

**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

**AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

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COUNTY OF ATLANTIC**

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**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Mullica
County of Atlantic
Elwood, New Jersey 08172

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Mullica, County of Atlantic, State of New Jersey as of December 31, 2015 and 2014, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2015.

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 and practices 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statements, the Township of Mullica prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of 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 the State 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 the Township of Mullica, County of Atlantic, State of New Jersey, as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Mullica, County of Atlantic, State of New Jersey, as of December 31, 2015 and 2014, and the results of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2015 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2015 the Township of Mullica adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion on regulatory basis of accounting is not modified with respect to this matter.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services,

Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 06, 2016, on our consideration of the Township of Mullica'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 the 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 Mullica's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
May 06, 2016

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
of the Township Committee
Township of Mullica
County of Atlantic
Elwood, New Jersey 08172

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Township of Mullica (herein referred to as “the Municipality”), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated May 06, 2016. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting 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, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1 .

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Municipality's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
May 06, 2016

BASIC FINANCIAL STATEMENTS

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CURRENT FUND
EXHIBITS

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**TOWNSHIP OF MULLICA
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

| ASSETS | REFERENCE | 2015 | 2014 |
|---|-----------|------------------------|------------------------|
| Regular Fund: | | | |
| Treasurer | A-4 | \$ 1,848,862.74 | \$ 1,793,334.24 |
| Collector | A-5 | 289,802.28 | 284,605.72 |
| Cash - Change Fund | A-6 | 350.00 | 350.00 |
| Petty Cash Fund | A | 100.00 | 100.00 |
| Due from State of New Jersey for Senior Citizen & Veteran Deductions | A-9 | 4,838.05 | 5,153.02 |
| Prepaid Payroll | A | 85.37 | - |
| Total Regular Fund | | <u>2,144,038.44</u> | <u>2,083,542.98</u> |
| Receivables & Other Assets With Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | 383,797.14 | 488,592.25 |
| Tax Title Liens Receivable | A-8 | 160,722.22 | 204,119.01 |
| Property Acquired / Assessed Valuation | A-11 | 3,613,800.00 | 3,440,900.00 |
| Revenue Accounts Receivable | A-10 | 9,297.77 | 12,779.56 |
| Due from: | | | |
| State & Federal Grant Fund | A | - | 14,717.08 |
| Total Receivables & Other Assets With Full Reserves | | <u>4,167,617.13</u> | <u>4,161,107.90</u> |
| Deferred Charges: | | | |
| Special Emergency 40A:4-55 | A-20 | 56,000.00 | 70,000.00 |
| Total Deferred Charges | | <u>56,000.00</u> | <u>70,000.00</u> |
| Total Regular Funds | | <u>6,367,655.57</u> | <u>6,314,650.88</u> |
| State & Federal Grants: | | | |
| Due from Current Fund | A | 14,083.81 | - |
| Grants Receivable | A-26 | 278,315.00 | 240,004.95 |
| Total State & Federal Grants | | <u>292,398.81</u> | <u>240,004.95</u> |
| Total Assets | | <u>\$ 6,660,054.38</u> | <u>\$ 6,554,655.83</u> |

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF MULLICA
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

| LIABILITIES RESERVES & FUND BALANCE | REFERENCE | 2015 | 2014 |
|---|-----------|-------------------------------|-------------------------------|
| Regular Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves | A-3 | \$ 162,675.78 | \$ 142,264.82 |
| Reserve for Encumbrances | A-3,A-13 | 120,162.62 | 103,953.85 |
| Accounts Payable | A-12 | - | 21,131.00 |
| Prepaid Taxes | A-14 | 188,684.41 | 160,164.55 |
| Tax Overpayments | A-15 | 24,780.36 | 18,663.19 |
| Local School District Taxes Payable | A-16 | 782,688.99 | 748,389.01 |
| Regional High School District Taxes Payable | A-17 | 64,415.50 | 111,151.00 |
| Due to County for Added and Omitted Taxes | A-19 | 2,354.41 | 8,021.21 |
| Payroll Taxes Payable | A | - | 4.00 |
| Due to Federal & State Grant Fund | A | 14,083.81 | - |
| Due to Trust - Other Fund | B | 1.61 | 1.49 |
| Due to the State: | | | |
| Marriage Licenses | A-21 | 225.00 | 175.00 |
| DCA Inspection Fees | A-22 | 1,732.00 | 641.00 |
| Reserve for JIF Safety Money | A-23 | 1,080.84 | 525.84 |
| Reserve for Land Sale Deposits | A-24 | - | 1,626.00 |
| Reserve for Tax Map Updates | A-25 | 20,200.00 | 59,800.00 |
| Subtotal | | <u>1,383,085.33</u> | <u>1,376,511.96</u> |
| Reserve for Receivables & Other Assets | A | 4,167,617.13 | 4,161,107.90 |
| Fund Balance | A-1 | <u>816,953.11</u> | <u>777,031.02</u> |
| Total Regular Fund | | <u>6,367,655.57</u> | <u>6,314,650.88</u> |
| State & Federal Grants: | | | |
| Due to Current Fund | A | - | 14,717.08 |
| Encumbrances Payable | A-28 | 2,729.08 | 925.00 |
| Reserve for Grants Appropriated | A-28 | 280,873.96 | 220,409.44 |
| Reserve for Grants Unappropriated | A-27 | 8,795.77 | 3,953.43 |
| Total State & Federal Grants | | <u>292,398.81</u> | <u>240,004.95</u> |
| Total Liabilities, Reserves & Fund Balance | | <u><u>\$ 6,660,054.38</u></u> | <u><u>\$ 6,554,655.83</u></u> |

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF MULLICA
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|
| Revenue & Other Income Realized: | | |
| Fund Balance Utilized | \$ 634,000.00 | \$ 754,000.00 |
| Miscellaneous Revenue Anticipated | 1,097,261.29 | 1,192,175.87 |
| Receipts From Delinquent Taxes & Tax Title Liens | 490,856.73 | 466,889.93 |
| Receipts From Current Taxes | 11,870,248.69 | 11,652,833.07 |
| Nonbudget Revenue | 122,780.24 | 71,035.82 |
| Sale of Forclosed Property | 65,230.54 | 503.00 |
| Payment in Lieu of Taxes on Real Property | 4,395.03 | 4,641.14 |
| Sale of Municipal Assets | 5,560.00 | 7,663.46 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Reserves | 139,960.04 | 250,280.48 |
| Liquidation of Reserves For: | | |
| Prior Year Interfunds Returned in 2015 | 14,717.08 | - |
| Cancelled Grants | - | 4,836.00 |
| | <u>14,445,009.64</u> | <u>14,404,858.77</u> |
| Total | | |
| Expenditures: | | |
| Budget & Emergency Appropriations: | | |
| Operations Within "CAPS": | | |
| Salaries & Wages | 1,759,216.00 | 1,744,761.00 |
| Other Expenses | 2,030,011.00 | 1,975,870.00 |
| Deferred Charges & Statutory Expenditures - Municipal Within "CAPS" | 404,644.00 | 407,705.00 |
| Operations Excluded from "CAPS": | | |
| Salaries & Wages | 40,000.00 | 40,000.00 |
| Other Expenses | 387,145.02 | 493,136.66 |
| Capital Improvements | 25,000.00 | 15,000.00 |
| Municipal Debt Service | 311,790.01 | 318,636.65 |
| Deferred Charges | 14,000.00 | - |
| County Taxes | 2,371,118.11 | 2,342,512.91 |
| Due County for Added & Omitted Taxes | 2,354.41 | 8,021.21 |
| Local District School Tax | 3,887,596.00 | 3,818,996.00 |
| Regional High School District Tax | 2,538,213.00 | 2,571,684.00 |
| Interfund Advances - State and Federal Grant Fund | - | 14,717.08 |
| | <u>13,771,087.55</u> | <u>13,751,040.51</u> |
| Total Expenditures | | |
| Regulatory Excess to Fund Balance | 673,922.09 | 653,818.26 |
| Fund Balance January 1 | <u>777,031.02</u> | <u>877,212.76</u> |
| Total | 1,450,953.11 | 1,531,031.02 |
| Decreased by: Utilization as Anticipated Revenue | <u>634,000.00</u> | <u>754,000.00</u> |
| Fund Balance December 31 | <u>\$ 816,953.11</u> | <u>\$ 777,031.02</u> |

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | BUDGET | APPROPRIATED by N.J.S.A.40A:47-87 | REALIZED | EXCESS OR (DEFICIT) |
|---|-----------------|---|-----------------|------------------------|
| Fund Balance Utilized | \$ 634,000.00 | \$ - | \$ 634,000.00 | \$ - |
| Miscellaneous Revenue: | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | 4,500.00 | - | 4,250.00 | (250.00) |
| Fines & Costs: | | | | |
| Municipal Court | 140,000.00 | - | 141,260.22 | 1,260.22 |
| Interest & Costs on Taxes | 70,000.00 | - | 81,540.02 | 11,540.02 |
| Interest on Deposits | 2,000.00 | - | 2,723.51 | 723.51 |
| Trailer Pad Fees | 40,000.00 | - | 41,572.00 | 1,572.00 |
| Cell Tower Revenues | 40,000.00 | - | 51,950.03 | 11,950.03 |
| Consolidated Municipal Property | | | | |
| Tax Relief Act | 19,725.00 | - | 19,725.00 | - |
| Energy Receipts Tax | 432,051.00 | - | 432,051.00 | - |
| Garden State Trust | 41,440.00 | - | 41,440.00 | - |
| Uniform Construction Code | | | | |
| Fees & Permits | 60,000.00 | - | 74,275.00 | 14,275.00 |
| Interlocal Agreement | | | | |
| School Resource Officer | 40,000.00 | - | 50,993.49 | 10,993.49 |
| Alcohol Education & Rehabilitation Fund | - | 825.06 | 825.06 | - |
| Clean Communities Program Grant | - | 22,092.53 | 22,092.53 | - |
| Click It or Ticket | - | 4,000.00 | 4,000.00 | - |
| Drunk Driving Enforcement Grant | 17,195.00 | - | 17,195.00 | - |
| Drive Sober | - | 10,000.00 | 10,000.00 | - |
| Municipal Alliance on Alcoholism | | | | |
| and Drug Abuse | 12,415.00 | - | 12,415.00 | - |
| Forestry Grant | 5,000.00 | 5,000.00 | 10,000.00 | - |
| FEMA Hazard Mitigation Grant | - | 75,000.00 | 75,000.00 | - |
| Recycling Tonnage Grant | 3,953.43 | - | 3,953.43 | - |
| Total Miscellaneous Revenues | 928,279.43 | 116,917.59 | 1,097,261.29 | 52,064.27 |
| Receipts from Delinquent Taxes | 425,000.00 | - | 490,856.73 | 65,856.73 |
| Local Tax for Municipal Purposes | 3,498,398.57 | - | 3,700,046.74 | 201,648.17 |
| Budget Totals | 5,485,678.00 | 116,917.59 | 5,922,164.76 | 319,569.17 |
| Nonbudget Revenues | - | - | 197,965.81 | 197,965.81 |
| Total | \$ 5,485,678.00 | \$ 116,917.59 | \$ 6,120,130.57 | \$ 517,534.98 |

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

ANALYSIS OF REALIZED REVENUES

| | |
|--|-------------------------------|
| Allocation of Current Tax Collections: | |
| Revenue From Collections | \$ 11,870,248.69 |
| Less: Allocated for School & County Taxes | <u>8,799,281.52</u> |
| Total Allocation of Current Tax Collections | 3,070,967.17 |
| Add: Budget Appropriation - Reserve for Uncollected Taxes | <u>629,079.57</u> |
| Total Amount for Support of Municipal Budget Appropriation | <u><u>\$ 3,700,046.74</u></u> |
| Receipts from Delinquent Taxes: | |
| Delinquent Tax Collections | \$ 473,946.34 |
| Tax Title Lien Collections | <u>16,910.39</u> |
| Total Receipts from Delinquent Taxes | <u><u>\$ 490,856.73</u></u> |

ANALYSIS OF NONBUDGET REVENUES

| | |
|--|-----------------------------|
| Miscellaneous Revenue Not Anticipated: | |
| Receipts: | |
| Licenses | \$ 6,553.00 |
| Fees and Permits | 19,305.31 |
| Cable Television Franchise Fee | 19,542.45 |
| Sale of Municipal Property | 70,790.54 |
| Payment in Lieu of Taxes | 4,395.03 |
| SC & Vet Administrative Fee | 1,483.80 |
| Administrative Operations | 13,072.41 |
| Other | <u>62,823.27</u> |
| Total Nonbudgeted Revenue | <u><u>\$ 197,965.81</u></u> |

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | APPROPRIATIONS | | EXPENDED | | | |
|--------------------------------------|----------------|------------------------------|--------------------|------------|-----------|-----------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | ENCUMBERED | RESERVED | CANCELLED |
| General Government Functions: | | | | | | |
| Township Committee: | | | | | | |
| Salaries and Wages | \$ 7,500.00 | \$ 7,500.00 | \$ 7,499.70 | \$ - | \$ 0.30 | \$ - |
| Other Expenses | 2,200.00 | 2,200.00 | 1,598.19 | - | 601.81 | - |
| Municipal Clerk: | | | | | | |
| Salaries and Wages | 114,000.00 | 114,000.00 | 113,895.60 | - | 104.40 | - |
| Other Expenses | 17,000.00 | 17,000.00 | 12,952.44 | 337.72 | 3,709.84 | - |
| Financial Administration: | | | | | | |
| Salaries and Wages | 59,600.00 | 59,600.00 | 59,567.82 | - | 32.18 | - |
| Other Expenses | 11,500.00 | 12,500.00 | 10,433.87 | 68.05 | 1,998.08 | - |
| Audit Services: | 24,000.00 | 24,000.00 | 24,000.00 | - | - | - |
| Collection of Taxes: | | | | | | |
| Salaries and Wages | 74,940.00 | 74,940.00 | 74,935.90 | - | 4.10 | - |
| Other Expenses | 9,000.00 | 9,000.00 | 8,910.83 | - | 89.17 | - |
| Tax Assessments Administration: | | | | | | |
| Salaries and Wages | 36,250.00 | 36,250.00 | 36,058.10 | - | 191.90 | - |
| Other Expenses | 6,770.00 | 6,770.00 | 3,926.34 | 775.00 | 2,068.66 | - |
| Legal Services: | | | | | | |
| Other Expenses | 70,000.00 | 85,000.00 | 71,736.94 | 10,177.56 | 3,085.50 | - |
| Engineering Services & Costs: | | | | | | |
| Other Expenses | 35,000.00 | 35,000.00 | 24,298.89 | 10,701.00 | 0.11 | - |
| Senior Citizen Advisory Commission: | | | | | | |
| Other Expenses | 500.00 | 500.00 | 500.00 | - | - | - |
| Land Use Administration: | | | | | | |
| Planning Board: | | | | | | |
| Salaries and Wages | 4,225.00 | 4,225.00 | 4,217.98 | - | 7.02 | - |
| Other Expenses | 5,000.00 | 5,000.00 | 2,671.00 | 200.00 | 2,129.00 | - |
| Insurance: | | | | | | |
| General Liability | 161,000.00 | 168,000.00 | 159,320.80 | 8,424.10 | 255.10 | - |
| Worker's Compensation | 60,000.00 | 60,000.00 | 60,000.00 | - | - | - |
| Employee Group Health | 843,440.00 | 829,440.00 | 818,329.69 | 765.00 | 10,345.31 | - |
| Unemployment Insurance | 10,000.00 | 10,000.00 | 9,006.93 | - | 993.07 | - |
| Municipal Court: | | | | | | |
| Salaries and Wages | 81,500.00 | 86,500.00 | 82,840.77 | - | 3,659.23 | - |
| Other Expenses | 8,500.00 | 8,500.00 | 7,339.09 | 109.00 | 1,051.91 | - |
| Public Defender: | | | | | | |
| Other Expenses | 4,000.00 | 4,000.00 | 3,999.96 | - | 0.04 | - |
| Public Safety Functions: | | | | | | |
| Police: | | | | | | |
| Salaries and Wages | 1,091,000.00 | 1,081,000.00 | 1,055,335.25 | - | 25,664.75 | - |
| Other Expenses | 81,400.00 | 81,400.00 | 76,243.54 | 4,739.22 | 417.24 | - |
| Office of Emergency Management: | | | | | | |
| Salaries and Wages | 2,000.00 | 2,000.00 | 1,999.92 | - | 0.08 | - |
| Other Expenses | 1,500.00 | 1,500.00 | 390.80 | - | 1,109.20 | - |
| Aid to Volunteer Fire Companies: | 59,000.00 | 59,000.00 | 59,000.00 | - | - | - |
| Emergency Medical Services: | 1.00 | 1.00 | - | - | 1.00 | - |
| Municipal Prosecutor: | | | | | | |
| Other Expenses | 10,000.00 | 10,000.00 | 7,633.37 | 666.67 | 1,699.96 | - |

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | APPROPRIATIONS | | EXPENDED | | | |
|--|----------------|------------------------------|--------------------|------------|------------|-----------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | ENCUMBERED | RESERVED | CANCELLED |
| Public Works Functions: | | | | | | |
| Streets & Roads Maintenance: | | | | | | |
| Salaries and Wages | 191,200.00 | 186,200.00 | 164,842.91 | - | 21,357.09 | - |
| Other Expenses | 48,500.00 | 53,500.00 | 41,910.83 | 11,537.03 | 52.14 | - |
| Solid Waste Collection: | | | | | | |
| Other Expenses | 77,500.00 | 77,500.00 | 64,278.60 | 6,447.91 | 6,773.49 | - |
| Public Building & Grounds: | | | | | | |
| Other Expenses | 43,000.00 | 44,500.00 | 43,359.31 | 939.04 | 201.65 | - |
| Vehicle Maintenance: | 55,000.00 | 55,000.00 | 40,357.65 | 13,089.14 | 1,553.21 | - |
| Landfill and Solid Waste Disposal Costs: | | | | | | |
| Other Expenses | 150,000.00 | 144,000.00 | 103,307.12 | 28,408.19 | 12,284.69 | - |
| Health and Welfare: | | | | | | |
| Animal Control Program: | | | | | | |
| Other Expenses | 7,500.00 | 7,500.00 | 7,380.00 | - | 120.00 | - |
| Environmental Commission: | | | | | | |
| Other Expenses | 200.00 | 200.00 | - | - | 200.00 | - |
| Recreation and Education: | | | | | | |
| Recreation Services and Programs: | | | | | | |
| Other Expenses | 5,000.00 | 5,000.00 | - | 5,000.00 | - | - |
| Maintenance of Parks: | | | | | | |
| Other Expenses | 20,000.00 | 20,000.00 | 15,500.63 | 2,000.00 | 2,499.37 | - |
| Appropriation Offset By Dedicated Revenues: | | | | | | |
| State Uniform Construction Code | | | | | | |
| Construction Official: | | | | | | |
| Salaries and Wages | 82,000.00 | 82,000.00 | 82,000.00 | - | - | - |
| Other Expenses | 2,500.00 | 4,000.00 | 3,001.60 | 269.60 | 728.80 | - |
| Other Code Enforcement Functions: | | | | | | |
| Salaries and Wages | 25,000.00 | 25,000.00 | 19,658.42 | - | 5,341.58 | - |
| Other Expenses | 1,000.00 | 1,000.00 | 565.00 | - | 435.00 | - |
| Unclassified: | | | | | | |
| Utilities | | | | | | |
| Electric and Natural Gas | 72,000.00 | 72,000.00 | 65,182.18 | 3,489.52 | 3,328.30 | - |
| Telecommunications Costs | 25,000.00 | 27,000.00 | 25,778.56 | 550.72 | 670.72 | - |
| Petroleum Products | 90,000.00 | 90,000.00 | 56,685.83 | 5,113.15 | 28,201.02 | - |
| Accumulated Leave Compensation | 1.00 | 1.00 | - | - | 1.00 | - |
| Total Operations Within "CAPS" Including Contingent | 3,786,227.00 | 3,789,227.00 | 3,532,452.36 | 113,807.62 | 142,967.02 | - |
| Detail: | | | | | | |
| Salaries and Wages | 1,769,216.00 | 1,759,216.00 | 1,702,852.37 | - | 56,363.63 | - |
| Other Expenses | 2,017,011.00 | 2,030,011.00 | 1,829,599.99 | 113,807.62 | 86,603.39 | - |

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | APPROPRIATIONS | | EXPENDED | | | |
|---|----------------|------------------------------|--------------------|------------|------------|-----------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | ENCUMBERED | RESERVED | CANCELLED |
| Deferred Charges & Statutory Expenditures Municipal Within "CAPS": | | | | | | |
| Statutory Expenditures: | | | | | | |
| Contributions to: | | | | | | |
| Public Employees Retirement System | 74,073.00 | 74,073.00 | 74,073.00 | - | - | - |
| Social Security System (O.A.S.I.) | 136,000.00 | 133,000.00 | 133,000.00 | - | - | - |
| Police & Fireman's Retirement System of New Jersey | 195,071.00 | 195,071.00 | 195,071.00 | - | - | - |
| Defined Contribution Retirement Program | 2,500.00 | 2,500.00 | 1,647.78 | - | 852.22 | - |
| Total Deferred Charges & Statutory Expenditures Within "CAPS" | 407,644.00 | 404,644.00 | 403,791.78 | - | 852.22 | - |
| Total General Appropriations for Municipal Purposes Within "CAPS" | 4,193,871.00 | 4,193,871.00 | 3,936,244.14 | 113,807.62 | 143,819.24 | - |
| Insurance: | | | | | | |
| Employee Group Insurance | 6,560.00 | 6,560.00 | 6,560.00 | - | - | - |
| NJPDES Stormwater Management Rules: Other Expenses | 12,000.00 | 12,000.00 | 500.00 | 5,760.00 | 5,740.00 | - |
| Interlocal Municipal Service Agreements: | | | | | | |
| Police Dispatch | 210,000.00 | 210,000.00 | 204,512.82 | - | 5,487.18 | - |
| School Resource Officer | 40,000.00 | 40,000.00 | 31,775.64 | 595.00 | 7,629.36 | - |
| Public & Private Programs Offset by Revenues: | | | | | | |
| Alcohol Education & Rehabilitation Fund | - | 825.06 | 825.06 | - | - | - |
| Clean Communities Program Grant: | - | 22,092.53 | 22,092.53 | - | - | - |
| Click It or Ticket | - | 4,000.00 | 4,000.00 | - | - | - |
| Drunk Driving Enforcement Grant | 17,195.00 | 17,195.00 | 17,195.00 | - | - | - |
| Drive Sober or Get Pulled Over | - | 10,000.00 | 10,000.00 | - | - | - |
| Municipal Alliance on Alcoholism and Drug Abuse | | | | | | |
| State Match | 12,415.00 | 12,415.00 | 12,415.00 | - | - | - |
| Local Match | 3,104.00 | 3,104.00 | 3,104.00 | - | - | - |
| Forestry Grant | 5,000.00 | 10,000.00 | 10,000.00 | - | - | - |
| Recycling Tonnage Grant | 3,953.43 | 3,953.43 | 3,953.43 | - | - | - |
| FEMA Hazard Mitigation Grant | - | 75,000.00 | 75,000.00 | - | - | - |
| Total Operations Excluded from "CAPS" | 310,227.43 | 427,145.02 | 401,933.48 | 6,355.00 | 18,856.54 | - |
| Detail: | | | | | | |
| Salaries and Wages | 17,195.00 | 40,000.00 | 31,775.64 | 595.00 | 7,629.36 | - |
| Other Expenses | 293,032.43 | 387,145.02 | 370,157.84 | 5,760.00 | 11,227.18 | - |
| Capital Improvements-Excluded from "CAPS": Capital Improvement Fund | 25,000.00 | 25,000.00 | 25,000.00 | - | - | - |
| Total Capital Improvements Excluded from "CAPS" | 25,000.00 | 25,000.00 | 25,000.00 | - | - | - |

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | APPROPRIATIONS | | EXPENDED | | | |
|--|------------------------|------------------------------|------------------------|----------------------|----------------------|--------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | ENCUMBERED | RESERVED | CANCELLED |
| Municipal Debt Service - Excluded | | | | | | |
| From "CAPS": | | | | | | |
| Payment of Bond Principal | 225,000.00 | 225,000.00 | 225,000.00 | - | - | - |
| Payment of Bond Anticipation Notes & Capital Note | 70,000.00 | 70,000.00 | 70,000.00 | - | - | - |
| Interest on Bonds | 4,500.00 | 4,500.00 | 4,500.00 | - | - | - |
| Interest on Notes | 14,000.00 | 14,000.00 | 12,290.01 | - | - | 1,709.99 |
| Total Municipal Debt Service Excluded from "CAPS" | 313,500.00 | 313,500.00 | 311,790.01 | - | - | 1,709.99 |
| Deferred Charges - Excluded from "CAPS": | | | | | | |
| Special Emergency Authorizations - 5 Years | 14,000.00 | 14,000.00 | 14,000.00 | - | - | - |
| Total Deferred Charges - Excluded from "CAPS" | 14,000.00 | 14,000.00 | 14,000.00 | - | - | - |
| Subtotal General Appropriations | 4,856,598.43 | 4,973,516.02 | 4,688,967.63 | 120,162.62 | 162,675.78 | 1,709.99 |
| Reserve For Uncollected Taxes | 629,079.57 | 629,079.57 | 629,079.57 | - | - | - |
| Total General Appropriations | <u>\$ 5,485,678.00</u> | <u>\$ 5,602,595.59</u> | <u>\$ 5,318,047.20</u> | <u>\$ 120,162.62</u> | <u>\$ 162,675.78</u> | <u>\$ 1,709.99</u> |
| Appropriation by 40A:4-87 | | \$ 116,917.59 | | | | |
| Original Budget | | <u>5,485,678.00</u> | | | | |
| Total | | <u>\$ 5,602,595.59</u> | | | | |
| Reserve for Federal & State Grants - Appropriated | | | \$ 158,585.02 | | | |
| Deferred Charge - Emergency Authorization | | | 14,000.00 | | | |
| Reserve for Uncollected Taxes | | | 629,079.57 | | | |
| Reimbursements | | | (104,591.45) | | | |
| Cash Disbursements | | | <u>4,620,974.06</u> | | | |
| Total | | | <u>\$ 5,318,047.20</u> | | | |

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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TRUST FUND
EXHIBIT

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**TOWNSHIP OF MULLICA
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

| ASSETS | REFERENCE | 2015 | 2014 |
|--|-----------|-------------------------------|-----------------------------|
| Animal Control Fund: | | | |
| Cash | B-1 | \$ 444.44 | \$ 428.24 |
| Total Animal Control Fund | | <u>444.44</u> | <u>428.24</u> |
| Other Trust Funds: | | | |
| Cash - Treasurer | B-1 | 360,712.03 | 303,546.23 |
| Cash - Collector | B-2 | 134,510.08 | 74,710.08 |
| Cash - Landfill Closure | B-9 | 87,959.08 | 87,915.75 |
| Due From Current Fund | A | 1.61 | 1.49 |
| Revolving Loans Receivable | B-3 | <u>440,129.31</u> | <u>451,848.31</u> |
| Total Other Trust Funds: | | <u>1,023,312.11</u> | <u>918,021.86</u> |
| Total - All Funds | | <u><u>\$ 1,023,756.55</u></u> | <u><u>\$ 918,450.10</u></u> |
| LIABILITIES & RESERVES | | | |
| Animal Control Fund: | | | |
| Reserve for Animal Control Fund Expenditures | B-4 | \$ 444.44 | \$ 428.24 |
| Total Animal Control Fund | | <u>444.44</u> | <u>428.24</u> |
| Other Trust Funds: | | | |
| Tax Title Lien Redemption | B-7 | 3,660.08 | 3,660.08 |
| Premium in Tax Title Lien Redemption | B-8 | 130,850.00 | 71,050.00 |
| Reserve for: | | | |
| Accumulated Absences | B-6 | 20,201.37 | 20,201.37 |
| Landfill Closure | B-9 | 87,959.08 | 87,915.75 |
| Recycling Fees | B-10 | 33,806.13 | 38,241.61 |
| Escrow Review Fees | B-11 | 66,571.82 | 23,002.64 |
| Police Confiscatory Funds | B-12 | 13,903.09 | 12,019.64 |
| Small Cities Revolving fund | B-13 | 643,557.73 | 643,366.79 |
| Special Events | B-14 | <u>22,802.81</u> | <u>18,563.98</u> |
| Total Other Funds | | <u>1,023,312.11</u> | <u>918,021.86</u> |
| Total - All Funds | | <u><u>\$ 1,023,756.55</u></u> | <u><u>\$ 918,450.10</u></u> |

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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GENERAL CAPITAL FUND
EXHIBITS

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**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

| ASSETS | REFERENCE | <u>2015</u> | <u>2014</u> |
|--|-----------|-----------------------------------|-----------------------------------|
| Cash | C-2 | \$ 590,163.09 | \$ 211,483.78 |
| Deferred Charges to Future Taxation: | | | |
| Unfunded | C-5 | 1,914,000.00 | 1,329,000.00 |
| Funded | C-4 | <u>-</u> | <u>225,000.00</u> |
| Total | | <u><u>\$ 2,504,163.09</u></u> | <u><u>\$ 1,765,483.78</u></u> |
| LIABILITIES, RESERVES & FUND BALANCE | | | |
| General Serial Bonds | C-10 | \$ - | \$ 225,000.00 |
| Bond Anticipation Notes | C-9 | 1,914,000.00 | 1,329,000.00 |
| Improvement Authorizations: | | | |
| Unfunded | C-8 | 502,226.18 | 111,246.87 |
| Funded | C-8 | 21,302.96 | 52.96 |
| Reserve for Encumbrances | C-7 | - | 23,550.00 |
| Capital Improvement Fund | C-6 | 24,195.60 | 34,195.60 |
| Fund Balance | C-1 | <u>42,438.35</u> | <u>42,438.35</u> |
| Total | | <u><u>\$ 2,504,163.09</u></u> | <u><u>\$ 1,765,483.78</u></u> |

There were no bonds and notes authorized but not issued on December 31, 2015 and 2014.

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance December 31, 2015 and 2014

\$ 42,438.35

GENERAL FIXED ASSETS ACCOUNT GROUP
EXHIBIT

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TOWNSHIP OF MULLICA
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

| ASSETS | <u>2015</u> | <u>2014</u> |
|------------------------------------|------------------------|------------------------|
| Land and Buildings | \$ 2,291,677.75 | \$ 2,291,677.75 |
| Machinery and Equipment | <u>5,175,830.68</u> | <u>4,806,436.53</u> |
| Total | <u>\$ 7,467,508.43</u> | <u>\$ 7,098,114.28</u> |
| FUND BALANCE | | |
| Investment in General Fixed Assets | <u>\$ 7,467,508.43</u> | <u>\$ 7,098,114.28</u> |

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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TOWNSHIP OF MULLICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The financial statements of the Township of Mullica, County of Atlantic, New Jersey ("the Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by *N.J.S.A.40A:5-5*. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or volunteer fire companies that are subject to separate audits.

Component Units

The Township of Mullica had no component units as defined by Governmental Accounting Standards Board Statement No.14, as amended by GASB Statements No. 39 and 61.

Basis of Accounting, Measurement Focus and Basis of Presentation

The financial statements of the Township of Mullica contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Township of Mullica accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

Dog Trust Fund - dog license revenues and expenditures.

Trust Other Funds - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund - receipt and disbursement of funds for the acquisition of capital facilities, other than those acquired in the Current Fund.

General Fixed Asset Account Group - to account for fixed assets used in general government operations.

TOWNSHIP OF MULLICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its current fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Township. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40AA-9*. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal 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. 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.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 1. Summary of Significant Accounting Policies (continued):

operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2015.

| | Balance 12/31/2014 | Additions/ Adjustments | Deletions/ Adjustments | Balance 12/31/2015 |
|-----------------------|------------------------|---------------------------|---------------------------|------------------------|
| Land & Buildings | \$ 2,291,677.75 | \$ - | \$ - | \$ 2,291,677.75 |
| Machinery & Equipment | 4,806,436.53 | 398,612.35 | (29,218.20) | 5,175,830.68 |
| Total | \$ 7,098,114.28 | \$ 398,612.35 | \$ (29,218.20) | \$ 7,467,508.43 |

TOWNSHIP OF MULLICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally over-expenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance 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.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Atlantic, Greater Egg Harbor Regional School District and the Mullica Township School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

County Taxes - The Township is responsible for levying, collecting, and remitting county taxes for the County of Atlantic. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the

TOWNSHIP OF MULLICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid; however, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with *N.J.A.C.5:30-5.2*. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31st, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis

Impact of Recently Issued Accounting Principles - For the year ended December 31, 2015, the Township implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No.27). The implementation of the Statement requires the Township to disclose its portion of the collective net pension liability of the New Jersey Public Employees' Retirement System (PERS) and the New Jersey Police and Firemen's Retirement System (PFRS).

Note 2. Cash and Cash Equivalents

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2015, and reported at fair value are as follows:

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 2. Cash and Cash Equivalents (continued):

| Type | Carrying Value |
|---|-------------------------------|
| Deposits | |
| Demand Deposits | <u>\$ 3,312,903.74</u> |
| Total Deposits | <u><u>\$ 3,312,903.74</u></u> |
| Reconciliation of Statement of Assets, Liabilities, Reserves and Fund Balance: | |
| Current Fund | \$ 2,139,115.02 |
| Animal Control Trust Fund | 444.44 |
| Trust - Other Fund | 583,181.19 |
| General Capital Fund | <u>590,163.09</u> |
| Total Cash and Cash Equivalents | <u><u>\$ 3,312,903.74</u></u> |

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township 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 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule that follows.

As of December 31, 2015, the Township's bank balances of \$3,345,890.33 were exposed to custodial credit risk as follows:

| | |
|------------------------------|-------------------------------|
| Uninsured & Uncollateralized | \$ 583,984.25 |
| Insured Under F.D.I.C. | 250,000.00 |
| Collateralized Under GUDPA | <u>2,511,906.08</u> |
| Total | <u><u>\$ 3,345,890.33</u></u> |

Note 3. Property Taxes

Property taxes are an enforceable lien on the assessed property. Taxes are due on a quarterly basis on February 1, May 1, August 1 and November 1. All unpaid taxes become delinquent 8 days after the above due dates. The Township bills and collects its own property taxes as well as the taxes levied by the other taxing bodies within the municipality. Property tax revenues are recognized when collected. A reserve for uncollected taxes is established in the current operating budget to the extent that their collectability is improbable.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 3. Property Taxes (continued):

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison of Tax Rate Information:

| | 2015 | 2014 | 2013 |
|----------------------------|----------------|----------------|----------------|
| Total Tax Rate | <u>\$4.197</u> | <u>\$4.149</u> | <u>\$4.089</u> |
| Apportionment of Tax Rate: | | | |
| Municipal | 1.193 | 1.169 | 1.134 |
| County | 0.811 | 0.798 | 0.853 |
| Local & Regional Schools | 2.193 | 2.182 | 2.102 |

Net Valuation Taxable:

| | | | |
|------|--------------------------|--------------------------|--------------------------|
| 2015 | <u>\$ 293,017,172.00</u> | | |
| 2014 | | <u>\$ 293,081,752.00</u> | |
| 2013 | | | <u>\$ 293,266,516.00</u> |

Comparison of Tax Levies and Collection Currently:

| YEAR | TAX LEVY | CASH COLLECTIONS | PERCENTAGE OF COLLECTION |
|------|------------------|---------------------|--------------------------------|
| 2015 | \$ 12,310,170.70 | \$ 11,870,248.69 | 96.43% |
| 2014 | 12,201,049.52 | 11,652,833.07 | 95.51% |
| 2013 | 12,003,990.06 | 11,490,281.92 | 95.72% |

Delinquent Taxes and Tax Title Liens:

| YEAR ENDED DECEMBER 31 | AMOUNT OF TAX TITLE LIENS | AMOUNT OF DELINQUENT TAXES | TOTAL DELINQUENT | PERCENTAGE OF TAX LEVY |
|---------------------------|---------------------------------|----------------------------------|---------------------|---------------------------|
| 2015 | \$ 160,722.22 | \$ 383,797.14 | \$ 544,519.36 | 4.42% |
| 2014 | 204,119.01 | 488,592.25 | 692,711.26 | 5.68% |
| 2013 | 183,985.23 | 467,797.42 | 651,782.65 | 5.43% |

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 4: Property Acquired By Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31, 2015 on the basis of the last assessed valuation of such properties, for the current and previous two years was as follows:

| YEAR | AMOUNT |
|------|-----------------|
| 2015 | \$ 3,613,800.00 |
| 2014 | 3,440,900.00 |
| 2013 | 3,442,200.00 |

Note 5: Fund Balance Appropriated

The following schedule details the amount of fund balance available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

| YEAR | BALANCE DECEMBER 31, | UTILIZED IN BUDGET OF SUCCEEDING YEAR | PERCENTAGE OF FUND BALANCE USED |
|----------------------|-------------------------|--|--|
| CURRENT FUND: | | | |
| 2015 | \$ 816,953.11 | \$ 660,500.00 | 80.85% |
| 2014 | 777,031.02 | 634,000.00 | 81.59% |
| 2013 | 877,212.76 | 754,000.00 | 85.95% |
| 2012 | 1,058,564.00 | 850,000.00 | 80.30% |
| 2011 | 1,317,153.00 | 850,000.00 | 64.53% |

Note 6. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

The following represents the membership tiers for PERS:

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 6. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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

Service retirement benefits of 1/5th 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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$74,073 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Net Pension Liability and Pension Expense - At December 31, 2015, the Township's proportionate share of the PERS net pension liability is valued to be \$1,928,232. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 6. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Township's proportion measured as of June 30, 2015, was .00859%, which was a decrease of .00040% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

| | <u>12/31/15</u> | <u>12/31/14</u> |
|--|-----------------|-----------------|
| Actuarial valuation date | July 1, 2015 | July 1, 2014 |
| Net Pension Liability | 1,928,232 | 1,682,282 |
| District's portion of the Plan's total net pension Liability | 0.00859% | 0.00899% |

For the year ended December 31, 2015, the Township had an allocated pension expense of \$95,935.

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

| | <u>PERS</u> |
|---------------------------|---|
| Measurement date | June 30, 2015 |
| Actuarial valuation date | July 1, 2014 |
| Investment rate of return | 7.90% |
| Salary scale | 2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age |
| Inflation rate | 3.04% |

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 6. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 6. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

| | <u>Decrease</u> <u>(3.90%)</u> | <u>Discount</u> <u>(4.90%)</u> | <u>Increase</u> <u>(5.90%)</u> |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Township's proportionate share of the net pension liability | \$ 2,396,556 | \$ 1,928,232 | \$ 1,535,592 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

| <u>Tier</u> | <u>Definition</u> |
|-------------|---|
| 1 | Members who were enrolled prior to May 22, 2010. |
| 2 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 3 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 6. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2015, the State contributed an amount less than the actuarially determined amount. The Local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PFRS amounted to \$195,071 for 2015.

The employee contributions for PFRS are 10.00% of employees’ annual compensation, as defined.

Special Funding Situation – Under *N.J.S.A. 43:16A-15*, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: 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 amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Net Pension Liability and Pension Expense - At December 31, 2015, the Township’s proportionate share of the PFRS net pension liability is valued to be \$4,885,660. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Township’s proportion of the net pension liability was based on the Township’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2015. The Township’s proportion measured as of June 30, 2015, was .02933%, which was an increase of .00393% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

| | <u>12/31/15</u> | <u>12/31/14</u> |
|--|-----------------|-----------------|
| Actuarial valuation date | July 1, 2015 | July 1, 2014 |
| Net Pension Liability | 4,885,660 | 3,194,781 |
| District's portion of the Plan's total net pension Liability | 0.02933% | 0.02540% |

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 6. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

For the year ended December 31, 2015, the Township had an allocated pension expense of \$542,703.

Additionally, the State’s proportionate share of the net pension liability attributable to the Township is \$428,456 as of December 31, 2015. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The State’s proportion of the net pension liability associated with the Township 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 members, actuarially determined. The State’s proportion measured as of June 30, 2015 was .02933%, which was an increase of .00393% from its proportion measured as of June 30, 2014, which is the same proportion as the Township’s.

| | |
|--|----------------------------|
| Township's Proportionate Share of the Net Pension Liability | \$ 4,885,660 |
| State's Proportionate Share of the Net Pension Liability Associated with the Township | <u>428,456</u> |
| Total Net Pension Liability | <u><u>\$ 5,314,116</u></u> |

For the year ended December 31, 2015, the Township’s total allocated pension expense was \$596,147.

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

| | |
|---------------------------|--|
| | <u>PFRS</u> |
| Measurement date | June 30, 2015 |
| Acturial valuation date | July 1, 2014 |
| Investment rate of return | 7.90% |
| Salary scale | 2012-2021 - 2.60-9.48% Based on Age Thereafter - 3.60-10.48% Based on Age |
| Inflation rate | 3.04% |

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

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 6. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

from the base year of 2014 based on Projection Scale BB.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate 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 on the average of the last five years of contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 6. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township’s proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79%) or 1-percentage-point higher (6.79%) than the current rate:

| | Decrease (4.79%) | Discount Rate (5.79%) | Increase (6.79%) |
|---|---------------------|--------------------------|---------------------|
| Township's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Township | \$ 7,005,692 | \$ 5,314,116 | \$ 3,934,787 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial statements.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 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.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1 et. seq.*

The contribution requirements of plan members are determined by State statute. 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 Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Township.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Long-Term Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments with the statutory period of usefulness. Bonds issued by the Township are general obligations bonds backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects prior to the issuance of serial bonds. The terms of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

During the fiscal year ended December 31, 2015 the following changes occurred in capital debt:

| | December 31, 2014 | Accrued/ Increases | Retired/ Decreases | December 31, 2015 | Due Within One Year |
|------------------------------|------------------------------|-------------------------------|-------------------------------|------------------------------|--------------------------------|
| General Obligation Bonds | \$ 225,000.00 | \$ - | \$ (225,000.00) | \$ - | \$ - |
| Bond Anticipation Notes | 1,329,000.00 | 1,914,000.00 | (1,329,000.00) | 1,914,000.00 | 1,914,000.00 |
| Authorized but Not Issued | - | 655,000.00 | (655,000.00) | - | - |
| Net Pension Liability - PERS | 1,682,282.00 | 245,950.00 | - | 1,928,232.00 | - |
| Net Pension Liability - PFRS | 3,194,781.00 | 1,690,879.00 | - | 4,885,660.00 | - |
| Compensated Absences | 309,571.19 | 20,426.46 | - | 329,997.65 | - |
| Total | \$ 6,740,634.19 | \$ 4,526,255.46 | \$ (2,209,000.00) | \$ 9,057,889.65 | \$ 1,914,000.00 |

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 0.391%

| | GROSS DEBT | DEDUCTIONS | NET DEBT |
|-------------------------------|------------------------|------------------------|------------------------|
| Local School District Debt | \$ 2,605,000.00 | \$ 2,605,000.00 | \$ - |
| Regional School District Debt | 4,626,471.99 | 4,626,471.99 | - |
| General Debt | 1,914,000.00 | - | 1,914,000.00 |
| Total | \$ 9,145,471.99 | \$ 7,231,471.99 | \$ 1,914,000.00 |

Net Debt, \$1,914,000.00 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$490,064,152.67 equals 0.391%.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Long-Term Debt (continued):

Borrowing Power Under 40A:2-6:

| | |
|---|--------------------------------|
| 3 1/2% of Equalized Valuation Bases (Municipal) | \$ 17,152,245.34 |
| Net Debt | <u>1,914,000.00</u> |
| Remaining Borrowing Power | <u><u>\$ 15,238,245.34</u></u> |

Summary of Municipal Debt

| | <u>Year 2015</u> | <u>Year 2014</u> | <u>Year 2013</u> |
|--|-------------------------------|-------------------------------|-------------------------------|
| Issued | | | |
| General: | | | |
| Bonds, Loans & Notes | <u>\$ 1,914,000.00</u> | <u>\$ 1,554,000.00</u> | <u>\$ 1,844,000.00</u> |
| Total Issued | 1,914,000.00 | 1,554,000.00 | 1,844,000.00 |
| Authorized but not Issued | | | |
| General: | | | |
| Bonds & Notes | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Authorized But Not Issued | - | - | - |
| Total Issued & Authorized but not Issued | <u>1,914,000.00</u> | <u>1,554,000.00</u> | <u>1,844,000.00</u> |
| Net Debt | <u><u>\$ 1,914,000.00</u></u> | <u><u>\$ 1,554,000.00</u></u> | <u><u>\$ 1,844,000.00</u></u> |

A. Schedule of General Capital Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding as follows:

There was no bonded debt issued and outstanding as of December 31, 2015.

B. Schedule of General Capital Annual Debt Service for Principal for Notes Payable Issued and Outstanding as follows:

| | | |
|------------------|----------|-------------------------------|
| | | General Capital |
| Balance 12/31/14 | | \$ 1,329,000.00 |
| Issued | | 1,914,000.00 |
| Paid | | <u>1,329,000.00</u> |
| Balance 12/31/15 | | <u><u>\$ 1,914,000.00</u></u> |
| | | |
| Due Date | Interest | |
| 5/13/2016 | 0.85% | \$ 494,000.00 |
| 9/23/2016 | 0.82% | <u>1,420,000.00</u> |
| | | <u><u>\$ 1,914,000.00</u></u> |

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8. Compensated Absences

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2015 the balance of the fund was \$20,201.37. It is estimated that, at December 31, 2015, accrued benefits for compensated absences are valued at \$329,997.65.

Note 9. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the Township had deferred charges of \$56,000.00 to budgets of succeeding years.

Note 10. Joint Insurance Pool

The Township of Mullica is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which also includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Township has a liability limit of \$10,000,000 under MEL. There were no claims in excess of coverage and no reduction in coverage during the year 2015.

Note 11. Contingent Liabilities

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U. S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors.

As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2015, the Township estimates that no material liabilities will result from such audits.

Note 12. Interfunds Receivables and Payables

The following interfunds remained as of December 31, 2015:

| Fund | Receivable | Payable |
|------------------------------|--------------|--------------|
| Current Fund | \$ - | \$ 14,085.42 |
| Federal and State Grant Fund | 14,083.81 | - |
| Trust - Other Fund | 1.61 | - |
| | \$ 14,085.42 | \$ 14,085.42 |

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 12. Interfunds Receivables and Payables (continued):

The summary of interfund transfers follows:

| Fund | Transfers In | Transfers Out |
|------------------------------|----------------------|----------------------|
| Current Fund | \$ 280,599.94 | \$ 251,798.93 |
| Federal and State Grant Fund | 251,797.44 | 280,598.33 |
| Trust - Other Fund | 1.49 | 1.61 |
| | <u>\$ 532,398.87</u> | <u>\$ 532,398.87</u> |

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 13. Deferred School District Taxes

The Local School District Tax and Regional High School Tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

| | Balance Decemeber 2015 | Balance Decemeber 2014 |
|------------------------|---------------------------------------|---------------------------------------|
| Local School Taxes: | | |
| Balance of Tax | \$ 1,943,797.99 | \$ 1,909,498.01 |
| Deferred | 1,161,109.00 | 1,161,109.00 |
| | <u>\$ 782,688.99</u> | <u>\$ 748,389.01</u> |
| Taxes Payable | | |
| Regional School Taxes: | | |
| Balance of Tax | \$ 1,239,106.50 | \$ 1,285,842.00 |
| Deferred | 1,174,691.00 | 1,174,691.00 |
| | <u>\$ 64,415.50</u> | <u>\$ 111,151.00</u> |
| Taxes Payable | | |

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 14. Accounts Receivable

Accounts receivable at December 31, 2015 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township’s individual major and fiduciary funds, in the aggregate, are as follows:

| | Current Fund | State & Federal Grant Fund | Trust Other Fund | Total |
|-----------|-------------------------|---|---------------------------------|------------------------|
| State Aid | \$ 4,838.05 | \$ 278,315.00 | \$ - | \$ 283,153.05 |
| Taxes | 4,158,319.36 | - | - | 4,158,319.36 |
| Other | 9,297.77 | - | 440,129.31 | 449,427.08 |
| | | | | |
| Total | <u>\$ 4,172,455.18</u> | <u>\$ 278,315.00</u> | <u>\$ 440,129.31</u> | <u>\$ 4,890,899.49</u> |

Note 15. Post-Retirement Health Benefits

The New Jersey State Health Benefits Commission administers cost-sharing multiple-employer health care plans under the State Health Benefits Program and the School Employees’ health plan. The New Jersey State Health Benefits Plan (SHBP) provides access to health care coverage to eligible retirees who qualify based on state law and local requirements. Coverage under the current program includes medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents.

The New Jersey State Health Benefits Plan issues a stand-alone financial report under GASB 43. To view the report, go to <http://www.state.nj.us/treasury/pensions/shbp.htm>.

The Township of Mullica is a member of the SHBP and provides that its retirees will be covered for medical care. During 2015, \$467,489.11 was paid by the Township for health care of employees. The amount paid for retirees was \$339,321.30. The amount paid during 2014 was \$465,185.40 for employees and \$337,080.67 for retirees.

Note 16: Sanitary Landfill Closure

The last landfill closure plan was updated in October, 1998. According to this plan, closure was to have taken place in 1998, post closure activities were from 1999 to 2028. Annual appropriations varied from \$18.00 - \$33,000.00. There have been no appropriations made since 2000. The balance in the Landfill Closure Trust Fund amounts to \$87,959.08. The Township is not in compliance with the plan.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 17: Labor Contracts

As of December 31, 2015, the Township's employees are organized in the following collective bargaining units. The following table shows their current status.

| | Category | Expiration | Covers |
|--------------|------------------|------------|--|
| AFL-CIO #71 | Public Works | 12/31/15* | All employees public works employees. Supervisors are excluded. |
| PBA #77 | Police | 12/31/19 | All uniformed police, detectives, and other special police units, excluding the chief. |
| United Union | Workers Clerical | 12/31/19 | All Clerical workers. |

* Scheduled for mediation on May 18th, 2016 with the terms still in negotiation.

Note 18: Subsequent Events

The Township has evaluated subsequent events through May 06, 2016, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF CURRENT CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | CURRENT |
|---|--------------|---------------|
| Balance December 31, 2014 | \$ | 1,793,334.24 |
| Increased by Receipts: | | |
| Tax Collector | \$ | 12,516,779.63 |
| Due from State - Senior Citizens & Vets | | 74,189.97 |
| Revenue Accounts Receivable | | 941,780.27 |
| Reimbursements | | 105,031.45 |
| Marriage License Fees | | 775.00 |
| Reserve for JIF Safety Program | | 1,000.00 |
| Land Sale Deposits | | 5,138.50 |
| Due To Trust Other Fund | | 1.61 |
| DCA Inspections Fees | | 6,163.00 |
| Federal & State Grants Unappropriated | | 8,795.77 |
| Federal & State Grants Receivable | | 110,811.60 |
| | | 13,770,466.80 |
| Subtotal | | 13,770,466.80 |
| Total | | 15,563,801.04 |
| Decreased by Disbursements: | | |
| 2015 Appropriations | 4,620,974.06 | |
| 2014 Appropriation Reserves | 106,698.63 | |
| County Taxes | 2,371,118.11 | |
| Due County for Added & Omitted Taxes | 8,021.21 | |
| Regional High School District Tax | 2,584,948.50 | |
| Local District School Tax | 3,853,296.02 | |
| Marriage License Fees | 725.00 | |
| Reserve for JIF Safety Program | 445.00 | |
| Reserve for Tax Map Updates | 39,600.00 | |
| Tax Overpayments | 8,907.43 | |
| Payroll Taxes Payable | 4.00 | |
| Prepaid Payroll | 85.37 | |
| Due to Trust Other Fund | 1.49 | |
| DCA Inspections Fees | 5,072.00 | |
| Accounts Payable | 21,131.00 | |
| Reserve for Federal & State Grant Funds Appropriated | 93,910.48 | |
| | | 13,714,938.30 |
| Total Disbursements | | 13,714,938.30 |
| Balance December 31, 2015 | \$ | 1,848,862.74 |

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|---------------------------------------|------------------|----------------------------|
| Balance December 31, 2014 | | \$ 284,605.72 |
| Increased by: | | |
| Taxes Receivable | \$ 12,125,180.08 | |
| Tax Title Liens | 16,910.39 | |
| 2016 Prepaid Taxes | 188,684.41 | |
| Miscellaneous Revenue Not Anticipated | 191,201.31 | 12,521,976.19 |
| | | <hr/> |
| Subtotal | | 12,806,581.91 |
| Decreased by: | | |
| Payments to Treasurer | | <hr/> 12,516,779.63 |
| Balance December 31, 2015 | | <hr/> <u>\$ 289,802.28</u> |

**SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|-----------------|--|------------------------|
| Office: | | |
| Municipal Court | | \$ 100.00 |
| Construction | | 50.00 |
| Tax Collector | | <hr/> 200.00 |
| Total | | <hr/> <u>\$ 350.00</u> |

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2015**

| YEAR | BALANCE DECEMBER 31, 2014 | 2015 LEVY | ADDED TAXES | 2014 COLLECTED | 2015 COLLECTED | DUE FROM STATE OF NEW JERSEY | (REMITTED)/ CANCELLED | OVERPAYMENTS APPLIED | TRANSFER TO TAX TITLE LIENS | BALANCE DECEMBER 31, 2015 |
|-------|---------------------------------|------------------|----------------|-------------------|-------------------|------------------------------------|--------------------------|-------------------------|-----------------------------------|---------------------------------|
| 2013 | \$ 4,091.92 | \$ - | \$ - | \$ - | \$ 4,091.92 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2014 | 484,500.33 | - | - | - | 469,854.42 | - | - | - | 14,644.23 | 1.68 |
| Total | 488,592.25 | 12,297,985.80 | 12,184.90 | 160,164.55 | 473,946.34 | - | - | - | 14,644.23 | 1.68 |
| 2015 | - | - | - | 11,617,546.05 | 73,875.00 | 11,890.20 | 18,663.09 | 58,880.58 | 383,795.46 | - |
| Total | \$ 488,592.25 | \$ 12,297,985.80 | \$ 12,184.90 | \$ 160,164.55 | \$ 12,091,492.39 | \$ 73,875.00 | \$ 11,890.20 | \$ 18,663.09 | \$ 58,880.58 | \$ 383,797.14 |

Cash Receipts \$ 12,125,180.08
 Tax Overpayments (33,687.69)
Total \$ 12,091,492.39

ANALYSIS OF 2015 PROPERTY TAX LEVY

| | |
|--------------------------------------|-------------------------|
| General Purpose Tax | \$ 12,297,985.80 |
| Added & Omitted Taxes | 12,184.90 |
| Total | \$ 12,310,170.70 |
| TAX LEVY: | |
| Local District School Tax | \$ 3,887,596.00 |
| Regional High School District Tax | 2,538,213.00 |
| County Taxes: | |
| General County Tax | \$ 2,171,320.40 |
| County Library Tax | 139,684.99 |
| County Health Tax | 53,304.20 |
| County Open Space | 6,808.52 |
| Due County for Added & Omitted Taxes | 2,354.41 |
| Local Tax for Municipal Purposes | 3,498,398.57 |
| Add: Additional Tax Levied | 12,490.61 |
| Total | \$ 12,310,170.70 |

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | | |
|------------------------------------|----|-----------|-------------------|
| Balance December 31, 2014 | | \$ | 204,119.01 |
| Increased by: | | | |
| Transfers from Taxes Receivable | \$ | 58,880.58 | |
| Interest & Cost on Taxes | | 2,110.28 | 60,990.86 |
| | | | |
| Subtotal | | | 265,109.87 |
| Decreased by: | | | |
| Transferred to Foreclosed Property | | 87,477.26 | |
| Lien Payments Received | | 16,910.39 | 104,387.65 |
| | | | |
| Balance December 31, 2015 | | \$ | <u>160,722.22</u> |

**SCHEDULE OF DUE FROM STATE OF NJ VETERAN AND SENIOR CITIZEN DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | | |
|---|----|------------|-----------------|
| Balance December 31, 2014 | | \$ | 5,153.02 |
| Increased by: | | | |
| Senior Citizen & Veterans Deductions Per Tax Billings | \$ | 73,500.00 | |
| Deductions Allowed by Tax Collector - 2015 Taxes | | 1,750.00 | |
| Deductions Disallowed by Tax Collector - 2015 Taxes | | (1,375.00) | 73,875.00 |
| | | | |
| Subtotal | | | 79,028.02 |
| Decreased by: | | | |
| Receipts - Collector | | | 74,189.97 |
| | | | |
| Balance December 31, 2015 | | \$ | <u>4,838.05</u> |

TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015

| | BALANCE DECEMBER 31, 2014 | ACCRUED IN 2015 | REALIZED | BALANCE DECEMBER 31, 2015 |
|--|---------------------------------|------------------------|------------------------|---------------------------------|
| Licenses: | | | | |
| Alcoholic Beverages | \$ - | \$ 4,250.00 | \$ 4,250.00 | \$ - |
| Fines & Costs: | | | | |
| Municipal Court | 12,779.56 | 137,778.43 | 141,260.22 | 9,297.77 |
| Interest & Costs on Taxes | - | 81,540.02 | 81,540.02 | - |
| Interest on Deposits | - | 2,723.51 | 2,723.51 | - |
| Trailer Pad Fees | - | 41,572.00 | 41,572.00 | - |
| Cell Tower Revenues | - | 51,950.03 | 51,950.03 | - |
| Consolidated Municipal Property | | | | |
| Tax Relief Act | - | 19,725.00 | 19,725.00 | - |
| Energy Receipts Tax | - | 432,051.00 | 432,051.00 | - |
| Garden State Trust | - | 41,440.00 | 41,440.00 | - |
| Uniform Construction Code | | | | |
| Fees & Permits | - | 74,275.00 | 74,275.00 | - |
| Interlocal Agreement | | | | |
| School Resource Officer | - | 50,993.49 | 50,993.49 | - |
| Alcohol Education & Rehabilitation Fund | - | 825.06 | 825.06 | - |
| Clean Communities Program Grant: | - | 22,092.53 | 22,092.53 | - |
| Click It or Ticket | - | 4,000.00 | 4,000.00 | - |
| Drunk Driving Enforcement Grant | - | 17,195.00 | 17,195.00 | - |
| Drive Sober | - | 10,000.00 | 10,000.00 | - |
| Municipal Alliance on Alcoholism and Drug Abuse | - | 12,415.00 | 12,415.00 | - |
| Forestry Grant | - | 10,000.00 | 10,000.00 | - |
| FEMA Hazard Mitigation Grant | - | 75,000.00 | 75,000.00 | - |
| Recycling Tonnage Grant | - | 3,953.43 | 3,953.43 | - |
| | <hr/> | | | |
| Total Miscellaneous Revenues | <u>\$ 12,779.56</u> | <u>\$ 1,093,779.50</u> | <u>\$ 1,097,261.29</u> | <u>\$ 9,297.77</u> |

| | |
|---|------------------------|
| Cash Receipts | \$ 941,780.27 |
| State & Federal Grant Fund Appropriations | <u>155,481.02</u> |
| | <u>\$ 1,097,261.29</u> |

**TOWNSHIP OF MULLICA
CURRENT FUND
ANALYSIS OF FORECLOSED PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|--------------------------------|--------------|-----------------|
| Balance December 31, 2014 | | \$ 3,440,900.00 |
| Increased By: | | |
| Properties Deeded | | 353,600.00 |
| | | 3,794,500.00 |
| Decreased By: | | |
| Sales Price on Properties Sold | \$ 88,821.00 | |
| Net Loss on Sale of Property | 91,879.00 | 180,700.00 |
| Balance December 31, 2015 | | \$ 3,613,800.00 |

ANALYSIS OF FORECLOSED PROPERTY:

| | | |
|-----------------------------|--|-----------------|
| Foreclosed Property | | \$ 3,252,300.00 |
| Property Deeded to Township | | 361,500.00 |
| | | \$ 3,613,800.00 |

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| OPERATIONS | BALANCE DECEMBER 31, 2014 | | BUDGET AFTER MODIFICATION | PAID OR CHARGED | BALANCE LAPSED |
|--------------------------------------|------------------------------|------------|------------------------------|-----------------------|-------------------|
| | RESERVED | ENCUMBERED | | | |
| General Government Functions: | | | | | |
| Township Committee: | | | | | |
| Salaries and Wages | \$ 0.30 | \$ - | \$ 0.30 | \$ - | \$ 0.30 |
| Other Expenses | 402.00 | - | 402.00 | - | 402.00 |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 1,212.26 | - | 1,212.26 | - | 1,212.26 |
| Other Expenses | 1,294.29 | 102.88 | 1,397.17 | 107.22 | 1,289.95 |
| Financial Administration: | | | | | |
| Salaries and Wages | 24.00 | - | 24.00 | - | 24.00 |
| Other Expenses | 1,405.56 | 517.05 | 1,922.61 | 420.15 | 1,502.46 |
| Collection of Taxes: | | | | | |
| Salaries and Wages | 1.12 | - | 1.12 | - | 1.12 |
| Other Expenses | 374.93 | - | 374.93 | - | 374.93 |
| Assessment of Taxes: | | | | | |
| Other Expenses | 1,007.94 | 916.68 | 1,924.62 | 788.52 | 1,136.10 |
| Legal Services: | | | | | |
| Other Expenses | 2,809.64 | 20,002.30 | 22,811.94 | 22,793.44 | 18.50 |
| Engineering Services & Cost: | | | | | |
| Other Expenses | 2,835.00 | 301.30 | 3,136.30 | 1,380.00 | 1,756.30 |
| Senior Citizen Advisory Commission: | | | | | |
| Other Expenses | 160.15 | - | 160.15 | - | 160.15 |
| Land Use Administration: | | | | | |
| Planning Board: | | | | | |
| Salaries and Wages | 7.02 | - | 7.02 | - | 7.02 |
| Other Expenses | 923.60 | 187.50 | 1,111.10 | 20.15 | 1,090.95 |
| Insurance: | | | | | |
| General Liability | - | 9,982.00 | 9,982.00 | 9,799.33 | 182.67 |
| Employee Group Health | 2,853.93 | - | 2,853.93 | - | 2,853.93 |
| Unemployment Insurance | 2,555.58 | - | 2,555.58 | 362.78 | 2,192.80 |
| Municipal Court: | | | | | |
| Salaries and Wages | 747.22 | - | 747.22 | - | 747.22 |
| Other Expenses | 2,117.99 | 420.75 | 2,538.74 | 420.75 | 2,117.99 |
| Public Defender: | | | | | |
| Other Expenses | 400.00 | - | 400.00 | - | 400.00 |
| Public Safety Functions: | | | | | |
| Police: | | | | | |
| Salaries and Wages | 28,275.45 | - | 28,275.45 | 21,666.47 | 6,608.98 |
| Other Expenses | 1,261.68 | 1,734.14 | 2,995.82 | 2,071.64 | 924.18 |
| Office of Emergency Management: | | | | | |
| Salaries and Wages | 115.46 | - | 115.46 | - | 115.46 |
| Other Expenses | 1,241.50 | - | 1,241.50 | - | 1,241.50 |
| Municipal Prosecutor's Office: | | | | | |
| Other Expenses | 1,999.96 | - | 1,999.96 | - | 1,999.96 |
| Public Works Functions: | | | | | |
| Streets & Roads Maintenance: | | | | | |
| Salaries and Wages | 12,005.55 | - | 12,005.55 | - | 12,005.55 |
| Other Expenses | 1,088.12 | 2,892.08 | 3,980.20 | 2,863.86 | 1,116.34 |
| Solid Waste Collection: | | | | | |
| Other Expenses | 359.74 | 6,347.66 | 6,707.40 | 6,347.66 | 359.74 |
| Vehicle Maintenance: | | | | | |
| Other Expenses | 1,809.24 | 18,883.73 | 20,692.97 | 9,815.71 | 10,877.26 |
| Public Building & Grounds: | | | | | |
| Other Expenses | 631.70 | 3,205.57 | 3,837.27 | 3,399.45 | 437.82 |

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| OPERATIONS | BALANCE DECEMBER 31, 2014 | | BUDGET AFTER MODIFICATION | PAID OR CHARGED | BALANCE LAPSED |
|---|------------------------------|---------------|------------------------------|-----------------------|-------------------|
| | RESERVED | ENCUMBERED | | | |
| Landfill and Solid Waste Disposal Costs: | | | | | |
| Other Expenses | 17,441.14 | 25,536.78 | 42,977.92 | 13,236.33 | 29,741.59 |
| Health & Human Services: | | | | | |
| Animal Control Program: | | | | | |
| Other Expenses | 361.00 | - | 361.00 | - | 361.00 |
| Environmental Commission: | | | | | |
| Other Expenses | 200.00 | - | 200.00 | - | 200.00 |
| Recreation and Education: | | | | | |
| Maintenance of Parks: | | | | | |
| Other Expenses | 2,249.57 | - | 2,249.57 | - | 2,249.57 |
| Appropriation Offset by Dedicated Revenue: | | | | | |
| State Uniform Construction Code | | | | | |
| Construction Official: | | | | | |
| Other Expenses | 62.17 | 346.33 | 408.50 | 346.33 | 62.17 |
| Other Code Enforcement Functions: | | | | | |
| Salaries and Wages | 932.10 | - | 932.10 | - | 932.10 |
| Other Expenses | - | 500.00 | 500.00 | 500.00 | - |
| Unclassified: | | | | | |
| Utilities | | | | | |
| Electric and Natural Gas | 735.29 | 5,943.09 | 6,678.38 | 3,801.74 | 2,876.64 |
| Telecommunications Costs | 1.64 | 2,939.14 | 2,940.78 | 2,939.14 | 1.64 |
| Petroleum Products | 12,125.74 | 3,120.31 | 15,246.05 | 3,120.31 | 12,125.74 |
| Accumulated Leave Compensation | 1.00 | - | 1.00 | - | 1.00 |
| Total General Appropriations for Municipal Purposes Within "CAPS" | 104,030.58 | 103,879.29 | 207,909.87 | 106,200.98 | 101,708.89 |
| Deferred Charges & Statutory Expenditures Municipal Within "CAPS": | | | | | |
| Statutory Expenditures: | | | | | |
| Contributions to: | | | | | |
| Public Employees Retirement System | 8,182.58 | - | 8,182.58 | - | 8,182.58 |
| Social Security System (O.A.S.I.) | 2,433.21 | - | 2,433.21 | 20.37 | 2,412.84 |
| Police & Fireman's Retirement System | 12,202.00 | - | 12,202.00 | - | 12,202.00 |
| Defined Contribution Retirement Program | 292.82 | 74.56 | 367.38 | 37.28 | 330.10 |
| Total Deferred Charges & Statutory Expenditures Within "CAPS" | 23,110.61 | 74.56 | 23,185.17 | 57.65 | 23,127.52 |
| Operations Excluded From "CAPS": | | | | | |
| NJPDES Stormwater Management Rules: | | | | | |
| Other Expenses | 3,311.85 | - | 3,311.85 | - | 3,311.85 |
| Interlocal Municipal Service Agreement: | | | | | |
| Police Dispatch | 997.78 | - | 997.78 | - | 997.78 |
| School Resource Officer | 4,934.00 | - | 4,934.00 | - | 4,934.00 |
| Insurance: | | | | | |
| Employee Group Insurance | 5,880.00 | - | 5,880.00 | - | 5,880.00 |
| Total Operations Excluded from "CAPS" | 15,123.63 | - | 15,123.63 | - | 15,123.63 |
| Grand Total All Appropriations | \$ 142,264.82 | \$ 103,953.85 | \$ 246,218.67 | \$ 106,258.63 | \$ 139,960.04 |
| Cash Disbursements | | | | \$ 106,698.63 | |
| Reimbursements | | | | (440.00) | |
| Total | | | | \$ 106,258.63 | |

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|---|----|------------|
| Balance December 31, 2014 | \$ | 103,953.85 |
| Increased by: | | |
| 2015 Appropriations | | 120,162.62 |
| Subtotal | | 224,116.47 |
| Decreased by: | | |
| Transferred to 2014 Appropriations Reserves | | 103,953.85 |
| Balance December 31, 2015 | \$ | 120,162.62 |

**SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|---|----|------------|
| Balance, December 31, 2014 (2015 Taxes) | \$ | 160,164.55 |
| Increased by: | | |
| Collections - 2016 Taxes | | 188,684.41 |
| Subtotal | | 348,848.96 |
| Decreased by: | | |
| Application to 2015 Taxes Receivable | | 160,164.55 |
| Balance, December 31, 2015 (2016 Taxes) | \$ | 188,684.41 |

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|---------------------------|----|-----------|
| Balance December 31, 2014 | \$ | 18,663.19 |
| Increased by: | | |
| Overpayments in 2015 | | 33,687.69 |
| Subtotal | | 52,350.88 |
| Decreased by: | | |
| Overpayments Applied | \$ | 18,663.09 |
| Refunded | | 8,907.43 |
| | | 27,570.52 |
| Balance December 31, 2015 | \$ | 24,780.36 |

**TOWNSHIP OF MULLICA
SCHEDULE OF LOCAL SCHOOL DISTRICT TAX
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|---|---------------------|-------------------------------|
| Balance December 31, 2014 | | |
| School Tax Payable | \$ 748,389.01 | |
| Deferred School Tax Payable | <u>1,161,109.00</u> | |
| | | \$ 1,909,498.01 |
| Increased by: | | |
| Levy - School Year July 1, 2015 - June 30, 2016 | | <u>3,887,596.00</u> |
| Subtotal | | 5,797,094.01 |
| Decreased by: | | |
| Disbursements | | <u>3,853,296.02</u> |
| Balance December 31, 2015 | | |
| School Tax Payable | 782,688.99 | |
| Deferred School Tax Payable | <u>1,161,109.00</u> | |
| | | <u><u>\$ 1,943,797.99</u></u> |
| <u>2015 Liability for Local District Tax:</u> | | |
| Tax Paid | | \$ 3,853,296.02 |
| Tax Payable December 31, 2015 | | <u>782,688.99</u> |
| | | 4,635,985.01 |
| Less: | | |
| Tax Payable December 31, 2014 | | <u>748,389.01</u> |
| Amount Charged to 2015 Operations | | <u><u>\$ 3,887,596.00</u></u> |

TOWNSHIP OF MULLICA
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAX
FOR THE YEAR ENDED DECEMBER 31, 2015

| | | |
|---|---------------------|-------------------------------|
| Balance December 31, 2014 | | |
| School Tax Payable | \$ 111,151.00 | |
| Deferred School Tax Payable | <u>1,174,691.00</u> | |
| | | \$ 1,285,842.00 |
| Increased by: | | |
| Levy - School Year July 1, 2015 - June 30, 2016 | | <u>2,538,213.00</u> |
| Subtotal | | 3,824,055.00 |
| Decreased by: | | |
| Disbursements | | <u>2,584,948.50</u> |
| Balance December 31, 2015 | | |
| School Tax Payable | 64,415.50 | |
| Deferred School Tax Payable | <u>1,174,691.00</u> | |
| | | <u><u>\$ 1,239,106.50</u></u> |
| <u>2015 Liability for Local District Tax:</u> | | |
| Tax Paid | | \$ 2,584,948.50 |
| Tax Payable December 31, 2015 | | <u>64,415.50</u> |
| | | 2,649,364.00 |
| Less: | | |
| Tax Payable December 31, 2014 | | <u>111,151.00</u> |
| Amount Charged to 2015 Operations | | <u><u>\$ 2,538,213.00</u></u> |

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|---------------------------|-----------------|--------------------|
| Balance December 31, 2014 | | \$ - |
| Increased by: | | |
| County Tax | \$ 2,171,320.40 | |
| County Library Tax | 139,684.99 | |
| County Health Tax | 53,304.20 | |
| County Open Space Tax | 6,808.52 | 2,371,118.11 |
| | | <hr/> |
| Subtotal | | 2,371,118.11 |
| Decreased by: | | |
| Disbursements | | <hr/> 2,371,118.11 |
| Balance December 31, 2015 | | <hr/> <hr/> \$ - |

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|----------------------------------|--|-------------------------|
| Balance December 31, 2014 | | \$ 8,021.21 |
| Increased by: | | |
| County Share of 2015 Added Taxes | | <hr/> 2,354.41 |
| Subtotal | | 10,375.62 |
| Decreased by: | | |
| Disbursements | | <hr/> 8,021.21 |
| Balance December 31, 2015 | | <hr/> <hr/> \$ 2,354.41 |

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-53 - SPECIAL EMERGENCY
FOR THE YEAR ENDED DECEMBER 31, 2014**

| DESCRIPTION | ORIGINAL AMOUNT AUTHORIZED | 1/5 OF AMOUNT AUTHORIZED | DATE | BALANCE DECEMBER 31, 2014.00 | DECREASED BY | | BALANCE DECEMBER 31, 2015.00 |
|------------------------|----------------------------------|-----------------------------|------------|------------------------------------|----------------|----|------------------------------------|
| | | | | | 2015 BUDGET | | |
| Preparation of Tax Map | \$ 70,000.00 | \$ 14,000.00 | 06/24/2014 | \$ 70,000.00 | \$ 14,000.00 | \$ | \$ 56,000.00 |
| | | | | \$ 70,000.00 | \$ 14,000.00 | \$ | \$ 56,000.00 |

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
MARRIAGE LICENSE FEES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------|-------------------------|
| Balance December 31, 2014 | \$ 175.00 |
| Increased by: | |
| Cash Receipts | <u>775.00</u> |
| Subtotal | 950.00 |
| Decreased by: | |
| Cash Disbursements | <u>725.00</u> |
| Balance December 31, 2015 | <u><u>\$ 225.00</u></u> |

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
DCA INSPECTION FEES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------|---------------------------|
| Balance December 31, 2014 | \$ 641.00 |
| Increased by: | |
| Cash Receipts | <u>6,163.00</u> |
| Subtotal | 6,804.00 |
| Decreased by: | |
| Cash Disbursements | <u>5,072.00</u> |
| Balance December 31, 2015 | <u><u>\$ 1,732.00</u></u> |

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF RESERVE FOR JIF SAFETY MONEY
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------|---------------------------|
| Balance December 31, 2014 | \$ 525.84 |
| Increased by: | |
| Cash Receipts | <u>1,000.00</u> |
| Subtotal | 1,525.84 |
| Decreased by: | |
| Cash Disbursements | <u>445.00</u> |
| Balance December 31, 2015 | <u><u>\$ 1,080.84</u></u> |

**SCHEDULE OF RESERVE FOR LAND SALE DEPOSITS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------|--------------------|
| Balance December 31, 2014 | \$ 1,626.00 |
| Increased by: | |
| Cash Receipts | <u>5,138.50</u> |
| Subtotal | 6,764.50 |
| Decreased by: | |
| Realized as Revenue | <u>6,764.50</u> |
| Balance December 31, 2015 | <u><u>\$ -</u></u> |

**SCHEDULE OF RESERVE FOR TAX MAP UPDATES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------|----------------------------|
| Balance December 31, 2014 | \$ 59,800.00 |
| Decreased by: | |
| Cash Disbursements | <u>39,600.00</u> |
| Balance December 31, 2015 | <u><u>\$ 20,200.00</u></u> |

**TOWNSHIP OF MULLICA
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF FEDERAL, STATE AND OTHER GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | BALANCE DECEMBER 31, 2014 | ACCRUED | RECEIVED | CANCELLED | BALANCE DECEMBER 31, 2015 |
|--|---------------------------------|----------------------|-----------------------------|--------------------|---------------------------------|
| State Grants: | | | | | |
| Recycling Tonnage Grant | \$ - | \$ 3,953.43 | \$ 3,953.43 | \$ - | \$ - |
| Alcohol Education Rehabilitation Grant | - | 825.06 | 825.06 | - | - |
| Drunk Driving Enforcement Grant | - | 17,195.00 | 17,195.00 | - | - |
| Municipal Alliance Grant | 12,415.00 | 12,415.00 | 14,109.06 | 2,405.94 | 8,315.00 |
| Click It or Ticket Grant | - | 4,000.00 | 4,000.00 | - | - |
| Clean Communities Program | - | 22,092.53 | 22,092.53 | - | - |
| New Jersey Transportation Trust Fund | | | | | |
| Fifth Avenue | 29,500.00 | - | 29,500.00 | - | - |
| Fifth Avenue - Phase II | 190,000.00 | - | - | - | 190,000.00 |
| Forestry Grant | - | 10,000.00 | 10,000.00 | - | - |
| Federal Grants: | | | | | |
| Drive Sober or Get Pulled Over | 7,500.00 | 10,000.00 | 12,500.00 | - | 5,000.00 |
| Federal Bullet Proof Vest Partnership | 589.95 | - | 589.95 | - | - |
| FEMA Hazard Mitigation Grant | - | 75,000.00 | - | - | 75,000.00 |
| Total All Grant | \$ 240,004.95 | \$ 155,481.02 | \$ 114,765.03 | \$ 2,405.94 | \$ 278,315.00 |
| Cash Receipts | | | \$ 110,811.60 | | |
| Unappropriated Reserves | | | <u>3,953.43</u> | | |
| Total | | | <u><u>\$ 114,765.03</u></u> | | |

TOWNSHIP OF MULLICA
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2015

| <u>STATE GRANTS</u> | BALANCE DECEMBER 31, 2014 | CASH RECEIPTS | REALIZED AS REVENUE IN 2015 BUDGET | BALANCE DECEMBER 31, 2015 |
|-------------------------|---------------------------------|--------------------|--|---------------------------------|
| Body Armor Fund | \$ - | \$ 1,594.52 | \$ - | \$ 1,594.52 |
| DDEF Grant | - | 7,201.25 | - | 7,201.25 |
| Recycling Tonnage Grant | 3,953.43 | - | 3,953.43 | - |
| Total All Grant | <u>\$ 3,953.43</u> | <u>\$ 8,795.77</u> | <u>\$ 3,953.43</u> | <u>\$ 8,795.77</u> |

**TOWNSHIP OF MULLICA
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | BALANCE DECEMBER 31, 2014 | TRANSFER FROM 2015 BUDGET | TRANSFER FROM 2014 | EXPENDED | CANCELLED | ENCUMBERED | BALANCE DECEMBER 31, 2015 |
|--------------------------------------|---------------------------------|---------------------------------|-----------------------|--------------|-------------|-------------|---------------------------------|
| | APPROPRIATION | ENCUMBRANCES | ENCUMBRANCES | EXPENDED | CANCELLED | ENCUMBERED | |
| State Grants: | | | | | | | |
| Drunk Driving Enforcement Fund | \$ 12,440.25 | \$ 17,195.00 | \$ - | \$ 27,000.52 | \$ - | \$ 820.80 | \$ 1,813.93 |
| Body Armor Grant | 1,263.41 | - | 925.00 | 925.00 | - | 775.00 | 488.41 |
| Municipal Alliance Grant | | | | | | | |
| State Share | 5,990.94 | 12,415.00 | - | 8,435.00 | 2,405.94 | 983.28 | 6,581.72 |
| Local Share | - | 3,104.00 | - | 3,104.00 | - | - | - |
| Recycling Tonnage Grant | - | 3,953.43 | - | 3,953.43 | - | - | - |
| New JERSEY Transportation Trust Fund | | | | | | | |
| Fifth Avenue - Phase II | 190,000.00 | - | - | - | - | - | 190,000.00 |
| Alcohol Rehabilitation Grant | 674.84 | 825.06 | - | 650.00 | - | 150.00 | 699.90 |
| Clean Communities | - | 22,092.53 | - | 22,092.53 | - | - | - |
| Click It or Ticket | - | 4,000.00 | - | 4,000.00 | - | - | - |
| Recreation Grant - Concession | 4,790.00 | - | - | 3,500.00 | - | - | 1,290.00 |
| Forestry Grant | - | 10,000.00 | - | 10,000.00 | - | - | - |
| Federal Grants: | | | | | | | |
| Drive Sober or Get Pulled Over | 5,250.00 | 10,000.00 | - | 10,250.00 | - | - | 5,000.00 |
| FEMA Hazard Mitigation Grant | - | 75,000.00 | - | - | - | - | 75,000.00 |
| Total All Grants | \$ 220,409.44 | \$ 158,585.02 | \$ 925.00 | \$ 93,910.48 | \$ 2,405.94 | \$ 2,729.08 | \$ 280,873.96 |

TRUST FUND

This page intentionally left blank.

**TOWNSHIP OF MULLICA
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | Dog Licenses | Other |
|--|-------------------------|-----------------------------|
| Balance December 31, 2014 | \$ 428.24 | \$ 303,546.23 |
| Increased by Receipts: | | |
| Animal Control | \$ 1,288.20 | \$ - |
| Dog Registration Fees - Due State of New Jersey | 478.80 | - |
| Small Cities Revolving Fund | - | 18,469.00 |
| Recycling Fees | - | 7,326.03 |
| Escrow Review Receipts | - | 111,255.56 |
| Police Confiscatory Fund | - | 3,546.63 |
| Small Cities Grant Reserve | - | 222.94 |
| Special Events | - | 12,805.61 |
| Due from Current Fund | - | 1.49 |
| | <u>1,767.00</u> | <u>153,627.26</u> |
| Total Increases | <u>1,767.00</u> | <u>153,627.26</u> |
| Total Increases & Balances | <u>2,195.24</u> | <u>457,173.49</u> |
| Decreased by Disbursements: | | |
| Dog Registration Fees - Due State of New Jersey | 478.80 | - |
| Statutory Expenditures | 1,272.00 | - |
| Small Cities Revolving Fund | - | 6,750.00 |
| Recycling Fees | - | 11,761.51 |
| Escrow Review Receipts | - | 67,687.99 |
| Police Confiscatory Fund | - | 1,663.18 |
| Small Cities Grant Reserve | - | 32.00 |
| Special Events | - | 8,566.78 |
| | <u>1,750.80</u> | <u>96,461.46</u> |
| Total Disbursements | <u>1,750.80</u> | <u>96,461.46</u> |
| Balance December 31, 2015 | <u><u>\$ 444.44</u></u> | <u><u>\$ 360,712.03</u></u> |

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|--|-----------------------------|
| Balance December 31, 2013 | \$ 74,710.08 |
| Increased by Receipts: | |
| Tax Sale Certificates | <u>320,748.85</u> |
| Subtotal | 395,458.93 |
| Decreased by Disbursements: | |
| Refund of Tax Sale Certificates Redeemed | <u>260,948.85</u> |
| Balance December 31, 2014 | <u><u>\$ 134,510.08</u></u> |

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF REVOLVING LOAN RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------|---------------|
| Balance December 31, 2014 | \$ 451,848.31 |
| Increased by: | |
| Loan Granted | 6,750.00 |
| Subtotal | 458,598.31 |
| Decreased by: | |
| Loans Repaid | 18,469.00 |
| Balance December 31, 2015 | \$ 440,129.31 |

**TRUST FUND - ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------|-----------|
| Balance December 31, 2014 | \$ 428.24 |
| Increased by: | |
| Receipts: | |
| Dog License Fees | 1,288.20 |
| Subtotal | 1,716.44 |
| Decreased by: | |
| Dog License Expenses | 1,272.00 |
| Balance December 31, 2015 | \$ 444.44 |

LICENSE FEES COLLECTED

| YEAR | AMOUNT |
|-------|-------------|
| 2014 | \$ 1,227.20 |
| 2013 | 1,529.00 |
| Total | \$ 2,756.20 |

**TRUST FUND - ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|-----------------------------|--------|
| Balance December 31, 2014 | \$ - |
| Increased by: | |
| Registration Fees Collected | 478.80 |
| Subtotal | 478.80 |
| Decreased by: | |
| Disbursements | 478.80 |
| Balance December 31, 2015 | \$ - |

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|------------------------------------|---------------------|
| Balance December 31, 2014 and 2015 | <u>\$ 20,201.37</u> |
|------------------------------------|---------------------|

**SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICIATES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------------|--------------------|
| Balance December 31, 2014 | \$ 3,660.08 |
| Increased By: | |
| Deposits Received | <u>176,548.85</u> |
| | 180,208.93 |
| Decreased by: | |
| Refunds - Tax Sale Certificates | <u>176,548.85</u> |
| Balance December 31, 2015 | <u>\$ 3,660.08</u> |

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------|-----------------------------|
| Balance December 31, 2014 | \$ 71,050.00 |
| Increased by: | |
| Premiums Received | <u>144,200.00</u> |
| Subtotal | 215,250.00 |
| Decreased by: | |
| Refunds - Premiums | <u>84,400.00</u> |
| Balance December 31, 2015 | <u><u>\$ 130,850.00</u></u> |

**TOWNSHIP OF MULLICA
TRUST FUND OTHER FUND
SCHEDULE OF RESERVE FOR LANDFILL CLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|--------------------------------|----|-----------|
| Balance December 31, 2014 | \$ | 87,915.75 |
| Increased by: | | |
| Interest Earned on Investments | | 43.33 |
| Balance December 31, 2015 | \$ | 87,959.08 |

**SCHEDULE OF RESERVE FOR RECYCLING FEES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|---------------------------|----|-----------|
| Balance December 31, 2014 | \$ | 38,241.61 |
| Increased by: | | |
| Receipts | | 7,326.03 |
| Subtotal | | 45,567.64 |
| Decreased by: | | |
| Disbursements | | 11,761.51 |
| Balance December 31, 2015 | \$ | 33,806.13 |

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF RESERVE FOR ESCROW REVIEW FEES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|---------------------------|------------|---------------------|
| Balance December 31, 2014 | | \$ 23,002.64 |
| Increased by: | | |
| Due to Current Fund | \$ 1.61 | |
| Receipts | 111,255.56 | 111,257.17 |
| | | |
| Subtotal | | 134,259.81 |
| Decreased by: | | |
| Disbursements | | 67,687.99 |
| | | |
| Balance December 31, 2015 | | <u>\$ 66,571.82</u> |

**SCHEDULE OF RESERVE FOR CONFISCATORY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|----------------------------|--|---------------------|
| Balance December 31, 2014 | | \$ 12,019.64 |
| Increased by: | | |
| Receipts | | 3,546.63 |
| | | |
| Subtotal | | 15,566.27 |
| Decreased by: | | |
| Disbursements | | 1,663.18 |
| | | |
| Balance, December 31, 2014 | | <u>\$ 13,903.09</u> |

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF RESERVE FOR SMALL REVOLVING LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------|-----------------------------|
| Balance December 31, 2014 | \$ 643,366.79 |
| Increased by: | |
| Cash Receipts | <u>222.94</u> |
| Subtotal | 643,589.73 |
| Decreased by: | |
| Cash Disbursements | <u>32.00</u> |
| Balance December 31, 2015 | <u><u>\$ 643,557.73</u></u> |

**SCHEDULE OF RESERVE FOR SPECIAL EVENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------|----------------------------|
| Balance December 31, 2014 | \$ 18,563.98 |
| Increased by: | |
| Receipts | <u>12,805.61</u> |
| Subtotal | 31,369.59 |
| Decreased by: | |
| Disbursements | <u>8,566.78</u> |
| Balance December 31, 2015 | <u><u>\$ 22,802.81</u></u> |

GENERAL CAPITAL FUND

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**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|-----------------------------|--------------|----------------------|
| Balance December 31, 2014 | | \$ 211,483.78 |
| Increased by Receipts: | | |
| Due from Current Fund | \$ 70,000.00 | |
| Bond Anticipation Notes | 1,914,000.00 | |
| Capital Improvement Fund | 25,000.00 | 2,009,000.00 |
| | | <hr/> |
| Subtotal | | 2,220,483.78 |
| Decreased by Disbursements: | | |
| Bond Anticipation Notes | 1,329,000.00 | |
| Improvement Authorizations | 301,320.69 | 1,630,320.69 |
| | | <hr/> |
| Balance December 31, 2015 | | <u>\$ 590,163.09</u> |

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | | |
|--------------------------|----|-----------|
| Fund Balance | \$ | 42,438.35 |
| Capital Improvement Fund | | 24,195.60 |

Improvement Authorizations:

| ORDINANCE NUMBER | DESCRIPTION | |
|---------------------|------------------------------|---------------|
| 06-12 | Various Captial Improvements | 23,604.27 |
| 08-14 | Police Evidence Locker | 52.96 |
| 06-15 | Various Captial Improvements | 499,871.91 |
| | Total | \$ 590,163.09 |

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|-----------------------------|--------------------|
| Balance December 31, 2014 | \$ 225,000.00 |
| Decreased by: | |
| 2015 Budget Appropriations: | |
| Serial Bonds Payable | <u>225,000.00</u> |
| Balance December 31, 2015 | <u><u>\$ -</u></u> |

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2015**

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | BALANCE DECEMBER 31, 2014 | 2015 AUTHORIZATIONS | FUNDED | BALANCE DECEMBER 31, 2015 | ANALYSIS OF BALANCE DECEMBER 31, 2015 | | |
|------------------|--------------------------|---------------------------|---------------------|----------------------|---------------------------|---------------------------------------|--------------------|------------------|
| | | | | | | BAN'S OUTSTANDING | UNEXPENDED BALANCE | EXPENDED BALANCE |
| 11-08 | Various Improvements | \$ 262,000.00 | \$ - | \$ 40,000.00 | \$ 222,000.00 | \$ 222,000.00 | \$ - | \$ - |
| 11-09 | Various Improvements | 429,000.00 | - | 30,000.00 | 399,000.00 | 399,000.00 | - | - |
| 06-12 | Various Improvements | 543,000.00 | - | - | 543,000.00 | 543,000.00 | - | - |
| 06-13 | Mold Remediation | 95,000.00 | - | - | 95,000.00 | 95,000.00 | - | - |
| 06-15 | Various Improvements | - | 690,000.00 | 35,000.00 | 655,000.00 | 655,000.00 | - | - |
| | Total | \$ 1,329,000.00 | \$ 690,000.00 | \$ 105,000.00 | \$ 1,914,000.00 | \$ 1,914,000.00 | \$ - | \$ - |
| | Capital Improvement Fund | | | \$ 35,000.00 | | | | |
| | Paydown of BANs | | | 70,000.00 | | | | |
| | | | | <u>\$ 105,000.00</u> | | | | |

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---|----------------------------|
| Balance December 31, 2014 | \$ 34,195.60 |
| Increased by: | |
| Receipts - 2015 Budget Appropriation | <u>25,000.00</u> |
| Subtotal | 59,195.60 |
| Decreased by: | |
| Appropriation to Finance Improvement Authorizations | <u>35,000.00</u> |
| Balance December 31, 2015 | <u><u>\$ 24,195.60</u></u> |

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | |
|---------------------------|--------------------|
| Balance December 31, 2014 | \$ 23,550.00 |
| Decreased by: | |
| Cash Disbursed | <u>23,550.00</u> |
| Balance December 31, 2015 | <u><u>\$ -</u></u> |

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | ORDINANCE DATE | ORDINANCE AMOUNT | BALANCE DECEMBER 31, 2014 | | 2015 AUTHORIZATIONS | TRANSFER FROM 2014 ECNUMBRANCES | EXPENDED | BALANCE DECEMBER 31, 2015 | |
|------------------|-----------------------------------|----------------|------------------|---------------------------|---------------|---------------------|---------------------------------|---------------|---------------------------|---------------|
| | | | | FUNDED | UNFUNDED | | | | FUNDED | UNFUNDED |
| 06-12 | Various Improvements | 1/25/2011 | \$ 575,000.00 | \$ - | \$ 111,246.87 | \$ - | 23,550.00 | \$ 111,192.60 | \$ - | \$ 23,604.27 |
| 08-14 | Police Evidence Locker | 7/8/2014 | 6,500.00 | 52.96 | - | - | - | - | 52.96 | - |
| 06-15 | Various Improvements | 5/12/2015 | | | | | | | | |
| | Road Improvement Program | | 345,000.00 | - | - | 345,000.00 | - | - | 17,250.00 | 327,750.00 |
| | Public Works Vehicles & Equipment | | 110,000.00 | - | - | 110,000.00 | - | 85,159.23 | - | 24,840.77 |
| | Computer & Electronic Equipment | | 15,000.00 | - | - | 15,000.00 | - | 5,570.00 | - | 9,430.00 |
| | Fuel System Upgrade | | 50,000.00 | - | - | 50,000.00 | - | - | 2,500.00 | 47,500.00 |
| | Public Safety Radios | | 25,000.00 | - | - | 25,000.00 | - | - | 1,500.00 | 23,500.00 |
| | Police Vehicles & Equipment | | 145,000.00 | - | - | 145,000.00 | - | 99,398.86 | - | 45,601.14 |
| Total | | | | \$ 52.96 | \$ 111,246.87 | \$ 690,000.00 | \$ 23,550.00 | \$ 301,320.69 | \$ 21,302.96 | \$ 502,226.18 |

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | DATE OF ORIGINAL NOTE | DATE OF ISSUE | DATE OF MATURITY | INTEREST RATE | BALANCE DECEMBER 31, 2014 | INCREASE | DECREASE | BALANCE DECEMBER 31, 2015 |
|------------------|------------------------------|-----------------------|---------------|------------------|---------------|---------------------------|-----------------------|-----------------------|---------------------------|
| 11-08 | Various Capital Improvements | 10/02/08 | 9/24/2015 | 9/23/2016 | 0.82% | \$ 262,000.00 | \$ 222,000.00 | \$ 262,000.00 | \$ 222,000.00 |
| 11-09 | Various Capital Improvements | 05/20/10 | 5/14/2015 | 5/13/2016 | 0.85% | 429,000.00 | 399,000.00 | 429,000.00 | 399,000.00 |
| 06-12 | Various Capital Improvements | 09/27/12 | 9/24/2015 | 9/23/2016 | 0.82% | 543,000.00 | 543,000.00 | 543,000.00 | 543,000.00 |
| 06-13 | Mold Remediation | 05/15/13 | 5/14/2015 | 5/13/2016 | 0.85% | 95,000.00 | 95,000.00 | 95,000.00 | 95,000.00 |
| 06-15 | Mold Remediation | 09/22/15 | 9/24/2015 | 9/23/2016 | 0.82% | - | 655,000.00 | - | 655,000.00 |
| | | | | | | <u>\$1,329,000.00</u> | <u>\$1,914,000.00</u> | <u>\$1,329,000.00</u> | <u>\$1,914,000.00</u> |

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| PURPOSE | DATE OF ISSUE | ORIGINAL ISSUE | MATURITIES OF BONDS | | INTEREST RATE | BALANCE DECEMBER 31, 2014 | PAID BY BUDGET APPROPRIATION | BALANCE DECEMBER 31, 2015 |
|---------------------|---------------|----------------|-------------------------------|--------|---------------|---------------------------|------------------------------|---------------------------|
| | | | OUTSTANDING DECEMBER 31, 2015 | AMOUNT | | | | |
| General Improvement | 2/21/07 | \$ 1,720,000 | N/A | N/A | 3.750% | \$ 225,000.00 | \$ 225,000.00 | \$ - |
| Total | | | | | | \$ 225,000.00 | \$ 225,000.00 | \$ - |

TOWNSHIP OF MULLICA
 GENERAL CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
 FOR THE YEAR ENDED DECEMBER 31, 2015

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | BALANCE DECEMBER 31, 2014 | 2015 AUTHORIZATIONS | BOND ANTICIPATION NOTES ISSUED | BALANCE DECEMBER 31, 2015 |
|---------------------|----------------------------|---------------------------------|------------------------|-----------------------------------|---------------------------------|
| 06-15 | Various Improvements | - | \$ 655,000.00 | \$ 655,000.00 | \$ - |
| | Total | - | \$ 655,000.00 | \$ 655,000.00 | \$ - |

SUPPLEMENTARY DATA

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**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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The Honorable Mayor and Members of the
Township Committee
Township of Mullica
County of Atlantic
Elwood, New Jersey 08217

We have audited the financial statements of the Township of Mullica in the County of Atlantic for the year ended December 31, 2015.

Scope of Audit

The audit covered the financial transactions of the Treasurer, and Tax Collector, the activities of the Mayor and Committee and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had not been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Township Departments as shown on the Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the Township records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 for the period of January 1, 2015 to June 30, 2015, and \$40,000 for the period of July 1, 2015 to December 31, 2015, except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4) (continued):

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$5,400 for the period of January 1, 2015 to June 30, 2015, and in excess of \$6,000 for the period of July 1, 2015 to December 31, 2015, thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED that the rate of interest to be charged for the nonpayment of taxes on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00) and if a delinquency is in excess of Ten Thousand (\$10,000) and remains in arrears beyond December 31st, an additional penalty of six (6%) percent shall be charged against the delinquency. The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made with ten (10) days after the date upon which same became payable."

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on April 8, 2015 and was complete.

Delinquent Taxes and Tax Title Liens (continued):

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

| YEAR | NUMBER OF LIENS |
|-------------|------------------------|
| 2015 | 265 |
| 2014 | 218 |
| 2013 | 220 |

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Municipal Court

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

The statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

Payroll

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Township employees, also, the examination ascertained that the accumulated withholdings were distributed to the proper agencies.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2015:

| NAME | TITLE |
|-------------------|-------------------------|
| James R. Brown | Mayor |
| Barbara Rheault | Committee |
| Anthony Gabris | Committee |
| Lawrence Riffle | Committee |
| Christopher Silva | Committee |
| Dawn Stollenwerk | Chief Financial Officer |
| Bertha Cappuccio | Tax Collector |
| Kimberly Johnson | Municipal Clerk |

There were Employee's Blanket Performance Bonds in the amount of \$1,000,000 for the Township employees and court personnel carried by the Atlantic County Joint Insurance Fund. Bertha Cappuccio is bonded under an individual bond through the Municipal Excess Liability Joint Insurance Fund.

Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
No. CR483

Freehold, New Jersey
May 06, 2016

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