

**TOWNSHIP OF MULLICA**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2012**



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**TOWNSHIP OF MULLICA**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2012**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable Mayor and  
Members of the Township Committee  
Township of Mullica, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Mullica, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Mullica on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Mullica as of December 31, 2012 and 2011, or changes in financial position 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 regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## ***Other Matters***

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Mullica's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2013 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 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.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Kenneth W. Moore*  
**Kenneth W. Moore**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 231**

**March 29, 2013**

**EXHIBIT - A**  
**CURRENT FUND**

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**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 2,088,199	\$ 2,297,298
Collector	A-5	203,189	275,121
Change Fund		350	350
Petty Cash Fund		100	100
		<u>2,291,838</u>	<u>2,572,869</u>
Other Receivables:			
Due from State of New Jersey - Senior Citizens and Veterans		838	5,599
		<u>838</u>	<u>5,599</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	479,389	510,448
Tax Title Liens Receivable	A-8	184,478	135,029
Property Acquired / Assessed Valuation		3,459,800	3,497,400
Revenue Accounts Receivable	A-9	10,014	8,784
	A	<u>4,133,681</u>	<u>4,151,661</u>
		<u>6,426,357</u>	<u>6,730,129</u>
Federal and State Grant Fund:			
Due from Current Fund	A	10,839	6,465
Grants Receivable	A-13	220,034	219,827
		<u>230,873</u>	<u>226,292</u>
		<u>\$ 6,657,230</u>	<u>\$ 6,956,421</u>

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b>Regular Fund:</b>			
Appropriation Reserves	A-3:A-10	\$ 128,757	\$ 163,575
Encumbrances Payable	A-3	135,363	92,872
Prepaid Taxes	A-5	165,790	161,877
Tax Overpayments		14,743	15,734
Local School Tax Payable	A-11	711,971	753,551
Regional High School Tax Payable	A-12	-	6,751
Payroll Taxes Payable		15,412	14,028
Due to Grant Fund		10,839	6,465
Due to Trust Fund	B	-	9
<b>Due to the State:</b>			
Marriage Licenses	A-4	100	100
DCA Inspection Fees	A-4	1,197	1,496
Reserve for JIF Safety Money		766	2,817
Reserve for Land Sale Deposits		7,734	600
Reserve for Garden State Preservation		41,440	41,440
		<u>1,234,112</u>	<u>1,261,315</u>
Reserves for Receivables	A	4,133,681	4,151,661
Fund Balance	A-1	<u>1,058,564</u>	<u>1,317,153</u>
		<u>6,426,357</u>	<u>6,730,129</u>
<b>Federal and State Grant Fund:</b>			
Encumbrances Payable		300	-
Appropriated Reserves	A-14	216,939	214,008
Unappropriated Reserves	A-15	<u>13,634</u>	<u>12,284</u>
		<u>230,873</u>	<u>226,292</u>
		<u>\$ 6,657,230</u>	<u>\$ 6,956,421</u>



**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 850,000	\$ 850,000
Miscellaneous Revenues Anticipated	A-2	1,095,119	956,083
Receipts from Delinquent Taxes	A-2	500,354	430,814
Receipts from Current Taxes	A-2	10,979,317	11,081,695
Nonbudget Revenues	A-2	74,204	199,620
Sale of Foreclosed Property		6,801	-
Sale of Municipal Assets		10,361	-
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-10	149,955	93,244
Interfunds Returned		-	73,051
Cancelled Grants		47,145	-
		<u>\$ 13,713,256</u>	<u>\$ 13,684,507</u>
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	1,680,715	1,641,490
Other Expenses	A-3	1,884,120	1,711,979
Deferred Charges and			
Statutory Expenditures	A-3	432,985	399,502
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	94,907	94,293
Other Expenses	A-3	306,236	423,896
Capital Improvements	A-3	138,000	15,000
Municipal Debt Service	A-3	297,300	302,206
County Taxes	A-7	2,148,030	2,135,643
Due County for Added and Omitted Taxes	A-7	4,441	7,139
Local District School Tax	A-11	3,746,167	3,830,830
Regional High School District Tax	A-12	2,387,944	2,036,917
Canceled Grants	A-13/A-14	-	7,783
Prior Year Revenue Returned		1,000	856
		<u>\$ 13,121,845</u>	<u>\$ 12,607,534</u>

See Accompanying Notes to Financial Statements

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	Ref.	2012	2011
Excess (Deficit) in Revenues		\$ 591,411	\$ 1,076,973
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		591,411	1,076,973
Fund Balance January 1	A	1,317,153	1,090,180
Total		1,908,564	2,167,153
Decreased by:			
Utilization as Anticipated Revenue	A-2	850,000	850,000
Fund Balance December 31	A	\$ 1,058,564	\$ 1,317,153

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 850,000	-	\$ 850,000	-
<u>Miscellaneous Revenues:</u>		<u>850,000</u>	<u>-</u>	<u>850,000</u>	<u>-</u>
Licenses:					
Alcoholic Beverages	A-9	4,000		4,500	500
Fines and Costs:					
Municipal Court	A-9	123,000		145,230	22,230
Interest and Costs on Taxes	A-9	55,000		74,871	19,871
Interest on Investments and Deposits	A-9	3,500		2,792	(708)
Trailer Pad Fees	A-9	40,000		38,845	(1,155)
Cell Tower Revenue	A-9	42,000		40,453	(1,547)
Consolidated Municipal Property Tax Relief Aid	A-9	38,060		38,060	-
Energy receipts Tax ( P.L. 1997, Ch 162 & 167)	A-9	413,716		413,716	-
Garden State Trust Fund	A	41,440		41,440	-
Uniform Construction Code Fees	A-9	57,500		70,243	12,743
Additional Revenues Offset With Appropriations:					
Clean Communities Program	A-13		16,513	16,513	-
Municipal Alliance on Alcoholism and Drug Abuse	A-13	11,860		11,860	-
Alcohol Education Rehabilitation	A-13		917	917	-
Safe and Secure Communities Program	A-13	30,748		30,748	-
Body Armor Replacement	A-13	1,522	1,504	3,026	-
Drunk Driving Enforcement	A-13	5,237	1,800	7,037	-
Drive Sober or Get Pulled Over	A-13		8,800	8,800	-
NJ Dot - Fifth Avenue	A-13		118,000	118,000	-
Recycling Tonnage	A-13	5,525		5,525	-

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Additional Revenues Offset With Appropriations:					
HOME Investment Partnership Program	A-13	\$ 22,543		\$ 22,543	\$ -
		<u>895,651</u>	<u>147,534</u>	<u>1,095,119</u>	<u>51,934</u>
Receipts from Delinquent Taxes	A-2	400,000		500,354	100,354
Subtotal General Revenues		2,145,651	147,534	2,445,473	152,288
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	A-2	<u>3,234,144</u>		<u>3,421,016</u>	<u>186,872</u>
Budget Totals	A-2	5,379,795	147,534	5,866,489	339,160
Nonbudget Revenues		<u>\$ 5,379,795</u>	<u>\$ 147,534</u>	<u>\$ 5,940,693</u>	<u>\$ 413,364</u>
	Ref.	A-3	A-3		

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Analysis of Realized Revenue:</u>	<u>Ref.</u>	
<u>Allocation of Current Tax Collections:</u>		
Revenue from Collections	A-1:A-7	\$ 10,979,317
Allocated to:		
School and County Taxes		<u>8,251,111</u>
Balance for Support of Municipal Budget Revenues		2,728,206
Add:		
Appropriation: "Reserve for Uncollected Taxes"	A-3	<u>692,810</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 3,421,016</u></u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-7	\$ 492,305
Tax Title Lien Collections	A-8	<u>8,049</u>
	A-2	<u><u>\$ 500,354</u></u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Ref.</u>		
<u>Analysis of Realized Revenue: (Continued)</u>			
<u>Analysis of Non-Budget Revenue</u>			
Fees and Permits		\$ 27,288	
Licenses		13,851	
Administrative Operations		6,089	
Cable Franchise Fee		18,701	
Payment in Lieu of Taxes		8,275	
	A-1:A-9		\$ 74,204
Treasurer	A-4		74,204
			\$ 74,204

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDITURES			RESERVED	OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED				
<b>OPERATIONS WITHIN "CAPS"</b>								
<b>GENERAL GOVERNMENT:</b>								
Mayor and Committee	\$ 7,500	\$ 7,500	\$ 7,500	\$ -		7	\$ -	\$ -
Salaries and Wages	2,200	2,200	2,193					
Other Expenses								
Municipal Clerk	105,300	105,300	105,265			35		
Salaries and Wages	40,000	40,000	38,992	918		90		
Other Expenses								
Financial Administration	54,640	54,640	54,640					
Salaries and Wages	9,150	9,150	8,348	773		29		
Other Expenses	23,500	23,500	23,500					
Audit Services								
Collection of Taxes	70,300	70,300	70,270	136		30		
Salaries and Wages	8,275	6,775	6,260			379		
Other Expenses:								
Assessment of Taxes	35,000	35,000	35,000					
Salaries and Wages	8,325	6,825	4,399	1,350		1,076		
Other Expenses								
Legal Services and Costs	55,000	79,000	59,047	19,900		53		
Other Expenses								
Engineering Services and Costs	50,000	50,000	25,250	20,081		4,669		
Other Expenses								
Municipal Land Use Law (NJSA 40:55D-1)								
Planning Board	4,225	4,225	4,218			7		
Salaries and Wages	9,000	9,000	5,251	2,382		1,367		
Other Expenses								
Uniform Construction Code Enforcement Functions	51,150	51,150	51,102			48		
Salaries and Wages	3,850	3,850	1,544			2,306		
Other Expenses								
Senior Citizen Advisory Commission	500	500		488		12		
Other Expenses								

See Accompanying Notes to Financial Statements

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDITURES			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
Insurance						
General Liability	\$ 61,283	\$ 61,283	\$ 52,603	8,680	\$ -	\$ -
Workers' Compensation	154,717	154,717	142,266	12,451		
Employee Group Insurance	663,520	663,520	663,520			
Unemployment Insurance	10,000	10,000	7,304		2,696	
Department of Public Safety						
Police Department						
Salaries and Wages	1,007,000	1,007,000	1,000,920		6,080	
Other Expenses	86,500	86,500	84,865	1,101	534	
Office of Emergency Management						
Salaries and Wages	2,000	2,000	1,846		154	
Other Expenses	1,750	1,750	176		1,574	
Aid to Volunteer Fire Companies	59,000	59,000	59,000			
Municipal Prosecutor's Office						
Other Expenses	9,800	9,800	8,883	667	250	
<b>STREETS AND ROADS</b>						
Department of Public Works						
Salaries and Wages	202,000	191,000	185,204		5,796	
Other Expenses	48,500	48,500	30,274	10,895	7,331	
Solid Waste Collection						
Other Expenses	75,000	75,000	67,819	6,198	983	
Vehicle Maintenance (Including Police Vehicles)						
Other Expenses	65,000	65,000	42,044	4,545	18,411	
Public Buildings and Grounds:						
Salaries and Wages	17,000	13,000	12,424		576	
Other Expenses	25,000	20,000	18,982	667	351	

See Accompanying Notes to Financial Statements



**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDITURES			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>HEALTH AND HUMAN SERVICES</b>						
Animal Control Service						
Other Expenses	\$ 7,700	\$ 7,700	\$ 7,135	\$ 4	\$ 561	\$ -
Environmental Commission: (NUSA 40:56A-1, et seq):						
Other Expenses	200	200	5		195	
<b>PUBLIC PROPERTY AND RECREATION</b>						
Recreation						
Salaries and Wages	1,000	-				
Other Expenses	5,000	5,000	5,000			
Maintenance of Parks						
Other Expenses	8,000	8,000	7,492	330	178	
Landfill / Solid Waste Disposal Costs						
Salaries and Wages	10,000	-				
Other Expenses	155,000	155,000	116,437	17,323	21,240	
Municipal Court						
Salaries and Wages	77,750	77,750	75,665		2,085	
Other Expenses	7,750	12,750	9,720	877	2,153	
Public Defender (P.L. 1197, c.256)						
Other Expenses	3,600	3,600	3,300	300		
<b>UNIFORM CONSTRUCTION CODE</b>						
Uniform Construction Code Enforcement Functions						
Salaries and Wages	56,850	56,850	56,850			
Other Expenses	1,000	1,000	374		626	
Undclassified:						
Utilities and Bulk Purchases						
Electricity and Natural Gas	73,000	73,000	53,562	14,719	4,719	
Telecommunication Charges	27,000	27,000	21,582	2,030	3,388	
Petroleum Products	100,000	105,000	90,392	8,492	6,116	
Accumulated Leave Compensation	5,000	5,000	5,000			
<b>Total Operations Within "CAPS"</b>	<b>3,564,835</b>	<b>3,564,835</b>	<b>3,333,423</b>	<b>135,307</b>	<b>96,105</b>	<b>-</b>
<b>Detail:</b>						
Salaries and Wages	1,705,715	1,680,715	1,665,904	-	14,811	-
Other Expenses	1,859,120	1,884,120	1,667,519	135,307	81,294	-

See Accompanying Notes to Financial Statements

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>							
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>							
Statutory Expenditures:							
Contribution to:							
Public Employees Retirement System	\$ 79,552	\$ 79,552	\$ 79,552	\$ -	\$ -	\$ -	\$ -
Police and Fire Retirement System	212,489	212,489	212,489				
Defined Contribution Retirement Program	3,000	3,000	1,536	56	1,408		
Social Security System (O.A.S.I.)	138,000	138,000	129,771		8,229		
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>	<b>433,041</b>	<b>433,041</b>	<b>423,348</b>	<b>56</b>	<b>9,637</b>	<b>-</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>3,997,876</b>	<b>3,997,876</b>	<b>3,756,771</b>	<b>135,363</b>	<b>105,742</b>	<b>-</b>	<b>-</b>
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>							
NJPDES Stormwater Management (N.J.S.A. 40A:4-45.3)							
Other Expenses	15,000	15,000			15,000		
Shared Services Agreements							
Police Dispatch - MidAtlantic Communications Insurance N.J.S.A. 4-45.3	198,000	198,000	196,365		1,635		
Employee Group Insurance	31,480	31,480	25,100		6,380		

See Accompanying Notes to Financial Statements

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDITURES			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
State and Federal Programs						
Off-Set by Revenues:						
Clean Communities Program						
Salaries and Wages						
Municipal Alliance on Alcoholism & Drug Abuse						
Local Share	11,860	16,513	16,513	-	-	\$ -
State Share	2,965	2,965	2,965			
Safe & Secure Communities Program - P.L. 1993, Chapter 220						
State Share	30,748	30,748	30,748			
Local Share	46,729	46,729	46,729			
CDBG - Home Investment Partnership Program	22,543	22,543	22,543			
Alcohol Education Rehabilitation		917	917			
Drive Sober or Get Pulled Over		8,800	8,800			
Drunk Driving Enforcement	5,237	7,037	7,037			
Recycling Tonnage	5,525	5,525	5,525			
Body Armor Replacement	1,522	3,026	3,026			
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>371,609</b>	<b>401,143</b>	<b>378,128</b>	<b>-</b>	<b>23,015</b>	<b>-</b>
Detail:						
Salaries and Wages	77,477	94,907	94,907			
Other Expenses	294,132	306,236	283,221		23,015	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	20,000	20,000	20,000			
NJ DOT Grant		118,000	118,000			
<b>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>	<b>20,000</b>	<b>138,000</b>	<b>138,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

See Accompanying Notes to Financial Statements

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>							
Payment of Bond Principal	\$ 225,000	\$ 225,000	\$ 225,000	\$ -	\$ -	\$ -	\$ -
Payment of Bond Anticipation Notes and Capital Not	20,000	20,000	20,000	-	-	-	-
Interest on Bonds	31,500	31,500	31,500	-	-	-	-
Interest on Notes	21,000	21,000	20,800	-	-	-	200
<b>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>	<b>297,500</b>	<b>297,500</b>	<b>297,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>	<b>689,109</b>	<b>836,643</b>	<b>813,428</b>	<b>-</b>	<b>23,015</b>	<b>-</b>	<b>200</b>
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	<b>4,686,985</b>	<b>4,834,519</b>	<b>4,570,199</b>	<b>135,363</b>	<b>128,757</b>	<b>-</b>	<b>200</b>
<b>RESERVE FOR UNCOLLECTED TAXES</b>	<b>692,810</b>	<b>692,810</b>	<b>692,810</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 5,379,795</b>	<b>\$ 5,527,329</b>	<b>\$ 5,263,009</b>	<b>\$ 135,363</b>	<b>\$ 128,757</b>	<b>\$ -</b>	<b>\$ 200</b>
<u>Ref.</u>	A-2	.	A-1		A		A-14
		<b>BUDGET AFTER MODIFICATION</b>	<b>PAID OR CHARGED</b>				
N.J.S.A. 40A: 4-87 Budget	<u>Ref.</u> A-2 A-2	\$ 147,534 5,379,795 <u>\$ 5,527,329</u>					
Federal and State Grants Reserve for Uncollected Taxes Disbursed	A-14 A-2 A-4	\$ 274,663 692,810 4,295,536					
		<b>\$ 5,263,009</b>					

See Accompanying Notes to Financial Statements

**EXHIBIT - B**  
**TRUST FUNDS**

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**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Dog License Fund:			
Cash - Treasurer	B-1	\$ 360	\$ 30
		<u>360</u>	<u>30</u>
Other Funds:			
Cash - Treasurer	B-1	306,919	307,767
Cash - Collector	B-2	29,290	51,670
Investments		87,809	87,772
Due from Current Fund	A	-	9
Revolving Loans Receivable	B-3	433,564	424,099
		<u>857,582</u>	<u>871,317</u>
		<u>\$ 857,942</u>	<u>\$ 871,347</u>

**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>Liabilities, Reserves, and Fund Balance</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Dog License Fund:			
Reserve for Dog Fund	B-4	\$ 360	\$ 30
		<u>360</u>	<u>30</u>
Other Funds:			
Tax Title Lien Redemption	B-7	21,990	27,370
Premium in Tax Title Lien Redemption	B-2	7,300	24,300
Due to Current Fund			-
Reserves for:			
Accumulated Absences	B-6	17,701	10,288
Landfill Closure	B-9	87,809	87,772
Recycling Fees	B-10	34,022	27,024
Escrow Review Fees	B-11	26,209	31,465
Police Confiscatory Funds	B-12	5,014	6,121
Small Cities Revolving Fund	B-13	643,034	643,438
Special Events	B-14	14,503	13,539
		<u>857,582</u>	<u>871,317</u>
		<u>\$ 857,942</u>	<u>\$ 871,347</u>



**EXHIBIT - C**  
**GENERAL CAPITAL FUND**

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**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash - Treasurer	C-2	\$ 478,502	\$ 69,120
Deferred Charges to Future Taxation:			
Funded	C-5	675,000	900,000
Unfunded	C-6	1,356,000	831,000
		<u>\$ 2,509,502</u>	<u>\$ 1,800,120</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Encumbrances Payable	C-3	\$ 56,937	\$ -
Bond Anticipation Notes Payable	C-9	1,354,000	831,000
General Serial Bonds	C-10	675,000	900,000
Capital Improvement Fund	C-7	3,882	13,882
Improvement Authorizations:			
Funded	C-8	24,314	10,000
Unfunded	C-8	378,272	27,668
Fund Balance	C-1	17,097	17,570
		<u>\$ 2,509,502</u>	<u>\$ 1,800,120</u>

Note: There were Bonds and Notes Authorized But Not Issued at December 31, 2012 and 2011 of \$2,000 and \$0, respectively.

**GENERAL CAPITAL FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>		
Balance December 31, 2011	C		\$ 17,570
Increased by:			
Other Receipts		\$ 7	
		<u>7</u>	<u>7</u>
Decreased by:			
Other Disbursements		<u>480</u>	<u>480</u>
Balance December 31, 2012	C		<u><u>\$ 17,097</u></u>

**EXHIBIT - G**  
**GENERAL FIXED ASSETS**

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**GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>2012</u>	<u>2011</u>
General Fixed Assets:		
Buildings	\$ 2,288,876	\$ 2,288,876
Machinery and Equipment	<u>4,673,422</u>	<u>4,518,237</u>
Total General Fixed Assets	<u>\$ 6,962,298</u>	<u>\$ 6,807,113</u>
Investment in General Fixed Assets	<u>\$ 6,962,298</u>	<u>\$ 6,807,113</u>

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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

**B. Description of Funds**

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

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

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

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

General Fixed Assets Account Group -- all fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

C. Basis of Accounting

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

A modified accrual basis of accounting is followed with minor exceptions.

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

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts that 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. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

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

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

General Fixed Assets -- The Township has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Township capitalizes fixed assets with an original cost in excess of \$5,000.

No depreciation has been provided for in the financial statements.

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

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

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2012.

	<u>Balance</u> <u>December 31, 2011</u>	<u>Additions/ Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2012</u>
Buildings	\$ 2,288,876			2,288,876
Machinery and Equipment	4,518,237	169,517	(14,332)	4,673,422
Total	<u>\$ 6,807,113</u>	<u>169,517</u>	<u>(14,332)</u>	<u>6,962,298</u>

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

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

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

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

Capitalization of Interest – It is the policy of the Township of Mullica to treat interest on projects as a current expense and the interest is included in the operating budget.

### **D. Comparative Data**

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

### **F. Recent Accounting Pronouncements**

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 “Items Previously Reported as Assets and Liabilities”. This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”. This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 “Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25”. This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the City’s financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the City’s financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 “Government Combinations and Disposals of Government Operations”. This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the City’s financial reporting.

### **Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2012 and 2011 regulatory budgets included a reserve for uncollected taxes in the amount of \$692,810 and \$782,888, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2012 and 2011 regulatory budgets was \$850,000 and \$850,000, respectively.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Township Committee. The following significant budget transfers were approved in the 2012 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Legal Other Expenses	\$ 24,000
Public Works Salaries and Wages	(11,000)
Landfill Salaries and Wages	(10,000)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. The following significant budget insertions were approved during the 2012 calendar year:

<u>Budget Category</u>	<u>Amount</u>
NJ DOT	\$ 118,000
Drunk Driving Enforcement	1,800
Clean Communities	16,513
Alcohol Education Rehabilitation	917
Drive Sober or Get Pulled Over	8,800
Body Armor Fund	1,504

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years.

**Note 3: INVESTMENTS**

As of December 31, 2012, the municipality had investments totaling \$87,808 in Certificates of Deposits with an interest rate of 0.05% and a maturity date of January 8, 2013. This certificate of deposit was not renewed upon maturity.

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Credit Risk.** New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

**Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2012 and 2011, \$0 of the municipality’s bank balance of \$3,020,071 and \$3,558,883, respectively, was exposed to custodial credit risk.

**Note 5: LONG TERM DEBT**

Long-term debt as of December 31, 2012 consisted of the following:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Capital - Bonds	\$ 900,000	\$ -	\$ 225,000	\$ 675,000	\$ 225,000
Comp. Absences	289,098	187,997	187,557	289,538	
Total	<u>\$ 1,189,098</u>	<u>\$ 187,997</u>	<u>\$ 412,557</u>	<u>\$ 964,538</u>	<u>\$ 225,000</u>

\$1,720,000 General Improvement Bond dated 2/15/07 payable in annual installments through 2/15/2015. Interest is paid semiannually at a rate of 3.75% to 4.00% per annum. The balance remaining as of December 31, 2012 was \$675,000.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

The amortization schedule for the General Improvement Bonds is as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 225,000	\$ 27,000
2014	225,000	18,000
2015	225,000	9,000
	<hr/>	<hr/>
Total	<u>\$ 675,000</u>	<u>\$ 54,000</u>

Summary of Municipal Debt

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Bonds & Notes Issued	\$ 2,029,000	\$ 1,731,000	\$ 1,978,223
Bonds & Notes Authorized But Not Issued	2,000		-
Net Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 2,031,000</u>	<u>\$ 1,731,000</u>	<u>\$ 1,978,223</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of .36%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 6,526,788	\$ 6,526,788	\$ -
General Debt	2,031,000		2,031,000
	<u>\$ 8,557,788</u>	<u>\$ 6,526,788</u>	<u>\$ 2,031,000</u>

Net Debt \$2,031,000 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$562,537,433 = .36%

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 20,936,156
Net Debt	<u>2,031,000</u>
Remaining Borrowing Power	<u>\$ 18,905,156</u>



**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 6: NOTES PAYABLE**

	<u>General Capital</u>	<u>Total</u>
Balance 12/31/11	\$ 831,000	\$ 831,000
Issued	543,000	543,000
Paid	<u>20,000</u>	<u>20,000</u>
Balance 12/31/12	<u>\$ 1,354,000</u>	<u>\$ 1,354,000</u>

The Township had outstanding at December 31, 2012, bond anticipation notes in the amount of \$865,000 and \$489,000. The \$865,000 amount is payable to Ocean City Home Bank. The interest rate on that note is .9% and will mature on September 27, 2013. The \$489,000 amount is payable to Oppenheimer & Co. The interest rate on that note is 1.81% and will mature on May 16, 2013.

**Note 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2012 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013 were as follows:

Current Fund     \$850,000

The 2013 budget has not been adopted as of this date and therefore, this amount is subject to change.

**Note 8: SCHOOL TAXES**

Local District Taxes have been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the current fund liabilities as follows:

	Local District School Tax		Regional High School Tax	
	Balance 12/31/12	Balance 12/31/11	Balance 12/31/12	Balance 12/31/11
Balance of Tax	\$ 1,873,080	\$ 1,914,660	\$ 1,176,236	\$ 1,218,459
Deferred	<u>1,161,109</u>	<u>1,161,109</u>	<u>1,176,236</u>	<u>1,211,708</u>
Tax Payable	<u>\$ 711,971</u>	<u>\$ 753,551</u>	<u>\$ -</u>	<u>\$ 6,751</u>

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 9: TAXES COLLECTED IN ADVANCE**

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

	Balance Dec. 31, 2012	Balance Dec. 31, 2011
Prepaid Taxes-Cash Liability	<u>\$ 165,790</u>	<u>\$ 161,877</u>

**Note 10: PENSIONS**

*Description of Plans*

Substantially all of the City's employees are covered by the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and Police and Fireman's Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

*Public Employees' Retirement System*

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

*Police and Fireman's Retirement System*

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

*Funding Policy*

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.5% through September 30, 2012 and 6.6% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The current PERS rate is 6.57% of covered payroll and for PFRS a rate of 10% of covered payroll. The Township's contributions to PERS for the years ending December 31, 2012, 2011 and 2010 were \$79,552, \$76,744, and \$59,590 respectively, equal to the required contributions for each year. The Township's contributions to PFRS for the years ending December 31, 2012, 2011 and 2010 were \$212,489, \$184,758, and \$158,983 respectively, equal to the required contributions for each year.

**Note 11: POSTRETIREMENT 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/treasure/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 2012, \$648,243 was paid by the Township for health care of employees and retirees. The amount paid for retirees was \$280,559. The amount paid during 2011 was \$368,240 for employees and \$234,600 for retirees.

**Note 12: COMPENSATED ABSENCES**

The Township has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material. At December 31, 2012 and 2011, we have estimated this liability to be approximately \$289,538 and \$289,098 respectively. The realization of this liability may be affected by conditions that could preclude an employee from receiving full payment of the accrual. Effective January 1, 2002, the State of New Jersey is allowing municipalities to accrue a compensated absence liability. As of December 31, 2012 and 2011, the Township has accrued \$17,701 and \$10,288, respectively, for this liability.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 13: ECONOMIC DEPENDENCY**

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

**Note 14: CONTINGENT LIABILITIES**

The Township is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Township.

**Note 15: INTERFUND BALANCES**

As of December 31, 2012, the following interfunds were included on the balance sheets of the various funds of the Township of Mullica:

	From	To
Current Fund:		
Federal and State Grant Fund	\$ 10,839	\$ -
Federal and State Grant Fund:		
Current Fund		10,839
	\$ 10,839	\$ 10,839

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

**Note 16: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** – The Township maintains commercial insurance coverage for property, liability and surety bonds.

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 2012.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 17: 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 - \$33,000. There have been no appropriations made since 2000. The balance in the Landfill Closure Trust Fund amounts to \$87,808. The Township is not in compliance with the plan.

**Note 18: LABOR CONTRACTS**

As of December 31, 2012, 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	12/31/15	All uniformed police, detectives, and other special police units, excluding the chief.
United Workers Union	Clerical	12/31/15	All Clerical workers.

**Note 19: SUBSEQUENT EVENTS**

The Township has evaluated subsequent events through March 29, 2013, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

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## **SUPPLEMENTARY INFORMATION**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable Mayor and  
Members of the Township Committee  
Township of Mullica, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated March 29, 2013, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Kenneth W. Moore*  
**Kenneth W. Moore**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 231**

**March 29, 2013**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal or State Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor #	Grant Period	Program or Award Amount	Balance at 1/1/12	Receipts or Revenue Recognized	Disbursements/Expenditures	Cancelled	Balance at 12/31/12	Total Cumulative State Expenditures
<b>Federal:</b>									
Passed through State of New Jersey Department of Community Affairs									
Small Cities Block Grant	14,228	1/1/07 - 12/31/07	\$ 22,744	\$ 22,744	\$ -	\$ 22,744	\$ -	\$ -	\$ 22,744
Small Cities Block Grant	14,228	1/1/08 - 12/31/08	30,555	30,555	-	30,555	-	-	30,555
Small Cities Block Grant	14,228	1/1/09 - 12/31/09	30,500	30,500	-	30,500	-	-	30,500
Small Cities Block Grant	14,228	1/1/10 - 12/31/10	30,500	30,500	-	11,260	-	19,240	11,260
Small Cities Block Grant	14,228	1/1/11 - 12/31/11	39,591	39,591	-	-	-	39,591	-
Small Cities Block Grant	14,228	1/1/12 - 12/31/12	22,543	-	22,543	-	-	22,543	-
<b>Total Department of Community Affairs</b>				<u>153,890</u>	<u>22,543</u>	<u>95,059</u>	<u>-</u>	<u>81,374</u>	
Department of Justice Federal Vest Partnership	16,607	1/1/10 - 12/31/10	1,688	131	-	(53)	184	-	1,504
<b>Total Department of Justice</b>				<u>131</u>	<u>-</u>	<u>(53)</u>	<u>184</u>	<u>-</u>	
<b>Total Federal Funds</b>				<u>\$ 154,021</u>	<u>\$ 22,543</u>	<u>\$ 95,006</u>	<u>\$ 184</u>	<u>\$ 81,374</u>	
<b>State:</b>									
Passed through: Department of Environmental Protection Clean Communities Recycling Tonnage	4900-765-178920 N/A	1/1/12 - 12/31/12 1/1/12 - 12/31/12	\$ 16,513 5,525	\$ - -	\$ 16,513 5,525	\$ - 5,525	\$ - -	\$ - -	\$ 16,513 5,525
<b>Total Department of Environmental Protection</b>				<u>-</u>	<u>22,038</u>	<u>22,038</u>	<u>-</u>	<u>-</u>	
Department of Law and Public Safety Body Armor Grant Drive Sober or Get Pulled Over Alcohol Rehabilitation Grant Drunk Driving Enforcement Grant Drunk Driving Enforcement Grant Safe and Secure	1020-718-066--1020 1020-718-066--1020 N/A N/A N/A N/A N/A	1/1/10 - 12/31/10 1/1/12 - 12/31/12 1/1/11 - 12/31/11 1/1/12 - 12/31/12 1/1/12 - 12/31/12 1/1/10 - 12/31/10 1/1/12 - 12/31/12	2,446 3,026 5,000 8,800 917 3,683 7,037 77,477	942 3,600 -	3,026 8,800 917 7,037 77,477	838 3,400 5,300 2,986 3,607	104 1,400 200 -	- 1,626 3,500 917 3,430 -	2,342 - 4,800 5,300 - 3,683 3,607 -
<b>Total Department of Law and Public Safety</b>				<u>7,528</u>	<u>97,257</u>	<u>16,131</u>	<u>79,181</u>	<u>118,000</u>	
Department of Transportation Fifth Avenue	6320-480-601381-61	1/1/12 - 12/31/12	118,000	-	118,000	-	-	118,000	-
<b>Total Department of Transportation</b>				<u>-</u>	<u>118,000</u>	<u>-</u>	<u>-</u>	<u>118,000</u>	
<b>Total State Funds</b>				<u>7,528</u>	<u>237,295</u>	<u>38,169</u>	<u>79,181</u>	<u>127,473</u>	
<b>Total Federal and State Financial Assistance</b>				<u>\$ 161,549</u>	<u>\$ 259,838</u>	<u>\$ 133,175</u>	<u>\$ 79,365</u>	<u>\$ 208,847</u>	

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Ref.	Current Fund	
Balance December 31, 2011	A		\$ 2,297,298
Increased by Receipts:			
Tax Collector	A-5	\$ 11,252,765	
Due from State - Senior Citizens & Vets		80,135	
Federal & State Grants Receivable	A-13:A-15	146,223	
Revenue Accounts Receivable	A-9	753,839	
Miscellaneous Revenue Not Anticipated	A-9:A-2	74,204	
Reserve for State Aid	A	41,440	
Homestead Rebate applied to Taxes		315,096	
Interfund		4,365	
Marriage License Fees	A	575	
Reserve for JIF Safety Program	A	1,125	
Land Sale Deposits		8,914	
DCA Inspection Fees	A	6,462	
		<u>12,685,143</u>	
			<u>14,982,441</u>
Decreased by Disbursements:			
2011 Appropriation Reserves	A-10	\$ 106,492	
2012 Appropriations	A-3	4,295,536	
County Taxes		2,148,030	
Due County for Added and Omitted Taxes		4,441	
Local District School Tax	A-11	3,787,747	
Regional High School Tax	A-12	2,394,695	
Federal & State Grant Expenditures	A-14	144,698	
Marriage License Fees	A	575	
DCA Inspection Fees		6,761	
Land Sale Deposits		1,780	
Refund Prior Year Revenue		311	
JIF Safety	A	3,176	
		<u>12,894,242</u>	
Balance December 31, 2012	A		<u>\$ 2,088,199</u>

**CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>		
Balance December 31, 2011	A		\$ 275,121
Increased by:			
Taxes Receivable	A-7	\$ 10,919,274	
Tax Title Liens	A-8	8,049	
Prepaid Taxes	A	165,790	
Revenue Accounts Receivable	A-2, A-9	74,871	
Other Receipts		<u>12,849</u>	
			<u>11,180,833</u>
			11,455,954
Decreased by:			
Payment to Treasurer	A-4	<u>11,252,765</u>	
			<u>11,252,765</u>
Balance December 31, 2012	A		<u><u>\$ 203,189</u></u>



**CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Analysis of 2012 Property Tax Levy	<u>Ref.</u>	
Tax Yield:		
General Property Tax		\$ 11,481,189
Added Taxes (54:4-63.1 et. seq.)		<u>23,722</u>
	A-7	<u><u>\$ 11,504,911</u></u>
 Tax Levy:		
Local School District Tax (Abstract)	A-11	3,746,167
Regional High School Tax (Abstract)	A-12	2,352,473
 County Taxes:		
County Tax (Abstract)		\$ 2,148,030
Due County for Added Taxes (54:4-63.1 et. seq.)		<u>4,441</u>
Total County Taxes		2,152,471
 Local Tax for Municipal Purposes	A-2	3,234,144
Add: Additional Tax Levied		<u>19,656</u>
	A-7	<u><u>3,253,800</u></u>
		<u><u>\$ 11,504,911</u></u>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2011	A		\$ 135,029
Increased by:			
Transfers from Taxes			
Receivable	A-7	\$ 55,651	
Interest and Costs Accrued by			
Sale of April 18, 2012	Res.	<u>1,847</u>	
			<u>57,498</u>
			192,527
Decreased by:			
Cancellations			
Collections	A-2, 4	<u>8,049</u>	
			<u>8,049</u>
Balance December 31, 2011	A		<u><u>\$ 184,478</u></u>



**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance Dec. 31, 2011	Accrued In 2012	Collected	Balance Dec. 31, 2012
Miscellaneous Revenue Anticipated:					
Licenses:					
Alcoholic Beverages	A-2	\$	4,500	4,500	
Fines and Costs:					
Municipal Court	A-2	8,784	146,460	145,230	10,014
Interest on Taxes	A-2		74,871	74,871	
Interest on Investments	A-2		2,792	2,792	
Trailer Pad Fees	A-2		38,845	38,845	
Cell Tower Rent	A-2		40,453	40,453	
Consolidated Municipal Property Tax Relief Aid	A-2		38,060	38,060	
Energy Receipts Tax	A-2		413,716	413,716	
Garden State Trust	A-2		41,440	41,440	
Uniform Construction Code Fees	A-2		70,243	70,243	
Miscellaneous Revenue Not Anticipated	A-2		74,204	74,204	
		\$	8,784	\$ 944,354	\$ 10,014
		A		A	A
			945,584	944,354	10,014
			A-2:A-4	828,043	
			Prior Year Garden State Trust Reserves	41,440	
			Current Fund - Collector	74,871	
			\$	944,354	

See Accompanying Auditor's Report

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**

	Balance Dec. 31, 2011	Balance After Transfers	Paid	Balance Lapsed	Over- expended
Operations Within "CAP":					
Municipal Clerk					
Other Expenses	\$ 4,452	\$ 4,452	\$ 2,252	\$ 2,200	\$
Financial Administration					
Other Expenses	1,322	1,322	1,129	193	
Collection of Taxes					
Other Expenses	437	437	59	378	
Assessment of Taxes					
Other Expenses	1,404	1,404	943	461	
Legal Services					
Other Expenses	7,742	7,742	7,218	524	
Engineering Services					
Other Expenses	10,713	10,713	2,925	7,788	
Senior Citizen					
Other Expenses	362	362	129	233	
Code Enforcement					
Other Expenses	1,000	1,000	195	805	
Uniform Construction Code					
Other Expenses	1,332	1,332	165	1,167	
Insurance					
Worker's Compensation	6,495	6,495	6,495	-	
Group Insurance	-	-	-	-	
General Liability	7,101	7,101	7,101	-	
Police Services					
Salaries and Wages	41,907	41,907	24,049	17,858	
Other Expenses	3,522	3,522	3,432	90	
Emergency Management					
Other Expenses	1,318	1,318	396	922	
Public Works Department					
Salaries and Wages	1,695	1,695	1,631	64	
Other Expenses	14,161	14,161	2,150	12,011	
Solid Waste Collection					
Other Expenses	7,014	7,014	6,017	997	
Buildings and Grounds					
Salaries and Wages	2,166	2,166	132	2,034	
Other Expenses	6,454	6,454	4,721	1,733	
Vehicle Maintenance					
Other Expenses	28,906	28,906	3,314	25,592	
Maintenance of Parks					
Other Expenses	1,431	1,431	344	1,087	
Accumulated Leave					
Other Expenses	10,000	10,000	10,000	-	
Utilities					
Petroleum Products	9,989	9,989	7,139	2,850	
Electricity and Natural Gas	16,809	16,809	3,008	13,801	
Telecommunication Charges	3,871	3,871	1,100	2,771	
Landfill/Solid Waste Disposal					
Other Expenses	43,620	43,620	9,563	34,057	
Statutory Expenditures					
DCRP	1,975	1,975	18	1,957	
Municipal Court					
Other Expenses	871	871	503	368	
Capital Improvements					
Communications	364	364	364	-	
Other Accounts - No Changes	18,014	18,014		18,014	
	<u>\$ 256,447</u>	<u>\$ 256,447</u>	<u>\$ 106,492</u>	<u>\$ 149,955</u>	<u>\$ -</u>
			A-4	A-1	A

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT TAX**

	<u>Ref.</u>		
Balance December 31, 2011:			
School Tax Payable	A	\$ 753,551	
Deferred School Tax Payable		<u>1,161,109</u>	
			\$ 1,914,660
Increased by:			
Levy-School Year July 1, 2012 to June 30, 2013	A-7		<u>3,746,167</u>
			5,660,827
Decreased by:			
Payments	A-4		<u>3,787,747</u>
Balance December 31, 2012:			
School Tax Payable	A	711,971	
Deferred School Tax Payable		<u>1,161,109</u>	
			\$ <u><u>1,873,080</u></u>
 <u>2012 Liability for Local District Tax:</u>			
Tax Paid			\$ 3,787,747
Tax Payable December 31, 2012			<u>711,971</u>
			4,499,718
Less:			
Tax Payable December 31, 2011			<u>753,551</u>
Amount Charged to 2012 Operations	A-1		\$ <u><u>3,746,167</u></u>

**CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAX**

	<u>Ref.</u>		
Balance December 31, 2011:			
Regional High School Tax Payable	A	\$ 6,751	
Deferred School Tax Payable		<u>1,211,708</u>	
			\$ 1,218,459
Increased by:			
Levy-School Year July 1, 2012 to June 30, 2013	A-7		<u>2,352,473</u>
			<u>3,570,932</u>
Decreased by:			
Payments	A-4		<u>2,394,695</u>
Balance December 31, 2012:			
Regional High School Tax Payable	A	-	
Deferred School Tax Payable		<u>1,176,237</u>	
			\$ <u><u>1,176,237</u></u>
 <u>2012 Liability for Regional High School Tax:</u>			
Tax Paid			\$ 2,394,695
Tax Payable December 31, 2012			<u>-</u>
			<u>2,394,695</u>
Less:			
Tax Payable December 31, 2011			<u>6,751</u>
Amount Charged to 2012 Operations	A-1		\$ <u><u>2,387,944</u></u>

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE GRANTS - RECEIVABLE**

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2012</u>
New Jersey Transportation Trust Fund Fifth Avenue	\$ -	\$ 118,000			\$ 118,000
Municipal Alliance Grant					
2012 Grant	-	11,860	9,496	2,364	11,860
2011 Grant	11,860				
Clean Communities Program	-	16,513	16,513		-
Recycling Tonnage Grant	-	5,525	5,525		-
Safe and Secure Communities Program	-	30,748		30,748	-
Drive Sober or Get Pulled Over	5,000	8,800	4,800	200	8,800
Alcohol Education Rehabilitation Grant	-	917	917		-
Drunk Driving Enforcement Grant	-	7,037	7,037		-
HOME Investment Partnership Program	153,890	22,543	95,059		81,374
County Open Space - Recreation	44,889			44,889	-
Recreation Grant - Concession	2,500		2,500		-
Body Armor Grant	-	3,026	1,522	1,504	-
Federal Vest Partnership	1,688		1,504	184	-
	<u>\$ 219,827</u>	<u>\$ 224,969</u>	<u>\$ 144,873</u>	<u>\$ 79,889</u>	<u>\$ 220,034</u>
<u>Ref.</u>	A	A-2:A-14		A-14	A
		A-4 Cash	\$ 132,589		
		A-15 Unappropriated	12,284		
			<u>\$ 144,873</u>		

See Accompanying Auditor's Report

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - APPROPRIATEI**

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Budget Appropriation</u>	<u>Expended</u>	<u>Prior Year Encumbered</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2012</u>
Municipal Alliance Grant						
2012 Grant						
State Share	\$ -	\$ 11,860	8,559			3,301
Local Share	-	2,965	2,965			-
2011 Grant						
State Share	2,780				2,780	-
Drunk Driving Enforcement Fund	2,986	7,037	6,593			3,430
Clean Communities Program	-	16,513	16,513			-
Body Armor Grant	942	3,026	837		1,504	1,627
Federal Vest Partnership	131		(53)		184	-
Safe and Secure Communities	-	77,477			77,477	-
Recycling Tonnage	-	5,525	5,525			-
Drive Sober or Get Pulled Over	3,600	8,800	8,700		200	3,500
Alcohol Rehabilitation Grant	-	917				917
HOME Investment Partnership Program	153,890	22,543	95,059			81,374
NJ DOT - Fifth Avenue	-	118,000				118,000
County Open Space - Recreation	44,889				44,889	-
Recreation Grant - Concession	4,790					4,790
	<u>\$ 214,008</u>	<u>\$ 274,663</u>	<u>\$ 144,698</u>	<u>\$ -</u>	<u>\$ 127,034</u>	<u>\$ 216,939</u>

Ref.

A

A-13

A

Encumbered	\$ -
Disbursed	144,698
\$	<u>144,698</u>

A-4

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED**

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Budget Appropriation</u>	<u>Received</u>	<u>Balance Dec. 31, 2012</u>
Recycling Tonnage Grant	\$ 5,525	\$ 5,525	\$ 5,530	\$ 5,530
DDEF Grant	5,237	5,237	6,553	6,553
Body Armor Grant	1,522	1,522	1,551	1,551
	<u>\$ 12,284</u>	<u>\$ 12,284</u>	<u>\$ 13,634</u>	<u>\$ 13,634</u>

Ref.

A

A-4

A

See Accompanying Auditor's Report

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	Ref.	Dog Licenses	Other
Balance December 31, 2011	B	\$ 30	\$ 307,767
Increased by Receipts:			
Dog License Fees - 2012	B-4	\$ 1,498	
Due to State of New Jersey	B-5	566	
Due from Current Fund			\$ 9
Small Cities Revolving Fund	B-3		625
Accumulated Absences	B-6		13,118
Recycling Fees	B-10		16,356
Escrow Review Receipts	B-11		50,262
Police Confiscatory Fund	B-12		1,023
Small Cities Grant Reserve	B-13		434
Special Events	B-14		6,033
		<u>2,064</u>	<u>87,860</u>
		2,094	395,627
Decreased by Disbursements			
Due to State of New Jersey:			
Dog Fund	B-5	566	
Statutory Expenditures	B-4	1,168	
Small Cities Revolving Fund	B-3		10,715
Accumulated Absences	B-6		5,705
Recycling Fees	B-10		9,358
Escrow Review Fees	B-11		55,518
Police Confiscatory Fund	B-12		2,130
Small Cities Grant Reserve	B-13		213
Special Events	B-14		5,069
		<u>1,734</u>	<u>88,708</u>
Balance December 31, 2012	B	<u>\$ 360</u>	<u>\$ 306,919</u>

Analysis of Balance:	
Special Events	\$ 14,503
Escrow Review	26,209
Recycling	34,022
Confiscatory	5,014
Accumulated Absence	17,701
Small Cities	<u>209,470</u>
	<u>\$ 306,919</u>



**TRUST FUND  
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>	<u>Tax Title Lien Redemption</u>
Balance December 31, 2011	B	\$ 51,670
Increased by Receipts:		
Deposits for Redemption of Tax Sale Certificates	B-7	<u>51,670</u>
Decreased by Disbursements:		
Refund of Premium Redeemed	B-8	17,000
Refund of Tax Sale Certificates Redeemed	B-7	<u>5,380</u>
		<u>22,380</u>
Balance December 31, 2012	B	<u>\$ 29,290</u>

**TRUST FUND  
SCHEDULE OF REVOLVING LOAN RECEIVABLE**

Balance December 31, 2011	<u>Ref.</u> B		\$ 424,099
Increased by:			
Loans Granted	B-1		<u>10,715</u>
			434,814
Decreased by:			
Loans Forgiven		\$ 625	
Loans Repaid	B-1	<u>625</u>	
			<u>1,250</u>
Balance December 31, 2012	B		<u><u>\$ 433,564</u></u>

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2011	<u>Ref.</u> B		\$ 30
Increased by:			
Dog License Fees Collected - 2012	B-1		<u>1,498</u>
			1,528
Decreased by:			
Dog License Expenses	B-1		<u>1,168</u>
Balance December 31, 2012	B		<u><u>\$ 360</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
2010	\$ 1,565
2011	<u>1,594</u>
	<u><u>\$ 3,159</u></u>

**TRUST FUND**  
**SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY - DEPARTMENT OF HEALTH**

Balance December 31, 2011	<u>Ref.</u> B	\$ -
Increased by:		
2012 State License Fees	B-1	<u>566</u>
		566
Decreased by:		
Disbursements to the State	B-1	<u>566</u>
Balance December 31, 2012	B	<u><u>\$ -</u></u>

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES**

Balance December 31, 2011	<u>Ref.</u> B	\$ 10,288
Increased by:		
2012 Budget	B-1	<u>\$ 13,118</u>
		<u>13,118</u>
		23,406
Decreased by:		
Expenditures	B-1	<u>5,705</u>
Balance December 31, 2012	B	<u><u>\$ 17,701</u></u>

**TRUST FUND  
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES**

Balance December 31, 2011	<u>Ref.</u> B	\$ 27,370
Increased by:		
Deposits Received	B-2	-
		<hr style="width: 100%;"/>
		27,370
Decreased by:		
Refunds - Tax Sale Certificates	B-2	5,380
		<hr style="width: 100%;"/>
Balance December 31, 2012	B	<u><u>\$ 21,990</u></u>

**SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE**

Balance December 31, 2011	<u>Ref.</u> B	\$ 24,300
Increased by:		
Premiums Received	B-2	-
		<hr style="width: 100%;"/>
		24,300
Decreased by:		
Refunds - Premiums	B-2	17,000
		<hr style="width: 100%;"/>
Balance December 31, 2012	B	<u><u>\$ 7,300</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR LANDFILL CLOSURE**

Balance December 31, 2011	<u>Ref.</u> B	\$ 87,772
Increased by:		
Interest Earned on Investments		<u>37</u>
Balance December 31, 2012	B	<u><u>\$ 87,809</u></u>

**SCHEDULE OF RESERVE FOR RECYCLING FEES**

Balance December 31, 2011	<u>Ref.</u> B	\$ 27,024
Increased by:		
Recycling Fees	B-1	<u>16,356</u>
		43,380
Decreased by:		
Recycling Expenditures	B-1	<u>9,358</u>
Balance December 31, 2012	B	<u><u>\$ 34,022</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR ESCROW REVIEW FEES**

Balance December 31, 2011	<u>Ref.</u> B		\$ 31,465
Increased by:			
Escrow Deposits Received	B-1	<u>\$ 50,262</u>	
			<u>50,262</u>
			81,727
Decreased by:			
Disbursements		<u>55,518</u>	
	B-1		<u>55,518</u>
Balance December 31, 2012	B		<u><u>\$ 26,209</u></u>

**SCHEDULE OF RESERVE FOR POLICE CONFISCATORY FUNDS**

Balance December 31, 2011	<u>Ref.</u> B		\$ 6,121
Increased by:			
County receipts		\$ 1,000	
Interest	B-1	<u>23</u>	
			<u>1,023</u>
			7,144
Decreased by:			
Police Department Expenses	B-1		<u>2,130</u>
Balance December 31, 2012	B		<u><u>\$ 5,014</u></u>

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR SMALL CITIES REVOLVING LOAN FUND**

Balance December 31, 2011	<u>Ref.</u> B		\$ 643,438
Increased by:			
Other Receipts	B-1	<u>\$ 434</u>	<u>434</u>
			643,872
Decreased by:			
Forgiven Receivables	B-3	625	
Revolving Fund Expenditures	B-1	<u>213</u>	<u>838</u>
Balance December 31, 2012	B		<u><u>\$ 643,034</u></u>

Exhibit B-14

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR SPECIAL EVENTS**

Balance December 31, 2011	<u>Ref.</u> B		\$ 13,539
Increased by:			
Donations	B-1		<u>6,033</u>
			19,572
Decreased by:			
Expenditures	B-1		<u>5,069</u>
Balance December 31, 2012	B		<u><u>\$ 14,503</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>		
Balance December 31, 2011	C		\$ 69,120
Increased by Receipts:			
BANS Issued	C-3	\$ 543,000	
Other Receipts	C-3	<u>20,007</u>	
			<u>563,007</u>
			632,127
Decreased by Disbursements:			
Improvement Authorizations	C-8	153,145	
Miscellaneous	C-8	<u>480</u>	
			<u>153,625</u>
Balance December 31, 2012	C		<u><u>\$ 478,502</u></u>

See Accompanying Auditor's Report



**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	----- Receipts -----		----- Disbursements -----		----- Transfers -----		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	BANS Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	
Capital Improvement Fund	\$ 13,882	-	\$ 20,000	\$ -	\$ -	\$ 30,000	\$ 3,882
Fund Balance	17,570		7	480			17,097
Contract Payable						56,937	56,937
<u>Improvement Authorizations:</u>							
<u>Ordinance</u>							
<u>Number</u>							
11-09 Various Improvements	27,668			5,172			22,496
20-10 HVAC Replacement	10,000			4,686			5,314
6-12 Various Improvements		543,000		143,287		56,937	372,776
	<u>\$ 69,120</u>	<u>\$ 543,000</u>	<u>\$ 20,007</u>	<u>\$ 153,145</u>	<u>\$ 480</u>	<u>\$ 86,937</u>	<u>\$ 478,502</u>
C		C-2:C-10	C-2	C-2:C-9	C-2		C

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

	<u>Ref.</u>		
Balance December 31, 2011	C		\$ 900,000
Decreased by:			
2012 Budget Appropriation to Pay:			
Serial Bonds	A-3:C-10	<u>\$ 225,000</u>	<u>225,000</u>
Balance December 31, 2012	C		<u><u>\$ 675,000</u></u>

**GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Debt Issued	Budget Appropriations	Balance Dec. 31, 2012	Financed by Notes	Analysis of Balance		Unexpended Improvement Authorization
								Expended		
11-08	Various Improvements	\$ 342,000	\$ -	\$ -	\$ 20,000	\$ 322,000	\$ 322,000	\$ -	\$ -	
11-09	Various Improvements	489,000				489,000	489,000			
12-06	Various Improvements		545,000			545,000	543,000			2,000
		<u>\$ 831,000</u>	<u>\$ 545,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 1,356,000</u>	<u>\$ 1,354,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>
		C			C-8:C-12	C		C-9		C-2
							Improvement Authorizations Unfunded \$			378,272
							Less:			
							Unexpended Proceeds of Bond			
							Anticipation Notes Issued:			
							11-09			22,496
							12-06			353,776
									\$	<u>2,000</u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2011	<u>Ref.</u> C	\$ 13,882
Increased by:		
Budget appropriation		<u>\$ 20,000</u> <u>20,000</u>
Decreased by:		
Improvement Authorizations	C-8	<u>30,000</u>
Balance, December 31, 2012	C	<u><u>\$ 3,882</u></u>

**GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Date	Ordinance Amount	2012 Authorizations				Paid or Charged	Prior Year Encumbrances	Canceled	Balance Dec. 31, 2012	
				Balance Dec. 31, 2011 Unfunded	Surplus/ Capital Improvement Fund	Deferred Charges to Future Taxation- Unfunded	Funded				Unfunded	Funded
11-09	Various Improvements	10/21/2009	515,000	\$ 27,668			\$ 5,172				\$ 22,496	
20-10	HVAC Replacement	12/28/2010	10,000				4,686			5,314		
6-12	Various Improvements	1/25/2011	17,000		30,000	545,000	200,224			19,000	355,776	
				<u>\$ 10,000</u>	<u>\$ 30,000</u>	<u>\$ 545,000</u>	<u>\$ 210,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,314</u>	<u>\$ 378,272</u>	
				C	C-7	C-6			C-1:C-7	C	C	
							Encumbered \$ 56,937				C	
							Disbursed 153,145				C-2	
							<u>\$ 210,082</u>					

**GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Maturity Date	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
11-08	Various Improvements	10/1/2008	9/27/2012	9/27/2013	0.90%	\$ 342,000	\$ -	\$ 20,000	\$ 322,000
11-09	Various Improvements	5/20/2010	5/16/2012	5/16/2013	1.81%	489,000			489,000
12-06	Various Improvements	9/27/2012	9/12/2012	9/27/2013	0.90%		543,000		543,000
						<u>\$ 831,000</u>	<u>\$ 543,000</u>	<u>\$ 20,000</u>	<u>\$ 1,354,000</u>
						C	C-2; C-12	C-6	C; C-6

**GENERAL CAPITAL FUND**  
**SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding 2012		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
General Improvements	2/21/07	1,720,000	2/15/2013	225,000	4.000%	\$ 900,000	\$ -	\$ 225,000	\$ 675,000
			2/15/2014	225,000	4.000%				
			2/15/2015	225,000	4.000%				
						\$ 900,000	\$ -	\$ 225,000	\$ 675,000
						C	C-2	C-5	C

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**TOWNSHIP OF MULLICA**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

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## **GENERAL COMMENTS**

### **Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4**

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the 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 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 except by contract or agreement."

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed \$36,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of \$36,000 "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, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

The minutes indicate that bids were requested by public advertising for the current year for the following:

Reading Avenue Storm Drainage

### **Contracts and Agreements Requiring Solicitation of Quotations**

N.J.S. 40A:11-6.1 states, "Prior to the award of any other purchase, contract or agreement, the contracting agent shall, except in the case of the performance of professional services, solicit quotations, whenever practical, on any such purchase, contract or agreement the estimated cost or price of which is \$5,400 or more."

Our examination of expenditures did not reveal any purchases made in excess of \$5,400 without obtaining quotes as required by statute.

### **Collection of Interest on Delinquent Taxes and Assessments**

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 2, 2012, adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Township Council of the Township of Mullica, County of Atlantic and state of New Jersey, as follows:

The Tax Collector is hereby authorized and directed to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency.

There will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.

It appears from an examination of the collector's records that interest on delinquent taxes was collected in accordance with the foregoing resolution.

#### **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on April 18, 2012 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2012	164
2011	158
2010	101

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

## Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type:</u>	<u>Number</u> <u>Mailed</u>
Payments of 2013 and 2012 Taxes	5
Delinquent Taxes	3
Municipal Court	5
Total	<u>15</u>

As of the date of this audit report, all verifications have not been returned. No problems were noted with the verifications that have been returned related to property taxes or municipal court.

## Deposit of Municipal Funds

N.J.S. 40A:5-15 states, "All municipal funds shall be deposited within 48 hours upon receipt."

Our examination has revealed that municipal funds were deposited within the mandated time.

## Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Currently</u>		
	<u>Tax Levy</u>	<u>Cash</u> <u>Collections</u>	<u>Percentage of</u> <u>Collections</u>
2012	\$ 11,504,911	\$ 11,028,980	95.86%
2011	11,644,148	11,081,695	95.17%
2010	11,590,406	11,091,841	95.70%
2009	11,255,928	10,821,437	96.14%
2008	10,784,237	10,285,684	95.38%

## Comparative Schedule of Tax Rate Information

	2012	2011	2010	2009	2008
Tax Rate	3.919	4.169	3.947	3.838	3.694
Apportionment of Tax Rate:					
Municipal	1.103	1.094	1.075	1.057	1.037
County	0.735	0.932	0.700	0.681	0.607
School	2.081	2.143	2.172	2.100	2.050
Assessed Valuation	292,877,815	291,565,100	292,829,837	291,229,784	288,706,046

## Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage of Tax <u>Levy</u>
2012	\$ 184,477	\$ 479,389	\$ 663,866	5.77%
2011	135,029	510,448	645,477	6.00%
2010	100,133	440,191	540,324	5.18%
2009	187,192	430,265	617,457	5.93%
2008	167,950	507,470	675,420	6.70%

## Uniform Construction Code

The Township of Mullica construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b)2 and NJAC 5:23.4.17(b)3.

**AUDIT FINDINGS AND RESPONSES**

**None**

**STATUS OF PRIOR RECOMMENDATIONS**

**None**

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire my assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Kenneth W. Moore*  
**Kenneth W. Moore**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 231**

**March 29, 2013**