVICE
(BONDED DEBT)**

Fiscal Year Ending June 30,	<u>Existing Debt(1)(2)(3)</u>			<u>2019 Revenue Refunding Bonds</u>			Grand Total
	<u>Revenue Bonds & Loans Payable</u>						
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2020	\$ 1,805,000.00	\$ 353,702.62	\$ 2,158,702.62				
2021	1,040,000.00	160,300.00	1,200,300.00	\$ 795,000.00			
2022	1,070,000.00	115,800.00	1,185,800.00	825,000.00			
2023	505,000.00	83,668.75	588,668.75	855,000.00			
2024	525,000.00	61,781.25	586,781.25	890,000.00			
2025	550,000.00	38,250.00	588,250.00	930,000.00			
2026	575,000.00	12,937.50	587,937.50	475,000.00			
2027				500,000.00			
2028				515,000.00			
	<u>\$ 6,070,000.00</u>	<u>\$ 826,440.12</u>	<u>\$ 6,896,440.12</u>	<u>\$ 5,785,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) As of December 31, 2018

(2) Includes principal and interest on refunded bonds

(3) Excludes principal and interest on 2004 and 2007 defeased bonds. July 1, 2019 principal and interest payment is included above.

Source: Authority Auditor

THE AUTHORITY

General

The Authority, a public body corporate and politic of the State, was created pursuant to the Act by virtue of an ordinance duly adopted on September 26, 1957 and reorganized under an ordinance duly adopted May 8, 1959, by the Township Council of the Township. The Authority was created for the purpose of constructing and operating (i) a sanitary sewerage system for the proper collection and disposal of certain sanitary sewerage and other wastes arising within the Township and (ii) a water distribution system within the Township.

The Authority has broad powers under the Act including, among others, the following: to hold, operate and administer its property, to provide for and secure the payment of any bonds and rights of holders thereof, to charge and collect user charges for the use of its facilities and to revise such user charges to ensure that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to pay the principal of and interest on any bonds (including the 2019 Bonds), and to maintain such reserves or sinking funds that may be required by the terms of any contract of the Authority; and to make and enforce rules and regulations of the management of its business and affairs.

The Authority's address is 372 South Main Street, Williamstown, New Jersey 08094-1727 and its telephone number is (856) 629-1444.

Information relating to the Authority can be obtained by visiting the Authority's web site at www.monroemuanj.com.

Management

The governing body of the Authority consists of five members and one alternate, each of whom are appointed for five year terms on a staggered basis by the Township Council of the Township. The present Directors, their offices on the Authority's Board and the expiration dates of their terms as Directors are as follows:

<u>Director</u>	<u>Authority of Office</u>	<u>Expiration of Term</u>
Joseph DiLolle Jr.	Chairman	January 31, 2024
Hank Calloway	Vice Chairman	January 31, 2022
Ralph J. Manfredi, Jr.	Secretary	January 31, 2020
Robert Simone	Treasurer	January 31, 2023
Tony Neri	Assistant Treasurer	January 31, 2021
Rob Bender	Alternate	January 31, 2021

<u>Staff</u>	<u>Authority Office</u>
Wendy Mahoney	Executive Director
Edward Haaf	Superintendent
Doug Phillips	Assistant Superintendent

<u>Staff</u>	<u>Authority Office</u>
Joe Paparo	Assistant Superintendent
Charlene Denny	Office Manager
Lou Cappelli, Esquire	Solicitor
Federici and Akin, P.E.	Consulting Engineer

The Authority currently employs 34 full time personnel.

THE UTILITY SYSTEM

Description of the Utility System

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

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

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

Service Area and Services Unit

The Authority's present water and sewer service is entirely within the boundaries of the Township. The Authority currently has approximately 13,926 units serviced by its sewer system and approximately 13,701 units serviced by its water system.

<u>Largest Customers for 07/01/17 to 06/30/18</u>	<u>Water/Sewer Totals</u>
Colonial Estates	\$472,092.54
Friendly Village	417,784.61
Jefferson Village	209,679.50
Streamwood	142,449.24
Laurelton Village	134,998.51
Meadowview Nursing Home	75,347.22
Housing Authority Senior Complex	70,086.45
Violet Packing	54,403.19
ShopRite	55,001.09
Juniper Village	55,762.82

Total Water and Sewer billings for fiscal year 2017 were \$12,214,508.43 and for fiscal year 2018 were \$11,895,301.59. Percent of total customer collections in fiscal year 2017 were 95.68% and for 2018 were 96.08%.

Water Supply

The Authority presently obtains water from 10 wells, 8 production wells, 6 of which draw from the Cohansey Aquifer, 2 which draw from the Piney Point aquifer 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 Aquifer into the Potomac Raritan-Magothy Aquifer ("P-R-M Aquifer") for storage and then the stored is recovered from the P-R-M Aquifer directly into the system when needed after treated. The Authority's average daily flow for 2016 was approximately 3.0 million gallons per day. The New Jersey Department of Environmental Protection ("NJDEP") believes that the P-R-M Aquifer 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 aquifer. 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 Utility 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, 2019 - Minimum Rate: \$19.70 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. April 1, 2019 - Residential sewer connections shall be charged at an annual rate of \$479.64 per service unit payable monthly. Residential users shall be billed at \$39.97 per month and shall be billed in advance. Non-residential connections shall be charged at an annual rate of \$479.64 per service unit or \$5.77 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.

LOCAL AUTHORITIES FISCAL CONTROL LAW

Since 1983, the Authority has been regulated by the Local Authorities Fiscal Control Law, *N.J.S.A. 40A:5A-1 et seq.* ("Authorities Law"). The Authorities Law regulates the local financial operations and debt of independent local authorities. The purpose of the Authorities Law, according to the Senate, County and Municipal Government Committee Statement that accompanied the 1983 legislation, was to strengthen the credit standing of municipalities, counties and independent financing authorities, by extending a proven system of financial regulation to what was a largely unregulated area of local debt financing.

The Authorities Law assigns financial control responsibilities over local authorities to the Local Finance Board and the Director of Local Government Services in the State Department of Community Affairs. The Local Finance Board reviews, conducts hearings, and issues findings and recommendations on any proposed project financing of an authority and on any financing agreement between a local government unit and an authority. The Local Finance Board also prescribes minimum audit requirements to be followed by authorities in the conduct of their annual audits. The Director of Local Government Services also reviews and approves annual budgets of authorities.

The Authorities Law provides a mechanism for meeting unsound financial conditions of local authorities. If the Director of the Division of Local Government Services finds that a local authority is faced with financial difficulties, the Director is to convene a hearing before the Local Finance Board. If the Local Finance Board determines that a serious continuing financial difficult exists, and that the authority or local government unit has not undertaken a remedial plan, the Local Finance Board may order implementation of a financial plan. The financial plan shall assure the payment of debt service or provide relief from undue financial burdens on residents the affected local government unit or users of the authority's services and facilities. The Authority operates in compliance with the requirements of the Authorities Law.

LITIGATION

In the opinion of Louis Cappelli, Jr., Esquire, of the law firm Florio Perrucci Steinhardt & Cappelli, LLC, Cherry Hill, New Jersey ("Authority Solicitor"), there is no controversy or litigation of any nature now pending or threatened, restraining or enjoining the issuance, sale, execution or delivery of the 2019 Bonds or the security pledged therefore, or in any way

questioning or affecting the validity of the 2019 Bonds or any proceedings of the Authority taken with respect to the issuance and sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2019 Bonds. 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.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority, assuming continuing compliance by the Authority with its respective tax covenants described below, under existing law, interest on the 2019 Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (as amended, the "Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals pursuant to Section 55 of the Code.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the 2019 Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the 2019 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering its opinion, Bond Counsel has assumed continuing compliance by the Authority, with the covenants contained in the Indenture and in the Certificate as to Nonarbitrage and Other Tax Matters that they will comply with the applicable requirements of the Code. These covenants relate to, *inter alia*, the use and investment of proceeds of the 2019 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Authority to comply with such covenants could result in the interest on the 2019 Bonds being subject to federal income tax from the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the 2019 Bonds that may affect the tax-exempt status of the interest of the 2019 Bonds.

Ownership of the 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in

Sections 32(i) and (j) of the Code. Interest on the 2019 Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the 2019 Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the 2019 Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Authority has designated the 2019 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the 2019 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

New Jersey

Bond Counsel is also of the opinion that interest on the 2019 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the 2019 Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, any such proposal would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2019 Bonds.

PROSPECTIVE PURCHASERS OF THE 2019 BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE 2019 BONDS AND BOND COUNSEL HAS

EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

CONTINUING DISCLOSURE

In accordance with the provisions of Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended ("Rule"), the Authority will, prior to the issuance of the 2019 Bonds, enter into an agreement ("Continuing Disclosure Agreement") with The Bank of New York Mellon, Woodland Park, New Jersey, as dissemination agent, substantially in the form set forth in Appendix "G", attached hereto.

A failure by the Authority to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the 2019 Bonds, and holders and beneficial owners are limited to the remedies set forth in the Continuing Disclosure Agreement. However, failure by the Authority to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker or dealer before recommending the purchase or sale of the 2019 Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the 2019 Bonds and their market price.

Within the five years immediately preceding the date of this Official Statement, the Authority previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: audited financial information and operating data for the fiscal years ending June 30, 2014, 2015, 2016, 2017 and 2018. Additionally, the Authority previously failed to file late filing notices in connection with its untimely filings of audited financial information and operating data, all as described above. Such notices of late filings have since been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The Authority has engaged the services of the Bank of New York Mellon, Woodland Park, New Jersey, to serve as continuing disclosure agent.

Within the five years immediately preceding the date of this Official Statement, the Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal year ended December 31, 2013; and (ii) operating data for the fiscal year ended December 31, 2013. Additionally, the Township failed to file certain required operating data on Authority obligations for the fiscal years ended December 31, 2013, 2014, 2015, 2016 and 2017. Further, the Township previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information and (ii) operating data, all as described above. Such notices of late filings have since been filed with EMMA. The Township appointed Phoenix Advisors, LLC in October of 2014 to serve as continuing disclosure agent.

LEGALITY FOR INVESTMENT

Section 62 of the Act, *N.J.S.A. 40:14B-62*, provides that the State and all public officers, municipalities, counties, political subdivisions and public bodies and agencies thereof, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking business, all

insurance companies, insurance associations and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any Bonds of the Authority, including the 2019 Bonds, and such Bonds are authorized security for any and all public deposits.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, as underwriter ("Underwriter"), has agreed, pursuant to a bond purchase contract with the Authority ("Bond Purchase Contract"), subject to certain conditions, to purchase the 2019 Bonds from the Authority. The purchase price for the 2019 Bonds shall be \$_____ (representing the principal amount of the 2019 Bonds, [plus/less] [net] original issue [premium/discount] in the amount of \$_____, less Underwriter's discount in the amount of \$_____). The Underwriter is obligated to purchase all of the 2019 Bonds if any 2019 Bonds are purchased. The obligation of the Underwriter to accept delivery of the 2019 Bonds is subject to various conditions contained in the Bond Purchase Contract.

The initial public offering yields for the 2019 Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2019 Bonds to certain dealers (including dealers depositing bonds into investment trusts) and certain dealer banks acting as agents at yields higher than the public offering yields stated on the inside front cover page hereof for the 2019 Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority and/or the County for which it received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

MUNICIPAL BANKRUPTCY

The undertaking of a local governmental unit should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et. seq., as amended by the Bankruptcy Reform Act of 1978, effective October 1, 1979, and other bankruptcy laws affecting creditor's rights and political subdivisions in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of

bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation of otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

INDEPENDENT AUDITORS

The financial statements of the business-type activities of the Authority as of and for the fiscal years ended June 30, 2018 and 2017 included in Appendix B of this Official Statement, have been audited by Bowman & Company LLP, independent auditors, as stated in their report appearing in APPENDIX B hereto.

The financial statements of the Township – Regulatory Basis for the fiscal year ended December 31, 2018 included in APPENDIX C-1 to this Official Statement, have been compiled by Petroni & Associates, LLC, independent accountants, as stated in their report appearing in APPENDIX C-1 hereto.

The financial statements of the Township – Regulatory Basis for the fiscal years ending December 31, 2017 and 2016, included in APPENDIX C-2 to this Official Statement, have been audited by Petroni & Associates, LLC, independent auditors, as stated in their report appearing in APPENDIX C-2 hereto.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor to the Authority with respect to the issuance of the 2019 Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, sale and delivery of the 2019 Bonds are subject to the approval of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority, whose approving legal opinion will be delivered with the 2019 Bonds substantially in the form set forth as Appendix "F" hereto. Certain legal matters will be passed on for the Authority by the Authority Solicitor, for the Underwriter by its counsel, Fleishman Daniels Law Offices, LLC, Linwood, New Jersey and for the Trustee by its counsel, McManimon, Scotland & Baumann, LLC, Roseland, New Jersey.

The various legal opinions to be delivered concurrently with the delivery of the 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of arithmetic computations supporting the conclusion that the principal amounts of, and interest earned on, the proceeds of the 2019 Bonds, including the Government Obligations to be acquired with a portion of the proceeds of the 2019 Bonds, if any, deposited with the Escrow Agent pursuant to the Escrow Agreement are sufficient to pay the principal or redemption price of and interest on the Refunded Bonds will be independently verified by Bowman & Company LLP, certified public accountants, Voorhees, New Jersey.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("Rating Agency"), is expected to assign its municipal bond rating of "AA" (negative outlook) to the 2019 Bonds.

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Authority has furnished to the Rating Agency certain information and materials concerning the 2019 Bonds and the Authority. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the 2019 Bonds.

APPENDICES

Appendix "A" to this Official Statement consists of certain general and financial information concerning the Township which has been provided by the Township from public documents of the Township and from other public or official documents or publications

(including, in some limited instances, official documents or publications of the Authority) which are referred to therein. The Authority (except in those limited instances in which the Authority has provided information) has not confirmed the accuracy or completeness of said information, and the Authority (except in those limited instances in which the Authority has provided information) disclaims any responsibility for the accuracy or completeness thereof.

Appendix "B" to this Official Statement contains audited financial statements of the Authority for the fiscal years ended June 30, 2018 and 2017. A copy of the audit prepared by Bowman & Company LLP, Woodbury and Voorhees, New Jersey and containing the financial statements, and complete Reports of Audit may be obtained upon request to the office of the Secretary/Treasurer of the Authority.

Appendix "C" to this Official Statement consists of audited financial statements of the Township for the years ending December 31, 2017 and 2016 and certain unaudited financial information for the year ending December 31, 2018.

Appendix "D" to this Official Statement consists of copies of the Original Trust Agreement and the Service Contract.

Appendix "E" to this Official Statement consists of the Form of the Eighth Supplemental Trust Agreement.

Appendix "F" to this Official Statement consists of the form of Bond Counsel's legal opinion.

Appendix "G" to this Official Statement consists of a form of the Continuing Disclosure Agreement.

NO DEFAULT

There is no record of default in the payment of the principal of or the interest on the bonds or notes of the Authority.

CERTAIN RELATIONSHIPS

Parker McCay P.A., Bond Counsel to the Authority, from time to time provides legal services to the Underwriter in matters unrelated to the 2019 Bonds.

PREPARATION OF OFFICIAL STATEMENT

The Authority hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm same to the purchasers of the Bonds, by certificates signed by various Authority officials.

All other information has been obtained from sources that the Authority considers to be reliable and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Parker McCay P.A. has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

Bowman & Company LLP, Woodbury and Voorhees, New Jersey, compiled this Official Statement from information obtained from Authority management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information. Bowman & Company LLP does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Auditor's Report.

MISCELLANEOUS

The references herein to the Bonds, the Resolution, the Trust Agreement, the Act and certain other statutes are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to such statutes and documents for full and complete statements of such provisions. Copies of the Resolution, the Trust Agreement, and the forms of the Bonds, respectively, are on file for inspection during normal business hours at the offices of the Authority, 372 South Main Street, Williamstown, New Jersey 08094-1727, and at the principal corporate trust office of the Trustee at The Bank of New York Mellon, Woodland Park, New Jersey 07424.

Any statements which are outlined in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Bonds.

Concurrently with the delivery of the Bonds, the Authority will furnish a certificate to the effect that nothing has come to the Authority's attention that would lead the Authority to believe that the Official Statement, in final form, contains any untrue statement of a material fact or omits to state any information necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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The execution and delivery of this Official Statement has been duly authorized by the Authority.

**THE MONROE MUNICIPAL UTILITIES
AUTHORITY**

By: _____
WENDY MAHONEY, Executive Director

Dated: July __, 2019

APPENDIX A

General and Financial Information Regarding the Township

INFORMATION REGARDING THE TOWNSHIP¹

The following material presents certain economic and demographic information of the Township of Monroe (the “Township”), in the County of Gloucester (the “County”), State of New Jersey (the “State”).

The Township is the gateway to the County, Atlantic City, Philadelphia and Southern New Jersey. The Township has a population of over 36,000 persons and a land area of 48 square miles. The Township is coupled with extensive regional highway transportation facilities, convenient transit facilities, and a vastly growing housing development market. The Township is situated near five (5) major highways – Atlantic City Expressway, Garden State Parkway, New Jersey Turnpike and Routes 295 & 42. It is also located within thirty (30) minutes of the Philadelphia International Airport and within forty (40) minutes of the Atlantic City Casinos, Atlantic City and the Atlantic City Airport.

Form of Government

The Township operates under the Mayor-Council Plan form of government under the provisions of the Faulkner Act form of government, the Mayor-Council Plan (N.J.S.A.40A:69A-31 to 40A:69A-67.2). This form of government consists of a Mayor who serves for a four (4) year term, and seven (7) Council members consisting of four (4) Ward Council seats, and three (3) Council-at-Large seats, who serve for four (4) year staggered terms. An administrator appointed by the Mayor, with the advice and consent of Council, supervises all paid personnel and directs the business activities of the Township.

Public Safety

The Department of Public Safety is responsible for Police, Fire, Emergency Medical Services, and Disaster management coordination services for the Township.

Full time Police protection is provided by the Monroe Township Police Department under the direction of the Chief of Police.

The Township is serviced by two (2) volunteer fire companies, Williamstown Fire Company and Cecil Fire Company. The paid Monroe Township Ambulance (EMS) crew serves the Township Monday through Friday 6 am to 6 pm.

The Office of Emergency Management ("OEM") is staffed full-time and coordinates disaster emergency responses for the Township together with all public safety agencies and other Township departments. OEM also interacts frequently with county, state, and federal agencies involved in disaster planning, response, mitigation and recovery. The Office of Emergency Management received an annual performance grant to assist with staffing the office on a full-time basis. An emergency operations plan is currently in place and is tested annually.

¹ Source: The Township, unless otherwise indicated.

Recreation

The Department of Community Affairs has its office in the Pfeiffer Community Center, located at Main and Blue Bell Roads. Many of the Township's residents belong to a variety of civic, social, and community groups. This building, along with the "Senior Building", serves as the primary meeting space for these groups. The Pfeiffer Community Center, built in 1971, hosts everything from Boy & Girl Scouts to church groups to alcoholics and overeaters anonymous. It serves as a County Nutrition Site that feeds lunch to the senior residents every day. The Department of Community Affairs is currently vacant and those duties, because of budget cost savings, have been combined with the Duties of the Director of Administration by action of the Mayor.

Public Works

The Township Public Works is located at 1040 Glassboro Road in Williamstown. Public Works consists of various departments which include the following:

The Vehicle Maintenance Department is staffed by qualified mechanics who maintain all Township owned vehicles.

The Road Department maintains, repairs and repaves the streets and roads governed by the Township, removes snow and ice from all municipal streets and roads, maintains culverts and drainage of the municipality and constructs and reconstructs such steep and drainage as may be authorized or needed. The Department maintains a curbside leaf collection program, maintains municipal retention basins and trims all bushes and trees as necessary along municipal roadways.

The Sanitation Department maintains and operates all sanitation equipment and provides for the collection and disposal of municipal and household waste and other debris as required by ordinance.

Monroe Municipal Utilities Authority

The Authority was created by virtue of an ordinance of the Township, adopted September 26, 1957 pursuant to Chapter 138 of the Laws of New Jersey of 1946 and was reorganized as a municipal utilities authority, pursuant to the provisions of Chapter 183 of the Laws of New Jersey of 1957, on May 8, 1959, by Ordinance of the Township.

The Authority maintains the public sewer and water service in the Township. Currently, the Authority provides residential, commercial, industrial, municipal and fire protection needs for more than 9,000 customers. Presently, the Authority operates 7 wells, 2 ASR wells and 25 lift stations throughout the Township. There are no tax monies supporting the Authority. Its debt service and operational expenses must be paid by the revenue from customer service fees.

Library

The Township's library collection consists of more than 80,000 items, including: books, magazines, newspapers, DVDs, videos, music on compact disk and cassette, and books on both audio cassette and CD. The library consists of more than two dozen computers for public use.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are set by State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

The Public Employees' Retirement System ("PERS") 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, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Township, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2018	18,129	17,282	847	4.7%
2017	18,403	17,428	975	5.3%
2016	18,376	17,328	1,048	5.7%
2015	18,332	17,092	1,240	6.8%
2014	18,544	17,036	1,508	8.1%
<u>County</u>				
2018	147,175	140,940	6,235	4.2%
2017	149,158	142,127	7,031	4.7%
2016	148,968	141,431	7,537	5.1%
2015	148,271	139,287	8,984	6.1%
2014	147,452	136,672	10,780	7.3%
<u>State</u>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2017)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$74,800	\$81,489	\$76,475
Median Family Income	90,343	98,313	94,337
Per Capita Income	32,332	36,205	39,069

Source: US Bureau of the Census, 2017 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Township, the County, and the State.

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2017 Estimate	36,908	2.16%	292,206	1.36%	9,005,644	2.43%
2010	36,129	24.72	288,288	13.20	8,791,894	4.49
2000	28,967	8.48	254,673	10.69	8,414,350	8.85
1990	26,703	23.40	230,082	15.09	7,730,188	4.96
1980	21,639	53.78	199,917	15.77	7,365,001	2.75

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the Township and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2018 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Barclay Glen at Cross Keys LLC	\$21,550,000	0.80%
Wal-Mart Real Estate Business Trust	18,500,000	0.68%
Nationwide MHC LLC / Continental.Com	16,330,000	0.60%
Williamstown Inc Suisse/Walmart	13,905,000	0.51%
Jefferson Village LLC	12,630,000	0.47%
Friendly Village MHP LLC	12,350,000	0.46%
Gordon Partnership LP	9,620,000	0.36%
Laurelton Village Realty	8,970,000	0.33%
Barclay Glen North LLC	7,940,000	0.29%
Streamwood Assoc Williamstown LLC	<u>7,650,000</u>	<u>0.28%</u>
Total	<u>\$129,445,000</u>	<u>4.79%</u>

Source: Comprehensive Annual Financial Report of the School District & Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2018U	\$96,479,120	\$94,017,691	97.45%
2017	94,712,100	92,295,798	97.45%
2016	93,263,582	90,848,082	97.41%
2015	90,528,899	88,121,346	97.34%
2014	87,196,605	84,180,760	96.54%

U = Unaudited
Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2018U	\$96,479,120	\$94,017,691	97.45%
2017	94,712,100	92,295,798	97.45%
2016	93,263,582	90,848,082	97.41%
2015	90,528,899	88,121,346	97.34%
2014	87,196,605	84,180,760	96.54%

U = Unaudited
Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2018U	\$2,328,000
2017	2,033,900
2016	2,033,900
2015	2,033,900
2014	1,551,400

U = Unaudited
Source: Annual Audit Reports of the Township

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Township residents for the past five (5) years.

<u>Year</u>	Local			<u>Total</u>
	<u>Municipal</u>	<u>School</u>	<u>County</u>	
2018	\$0.898	\$1.990	\$0.668	\$3.556
2017	0.899	1.977	0.666	3.542
2016	0.899	1.932	0.666	3.497
2015	0.890	1.880	0.627	3.397
2014	0.869	1.833	0.596	3.298

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	Aggregate Assessed Valuation of Real Property	Aggregate True Value of Real Property	Ratio of Assessed to True Value	Assessed Value of Personal Property	Equalized Valuation
2018	\$2,704,555,200	\$2,716,780,713	99.55%	\$0	\$2,716,780,713
2017	2,658,667,400	2,646,756,994	100.45	7,894,354	2,654,651,348
2016	2,651,540,600	2,622,950,440	101.09	7,723,031	2,630,673,471
2015	2,631,876,000	2,602,210,797	101.14	7,234,158	2,609,444,955
2014	2,623,249,500	2,509,326,095	104.54	7,329,382	2,516,655,477

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2018	\$54,336,500	\$2,237,912,700	\$26,289,900	\$304,869,300	\$12,881,100	\$68,265,700	\$2,704,555,200
2017	56,106,300	2,215,759,500	26,729,400	295,580,800	12,279,400	52,212,000	2,658,667,400
2016	57,971,000	2,206,026,200	27,196,000	299,400,600	12,279,400	48,667,400	2,651,540,600
2015	61,723,500	2,197,778,000	26,404,700	300,501,600	12,411,900	33,056,300	2,631,876,000
2014	67,718,300	2,181,040,900	26,737,500	302,329,500	12,367,000	33,056,300	2,623,249,500

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the Township's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fund Balance Utilized	\$2,800,000	\$3,050,000	\$3,510,000	\$3,750,532	\$3,857,600
Miscellaneous Revenues	7,074,156	7,146,137	7,774,849	8,362,279	8,032,580
Receipts from Delinquent Taxes	2,600,000	2,300,000	2,150,000	2,000,000	1,700,000
Amount to be Raised by Taxation	<u>23,432,325</u>	<u>23,848,363</u>	<u>23,916,081</u>	<u>24,256,116</u>	<u>24,299,741</u>
Total Revenue:	<u>\$35,906,481</u>	<u>\$36,344,500</u>	<u>\$37,350,930</u>	<u>\$38,368,927</u>	<u>\$37,889,921</u>
<u>Appropriations</u>					
General Appropriations	\$29,181,522	\$29,968,720	\$30,805,820	\$31,286,220	\$31,279,517
Operations (Excluded from CAPS)	1,126,960	1,100,810	1,169,110	1,212,140	1,378,169
Deferred Charges and Statutory Expenditures	67,000	50,000	50,000	25,000	0
Capital Improvement Fund	100,000	100,000	150,000	689,150	290,000
Municipal Debt Service	2,345,500	2,424,970	2,526,000	2,611,730	2,431,491
Reserve for Uncollected Taxes	<u>3,085,499</u>	<u>2,700,000</u>	<u>2,650,000</u>	<u>2,544,687</u>	<u>2,510,744</u>
Total Appropriations:	<u>\$35,906,481</u>	<u>\$36,344,500</u>	<u>\$37,350,930</u>	<u>\$38,368,927</u>	<u>\$37,889,921</u>

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2018U	\$5,644,701	\$3,857,600
2017	6,269,521	3,750,532
2016	5,422,108	3,510,000
2015	4,562,022	3,050,000
2014	3,361,332	2,800,000

U = Unaudited

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2018

General Purpose Debt

Serial Bonds	\$6,110,000
Bond Anticipation Notes	6,931,452
Bonds and Notes Authorized but Not Issued	7,110,000
Other Bonds, Notes and Loans	<u>49,279</u>
Total:	\$20,200,731

Local School District Debt

Serial Bonds	\$42,955,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$42,955,000

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$0

TOTAL GROSS DEBT

\$63,155,731

Less: Statutory Deductions	
General Purpose Debt	\$21,352
Local School District Debt	42,955,000
Self-Liquidating Debt	<u>0</u>
Total:	\$42,976,352

TOTAL NET DEBT

\$20,179,379

Source: Annual Debt Statement of the Township

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Overlapping Debt (as of December 31, 2018)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$42,955,000	100.00%	\$42,955,000
Monroe Municipal Utilities Authority	\$12,200,000	100.00%	12,200,000
County	390,619,556	10.10%	<u>39,452,197</u>
Net Indirect Debt			\$94,607,197
Net Direct Debt			<u>20,179,379</u>
Total Net Direct and Indirect Debt			<u>\$114,786,576</u>

Debt Limit

Average Equalized Valuation Basis (2016, 2017, 2018)	\$2,662,162,716
Permitted Debt Limitation (3 1/2%)	93,175,695
Less: Net Debt	<u>20,179,379</u>
Remaining Borrowing Power	<u>\$72,996,316</u>
Percentage of Net Debt to Average Equalized Valuation	0.758%
Gross Debt Per Capita based on 2010 population of 36,129	\$1,748
Net Debt Per Capita based on 2010 population of 36,129	\$559

Source: Annual Debt Statement of the Township

Litigation

The status of pending litigation is included in the Notes to Financial Statements of the Township's annual audit report.

² Township percentage of County and Authority debt is based on the Township's share of total equalized valuation in the County and the usage of the Authority.

APPENDIX B

**Audited Financial Statements of the Authority
for the Fiscal Years Ended June 30, 2018 and 2017**

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, 2018 and 2017 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.

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, 2018 and 2017, 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.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Because of the implementation of GASB Statement No. 75, beginning net position on the statements of revenue, expenses and changes in net position has been restated for fiscal year June 30, 2018, as discussed in note 12 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Authority's Report of Audit for the fiscal year ended June 30, 2018, includes certain required supplementary information, including the management's discussion and analysis, schedule of changes in the Authority's total OPEB liability and related ratios, schedule of the Authority's proportionate share of the net OPEB liability, schedule of the Authority's OPEB contributions, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions, and other 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
June 6, 2019

MONROE MUNICIPAL UTILITIES AUTHORITY
 Statements of Net Position
 As of June 30, 2018 and 2017

	2018	2017
<u>ASSETS</u>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 6,191,162.24	\$ 4,757,472.44
Consumer Accounts Receivable	488,050.69	559,874.89
Other Receivables	1,838.17	73.18
Inventory	219,500.33	96,895.33
Prepaid Expenses	93,927.86	166,464.18
	6,994,479.29	5,580,780.02
Restricted Assets:		
Cash and Cash Equivalents	7,102,578.41	7,790,522.88
Due from State of New Jersey	-	72,216.79
	7,102,578.41	7,862,739.67
Total Current Assets	14,097,057.70	13,443,519.69
Noncurrent Assets:		
Capital Assets:		
Completed (Net of Accumulated Depreciation)	35,872,681.18	37,286,250.64
Construction in Progress	503,643.99	281,531.76
	36,376,325.17	37,567,782.40
Total Assets	50,473,382.87	51,011,302.09
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to Pensions	2,606,628.00	3,104,326.00
Related to OPEB	521,391.22	-
Deferred Loss on Defeasance of Debt	81,362.77	108,483.72
Total Deferred Outflows of Resources	3,209,381.99	3,212,809.72

(Continued)

MONROE MUNICIPAL UTILITIES AUTHORITY
 Statements of Net Position
 As of June 30, 2018 and 2017

	2018	2017
<u>LIABILITIES</u>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable - Operations	\$ 367,774.10	\$ 199,097.46
Accounts Payable - Related to Pensions	329,368.00	309,649.00
Payroll Deductions Payable	5,720.17	3.17
Developer Escrow Deposits	99,427.92	87,668.42
Total Current Liabilities Payable from Unrestricted Assets	802,290.19	596,418.05
Current Liabilities Payable from Restricted Assets:		
Revenue Bonds Payable - Current Portion	1,730,000.00	1,635,000.00
Accrued Interest Payable	296,851.87	330,884.27
Other Post Employment Benefits Obligation	182,387.22	-
Contracts Payable	8,165.18	-
Total Current Liabilities Payable from Restricted Assets	2,217,404.27	1,965,884.27
Long-term Liabilities:		
Revenue Bonds Payable	12,303,257.72	14,062,976.63
Other Post Employment Benefits Obligation	9,716,129.00	536,792.53
Related to Pensions	7,780,858.00	9,473,434.00
Accrued Compensated Absences	51,709.24	57,526.08
Total Long-term Liabilities	29,851,953.96	24,130,729.24
Total Liabilities	32,871,648.42	26,693,031.56
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to Pensions	1,655,387.00	131,903.00
Related to OPEB	1,588,112.00	-
Unearned Assessment Revenues	85,054.45	84,417.60
Total Deferred Inflows of Resources	3,328,553.45	216,320.60
<u>NET POSITION</u>		
Net Investment in Capital Assets	23,252,252.81	23,028,850.03
Restricted:		
Bond Resolution Covenants	6,049,564.58	6,055,739.58
Unrestricted (Deficit)	(11,819,254.40)	(1,769,829.96)
Total Net Position	\$ 17,482,562.99	\$ 27,314,759.65

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, 2018 and 2017

	2018	2017
Operating Revenues:		
Service Charges	\$ 11,792,769.99	\$ 12,066,222.74
Connection Fees	769,264.85	369,432.67
Other Operating Revenues	190,659.00	216,430.07
	12,752,693.84	12,652,085.48
Operating Expenses:		
Administration:		
Salaries and Wages	770,668.02	769,387.09
Fringe Benefits	641,242.30	648,458.10
Other Expenses	662,667.32	623,409.59
Cost of Providing Service:		
Salaries and Wages	1,787,142.05	1,795,236.54
Fringe Benefits	1,496,232.04	1,513,068.90
Other Expenses	4,846,962.33	4,786,280.36
Depreciation	1,640,708.56	1,522,939.00
	11,845,622.62	11,658,779.58
Total Operating Expenses	11,845,622.62	11,658,779.58
Operating Income	907,071.22	993,305.90
Non-operating Revenue (Expenses):		
Investment Income	40,107.30	15,174.13
Interest Expense	(591,105.92)	(659,170.63)
Other Non-Operating	-	781.50
Major Repairs and Other Expenses	(30,436.00)	(146,690.46)
Cancel NJDEP Receivables	(72,216.79)	-
	(653,651.41)	(789,905.46)
Total Non-operating Revenue (Expenses)	(653,651.41)	(789,905.46)
Change in Net Position	253,419.81	203,400.44
Net Position July 1	27,314,759.65	27,111,359.21
Restatement (See Note 12)	(10,085,616.47)	-
Net Position July 1, As Restated	17,229,143.18	27,111,359.21
Net Position June 30	\$ 17,482,562.99	\$ 27,314,759.65

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, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 12,824,518.04	\$ 12,848,867.85
Payments to Suppliers	(6,987,971.14)	(6,721,575.25)
Payments to Employees	(2,559,674.90)	(2,621,598.65)
Other Operating Receipts	162,387.61	115,096.07
Net Cash Provided by Operating Activities	<u>3,439,259.61</u>	<u>3,620,790.02</u>
Cash Flows from Noncapital Financing Activities:		
Deferred Assessment Revenues	636.85	201.77
Net Cash Provided by Noncapital Financing Activities	<u>636.85</u>	<u>201.77</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Acquisitions	(471,522.19)	(520,827.87)
Bond Principal	(1,635,000.00)	(1,605,000.00)
Interest Expense	(627,736.24)	(686,724.99)
Net Cash Used in Capital and Related Financing Activities	<u>(2,734,258.43)</u>	<u>(2,812,552.86)</u>
Cash Flows from Investing Activities:		
Interest on Investments	40,107.30	15,174.13
Net Cash Provided by Investing Activities	<u>40,107.30</u>	<u>15,174.13</u>
Net Increase in Cash and Cash Equivalents	745,745.33	823,613.06
Cash and Cash Equivalents -- July 1	<u>12,547,995.32</u>	<u>11,724,382.26</u>
Cash and Cash Equivalents -- June 30	<u>\$ 13,293,740.65</u>	<u>\$ 12,547,995.32</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 907,071.22	\$ 993,305.90
Adjustments to Reconcile Operating Income to Net Cash Net Provided by Operating Activities:		
Depreciation Expense	1,640,708.56	1,522,939.00
GASB 68	348,325.00	659,809.00
GASB 75	342,828.00	-
Change in Assets and Liabilities:		
Change in Consumer Accounts Receivable	71,824.20	196,782.37
Change in Other Accounts Receivable	(1,764.99)	394.82
Change in Inventory	(122,605.00)	171,885.31
Change in Prepaid Expenses	72,536.32	(54,635.43)
Change in Accounts Payable - Operations	168,676.64	49,486.32
Change in Payroll Deductions Payable	5,717.00	(0.86)
Change in Accrued Liabilities	(5,816.84)	71,973.80
Change in Developers' Escrow Deposits	11,759.50	8,849.79
Net Cash Provided from Operating Activities	<u>\$ 3,439,259.61</u>	<u>\$ 3,620,790.02</u>

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

MONROE MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2018 and 2017

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 currently provides water distribution and sewerage collection service to substantially all residences and businesses within 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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the 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 fiscal 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, the annual required contribution for the Authority's Other Postemployment Benefits (OPEB) Plan and the Net Pension Liability (PERS), 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 Statement 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 did not adopt an amending budget resolution during the fiscal 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 fiscal 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.

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 fixed 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 fiscal 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 \$5,000.00 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:

	<u>Years</u>
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 and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

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

Deferred Outflows and Deferred Inflows of Resources (Cont'd)

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources: loss on refunding of debt, unearned assessment revenue, defined benefit pension plans and postemployment benefit plans.

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 is 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 fiscal 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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position (Cont'd)**

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.

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**

For the fiscal year ended June 30, 2018, the Authority adopted Governmental Accounting Standards Board (GASB) 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 cumulative effect of adopting this Statement totaled \$10,085,616.47, and was recognized as a restatement of the Authority's June 30, 2017, net position on the Statements of Revenue, Expenses and Changes in Net Position (see note 12).

Also, the Authority adopted GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement improves 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 adoption of this Statement had no impact on the Authority's financial statements.

Additionally, the Authority adopted Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this Statement had no impact on the Authority's financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Policies (Cont'd)****Recently Issued and Adopted Accounting Pronouncements (Cont'd)**

Lastly, the Authority adopted Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The adoption of this Statement had no impact on the Authority's 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. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The Statement will become effective for the Authority in the fiscal year ending June 30, 2019. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the Authority in the fiscal year ending June 30, 2020. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement will become effective for the Authority in the fiscal year ending June 30, 2021. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement will become effective for the Authority in the fiscal year ending June 30, 2019. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. The Statement will become effective for the Authority in the fiscal year ending June 30, 2021. Management has not yet determined the impact of this Statement on the financial statements.

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

Impact of Recently Issued Accounting Policies (Cont'd)

Recently Issued Accounting Pronouncements (Cont'd)

Statement No. 90, *Major Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement will become effective for the Authority in the fiscal year ending June 30, 2020. Management has not yet determined the impact of this Statement 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 Bond 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 covered below.

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, 2018, 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, 2018, 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, 2018, the balance in the debt service reserve account meets the requirements of the Bond Resolution.

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, 2018, the balance in the renewal and replacement account meets the requirements of the Bond Resolution of \$2,000,000.00.

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.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)

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:

	<u>2018</u>	<u>2017</u>
Operating Revenues:		
Utility Service Charges	\$ 11,792,769.99	\$ 12,066,222.74
Connection Fees	769,264.85	369,432.67
Investments and Miscellaneous Income	<u>230,766.30</u>	<u>232,385.70</u>
Net Revenues	12,792,801.14	12,668,041.11
Operating Expenses:		
Operating Expenses and Capital Outlay	<u>9,544,197.06</u>	<u>9,558,050.65</u>
	3,248,604.08	3,109,990.46
110% on Next Succeeding Year's Annual Debt Service Requirement	<u>2,517,759.74</u>	<u>2,489,009.86</u>
Excess of Revenues	<u>\$ 730,844.34</u>	<u>\$ 620,980.60</u>

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, 2018 and 2017, the Authority's bank balances were exposed to custodial credit risk as follows:

	June 30,	
	<u>2018</u>	<u>2017</u>
Insured by F.D.I.C.	\$ 612,617.21	\$ 682,264.41
Insured and collateralized with securities held by pledging financial institutions	<u>12,944,902.18</u>	<u>11,995,255.05</u>
	<u>\$ 13,557,519.39</u>	<u>\$ 12,677,519.46</u>

Note 3: DETAIL NOTES - ASSETS**Service Fees**

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

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2018	\$ 559,874.89	\$ 11,895,301.59	\$ 11,967,125.79	96.08%
2017	756,657.26	12,214,508.43	12,411,290.80	95.68%
2016	521,242.64	12,107,091.82	11,871,677.20	94.01%

Capital Assets

During the fiscal year ended June 30, 2018, the following changes in Capital Assets occurred:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Land, Plants & Buildings	\$ 24,229,086.53		\$ 11,688.00	\$ 24,217,398.53
Machinery & Equipment	3,800,707.00	\$ 188,653.10	261,757.00	3,727,603.10
Furniture & Fixtures	146,343.00			146,343.00
Mains & Laterals	35,036,219.11	38,486.00	46,788.00	35,027,917.11
Construction in Progress	281,531.76	374,887.13	152,774.90	503,643.99
	<u>63,493,887.40</u>	<u>602,026.23</u>	<u>473,007.90</u>	<u>63,622,905.73</u>
Less:				
Accumulated Depreciation	<u>25,926,105.00</u>	<u>1,640,708.56</u>	<u>320,233.00</u>	<u>27,246,580.56</u>
	<u>\$ 37,567,782.40</u>	<u>\$(1,038,682.33)</u>	<u>\$ 152,774.90</u>	<u>\$ 36,376,325.17</u>

During the fiscal year ended June 30, 2017, the following changes in Capital Assets occurred:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Land, Plants & Buildings	\$ 24,229,086.53			\$ 24,229,086.53
Machinery & Equipment	3,528,774.00	\$ 310,831.00	\$ 38,898.00	3,800,707.00
Furniture & Fixtures	146,343.00			146,343.00
Mains & Laterals	35,036,219.11			35,036,219.11
Construction in Progress	218,348.89	110,526.58	47,343.71	281,531.76
	<u>63,158,771.53</u>	<u>421,357.58</u>	<u>86,241.71</u>	<u>63,493,887.40</u>
Less:				
Accumulated Depreciation	<u>24,442,064.00</u>	<u>1,522,939.00</u>	<u>38,898.00</u>	<u>25,926,105.00</u>
	<u>\$ 38,716,707.53</u>	<u>\$(1,101,581.42)</u>	<u>\$ 47,343.71</u>	<u>\$ 37,567,782.40</u>

Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES**Deferred Loss on 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, 2018, the following changes occurred in long-term obligations:

	Balance July 1, 2017 <u>As Originally Stated</u>	Restatement	Balance July 1, 2017 <u>As Restated</u>	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Bonds and Loans Payable:							
Bonds Payable	\$ 15,565,000.00		\$ 15,565,000.00		\$ (1,635,000.00)	\$ 13,930,000.00	\$ 1,730,000.00
Bond Premiums / Discounts	132,976.63		132,976.63		(29,718.91)	103,257.72	
Total Bonds Payable	15,697,976.63	-	15,697,976.63	-	(1,664,718.91)	14,033,257.72	1,730,000.00
Other Liabilities:							
Net Pension Liability	9,473,434.00		9,473,434.00	\$ 3,067,137.00	(4,759,713.00)	7,780,858.00	
Net OPEB Obligation	536,792.53	\$ 10,085,616.47	10,622,409.00	878,725.22	(1,785,005.22)	9,716,129.00	
Compensated Absences	57,526.08		57,526.08	9,092.40	(14,909.24)	51,709.24	-
Total Other Liabilities	10,067,752.61	10,085,616.47	20,153,369.08	3,954,954.62	(6,559,627.46)	17,548,696.24	-
Total Long Term Liabilities	\$ 25,765,729.24	\$ 10,085,616.47	\$ 35,851,345.71	\$ 3,954,954.62	\$ (8,224,346.37)	\$ 31,581,953.96	\$ 1,730,000.00

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Bonds and Loans Payable:					
Bonds Payable	\$ 17,170,000.00		\$ (1,605,000.00)	\$ 15,565,000.00	\$ 1,635,000.00
Bond Premiums / Discounts	162,695.60		(29,718.97)	132,976.63	
Total Bonds Payable	17,332,695.60	-	(1,634,718.97)	15,697,976.63	1,635,000.00
Other Liabilities:					
Net Pension Liability	7,141,186.00	\$ 4,023,712.00	(1,691,464.00)	9,473,434.00	
Net OPEB Obligation	472,121.14	64,671.39		536,792.53	
Compensated Absences	50,223.67	7,302.41		57,526.08	2,740.55
Total Other Liabilities	7,663,530.81	4,095,685.80	(1,691,464.00)	10,067,752.61	2,740.55
Total Long Term Liabilities	\$ 24,996,226.41	\$ 4,095,685.80	\$ (3,326,182.97)	\$ 25,765,729.24	\$ 1,637,740.55

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

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.

The following schedule reflects the Debt Requirements until 2028.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
	<u>13,930,000.00</u>	<u>\$ 2,478,279.35</u>	<u>\$ 16,408,279.35</u>
Less: Current Maturities	1,730,000.00		
Add: Premium on Bonds	<u>103,257.72</u>		
Long-term Portion	<u>\$ 12,303,257.72</u>		

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**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 \$51,709.24 as of June 30, 2018 and \$57,526.08 as of June 30, 2017.

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 ("DCRP"), 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
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

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' 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' 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 enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, 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 tier 3 enrollment 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 tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the 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 21, 2010 |
| 4 | Members who were eligible to enroll after May 21, 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.

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 nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable 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 seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018 and 7.20% in State fiscal year 2017. 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) was 10% in State fiscal year 2018. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

The Authority's contractually required contribution rate for the fiscal years ended June 30, 2018 and 2017 was 14.64% and 13.55% of the Authority's covered payroll. These amounts were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the fiscal year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Authority's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$329,368.00, and was paid on April 1, 2019. Based on the PERS measurement date of June 30, 2017, the Authority's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$309,649.00, which was paid on April 1, 2018. Employee contributions to the Plan during the fiscal years ended June 30, 2018 and 2017 were \$165,572.18 and \$165,456.48, respectively.

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, the Authority contributes 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, 2018 and 2017, there were no employees participating in DCRP.

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

At June 30, 2018, the Authority's proportionate share of the net pension liability was \$7,780,858.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. 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. For the June 30, 2018 measurement date, the Authority's proportion was .0334252237%, which was an increase of .0014388922% from its proportion measured as of June 30, 2017.

At June 30, 2017, the Authority's proportionate share of the net pension liability was \$9,473,434.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. 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. For the June 30, 2017 measurement date, the Authority's proportion was .0319863315%, which was an increase of .0001742014% from its proportion measured as of June 30, 2016.

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 – PERS (Cont'd)**

For the fiscal years ended June 30, 2018 and 2017, the Authority recognized pension expense of \$657,972.00 and \$943,955.00, respectively. These amounts were based on the plan's June 30, 2018 and 2017 measurement dates, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources - At June 30, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	Measurement Date		Measurement Date	
	June 30, 2017		June 30, 2016	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 183,212.00	\$ -	\$ 176,177.00	\$ -
Changes of Assumptions	1,567,575.00	1,561,828.00	1,962,389.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	52,982.00	-	361,231.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	473,491.00	93,559.00	294,880.00	131,903.00
Authority Contributions Subsequent to the Measurement Date	329,368.00	-	309,649.00	-
	<u>\$ 2,606,628.00</u>	<u>\$ 1,655,387.00</u>	<u>\$ 3,104,326.00</u>	<u>\$ 131,903.00</u>

The deferred outflows of resources related to pensions totaling \$329,368.00 and \$309,649.00 will be included as a reduction of the net pension liability in the fiscal years ended June 30, 2019 and 2018, respectively. This amount is based on an estimated April 1, 2019 and April 1, 2018 contractually required contribution.

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 – PERS (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Authority will amortize the other deferred outflows of resources and deferred inflows of resources related to PERS over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
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	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	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
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

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 – PERS (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2019	\$ 279,921.00
2020	373,158.00
2021	265,652.00
2022	(161,973.00)
2023	(134,885.00)
	<u>\$ 621,873.00</u>

Actuarial Assumptions – PERS

The net pension liability was measured as of June 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015. 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, 2017 and 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2017	Measurement Date June 30, 2016
Inflation	2.25%	3.08%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.65%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2011 - June 30, 2014

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions – PERS (Cont'd)**

For the June 30, 2017 measurement date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For the June 30, 2016 measurement date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65% at June 30, 2016) 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, 2017 and 2016 are summarized in the table on the following page.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions – PERS (Cont'd)**

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2017</u>		<u>Measurement Date</u> <u>June 30, 2016</u>	
	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Public High Yield	2.50%	6.82%	2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
Global Diversified Credit	5.00%	7.10%	5.00%	-0.25%
Credit Oriented Hedge Funds	1.00%	6.60%	12.50%	4.68%
Debt Related Private Equity	2.00%	10.63%	9.00%	12.40%
Debt Related Real Estate	1.00%	6.61%	2.00%	1.67%
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%	2.00%	6.91%
U.S. Equity	30.00%	8.19%	26.00%	8.53%
Non-U.S. Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Commodities			0.50%	5.45%
REIT			5.25%	5.63%
Buyouts/Venture Capital	8.25%	13.08%		
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00%. The respective single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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

Pension Plans (Cont'd)

Actuarial Assumptions – PERS (Cont'd)

Discount Rate (Cont'd) - The discount rate used to measure the total pension liability at June 30, 2016 was 3.98%. The respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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

The following presents the Authority's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, 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, 2018		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Authority's Proportionate Share of the Net Pension Liability	\$ 9,652,682.00	\$ 7,780,858.00	\$ 6,221,396.00

The following presents the Authority's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a discount rate of 3.98%, 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, 2017		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Authority's Proportionate Share of the Net Pension Liability	\$ 11,608,588.00	\$ 9,473,434.00	\$ 7,710,680.00

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****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 the 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 <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan**General Information about the OPEB Plan**

Plan Description and Benefits Provided - The Authority contributes to the State Health Benefits Local Government Retired Employees Plan (the Plan), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****General Information about the OPEB Plan (Cont'd)**

Contributions (Cont'd) - Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The Authority was billed monthly by the Plan and paid \$182,387.22 for the fiscal year ended June 30, 2018, representing 8.11% of the Authority's covered payroll. The amount retirees contributed to the plan for the fiscal year ended June 30, 2018 is not known.

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

OPEB Liability - At June 30, 2018, the Authority's proportionate share of the net OPEB liability was \$8,561,973.00. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017.

The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2016 through June 30, 2017. For the June 30, 2017 measurement date, the Authority's proportion was .041938% which was a decrease of .003354% from its proportion measured as of the June 30, 2016 measurement date.

OPEB Expense - At June 30, 2018, the Authority's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2017 measurement date is \$494,724.00. As previously mentioned, for the fiscal year ended June 30, 2018, the Authority made contributions to the Plan totaling \$182,387.22.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At June 30, 2018, the Authority had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	950,306.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,467.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	-	637,806.00
Authority Contributions Subsequent to the Measurement Date	<u>182,387.22</u>	<u>-</u>
	<u>\$ 183,854.22</u>	<u>\$ 1,588,112.00</u>

The Authority reported \$182,387.22 as deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date and will be included as a reduction of the Authority's net OPEB liability in the fiscal year ending June 30, 2019. The Authority will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	-	8.04
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	8.04	8.04

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

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

Fiscal Year Ending June 30,		
2019	\$	(225,217.00)
2020		(225,217.00)
2021		(225,217.00)
2022		(225,217.00)
2023		(225,584.00)
Thereafter		<u>(460,193.00)</u>
	\$	<u>(1,586,645.00)</u>

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2017 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

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

Certain actuarial assumptions used in the July 1, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions (Cont'd)**

For PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

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

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

The net OPEB liability as of June 30, 2017, the plans measurement date for the Authority, was calculated using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
Authority's Proportionate Share of the Net OPEB Liability	\$ 10,099,102.00	\$ 8,561,973.00	\$ 7,342,287.00

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The Authority's proportionate share of the net OPEB Liability as of June 30, 2017, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	\$ 7,115,250.00	\$ 8,561,973.00	\$ 10,445,774.00

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (the Plan) and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (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 the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided - The Authority has established a postemployment benefit plan to assist retirees in paying for medical coverage. The plan provides family dental and vision, a life insurance policy, and reimbursement of Medicare part B premium, if eligible. No assets are accumulated in a trust. In accordance with GASB Statement 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms - At June 30, 2018, the following employees were covered by the benefit terms:

	<u>June 30, 2018</u>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	10
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	33
Active Employees	43

Contributions - Employees are not required to contribute to the plan.

Net OPEB Liability

The Authority's total OPEB liability of \$1,154,156.00 as of June 30, 2018 was measured as of June 30, 2018. The liabilities were determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Other Inputs - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% Annually
Discount Rate	3.57%
Healthcare Cost Trend Rates	
Medical (Pre-65)	5.00%
Medical (Post-65)	5.00%

The discount rate was based on the 20 year Municipal AA bond rate.

Mortality rates were based on RP-2000 Combined Mortality Table for males and females, as appropriate.

Termination rates were based on the U.S. Office of Personnel Management Federal Employees Retirement System.

An experience study was not performed on the actuarial assumptions used in the June 30, 2018 valuation since the plan had insufficient data to produce a study with credible results. Mortality rates and termination rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

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

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan

Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability for the years ended June 30, 2018:

	<u>June 30, 2018</u>
Balance at Beginning of Year	\$ 786,135.00
Changes for the Year:	
Service Cost	19,026.00
Interest Cost	-
Benefit Payments	(14,506.00)
Actuarial Assumption Changes	275,509.00
Actuarial Demographic Gains / (Losses)	<u>87,992.00</u>
Net Changes	<u>368,021.00</u>
Balance at End of Year	<u>\$ 1,154,156.00</u>

In the fiscal year ended June 30, 2018, there were no changes of benefit terms and the assumption for discount rate changed to 3.57% and mortality rates were updated using the RP-2000 Combined Mortality Table

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>June 30, 2018</u>		
	<u>1.00% Decrease (2.57%)</u>	<u>Current Discount Rate (3.57%)</u>	<u>1.00% Increase (4.57%)</u>
Total OPEB Liability	<u>\$1,407,948.00</u>	<u>\$1,154,156.00</u>	<u>\$ 937,515.00</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>June 30, 2018</u>		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 918,525.00</u>	<u>\$ 1,154,156.00</u>	<u>\$ 1,439,963.00</u>

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the Authority recognized OPEB expense of \$44,990.00. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions or Other Inputs	\$ 255,830.00	\$ -
Changes of Actuarial Gains & Losses	<u>81,707.00</u>	<u>-</u>
	<u>\$ 337,537.00</u>	<u>\$ -</u>

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

Fiscal Year Ending June 30,	
2019	\$ 25,964.00
2020	25,964.00
2021	25,964.00
2022	25,964.00
2023	25,964.00
Thereafter	<u>207,717.00</u>
	<u>\$ 337,537.00</u>

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

Postemployment Benefits Other Than Pensions (OPEB)

At June 30, 2018, the Authority reported deferred outflows of resources, accounts payable, net OPEB liability and deferred inflows of resources related to OPEB from the following sources:

	(Restated) Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>
Deferred Outflows of Resources - Related to OPEB				
State Plan	\$ 156,757.19	\$ 184,062.36	\$ (156,965.33)	\$ 183,854.22
Authority Plan	-	363,501.00	(25,964.00)	337,537.00
	<u>156,757.19</u>	<u>547,563.36</u>	<u>(182,929.33)</u>	<u>521,391.22</u>
Total Deferred Outflows of Resources - Related to OPEB				
	<u>\$ 156,757.19</u>	<u>\$ 547,563.36</u>	<u>\$ (182,929.33)</u>	<u>\$ 521,391.22</u>
Accounts Payable - Related to OPEB				
State Plan	\$ 156,757.19	\$ 182,387.22	\$ (156,757.19)	\$ 182,387.22
Authority Plan	-	-	-	-
	<u>156,757.19</u>	<u>182,387.22</u>	<u>(156,757.19)</u>	<u>182,387.22</u>
Total Accounts Payable - Related to OPEB				
	<u>\$ 156,757.19</u>	<u>\$ 182,387.22</u>	<u>\$ (156,757.19)</u>	<u>\$ 182,387.22</u>
Net OPEB Liability				
State Plan	\$ 9,836,274.00	\$ 496,198.22	\$ (1,770,499.22)	\$ 8,561,973.00
Authority Plan	786,135.00	382,527.00	(14,506.00)	1,154,156.00
	<u>10,622,409.00</u>	<u>878,725.22</u>	<u>(1,785,005.22)</u>	<u>9,716,129.00</u>
Total Net OPEB Liability				
	<u>\$ 10,622,409.00</u>	<u>\$ 878,725.22</u>	<u>\$ (1,785,005.22)</u>	<u>\$ 9,716,129.00</u>
Deferred Inflows of Resources - Related to OPEB				
State Plan	\$ -	\$ 1,813,537.14	\$ (225,425.14)	1,588,112.00
Authority Plan	-	-	-	-
	<u>-</u>	<u>1,813,537.14</u>	<u>(225,425.14)</u>	<u>1,588,112.00</u>
Total Deferred Inflows of Resources - Related to OPEB				
	<u>\$ -</u>	<u>\$ 1,813,537.14</u>	<u>\$ (225,425.14)</u>	<u>\$ 1,588,112.00</u>

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, 2018. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Renewal and Replacement Fund:		
Timber Lake Water Main	\$ 2,411,026.99	\$ 28,632.17
Knights of Columbus Tank Painting - Engineering	23,050.00	2,618.75
Construction Fund:		
Kimberly West Pump Station	741,493.80	629,768.80
Aquifer SR Wells 11 and 14	495,884.95	124,397.21
	<u>\$ 3,671,455.74</u>	<u>\$ 785,416.93</u>

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:

Workers' Compensation and Employer's Liability
 Liability other than Motor Vehicles
 Property Damage other than Motor Vehicles
 Motor Vehicles

Note 10: RISK MANAGEMENT (CONT'D)

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 pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000.00 for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2017, 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.

Note 12: RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

As indicated in note 1 to the financial statements, the Authority adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the year ended June 30, 2018. As a result of implementing this Statement, a restatement of unrestricted net position was required to record the Authority's net OPEB obligation. The cumulative effect on the financial statements as reported for June 30, 2017 is as follows:

	<u>As Previously Reported June 30, 2017</u>	<u>Net OPEB Liability (1)</u>	<u>Deferred Outflows (2)</u>	<u>Accounts Payable (3)</u>	<u>As Restated June 30, 2017</u>
Net Position:					
Net Investment in Capital Assets	\$ 23,028,850.03				\$ 23,028,850.03
Restricted	6,055,739.58				6,055,739.58
Unrestricted (Deficit)	<u>(1,769,829.96)</u>	\$ (10,085,616.47)	\$ 156,757.19	\$ (156,757.19)	<u>(11,855,446.43)</u>
Total Net Position	<u>\$ 27,314,759.65</u>	<u>\$ (10,085,616.47)</u>	<u>\$ 156,757.19</u>	<u>\$ (156,757.19)</u>	<u>\$ 17,229,143.18</u>
State Plan		\$ (9,836,274.00)	\$ 156,757.19	\$ (156,757.19)	
Authority Plan		<u>(249,342.47)</u>	-	-	
		<u>\$ (10,085,616.47)</u>	<u>\$ 156,757.19</u>	<u>\$ (156,757.19)</u>	

- (1) Represents the change in the Authority's Net OPEB Liability as of June 30, 2017
- (2) Represents the Authority's Beginning Deferred Outflow of Resources for Contributions Subsequent to the Measurement Date.
- (3) Represents the Authority's Accounts Payable for Contributions Subsequent to the Measurement Date.
 The State of New Jersey Division of Pensions and Benefits has an Accounts Receivable recorded in the OPEB Plan Audit.

APPENDIX C

Financial Statements of the Township

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Kevin A. Bergeron, CPA
Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of the Township of Monroe, which comprise the balance sheet – regulatory basis of the various funds and account groups as of December 31, 2018 and the related statements of operations and changes in fund balance – regulatory basis, statements of revenues – regulatory basis and the statements of expenditures – regulatory basis, which collectively comprise the Township's basic financial statements. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the 2018 financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is a basis of accounting other than accounting principles generally accepted in the United State of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the financial reporting provisions of the Division. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's assets, liabilities, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

PETRONI & ASSOCIATES LLC

Nick L. Petroni

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

March 15, 2019

CURRENT FUND

EXHIBIT A

BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Balance Dec. 31, 2018
Regular Fund	
Cash - Treasurer	\$ 9,666,609.64
Cash - Change Fund	850.00
	<u>9,667,459.64</u>
Deferred Charges:	
Emergency Appropriation	
Receivables and Other Assets with Full Reserves:	
Delinquent Property Taxes Receivable	1,913,059.51
Tax Title Liens Receivable	1,414,188.07
Property Acquired for Taxes - Assessed Valuation	2,328,000.00
Local Grant Receivable	12,839.96
Revenue Accounts Receivable	244,232.37
Due from Developers Escrow	307.52
	<u>5,912,627.43</u>
Federal and State Grant Fund	
Grants Receivable	425,935.01
Due from Current Fund	403,755.42
	<u>829,690.43</u>
	<u>\$ 16,409,777.50</u>

EXHIBIT A
(Continued)

BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2018
Regular Fund		
Liabilities:		
Appropriation Reserves		\$ 1,524,167.90
Encumbrances Payable		790,384.74
Accounts Payable		12,052.67
Due State of New Jersey - Senior Citizen and Veterans Deductions		61,145.88
Prepaid Taxes		875,773.75
Tax Overpayments		144,087.47
Due State - Marriage License Fees		3,050.00
Due State of New Jersey - DCA Fees		7,508.00
Payroll Taxes Payable		125,966.27
Due County for Added & Omitted Taxes		60,261.47
Reserve for Local Grants		6,038.12
Due Affordable Housing Trust		8,248.56
Due Grant Fund		403,755.42
Reserve for Police Department Evidence		318.44
		<hr/>
		4,022,758.69
Reserve for Receivables		5,912,627.43
Fund Balance		5,644,700.95
		<hr/>
		15,580,087.07
Federal and State Grant Fund		
Reserve for Grants - Appropriated		475,336.44
Encumbrances Payable		354,353.99
		<hr/>
		829,690.43
		<hr/>
		\$ 16,409,777.50
		<hr/> <hr/>

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

Revenue and Other Income Realized	<u>Year 2018</u>
Fund Balance Utilized	\$ 3,750,531.74
Miscellaneous Revenue Anticipated	9,186,769.13
Receipts from Delinquent Taxes	1,820,435.96
Receipts from Current Taxes	94,017,691.45
Non-Budget Revenue	651,584.48
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	1,721,846.93
Encumbrances Payable - Canceled	119,115.15
Prior Year Interfunds Returned	24,750.69
Accounts Payable Canceled	1,770.93
Total Income	<u>111,294,496.46</u>
Expenditures	
Budget Appropriations Within "CAPS"	
Operations:	
Salaries and Wages	14,394,320.00
Other Expenses	13,591,900.00
Deferred Charges and Statutory Expenditures	3,300,000.00
Budget Appropriations Excluded from "CAPS"	
Operations:	
Salaries and Wages	60,000.00
Other Expenses	1,238,689.12
Capital Improvements	959,150.00
Municipal Debt Service	2,609,476.99
Deferred Charges	25,000.00
County Taxes	18,019,546.77
Due County for Added Taxes	60,261.47
Municipal Open Space Tax	81,136.00
Local District School Tax	53,804,137.00
Prior Year Deductions Disallowed	22,008.05
Refund of Prior Year Revenue	3,159.67
Total Expenditures	<u>108,168,785.07</u>
Excess in Revenue	3,125,711.39
Fund Balance	
Balance January 1	<u>6,269,521.30</u>
	9,395,232.69
Decreased by:	
Utilization as Anticipated Revenue	3,750,531.74
Balance December 31	<u>\$ 5,644,700.95</u>

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated		Realized	Excess or (Deficit)
	Budget	Special NJSA 40A:4-87		
Fund Balance Anticipated	\$ 3,750,531.74		\$ 3,750,531.74	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	35,000.00		35,590.00	\$ 590.00
Other	31,000.00		26,420.13	(4,579.87)
Fees and Permits	1,000,000.00		1,198,715.88	198,715.88
Fines and Costs:				
Municipal Court	225,000.00		198,888.41	(26,111.59)
Interest and Costs on Taxes	465,000.00		477,201.32	12,201.32
Interest on Investments and Deposits	70,000.00		75,413.46	5,413.46
Insurance Reimbursements - Ambulance	935,000.00		902,189.16	(32,810.84)
Energy Receipts Tax	4,022,996.00		4,022,996.00	
Garden State Trust Pilot	12,800.00		12,800.00	
Uniform Construction Code Fees	480,000.00		758,630.76	278,630.76
Uniform Fire Safety Act	50,000.00		70,594.33	20,594.33
Franchise Fees - Cable Television	258,808.00		258,808.19	0.19
Engineering Review Fees	13,000.00		11,795.00	(1,205.00)
Payment in Lieu of Taxes	65,000.00		67,502.37	2,502.37
School Resource Officer	180,000.00		180,000.00	
General Capital Surplus	28,000.00		28,000.00	
U Text U Drive U Pay		4,840.00	4,840.00	
NJ Transportation Trust	339,150.00	\$ 270,000.00	609,150.00	
Municipal Alliance Youth Service	26,460.00		26,460.00	
JIF Safety Incentive Program	4,225.00		4,225.00	
JIF Wellness Incentive Program	1,500.00		1,500.00	
JIF Optional Safety Program	4,500.00		4,500.00	
HDSRF-Sanitary Landfill		18,787.00	18,787.00	
CDBG Forest Drive ADA Improvements	50,000.00		50,000.00	
Sustainable NJ		3,150.00	3,150.00	
Clean Communities		70,472.12	70,472.12	
Safe and Secure	60,000.00		60,000.00	
Drive Sober or Get Pulled Over	4,840.00		4,840.00	
Click it or Ticket		3,300.00	3,300.00	
Total Miscellaneous Revenues	8,362,279.00	370,549.12	9,186,769.13	453,941.01
Receipts from Delinquent Taxes	2,000,000.00		1,820,435.96	(179,564.04)
Subtotal General Revenues	14,112,810.74	370,549.12	14,757,736.83	274,376.97
Amount to be Raised by Taxation	23,371,233.10		23,712,414.05	341,180.95
Minimum Library Tax	884,882.90		884,882.90	
Budget Totals	38,368,926.74	370,549.12	39,355,033.78	\$ 615,557.92
Non-Budget Revenue			651,584.48	
	\$ 38,368,926.74	\$ 370,549.12	\$ 40,006,618.26	

STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized Revenue

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 94,017,691.45
Allocated to:	
Municipal Open Space	81,136.00
School and County Taxes	71,883,945.24
	<hr/>
Balance for Support of Municipal Budget Appropriations	22,052,610.21
Add: Appropriation "Reserve for Uncollected Taxes"	2,544,686.74
	<hr/>
	\$ 24,597,296.95
	<hr/> <hr/>
Receipts from Delinquent Taxes:	
Delinquent Tax Collection	\$ 1,745,962.90
Tax Title Liens	74,473.06
	<hr/>
	\$ 1,820,435.96
	<hr/> <hr/>

Analysis of Non-Budget Revenue

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	\$ 276,000.00	\$ 276,000.00	\$ 270,267.56		\$ 5,732.44	
Other Expenses	61,000.00	61,000.00	57,958.22	\$ 2,751.32	290.46	
Mayor and Township Council						
Salaries & Wages						
Mayor	14,100.00	14,100.00	14,099.80		0.20	
Council	60,000.00	60,000.00	59,800.52		199.48	
Other Expenses						
Council	2,000.00	2,000.00	369.00	283.90	1,347.10	
Municipal Clerk						
Salaries & Wages	253,100.00	253,100.00	241,223.38		11,876.62	
Other Expenses	86,000.00	86,000.00	73,918.11	2,701.00	9,380.89	
Elections						
Salaries & Wages	2,600.00	2,600.00	1,233.20		1,366.80	
Other Expenses	25,000.00	25,000.00	24,178.65		821.35	
Financial Administration						
Salaries & Wages	164,300.00	164,300.00	145,314.12		18,985.88	
Other Expenses	72,000.00	72,000.00	56,107.69	50.90	15,841.41	
Audit Services						
Other Expenses	64,000.00	64,000.00	63,849.75		150.25	
Municipal Information Services (MIS)						
Salaries & Wages	144,800.00	144,800.00	135,324.85		9,475.15	
Other Expenses	87,000.00	87,000.00	82,564.76		4,435.24	
Revenue Administration (Tax Collection)						
Salaries & Wages	226,500.00	226,500.00	177,589.75		48,910.25	
Other Expenses	28,000.00	28,000.00	20,463.67	2,347.89	5,188.44	
Director of Real Estate						
Salaries & Wages	6,000.00	6,000.00			6,000.00	
Legal Services & Costs						
Salaries & Wages	6,000.00	6,000.00	5,846.13		153.87	
Other Expenses	430,000.00	520,000.00	443,787.43	35,680.38	40,532.19	
Engineering Services & Costs						
Other Expenses	135,000.00	170,000.00	134,347.25	16,425.00	19,227.75	

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Economic Development						
Other Expenses	20,000.00	20,000.00	7,959.33	6,400.00	5,640.67	
Main Street Committee						
Other Expenses	20,000.00	20,000.00	18,544.57	1,351.95	103.48	
Historical Society (40:48-2)						
Other Expenses	3,000.00	3,000.00	755.00	2,103.00	142.00	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries & Wages	6,000.00	6,000.00	4,615.00		1,385.00	
Other Expenses	131,000.00	171,000.00	158,141.63	879.67	11,978.70	
Zoning Board and Board of Adjustment						
Salaries & Wages	5,000.00	5,000.00	3,910.00		1,090.00	
Other Expenses	23,000.00	30,000.00	16,646.27	750.00	12,603.73	
CODE ENFORCEMENT AND ADMINISTRATION						
Code Enforcement Officer						
Salaries & Wages	282,400.00	272,400.00	250,045.84		22,354.16	
Other Expenses	110,000.00	110,000.00	64,893.82	5,127.53	39,978.65	
INSURANCE						
Insurance Safety Program	12,000.00	12,000.00	5,841.36		6,158.64	
Liability Insurance	540,000.00	540,000.00	510,377.00		29,623.00	
Workmen's Compensation Insurance	840,000.00	840,000.00	840,000.00			
Group Plans for Employees	5,406,000.00	5,246,000.00	5,051,010.58		194,989.42	
Health Insurance Waiver	94,000.00	94,000.00	70,233.24		23,766.76	
PUBLIC SAFETY FUNCTIONS						
Director of Public Safety						
Salaries & Wages	6,000.00	6,000.00	6,000.00			
Police						
Salaries & Wages	7,962,600.00	7,962,600.00	7,881,712.21		80,887.79	
Other Expenses	545,000.00	545,000.00	515,097.60	29,876.78	25.62	
Office of Emergency Management						
Salaries & Wages	63,000.00	63,000.00	57,884.25		5,115.75	
Other Expenses	16,000.00	16,000.00	9,115.02	5,418.46	1,466.52	
First Aid Organization - Ambulances						
Monroe Township Ambulance	64,000.00	64,000.00	35,548.20	8,773.22	19,678.58	

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Fire						
Other Expenses						
Fire Hydrant Service	45,000.00	45,000.00	45,000.00			
Cecil Fire Company	64,000.00	64,000.00	42,404.71	16,785.54	4,809.75	
Williamstown Fire Company	85,000.00	85,000.00	35,239.32	48,569.41	1,191.27	
Uniform Fire Safety Act (P.L. 1983, C383)						
Salaries & Wages	85,000.00	85,000.00	75,633.04		9,366.96	
Other Expenses	10,000.00	10,000.00	2,921.00	109.09	6,969.91	
Ambulance						
Salaries & Wages	445,600.00	490,600.00	482,344.72		8,255.28	
Other Expenses	178,000.00	178,000.00	152,092.00	3,571.78	22,336.22	
Prosecutor						
Salaries & Wages	30,000.00	30,000.00	30,000.00			
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	948,900.00	863,900.00	725,745.29		138,154.71	
Other Expenses	36,000.00	36,000.00	27,898.00	7,300.52	801.48	
Snow Removal						
Other Expenses	80,000.00	80,000.00	80,000.00			
Garbage & Trash Removal						
Salaries & Wages	1,320,400.00	1,250,400.00	1,116,934.34		133,465.66	
Other Expenses	5,000.00	5,000.00	4,737.00	263.00		
Public Buildings & Grounds						
Salaries & Wages	403,800.00	403,800.00	378,282.16		25,517.84	
Other Expenses	157,000.00	157,000.00	108,259.14	34,631.18	14,109.68	
Vehicle Maintenance						
Salaries & Wages	372,000.00	372,000.00	307,142.42		64,857.58	
Other Expenses	510,000.00	510,000.00	364,837.11	140,557.71	4,605.18	
Community Services Act						
Condominium Trash Services	235,000.00	235,000.00	175,171.32	4,194.00	55,634.68	

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health)						
Salaries & Wages	65,100.00	65,100.00	63,034.80		2,065.20	
Other Expenses	3,000.00	3,000.00	1,194.76	312.17	1,493.07	
Environmental Commission (40:56A et seq.)						
Salaries & Wages	700.00	700.00	120.00		580.00	
Other Expenses	2,000.00	2,000.00	906.84		1,093.16	
RECREATION FUNCTIONS						
Parks & Recreation						
Salaries & Wages	501,100.00	501,100.00	471,039.08		30,060.92	
Other Expenses	72,000.00	72,000.00	70,909.43	1,080.98	9.59	
Community Center						
Salaries & Wages	45,400.00	45,400.00	45,041.20		358.80	
Other Expenses	4,000.00	4,000.00	2,839.52	303.23	857.25	
Community Transportation Service						
Salaries & Wages	89,000.00	89,000.00	82,516.59		6,483.41	
Other Expenses	400.00	400.00			400.00	
Senior Citizen Center						
Salaries & Wages	720.00	720.00			720.00	
Other Expenses	8,500.00	8,500.00	5,486.77	1,750.00	1,263.23	
OTHER COMMON OPERATING FUNCTIONS						
Accumulated Absence Management	100,000.00	100,000.00	100,000.00			
Celebration of Public Event						
Anniversary or Holiday						
Other Expenses	64,000.00	64,000.00	57,822.42	5,474.80	702.78	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	305,000.00	305,000.00	208,143.96	8,840.65	88,015.39	
Street Lighting	610,000.00	610,000.00	503,953.88	24,811.36	81,234.76	
Telephone and Telegraph	130,000.00	130,000.00	126,007.97	1,260.38	2,731.65	
Natural Gas	105,000.00	105,000.00	74,530.41	3,523.31	26,946.28	
Fuel Oil						
Gasoline	410,000.00	410,000.00	370,887.23	39,112.77	0.00	
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Gloucester County Landfill						
Other Expenses	1,350,000.00	1,430,000.00	1,277,229.47	131,712.25	21,058.28	

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	305,600.00	305,600.00	281,501.24		24,098.76	
Other Expenses	28,000.00	28,000.00	20,419.87	524.76	7,055.37	
Public Defender						
Other Expenses	15,000.00	15,000.00	9,747.00		5,253.00	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)						
State Uniform Construction Code						
Construction Official						
Salaries & Wages	412,600.00	422,600.00	409,176.76		13,423.24	
Other Expenses	56,000.00	74,000.00	38,063.80	29,129.00	6,807.20	
Total Operations within "CAPS"	<u>27,986,220.00</u>	<u>27,986,220.00</u>	<u>25,891,789.33</u>	<u>624,738.89</u>	<u>1,469,691.78</u>	
Detail:						
Salaries & Wages	14,504,320.00	14,394,320.00	13,723,378.25		670,941.75	
Other Expenses	13,481,900.00	13,591,900.00	12,168,411.08	624,738.89	798,750.03	
DEFERRED CHARGES						
Emergency Authorization	150,000.00	150,000.00	150,000.00			
STATUTORY EXPENDITURES						
Contribution to:						
Public Employees' Retirement System	760,000.00	760,000.00	753,698.14		6,301.86	
Social Security System (OASI)	630,000.00	630,000.00	600,051.50		29,948.50	
Unemployment Compensation Insurance	15,000.00	15,000.00	15,000.00			
Deferred Compensation Retirement System	15,000.00	15,000.00	10,939.33		4,060.67	
PERS - Delayed Enrollment						
Police and Firemen's Retirement System of NJ	1,730,000.00	1,730,000.00	1,719,541.00		10,459.00	
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>3,300,000.00</u>	<u>3,300,000.00</u>	<u>3,249,229.97</u>		<u>50,770.03</u>	
Total General Appropriations for Municipal Purposes within "CAPS"	<u>31,286,220.00</u>	<u>31,286,220.00</u>	<u>29,141,019.30</u>	<u>624,738.89</u>	<u>1,520,461.81</u>	
PUBLIC SAFETY FUNCTIONS						
Length of Service Awards Program (P.L. 1997, c. 388)	160,000.00	160,000.00		160,000.00		

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	830,000.00	830,000.00	830,000.00			
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Recycling Tax						
Other Expenses	50,000.00	50,000.00	42,593.91	3,700.00	3,706.09	
Total Other Operations - Excluded from "CAPS"	1,040,000.00	1,040,000.00	872,593.91	163,700.00	3,706.09	
PUBLIC AND PRIVATE PROGRAMS						
OFF-SET BY REVENUES						
U Text U Drive U Pay		4,840.00	4,840.00			
Municipal Alliance Youth Service	33,075.00	33,075.00	33,075.00			
JIF Safety Incentive Program	4,225.00	4,225.00	4,225.00			
JIF Wellness Incentive Program	1,500.00	1,500.00	1,500.00			
JIF Optional Safety Program	4,500.00	4,500.00	4,500.00			
Clean Communities		70,472.12	70,472.12			
Click it or Ticket		3,300.00	3,300.00			
Drive Sober or Get Pulled Over	4,840.00	4,840.00	4,840.00			
HDSRF-Sanitary Landfill		18,787.00	18,787.00			
Sustainable NJ		3,150.00	3,150.00			
CDBG Forest Drive ADA Improvements	50,000.00	50,000.00	50,000.00			
Safe and Secure	60,000.00	60,000.00	60,000.00			
Matching Funds for Grants	14,000.00	14,000.00				\$ 14,000.00
Total Operations Excluded from "CAPS"	1,212,140.00	1,312,689.12	1,131,283.03	163,700.00	3,706.09	14,000.00
Detail:						
Salaries and Wages	60,000.00	60,000.00	60,000.00			
Other Expenses	1,152,140.00	1,252,689.12	1,071,283.03	163,700.00	3,706.09	14,000.00
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	350,000.00	350,000.00	350,000.00			
State and Federal Programs - Offset with Revenues:						
NJ Transportation Trust Fund Authority Act	339,150.00	609,150.00	609,150.00			
Total Capital Improvements Excluded from "CAPS"	689,150.00	959,150.00	959,150.00			

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Bond Principal	1,820,000.00	1,820,000.00	1,820,000.00			
Payment of Notes	215,000.00	215,000.00	215,000.00			
Interest on Bonds	183,000.00	183,000.00	182,962.50			37.50
Interest on Notes	99,930.00	99,930.00	99,647.74			282.26
Green Trust Loan Repayments - Principal & Interest	17,500.00	17,500.00	16,720.23			779.77
Capital Lease Obligations						
Principal	250,000.00	250,000.00	250,000.00			
Interest	26,300.00	26,300.00	25,146.52			1,153.48
Total Municipal Debt Service Excluded From "CAPS"	<u>2,611,730.00</u>	<u>2,611,730.00</u>	<u>2,609,476.99</u>			<u>2,253.01</u>
DEFERRED CHARGES EXCLUDED FROM CAPS						
Deferred Charges to Future Taxation-Unfunded Ordinance 13-2017	25,000.00	25,000.00	25,000.00			
Total Deferred Charges Excluded from "CAPS"	<u>25,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,538,020.00</u>	<u>4,908,569.12</u>	<u>4,724,910.02</u>	163,700.00	3,706.09	16,253.01
Subtotal General Appropriations	35,824,240.00	36,194,789.12	33,865,929.32	788,438.89	1,524,167.90	16,253.01
RESERVE FOR UNCOLLECTED TAXES	<u>2,544,686.74</u>	<u>2,544,686.74</u>	<u>2,544,686.74</u>			
TOTAL GENERAL APPROPRIATIONS	<u><u>\$ 38,368,926.74</u></u>	<u><u>\$ 38,739,475.86</u></u>	<u><u>\$ 36,410,616.06</u></u>	<u><u>\$ 788,438.89</u></u>	<u><u>\$ 1,524,167.90</u></u>	<u><u>\$ 16,253.01</u></u>
Budget		\$ 38,368,926.74				
Appropriations by 40A:4-87		370,549.12				
		<u><u>\$ 38,739,475.86</u></u>				
Reserve for Federal and State Grants			\$ 857,614.12			
Reserve for Uncollected Taxes			2,544,686.74			
Reserve for Local Grants			10,225.00			
Deferred Charges			150,000.00			
Disbursed			32,848,090.20			
			<u><u>\$ 36,410,616.06</u></u>			

TRUST FUND

EXHIBIT B

BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	<u>Balance Dec. 31, 2018</u>
ASSETS	
Trust Fund	
Cash - Treasurer	\$ 4,108,417.41
Off-Duty Police Receivables	53,612.72
Due from Current Fund	8,248.56
	<u>4,170,278.69</u>
LOSAP (Unaudited)	
Investment	<u>1,893,248.17</u>
Escrow Trust Fund	
Cash - Treasurer	1,070,155.01
	<u>1,070,155.01</u>
	<u><u>\$ 7,133,681.87</u></u>

EXHIBIT B
(Continued)

BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Balance Dec. 31, 2018
LIABILITIES, RESERVES, AND FUND BALANCE	
Trust Fund	
Encumbrances Payable	\$ 245,102.69
Due Current Fund	
Due State of NJ	
Reserve for Dog Fund Expenditures	38,152.10
Reserve for Intersection/Road Improvements	
Reserve for Forfeited Funds	119,932.49
Reserve for Off-Duty Police Fees	46,071.00
Deposits for Redemption of Tax Sale Certificates	
Reserve for Tax Sale Premiums	597,200.00
Reserve for Parks and Recreation	343,609.67
Reserve for Public Defender Fees	14,872.97
Reserve for POAA Fees	1,219.67
Reserve for Recycling Fees	140,690.65
Reserve for Sidewalk Trust Fund	104,817.07
Reserve for Storm Recovery	152,799.30
Reserve for Accumulated Absences	100,000.00
Reserve for Basin Maintenance Trust	115,174.39
Reserve for Municipal Open Space	1,549,905.04
Reserve for Affordable Housing	496,964.60
Reserve for Unemployment Compensation	77,433.37
Reserve for Police Donations	10,000.65
Reserve for Municipal Alliance Donations	
Reserve for Historical Society Donations	8,660.55
Reserve for Community Activities and Events	5,816.48
Reserve for Main Street Committee Donations	1,356.00
Reserve for Environmental Commission Donations	500.00
	<u>4,170,278.69</u>
LOSAP (unaudited)	
Reserve for LOSAP Benefits	<u>1,893,248.17</u>
Escrow Trust Fund	
Encumbrances Payable	29,276.00
Due to Current Fund	307.52
Reserve for Developers Escrow	1,040,571.49
	<u>1,070,155.01</u>
	<u><u>\$ 7,133,681.87</u></u>

GENERAL CAPITAL FUND

EXHIBIT C

BALANCE SHEET - GENERAL CAPITAL - REGULATORY BASIS

	Balance Dec. 31, 2018
ASSETS	
Cash	\$ 1,289,184.89
Grants Receivable	460,000.00
Amount to be Provided by Lease Payments	840,000.00
Deferred Charges to Future Taxation:	
Funded	6,159,278.95
Unfunded	14,041,452.00
	<u>\$ 22,789,915.84</u>
LIABILITIES, RESERVES, AND FUND BALANCE	
Serial Bonds Payable	\$ 6,110,000.00
Loan Payable - Green Trust	49,278.95
Bond Anticipation Notes Payable	6,931,452.00
Encumbrances Payable	2,365,796.19
Obligations Under Capital Lease	840,000.00
Capital Improvement Fund	6,265.63
Reserve for Payment of Bonds	21,352.28
Improvement Authorizations:	
Funded	570,559.95
Unfunded	5,853,816.60
Fund Balance	41,394.24
	<u>\$ 22,789,915.84</u>

STATEMENT OF FUND BALANCE - REGULATORY BASIS

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

GENERAL FIXED ASSETS ACCOUNT GROUP

EXHIBIT D

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

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

PETRONI & ASSOCIATES LLC

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MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

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, 2017 and 2016, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, 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, 2017 and 2016, 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 \$1,758,112.17 and \$1,574,411.06 for 2017 and 2016, 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, 2017 and 2016, 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, 2017, 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 29, 2018, 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

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

June 29, 2018

CURRENT FUND

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Regular Fund			
Cash - Treasurer	A-4	\$ 11,121,233.81	\$ 8,709,581.53
Cash - Change Fund	A-5	850.00	850.00
		<u>11,122,083.81</u>	<u>8,710,431.53</u>
Deferred Charges:			
Emergency Appropriation	A-3	<u>150,000.00</u>	
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	1,832,657.75	2,004,253.24
Tax Title Liens Receivable	A-7	1,226,703.22	992,308.40
Property Acquired for Taxes - Assessed Valuation	A-8	2,033,900.00	2,033,900.00
Local Grant Receivable	A-9	12,000.00	10,500.00
Revenue Accounts Receivable	A-10	13,510.45	13,765.77
Assessments Receivable		48,362.19	23,773.48
Due from General Capital Fund			95,031.76
Due from Animal Control Trust Fund	B	20,567.64	25,402.00
		<u>5,187,701.25</u>	<u>5,198,934.65</u>
Federal and State Grant Fund			
Grants Receivable	A-16	105,440.51	350,152.00
Due from Current Fund	A	113,859.81	12,359.25
		<u>219,300.32</u>	<u>362,511.25</u>
		<u>\$ 16,679,085.38</u>	<u>\$ 14,271,877.43</u>

EXHIBIT A
(Continued)

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-12	\$ 1,953,026.89	\$ 1,104,799.39
Encumbrances Payable	A-13	675,123.43	873,713.86
Accounts Payable		15,458.30	10,427.12
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-11	67,792.43	66,023.33
Prepaid Taxes	A-4	1,853,142.35	679,903.15
Tax Overpayments		95,088.29	208,845.77
Due State - Marriage License Fees		1,700.00	975.00
Due State of New Jersey - DCA Fees		2,098.00	12,632.00
Payroll Taxes Payable		132,842.63	136,727.55
Due County for Added & Omitted Taxes	A-6	51,645.81	63,740.97
Reserve for Local Grants	A-15	40,766.13	36,463.70
Due Monroe MUA			1,835.74
Due Open Space Trust			79,778.00
Due Grant Fund	A	113,859.81	12,359.25
Reserve for Police Department Evidence		18.44	98.44
		<u>5,002,562.51</u>	<u>3,288,323.27</u>
Reserve for Receivables		5,187,701.25	5,198,934.65
Fund Balance	A-1	6,269,521.30	5,422,108.26
		<u>16,459,785.06</u>	<u>13,909,366.18</u>
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-17	206,336.02	353,444.95
Encumbrances Payable	A-13	12,964.30	9,066.30
		<u>219,300.32</u>	<u>362,511.25</u>
		<u>\$ 16,679,085.38</u>	<u>\$ 14,271,877.43</u>

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

Revenue and Other Income Realized	Ref.	Year 2017	Year 2016
Fund Balance Utilized	A-2	\$ 3,510,000.00	\$ 3,050,000.00
Miscellaneous Revenue Anticipated	A-2	8,926,891.44	8,411,553.15
Receipts from Delinquent Taxes	A-2	1,897,042.99	2,126,403.05
Receipts from Current Taxes	A-2	92,295,798.05	90,848,081.99
Non-Budget Revenue	A-2	1,944,143.94	1,474,044.09
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	987,591.30	1,150,759.35
Encumbrances Payable - Canceled	A-13	137,353.71	129,060.32
Prior Year Interfunds Returned		95,031.76	
Grant Reserve Balance Canceled			82,980.63
Total Income		<u>109,793,853.19</u>	<u>107,272,882.58</u>
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	14,657,920.00	13,987,820.00
Other Expenses	A-3	13,471,900.00	13,248,900.00
Deferred Charges and Statutory Expenditures	A-3	2,826,000.00	2,732,000.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	60,000.00	60,000.00
Other Expenses	A-3	1,230,489.22	1,396,634.39
Capital Improvements	A-3	150,000.00	100,000.00
Municipal Debt Service	A-3	2,523,710.39	2,423,185.12
Deferred Charges	A-3	50,000.00	
County Taxes	A-6	17,735,743.95	17,696,296.83
Due County for Added Taxes	A-6	51,645.81	63,740.97
Municipal Open Space Tax	A-6	79,997.00	79,778.00
Local District School Tax	A-14	52,716,650.00	51,367,879.00
Grant Receivables Canceled	A-16		96,772.39
Interfund Loan Advanced		11,620.33	97,466.82
Prior Year Deductions Disallowed	A-11	11,406.17	12,322.70
Refund of Prior Year Revenue	A-4	9,357.30	
Total Expenditures		<u>105,586,440.17</u>	<u>103,362,796.22</u>
Excess in Revenue		4,207,413.02	3,910,086.36
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	150,000.00	
Statutory Excess to Fund Balance		4,357,413.02	
Fund Balance			
Balance January 1	A	5,422,108.28	4,562,021.92
		<u>9,779,521.30</u>	<u>8,472,108.28</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	3,510,000.00	3,050,000.00
Balance December 31	A	<u>\$ 6,269,521.30</u>	<u>\$ 5,422,108.28</u>

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 3,510,000.00		\$ 3,510,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	35,000.00		35,840.00	\$ 840.00
Other	A-10	25,000.00		31,608.13	6,608.13
Fees and Permits	A-10	800,000.00		1,666,165.46	866,165.46
Fines and Costs:					
Municipal Court	A-10	216,000.00		227,715.29	11,715.29
Interest and Costs on Taxes	A-10	490,000.00		478,791.42	(11,208.58)
Interest on Investments and Deposits	A-10	70,000.00		71,213.32	1,213.32
Insurance Reimbursements - Ambulance	A-10	890,000.00		939,568.71	49,568.71
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	450,000.00		559,886.50	109,886.50
Uniform Fire Safety Act	A-10	50,000.00		53,433.41	3,433.41
Franchise Fees - Cable Television	A-10	254,328.00		254,328.13	0.13
Engineering Review Fees	A-10	20,000.00		13,010.00	(6,990.00)
Payment in Lieu of Taxes	A-10	75,000.00		67,660.85	(7,339.15)
Basin Maintenance Trust	A-10	25,000.00		25,000.00	
School Resource Officer	A-10	180,000.00		180,000.00	
General Capital Surplus	A-10	28,000.00		28,000.00	
U Text U Drive U Pay	A-16		\$ 4,180.00	4,180.00	
Municipal Alliance Youth Service	A-16		26,460.00	26,460.00	
Body Armor Replacement Grant	A-16		5,963.47	5,963.47	
JIF Safety Incentive Program	A-9		10,225.00	10,225.00	
Walmart Community Grant	A-9		4,500.00	4,500.00	
CDBG Pfeiffer Center	A-16	50,000.00		50,000.00	
Drunk Driving Enforcement Fund	A-16		5,905.30	5,905.30	
Bullet Proof Vest	A-16		7,900.51	7,900.51	
Green Communities	A-16	3,000.00		3,000.00	
Clean Communities	A-16		73,659.94	73,659.94	
Safe and Secure	A-16	60,000.00		60,000.00	
Drive Sober or Get Pulled Over	A-16	4,000.00		4,000.00	
Drive Sober Labor Day			3,080.00	3,080.00	
Total Miscellaneous Revenues		7,761,124.00	141,874.22	8,926,891.44	1,023,893.22
Receipts from Delinquent Taxes	A-2	2,150,000.00		1,897,042.99	(252,957.01)
Subtotal General Revenues		13,421,124.00	141,874.22	14,333,934.43	770,936.21
Amount to be Raised by Taxation	A-2	23,039,190.72		23,484,870.99	445,680.27
Minimum Library Tax	A-2	876,890.28		876,890.28	
Budget Totals		37,337,205.00	141,874.22	38,695,695.70	\$ 1,216,616.48
Non-Budget Revenue	A-2			1,944,143.94	
		\$ 37,337,205.00	\$ 141,874.22	\$ 40,639,839.64	
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	\$ 92,295,798.05
Allocated to:		
Municipal Open Space	A-6	79,997.00
School and County Taxes	A-6	70,504,039.76
		<hr/>
Balance for Support of Municipal Budget Appropriations		21,711,761.29
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	2,650,000.00
	A-2	<hr/> <hr/>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6	\$ 1,780,603.89
Tax Title Liens	A-7	116,439.10
	A-2	<hr/> <hr/>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Refunds	A-10	\$ 3,462.82
Insurance Dividends	A-10	1,554,528.49
Ads on Bus Shelters	A-10	1,265.60
Inspection Violations	A-10	9,171.75
Tax Map Maintenance	A-10	490.00
Administrative Fees Off-Duty Police	A-10	72,638.75
Senior Citizen and Vet Administrative Fee	A-10	7,348.12
Street Opening Restorations	A-10	300.00
Miscellaneous	A-10	12,287.13
Hotel/Motel Tax Revenue	A-10	54,072.18
Disability Reimbursement	A-10	18,355.00
Demolition/Boarding Up	A-10	6,696.97
Excess Dog Fees	A-10	25,402.00
Sale of Municipal Assets	A-10	178,125.13
	A-2	<hr/> <hr/>

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 270,600.00	\$ 270,600.00	\$ 267,809.13		\$ 2,790.87
Other Expenses	53,000.00	58,000.00	54,212.48	\$ 3,712.85	74.67
Mayor and Township Council					
Salaries & Wages					
Mayor	14,100.00	14,100.00	14,100.00		
Council	60,000.00	60,000.00	59,800.56		199.44
Other Expenses					
Council	2,000.00	2,000.00	1,786.00		214.00
Municipal Clerk					
Salaries & Wages	271,100.00	274,100.00	272,200.89		1,899.11
Other Expenses	79,000.00	84,000.00	80,107.13	2,108.63	1,784.24
Elections					
Salaries & Wages	2,600.00	2,600.00	1,916.67		683.33
Other Expenses	24,000.00	24,000.00	23,736.65		263.35
Financial Administration					
Salaries & Wages	160,700.00	160,700.00	142,657.56		18,042.44
Other Expenses	71,000.00	71,000.00	56,895.37	358.44	13,746.19
Audit Services					
Other Expenses	63,000.00	63,000.00	62,843.75		156.25
Municipal Information Services (MIS)					
Salaries & Wages	134,600.00	134,600.00	133,087.53		1,512.47
Other Expenses	87,000.00	87,000.00	79,941.82	733.38	6,324.80
Revenue Administration (Tax Collection)					
Salaries & Wages	229,600.00	229,600.00	205,250.85		24,349.15
Other Expenses	25,000.00	28,000.00	25,249.30	114.17	2,636.53

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Director of Real Estate						
Salaries & Wages	6,000.00	6,000.00			6,000.00	
Legal Services & Costs						
Salaries & Wages	6,000.00	6,000.00	4,000.10		1,999.90	
Other Expenses	405,000.00	445,000.00	426,713.09	1,700.00	16,586.91	
Engineering Services & Costs						
Other Expenses	135,000.00	135,000.00	103,360.03	2,660.00	28,979.97	
Economic Development						
Other Expenses	20,000.00	20,000.00	11,857.31	7,825.00	317.69	
Main Street Committee						
Other Expenses	20,000.00	20,000.00	4,148.62	15,358.24	493.14	
Historical Society (40:48-2)						
Other Expenses	3,000.00	3,000.00	133.00	2,250.00	617.00	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries & Wages	125,400.00	97,400.00	49,892.14		47,507.86	
Other Expenses	66,000.00	71,000.00	56,142.07	14,857.17	0.76	
Zoning Board and Board of Adjustment						
Salaries & Wages	5,000.00	5,000.00	3,185.00		1,815.00	
Other Expenses	18,000.00	23,000.00	14,145.04	7,572.68	1,282.28	
CODE ENFORCEMENT AND ADMINISTRATION						
Code Enforcement Officer						
Salaries & Wages	97,000.00	104,000.00	102,037.15		1,962.85	
Other Expenses	40,000.00	140,000.00	74,749.23	39,588.98	25,661.79	
INSURANCE						
Insurance Safety Program	12,000.00	12,000.00	5,990.52		6,009.48	
Liability Insurance	580,000.00	580,000.00	556,066.00		23,934.00	
Workmen's Compensation Insurance	880,000.00	880,000.00	880,000.00			
Group Plans for Employees	5,665,000.00	5,545,000.00	5,201,797.97		343,202.03	
Health Insurance Waiver	50,000.00	50,000.00	22,800.00		27,200.00	

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC SAFETY FUNCTIONS						
Director of Public Safety						
Salaries & Wages	6,000.00	6,000.00	6,000.00			
Police						
Salaries & Wages	8,081,300.00	8,081,300.00	7,728,195.73		353,104.27	
Other Expenses	508,000.00	508,000.00	483,927.96	24,064.06	7.98	
Office of Emergency Management						
Salaries & Wages	60,700.00	63,700.00	62,246.66		1,453.34	
Other Expenses	15,000.00	15,000.00	8,348.84	6,650.72	0.44	
First Aid Organization - Ambulances						
Monroe Township Ambulance	60,000.00	63,000.00	58,747.20	4,150.80	102.00	
Fire						
Other Expenses						
Fire Hydrant Service	45,000.00	45,000.00	45,000.00			
Cecil Fire Company	63,000.00	63,000.00	33,916.85	21,371.11	7,712.04	
Williamstown Fire Company	83,000.00	83,000.00	73,289.15	9,710.58	0.27	
Uniform Fire Safety Act (P.L. 1983, C383)						
Salaries & Wages	85,000.00	85,000.00	73,446.92		11,553.08	
Other Expenses	10,000.00	10,000.00	3,835.44	2,962.19	3,202.37	
Ambulance						
Salaries & Wages	435,100.00	435,100.00	385,969.54		49,130.46	
Other Expenses	123,000.00	136,000.00	121,059.13	4,352.84	10,588.03	
Prosecutor						
Salaries & Wages	30,000.00	30,000.00	27,692.40		2,307.60	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	954,100.00	954,100.00	796,267.16		157,832.84	
Other Expenses	35,000.00	35,000.00	23,571.96	8,889.05	2,538.99	
Snow Removal						
Other Expenses	80,000.00	80,000.00	80,000.00			

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Garbage & Trash Removal					
Salaries & Wages	1,344,600.00	1,344,600.00	1,181,796.52		162,803.48
Other Expenses	5,000.00	5,000.00	4,056.68		943.32
Public Buildings & Grounds					
Salaries & Wages	417,600.00	417,600.00	381,624.77		35,975.23
Other Expenses	147,000.00	157,000.00	126,905.81	23,237.22	6,856.97
Vehicle Maintenance					
Salaries & Wages	386,000.00	386,000.00	327,899.91		58,100.09
Other Expenses	510,000.00	510,000.00	421,683.51	76,280.49	12,036.00
Community Services Act					
Condominium Trash Services	220,000.00	230,000.00	184,917.83	35,621.89	9,460.28
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health)					
Salaries & Wages	63,700.00	63,700.00	62,914.84		785.16
Other Expenses	3,000.00	3,000.00	1,663.57	261.12	1,075.31
Environmental Commission (40:56A et seq.)					
Salaries & Wages	700.00	700.00	120.00		580.00
Other Expenses	2,000.00	2,000.00	1,080.00		920.00
RECREATION FUNCTIONS					
Parks & Recreation					
Salaries & Wages	487,500.00	487,500.00	454,961.53		32,538.47
Other Expenses	71,000.00	71,000.00	52,672.86	17,844.43	482.71
Community Center					
Salaries & Wages	44,600.00	44,600.00	42,699.15		1,900.85
Other Expenses	4,000.00	4,000.00	3,020.44	69.18	910.38
Community Transportation Service					
Salaries & Wages	87,000.00	87,000.00	82,145.72		4,854.28
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	3,025.00	2,240.60	2,234.40

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
OTHER COMMON OPERATING FUNCTIONS						
Accumulated Absence Management	75,000.00	75,000.00	75,000.00			
Celebration of Public Event Anniversary or Holiday Other Expenses	53,000.00	53,000.00	50,603.88	1,750.48	645.64	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	305,000.00	305,000.00	231,030.89		73,969.11	
Street Lighting	610,000.00	610,000.00	499,600.45	9,070.43	101,329.12	
Telephone and Telegraph	113,000.00	128,000.00	117,086.81	4,319.25	6,593.94	
Natural Gas	105,000.00	105,000.00	59,699.41	12,985.85	32,314.74	
Fuel Oil	4,000.00	4,000.00			4,000.00	
Gasoline	410,000.00	410,000.00	305,333.78	44,666.22	60,000.00	
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Gloucester County Landfill Other Expenses	1,264,000.00	1,264,000.00	1,118,251.81	99,706.75	46,041.44	
MUNICIPAL COURT FUNCTIONS						
Municipal Court Salaries & Wages Other Expenses	314,500.00	314,500.00	285,144.00		29,356.00	
Public Defender Other Expenses	28,000.00	28,000.00	18,776.76	2,827.64	6,395.60	
	15,000.00	15,000.00	10,833.30	2,166.66	2,000.04	

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	476,100.00	491,100.00	487,188.47	3,260.00	651.53
Other Expenses	56,000.00	106,000.00	94,198.07	3,564.29	8,237.64
Total Operations within "CAPS"	27,985,820.00	28,129,820.00	25,696,063.67	520,863.39	1,912,892.94
Detail:					
Salaries & Wages	14,657,920.00	14,657,920.00	13,642,250.90	3,260.00	1,012,409.10
Other Expenses	13,327,900.00	13,471,900.00	12,053,812.77	517,603.39	900,483.84
STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	694,000.00	694,000.00	693,918.12		81.88
Social Security System (OASI)	620,000.00	620,000.00	589,422.51		30,577.49
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00		
Deferred Compensation Retirement System	5,000.00	11,000.00	6,869.98		4,130.02
PERS - Delayed Enrollment	10,000.00	10,000.00	10,000.00		
Police and Firemen's Retirement System of NJ	1,481,000.00	1,481,000.00	1,480,583.00		417.00
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	2,820,000.00	2,826,000.00	2,790,793.61		35,206.39
Total General Appropriations for Municipal Purposes within "CAPS"	30,805,820.00	30,955,820.00	28,486,857.28	520,863.39	1,948,099.33
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (P.L. 1997, c. 388)	150,000.00	150,000.00		150,000.00	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	825,000.00	825,000.00	825,000.00		

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Recycling Tax						
Other Expenses	50,000.00	50,000.00	41,472.44	3,600.00	4,927.56	
Total Other Operations - Excluded from "CAPS"	<u>1,025,000.00</u>	<u>1,025,000.00</u>	<u>866,472.44</u>	<u>153,600.00</u>	<u>4,927.56</u>	
PUBLIC AND PRIVATE PROGRAMS						
OFF-SET BY REVENUES						
U Text U Drive U Pay		4,180.00	4,180.00			
Municipal Alliance Youth Service		33,075.00	33,075.00			
Clean Communities		73,659.94	73,659.94			
Body Armor Replacement Grant		5,963.47	5,963.47			
Bullet Proof Vest		7,900.51	7,900.51			
Drive Sober or Get Pulled Over	4,000.00	4,000.00	4,000.00			
Drive Sober Labor Day		3,080.00	3,080.00			
Drunk Driving Enforcement Fund		5,905.30	5,905.30			
Walmart Community Grant		4,500.00	4,500.00			
Green Communities Grant	3,000.00	3,000.00	3,000.00			
CDBG Pfeiffer Center	50,000.00	50,000.00	50,000.00			
Safe and Secure	60,000.00	60,000.00	60,000.00			
JIF Safety Incentive Program		10,225.00	10,225.00			
Matching Funds for Grants	13,385.00	6,770.00				\$ 6,770.00
Total Operations Excluded from "CAPS"	<u>1,155,385.00</u>	<u>1,297,259.22</u>	<u>1,131,961.66</u>	<u>153,600.00</u>	<u>4,927.56</u>	<u>6,770.00</u>
Detail:						
Salaries and Wages	60,000.00	60,000.00	60,000.00			
Other Expenses	<u>1,095,385.00</u>	<u>1,237,259.22</u>	<u>1,071,961.66</u>	<u>153,600.00</u>	<u>4,927.56</u>	<u>6,770.00</u>

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	150,000.00	150,000.00	150,000.00			
Total Capital Improvements Excluded from "CAPS"	150,000.00	150,000.00	150,000.00			
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Bond Principal	1,800,000.00	1,800,000.00	1,800,000.00			
Payment of Notes	140,000.00	140,000.00	140,000.00			
Interest on Bonds	231,000.00	231,000.00	230,937.50			62.50
Interest on Notes	69,000.00	69,000.00	68,206.88			793.12
Green Trust Loan Repayments - Principal & Interest	18,000.00	18,000.00	17,251.70			748.30
Capital Lease Obligations						
Principal	240,000.00	240,000.00	240,000.00			
Interest	28,000.00	28,000.00	27,314.31			685.69
Total Municipal Debt Service Excluded From "CAPS"	2,526,000.00	2,526,000.00	2,523,710.39			2,289.61
DEFERRED CHARGES EXCLUDED FROM CAPS						
Deferred Charges to Future Taxation-Unfunded Ordinance 16-2016	50,000.00	50,000.00	50,000.00			
Total Deferred Charges Excluded from "CAPS"	50,000.00	50,000.00	50,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,881,385.00	4,023,259.22	3,855,672.05	153,600.00	4,927.56	9,059.61
Subtotal General Appropriations	34,687,205.00	34,979,079.22	32,342,529.33	674,463.39	1,953,026.89	9,059.61
RESERVE FOR UNCOLLECTED TAXES	2,650,000.00	2,650,000.00	2,650,000.00			

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS	<u>\$ 37,337,205.00</u>	<u>\$ 37,629,079.22</u>	<u>\$ 34,992,529.33</u>	<u>\$ 674,463.39</u>	<u>\$ 1,953,026.89</u>	<u>\$ 9,059.61</u>
Ref. A-2				A-13	A	
Budget	Ref. A-3	\$ 37,337,205.00				
Emergency Appropriation		150,000.00				
Appropriations by 40A:4-87	A-2	141,874.22				
		<u>\$ 37,629,079.22</u>				
Reserve for Federal and State Grants	Ref. A-17		\$ 250,764.22			
Reserve for Uncollected Taxes	A-2		2,650,000.00			
Reserve for Local Grants	A-15		14,725.00			
Disbursed	A-4		32,077,040.11			
			<u>\$ 34,992,529.33</u>			

TRUST FUND

EXHIBIT B

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
ASSETS			
Trust Fund			
Cash - Treasurer	B-1	\$ 5,706,269.31	\$ 5,713,015.45
Due from Current Fund			79,778.00
		<u>5,706,269.31</u>	<u>5,792,793.45</u>
LOSAP (Unaudited)			
Investment		<u>1,758,112.17</u>	<u>1,574,411.06</u>
Escrow Trust Fund			
Cash - Treasurer	B-1	<u>1,020,717.48</u>	<u>936,331.37</u>
		<u>1,020,717.48</u>	<u>936,331.37</u>
		<u>\$ 8,485,098.96</u>	<u>\$ 8,303,535.88</u>

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

EXHIBIT B
(Continued)

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
LIABILITIES, RESERVES, AND FUND BALANCE			
Trust Fund			
Encumbrances Payable	B-4	\$ 189,710.35	\$ 205,232.89
Due Current Fund	A	20,567.64	25,402.00
Due State of NJ		3.60	
Reserve for Dog Fund Expenditures	B-2	42,408.60	48,579.70
Reserve for Intersection/Road Improvements		39,970.00	39,970.00
Reserve for Forfeited Funds		54,067.36	52,680.65
Reserve for Off-Duty Police Fees		39,029.53	9,316.53
Deposits for Redemption of Tax Sale Certificates	B-3	906.35	6,764.11
Reserve for Tax Sale Premiums	B-3	1,672,910.00	1,881,510.00
Reserve for Parks and Recreation		390,582.64	464,248.39
Reserve for Veterans Affairs Donations			200.00
Reserve for Public Defender Fees		12,118.97	12,113.66
Reserve for POAA Fees		1,189.67	1,123.67
Reserve for Recycling Fees		312,256.31	207,487.31
Reserve for Sidewalk Trust Fund		112,069.67	112,369.67
Reserve for Storm Recovery		140,284.54	122,773.92
Reserve for Accumulated Absences		304,290.86	359,102.80
Reserve for Basin Maintenance Trust		124,731.74	149,174.39
Reserve for Municipal Open Space		1,458,866.12	1,370,537.89
Reserve for Affordable Housing		673,616.25	609,119.56
Reserve for Unemployment Compensation		80,945.17	87,575.31
Reserve for Police Donations		9,440.48	8,835.54
Reserve for Municipal Alliance Donations		301.43	301.43
Reserve for Historical Society Donations		17,160.55	17,160.55
Reserve for Community Activities and Events		2,776.48	1,213.48
Reserve for Main Street Committee Donations		5,565.00	
Reserve for Environmental Commission Donations		500.00	
		<u>5,706,269.31</u>	<u>5,792,793.45</u>
LOSAP (unaudited)			
Reserve for LOSAP Benefits		<u>1,758,112.17</u>	<u>1,574,411.06</u>
Escrow Trust Fund			
Encumbrances Payable	B-4	67,137.12	31,915.62
Reserve for Developers Escrow		953,580.36	904,415.75
		<u>1,020,717.48</u>	<u>936,331.37</u>
		<u>\$ 8,485,098.96</u>	<u>\$ 8,303,535.88</u>

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

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Cash	C-2	\$ 33,468.66	
Grants Receivable		460,000.00	\$ 460,000.00
Amount to be Provided by Lease Payments		1,090,000.00	1,330,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	7,994,783.30	9,810,503.14
Unfunded	C-5	14,537,125.00	11,991,125.00
		<u>\$ 24,115,376.96</u>	<u>\$ 23,591,628.14</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Serial Bonds Payable	C-8	\$ 7,930,000.00	\$ 9,730,000.00
Loan Payable - Green Trust	C-10	64,783.30	80,503.14
Bond Anticipation Notes Payable	C-13	4,441,125.00	2,735,875.00
Encumbrances Payable	C-11	586,458.76	585,458.23
Obligations Under Capital Lease	C-12	1,090,000.00	1,330,000.00
Capital Improvement Fund	C-6	6,265.63	265.63
Due Current Fund			95,031.76
Reserve for Payment of Bonds		21,352.28	21,352.28
Improvement Authorizations:			
Funded	C-7	587,491.98	700,356.78
Unfunded	C-7	9,359,217.55	8,284,304.86
Fund Balance	C-1	28,682.46	28,480.46
		<u>\$ 24,115,376.96</u>	<u>\$ 23,591,628.14</u>

EXHIBIT C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2016	Ref. C	\$ 28,480.46
Increased by:		
Bond Anticipation Note Premium	C-2	<u>28,202.00</u>
		56,682.46
Decreased by:		
Anticipated in Current Fund Budget		<u>28,000.00</u>
Balance December 31, 2017	C	<u><u>\$ 28,682.46</u></u>

GENERAL FIXED ASSETS ACCOUNT GROUP

EXHIBIT D

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec 31, 2017	Balance Dec 31, 2016
Buildings	\$ 9,882,875.00	\$ 9,882,875.00
Land	4,652,816.73	4,652,816.73
Equipment	1,851,032.56	1,784,581.87
Vehicles	13,032,943.68	12,373,648.68
	<u>\$ 29,419,667.97</u>	<u>\$ 28,693,922.28</u>
Investment in General Fixed Assets	<u><u>\$ 29,419,667.97</u></u>	<u><u>\$ 28,693,922.28</u></u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of the taxes. The Township's component units are listed below:

Monroe Township Municipal Utilities Authority
Monroe Township Free Public Library

B. Description of Funds and Account Groups

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

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

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

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

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

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities in the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

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

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

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

D. Comparative Data

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

E. Recent Accounting Pronouncements Not Yet Effective

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective (Continued)

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

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

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

Statement No. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. This 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. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This 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. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement is effective for periods beginning after December 15, 2019. Management does not expect this Statement will have an impact on the financial statements.

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2: BUDGETARY INFORMATION

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

The Township amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$141,874.22 for various grants as detailed on Exhibit A-2.

The Township also amended the budget for an emergency appropriation in the amount of \$150,000.00 as detailed on Exhibit A-3.

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, 2017 and 2016, the carrying amount of the Township's deposits was \$17,882,539.26 and \$15,359,778.35, respectively. As of December 31, 2017 and 2016, \$0 of the municipality's bank balance of \$17,798,800.31 and \$15,591,251.45, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2017 or 2016, the Township did not have any investments other than for LOSAP.

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

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 4: INVESTMENTS (CONTINUED)

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

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

Unaudited Investments - As more fully described in Note 14, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Township. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Financial Group, which is an authorized provider, approved by the Division of Local Government Services. The balance in the accounts on December 31, 2017 and 2016, amounted to \$1,758,112.17 and \$1,574,411.06, respectively. The information on 5% or more invested with Variable Annual Life Insurance Company is not yet available.

NOTE 5: FUND BALANCES APPROPRIATED

	Balance	Utilized in Budget
Year	December 31	of Succeeding Year
	\$ 6,269,521.30	\$ 3,750,531.74
	5,422,108.26	3,510,000.00
Current Fund	4,562,021.92	3,050,000.00
	3,361,331.92	2,800,000.00
	4,108,398.49	2,965,753.00

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

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 6: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance (Continued)

and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's Trust Fund for the current year and previous two years:

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance Dec. 31
2017	\$ 450.46	\$ 19,325.27	\$ 10,000.00	\$ 36,405.87	\$ 80,945.17
2016	416.62	22,964.52	10,000.00	10,849.30	87,575.31
2015	216.05	18,112.50	10,000.00	17,209.78	65,043.47

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2017.

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Federal and State Grant Fund		\$ 113,859.81
Animal Control Trust Fund	\$ 20,567.64	
Federal and State Grant Fund		
Current Fund	113,859.81	
Animal Control Trust		
Current Fund		20,567.64
	<u>\$ 134,427.45</u>	<u>\$ 134,427.45</u>

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

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.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8: ACCUMULATED ABSENCE BENEFITS (CONTINUED)

The total value of compensated absences owed to employees as of December 31, 2017 and 2016, was \$1,944,773.93 and \$1,915,588.22, respectively. The Township had appropriated \$75,000.00 in the 2017 adopted budget to fund a reserve for accumulated absences. The accumulated absence trust has a reserve balance as of December 31, 2017 and 2016, of \$304,290.86 and \$359,102.80, respectively.

NOTE 9: DEFERRED COMPENSATION PLAN

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

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

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

NOTE 10: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2017:

	Balance Dec. 31, 2016	Additions	Deletions	Balance Dec. 31, 2017
Buildings	\$ 9,882,875.00			\$ 9,882,875.00
Land	4,652,816.73			4,652,816.73
Equipment	1,784,581.87	\$ 66,450.69		1,851,032.56
Vehicles	12,373,648.68	919,295.00	\$ 260,000.00	13,032,943.68
	<u>\$ 28,693,922.28</u>	<u>\$ 985,745.69</u>	<u>\$ 260,000.00</u>	<u>\$ 29,419,667.97</u>

NOTE 11: TAXES COLLECTED IN ADVANCE

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

	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Prepaid Taxes - Cash Liability	<u>\$ 1,853,142.35</u>	<u>\$ 679,903.15</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12: TAX ABATEMENT PROGRAMS

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

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

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

The statutes were utilized by the Township to attract redevelopers.

For the fiscal year ended December 31, 2017, the Township abated property taxes totaling \$538,502.86. The following agreements were in effect as of December 31, 2017, under the provisions of the aforementioned statutes:

- An 84.15% abatement to a developer for construction and operation of a 132 apartment unit affordable housing project. The abatement amounted to \$275,400.80.
- A 94.34% abatement to a developer for the purchase and maintenance of 17 dwelling units to ensure they remain affordable to low and moderate income eligible households. The abatement amounted to \$263,102.06.

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 \$120,990.00 and \$112,980.00 for 2017 and 2016, 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.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 15: PENSION FUNDS

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

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

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

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. PERS provide for employee contributions of 7.20% to 7.34% of employee's annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. PFRS provides for employee contributions of 10% thereafter of employee's annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The PERS and PFRS rates in effect for 2016 are 12.91% and 25.51%, respectively, of covered payroll, as reported on June 30, 2015. 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, 2017, 2016, and 2015, were \$703,918.12, \$697,000.00, and \$641,448.71, respectively, equal to the required contributions for each year. The Township's contributions to PFRS for the years ending December 31, 2017, 2016, and 2015, were \$1,480,583.00, \$1,399,667.13, and \$1,264,241.54, 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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 15: PENSION FUNDS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued) - 5½% 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, 2017, 2016, and 2015, were \$6,869.98, \$5,000.00, and \$261.70, 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.
- 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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 15: PENSION FUNDS (CONTINUED)

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

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

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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 16: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

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

The Township of Monroe's contributions to SHBP for the period January 1 through December 31, 2017, was \$5,201,797.97, which equaled the required contributions for the year. There were approximately 96 retired participants eligible at December 31, 2017.

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, 2017, the Township's proportionate share of net pension liability was \$18,779,456. The net pension liability was measured as of June 30, 2017, 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, 2017, the Township's allocation percentage was 0.0806733036% compared to 0.0777923358% at June 30, 2016.

For the year ended December 31, 2017, the Township's pension expense would have been \$2,673,499 if New Jersey municipalities followed GAAP accounting principles. The Township's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PERS are from the following sources:

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016

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

Public Employee's Retirement System (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions		\$ 1,482,175
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 202,076	
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions	401,326	
Difference Between Expected and Actual Experience	261,402	
	<u>\$ 864,804</u>	<u>\$ 1,482,175</u>

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

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

Year Ended December 31,	<u>Amount</u>
2019	\$ 161,024
2020	421,238
2021	75,068
2022	(819,251)
2023	(455,450)
	<u>\$ (617,371)</u>

Additional information – Collective balances at June 30, 2016 and 2017, are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective Deferred Outflows of Resources	\$ 5,396,431,901	\$ 7,815,204,785
Collective Deferred Inflows of Resources	4,672,602,040	
Collective Net Pension Liability	<u>23,278,401,588</u>	<u>29,617,131,759</u>
Township's Proportion	0.0807330360%	0.0777923358%

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Tables for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the table provides for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience 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.state.nj.us/treasury/pensions/gasb-notices.shtml>.

Police and Firemen's Retirement System - At December 31, 2017, the Township's proportionate share of net pension liability for Police was \$29,995,294. The net pension liability was measured as of June 30, 2017, 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

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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

Police and Firemen’s Retirement System (Continued) - share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Township’s proportion was 0.19424943658% compared to 0.1815907380% at June 30, 2016.

For the year ended December 31, 2017, the Township’s pension expense would have been \$4,782,929 if New Jersey municipalities followed GAAP accounting principles. The Township’s deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 3,551,302
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 617,117	
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions	2,416,122	
Difference Between Expected and Actual Experience	73,608	
	\$ 3,106,847	\$ 3,551,302

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 Ending December 31,	Amount
2019	\$ 467,135
2020	994,775
2021	35,500
2022	(1,367,207)
2023	(574,658)
	\$ (444,455)

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016

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

Police and Firemen’s Retirement System (Continued)

Additional information – Collective balances at June 30, 2017 and 2016, are as follows:

	June 30, 2017	June 30, 2016
Collective Deferred Outflows of Resources	\$ 2,298,433,198	\$ 3,984,339,036
Collective Deferred Inflows of Resources	2,618,912,538	125,220,083
Collective Net Pension Liability	<u>8</u>	<u>20,706,699,056</u>
 Township's Proportion	 0.1942943658%	 0.1815907380%

Contributions

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

Actuarial Assumptions

The total pension liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.10 – 8.98% Based on Age
Thereafter	3.50 – 9.98% Based on Age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016

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

Actuarial Assumptions (Continued)

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

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, 2017 and June 30, 2016, special funding situation net pension liability amounts of \$3,359,726 and \$2,912,972 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, 2017, consisted of the following:

	Year 2017	Year 2016	Year 2015
Bonds, Notes, and Loans Issued	\$ 12,435,908.30	\$ 12,546,378.14	\$ 12,950,288.24
Bonds and Notes Authorized But Not Issued	10,096,000.00	9,255,250.00	7,400,000.00
Net Bonds, Notes, and Loans Issued and Authorized But Not Issued	<u>\$ 22,531,908.30</u>	<u>\$ 21,801,628.14</u>	<u>\$ 20,350,288.24</u>

	Balance 12/31/2016	Issued	Retired/ Reduction	Balance 12/31/2017	Due Within One Year
Issued:					
General:					
Serial Bonds Payable	\$ 9,730,000.00		\$ 1,800,000.00	\$ 7,930,000.00	\$ 1,820,000.00
Loans	80,503.14		15,719.84	64,783.30	15,504.37
Bond Anticipation Note	2,735,875.00	\$ 1,845,250.00	140,000.00	4,441,125.00	140,000.00
Authorized But Not Issued:					
General:					
Bonds and Notes	9,255,250.00	2,736,000.00	1,895,250.00	10,096,000.00	
	<u>\$ 21,801,628.14</u>	<u>\$ 4,581,250.00</u>	<u>\$ 3,850,969.84</u>	<u>\$ 22,531,908.30</u>	<u>\$ 1,975,504.37</u>

TOWNSHIP OF MONROE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 18: LONG-TERM DEBT (CONTINUED)

Permanently Funded Debt as of December 31, 2017, 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, 2017, was \$50,000.00.

\$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, 2017, was \$1,365,000.00.

\$3,800,000.00 General Obligation Bonds dated August 2012, payable in annual installments through March 2023. Interest is paid semi-annually at a rate of 1.25% - 2.00% per annum. The balance remaining at December 31, 2017, was \$2,320,000.00.

\$4,300,000.00 General Obligation Refunding Bonds dated May 2015, payable in annual installments through November 2028. Interest is paid semi-annually at a rate of 2.00% - 4.00% per annum. The balance remaining at December 31, 2017, was \$4,195,000.00.

\$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, 2017, was \$27,967.97.

\$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, 2017, was \$526.22.

\$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, 2017, was \$36,289.11.

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

Year Ended	Principal	Interest	Total
2018	\$ 1,835,504.37	\$ 184,178.37	\$ 2,019,682.74
2019	745,279.20	155,047.05	900,326.25
2020	734,823.81	139,014.94	873,838.75
2021	739,201.12	125,125.12	864,326.24
2022	734,285.56	110,340.68	844,626.24
2023-2027	2,680,689.24	317,233.84	2,997,923.08
2028	525,000.00	18,375.00	543,375.00
	<u>\$ 7,994,783.30</u>	<u>\$ 1,049,315.00</u>	<u>\$ 9,044,098.30</u>

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .858%.

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 18: LONG-TERM DEBT (CONTINUED)

**SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT
(CONTINUED)**

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 45,793,000.00	\$ 45,793,000.00	
General Debt	22,531,908.30	21,352.28	\$ 22,510,556.02
	<u>\$ 68,324,908.30</u>	<u>\$ 45,814,352.28</u>	<u>\$ 22,510,556.02</u>

Net Debt \$22,510,556.02/Equalized Valuation Basis per NJSA 40A:2-2 as amended
\$2,623,972,743.67 = .858%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 91,839,046.03
Net Debt	<u>22,510,556.02</u>
Remaining Borrowing Power	<u>\$ 69,328,490.01</u>

NOTE 19: BOND ANTICIPATION NOTES

The Township had the following General Capital Bond Anticipation Note outstanding as of December 31, 2017:

Note in the amount of \$4,441,125.00. This note will mature on December 4, 2018, at an interest rate per annum of 2.25%.

NOTE 20: CAPITAL LEASE OBLIGATIONS

The Township has lease agreements in effect at December 31, 2017, 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
2018	\$ 250,000.00	\$ 23,146.52	\$ 273,146.52
2019	250,000.00	18,042.96	268,042.96
2020	245,000.00	13,412.42	258,412.42
2021	255,000.00	9,107.76	264,107.76
2022	30,000.00	4,485.50	34,485.50
2023-2024	60,000.00	5,084.50	65,084.50
	<u>\$ 1,090,000.00</u>	<u>\$ 73,279.66</u>	<u>\$ 1,163,279.66</u>

TOWNSHIP OF MONROE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 21: SERVICE AGREEMENT

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

NOTE 22: CONTINGENCIES

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

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

NOTE 23: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2017 and June 29, 2018, the date that the financial statements were issued, and no additional items have come to their attention that would require disclosure.

APPENDIX D

Original Trust Agreement and Service Contract

ARTICLE VIII
INVESTMENT OF DEPOSIT OF FUNDS

Section 7.01. Investment of Deposit of Funds

(a) The Trustee shall, from time to time, at the direction of the Authority, which may be confirmed thereafter in writing, invest or deposit money held in any fund established hereunder but only in investment securities provided that investments shall not be subject to redemption by the holder so later than the date when such money will foreversibly be needed for the purposes of this agreement at not less than the principal amount thereof or the cost of acquisition, whichever is lower and further provided that any gains or losses resulting from the sale of investment securities shall be credited to or subtracted from the appropriate fund.

(b) If the Authority shall fail to provide investment directions to the Trustee, within two days the Trustee shall invest such money in short term Government Obligations or securities defined in part (v) of the definition of "Investment Securities."

(c) Except as provided in part (d) hereof, the interest and income received upon the investment securities and any interest paid by any depository of any fund and any profit resulting from the sale of securities shall be added to the Revenue Fund or, at the option of the Authority, to the Renewal, Replacement and Improvement Fund or the General Fund, except that any interest, income or profit on investment of moneys in the Funds established hereunder, at the option of the Authority, be applied for and toward the payment of the cost of any project until the completion thereof.

(d) The interest and income received upon the investment securities and any interest paid by any depository of the 1987 Bonds Debt Service Reserve Fund or any other debt service reserve fund and any profit resulting from the sale of securities therein shall be added to said fund until such amount therein equals the reserve fund requirement and thereafter shall be added to the Revenue Fund in accordance with Section 6.08 hereof. The interest and income received on investment of moneys in the Renewal, Replacement and Improvement Fund shall be added to said fund until the amount therein equals the Reserve, Replacement and Improvement Fund requirement and thereafter shall be added to the Revenue Fund in accordance with Section 6.09 hereof.

Section 7.02. Non-Assignment. The Authority covenants to the Trustee and the holders of the Bonds that, notwithstanding

ARTICLE VIII
REDEMPTION OF BONDS

Section 9.01. Bonds Subject to Redemption. Selection of Bonds to be Called for Redemption. The 1987 Bonds are subject to redemption prior to maturity provided in the form of such redemption prior to maturity upon such terms as are acceptable to the Authority and expressed in such Bonds and the Supplemental Agreement authorizing their issuance. Except as otherwise provided herein, the 1987 Bonds shall be subject to redemption in respect of a series of Bonds, if less than all the Bonds of a series or a series shall be redeemed. The particular Bonds of such series or maturity to be called for redemption shall be selected in such manner as the Trustee may determine (except for Additional Bonds, which shall be selected in accordance with the terms thereof). The Trustee shall treat each Bond of a denomination greater than \$5,000 as representing that number of separate Bonds each of the denomination of \$5,000 so as to be obtained by dividing the actual principal amount of such Bond by \$5,000.

Section 9.02. Notice of Redemption

(a) When required to redeem Bonds under any provision of this Agreement or when directed to do so in writing by the Authority, the Trustee shall give notice to such redemption by first class mail, postage prepaid, to each holder of Bonds to be redeemed at such holder's registered address as it appears in the Bond Register, mailed not less than 30 or more than 60 days prior to the redemption date. In addition, the Trustee shall send a copy of such notice by registered or certified mail or overnight delivery service, return receipt requested, postage prepaid, to each registered securities depository and one or more nationally recognized information services that disseminate redemption information, sent at least 15 business days in advance of the mailing of notice to bondholders or the publication date, provided, however, that no defect in said additional notice nor any failure to do so in all or any portion of such additional notice shall in any manner defeat the effectiveness of the notice given by first class mail, and if any of the Bonds to be redeemed are in bearer form shall be published not less than 30 or more than 60 days prior to the redemption date in "The Bond Buyer" or any publication carrying multiple bond notices and devoted primarily to financial news or the interest of state and municipal bonds, printed in the English language and customarily circulating at least once a day for at least five days a week (other than legal holidays) in New York, New York.

ARTICLE IX
COVENANTS OF AUTHORITY

Section 9.01. Payment of Principal and Interest on Bonds. The Authority shall promptly pay the principal of and interest on any and all interest on every Bond issued hereunder according to the terms thereof, but shall be required to make such payment only out of its Plotted Revenues.

Section 9.02. Maintenance, Repairs and Maintenance of Facilities. The Authority shall maintain, its corporate existence and its right to own and operate the Utility System and shall provide for (a) continuous operation of the same; (b) performance of all repairs, renewals, replacements and improvements thereto necessary to maintain adequate service; and (c) compliance with applicable laws, rules, regulations, decrees, orders and requirements of the United States Environmental Protection Agency, the New Jersey Department of Community Affairs, the New Jersey Department of Environmental Protection, any successor body, or any competent public authority.

Section 9.03. Operating Agreements, Other Service Agreements. The Authority may enter into operating agreements in respect of the Utility System in any portion thereof with any other parties lawfully entitled to enter into such agreements, but any such agreement shall be subject to and shall not contain terms inconsistent with this Agreement, and shall provide that the party operating such facilities shall perform all covenants of the Authority hereunder, except such as by their nature can be performed only by the Authority. The Authority may enter into other service agreements with other parties provided that the terms thereof shall not be inconsistent with the Authority's covenants and obligations under this Agreement.

Section 9.04. Enforcement of Other Agreements. The Authority shall enforce the terms of the Service Contract and shall otherwise enforce all of its rights and honor all of its obligations thereunder and under any agreement or other contract associated with respect to the Utility System, and shall require every party with which it so contracts to perform its contractual obligations. The Service Contract may be amended or supplemented at any time and from time to time, without the consent of Bondholders, to cure any defective provisions as shall not, in the opinion of Bondholders, be in any way to the detriment of Bondholders. No other amendment or supplemental shall be made without the written consent of the holders of at least sixty-six and two-thirds per centum (66 2/3%) of the Outstanding Bonds.

installment payments due on the next succeeding installment payment date. (c) The amount in the 1987 Bonds Debt Service Reserve Fund equals or exceeds the 1987 Bonds Debt Service Reserve Fund Requirement; (d) the amount in any other debt service reserve fund established hereunder equals or exceeds the required amount specified therein; (e) the amount in the Renewal, Replacement and Improvement Fund equals or exceeds the amount required to be maintained therein; and (f) the Authority is not in default in the payment of the principal or redemption price of or the interest on any of the Bonds or Partial Bonds. The Trustee, as directed by Certified Resolution of the Authority, shall determine the time and pay out of the General Fund, (and clear of any lien or pledge created by this Agreement, any other instrument or the Utility System, any amount so reserved for any current repairs to the Utility System. All amounts so reserved shall be paid forthwith upon withdrawal to the Authority and may be used by the Authority for any lawful purpose. All amounts so paid to the Authority shall be forthwith upon withdrawal, clear of any lien or pledge created by the Agreement. At the option of the Authority, any amounts withdrawn pursuant to Section 6.10(c) may be deposited to the Revenue Fund and used as a credit against the calculation of Plotted Revenues for the purposes of Section 6.02 hereof.

Section 9.11. Proceeds When Funds Are Sufficient to Pay All Bonds. If at any time the amount held by the Trustee in the Funds established under this Article VI are sufficient to pay principal and interest on all Bonds then Outstanding to maturity or prior redemption, together with any amounts due the Trustee, the Trustee may, at its option, to the extent of such amount, thereafter the Trustee may apply the amounts in the Funds to the payment of such principal and interest on the Bonds until it shall appear that there is a deficiency in the funds held by the Trustee.

Section 9.12. Moneys to be Held for All Bondholders, With Certain Exceptions. Moneys and investments in the various Funds established hereunder shall be held for the benefit of all Bondholders, except that the 1987 Bonds Sinking Fund Account and the 1987 Bonds Debt Service Reserve Fund shall be held for the benefit of the holders of 1987 Bonds to the extent provided herein and any other sinking fund or debt service reserve fund established for any other series of Bonds shall be held for the benefit of the holders of Bonds of that Series only.

Section 9.13. Variable Rate Debt. For the purposes of Sections 3.02 and 6.01, the Authority may borrow that Variable Rate Debt will bear interest at a rate of 100% of the Bond Buyer Index - 25 Year Revenue Bonds on the date of calculation. All debt service computations for the purposes of Sections 3.02 and 6.02 shall include the rate specified in the immediately preceding sentence and shall assume level debt service and twenty five year amortization.

Section 9.14. Qualification of Corporations. All moneys held by the Trustee hereunder may be deposited in its banking department or in its corporate trust department accounts as well as such other banks or trust companies, either within or without the State of New Jersey, as may be designated in writing by the Authority. The such moneys shall be deposited or shall remain on deposit with any bank or trust company in excess of the amount secured by the New Jersey Governmental Unit Deposit Protection Act or insured by the Federal Deposit Insurance Corporation or other Federal agency such bank or trust company shall secure such amounts as to principal by Government Obligations deposited with the Trustee as requested by the Authority.

Section 9.15. Separate Fund and Application Thereof

(a) The Trustee shall establish and thereafter maintain, as long as the 1987 Bonds are Outstanding, a Rebate Fund which shall be held separate and apart from all other Funds and accounts established under this Trust Agreement and from all other moneys of the Trustee.

(b) In accordance with, and at the time stated below, the Authority shall remit to the Trustee the amount of the Excess Investment Earnings. Withdrawals from the Rebate Fund may be made to the extent of negative arbitrage (if any) in other Funds, but not on account of negative arbitrage in the Rebate Fund.

(c) All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee and cleared of the lien of this Trust Agreement, and the Trustee shall pay said amounts over to the Authority for payment to the United States Government. The Authority shall determine in accordance herewith.

The Trustee shall be entitled to rely absolutely on the determination of the Authority as to the rebate calculation, and will not be responsible for ensuring that the Authority make the payment to the United States, and the Trustee shall have no liability to the Bondholders with respect thereto.

The provisions of this section 9.12 shall be deemed deleted from this Agreement upon receipt of an opinion of Bond Counsel that such deletion will not adversely affect the taxation of the interest on the 1987 Bonds from Federal income tax. Upon receipt of such opinion, any moneys on deposit in the Rebate Fund shall be transferred to the Construction Fund.

The Authority will at the end of each Bond Year and upon retirement of the last 1987 Bond determine the amount of Excess Investment Earnings to be deposited into the Rebate Fund. The Authority shall retain records of all such determinations until six years after the retirement of the last 1987 Bond. In addition, the Authority shall deposit into the Rebate Fund the amount of the Excess Investment Earnings, if any, within 30 days after the end of each Bond Year or after the retirement of the last 1987 Bond. The Authority will withdraw from the Rebate Fund and pay over to the United States Government: (1) not less frequently than once each five years after the date of issuance of the 1987 Bonds, an amount equal to 90% of the net aggregate amount of Excess Investment Earnings deposited into the Rebate Fund during such period plus all investment earnings on amounts on deposit in the Rebate Fund during such period (and not thereafter paid to the United States) and (2) not later than 30 days after the retirement of the last 1987 Bond, 100% of the aggregate amount in the Rebate Fund.

Bond Year for the purposes of this section shall mean the one year period beginning on the day after the expiration of the preceding Bond Year of the 1987 Bonds. The first Bond Year of the 1987 Bonds begins on the date of issuance and ends one year later.

For the purposes of this Section 9.15, the following terms shall have the meanings indicated below:
"Excess Investment Earnings" means the amount determinable as of the end of each Bond Year that Bond Year that equals the excess of:

(A) the amount earned on investments of Excess Investment Earnings for redemption in the Rebate Fund but including unrealized gains and losses upon the retirement of the last 1987 Bond; over

(B) the amount that would have been earned on such investments at the Yield on the 1987 Bonds (determined on a present value basis from the date of issuance of the 1987 Bonds, without adjustment for costs of issuance).

"Gross Proceeds" means proceeds described in Treas. Reg. 11.103-15A(b)(1).

(b) The notice of redemption shall be given in the name of the Authority and shall contain the following information: the certificate numbers of the Bonds to be redeemed; (c) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed; the publication date, the redemption date, the redemption price and the name and address of the redemption agent, and shall further identify the Bonds by date of issue, interest rate, and maturity date. The Trustee shall use the "CUSIP" numbers in such notice as a convenience to Bondholders, provided that such notice shall state that no representation is made as to the correctness of "CUSIP" numbers as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on identification numbers.

(c) Failure to mail any notice of defect in the notice to any Bondholder or in the mailing thereof in respect of any Bond shall not affect the validity of the redemption proceeding.

(d) If at the time of mailing notice of redemption the Authority shall not have deposited with the Trustee moneys sufficient to redeem the Bonds called for redemption, such notice may state that it is conditional; in that it is subject to the deposit of the redemption moneys with the Trustee not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 8.03. Payment of Redemption Price. If (a) unconditional notice of redemption has been duly given or duly waived by the holders of Bonds called for redemption; or (b) conditional notice of redemption has been so given or waived and the redemption moneys have been duly deposited with the Trustee, then in either such case the Bonds called for redemption shall be payable on the redemption date at the applicable redemption price. Payment of the redemption price together with accrued interest shall be made by the Trustee to the holders of the Bonds called for redemption upon surrender of such Bonds.

Section 8.04. Bonds Redeemed in Part. Any Bond which is to be redeemed only in part shall be surrendered at a place named by the surrender of Bonds called for redemption, or the notice provided for in Section 8.03 and the Authority shall execute and the Trustee shall authenticate and deliver to the holder of such Bond without charge, a new Bond or Bonds, of any authorized denomination as requested by such holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

This Bond is not valid unless the Trustee is duly authorized to execute the same, and the same shall be void and of no effect if any amount to be received in the name of the Trustee is not actually received by the Trustee or his duly authorized agent, and the Trustee shall be held harmless in any event.

THE MONROE MUNICIPAL UTILITIES AUTHORITY
By _____
Chairman
Attest
By _____
Secretary

Redemption

(1) The Bonds maturing on July 1, 2012 are subject to redemption on or after the date of maturity, at the option of the issuer, by the payment of the principal and accrued interest thereon. The issuer may also redeem the Bonds at any time after the date of maturity, at the option of the issuer, by the payment of the principal and accrued interest thereon.

If less than all of the Bonds of the same maturity are to be redeemed, the Bonds to be redeemed shall be selected in such manner as the Trustee may determine.

Upon the date of redemption of any Bonds, the issuer shall mail to the holder of such Bonds a copy of the redemption notice, together with a copy of the coupon or other instrument, if any, which is to be redeemed. The issuer shall also mail to the holder of such Bonds a copy of the coupon or other instrument, if any, which is to be redeemed.

This Bond is registered as to both principal and interest on the bond register to be kept for that purpose at the principal office of the Trustee. The principal and interest shall be payable only to the registered owner of the Bond as shown on the bond register at the time of payment of the Bond. The Trustee shall not be bound to pay the principal or interest on the Bond to any person or to any other party claiming to be the owner of the Bond, unless such person or party is shown as the owner of the Bond on the bond register at the time of payment of the Bond.

This Bond is one of the Bonds described in the within mentioned Trust Agreement. Printed on the reverse hereof is the full text of the Trust Agreement, together with the names of the Trustee, the Trustee's Agents, and the Trustee's Counsel. The Trustee's Agents are the persons named in the Trust Agreement, and the Trustee's Counsel is the person named in the Trust Agreement.

UNITED JERBY BANK,
Trustee
By _____
Authorized Signatory

(FORM OF ASSIGNMENT)
ASSIGNMENT
For value received, _____ hereby sells, assigns and transfers unto _____ the within Bond of the _____ Authority for the purpose of _____ and all interest thereon, with full power of substitution in the premises.

Signed: _____
Signature Guaranteed

Redemption

6. Quarterly commencing September 15, 1987, into the principal amount of the Bonds, and the interest thereon, shall be paid to the registered owner hereof at the principal office of the Trustee.

7. Quarterly commencing September 15, 1987, into the principal amount of the Bonds, and the interest thereon, shall be paid to the registered owner hereof at the principal office of the Trustee.

8. The interest on the Bonds shall be paid to the registered owner hereof at the principal office of the Trustee.

9. The principal and interest on the Bonds shall be payable only to the registered owner of the Bond as shown on the bond register at the time of payment of the Bond.

10. The Trustee shall not be bound to pay the principal or interest on the Bond to any person or to any other party claiming to be the owner of the Bond, unless such person or party is shown as the owner of the Bond on the bond register at the time of payment of the Bond.

11. This Bond is one of the Bonds described in the within mentioned Trust Agreement. Printed on the reverse hereof is the full text of the Trust Agreement, together with the names of the Trustee, the Trustee's Agents, and the Trustee's Counsel.

UNITED JERBY BANK,
Trustee
By _____
Authorized Signatory

(FORM OF ASSIGNMENT)
ASSIGNMENT
For value received, _____ hereby sells, assigns and transfers unto _____ the within Bond of the _____ Authority for the purpose of _____ and all interest thereon, with full power of substitution in the premises.

Signed: _____
Signature Guaranteed

Redemption

EXHIBIT B
(Form of Bond)
Parts of the text may be printed on the reverse side.)

United States of America
State of New Jersey
THE MONROE MUNICIPAL UTILITIES AUTHORITY
Revenue Refunding Bond, Series of 1987
Interest
Date of Maturity
Authentication
Date
July 1, 1987
Bond Number

REGISTERED OWNER
PRINCIPAL AND INTEREST
Dollars

The Monroe Municipal Utilities Authority (the "Authority") of the State of New Jersey, do hereby certify that the within mentioned Trust Agreement, together with the names of the Trustee, the Trustee's Agents, and the Trustee's Counsel, are hereby incorporated by reference into this Bond, and that the Trust Agreement, together with the names of the Trustee, the Trustee's Agents, and the Trustee's Counsel, are hereby incorporated by reference into this Bond.

This Bond is one of the Bonds described in the within mentioned Trust Agreement. Printed on the reverse hereof is the full text of the Trust Agreement, together with the names of the Trustee, the Trustee's Agents, and the Trustee's Counsel.

UNITED JERBY BANK,
Trustee
By _____
Authorized Signatory

(FORM OF ASSIGNMENT)
ASSIGNMENT
For value received, _____ hereby sells, assigns and transfers unto _____ the within Bond of the _____ Authority for the purpose of _____ and all interest thereon, with full power of substitution in the premises.

Signed: _____
Signature Guaranteed

Redemption

STATE OF NEW JERSEY
COUNTY OF MIDDLE

On this 10th day of July, 1937, personally appeared before me HERBERT BROSSE, personally known to me and known by me to be the person who executed the foregoing instrument in the name and behalf of John MacIntyre, who by me being duly sworn, did depose and say that he is Vice President of Banking Trusts Bank, New Jersey, the Trustee described in and that executed the said instrument, and acknowledged said instrument as executed to be his voluntary act and deed and the free act and deed of said Banking Institution, and stated on oath that said instrument was so signed by him and as stated and attested by HERBERT BROSSE, Assistant Secretary of said Banking Institution, and delivered in behalf of said Banking Institution, by authority of a vote of its directors, and that the seal affixed to said instrument is the corporate seal of said Banking Institution.

IN WITNESS WHEREOF, I have hereunto set my hand on the day and year aforesaid.

Herbert Brosse
HERBERT BROSSE
Notary Public
My Commission Expires Dec. 31, 1938

Also

STATEMENT OF JURISDICTION

Municipal Bond Insurance Policy No. 1284 (the "Policy") with respect to proceeds due on this bond has been issued by ABC Insurance Corporation, a public utility holding company...

EXHIBIT "B"

REVISED SCHEDULE OF PAYMENTS FROM REVENUE FUND

The trustee shall have transferred into the Revenue Fund the amount specified below, if on any transfer date any of the funds...

1. Monthly, commencing October 20, 1951, to the Authority to deposit into the Operating Fund an amount equal to 1/4 of the net interest on the 1951 bonds...

2. Monthly, commencing October 20, 1951, to the principal of the 1951 bonds falling due on the next interest date...

3. Monthly, commencing October 20, 1951, to the principal of the 1951 bonds falling due on the next interest date...

4. Monthly, commencing October 20, 1951, to the principal of the 1951 bonds falling due on the next interest date...

FOR THE MORE ACCORDING SCHEDULE OF PAYMENTS FROM REVENUE FUND... 1. Monthly, commencing October 20, 1951, to the principal of the 1951 bonds...

EXHIBIT "A"

(Parts of the text may be printed on the reverse side.)

THE MONROE MUNICIPAL UTILITIES AUTHORITY Revenue Bond, Series 1951 Interest Maturity Authorization Date of Issue October 1, 1951

The Monroe Township Municipal Utilities Authority (the "Authority"), a public utility holding company organized under the laws of the State of New Jersey...

WHEREAS, the Authority has authorized the issuance of the Revenue Bonds, Series 1951, and the proceeds therefrom to be used for the purpose of financing the construction and improvement of certain public utility facilities...

WHEREAS, the Authority has authorized the issuance of the Revenue Bonds, Series 1951, and the proceeds therefrom to be used for the purpose of financing the construction and improvement of certain public utility facilities...

STATE OF NEW JERSEY IN SENATE, January 11, 1951. REPORT OF THE COMMISSIONERS OF THE TREASURY AND TAXATION...

FOR THE MORE ACCORDING SCHEDULE OF PAYMENTS FROM REVENUE FUND... 1. Monthly, commencing October 20, 1951, to the principal of the 1951 bonds...

This bond is one of the Revenue Bonds, Series 1951, (the "1951 Bonds") of the Monroe Municipal Utilities Authority...

The proceeds shall be used for the payment of the principal and redemption price of interest on this bond...

This bond is one of the Revenue Bonds, Series 1951, (the "1951 Bonds") of the Monroe Municipal Utilities Authority...

APPROVED: MONROE MUNICIPAL UTILITIES AUTHORITY

COMMONWEALTH OF PENNSYLVANIA) ss.
COUNTY OF PHILADELPHIA)

On this 12th day of September, 1931, personally appeared _____, known to me to be the person who executed the foregoing instrument in the name and on behalf of MORGAN MONETICAL UTILITIES AUTHORITY, and by me acknowledged to be the said MORGAN MONETICAL UTILITIES AUTHORITY, in the body corporate and legal existence of said Authority, and those on each that said _____, as the Secretary of said Authority, and delivered to me in the presence of me the official seal of said Authority.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year aforesaid.

By _____
Notary Public

My Commission Expires _____

Notary Public Seal

(Material Seal)

CITY OF NEW JERSEY) ss.
COUNTY OF BERGEN)

On this 12th day of September, 1931, personally appeared _____, known to me to be the person who executed the foregoing instrument in the name and on behalf of MORGAN MONETICAL UTILITIES AUTHORITY, and by me acknowledged to be the said MORGAN MONETICAL UTILITIES AUTHORITY, in the body corporate and legal existence of said Authority, and those on each that said _____, as the Secretary of said Authority, and delivered to me in the presence of me the official seal of said Authority.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year aforesaid.

By _____
Notary Public

My Commission Expires _____

Notary Public Seal

(Material Seal)

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF PHILADELPHIA

On this 28th day of April, 1997, persons appeared before me, Thomas J. Provanter, personally known to me and known by me to be the person who, because of his reputation for integrity, honesty, and good character, is qualified to administer the estate of the deceased. The deceased is known to me and known by me to be the person who, because of his reputation for integrity, honesty, and good character, is qualified to administer the estate of the deceased. The deceased is known to me and known by me to be the person who, because of his reputation for integrity, honesty, and good character, is qualified to administer the estate of the deceased.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this day and year aforesaid.

Thomas J. Provanter

My Commission Expires

[Notary Seal]

THOMAS J. PROVANTER
Notary Public
My Commission Expires 04/28/99

15, 1999 (the "New York Agreement") as the Trust Agreement has not been modified by any supplemental agreement or the Trust Agreement (the "Trust Agreement") as amended.

SECTION 1.01. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.02. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.03. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.04. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.05. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.06. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.07. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.08. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.09. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

(b) Notwithstanding any other provision of this Agreement, no transfer or assignment of the Trust Agreement shall be effective until it is approved by the Trust Agreement.

SECTION 1.01. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.02. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.03. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.04. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.05. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.06. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.07. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.08. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

SECTION 1.09. **Confirmation of Existing Agreements.** The Original Trust Agreement and the Trust Agreement shall remain in full force and effect and the Trust Agreement shall not be amended, modified or supplemented.

EXHIBIT 'B'

REVERED SCHEDULE OF TRANSFERS FROM REVENUE FUND

The amounts set forth in EXHIBIT 'B' to the Trust Agreement shall remain in full force and effect with the exception of the following modifications:

1. Each amount set forth in the 1998 Notes shall not be necessary to pay principal when due.

COMMISSIONERS OF HONOLULU

Whereas the Honorable Commissioners of the County of Honolulu, Hawaii, have approved the proposed amendments to the Trust Agreement...

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year first above written.

Signature of Commissioner: CAROL A. LUNDY, Mayor, County of Honolulu

(Printed Name)

By Commission Expires: 11/02/00

PLA-100-113

STATE OF NEW JERSEY

COUNTY OF BERGEN

On this fourth day of November, 1996, personally appeared before me, Auditor C. Harris, particularly known to me and known by me to be the person who executed the foregoing instrument...

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year first above written.

Signature of Auditor: C. Harris

Not Commission Expires: 11/02/00

(Printed Name)

EXHIBIT 'A'

Form of 1999 Note

\$7,500,000

United States of America (Municipality)

THE MONROE MUNICIPAL UTILITIES AUTHORITY

Interest: 4.875% Maturity: 11/01/01

REGISTERED OWNER: CEN & CO

PRINCIPAL: ONE SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS

The Monroe Township Municipal Utilities Authority (the "Authority"), a public body corporate and legal entity organized under Chapter 133 of the Laws of New Jersey of 1977...

The interest on principal and any premium paid on this registered note, as to interest payments on the regular interest due for each interest period, shall be paid to the registered owner...

PLA-100-113

If any person is not a Special Passed Note, it is more fully provided in the Trust Agreement. The principal or redemption price of this Note is payable upon presentation and surrender hereof at the office of the Registrar...

This Note is not a Special Passed Note. Since 1995 the 1999 Notes of the Authority were issued in accordance with the Trust Agreement...

In case of force of Maturity, as defined in the Trust Agreement, shall have occurred the principal of all Notes then outstanding under the Trust Agreement may become due and payable before their maturity date.

The Municipal Utilities Authority Law provides that any note or bond issued by the Authority, or the County of Bergen, or of any other political subdivision of the State...

No person shall be liable for the payment of the principal or interest on this Note, or any other Note or bond issued by the Authority, or the County of Bergen, or of any other political subdivision of the State...

The 1999 Notes are not subject to redemption prior to maturity.

This Note will be registered in the name of the registered owner. The registered owner shall be payable only to the registered owner hereof. This Note may be transferred in accordance with the provisions of the Trust Agreement...

PLA-100-113

FORM OF AUTHENTICATION CERTIFICATE

DATED

AUTHENTICATION CERTIFICATE

This Note is one of the Notes described in an earlier mentioned Trust Agreement (the "Trust Agreement") between the County of Bergen, New Jersey, and the County of Bergen Municipal Utilities Authority...

BY: [Signature]

Not Commission Expires: 11/02/00

PLA-100-113

PLA-100-113

PLA-100-113

PLA-100-113

FIFTH SUPPLEMENTAL TRUST AGREEMENT

WHEREAS, the agreement of several (including Metropolitan Storage Fund, ...)

WITNESSETH

WHEREAS, the Authority and representatives to the Trustee have ...

WHEREAS, the 2004 Bonds are being issued (i) to finance the 2004 ...

WHEREAS, the 2004 Bonds will be on parity with the Outstanding Bonds ...

ARTICLE I
DEFINITIONS

Except as otherwise provided herein, or unless the context otherwise ...

2004 Bonds shall include all bonds, that meet MFA Insurance Corporation, ...

2004 Bonds shall mean any of the Additional Bonds of the Authority ...

2004 Bonds shall include all bonds, that meet MFA Insurance Corporation, ...

2004 Bonds shall include all bonds, that meet MFA Insurance Corporation, ...

2004 Bonds shall include all bonds, that meet MFA Insurance Corporation, ...

2004 Bonds shall include all bonds, that meet MFA Insurance Corporation, ...

2004 Bonds shall include all bonds, that meet MFA Insurance Corporation, ...

2004 Bonds shall include all bonds, that meet MFA Insurance Corporation, ...

2004 Bonds shall include all bonds, that meet MFA Insurance Corporation, ...

WHEREAS, the agreement of several (including Metropolitan Storage Fund, ...)

WHEREAS, the 2004 Bonds are being issued (i) to finance the 2004 ...

WHEREAS, the 2004 Bonds will be on parity with the Outstanding Bonds ...

WHEREAS, the Authority has determined to undertake a project involving ...

WHEREAS, the Authority is permitted under Section 3.02 of the Trust ...

WHEREAS, the Authority is permitted under Section 3.02 of the Trust ...

WHEREAS, the Authority is permitted under Section 3.02 of the Trust ...

WHEREAS, the Authority is permitted under Section 3.02 of the Trust ...

WHEREAS, the Authority is permitted under Section 3.02 of the Trust ...

WHEREAS, the Authority is permitted under Section 3.02 of the Trust ...

WHEREAS, the Authority is permitted under Section 3.02 of the Trust ...

2. U.S. Treasury Certificate, Note and Bonds (including State ...)

3. Direct obligations of the Treasury which have been accepted by ...

4. Resolution Funding Corp. (REFCORP) Only the shares ...

5. Pre-refunded municipal bonds issued "net" by Moody's and ...

6. Obligations issued by the following agencies which are backed ...

a. U.S. Export-Import Bank (EXIMBANK)

b. Direct obligations of fully guaranteed certificates of beneficial ...

c. Federal Home Loan Mortgage Corp. (FHLMC)

d. Federal National Mortgage Association (FNMA)

e. Federal Reserve Bank

f. Federal National Mortgage Association (FNMA)

g. U.S. Maritime Administration

h. U.S. Department of Housing and Urban Development (HUD)

i. U.S. Department of Justice

j. U.S. Department of Labor

k. U.S. Department of State

l. U.S. Department of Transportation

m. U.S. Department of Veterans Affairs

n. U.S. Department of War

o. U.S. Department of the Interior

p. U.S. Department of Energy

On the 28th day of September, 2004, personally appeared before me, Andrea Harris, personally known to me and known by me to be the BANK OF NEW YORK, who by me being duly sworn, do declare and say that she is the President of the BANK OF NEW YORK, a state banking corporation organized under the laws of the State of New Jersey, and that she has executed the said instrument and acknowledged said instrument to me as being the authorized officer of the said banking corporation, and that she has delivered and delivered on behalf of said banking corporation, by authority of a vote of its directors...

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year aforesaid.

(Notarial Seal)
Notary Public
My Commission Expires
in the County of Passaic on the 27th day of February, 2005

SCHEDULE A

The Monroe Municipal Utilities Authority in the County of Gloucester, State of New Jersey

\$7,370,000 REVENUE BONDS, SERIES 2004

\$7,370,000 Revenue Bonds, Series 2004 (the "Bonds")

September 15, 2004

September 28, 2004

January 1, 2005 and semiannually thereafter on the first day of January and July of each year thereafter or until redemption, as applicable.

The County, Trust Company, New York, New York

Principal Amounts

Interest Rate

Maturity Date

Face

Interest Rate

Face

Interest Rate

Face

Interest Rate

Face

Interest Rate

Face

Interest Rate

Face

Interest Rate

Face

Interest Rate

Face

Interest Rate

Face

Interest Rate

Face

Interest Rate

Face

WITNESS MY OFFICE SEAL

agreements, including seeking remedies to specific performance by court order, to ensure the Authority to comply with its obligations under this Section.

SECTION 8.04. Description of Bonds. Notwithstanding any other provision of this Agreement, in determining whether the rights of the Bondholders in all the Bonds issued hereunder shall be pari passu with the rights of the Bondholders as if there were no 2004 Bonds hereunder.

SECTION 8.05. Indemnification. Each bondholder understanding any other provision of this Agreement, the Trustee shall immediately notify the 2004 Bond issuer of all any time there are confidence concerns to cause any payments to be made to the bondholders and immediately upon the occurrence of any event of default hereunder.

SECTION 8.06. Construction of "Trust Agreement". The Original Trust Agreement and the First Supplemental Trust Agreement shall be read, construed and construed as one and the same instrument. The provisions of the Original Trust Agreement shall prevail over and control any provisions of the Original and Supplemental Trust Agreements.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year first above written.

By: [Signature] Assistant Secretary

(SEAL)

THE BANK OF NEW YORK

By: [Signature] Vice President

(SEAL)

IN WITNESS WHEREOF, THE MONROE MUNICIPAL UTILITIES AUTHORITY has caused this Fifth Supplemental Trust Agreement to be executed by its Acting Executive Secretary, and the Bonds of New York has caused this Fifth Supplemental Trust Agreement to be executed by an Authorized Officer, as if on the day and year first above written.

THE MONROE MUNICIPAL UTILITIES AUTHORITY

By: [Signature] Acting Executive Secretary

(SEAL)

THE BANK OF NEW YORK

By: [Signature] Vice President

(SEAL)

EXHIBIT "A" UNITED STATES OF AMERICA STATE OF NEW JERSEY COUNTY OF GLoucester THE MONROE MUNICIPAL UTILITIES AUTHORITY REVENUE BONDS, SERIES 2004 (Bonds Qualified)

Registered Owner: CDE & CO. PRINCIPAL SUM.

Interest Rate: 5.250% Maturity Date: September 15, 2004 Face: \$7,370,000.00

On the 28th day of September, 2004, personally appeared before me, Andrea Harris, personally known to me and known by me to be the BANK OF NEW YORK, who by me being duly sworn, do declare and say that she is the President of the BANK OF NEW YORK, a state banking corporation organized under the laws of the State of New Jersey, and that she has executed the said instrument and acknowledged said instrument to me as being the authorized officer of the said banking corporation, and that she has delivered and delivered on behalf of said banking corporation, by authority of a vote of its directors...

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year first above written.

By: [Signature] Assistant Secretary

(SEAL)

THE BANK OF NEW YORK

By: [Signature] Vice President

(SEAL)

IN WITNESS WHEREOF, THE MONROE MUNICIPAL UTILITIES AUTHORITY has caused this Fifth Supplemental Trust Agreement to be executed by its Acting Executive Secretary, and the Bonds of New York has caused this Fifth Supplemental Trust Agreement to be executed by an Authorized Officer, as if on the day and year first above written.

THE MONROE MUNICIPAL UTILITIES AUTHORITY

By: [Signature] Assistant Secretary

(SEAL)

THE BANK OF NEW YORK

By: [Signature] Vice President

(SEAL)

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year aforesaid.

By: [Signature] Assistant Secretary

(SEAL)

THE BANK OF NEW YORK

By: [Signature] Vice President

(SEAL)

ASSIGNMENT

FOR VALUE RECEIVED, I, the undersigned, hereby sell, assign and transfer unto:

(the "Transferee")

Name

Address

Social Security or Federal Employer Identification No.

The within Bond and all rights thereunder and namely irrevocably, conclusively and assignably

in entirety to transfer the within 2004 Bonds to the Bond Registrar with all powers of substitution in the premises

NOTICE: No transfer will be made in the name of the transferee (or transferees) with the name(s) appearing upon the face of the within 2004 Bond in any jurisdiction unless the transferee (or transferees) has provided to the Registrar a copy of the Social Security or Federal Employer Identification Number of the Transferee or transferees and the name of the transferee (or transferees) and the name of the transferee must be supplied.

Signature Guaranteed: NOTICE: Signatures must be guaranteed by a member of a signature guarantee program.

Witness or Notary Seal

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE ISSUING ENTITY TO THE COUNTY OF YORK CORPORATION FOR THE PURPOSE OF REGISTERING A NEW ASSIGNMENT OF INTEREST, THIS CERTIFICATE IS VOID. ANY ASSIGNMENT OF INTEREST MADE BY ANY OTHER ENTITY AS TO SUCH OTHER ENTITY AS IS TRANSFERRED BY OR TO ANY PERSON IS VOID. IN WITNESS WHEREOF, THE ISSUING ENTITY HAS CAUSED THIS CERTIFICATE TO BE SIGNED BY ITS AUTHORIZED REPRESENTATIVE.

STATEMENT OF INSURANCE

MASS Mutual Insurance Company, the "Insurer", hereby certifies that the within policy being on file at the Bank of New York, West Branch, New Jersey

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to the Bank of New York or its successor (the "Paying Agent") an amount equal to (i) the principal of (each of the stated maturity of) any advancement of maturity (as that term is defined below) at such payments shall become due and shall not be so paid (interest that in the event of any acceleration of the due date of such maturity shall be paid in full) or otherwise, other than any advancement of maturity pursuant to a mandatory saving fund payment, the payments guarantee hereby shall be made in full on the date of such maturity and (ii) the amount of any such payment which is subsequently recovered from any third party or parties under any applicable law. The amounts referred to in clauses (i) and (ii) shall be paid to the Insurer or its designated beneficiary.

THE BANK OF NEW YORK, AS TRUSTEE

By: Authorized Signatory

THE BANK OF NEW YORK, AS TRUSTEE

Witness or Notary Seal

The 2004 Bonds maturing on or after July 1, 2015 are subject to redemption prior to maturity on or after July 1, 2014, at the option of the Trustee. The Trustee may, at its sole discretion, redeem any or all of the 2004 Bonds for which it has received notice of redemption prior to maturity. The Trustee shall be deemed to have exercised its option to redeem any 2004 Bonds for which it has received notice of redemption prior to maturity if it does not exercise its option to redeem any such 2004 Bonds for which it has received notice of redemption prior to maturity.

Redemption Schedule

Table with 2 columns: Year, Principal Amount. Rows for 2014 (\$10,000,000) and 2015 (\$15,000,000).

(b) The 2004 Bonds maturing on July 1, 2015 are subject to redemption prior to maturity on or after July 1, 2014, at the option of the Trustee. The Trustee may, at its sole discretion, redeem any or all of the 2004 Bonds for which it has received notice of redemption prior to maturity. The Trustee shall be deemed to have exercised its option to redeem any 2004 Bonds for which it has received notice of redemption prior to maturity if it does not exercise its option to redeem any such 2004 Bonds for which it has received notice of redemption prior to maturity.

Interest Payment Schedule

The 2004 Bonds maturing on July 1, 2015 are subject to redemption prior to maturity on or after July 1, 2014, at the option of the Trustee. The Trustee may, at its sole discretion, redeem any or all of the 2004 Bonds for which it has received notice of redemption prior to maturity. The Trustee shall be deemed to have exercised its option to redeem any 2004 Bonds for which it has received notice of redemption prior to maturity if it does not exercise its option to redeem any such 2004 Bonds for which it has received notice of redemption prior to maturity.

Witness or Notary Seal

The Trustee shall give notice of redemption by first class mail postage prepaid, to each holder of the 2004 Bonds to be redeemed at such holder's last known address as shown on the records of the Trustee. The Trustee shall also give notice of redemption by first class mail postage prepaid to each holder of the 2004 Bonds to be redeemed at such holder's last known address as shown on the records of the Trustee. The Trustee shall also give notice of redemption by first class mail postage prepaid to each holder of the 2004 Bonds to be redeemed at such holder's last known address as shown on the records of the Trustee.

The 2004 Bonds maturing on July 1, 2015 are subject to redemption prior to maturity on or after July 1, 2014, at the option of the Trustee. The Trustee may, at its sole discretion, redeem any or all of the 2004 Bonds for which it has received notice of redemption prior to maturity. The Trustee shall be deemed to have exercised its option to redeem any 2004 Bonds for which it has received notice of redemption prior to maturity if it does not exercise its option to redeem any such 2004 Bonds for which it has received notice of redemption prior to maturity.

The 2004 Bonds maturing on July 1, 2015 are subject to redemption prior to maturity on or after July 1, 2014, at the option of the Trustee. The Trustee may, at its sole discretion, redeem any or all of the 2004 Bonds for which it has received notice of redemption prior to maturity. The Trustee shall be deemed to have exercised its option to redeem any 2004 Bonds for which it has received notice of redemption prior to maturity if it does not exercise its option to redeem any such 2004 Bonds for which it has received notice of redemption prior to maturity.

The 2004 Bonds maturing on July 1, 2015 are subject to redemption prior to maturity on or after July 1, 2014, at the option of the Trustee. The Trustee may, at its sole discretion, redeem any or all of the 2004 Bonds for which it has received notice of redemption prior to maturity. The Trustee shall be deemed to have exercised its option to redeem any 2004 Bonds for which it has received notice of redemption prior to maturity if it does not exercise its option to redeem any such 2004 Bonds for which it has received notice of redemption prior to maturity.

The 2004 Bonds maturing on July 1, 2015 are subject to redemption prior to maturity on or after July 1, 2014, at the option of the Trustee. The Trustee may, at its sole discretion, redeem any or all of the 2004 Bonds for which it has received notice of redemption prior to maturity. The Trustee shall be deemed to have exercised its option to redeem any 2004 Bonds for which it has received notice of redemption prior to maturity if it does not exercise its option to redeem any such 2004 Bonds for which it has received notice of redemption prior to maturity.

Witness or Notary Seal

TRUSTEE CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2004 Bonds delivered pursuant to the within-mentioned Bond Registrar and Trust Agreement of the Monroe Municipal Utilities Authority.

THE BANK OF NEW YORK, AS TRUSTEE

By: Authorized Signatory

Witness or Notary Seal

STATEMENT OF INSURANCE

MASS Mutual Insurance Company, the "Insurer", hereby certifies that the within policy being on file at the Bank of New York, West Branch, New Jersey

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to the Bank of New York or its successor (the "Paying Agent") an amount equal to (i) the principal of (each of the stated maturity of) any advancement of maturity (as that term is defined below) at such payments shall become due and shall not be so paid (interest that in the event of any acceleration of the due date of such maturity shall be paid in full) or otherwise, other than any advancement of maturity pursuant to a mandatory saving fund payment, the payments guarantee hereby shall be made in full on the date of such maturity and (ii) the amount of any such payment which is subsequently recovered from any third party or parties under any applicable law. The amounts referred to in clauses (i) and (ii) shall be paid to the Insurer or its designated beneficiary.

THE BANK OF NEW YORK, AS TRUSTEE

By: Authorized Signatory

THE BANK OF NEW YORK, AS TRUSTEE

Witness or Notary Seal

IN WITNESS WHEREOF

THE MONROE MUNICIPAL UTILITIES AUTHORITY

By: [Signature] Municipal Utilities Authority Chairman

THE MONROE MUNICIPAL UTILITIES AUTHORITY

By: [Signature] Assistant Secretary

THE MONROE MUNICIPAL UTILITIES AUTHORITY

By: [Signature] Assistant Secretary

THE MONROE MUNICIPAL UTILITIES AUTHORITY

By: [Signature] Assistant Secretary

Witness or Notary Seal

EXHIBIT "B"
REVISED SCHEDULE OF TRANSFERS FROM REVENUE FUND

The Trustee shall make transfers from the Revenue Fund to the other funds set forth in this schedule in accordance with the following provisions, unless otherwise specified. If the Trustee determines that the required transfers into the other funds, it may, in its discretion, make the required transfers into the other funds.

- Monthly, commencing October 1, 2004, the Authority to deposit into the Operating Fund maintained pursuant to Section 8.09 of the Original Trust Agreement the amount of the net income of the Operating Fund, as determined in accordance with the budget submitted in accordance with Section 9.14 of the Original Trust Agreement for the current fiscal year, (except in the event of a fiscal year extension, the amount shall be the net income of the Operating Fund for the fiscal year plus an amount necessary to maintain the operating capital of two months' operating expenses).
- Monthly, commencing October 1, 2004, into the 2004 Bonds Debt Service Account in the Debt Service Fund an amount equal to 1/8 of the interest on the 2004 Bonds Debt Service Fund, as determined in accordance with the schedule and stated with respect to the first interest payment due on January 1, 2005 for the 2004 Bonds Debt Service Fund, and thereafter on the same date in each of the years 2005 to 2015, of the interest due on January 1, 2005 must be deposited in addition, the Trustee shall deposit to the Operating Fund an amount equal to 1/8 of the amount remaining due to the Operating Fund on any Party Debt incurred in accordance with Section 8.09 of the Original Trust Agreement.
- Monthly, commencing October 1, 2004, into the 2004 Bonds Debt Service Account in the Debt Service Fund an amount equal to 1/8 of the interest on the 2004 Bonds Debt Service Fund, as determined in accordance with the schedule and stated with respect to the first interest payment due on January 1, 2005 for the 2004 Bonds Debt Service Fund, and thereafter on the same date in each of the years 2005 to 2015, of the interest due on January 1, 2005 must be deposited in addition, the Trustee shall deposit to the Operating Fund an amount equal to 1/8 of the amount remaining due to the Operating Fund on any Party Debt incurred in accordance with Section 8.09 of the Original Trust Agreement.
- Monthly, commencing October 1, 2004, into the 2004 Bonds Debt Service Account in the Debt Service Fund an amount equal to 1/8 of the interest on the 2004 Bonds Debt Service Fund, as determined in accordance with the schedule and stated with respect to the first interest payment due on January 1, 2005 for the 2004 Bonds Debt Service Fund, and thereafter on the same date in each of the years 2005 to 2015, of the interest due on January 1, 2005 must be deposited in addition, the Trustee shall deposit to the Operating Fund an amount equal to 1/8 of the amount remaining due to the Operating Fund on any Party Debt incurred in accordance with Section 8.09 of the Original Trust Agreement.

REVISED 12/21/04 BY

As used herein, the term "owner" shall mean the registered owner of any securities, such as investments, which are held in a form which is not in the name of the National Association, U.S. Bank Trust National Association and disburse to such owner, or the person or persons to whom the proceeds of such securities are payable, or the insured amount and liability available therefor. This policy does not insure against loss of any premium payments which may at any time be payable with respect to any obligation.

As used herein, the term "owner" shall mean the registered owner of any securities, such as investments, which are held in a form which is not in the name of the National Association, U.S. Bank Trust National Association and disburse to such owner, or the person or persons to whom the proceeds of such securities are payable, or the insured amount and liability available therefor. This policy does not insure against loss of any premium payments which may at any time be payable with respect to any obligation.

Any services of process on the issuer may be made to the issuer at its principal office, or at its principal office in New York, New York, or at its principal office in any other state.

The policy is non-assignable for any reason. The premium on this policy is not refundable for any reason occurring after the payment and to satisfy of the obligations.

MBA INSURANCE CORPORATION

REVISED 12/21/04 BY

Monthly, commencing October 1, 2004, the amount of any deficiencies in the 2004 Bonds Debt Service Reserve Fund to be deposited in the 2004 Bonds Debt Service Reserve Fund to the extent necessary to maintain or replenish the amount equal to the 2004 Bonds Debt Service Reserve Fund Requirement.

Monthly, commencing October 1, 2004, into the Reserve Replacement and Improvement Fund the remainder of the Proceed Reserve to the extent necessary to maintain or provide an amount equal to the amount set forth or provided for in Section 8.09 of the Original Trust Agreement.

Monthly, commencing October 1, 2004, into the General Fund, any balance remaining after the transfers specified above.

REVISED 12/21/04 BY

Chairman and do not in the event of an amendment, replacement, expansion or substitution of the bonds and interest thereon and do not in the event of an amendment, replacement, expansion or substitution of the bonds and interest thereon.

THE MONROE MUNICIPAL UTILITIES AUTHORITY

By: _____
Chairman

BEAL:

Answer:

Witness:

ASSIGNMENT

FOR VALUE RECEIVED, _____
The undersigned hereby sells, assigns and transfers unto _____
the following described property, _____

Name _____
Address _____

Said knowledge as to the facts and circumstances of the assignment is hereby acknowledged by _____
the undersigned and all rights, interests and benefits in, to and under the property are hereby assigned and transferred to the assignee and the assignee's heirs, assigns and assigns in fee simple.

NOTE: No transfer will be made in the name of the Trustee(s) unless the assignee(s) in this assignment agreement with the undersigned shall be a duly authorized officer or director of the assignor and shall be duly qualified to execute the assignment agreement and shall be duly qualified to execute the assignment agreement and shall be duly qualified to execute the assignment agreement.

Signature: _____

NOTE: Signature to be notarized.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY OR THE TRUSTEE OF THE BANK OF NEW YORK MELLON, THIS CERTIFICATE IS NOT VALID FOR ANY PURPOSES AND ANY CERTIFICATE TRANSFER IN THE NAME OF CREDIT UNION OR BANK OR ANY OTHER FINANCIAL INSTITUTION IS VOID. THIS CERTIFICATE IS NOT VALID FOR ANY PURPOSES AND ANY CERTIFICATE TRANSFER IN THE NAME OF CREDIT UNION OR BANK OR ANY OTHER FINANCIAL INSTITUTION IS VOID.

TRUSTEES CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2007 Bonds delivered pursuant to the within mentioned Bond Resolution and Trust Agreement of The Monroe Municipal Utilities Authority.

THE BANK OF NEW YORK as Trustee

By: _____
Authorized Signatory

EXHIBIT "B"

REVISED SCHEDULE OF PAYMENTS FROM REVENUE FUNDS

The Trustee shall make payments from the Revenue Fund to the other funds established herein in the amount and on the date specified below. If any amount due on any of the funds does not appear in this Schedule of Payments, the amount shall be paid on the next business day.

Monthly, commencing October 20, 2007, the Authority shall deposit into the Operating Account the amount of \$1,000,000.00, plus or minus the amount of the monthly interest on the bonds issued by the Authority, to be used for the payment of the principal and interest on the bonds.

Monthly, commencing October 20, 2007, the Authority shall deposit into the Operating Account the amount of \$1,000,000.00, plus or minus the amount of the monthly interest on the bonds issued by the Authority, to be used for the payment of the principal and interest on the bonds.

Monthly, commencing October 20, 2007, the Authority shall deposit into the Operating Account the amount of \$1,000,000.00, plus or minus the amount of the monthly interest on the bonds issued by the Authority, to be used for the payment of the principal and interest on the bonds.

Monthly, commencing October 20, 2007, the Authority shall deposit into the Operating Account the amount of \$1,000,000.00, plus or minus the amount of the monthly interest on the bonds issued by the Authority, to be used for the payment of the principal and interest on the bonds.

Monthly, commencing October 20, 2007, the Authority shall deposit into the Operating Account the amount of \$1,000,000.00, plus or minus the amount of the monthly interest on the bonds issued by the Authority, to be used for the payment of the principal and interest on the bonds.

Monthly, commencing October 20, 2007, the Authority shall deposit into the Operating Account the amount of \$1,000,000.00, plus or minus the amount of the monthly interest on the bonds issued by the Authority, to be used for the payment of the principal and interest on the bonds.

Monthly, commencing October 20, 2007, the Authority shall deposit into the Operating Account the amount of \$1,000,000.00, plus or minus the amount of the monthly interest on the bonds issued by the Authority, to be used for the payment of the principal and interest on the bonds.

SEVENTH SUPPLEMENTAL TRUST AGREEMENT

SEVENTH SUPPLEMENTAL TRUST AGREEMENT, dated as of August 1, 2010, between THE MONROE MUNICIPAL UTILITIES AUTHORITY, in the County of Gloucester, New Jersey ("Authority"), a public body politic and corporate constituting a political subdivision of the State of New Jersey and existing under The Municipal and County Utilities Authorities Law, Chapter 183 of the Laws of the State of New Jersey of 1957 ("Act"), and THE BANK OF NEW YORK MELLON, a state banking corporation organized and existing under the laws of the State of New York with banking and fiduciary powers in the State of New Jersey, and having a corporate trust office in Woodland Park, New Jersey, as successor trustee ("Trustee");

WITNESSETH:

WHEREAS, the Authority and predecessors to the Trustee have heretofore entered into a Trust Agreement dated as of July 1, 1987, as amended and supplemented by the following Trust Agreements: a First Supplemental Trust Agreement dated as of October 1, 1991, a Second Supplemental Trust Agreement dated as of April 1, 1997, a Third Supplemental Trust Agreement dated as of November 1, 1999, a Fourth Supplemental Trust Agreement dated as of October 15, 2001, a Fifth Supplemental Trust Agreement dated as of September 15, 2004 and a Sixth Supplemental Trust Agreement dated as of September 1, 2007 (collectively, the "Original Trust Agreement"); and

WHEREAS, the Authority has determined to undertake various capital improvements to the System, including but not limited to, water main extensions, water main drilling, well construction, installation of a disc filter polishing unit, pump station redevelopment, and installation of a water main discharge loop, all as more particularly described in the files of the Authority (collectively, the "Construction Project"); and

WHEREAS, to permanently finance the costs of the Construction Project, the Authority has determined to issue its revenue bonds in the aggregate principal amount of up to \$6,800,000, and

WHEREAS, on or about October 15, 2001, the Authority issued its Revenue Bonds, Series of 2001, in the aggregate principal amount of \$8,395,000, bearing interest at rates ranging from 2.00 to 4.85% per annum ("Prior Bonds"); and

WHEREAS, the Prior Bonds in the aggregate principal amount of \$5,055,000 and maturing on July 1 in the years 2012 through 2021, both inclusive (collectively, the "Callable Bonds"), are subject to redemption at the option of the Authority prior to maturity on or after July 1, 2011, at a redemption price equal to 100% of the Callable Bonds to be redeemed, plus accrued interest thereon; and

WHEREAS, as a result of the low interest rates prevailing in the municipal bond market, the Authority has determined to issue its revenue refunding bonds in the aggregate principal amount of up to \$5,450,000 to refinance up to all of the Callable Bonds ("Refunding Project"); together with the Construction Project, the "Project"); and

WHEREAS, to provide funds to finance the costs of the Project the Authority has authorized the issuance and sale of: (i) \$6,800,000 aggregate principal amount of Revenue Bonds,

2010 Series A ("2010A Bonds"), and (ii) \$5,450,000 aggregate principal amount of Revenue Refunding Bonds, 2010 Series B ("2010B Bonds", together with the 2010A Bonds, the "2010 Bonds"), as Additional Bonds under the Original Trust Agreement, pursuant to this Seventh Supplemental Trust Agreement (the Original Trust Agreement, as amended and supplemented by this Seventh Supplemental Trust Agreement is referred to herein as the "Trust Agreement"); and

WHEREAS, the Authority is permitted under Section 3.02 of the Trust Agreement to issue Additional Bonds for the above purposes; and

WHEREAS, the 2010A Bonds are being issued by the Authority to provide funds which will be used to: (i) finance the costs of certain capital improvements to the Authority's System; (ii) fund the Debt Service Reserve Fund created under the Trust Agreement in an amount equal to the Debt Service Reserve Requirement for the 2010A Bonds; and (iii) pay the costs of issuance with respect to the 2010A Bonds; and

WHEREAS, the 2010B Bonds are being issued by the Authority to provide funds which will be used to: (i) advance refund and redeem on July 1, 2011, \$5,055,000 aggregate principal amount of the Authority's Revenue Bonds, 2001 Series A, maturing on July 1 in the years 2012 through 2021, both dates inclusive; (ii) fund the Debt Service Reserve Account in the amount of the Debt Service Reserve Requirement for the 2010B Bonds; and (iii) pay the costs of issuance with respect to the 2010B Bonds; and

WHEREAS, the 2010 Bonds will be issued on a parity with the Outstanding Bonds previously issued under the Original Trust Agreement and will be secured solely by the pledge of the Pledged Revenues of the Authority, as more fully defined in the Original Trust Agreement

NOW, THEREFORE, THIS SEVENTH SUPPLEMENTAL TRUST AGREEMENT, WITNESSETH:

That to secure the 2010 Bonds issued and outstanding hereunder and under the Original Trust Agreement, the payment of the principal or redemption price of and interest on and the performance of the covenants contained herein and therein, the Authority does hereby, in confirmation of the Original Trust Agreement, sell, assign, transfer, set-over and pledge unto the Trustee, its successors in the trust and its assigns forever, to the extent provided in the Trust Agreement, all of the rights, title and interests of the Authority in and to its Pledged Revenues and, except as provided in Sections 6.12 and 6.15 of the Original Trust Agreement, the moneys and investments standing to the credit of the funds established under the Trust Agreement.

TO HAVE AND TO HOLD the same unto the Trustee, and its successors and assigns forever, together with any other revenues, property, contracts or contract rights which may, by delivery, assignment or otherwise, be subjected to the lien and security interest created by the Trust Agreement

IN TRUST, NEVERTHELESS, for the equal and ratable benefit and security of all present and future holders of the Bonds or notes issued under the Original Trust Agreement and hereunder, without preference, priority or distinction as to lien or otherwise (except as provided in the Original Trust Agreement and herein), of any one Bond over any other Bond

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"Seventh Supplemental Trust Agreement or Agreement" shall mean this Seventh Supplemental Trust Agreement, as the same may from time to time be amended and supplemented.

"Redemption Price" shall mean the principal amount of the 2010 Bonds plus the applicable premium, if any, payable upon redemption thereof pursuant to such 2010 Bond or the Trust Agreement.

ARTICLE II THE 2010 BONDS

SECTION 2.01. **2010A Principal Amount, Designation and Series.** The 2010A Bonds are hereby authorized for issuance as Additional Bonds under the Trust Agreement in an aggregate principal amount of not to exceed \$6,800,000 for the purpose of financing the Construction Project. The 2010 Bonds shall be issued in fully registered book-entry only form, in denominations of \$5,000 or any integral multiple thereof, shall be in substantially the form set forth in Exhibit "A-1" hereto and shall bear interest at the rates and be payable as to principal or redemption price in the amounts as specified in Exhibit "B-1", attached hereto. The 2010 Bonds shall be designated as, and shall be distinguished from the Bonds of all other series of Bonds issued under the Trust Agreement by the title, "The Monroe Municipal Utilities Authority Revenue Bonds, 2010 Series A."

SECTION 2.02. **2010B Principal Amount, Designation and Series.** The 2010B Bonds are hereby authorized for issuance as Additional Bonds under the Trust Agreement in an aggregate principal amount of not to exceed \$5,450,000 for the purpose of financing the Refunding Project. The 2010 Bonds shall be issued in fully registered book-entry only form, in denominations of \$5,000 or any integral multiple thereof, shall be in substantially the form set forth in Exhibit "A-2" hereto and shall bear interest at the rates and be payable as to principal or redemption price in the amounts as specified in Exhibit "B-2", attached hereto. The 2010 Bonds shall be designated as, and shall be distinguished from the Bonds of all other series of Bonds issued under the Trust Agreement by the title, "The Monroe Municipal Utilities Authority Revenue Bonds, 2010 Series B."

SECTION 2.03. **Date, Maturities, Interest and DTC Book-Entry System.**

(a) The 2010 Bonds shall be dated the date of delivery and shall mature in the principal amounts and on the dates and bear interest, payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2011, at the rates set forth in Exhibits "B-1" and "B-2", attached hereto, respectively. The 2010 Bonds shall bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or if no interest has been paid, from the date of delivery.

(b) Except as provided in subparagraph (d) of this Section 2.03, the Registered Owner of all of the 2010 Bonds shall be, and the 2010 Bonds shall be registered in the name of, Cede & Co., as nominee for DTC. Payment of interest on the 2010 Bonds shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Dates for the Bonds at the address indicated for Cede & Co. in the registry books of the Authority kept by the Trustee

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ARTICLE I DEFINITIONS

Except as otherwise provided herein, or unless the context otherwise requires, all terms used but not defined herein shall have the meanings given such terms in the Original Trust Agreement. In addition, the following terms shall have the respective meanings set forth below, unless the context otherwise requires

"2010 Bonds" shall mean any of the Additional Bonds of the Authority authorized to be issued by and pursuant to this Seventh Supplemental Trust Agreement.

"2010A Bonds" shall have the meaning ascribed thereto in the preamble to this Seventh Supplemental Trust Agreement.

"2010A Bonds Debt Service Account" shall mean the sub-account of the Debt Service Fund created under Section 2.05 hereof

"2010A Bonds Debt Service Reserve Fund" shall mean the fund established and created under Section 2.06 hereof.

"2010A Bonds Debt Service Reserve Fund Requirement" shall mean \$588,668.75 representing the maximum annual debt service on the 2010A Bonds, provided, however, that the 2010A Bonds Debt Service Reserve Fund Requirement shall not exceed the amount permitted under the Internal Revenue Code of 1986, as amended.

"2010B Bonds" shall have the meaning ascribed thereto in the preamble to this Seventh Supplemental Trust Agreement.

"2010B Bonds Debt Service Account" shall mean the sub-account of the Debt Service Fund created under Section 2.05 hereof.

"2010B Bonds Debt Service Reserve Fund" shall mean the fund established and created under Section 2.06 hereof.

"2010B Bonds Debt Service Reserve Fund Requirement" shall mean \$624,787.50 representing the maximum annual debt service on the 2010B Bonds, provided, however, that the 2010B Bonds Debt Service Reserve Fund Requirement shall not exceed the amount permitted under the Internal Revenue Code of 1986, as amended

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement executed by and between the Authority and Trustee, as Dissentiation Agent, and dated the date of issuance and delivery of the 2010 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof

"DTC" shall mean The Depository Trust Company, New York, New York and its participants.

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(c) The 2010 Bonds shall be issued initially in the form of separate, single, fully-registered Bonds in the amount of each stated maturity on each 2010 Bond. Upon initial issuance, the ownership of each such 2010 Bond shall be registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC. With respect to Bonds registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, the Authority and any Fiduciary shall have no responsibility or obligation to any participant or to any beneficial owner of such Bonds. Without limiting the immediately preceding sentence, the Authority and any Fiduciary shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any participant, any beneficial owner or any other person, other than DTC, of any notice with respect to the 2010 Bonds, including any notice of redemption, or (iii) the payment to any participant, any beneficial owner or any other person, other than DTC, of any amount with respect to the principal of, redemption premium, if any, or the interest on the 2010 Bonds. The Authority and any Fiduciary may treat DTC as, and deem DTC to be, the absolute Owner of the 2010 Bonds for the purpose of payment of the principal of, redemption premium, if any, and the interest on the 2010 Bonds, for the purpose of giving notices of redemption and other matters with respect to such 2010 Bonds, for the purpose of registering transfers with respect to such 2010 Bonds and for all other purposes whatsoever. The Paying Agent shall pay all principal of, redemption premium, if any, and all interest on the 2010 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy and discharge fully the Authority's obligations with respect to the principal of, redemption premium, if any, and the interest on the 2010 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive a 2010 Bond evidencing the obligation of the Authority to make payments of principal of, redemption premium, if any, and interest on the 2010 Bonds pursuant to this Trust Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the term "Cede & Co." in this Seventh Supplemental Trust Agreement shall refer to such new nominee of DTC.

(d) (i) DTC may determine to discontinue providing its services with respect to the 2010 Bonds at any time by giving written notice to the Authority and the Fiduciaries and discharging its responsibilities with respect thereto under applicable law

(ii) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2010 Bonds if the Authority so determines, and shall terminate the services of DTC with respect to the 2010 Bonds upon receipt by the Authority and the Fiduciaries of written notice from DTC to the effect that DTC has received written notice from participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding 2010 Bonds and further to the effect that: (A) DTC is unable to discharge its responsibilities with respect to the 2010 Bonds; or (B) a continuation of the requirement that all of the Outstanding 2010 Bonds be registered in the registration books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, is not in the best interests of the beneficial owners of the 2010 Bonds.

(iii) Upon the termination of the services of DTC with respect to the 2010 Bonds pursuant to subsection 2.02(d)(i)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the 2010 Bonds pursuant to subsection 2.02(d)(i) or

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subsection 2.02(d)(ii)(A) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found that, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the 2010 Bonds shall no longer be restricted to being registered in the registration books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, but may be registered in whatever name or names Bondholders transferring or exchanging the 2010 Bonds shall so designate.

(e) Notwithstanding any other provision of this Seventh Supplemental Trust Agreement to the contrary, so long as any 2010 Bond is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to the principal of, redemption premium, if any, and the interest on such 2010 Bonds and all notices with respect thereto shall be made and given, respectively, to DTC as provided in the representation letter of the Authority addressed to DTC with respect to the 2010 Bonds.

(f) In connection with any notice or other communication to be provided to Bondholders by the Authority or the Trustee pursuant to this Seventh Supplemental Trust Agreement with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and shall give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date, to the extent possible.

SECTION 2.04. Optional Redemption. The 2010 Bonds maturing on or after July 1, 2021 are subject to redemption prior to maturity at the option of the Authority, as a whole at any time or in part from time to time, on or after July 1, 2020, and any portion of the 2010 Bonds of like maturity shall be redeemed by lot as provided in the Trust Agreement, or in any manner deemed reasonable by the Trustee, at a redemption price equal to one hundred percent (100%) of the principal amount of the 2010 Bonds or portions thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption.

SECTION 2.05. 2010 Bonds Debt Service Account. In accordance with Sections 6.06 of the Original Trust Agreement, there is hereby established a 2010A Bonds Debt Service Account and a 2010B Bonds Debt Service Account as part of the Debt Service Fund.

SECTION 2.06. 2010 Bonds Debt Service Reserve Fund. There is hereby established a 2010A Bonds Debt Service Reserve Fund and the Trustee shall deposit therein from the proceeds of the sale of the 2010A Bonds the amount of \$588,668.75 representing the 2010A Bonds Debt Service Reserve Fund Requirement, which shall be used, in accordance with Section 6.08 of the Original Trust Agreement, to make up any deficiencies in the 2010A Bonds Debt Service Account in the Debt Service Fund established for the 2010A Bonds pursuant to Section 6.06 of the Original Trust Agreement, after first exhausting any available moneys in the General Fund and in the Renewal, Replacement and Improvement Fund. There is also hereby established a 2010B Bonds Debt Service Reserve Fund and the Trustee shall deposit therein from the proceeds of the sale of the 2010B Bonds the amount of \$624,787.50 representing the 2010B Bonds Debt Service Reserve Fund Requirement, which shall be used, in accordance with Section 6.08 of the Original Trust Agreement, to make up any deficiencies in the 2010B Bonds Debt Service Account in the Debt Service Fund established for the 2010B Bonds pursuant to Section 6.06 of the Original Trust Agreement, after first exhausting any available moneys in the General Fund

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ARTICLE V MISCELLANEOUS

SECTION 5.01. Successor Trustee.

(a) Every successor Trustee appointed with respect to the 2010 Bonds pursuant to this Agreement shall be a commercial bank with trust powers in good standing located in or incorporated under the laws of the State of New Jersey, duly authorized to exercise trust powers and subject to examination by federal or state authorities, and having a reported capital and surplus of not less than \$100,000,000.

(b) Notwithstanding any other provision of the Trust Agreement, no removal or termination of the Trustee shall take effect until a successor shall be appointed. In case at any time the Trustee shall resign and no appointment of a successor trustee shall be made pursuant to Section 11.13 of the Original Trust Agreement prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor trustee. If in a proper case, no appointment of a successor trustee shall be made pursuant to the foregoing provisions of this Section within 30 days after a vacancy shall have occurred in the office of the Trustee, the Trustee or the holders of a majority of the aggregate principal amount of Bonds then Outstanding may apply to any court of competent jurisdiction to appoint a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, prescribe and appoint a successor trustee.

SECTION 5.02. Parties Interested Herein. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or give to, any person or entity, other than the Authority, the Trustee, and the registered owners and Beneficial Owners of the 2010 Bonds, any right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, and the registered owners and Beneficial Owners of the 2010 Bonds.

SECTION 5.03. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Seventh Supplemental Trust Agreement, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default, however, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section.

SECTION 5.04. Determination of Rights. Notwithstanding any other provision of this Agreement, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Agreement, the Trustee shall consider the effect on the Bondholders as if there were no 2010 Bond Insurance.

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and in the Renewal, Replacement and Improvement Fund. Any excess in either the 2010A Bonds Debt Service Reserve Fund or the 2010B Bonds Debt Service Reserve Fund shall be transferred to the Revenue Fund annually 45 days following receipt by the Trustee of the Authority's annual audit.

ARTICLE III PROCEEDS OF THE 2010 BONDS

SECTION 3.01. Construction Fund. In accordance with Section 5.01 of the Original Trust Agreement, there is hereby established a 2010 Project Account in the Construction Fund for the payment of costs of the Construction Project. The amounts in the 2010 Project Account shall be held for the security of all of the 2010A Bonds Outstanding hereunder.

SECTION 3.02. Application of Proceeds of the 2010A Bonds. Pursuant to Section 4.02 of the Authority's Bond Resolution, dated July 14, 2010, authorizing the issuance of the 2010 Bonds ("2010 Bond Resolution"), the Trustee shall deposit the proceeds of the 2010A Bonds into: (i) the 2010A Debt Service Reserve Account, and (ii) the Construction Fund, in the amounts and in the manner described in the Authority's Receipt for the Purchase Price and Instructions Relating to the Delivery of the 2010 Bonds and Application of Proceeds Certificate, dated August 31, 2010 ("Application of Proceeds Certificate"), attached hereto as Exhibit "C".

SECTION 3.03. Application of Proceeds of the 2010B Bonds. Pursuant to Section 4.03 of the 2010 Bond Resolution, the Trustee shall deposit the proceeds of the 2010B Bonds, and other funds available to the Authority, into: (i) an escrow account, established and held by the Trustee for the benefit of the holders of the Authority's Revenue Bonds, Series 2001; (ii) the 2010B Debt Service Reserve Account, and (iii) the Construction Fund, in the amounts and in the manner described in the Application of Proceeds Certificate, attached hereto as Exhibit "C".

SECTION 3.04. Payment of Costs and Expenses by Trustee. The Trustee is authorized to pay from the Construction Fund the costs and expenses of the issuance and delivery of the 2010 Bonds as set forth in the Application of Proceeds Certificate or a requisition delivered subsequent to the closing of the 2010 Bonds signed by the Chairman, Vice President or Executive Director of Authority.

ARTICLE IV REVENUES

SECTION 4.01. Transfer of Pledged Revenues. Confirming the granting clauses hereof and of the Original Trust Agreement and as permitted by Section 6.02 of the Original Trust Agreement, the Authority directs payment to the Trustee of all Pledged Revenues for deposit and transfer in accordance with Exhibit B attached hereto.

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SECTION 5.05. Notification of Insufficient Funds. Notwithstanding any other provision of this Agreement, the Trustee shall immediately notify the 2010 Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder.

SECTION 5.06. Confirmation of Original Trust Agreement. The Original Trust Agreement and this Seventh Supplemental Trust Agreement shall be read, taken and construed as one and the same instrument. The provisions of the Original Trust Agreement shall remain in full force and effect unless amended and supplemented hereby.

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IN WITNESS WHEREOF, THE MONROE MUNICIPAL UTILITIES AUTHORITY has caused this Seventh Supplemental Trust Agreement to be executed by its Executive Director and its corporate seal to be hereunto affixed, attested by its Secretary or Assistant Secretary, and The Bank of New York Mellon has caused this Seventh Supplemental Trust Agreement to be executed by an Authorized Officer, all as of the day and year first above written.

THE MONROE MUNICIPAL UTILITIES AUTHORITY

By: *Michael Milam*
MICHAEL MILAM, Chairman

Attest: *Henry J. Calloway*
HENRY CALLOWAY, Secretary

[SEAL]

THE BANK OF NEW YORK MELLON

By: _____
ROBERT S. PESCHLER, Vice President

Attest: *Robert S. Peschler*
Authorized Signatory

[SEAL]

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IN WITNESS WHEREOF, THE MONROE MUNICIPAL UTILITIES AUTHORITY has caused this Seventh Supplemental Trust Agreement to be executed by its Executive Director and its corporate seal to be hereunto affixed, attested by its Secretary or Assistant Secretary, and The Bank of New York Mellon has caused this Seventh Supplemental Trust Agreement to be executed by an Authorized Officer, all as of the day and year first above written.

THE MONROE MUNICIPAL UTILITIES AUTHORITY

By: _____
MICHAEL MILAM, Chairman

Attest: _____
HENRY CALLOWAY, Secretary

[SEAL]

THE BANK OF NEW YORK MELLON

By: _____
ROBERT S. PESCHLER, Vice President

Attest: *Robert S. Peschler*
Authorized Signatory

[SEAL]

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EXHIBIT "A-1"

Registered
No. R-1

Registered
\$340,000

UNITED STATES OF AMERICA

THE MONROE MUNICIPAL UTILITIES AUTHORITY
COUNTY OF GLOUCESTER, NEW JERSEY

REVENUE BOND, 2010 SERIES A

CUSIP	MAJORITY DATE	DATE OF AUTHENTICATION	INTEREST RATE PER ANNUM	ORIGINAL ISSUANCE DATE
611148 CZ8	July 1, 2011	August 31, 2010	3.00%	August 31, 2010

Registered Owner Code & Co

Principal Sum Three Hundred Forty Thousand Dollars (\$340,000)

THE MONROE MUNICIPAL UTILITIES AUTHORITY ("Authority"), a public body corporate and politic of the State of New Jersey ("State"), acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated herein or registered assigns, on the Maturity Date stated herein, but solely from the funds pledged therefor, upon presentation and surrender of this bond ("2010A Bond") at the principal corporate trust office of The Bank of New York Mellon, Woodland Park, New Jersey (such bank and any successors thereto being herein called the "Trustee"), the Principal Sum stated herein in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay on January 1 and July 1 in each year, commencing January 1, 2011, until the Authority's obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest on such Principal Sum at the Interest Rate per annum stated herein from the Dated Date hereof by check or draft of the Trustee hereinafter mentioned mailed to the Registered Owner hereof who shall appear as of the fifteenth (15th) day of the calendar month next preceding such interest payment date on the registration books of the Authority maintained by the Trustee, as Bond Registrar.

The terms and provisions of this 2010A Bond and definitions of certain terms used herein may be continued on the reverse side of this 2010A Bond and such continued terms and provisions and definitions shall for all purposes have the same effect as though fully set forth on the front of this 2010A Bond.

This 2010A Bond is one of a duly authorized issue of Revenue Bonds of the Authority known as "The Monroe Municipal Utilities Authority Revenue Bonds, 2010 Series A", all of like tenor, except as to dates of maturity, rates of interest and provisions for redemption, and all issued under and equally and ratably secured by a Trust Agreement, by and between the Authority and the Trustee, dated July 1, 1987 as amended and supplemented to date (as so amended and supplemented, the "Trust Agreement") and by a bond resolution of the Authority, duly adopted on July 14, 2010 ("2010 Bond Resolution"), as supplemented by a supplemental bond resolution of the Authority duly adopted on August 12, 2010 ("2010 Supplemental Bond Resolution"; together with the 2010 Bond Resolution, the "Resolution").

This 2010A Bond shall be a direct and limited obligation of the Authority secured as to payment of the principal or redemption price of and interest thereon by the Authority's Pledged Revenues (as defined in the Trust Agreement) which Pledged Revenues include payments to be made by the Township of Monroe ("Township") pursuant to a Service Contract, dated June 10, 1960, as amended and supplemented, between the Authority and the Township ("Service Contract"). The Authority has no taxing power.

Neither the credit nor the taxing power of the County of Gloucester, New Jersey ("County") or the State or any political subdivision thereof, is pledged for the payment of the principal of the interest on or the premium, if any, payable upon the redemption of this 2010A Bond, nor shall this 2010A Bond be deemed an obligation or liability of said County or State or of any political subdivision thereof other than the Township to the extent provided in the Service Contract, nor shall said County or State or any political subdivision thereof, other than as aforesaid, be liable for the payment of such principal, interest or premium, if any.

It is hereby certified and recited that all conditions, acts and things required by law, the Trust Agreement and the Resolution, to exist, to have happened and to have been performed precedent to and in the issuance of this 2010A Bond, exist, have happened and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the Authority, complies in all respects with the applicable laws of the State of New Jersey, including, particularly, the Act

This 2010A Bond shall not be entitled to any benefit under the Trust Agreement or be valid or become obligatory for any purpose until this 2010A Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, THE MONROE MUNICIPAL UTILITIES AUTHORITY has caused this 2010A Bond to be executed in its name and on its behalf by the manual signature of its Chairman, and its corporate seal to be impressed, unprinted, engraved or otherwise reproduced hereon, and attested by the manual signature of its Secretary all as of the Dated Date hereof.

THE MONROE MUNICIPAL UTILITIES AUTHORITY

[SEAL]

By: _____
MICHAEL MICALE, Chairman

Attest:

HENRY CALLOWAY, Secretary

TRUSTEE'S AUTHENTICATION CERTIFICATE

This 2010A Bond is one of the issue of Bonds described in the within-mentioned Trust Agreement, such Bonds being designated as "The Monroe Municipal Utilities Authority, Revenue Bonds, 2010 Series A". Accompanying this 2010A Bond is the complete text of the opinion of Parker McCay P.A., Marlton, New Jersey, Bond Counsel, a signed original of which is on file with the undersigned and delivered and dated the date of original delivery of and payment for the 2010A Bonds

THE BANK OF NEW YORK MELLON, as Trustee

By: _____
Authorized Officer

Date of Authentication: August 31, 2010

THE MONROE MUNICIPAL UTILITIES AUTHORITY
\$6,550,000 REVENUE BONDS, 2010 SERIES A
\$5,205,000 REVENUE REFUNDING BONDS, 2010 SERIES B

Reference is hereby made to the Trust Agreement and the Resolution for descriptions of the sources of payment for the 2010A Bonds, the nature, extent and manner of enforcement of remedies, the terms and conditions under which the Trust Agreement or the Resolution may be amended or modified, the rights of the Owners of the 2010A Bonds and of the Trustee in respect to the Service Contract between the Authority and the Township providing for the Authority to furnish certain utility services for rates and charges to be paid by the Township as therein set forth, and the terms and conditions under which the 2010A Bonds are issued, to all of which, and to all of the terms of the Service Contract, and the other financing documents in respect of the 2010A Bonds as listed in the Closing Agenda in respect of the 2010A Bonds filed with the Trustee (and available for inspection thereof), each Owner of any Bond, by the purchase thereof, shall be deemed to have consented as an explicit and material portion of the consideration to the Authority for its issuance of the 2010A Bonds. Executed counterparts of the Trust Agreement, the Resolution, the Service Contract and said other financing documents are on file and available for inspection at the principal corporate trust office of the Trustee.

If an Event of Default, as defined or referred to in the Trust Agreement, shall occur, the principal of all 2010A Bonds issued under the Trust Agreement may be declared due and payable upon the conditions and in the manner and with the effect provided in the Trust Agreement.

OPTIONAL REDEMPTION

The 2010A Bonds maturing on and after July 1, 2021, are subject to optional redemption prior to maturity, at the election of the Authority on July 1, 2020, and on any date thereafter, as a whole or in part from such maturities as of the Authority shall determine, and by lot within a single maturity, at a redemption price equal to the principal amount to be redeemed (together with interest accrued thereon to the date for such redemption).

If less than all of the 2010A Bonds of a maturity are to be redeemed, the particular 2010A Bonds or portions thereof to be redeemed shall be selected by lot by the Trustee by selecting for redemption portions in multiples of \$5,000 of the principal amount of the 2010A Bonds. In determining the manner of selecting 2010A Bonds for redemption, the Trustee shall make appropriate adjustments for particular 2010A Bonds in denominations greater than \$5,000. If only a portion of such a 2010A Bond is selected for redemption, that portion of the 2010A Bond shall be paid and the remaining principal amount of such 2010A Bond shall be reissued as provided in the Resolution. Not less than thirty (30) days nor more than sixty (60) days prior to any redemption date, identifying each 2010A Bond or portion thereof to be redeemed, to be given in the name of the Authority and to be sent by first class mail (postage prepaid) to the Registered Owner at the address shown on the 2010A Bond Register on the date of the selection of the 2010A Bonds to be redeemed. Notices properly mailed in accordance with the provisions hereof and of the Resolution shall be considered received by the addressee for all purposes hereof and thereof. Any failure to mail a notice to a Registered Owner shall not affect the validity of redemption proceedings taken with respect to Registered Owners to whom notice was mailed. If provision is made for redemption from funds on deposit with the Trustee, all interest on the 2010A Bonds called for redemption accruing after the date fixed for redemption shall cease, and have Registered Owners of the 2010A Bonds called for redemption shall have no security or benefit under the

Resolution or any right except to receive payment of the redemption price from such funds on deposit.

This 2010A Bond is fully registered in the name of the owner on the 2010A Bond Register kept at the principal corporate trust office of the Trustee, as 2010A Bond Registrar appointed under the Resolution, such registration to be noted hereon by the Trustee on behalf of the Authority. No transfer shall be valid as against the Authority or the Trustee unless made by the Registered Owner in person or by his duly authorized attorney or legal representative and similarly noted upon the 2010A Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the Registered Owner, a new registered 2010A Bond or 2010A Bonds, in authorized denominations aggregating the principal amount hereon, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this 2010A Bond and registered in such names as shall be requested. Such transfers and exchanges shall be without cost to owners of the 2010A Bonds, but such owners shall be required to pay any taxes or assessments levied or imposed thereon.

The Trustee will not be required to transfer or exchange any 2010A Bond (i) during the fifteen (15) days preceding the mailing of notice of redemption, or (ii) after notice has been mailed calling such 2010A Bond for redemption in whole or in part. Notice of any redemption of 2010A Bonds shall be provided pursuant to and in accordance with the requirements of the resolution.

The Authority and the Trustee may treat the person whose name this 2010A Bond is registered as the absolute owner of this 2010A Bond for all purposes whether or not this 2010A Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. All payments of the principal and interest made to the Registered Owner hereof in the manner set forth herein and in the Resolution shall be valid and effectual to satisfy and discharge the liability upon this 2010A Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent waiver or action taken by such Registered Owner pursuant to the provisions of the Resolution shall be conclusive and binding upon such Registered Owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any 2010A Bond issued in exchange hereof.

The Authority, pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures, has caused CUSIP numbers to be printed on the 2010A Bonds, and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Bondholders. No representation is made as to the accuracy of such numbers either as printed or, the 2010A Bonds or as contained in any notice of redemption, and reliance may be placed only on the identification numbers prefixed.

No recourse shall be had for the payment of the principal or of interest or premium, if any, on this 2010A Bond, or for any claim based hereon or on the Resolution or any resolution supplemental thereto, against any member, officer or employee past, present or future, of the Authority, or of any successor corporation, as such, either directly or through the Authority or any such successor corporation, whether by virtue of any constitutional provision statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of such members, officers or employees being released as a specific condition of and as material consideration for the adoption of the Resolution and the issuance of this 2010A Bond.

The Act provides that the bonds of an authority organized thereunder shall have all the qualities of negotiable instruments under the negotiable instruments law of the State.

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED the undersigned sells, assigns and transfers into _____

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE. The signature of this assignment must correspond with the name as written upon the face of the bond in every particular, without alteration or enlargement or any change whatsoever

EXHIBIT "A-2"

Registered No. R-1

Registered \$40,000

UNITED STATES OF AMERICA

THE MONROE MUNICIPAL UTILITIES AUTHORITY COUNTY OF GLOUCESTER, NEW JERSEY

REVENUE REFUNDING BOND, 2010 SERIES B

CUSIP	MATURITY DATE	DATE OF AUTHENTICATION	INTEREST RATE PER ANNUM	ORIGINAL ISSUANCE DATE
611148 DL8	July 1, 2011	August 31, 2010	2.00%	August 31, 2010

Registered Owner: Cede & Co.

Principal Sum: Forty Thousand Dollars (\$40,000)

THE MONROE MUNICIPAL UTILITIES AUTHORITY ("Authority"), a public body corporate and politic of the State of New Jersey ("State"), acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged herefor, upon presentation and surrender of this bond ("2010B Bond") at the principal corporate trust office of The Bank of New York Mellon, Woodland Park, New Jersey (such bank and any successors thereto being hereon called the "Trustee"), the Principal Sum stated hereon in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay on January 1 and July 1 in each year, commencing January 1, 2011, until the Authority's obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest on such Principal Sum at the Interest Rate per annum stated hereon from the Dated Date hereof by check or draft of the Trustee hereinafter mentioned mailed to the Registered Owner hereof who shall appear as of the fifteenth (15th) day of the calendar month next preceding such interest payment date on the registration books of the Authority maintained by the Trustee, as Bond Registrar.

The terms and provisions of this 2010B Bond and definitions of certain terms used herein may be continued on the reverse side of this 2010B Bond and such continued terms and provisions and definitions shall for all purposes have the same effect as though fully set forth on the front of this 2010B Bond.

This 2010B Bond is one of a duly authorized issue of Revenue Bonds of the Authority known as "The Monroe Municipal Utilities Authority Revenue Refunding Bonds, 2010 Series B", all of like tenor, except as to dates of maturity, rates of interest and provisions for redemption, and all issued under and equally and ratably secured by a Trust Agreement, by and between the Authority and the Trustee, dated July 1, 1987 as amended and supplemented to date (as so amended and supplemented, the "Trust Agreement") and by a bond resolution of the Authority, duly adopted on July 14, 2010 ("2010 Bond Resolution"), as supplemented by a supplemental bond

resolution of the Authority duly adopted on August 12, 2010 ("2010 Supplemental Bond Resolution", together with the 2010 Bond Resolution, the "Resolution")

This 2010B Bond shall be a direct and limited obligation of the Authority secured as to payment of the principal or redemption price of and interest thereon by the Authority's Pledged Revenues (as defined in the Trust Agreement) which Pledged Revenues include payments to be made by the Township of Monroe ("Township") pursuant to a Service Contract, dated June 10, 1964, as amended and supplemented, between the Authority and the Township ("Service Contract") The Authority has no taxing power.

Neither the credit nor the taxing power of the County of Gloucester, New Jersey ("County") or the State or any political subdivision thereof, is pledged for the payment of the principal of the interest on or the premium, if any, payable upon the redemption of this 2010B Bond; nor shall this 2010B Bond be deemed an obligation or liability of said County or State or of any political subdivision thereof other than the Township to the extent provided in the Service Contract; nor shall said County or State or any political subdivision thereof, other than as aforesaid, be liable for the payment of such principal, interest or premium, if any.

It is hereby certified and recited that all conditions, acts and things required by law, the Trust Agreement and the Resolution, to exist, to have happened and to have been performed precedent to and in the issuance of this 2010B Bond, exist, have happened and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the Authority, complies in all respects with the applicable laws of the State of New Jersey, including, particularly, the Act.

This 2010B Bond shall not be entitled to any benefit under the Trust Agreement or be valid or become obligatory for any purpose until this 2010B Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

{Remainder of Page Intentionally Left Blank}

IN WITNESS WHEREOF, THE MONROE MUNICIPAL UTILITIES AUTHORITY has caused this 2010B Bond to be executed in its name and on its behalf by the manual signature of its Chairman, and its corporate seal to be impressed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual signature of its Secretary all as of the Dated Date hereof.

THE MONROE MUNICIPAL UTILITIES AUTHORITY

{SEAL}

By: MICHAEL MTLAM, Chairman

Attest:

HENRY CALLOWAY, Secretary

THE MONROE MUNICIPAL UTILITIES AUTHORITY
\$6,550,000 REVENUE BONDS, 2010 SERIES A
\$5,205,000 REVENUE REFUNDING BONDS, 2010 SERIES B

TRUSTEE'S AUTHENTICATION CERTIFICATE

This 2010B Bond is one of the issue of Bonds described in the within-mentioned Trust Agreement, such Bonds being designated as "The Monroe Municipal Utilities Authority, Revenue Refunding Bonds, 2010 Series B". Accompanying this 2010B Bond is the complete text of the opinion of Parker McWay P.A., Marlton, New Jersey, Bond Counsel, a signed original of which is on file with the undersigned and delivered and dated the date of original delivery of and payment for the 2010B Bonds

THE BANK OF NEW YORK MELLON, as Trustee

By: _____
Authorized Officer

Date of Authentication: August 31, 2010

Reference is hereby made to the Trust Agreement and the Resolution for descriptions of the sources of payment for the 2010B Bonds, the nature, extent and manner of enforcement of remedies, the terms and conditions under which the Trust Agreement or the Resolution may be amended or modified, the rights of the Owners of the 2010B Bonds and of the Trustee in respect to the Service Contract between the Authority and the Township providing for the Authority to furnish certain utility services for rates and charges to be paid by the Township as therein set forth, and the terms and conditions under which the 2010B Bonds are issued, to all of which, and to all of the terms of the Service Contract, and the other financing documents in respect of the 2010B Bonds as listed in the Closing Agenda in respect of the 2010B Bonds filed with the Trustee (and available for inspection thereof), each Owner of any Bond, by the purchase thereof, shall be deemed to have consented as an explicit and material portion of the consideration to the Authority for its issuance of the 2010B Bonds, Executive counterparts of the Trust Agreement, the Resolution, the Service Contract and said other financing documents are on file and available for inspection at the principal corporate trust office of the Trustee.

If an Event of Default, as defined or referred to in the Trust Agreement, shall occur, the principal of all 2010B Bonds issued under the Trust Agreement may be declared due and payable upon the conditions and in the manner and with the effect provided in the Trust Agreement.

OPTIONAL REDEMPTION

The 2010B Bonds maturing on and after July 1, 2021, are subject to optional redemption prior to maturity, at the election of the Authority on July 1, 2020, and on any date thereafter, as a whole or in part from such maturities as of the Authority shall determine, and by lot within a single maturity, at a redemption price equal to the principal amount to be redeemed (together with interest accrued thereon to the date for such redemption)

If less than all of the 2010B Bonds of a maturity are to be redeemed, the particular 2010B Bonds or portions thereof to be redeemed shall be selected by lot by the Trustee by selecting for redemption portions in multiples of \$5,000 of the principal amount of the 2010B Bonds. In determining the manner of selecting 2010B Bonds for redemption, the Trustee shall make appropriate adjustments for particular 2010B Bonds in denominations greater than \$5,000. If only a portion of such a 2010B Bond is selected for redemption, that portion of the 2010B Bond shall be paid and the remaining principal amount of such 2010B Bond shall be reissued as provided in the Resolution. Not less than thirty (30) days nor more than sixty (60) days prior to any redemption date, identifying each 2010B Bond or portion thereof to be redeemed, to be given in the name of the Authority and to be sent by first class mail (postage prepaid) to the Registered Owner at the address shown on the 2010B Bond Register on the date of the selection of the 2010B Bonds to be redeemed. Notices properly mailed in accordance with the provisions hereof and of the Resolution shall be considered received by the addressee for all purposes hereof and thereof. Any failure to mail a notice to a Registered Owner shall not affect the validity of redemption proceedings taken with respect to Registered Owners to whom notice was mailed. If provision is made for redemption from funds on deposit with the Trustee, all interest on the 2010B Bonds called for redemption accruing after the date fixed for redemption shall cease, and have Registered Owners of the 2010B Bonds called for redemption shall have no security or benefit under the Resolution or any right except to receive payment of the redemption price from such funds on deposit.

This 2010B Bond is fully registered in the name of the owner on the 2010B Bond Register kept at the principal corporate trust office of the Trustee, as 2010B Bond Registrar appointed under the Resolution, such registration to be noted hereon by the Trustee on behalf of the Authority. No transfer shall be valid as against the Authority or the Trustee unless made by the Registered Owner in person or by his duly authorized attorney or legal representative and similarly noted upon the 2010B Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the Registered Owner, a new registered 2010B Bond or 2010B Bonds, in authorized denominations aggregating the principal amount hereon, maturing on the same date, bearing interest at the same rate, bearing the same series designation as this 2010B Bond and registered in such names as shall be requested. Such transfers and exchanges shall be without cost to owners of the 2010B Bonds, but such owners shall be required to pay any taxes or assessments levied or imposed thereon.

The Trustee will not be required to transfer or exchange any 2010B Bond (i) during the fifteen (15) days preceding the mailing of notice of redemption, or (ii) after notice has been mailed calling such 2010B Bond for redemption in whole or in part. Notice of any redemption of 2010B Bonds shall be provided pursuant to and in accordance with the requirements of the Resolution.

The Authority and the Trustee may treat the person whose name this 2010B Bond is registered as the absolute owner of this 2010B Bond for all purposes whether or not this 2010B Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. All payments of the principal and interest made to the Registered Owner hereof in the manner set forth herein and in the Resolution shall be valid and effectual to satisfy and discharge the liability upon this 2010B Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent waiver or action taken by such Registered Owner pursuant to the provisions of the Resolution shall be conclusive and binding upon such Registered Owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any 2010B Bond issued in exchange hereof.

The Authority, pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures, has caused CUSIP numbers to be printed on the 2010B Bonds, and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Bondholders. No representation is made as to the accuracy of such numbers either as printed on, the 2010B Bonds or as contained in any notice of redemption, and reliance may be placed only on the identification numbers prefixed.

No recourse shall be had for the payment of the principal or interest or premium, if any, on this 2010B Bond, or for any claim based hereon or on the Resolution or any resolution supplemental thereto, against any member, officer or employee past, present or future, of the Authority, or of any successor corporation, as such, either directly or through the Authority or any such successor corporation, whether by virtue of any constitutional provision statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of such members, officers or employees being released as a specific condition of and as material consideration for the adoption of the Resolution and the issuance of this 2010B Bond.

The Act provides that the bonds of an authority organized thereunder shall have all the qualities of negotiable instruments under the negotiable instruments law of the State.

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto _____

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution at the premises.

Dated: _____

In the presence of:

NOTE: The signature of this assignment must correspond with the name as written upon the face of the bond in every particular, without alteration or enlargement or any change whatsoever

EXHIBIT "B-1"

2010A MATURITY SCHEDULE

\$6,550,000

THE MONROE MUNICIPAL UTILITIES AUTHORITY

In the County of Gloucester, New Jersey
Revenue Bonds, Series of 2010

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
07/01/2011	Serial Coupon	3.000%	1.250%	340,000.00	101.443%	344,013.00
07/01/2012	Serial Coupon	3.000%	1.410%	350,000.00	102.866%	360,031.00
07/01/2013	Serial Coupon	3.000%	1.710%	360,000.00	103.551%	372,793.40
07/01/2014	Serial Coupon	3.000%	1.930%	370,000.00	103.839%	384,274.60
07/01/2015	Serial Coupon	2.250%	2.440%	350,000.00	98.137%	376,720.60
07/01/2016	Serial Coupon	2.500%	2.810%	390,000.00	98.120%	382,703.10
07/01/2017	Serial Coupon	4.000%	3.140%	405,000.00	105.244%	426,254.60
07/01/2018	Serial Coupon	4.000%	3.310%	420,000.00	104.723%	439,816.60
07/01/2019	Serial Coupon	5.000%	3.330%	440,000.00	111.147%	489,049.80
07/01/2020	Serial Coupon	5.000%	3.710%	460,000.00	110.242%	508,493.20
07/01/2021	Serial Coupon	4.000%	3.550%	490,000.00	100.999%	491,515.20
07/01/2022	Serial Coupon	4.250%	4.140%	505,000.00	100.876%	509,423.80
07/01/2023	Serial Coupon	4.250%	4.260%	525,000.00	99.894%	524,454.00
07/01/2024	Serial Coupon	4.500%	4.370%	550,000.00	101.024%	555,632.00
07/01/2025	Serial Coupon	4.500%	4.490%	575,000.00	100.389%	577,236.75
Total				\$6,550,000.00		\$6,732,718.65

Bid Information

Par Amount of Bonds	\$6,550,000.00
Effective Premium or (Discount)	182,718.65
Gross Proceeds	\$6,732,718.65
Total Underwriter's Discount (0.359%)	\$23,314.30
Net (102.449%)	6,709,404.35
Total Purchase Price	\$6,710,204.15
Bond Year Dollars	\$56,011.35
Average Life	8.591 Years
Average Coupon	4.1725439%
Net Interest Cost (NIC)	3,084,073.09
True Interest Cost (TIC)	3,764,984.95

Basis of 2010 Proposal F | New Money | 8/12/2010 | 12:42 PM

EXHIBIT "B-2"

2010B MATURITY SCHEDULE

\$5,205,000

THE MONROE MUNICIPAL UTILITIES AUTHORITY

In the County of Gloucester, New Jersey
Revenue Refunding Bonds, Series of 2010

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
07/01/2011	Serial Coupon	3.000%	1.250%	40,000.00	100.419%	40,167.60
07/01/2012	Serial Coupon	3.000%	1.410%	455,000.00	102.866%	468,040.30
07/01/2013	Serial Coupon	3.000%	1.710%	465,000.00	103.551%	481,512.15
07/01/2014	Serial Coupon	3.000%	1.930%	480,000.00	103.839%	498,512.40
07/01/2015	Serial Coupon	2.250%	2.440%	485,000.00	99.137%	480,814.45
07/01/2016	Serial Coupon	2.250%	2.810%	500,000.00	98.120%	490,045.00
07/01/2017	Serial Coupon	4.000%	3.140%	515,000.00	105.244%	542,027.20
07/01/2018	Serial Coupon	4.000%	3.310%	535,000.00	104.723%	560,268.05
07/01/2019	Serial Coupon	4.000%	3.330%	560,000.00	103.813%	580,232.80
07/01/2020	Serial Coupon	4.000%	3.710%	580,000.00	102.367%	593,738.80
07/01/2021	Serial Coupon	4.000%	3.950%	590,000.00	100.389%	592,134.10
Total				\$5,205,000.00		\$5,328,188.65

Bid Information

Par Amount of Bonds	\$5,205,000.00
Effective Premium or (Discount)	(12,889.35)
Gross Proceeds	\$5,228,188.65
Total Underwriter's Discount (0.359%)	\$18,685.95
Net (102.012%)	5,209,502.70
Total Purchase Price	\$5,209,202.70
Bond Year Dollars	\$34,051.96
Average Life	8.542 Years
Average Coupon	3.0318166%
Net Interest Cost (NIC)	3,324,173.96
True Interest Cost (TIC)	3,828,019.96

Basis of 2010 Proposal F | Advance Refunding of 2007 | 8/12/2010 | 12:42 PM

EXHIBIT "C"

AUTHORITY'S RECEIPT FOR THE PURCHASE PRICE AND INSTRUCTIONS
RELATING TO THE DELIVERY OF THE 2010 BONDS AND APPLICATION OF
PROCEEDS

THE MONROE MUNICIPAL UTILITIES AUTHORITY
(Gloucester County, New Jersey)
\$6,550,000 REVENUE BONDS, 2010 SERIES A
\$5,205,000 REVENUE REFUNDING BONDS, 2010 SERIES B
AUTHORITY'S RECEIPT FOR THE PURCHASE PRICE
AND INSTRUCTIONS RELATING TO THE DELIVERY OF THE
2010 BONDS AND APPLICATION OF PROCEEDS

1. The Monroe Municipal Utilities Authority ("Authority") hereby acknowledges receipt of full and final payment of the purchase price of \$6,710,204.15 in immediately available funds for the Revenue Bonds, 2010 Series A ("2010A Bonds") (which reflects the principal amount of the 2010A Bonds, less an underwriter's discount of \$23,514.50, plus a net original issue premium of \$183,718.65) as further described in Schedule "A" attached hereto and made a part hereof. Capitalized terms used herein, not otherwise defined, shall have the meanings ascribed thereto in the Trust Agreement, dated July 1, 1987, as amended and supplemented to date (collectively, the "Trust Agreement"), between the Authority and The Bank of New York Mellon, as trustee.

2. The Authority hereby acknowledges receipt of full and final payment of the purchase price of \$5,309,702.70 in immediately available funds for the Revenue Refunding Bonds, 2010 Series B ("2010B Bonds"; together with the 2010A Bonds, the "2010 Bonds") (which reflects the principal amount of the 2010B Bonds, less an underwriter's discount of \$18,685.95, plus a net original issue premium of \$123,388.65), as further described in Schedule "B" attached hereto and made a part hereof.

3. The Trustee is hereby instructed to deposit the proceeds of the 2010A Bonds, as follows:

(a) \$588,668.75 of the proceeds from the sale of the 2010A Bonds shall be deposited by the Trustee into the 2010A Debt Service Reserve Account,

(b) \$6,052,574.75 of the proceeds from the sale of the 2010A Bonds shall be deposited by the Trustee into an account within the Construction Fund to be created by the Trustee pursuant to Section 5.01 of the Trust Agreement, entitled, "2010 Project Construction Account" to pay the Costs of Acquisition and Construction of the 2010 Project; and

(c) \$68,960.65 of the proceeds from the sale of the 2010A Bonds shall be deposited by the Trustee to the account entitled "The Monroe Municipal Utilities Authority, Revenue Bonds, 2010 Series A Bonds Cost of Issuance Account" ("Series 2010A Cost of Issuance Account") in the Construction Fund established and held by the Trustee, pursuant to the Trust Agreement, for the purpose of paying the costs incurred by the Authority in connection with the issuance and sale of the 2010A Bonds as set forth in Schedule "C" attached hereto and made a part hereof ("Series 2010A Costs of Issuance"). Such costs are reasonable and proper and the Trustee is hereby authorized and directed to immediately pay such costs. Upon payment of the Series 2010A Costs of Issuance, the Trustee is hereby instructed to transfer and deposit any remaining monies in the 2010 Series A Costs of Issuance Account as set forth in Section 5.03 of the Trust Agreement.

2

4. The Trustee is hereby instructed to deposit the proceeds of the 2010B Bonds, together with other available monies of the Authority, as follows:

(a) \$5,275,780.31 shall be deposited by the Trustee to the account entitled "The Monroe Municipal Utilities Authority, Revenue Bonds, Series 2001 Escrow Account" ("Escrow Account"), established and held by The Bank of New York Mellon, as escrow agent ("Escrow Agent"), pursuant to the Escrow Deposit Agreement, dated August 31, 2010, by and between the Authority and the Escrow Agent for the purpose of advance refunding the Authority's outstanding callable Revenue Bonds, Series 2001 ("Refunded Bonds"), which amount represents (i) \$5,262,587.81 of the proceeds from the sale of the 2010B Bonds; and (ii) \$13,192.50 of monies attributable to the Refunded Bonds held in the 2001 Debt Service Reserve Account of the Debt Service Reserve Fund held by the Trustee pursuant to the Trust Agreement ("2001 Debt Service Reserve Account"); and

(b) \$47,114.89 of the proceeds from the sale of the 2010B Bonds shall be deposited by the Trustee to the account entitled "The Monroe Municipal Utilities Authority, Revenue Bonds, 2010 Series B Bonds Cost of Issuance Account" ("Series 2010 B Cost of Issuance Account") in the Construction Fund established and held by the Escrow Agent, pursuant to the Escrow Deposit Agreement, for the purpose of paying the costs incurred by the Authority in connection with the issuance and sale of the 2010B Bonds as set forth in Schedule "C" attached hereto and made a part hereof ("Series 2010 B Costs of Issuance"). Such costs are reasonable and proper

and the Trustee is hereby authorized and directed to immediately pay such costs. Upon payment of the Series 2010 B Costs of Issuance, the Escrow Agent is hereby instructed to transfer and deposit any remaining monies in the 2010 Series B Costs of Issuance Account as set forth in Section 5.03 of the Trust Agreement; and

(c) \$624,787.50 of the monies attributable to the Refunded Bonds currently held in the 2001 Debt Service Reserve Account shall be transferred to the 2010B Debt Service Reserve Account and shall be used to satisfy the Debt Service Reserve Requirement attributable to the 2010B Bonds.

5. Pending application as described above, such proceeds and available monies of the Authority shall be invested by the Trustee in accordance with the provisions of the Resolution

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IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official corporate seal of the Authority this 31st day of August, 2010

THE MONROE MUNICIPAL UTILITIES AUTHORITY

By: 
 MICHAEL MILAM, Chairman

[SEAL]

Acknowledged this 31st day of August, 2010

THE BANK OF NEW YORK MELLON,
 as Trustee

By: _____
 ROBERT S. PESCHLER, Vice President

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official corporate seal of the Authority this 31st day of August, 2010.

THE MONROE MUNICIPAL UTILITIES AUTHORITY

By: _____
 MICHAEL MILAM, Chairman

[SEAL]

Acknowledged this 31st day of August, 2010

THE BANK OF NEW YORK MELLON,
 as Trustee

By: 
 ROBERT S. PESCHLER, Vice President

Schedule "A"

\$6,550,000 REVENUE BONDS, 2010 SERIES A

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2011	\$340,000	3.00%	2019	\$440,000	5.00%
2012	350,000	3.00	2020	460,000	5.00
2013	360,000	3.00	2021	480,000	4.00
2014	370,000	3.00	2022	505,000	4.25
2015	380,000	2.25	2023	525,000	4.25
2016	390,000	2.50	2024	550,000	4.50
2017	405,000	4.00	2025	575,000	4.50
2018	420,000	4.00			

Schedule "B"

\$5,205,000 REVENUE REFUNDING BONDS, 2010 SERIES B

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2011	\$40,000	2.00%	2017	\$515,000	4.00%
2012	455,000	3.00	2018	535,000	4.00
2013	465,000	3.00	2019	560,000	4.00
2014	480,000	3.00	2020	580,000	4.00
2015	485,000	2.25	2021	590,000	4.00
2016	500,000	2.50			

Schedule "C"

Costs of Issuance

Organization	Role	Amount:	
		2010A Bonds	2010B Bonds
Parker McCay P.A.	Bond Counsel	\$28,000	\$22,000
Capital Financial Advisors, Inc.	Financial Advisor	8,500	6,500
Trimble & Associates	Solicitor	3,000	2,000
The Bank of New York Mellon	Trustee	2,500	4,500
Bowman & Company, LLP	Auditor	8,250	6,750
Bowman & Company, LLP	Official Statement Printer	2,000	1,500
Bowman & Company, LLP	Verification Agent	0	2,500
Moody's Investors Service	Rating Agency	7,750	6,150
Federici & Akin, P.A.	Engineer	180	130
Miscellaneous		0	0
Total		\$60,180	\$52,030

SERVICE AGREEMENT

BETWEEN THE MONROE MUNICIPAL UTILITIES
AUTHORITY AND THE TOWNSHIP OF MONROE,
GLOUCESTER COUNTY, NEW JERSEY

THIS AGREEMENT, made and dated as of the 16th day of July, 1987, between the Monroe Municipal Utilities Authority (the "Authority") a public body, politic and corporate, constituting a political subdivision of the State of New Jersey, organized and existing under the Municipal and County Utilities Authorities Law, constituting Chapter 183 of the Laws of New Jersey of 1957 (the "Municipal Authorities Law") and the Township of Monroe, Gloucester County, New Jersey (the "Township") a municipal corporation of the State of New Jersey.

WITNESSETH:

WHEREAS, the Authority was created by virtue of an ordinance of the Township of Monroe, Gloucester County, New Jersey (the "Township") adopted September 26, 1957 pursuant to Chapter 138 of the Laws of New Jersey of 1946 and was reorganized under the Municipal Authorities Law under an ordinance adopted by the Township on May 8, 1959; and

WHEREAS, the Authority is the owner and operator of the Utility System (as such term is hereinafter defined) providing water and sewerage service to certain areas of the Township; and

WHEREAS, the Authority and the Township have heretofore entered into an agreement dated June 10, 1960, as amended by an

agreement dated as of June 10, 1986 (the "1960 Agreement") to which this Agreement shall be a supplement; and

WHEREAS, the Authority has heretofore issued, and there is now outstanding, its (a) Revenue Bonds, Series A, dated July 1, 1960, originally issued in the aggregate principal amount of \$1,190,000 (the "1960 Bonds"), (b) Revenue Bonds, Series B, dated March 1, 1976, originally issued in the aggregate principal amount of \$650,000 (the "1976 Bonds"), and (c) Project Notes dated September 15, 1986 in the aggregate principal amount of \$4,000,000 (the "Project Notes") (collectively, the 1960 Bonds, the 1976 Bonds and the Project Notes are hereinafter referred to as the "Prior Obligations"); and

WHEREAS, at the request of the Township, the Authority has undertaken to improve and expand the Utility System in order to provide water and/or sewer service to additional areas of the Township; and

WHEREAS, the Township and the Authority have each determined that it would be advantageous to each of them and to the residents and property owners of the Township for the Township and the Authority to enter into this Service Agreement which, inter alia, shall obligate the Township to pay to the Authority such amounts as may be necessary to provide for any Authority deficits; and

WHEREAS, the Township desires to cooperate, aid and assist the Authority, and is willing to enter into this Service Agreement pursuant to the authorization contained in Section 49

of the Municipal Utilities Law and an ordinance duly enacted on June 18, 1987, all subject to the terms and conditions herein set forth.

NOW, THEREFORE, IN CONSIDERATION of the premises and the mutual covenants herein set forth, and the undertakings of each party to the other, the Authority and the Township, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

ARTICLE I

DEFINITIONS

In this Agreement and any agreement supplemental hereto (except as otherwise expressly provided or unless the context otherwise requires) the following terms shall have the meanings specified in the foregoing recitals:

Authority	Project Notes
1960 Bonds	Prior Obligations
1976 Bonds	Township
Municipal Utilities Law	

and the following additional terms shall have the meanings specified below:

"Agreement" means this Service Contract.

"Annual Charges" means the Current Annual Charge, the Prior Annual Charge and the Annual Charges Deficiency as such terms are defined in Section 3.2 hereof.

"Authorized Officer" means the Authority's Chairman, Vice Chairman, Secretary or Treasurer.

"Fiscal Year" means a period of twelve calendar months of any year.

"Governing Body" shall have the meaning given to such term by the Municipal Utilities Law.

"Obligations" means any bonds, or notes issued by the Authority on or after the date hereof (which term shall include lease rental payments on leases evidencing the acquisition of capital assets, installment payments due under any installment purchase agreement and loans entered into) (a) for the purpose of repaying, refunding or advance refunding the Prior Obligations, (b) to complete the project for which the Authority issued the Project Notes, and (c) to pay the costs of constructing facilities to supply water service, fire protection and/or sanitary sewer service to the Victory Lakes and/or Timber Lakes sections of the Township, in an amount not exceeding \$11,000,000. The term "Obligations" shall also include (a) any bonds or notes, loans, lease rental payments, installment payments, or other evidences of debt approved by resolution of the Township, and (b) the loan from the State of New Jersey pursuant to the New Jersey Water Supply Bond Rehabilitation Loan, application Nos. WRLA-85-2-03 and WRLA-86-2-13.

"Service Charges" means rents, rates, fees, or other charges including all water and sewer service charges for direct or indirect connection with, or the use of the services of the Utility System that the Authority, under the provisions of sections 21 and 22 of the Municipal Utilities Act, is or may be

authorized to charge and collect with regard to persons or real property.

"Security Agreement" means a bond resolution, note resolution, trust indenture, trust agreement or any similar document under which any Obligation is issued and/or secured.

"Surplus Revenues" means any funds that may be available for use by the Authority for any purpose and that are not required by any Security Agreement to be retained in any fund or account established for the security of the Authority's obligations.

"Utility System" means all water and sewerage facilities (including any contract rights therein), plans and work, connections and outfalls and any other real or tangible personal property acquired, constructed, owned or operated by the Authority, including all real or personal property, and rights therein, and appurtenances necessary or useful for the collection, treatment, transportation, purification or disposal of any sewage, liquid or solid wastes or industrial wastes or the acquisition, treatment, or the supply, treatment or distribution of water.

Words importing the singular number include the plural number, and vice versa, and words importing persons include firms, associations and corporations.

SECTION 1.2. Short Title. This Agreement may hereafter be cited by the Authority or by the Township and is herein sometimes referred to as the "Service Contract".

SECTION 1.3. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Agreement on the part of the Authority or the Township to be performed should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed separable from the remaining covenants and agreements, and shall not in any way affect the validity of the other provisions of the Agreement.

ARTICLE II

OPERATION AND IMPROVEMENT OF UTILITY SYSTEM

SECTION 2.1. Operation of Utility System. The Authority will operate and maintain and, to the extent feasible enlarge and extend the Utility System so as to provide water and sewer service by means of the Utility System subject to and in conformity with the provisions of this Agreement.

SECTION 2.2. Alteration, Renewal or Extension of Utility System. The Authority may at any time, enlarge, alter, extend or improve the Utility System or renew or replace any part thereof, but nothing in this Agreement shall be deemed to require the Authority to construct or acquire any extension, alteration or improvement to the Utility System.

SECTION 2.3. Location of Utility System and Use of Public Property. The Authority shall have the right to construct, maintain, operate and use such mains, reservoirs, basins, dams, canals, aqueducts, standpipes, conduits, pipelines, mains, pumping and ventilating stations, water and sewer systems, waterworks or sources of water supply, wells, treatment,

purification or filtration plants, sewage treatment plants, or other plants and works, connections, rights of flowage or diversion in other plants, structures, boats, conveyances and other real and personal property as in the judgment of the Authority are necessary to provide sewage collection, treatment and disposal and water accumulation, supply or distribution by means of the Utility System, and to that end, may enter upon and use and connect with any existing conduits, pipelines, pumping stations, or any other public property of a similar nature within the Township, and may construct, maintain and operate the Utility System, free of charge by the Township, along, over, under and in any streets, alleys, highways, and other public places within the Township.

SECTION 2.4. Conveyance of Facilities. From time to time upon notice from the Authority, the Township will grant and convey to the Authority, upon such terms and conditions as may be agreed to, any water or sewer facility that may be owned by the Township and be specified in any such notice or notices.

SECTION 2.5. Connections. To the extent permitted by law, the Township will require all properties within its territory fronting on the Utility System or having reasonable access thereto to be connected with the Utility System, subject to rules and regulations of the Authority then in effect.

ARTICLE III

CHARGES BY THE AUTHORITY; PAYMENTS BY THE TOWNSHIP;

REPAYMENTS BY THE AUTHORITY

SECTION 3.1. Service Charges. The Authority will make and impose Service Charges with respect to all water and sewer service provided by the Utility System. Annually, and in accordance with the provisions of the Municipal Authorities Law and the Local Authorities Fiscal Control Act (N.J.S.A. 40A:5A1 et seq.) and the regulations promulgated thereunder, the Authority will prepare a budget and within seven days following adoption transmit its budget to the Township.

SECTION 3.2. Annual Charges. The Authority will charge and the Township shall make payment to the Authority Annual Charges in an amount which together with the Authority's collected Service Charges and nonoperating income will be sufficient to pay:

(a) operating, maintenance and administrative expenses of the Authority;

(b) debt service requirements, or other payments due on the Authority's Obligations, and

(c) all other payments or amounts including amounts necessary to meet any rate covenant or provide any reserves required by the terms of any Security Agreement.

At least 60 days prior to the date provided by law for the adoption of the Township's budget for the Township's next succeeding Fiscal Year, the Authority will deliver to the

Township the Authority's audit for the preceding Fiscal Year and budget for the current Fiscal Year. Simultaneously with such delivery, the Authority will deliver a certificate signed by an Authorized Officer of the Authority stating the amount of the estimated Annual Charge for the Authority's current Fiscal Year (the "Current Annual Charge") plus the amount, if any, of the Annual Charge for the preceding Fiscal Year (the "Prior Annual Charge"). The certificate shall also state the amount of any unpaid Current Annual Charge and Prior Annual Charge (the "Annual Charge Deficiency"). The Current Annual Charge, the Prior Annual Charge and any Annual Charge Deficiency shall be payable by the Township to the Authority regardless of whether or not utility services are provided in any year, and the Township agrees to levy and collect ad valorem taxes upon all taxable property within the Township sufficient to pay the Current Annual Charge, the Prior Annual Charge and Annual Charge Deficiency as provided herein and to make the budget provisions provided therefor.

The Township will in each year make all budgetary and other provisions or appropriations necessary to provide for and to authorize the payment by the Township to the Authority during each Fiscal Year of all amounts due hereunder.

On or before the fifteenth day following final adoption of the Township's budget, the Township will pay to the Authority the amount of the Prior Annual Charge and the Annual Charge Deficiency (if any) stated in the certificate delivered to it by the Authority. The Township will pay to the Authority the

Current Annual Charge stated in the certificate delivered to it by the Authority in equal installments beginning on the first day of the month following final adoption of the Township's budget and ending December of the same calendar year.

Section 3.5. Limitation on Annual Charges. The Annual Charge shall be applied by the Authority to reduce the Service Charges which would otherwise be charged and collected by the Authority in order to meet its obligations under each Security Agreement.

Section 3.6. Refunds to Township. The Authority shall reimburse the Township for Annual Charges paid hereunder at such time and times as the Authority's operations will permit. For this purpose, the Authority will maintain a record of all Annual Charges paid by the Township and subject to the priority of appropriation of surplus revenues as provided in any Security Agreement, the Authority agrees to refund to the Township the amount of such Annual Charges, at such time, and in such amounts and the Authority may determine, from surplus revenues.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. Rules and Regulations. The Authority may at any time promulgate, issue, publish and from time to time, amend, and enforce, rules and regulations regulating the making of connections to the Utility System or the use or services of the Utility System. The Township will fully conform with such rules and regulations.

SECTION 4.2. Insurance. The Authority will at all times maintain with responsible insurers all such insurance as is customarily maintained with respect to systems of like character against loss or damage and against public or other liability to the extent not less than that reasonably necessary to protect the interests of the Authority and the Township and will at all times maintain with responsible insurers all insurance reasonably required and obtainable within limits and at costs deemed reasonable by the Authority to indemnify and save harmless the Authority against all liabilities, judgements, costs, damages, expenses and attorney's fees for loss, damage or injury to person or properties.

SECTION 4.3. Competitive Facilities. The Township will not construct any water or sewer facilities within the Township unless the Authority shall have given its written consent to such construction.

SECTION 4.4. Enforcement and Obligation of Annual Charges. If any payment or part thereof due to the Authority from the Township shall remain unpaid for 30 days following its due date, the Township shall be charged with and will pay to the Authority interest on the unpaid amount from its due date until paid at the rate per annum equal to 1% above the highest interest rate per annum paid by the Authority on any Obligation, or in the case of payments due under any lease or installment purchase agreement, the rate of interest calculated as the interest component of such rent or installment payment. Every undertaking

assumed by or imposed upon the Township by this Agreement shall be enforceable by the Authority by appropriate action or proceeding, and the Authority may have and pursue any and all remedies provided by law for the enforcement of such undertaking.

SECTION 4.5 Effect of Breach. Failure on the part of the Authority in any instance or in any circumstance to observe or fully perform any undertaking assumed by or imposed upon it by this Agreement or by law shall not make the Authority liable in damages to the Township or relieve the Township from making any payment to the Authority or fully performing any other obligation required of it under this Agreement, but the Township may have and pursue any and all other remedies provided by law for compelling performance by the Authority of said obligation assumed by or imposed upon the Authority.

SECTION 4.6. Assignment. The Authority may assign to one or more trustees or lenders all amounts due from the Township hereunder to secure payment of Authority Obligations. The Township consents to such assignment and agrees to pay directly to any such lender or trustee in accordance with the written notification of such assignment, all amounts due under Article III hereof without any defense, set off or counterclaim arising out of any default on the part of the Authority hereunder or any transaction between the Authority and the Township. The Township agrees to the exercise of all rights granted to the Authority hereunder by any trustee or lender.

Section 4.7. Amendment of 1960 Agreement. Section 1 of Article III of the 1960 Agreement is hereby amended to read in all as follows:

"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 provision for payment in each Fiscal Year of operating expenses, operating reserves, debt service on all Obligations, reserves required by any Security Agreement and anticipated improvements, except to the extent that any such payment is waived by the Township."

Section 4.8. Enforcement of Service Charges. The Authority will at all times take all reasonable measures permitted by law to collect and enforce prompt payment of all Service Charges.

Section 4.9 Notice of Obligations. As promptly as practicable, the Authority will file with the Township Clerk written notice of the issuance of all Obligations, including a schedule setting forth the principal amount, date of issue, place of payment, maturities, rate or rates of interest and redemption provisions.

SECTION 4.10. Termination. At any time after payment in full of all the Authority's Obligations, the Township or the Authority upon two years notice to the other, may terminate this Agreement, subject to the rights of any assignee.

SECTION 4.11. Execution of Counterparts. This Agreement may be executed in any number of counterparts each of which shall be executed by the Authority and by the Township and

all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

MONROE MUNICIPAL
UTILITIES AUTHORITY

By V. J. K. Kline
Chairman

Attest

Joseph A. Helmer
Secretary

TOWNSHIP OF MONROE

By Carmon J. Dixon Sr.
Mayor

Attest

Clerk

APPENDIX E

Form of Eighth Supplemental Trust Agreement

EIGHTH SUPPLEMENTAL TRUST AGREEMENT

EIGHTH SUPPLEMENTAL TRUST AGREEMENT, dated as of the 1st day of July, 2019, between THE MONROE MUNICIPAL UTILITIES AUTHORITY, in the County of Gloucester, New Jersey ("Authority"), a public body politic and corporate constituting a political subdivision of the State of New Jersey and existing under The Municipal and County Utilities Authorities Law, Chapter 183 of the Laws of the State of New Jersey of 1957 ("Act"), and THE BANK OF NEW YORK MELLON, a state banking corporation organized and existing under the laws of the State of New York with trust and fiduciary powers in the State of New Jersey, and having a corporate trust office in Woodland Park, New Jersey, as trustee ("Trustee");

WITNESSETH:

WHEREAS, pursuant to the Act, the Authority was created by virtue of an ordinance of the Township of Monroe, County of Gloucester, New Jersey ("Township") adopted on September 26, 1957 and was reorganized by an ordinance adopted by the Township on May 8, 1959; and

WHEREAS, the Authority is the owner and operator of certain water and sewerage treatment and conveyance facilities serving the residents of the Township; and

WHEREAS, the Authority and predecessors to the Trustee have heretofore entered into a Trust Agreement dated as of July 1, 1987, as amended and supplemented by a Supplemental Trust Agreement dated as of October 1, 1991, a Second Supplemental Trust Agreement dated as of April 1, 1997, a Third Supplemental Trust Agreement dated as of November 1, 1999, a Fourth Supplemental Trust Agreement dated as of October 15, 2001, a Fifth Supplemental Trust Agreement dated as of September 15, 2004, a Sixth Supplemental Trust Agreement dated as of September 1, 2007 and a Seventh Supplemental Trust Agreement dated as of August 1, 2010 (collectively, the "Original Trust Agreement"); and

WHEREAS, the Authority has heretofore issued and currently has outstanding revenue bonds issued pursuant to the Act and the Original Trust Agreement; and

WHEREAS, pursuant to Section 3.02(D) of the Original Trust Agreement, the Authority is authorized to issue its revenue bonds to pay the costs of refunding, at or prior to any maturity or redemption date, all or part of the outstanding bonds of any series issued under the Trust Agreement and subject to such refunding; and

WHEREAS, on or about September 28, 2004, the Authority issued its Revenue Bonds, Series 2004, in the aggregate principal amount of \$7,370,000, bearing interest at rates ranging from 2.00 to 4.50% per annum ("2004 Bonds"); and

WHEREAS, the 2004 Bonds in the aggregate principal amount of \$2,395,000 and maturing on July 1 in the years 2020 through 2024, both inclusive (collectively, the "Callable 2004 Bonds"), are subject to redemption at the option of the Authority prior to maturity on or after July 1, 2014, at a redemption price equal to 100% of the Callable 2004 Bonds to be redeemed, plus accrued interest thereon; and

WHEREAS, on or about September 20, 2007, the Authority issued its Revenue Bonds, Series 2007, in the aggregate principal amount of \$7,445,000, bearing interest at rates ranging from 3.65 to 5.00% per annum ("2007 Bonds"); and

WHEREAS, the 2007 Bonds in the aggregate principal amount of \$3,735,000 and maturing on July 1 in the years 2020 through 2027, both inclusive (collectively, the "Callable 2007 Bonds"; together with the Callable 2004 Bonds, the "Callable Bonds"), are subject to redemption at the option of the Authority prior to maturity on or after July 1, 2017, at a redemption price equal to 100% of the Callable 2007 Bonds to be redeemed, plus accrued interest thereon; and

WHEREAS, as a result of the low interest rates prevailing in the municipal bond market, the Authority has determined to issue its revenue refunding bonds in the aggregate principal amount of up to \$6,500,000 to refinance up to all of the Callable Bonds ("Refunding Project"); and

WHEREAS, on May 13, 2019, the Township adopted a resolution providing its consent to the issuance of the 2019 Bonds (as hereinafter defined) in accordance with a Service Agreement, dated July 16, 1987, by and between the Authority and the Township; and

WHEREAS, to provide funds to finance the costs of the Refunding Project the Authority has adopted a bond resolution on May 15, 2019, entitled "Resolution of the Monroe Municipal Utilities Authority Authorizing the Issuance of up to \$6,500,000 aggregate principal amount of Revenue Refunding Bonds, Series 2019, of the Authority and Determining Other Matters in Connection Therewith" ("2019 Bond Resolution") authorized the issuance and sale of \$6,500,000 aggregate principal amount of "Revenue Refunding Bonds, Series 2019 ("2019 Bonds"), as Additional Bonds under the Original Trust Agreement, as further amended and supplemented by this Eighth Supplemental Trust Agreement (the Original Trust Agreement, as amended and supplemented to date and as further amended and supplemented by this Eighth Supplemental Trust Agreement is referred to herein as the "Trust Agreement"); and

WHEREAS, the 2019 Bonds are being issued by the Authority to provide funds which will be used to: (i) currently refund and redeem all of the Callable 2004 Bonds; (ii) currently refund and redeem all of the Authority's Callable 2007 Bonds; (iii) fund a required deposit to the Debt Service Reserve Fund pursuant to the requirement of the Trust Agreement; and (iv) pay the cost and expenses incidental to the issuance and delivery of the 2019 Bonds; and

WHEREAS, the 2019 Bonds will be issued on a parity basis with the Outstanding Bonds previously issued under the Original Trust Agreement and will be secured solely by the pledge of the Pledged Revenues of the Authority, as more fully defined in the Original Trust Agreement.

NOW, THEREFORE, THIS EIGHTH SUPPLEMENTAL TRUST AGREEMENT, WITNESSETH:

That to secure the 2019 Bonds issued and outstanding hereunder and under the Original Trust Agreement, the payment of the principal or redemption price of and interest on and the performance of the covenants contained herein and therein, the Authority does hereby, in confirmation of the Original Trust Agreement, sell, assign, transfer, set-over and pledge unto the Trustee, its successors in the trust and its assigns forever, to the extent provided in the Trust Agreement, all of the rights, title and interests of the Authority in and to its Pledged Revenues

and, except as provided in Sections 6.12 and 6.15 of the Original Trust Agreement, the moneys and investments standing to the credit of the funds established under the Trust Agreement.

TO HAVE AND TO HOLD the same unto the Trustee, and its successors and assigns forever, together with any other revenues, property, contracts or contract rights which may, by delivery, assignment or otherwise, be subjected to the lien and security interest created by the Trust Agreement.

IN TRUST, NEVERTHELESS, for the equal and ratable benefit and security of all present and future holders of the Bonds or notes issued under the Original Trust Agreement and hereunder, without preference, priority or distinction as to lien or otherwise (except as provided in the Original Trust Agreement and herein), of any one Bond over any other Bond.

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ARTICLE I DEFINITIONS

The following terms shall have the respective meanings set forth below, unless the context otherwise requires:

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement executed by and between the Authority and Trustee, as Dissemination Agent, and dated the date of issuance and delivery of the 2019 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"DTC" shall mean The Depository Trust Company, New York, New York and its participants.

"Eighth Supplemental Trust Agreement or Agreement" shall mean this Eighth Supplemental Trust Agreement, as the same may from time to time be amended and supplemented.

"Interest Payment Date" shall mean, with respect to the 2019 Bonds, each January 1 and July 1, commencing January 1, 2020.

"Original Trust Agreement" shall have the meaning set forth in the preamble to this Eighth Supplemental Trust Agreement.

"Redemption Price" shall mean the principal amount of the 2019 Bonds plus the applicable premium, if any, payable upon redemption thereof pursuant to such 2019 Bond or the Trust Agreement.

"Trust Agreement" shall mean the Original Trust Agreement as amended and supplemented by the Eighth Supplemental Trust Agreement.

"2019 Bonds" shall mean any of the Additional Bonds of the Authority authorized to be issued by and pursuant to this Eighth Supplemental Trust Agreement.

"2019 Bonds Debt Service Account" shall mean the sub-account of the Debt Service Fund created under Section 2.04 hereof.

"2019 Bonds Debt Service Reserve Fund" shall mean the fund established and created under Section 2.05 hereof.

"2019 Bonds Debt Service Reserve Fund Requirement" shall mean \$_____ representing the maximum annual debt service on the 2019 Bonds, provided, however, that the 2019 Bonds Debt Service Reserve Fund Requirement shall not exceed the amount permitted under the Internal Revenue Code of 1986, as amended.

"2019 Bond Resolution" shall mean the bond resolution of the Authority adopted on May 15, 2019, authorizing the issuance, sale and delivery of the 2019 Bonds.

"2019 Refunding Project Account" shall mean the fund established and created under Section 3.02(iii) hereof.

"2019 Supplemental Sale Resolution" shall mean the resolution of the Authority adopted on _____, 2019, determining certain terms and provisions of the 2019 Bonds in accordance with the provisions of Trust Agreement, in connection with the sale of the 2019 Bonds.

"Underwriter" shall mean Stifel as underwriter of the 2019 Bonds.

Capitalized terms, not otherwise defined herein, shall have the meanings ascribed thereto in the Trust Agreement, unless the context clearly requires otherwise. As the context shall clearly require, words importing persons include persons, firms, associations (whether incorporated or not incorporated), corporations and other organizations of persons. Words importing the singular number include the plural number and vice versa, and words importing the masculine include the feminine.

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**ARTICLE II
THE 2019 BONDS**

SECTION 2.01. Authorization for the 2019 Bond. This 2019 Bonds are issued as Additional Bonds pursuant to the Act, the 2019 Bond Resolution and Article III of the Original Trust Agreement.

SECTION 2.02. 2019 Principal Amount, Designation and Series. The 2019 Bonds are hereby authorized for issuance in an aggregate principal amount of not to exceed \$6,500,000 for the purpose of financing the Refunding Project. The 2019 Bonds shall be issued in fully registered book-entry only form, in denominations of \$5,000 or any integral multiple thereof, shall be in substantially the form set forth in Exhibit "A" hereto and shall bear interest at the rates and be payable as to principal or redemption price in the amounts as specified in Exhibit "B", attached hereto. The 2019 Bonds shall be designated as, and shall be distinguished from the Bonds of all other series of Bonds issued under the Trust Agreement by the title, "The Monroe Municipal Utilities Authority Revenue Refunding Bonds, Series 2019."

SECTION 2.03. Obligation of 2019 Bonds. The 2019 Bonds shall be issued as "Additional Bonds" pursuant to the terms of Section 3.02(D) of the Original Trust Agreement and, as such, shall be direct and limited obligations of the Authority secured by the Pledged Revenues of the Authority. The 2019 Bonds shall be, in all respects, equally and ratably secured with other Bonds which remain Outstanding and shall be entitled to the pledge and to all other provisions of the Trust Agreement on an equal basis with other Bonds which remain Outstanding.

SECTION 2.04. Date, Maturities, Interest and DTC Book-Entry System.

(a) The 2019 Bonds shall be dated the date of delivery and shall mature in the principal amounts and on the dates and bear interest, payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2020, at the rates set forth in Exhibit "B", attached hereto. The 2019 Bonds shall bear interest from the most recent Interest Payment Date to which interest has been paid or provided for or, if no interest has been paid, from the date of delivery.

(b) Except as provided in subparagraph (d) of this Section 2.04, the Registered Owner of all of the 2019 Bonds shall be, and the 2019 Bonds shall be registered in the name of, Cede & Co., as nominee for DTC. Payment of interest on the 2019 Bonds shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Dates for the Bonds at the address indicated for Cede & Co. in the registry books of the Authority kept by the Trustee.

(c) The 2019 Bonds shall be issued initially in the form of separate, single, fully-registered Bonds in the amount of each stated maturity on each 2019 Bond. Upon initial issuance, the ownership of each such 2019 Bond shall be registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC. With respect to Bonds registered in the registry books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, the Authority and any Fiduciary shall have no responsibility or obligation to any participant or to any beneficial owner of such Bonds. Without limiting the immediately preceding sentence, the Authority and any Fiduciary shall have no responsibility or obligation with respect to: (i) the accuracy of the records of DTC, Cede & Co. or any participant

with respect to any beneficial ownership interest in the Bonds; (ii) the delivery to any participant, any beneficial owner or any other person, other than DTC, of any notice with respect to the 2019 Bonds, including any notice of redemption; or (iii) the payment to any participant, any beneficial owner or any other person, other than DTC, of any amount with respect to the principal of, redemption premium, if any, or the interest on the 2019 Bonds. The Authority and any Fiduciary may treat DTC as, and deem DTC to be, the absolute Owner of the 2019 Bonds for the purpose of payment of the principal of, redemption premium, if any, and the interest on the 2019 Bonds, for the purpose of giving notices of redemption and other matters with respect to such 2019 Bonds, for the purpose of registering transfers with respect to such 2019 Bonds and for all other purposes whatsoever. The Paying Agent shall pay all principal of, redemption premium, if any, and all interest on the 2019 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy and discharge fully the Authority's obligations with respect to the principal of, redemption premium, if any, and the interest on the 2019 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive a 2019 Bond evidencing the obligation of the Authority to make payments of principal of, redemption premium, if any, and interest on the 2019 Bonds pursuant to this Trust Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the term "Cede & Co." in this Eighth Supplemental Trust Agreement shall refer to such new nominee of DTC.

(d) (i) DTC may determine to discontinue providing its services with respect to the 2019 Bonds at any time by giving written notice to the Authority and the Fiduciaries and discharging its responsibilities with respect thereto under applicable law.

(ii) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2019 Bonds if the Authority so determines, and shall terminate the services of DTC with respect to the 2019 Bonds upon receipt by the Authority and the Fiduciaries of written notice from DTC to the effect that DTC has received written notice from participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding 2019 Bonds and further to the effect that: (A) DTC is unable to discharge its responsibilities with respect to the 2019 Bonds; or (B) a continuation of the requirement that all of the Outstanding 2019 Bonds be registered in the registration books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, is not in the best interests of the beneficial owners of the 2019 Bonds.

(iii) Upon the termination of the services of DTC with respect to the 2019 Bonds pursuant to subsection 2.04(d)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the 2019 Bonds pursuant to subsection 2.04(d)(i) or subsection 2.04(d)(ii)(A) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found that, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the 2019 Bonds shall no longer be restricted to being registered in the registration books of the Authority kept by the Trustee in the name of Cede & Co., as nominee for DTC, but may be registered in whatever name or names Bondholders transferring or exchanging the 2019 Bonds shall so designate.

(e) Notwithstanding any other provision of this Eighth Supplemental Trust Agreement to the contrary, so long as any 2019 Bond is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to the principal of, redemption premium, if any, and the interest on such 2019 Bonds and all notices with respect thereto shall be made and given, respectively, to DTC as provided in the representation letter of the Authority addressed to DTC with respect to the 2019 Bonds.

(f) In connection with any notice or other communication to be provided to Bondholders by the Authority or the Trustee pursuant to this Eighth Supplemental Trust Agreement with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and shall give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date, to the extent possible.

SECTION 2.05. Redemption. The 2019 Bonds shall not be subject to redemption prior to their stated maturity dates.

SECTION 2.06. 2019 Bonds Debt Service Account. In accordance with Sections 6.06 of the Original Trust Agreement, there is hereby established a 2019 Bonds Debt Service Account as part of the Debt Service Fund.

SECTION 2.07. 2019 Bonds Debt Service Reserve Fund. There is hereby established a 2019 Bonds Debt Service Reserve Fund and the Trustee shall deposit therein from the proceeds of the sale of the 2019 Bonds the amount of \$_____ representing the 2019 Bonds Debt Service Reserve Fund Requirement, which shall be used, in accordance with Section 6.08 of the Original Trust Agreement, to make up any deficiencies in the 2019 Bonds Debt Service Account in the Debt Service Fund established for the 2019 Bonds pursuant to Section 6.06 of the Original Trust Agreement, after first exhausting any available moneys in the General Fund and in the Renewal, Replacement and Improvement Fund. Any excess in either the 2019 Bonds Debt Service Reserve Fund shall be transferred to the Revenue Fund annually 45 days following receipt by the Trustee of the Authority's annual audit.

SECTION 2.08. Trust Agreement to Constitute Contract. In consideration of the purchase and acceptance of any or all of the 2019 Bonds by those who shall own the same from time to time, the provisions of the Trust Agreement shall be a part of the contract of the Authority with the registered owners from time to time of the 2019 Bonds. Pledges made herein and provisions, covenants and agreements herein and in the Trust Agreement set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the registered owners of any and all of the 2019 Bonds in accordance with the true tenor and meaning of such pledges, provisions, covenants and agreements. Each and every one of the 2019 Bonds, regardless of the time or times of their issuance or authentication shall, when duly authenticated, be of equal rank, without preference, priority or distinction as to payments of principal or redemption price thereof and interest thereon, except as may otherwise be expressly provided herein or in the Trust Agreement, and shall, for all purposes thereof and hereof, constitute a series of "Additional Bonds" as referred to in Article III of the Original Trust Agreement.

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ARTICLE III
APPLICATION OF PROCEEDS OF THE 2019 BONDS

SECTION 3.01. Execution of the 2019 Bonds. The 2019 Bonds are hereby directed to be executed by, or on behalf of, the Authority and delivered to the Trustee for authentication. Thereupon, the 2019 Bonds shall be authenticated by the Trustee, and subject to the fulfillment of the criteria listed in Article III of the Original Trust Agreement, delivered by the Trustee to the Authority upon its order.

SECTION 3.02. Application of Proceeds of the 2019 Bonds. Pursuant to Section 4.02 of the 2019 Bond Resolution, proceeds of the sale of the 2019 Bonds, and other funds available to the Authority, shall be transferred to the Trustee upon closing of the 2019 Bonds and:

- (i) \$ _____ shall be deposited by the Trustee into the 2019 Bonds Debt Service Reserve Fund to meet the requirements of the 2019 Bonds Debt Service Reserve Requirement;
- (ii) \$ _____ shall be deposited by the Trustee, as escrow agent, into an escrow account, established and held pursuant to the Escrow Deposit Agreement (as defined and described in Section 5.03 of the 2019 Bond Resolution) to effect payment and redemption of the Callable Bonds on August __, 2019; and
- (iii) \$ _____ shall be deposited by the Trustee into the 2019 Refunding Project Account in the Construction Fund to pay the costs of issuance of the 2019 Bonds, which 2019 Refunding Project Account in the Construction Fund shall hereby be created and established, as further described in Section 3.03 hereof.

SECTION 3.03. Payment of Costs and Expenses by Trustee. The Trustee is authorized to pay from the 2019 Refunding Project Account the costs and expenses of the issuance and delivery of the 2019 Bonds as set forth in the Application of Proceeds Certificate or a requisition delivered subsequent to the closing of the 2019 Bonds signed by the Chairman, Vice President or Executive Director of Authority.

SECTION 3.04. Appointment of Trustee as Escrow Agent. The Trustee hereby accepts the appointment as escrow agent, for the redemption of the Callable Bonds.

SECTION 3.05. Redemption of Callable Bonds. In accordance with the terms of the Escrow Deposit Agreement to be entered into by and between the Trustee and the Authority, the Trustee shall redeem all of the Callable Bonds, at a redemption price equal to 100% of the Callable Bonds to be redeemed, plus interest accrued to the redemption date of August __, 2019. The Trustee shall mail any notice of redemption as may be required pursuant to the terms of the Trust Agreement, the Callable Bonds and the Escrow Deposit Agreement.

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**ARTICLE IV
REVENUES**

SECTION 4.01. Transfer of Pledged Revenues. Confirming the granting clauses hereof and of the Original Trust Agreement and as permitted by Section 6.02 of the Original Trust Agreement with respect to the 2019 Bonds, the Authority directs payment to the Trustee of all Pledged Revenues for deposit and transfer in accordance with Exhibit "B" attached hereto.

SECTION 4.02. Covenant to Pay Principal and Interest. The Authority hereby covenants and agrees with and for the benefit of the holders, from time to time, of the 2019 Bonds, that it will pay interest on and principal thereof when due.

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**ARTICLE V
MISCELLANEOUS**

SECTION 5.01. Successor Trustee.

(a) Every successor Trustee appointed with respect to the 2019 Bonds pursuant to this Agreement shall be a commercial bank with trust powers in good standing located in or incorporated under the laws of the State of New Jersey, duly authorized to exercise trust powers and subject to examination by federal or state authorities, and having a reported capital and surplus of not less than \$100,000,000.

(b) Notwithstanding any other provision of the Trust Agreement, no removal or termination of the Trustee shall take effect until a successor shall be appointed. In case at any time the Trustee shall resign and no appointment of a successor trustee shall be made pursuant to Section 11.13 of the Original Trust Agreement prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor trustee. If in a proper case, no appointment of a successor trustee shall be made pursuant to the foregoing provisions of this Section within 30 days after a vacancy shall have occurred in the office of the Trustee, the Trustee or the holders of a majority of the aggregate principal amount of Bonds then Outstanding may apply to any court of competent jurisdiction to appoint a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, prescribe and appoint a successor trustee.

SECTION 5.02. Parties Interested Herein. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or give to, any person or entity, other than the Authority, the Trustee, and the registered owners and Beneficial Owners of the 2019 Bonds, any right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, and the registered owners and Beneficial Owners of the 2019 Bonds.

SECTION 5.03. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Eighth Supplemental Trust Agreement, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section.

SECTION 5.04. Confirmation of Original Trust Agreement. The Original Trust Agreement and this Eighth Supplemental Trust Agreement shall be read, taken and construed as one and the same instrument. The provisions of the Original Trust Agreement shall remain in full force and effect unless amended and supplemented hereby.

SECTION 5.05. No Personal Recourse. No covenant or agreement contained in this Eighth Supplemental Trust Agreement or any 2019 Bond shall be deemed to be the covenant or agreement of any member, officer, agent or employee of the Authority in his individual capacity. No recourse shall be had for the payment of the principal of, interest on, or redemption premium (if any) payable upon the redemption of any 2019 Bonds, or for any claim based thereon or on this Eighth Supplemental Trust Agreement or on any Supplemental Trust Agreement against the Authority or any member, officer, agent or employee, past, present or future, of the Authority, or of any successor corporation, as such, either directly or through the Authority or any such successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability of such members, officers, agents or employees being released as a condition of and as consideration for the adoption of this Eighth Supplemental Trust Agreement and the issuance of the 2019 Bonds.

SECTION 5.06. Successors and Assigns. All the covenants, promises and agreements in this Eighth Supplemental Trust Agreement contained by or on behalf of the Authority, or by or on behalf of the Trustee, shall bind and inure to the benefit of their respective successors and assigns.

SECTION 5.07. Effect of Invalid Provisions. If any one or more of the provisions of this Eighth Supplemental Trust Agreement or of the 2019 Bonds shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Eighth Supplemental Trust Agreement or of the 2019 Bonds, but this Eighth Supplemental Trust Agreement and the 2019 Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

SECTION 5.08. Statutory Declaration. This Eighth Supplemental Trust Agreement is executed by virtue of the Act, the 2019 Bond Resolution and the Original Trust Agreement and pursuant to their respective provisions. Pursuant to the applicable provisions of the Act, specifically *N.J.S.A. 40:14B-30(16)*, it is hereby declared that each and every matter or course of conduct set forth or referred to herein is so set forth or referred to in order to further secure the payment of the principal or redemption price of and interest on the 2019 Bonds.

SECTION 5.09. Notices. Any notice to, or other instrument to be filed with, or demand upon the Trustee may be served, presented or made by being hand-delivered or sent by registered or certified United States mail addressed to:

The Bank of New York Mellon
385 Rifle Camp Road
Woodland Park, New Jersey 07424
Attention: Corporate Trust Administration

or such other address as shall then serve as its Principal Office.

Any notice to, or other instrument to be filed with, or demand upon the Authority shall be deemed to have been sufficiently given or served by the Trustee for all purposes by being hand-delivered or sent by registered or certified United States mail addressed to:

The Monroe Municipal Utilities Authority
372 South Main Street
Williamstown, New Jersey 08094
Attention: Executive Director

or such other address as may be filed in writing by the Authority with the Trustee.

SECTION 5.10. Descriptive Headings. The descriptive headings of the Articles and Sections of this Eighth Supplemental Trust Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions.

SECTION 5.11. Governing Law. This Eighth Supplemental Trust Agreement and the 2019 Bonds shall be governed by the laws of the State of New Jersey.

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IN WITNESS WHEREOF, THE MONROE MUNICIPAL UTILITIES AUTHORITY has caused this Eighth Supplemental Trust Agreement to be executed by its Chairman and its corporate seal to be hereunto affixed, attested by its Secretary or Assistant Secretary, and The Bank of New York Mellon has caused this Eighth Supplemental Trust Agreement to be executed by an Authorized Officer, all as of the day and year first above written.

**THE MONROE MUNICIPAL UTILITIES
AUTHORITY**

By: _____
JOSEPH DILOLLE JR., Chairman

Attest: _____
RALPH J. MANFREDI, JR., Secretary

[SEAL]

THE BANK OF NEW YORK MELLON

By: _____
JANET RUSSO, Vice President

Attest: _____
Authorized Signatory

EXHIBIT "A"

**Registered
No. R-1**

**Registered
\$ _____**

UNITED STATES OF AMERICA

**THE MONROE MUNICIPAL UTILITIES AUTHORITY
COUNTY OF GLOUCESTER, NEW JERSEY**

REVENUE REFUNDING BOND, SERIES 2019

<u>CUSIP</u>	<u>MATURITY DATE</u>	<u>DATE OF AUTHENTICATION</u>	<u>INTEREST RATE PER ANNUM</u>	<u>ORIGINAL ISSUANCE DATE</u>
611148 ____	July 1, 2020	July 23, 2019	____%	July 23, 2019

Registered Owner: Cede & Co.

Principal Sum: _____ Dollars (\$ _____)

THE MONROE MUNICIPAL UTILITIES AUTHORITY ("Authority"), a public body corporate and politic of the State of New Jersey ("State"), acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond ("2019 Bond") at the principal corporate trust office of The Bank of New York Mellon, Woodland Park, New Jersey (such bank and any successors thereto being herein called the "Trustee"), the Principal Sum stated hereon in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay on January 1 and July 1 in each year, commencing January 1, 2020, until the Authority's obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest on such Principal Sum at the Interest Rate per annum stated hereon from the Dated Date hereof by check or draft of the Trustee hereinafter mentioned mailed to the Registered Owner hereof who shall appear as of the fifteenth (15th) day of the calendar month next preceding such interest payment date on the registration books of the Authority maintained by the Trustee, as Bond Registrar.

The terms and provisions of this 2019 Bond and definitions of certain terms used herein may be continued on the reverse side of this 2019 Bond and such continued terms and provisions and definitions shall for all purposes have the same effect as though fully set forth on the front of this 2019 Bond.

This 2019 Bond is one of a duly authorized issue of Revenue Refunding Bonds of the Authority known as "The Monroe Municipal Utilities Authority Revenue Refunding Bonds, Series 2019", all of like tenor, except as to dates of maturity, rates of interest and provisions for redemption, and all issued under and equally and ratably secured by a Trust Agreement, by and between the Authority and the Trustee, dated July 1, 1987 as amended and supplemented to date (as so amended and supplemented, the "Trust Agreement") and by a bond resolution of the Authority, duly adopted on May 15, 2019 ("2019 Bond Resolution"), as supplemented by a

supplemental bond resolution of the Authority duly adopted on July __, 2019 ("2019 Supplemental Bond Resolution"; together with the 2019 Bond Resolution, the "Resolution").

This 2019 Bond shall be a direct and limited obligation of the Authority secured as to payment of the principal or redemption price of and interest thereon by the Authority's Pledged Revenues (as defined in the Trust Agreement) which Pledged Revenues include payments to be made by the Township of Monroe, New Jersey ("Township") pursuant to a Service Agreement, dated July 16, 1987, as amended and supplemented, between the Authority and the Township ("Service Agreement"). The Authority has no taxing power.

Neither the credit nor the taxing power of the County of Gloucester, New Jersey ("County") or the State or any political subdivision thereof (except for the Township to the extent of the Service Agreement), is pledged for the payment of the principal of the interest on or the premium, if any, payable upon the redemption of this 2019 Bond; nor shall this 2019 Bond be deemed an obligation or liability of said County or State or of any political subdivision thereof (except for the Township to the extent of the Service Agreement); nor shall said County or State or any political subdivision thereof (except for the Township to the extent of the Service Agreement), be liable for the payment of such principal, interest or premium, if any.

It is hereby certified and recited that all conditions, acts and things required by law, the Trust Agreement and the Resolution, to exist, to have happened and to have been performed precedent to and in the issuance of this 2019 Bond, exist, have happened and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the Authority, complies in all respects with the applicable laws of the State of New Jersey, including, particularly, the Act.

This 2019 Bond shall not be entitled to any benefit under the Trust Agreement or be valid or become obligatory for any purpose until this 2019 Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, THE MONROE MUNICIPAL UTILITIES AUTHORITY has caused this 2019 Bond to be executed in its name and on its behalf by the manual signature of its Chairman, and its corporate seal to be impressed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual signature of its Secretary all as of the Dated Date hereof.

THE MONROE MUNICIPAL UTILITIES AUTHORITY

[SEAL]

By: _____
JOSEPH DILOLLE JR., Chairman

Attest:

RALPH J. MANFREDI, JR., Secretary

TRUSTEE'S AUTHENTICATION CERTIFICATE

This 2019 Bond is one of the issue of Bonds described in the within-mentioned Trust Agreement, such Bonds being designated as "The Monroe Municipal Utilities Authority, Revenue Refunding Bonds, Series 2019". Accompanying this 2019 Bond is the complete text of the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, a signed original of which is on file with the undersigned and delivered and dated the date of original delivery of and payment for the 2019 Bonds.

THE BANK OF NEW YORK MELLON, as Trustee

By: _____
Authorized Officer

Date of Authentication: July __, 2019

§ _____
THE MONROE MUNICIPAL UTILITIES AUTHORITY
(County of Gloucester, New Jersey)
REVENUE REFUNDING BONDS, SERIES 2019

Reference is hereby made to the Trust Agreement and the Resolution for descriptions of the sources of payment for the 2019 Bonds, the nature, extent and manner of enforcement of remedies, the terms and conditions under which the Trust Agreement or the Resolution may be amended or modified, the rights of the Owners of the 2019 Bonds and of the Trustee in respect to the Service Agreement between the Authority and the Township providing for the Authority to furnish certain utility services for rates and charges to be paid by the Township as therein set forth, and the terms and conditions under which the 2019 Bonds are issued, to all of which, and to all of the terms of the Service Agreement, and the other financing documents in respect of the 2019 Bonds as listed in the Closing Agenda in respect of the 2019 Bonds filed with the Trustee (and available for inspection thereat), each Owner of any Bond, by the purchase thereof, shall be deemed to have consented as an explicit and material portion of the consideration to the Authority for its issuance of the 2019 Bonds. Executed counterparts of the Trust Agreement, the Resolution, the Service Agreement and said other financing documents are on file and available for inspection at the principal corporate trust office of the Trustee.

If an Event of Default, as defined or referred to in the Trust Agreement, shall occur, the principal of all 2019 Bonds issued under the Trust Agreement may be declared due and payable upon the conditions and in the manner and with the effect provided in the Trust Agreement.

This 2019 Bond is fully registered in the name of the owner on the 2019 Bond Register kept at the principal corporate trust office of the Trustee, as 2019 Bond Registrar appointed under the Resolution, such registration to be noted hereon by the Trustee on behalf of the Authority. No transfer shall be valid as against the Authority or the Trustee unless made by the Registered Owner in person or by his duly authorized attorney or legal representative and similarly noted upon the 2019 Bond Register and hereon. Upon any such transfer or exchange, the Authority shall issue and, after due authentication by the Trustee, shall deliver to or upon the order of the Registered Owner, a new registered 2019 Bond or 2019 Bonds, in authorized denominations aggregating the principal amount hereon, maturing on the same date, bearing interest at the same rate, bearing the same series designation at this 2019 Bond and registered in such names as shall be requested. Such transfers and exchanges shall be without cost to owners of the 2019 Bonds, but such owners shall be required to pay any taxes or assessments levied or imposed thereon.

The Authority and the Trustee may treat the person whose name this 2019 Bond is registered as the absolute owner of this 2019 Bond for all purposes whether or not this 2019 Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. All payments of the principal and interest made to the Registered Owner hereof in the manner set forth herein and in the Resolution shall be valid and effectual to satisfy and discharge the liability upon this 2019 Bond to the extent of the sum or sums so paid, whether or not notation of the same be made hereon, and any consent waiver or action taken by such Registered Owner pursuant to the provisions of the Resolution shall be conclusive and binding upon such Registered Owner, his heirs, successors and assigns, and upon all transferees hereof, whether or not notation thereof be made hereon or on any 2019 Bond issued in exchange herefor.

The Authority, pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures, has caused CUSIP numbers to be printed on the 2019 Bonds, and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Bondholders. No representation is made as to the accuracy of such numbers either as printed or, the 2019 Bonds or as contained in any notice of redemption, and reliance may be placed only on the identification numbers prefixed.

No recourse shall be had for the payment of the principal of or interest or premium, if any, on this 2019 Bond, or for any claim based hereon or on the Resolution or any resolution supplemental thereto, against any member, officer or employees past, present or future, of the Authority, or of any successor corporation, as such, either directly or through the Authority or any such successor corporation, whether by virtue of any constitutional provision statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of such members, officers or employees being released as a specific condition of and as material consideration for the adoption of the Resolution and the issuance of this 2019 Bond.

The Act provides that the bonds of an authority organized thereunder shall have all the qualities of negotiable instruments under the negotiable instruments law of the State.

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto _____
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____
_____, attorney to transfer the within bond on the
books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE. The signature of this assignment must correspond with the name as written upon the face of the bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT "B"

MATURITY SCHEDULE

APPENDIX F

Form of Bond Counsel Opinion



July __, 2019

The Monroe Municipal Utilities Authority
372 South Main Street
Williamstown, New Jersey

**RE: \$ _____ THE MONROE MUNICIPAL UTILITIES AUTHORITY,
REVENUE REFUNDING BONDS, SERIES 2019**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance and sale by The Monroe Municipal Utilities Authority ("Authority"), a public body politic and corporate duly organized and existing under and by virtue of the laws of the State of New Jersey, of its \$ _____ aggregate principal amount of Revenue Refunding Bonds, Series 2019 ("2019 Bonds").

The 2019 Bonds are authorized under and issued pursuant to: (i) the Municipal and County Utilities Authorities Law, Chapter 183 of the Laws of 1957 of the State of New Jersey, as amended and supplemented ("Act"); (ii) a bond resolution of the Authority, duly adopted on May 15, 2019 ("2019 Bond Resolution"), as supplemented by a supplemental bond resolution of the Authority duly adopted on July __, 2019 ("2019 Supplemental Bond Resolution"; together with the 2019 Bond Resolution, the "Resolution"); and (iii) a Trust Agreement, by and between the Authority and The Bank of New York Mellon, as trustee, ("Trustee"), dated July 1, 1987, as previously amended and supplemented ("Original Trust Agreement"), and as further supplemented by the Eighth Supplemental Trust Agreement, dated July 1, 2019 ("Eighth Supplemental Trust Agreement"; together with the Original Trust Agreement, the "Trust Agreement"). Capitalized terms, not otherwise defined herein, shall have the meanings ascribed thereto in the Trust Agreement or the Resolution, unless the context clearly requires otherwise.

The 2019 Bonds are being issued by the Authority to provide funds which will be used to: (i) currently refund and redeem all of the Authority's Revenue Bonds, Series 2004, maturing on July 1 in the years 2020 through 2024, both dates inclusive; (ii) currently refund and redeem all of the Authority's Revenue Bonds, Series 2007, maturing on July 1 in the years 2020 through 2027, both dates inclusive; (iii) fund a required deposit to the Debt Service Reserve Fund pursuant to the requirement of the Trust Agreement; and (iv) pay the cost and expenses incidental to the issuance and delivery of the 2019 Bonds.

The 2019 Bonds are dated their date of delivery, mature on July 1 in each of the years and the respective principal amounts set opposite each such year in the table below and bear interest at the rates per annum below, payable semi-annually on January 1 and July 1 in each year until maturity, commencing on January 1, 2020.



<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$	%	2024	\$	%
2021			2025		
2022			2026		
2023			2027		

The 2019 Bonds are issued in fully registered book-entry-only form without coupons, and are not subject to redemption prior to their stated maturity dates.

The 2019 Bonds are direct and limited obligations of the Authority and are payable solely from and secured as to payment from Pledged Revenues, including payments due under the Service Agreement, dated July 16, 1987, as amended and supplemented ("Service Agreement"), between the Authority and the Township of Monroe ("Township"), subject to the application thereof in the manner provided in the Trust Agreement. The 2019 Bonds shall be in all respects equally and ratably secured with the other Bonds issued under the Trust Agreement.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Act. We have also examined and relied upon the proceedings authorizing the issuance and sale of the 2019 Bonds and such documents, certifications and instruments as we have deemed necessary including, without limitation, the Trust Agreement, the Resolution, a certification of officials of the Authority ("Non-Arbitrage Certificate") having the responsibility for issuing the 2019 Bonds intended to satisfy certain provisions of the Internal Revenue Code of 1986, as amended ("Code") and applicable Treasury Regulations, and the other certifications, instruments, documents and opinions listed in the closing agenda prepared in connection with the settlement of the 2019 Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined, including, without limiting the generality of the foregoing, the Non-Arbitrage Certificate.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Authority has been duly created and is validly existing under the provisions of the Constitution and of the laws of the State of New Jersey ("State"), including the Act.
2. The Resolution has been validly adopted by the Authority and the obligations of the Authority thereunder are valid and legally binding obligations of the Authority enforceable in accordance with the respective terms thereof, except to the extent that enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium or other laws or other legal or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").
3. The Trust Agreement has been duly authorized, executed and delivered by the Authority, and assuming due and valid authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding obligation of the Authority, enforceable in



accordance with the terms thereof, except insofar as the enforcement thereof may be limited by Creditors' Rights Limitations.

4. The 2019 Bonds have been validly authorized, executed, authenticated and delivered and constitute valid and legally binding direct and limited obligations of the Authority enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by Creditors' Rights Limitations.

5. The Service Agreement has been duly authorized, executed and delivered by the the respective parties thereto and is enforceable in accordance with its terms except insofar as the enforcement thereof may be limited by Creditors' Rights Limitations. The obligation of the Township under the Service Agreement to pay that portion of the Annual Charges (as therein defined) related to the debt service requirements on Outstanding Bonds of the Authority, including the 2019 Bonds, is a valid and legally binding obligation of the Township, and, to the extent that other funds of the Township are insufficient to pay such portion of the Annual Charges related to such debt service requirements, the Township is obligated to levy unlimited *ad valorem* taxes in an amount sufficient to provide for said payment.

6. Interest on the 2019 Bonds will not be includable for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the 2019 Bonds received or accrued by a foreign corporation subject to the branch profits tax is included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the 2019 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Authority with the covenants contained in the 2019 Bond Resolution, the Trust Agreement and the Nonarbitrage Certificate; that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the 2019 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Authority to comply with its respective covenants could result in the interest on the 2019 Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the 2019 Bonds.

Ownership of the 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement



benefits, individuals who otherwise qualify for the earned income credit, and individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the 2019 Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the 2019 Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the 2019 Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Authority has designated the 2019 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the 2019 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

7. Interest on the 2019 Bonds and any gain from the sale thereof are not includible in the gross income of the owners thereof under the New Jersey Gross Income Tax Act.

We call your attention to the fact that the 2019 Bonds are direct and limited obligations of the Authority payable solely from Pledged Revenues. The 2019 Bonds do not constitute a debt or obligation of the State or any political subdivision thereof (except the Authority, to the extent of the Pledged Revenues and the Township to the extent set forth in the Service Agreement), and neither the credit nor the taxing power of the State or any political subdivisions thereof (except the Authority, to the extent of the Pledged Revenues and the Township to the extent set forth in the Service Agreement) is pledged for the payment of the principal of or interest on the 2019 Bonds. The Authority has no taxing power.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the 2019 Bonds.



The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the Authority and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

APPENDIX G

Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ___th day of July, 2019 by and between The Monroe Municipal Utilities Authority ("Authority"), a public body politic and corporate duly organized and existing under and by virtue of the Municipal and County Utilities Authorities Law, Chapter 183 of the Laws of 1957 of the State of New Jersey, as amended and supplemented ("Act"), the Township of Monroe, New Jersey ("Township"), and the Dissemination Agent (as hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale of the Authority's \$_____ aggregate principal amount of Revenue Refunding Bonds, Series 2019 ("2019 Bonds"). The 2019 Bonds are authorized to be issued pursuant to the Trust Agreement, by and between the Authority and The Bank of New York Mellon, as trustee, ("Trustee"), dated July 1, 1987, as amended and supplemented to date, and as further supplemented by the Eighth Supplemental Trust Agreement, dated July 1, 2019 (collectively, the "Trust Agreement"), and by a bond resolution of the Authority, duly adopted on May 15, 2019.

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the 2019 Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 ("Exchange Act"), as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the 2019 Bonds ("Rule").

SECTION 2. Definitions. Capitalized terms, not otherwise defined herein, shall, for purposes of this Disclosure Agreement, have the meanings ascribed thereto in the Trust Agreement unless otherwise defined in this Section 2:

"Annual Report" shall mean, collectively or individually as the context may require, the Authority's Annual Report and the Township's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the Authority, the Township or the Dissemination Agent is authorized by law or contract to remain closed.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean The Bank of New York Mellon, Woodland Park, New Jersey, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the 2019 Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in

complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"National Repository" shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC as a repository for purposes of the Rule.

"Opinion of Counsel" shall mean a written opinion of counsel expert in federal securities law acceptable to the Authority.

"SEC Release" shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

SECTION 3. Provision of Annual Report.

(a) (i) The Authority shall not later than 270 days after the end of its fiscal year (currently June 30) during which any of the 2019 Bonds remain outstanding provide to the Dissemination Agent the Authority's Annual Report prepared for the preceding fiscal year of the Authority; (ii) the Township shall not later than 270 days after the end of the Township's fiscal year (currently December 31) during which any of the 2019 Bonds remain outstanding provide to the Dissemination Agent the Township's Annual Report, prepared for the preceding fiscal year of the Township. Each Annual Report provided to the Dissemination Agent by the Authority and the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the Authority and/or the Township, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the Authority and the Township certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository stating the date it was provided to the National Repository.

(c) If the Authority or the Township fails to provide the Annual Report to the Dissemination Agent by the dates required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Authority and/or the Township, as applicable (with a copy to the Trustee), advising of such failure. Whether or not such notice is given or received, if the Authority and/or the Township thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice to the National Repository (with a copy to the Trustee) in substantially the form attached as Exhibit "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean:

(a) In the case of the Authority's Annual Report: (i) the general financial information and operating data of the Authority consistent with the information set forth in the Official Statement, dated July __, 2019, prepared in connection with the sale of the 2019 Bonds ("Official Statement") under the headings "The Utility System", "Rates, Charges and Fees", and "Litigation"; and (ii) the Authority's annual financial statements using the accounting standards set forth below in Subsection (c) of this Section 4 and audited by an independent certified public accountant, substantially in the form set forth in Appendix "B" to the Official Statement; provided that the annual audited financial statements of the Authority may be submitted separately from the balance of the Authority's Annual Report and later than the date required in Section 3(a) hereof for the filing of the Authority's Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Authority are included in the Authority's Annual Report.

(b) In the case of the Township's Annual Report: (i) certain financial information and operating data of the Township consisting of Township indebtedness, property valuation information and tax rate, levy and collection data; and (ii) the Township's annual financing statements using the accounting standards set forth below in Subsection (d) of this Section 4 and audited by an independent certified public accountant, substantially in the form set forth in Appendix "C" to the Official Statement; provided that the annual audited financial statements of the Township may be submitted separately from the balance of the Township's Annual Report and later than the date required in Section 3(a) hereof for the filing of the Township's Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Township are included in the Township's Annual Report.

(c) The Authority's audited financial statements will be prepared in accordance with generally accepted accounting principles, as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statement.

(d) The Township's audited financial statements will be prepared in accordance with modified cash accounting as mandated by the State of New Jersey statutory principles or with generally accepted accounting principles as modified by governmental accounting standards if required by New Jersey law, as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statement.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-

TEB) or other material notices or determinations with respect to the tax status of the 2019 Bonds, or other material events affecting the tax status of the 2019 Bonds;

- (7) modifications to the rights of Bondholders, if material;
- (8) 2019 Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the 2019 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation¹ of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Authority and/or the Township shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the Authority and the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Authority and the Township 's obligation to provide, notification of the occurrence of any of the Listed Events except as set forth in Section 5(c) of this Disclosure Agreement.

(c) If the Dissemination Agent has been instructed by the Authority and the Township to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Authority and/or the Township (with a copy to the Trustee, if the Dissemination Agent is not the Trustee).

¹ The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

SECTION 6. Termination of Disclosure Agreement. This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the 2019 Bonds or when the Authority and the Township are no longer Obligated Persons (as defined in the Rule) with respect to the 2019 Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Authority, the Township or the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel addressed to the Authority, the Township and the Dissemination Agent to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The Authority and/or the Township shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent (with a copy to the Trustee, if the Dissemination Agent is not the Trustee) and the Dissemination Agent shall file such notice with the National Repository.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority and/or the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority and/or the Township chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default and Remedies. In the event of a failure of the Authority and/or the Township to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding 2019 Bonds and after provision of satisfactory indemnification in accordance with the Trust Agreement, shall), or any beneficial owner of the 2019 Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority and/or the Township to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority and/or the Township to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Authority:

The Monroe Municipal Utilities Authority
372 South Main Street
Williamstown, New Jersey 08094
Attention: Executive Director

(ii) If to the Dissemination Agent:

The Bank of New York Mellon
385 Rifle Camp Road
Woodland Park, New Jersey 07424
Attention: Corporate Trust Department

(iii) If to the Township:

Township of Monroe
125 Virginia Avenue
Williamstown, New Jersey 08094
Attention: Township Clerk

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 11 for the giving of notice.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Township, the Authority, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

SECTION 12. Submission of Information to MSRB. Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 13. Compensation. The Authority shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 14. Duties Appointment, Removal and Resignation of the Dissemination Agent.

(a) The Authority and/or the Township may discharge the Dissemination Agent and satisfy its obligations under this Disclosure Agreement without the assistance of a Dissemination Agent, or the Authority and/or the Township may discharge the Dissemination Agent and appoint a successor Dissemination Agent, in either case by giving not less than thirty (30) days' written notice to the Dissemination Agent (with a copy to the Authority).

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations under this Disclosure Agreement by giving not less than forty-five (45) days written notice to the Township and the Authority. Such resignation shall take effect on the date specified in such notice unless a replacement Dissemination Agent has not been appointed by the Authority, in which event, the Dissemination Agent shall continue to serve in such capacity until a successor has been appointed. If no successor is appointed within sixty (60) days after the notice of resignation, the Dissemination Agent may petition any court of competent jurisdiction to appoint a successor.

SECTION 15. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Authority and/or the Township, or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 16. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 17. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 18. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**THE MONROE MUNICIPAL UTILITIES
AUTHORITY**

By: _____
WENDY D. MAHONEY, Executive Director

**THE BANK OF NEW YORK MELLON,
as Dissemination Agent**

By: _____
JANET M. RUSSO, Vice President

EXHIBIT A

**NOTICE TO THE NATIONAL REPOSITORY OF
FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: The Monroe Municipal Utilities Authority

Name of Bond Issues Affected: \$ Revenue Refunding Bonds, Series 2019

Date of Issuance of the Affected Bond Issue: July __, 2019

NOTICE IS HEREBY GIVEN that [The Monroe Municipal Utilities Authority][the Township of Monroe, County of Gloucester, New Jersey] has not provided an Annual Report with respect to the above named 2019 Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated July __, 2019, between the Authority, the Township and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The [Authority/Township] anticipates that such Annual Report will be filed by _____].

Dated:

**THE BANK OF NEW YORK MELLON,
Dissemination Agent**

cc: The Monroe Municipal Utilities Authority
Township of Monroe, New Jersey