

**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

**AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016**

This page intentionally left blank

**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

CONTENTS

PART 1

	PAGE
Independent Auditor's Report	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters	5
Financial Statements – Regulatory Basis:	EXHIBITS
Current Fund:	
Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	A 11
Statement of Operations and Changes in Fund Balance – Regulatory Basis	A-1 13
Statement of Revenues – Regulatory Basis	A-2 14
Statement of Expenditures – Regulatory Basis	A-3 16
Trust Fund:	
Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	B 23
General Capital Fund:	
Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	C 27
Statement of Capital Fund Balance – Regulatory Basis	C-1 28
General Fixed Assets Account Group:	
Statement of General Fixed Assets & Fund Balance - Regulatory Basis	D 31
Notes to Financial Statements	35

**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

CONTENTS (continued):

PART 1

	EXHIBITS	PAGE
Supplemental Schedules:		
Current Fund		
Schedule of Cash - Treasurer	A-4	69
Schedule of Cash - Collector	A-5	70
Schedule of Change Funds	A-6	70
Schedule of Taxes Receivable & Analysis of Property Tax Levy	A-7	71
Schedule of Tax Title Liens	A-8	72
Schedule of Due from State of NJ Veteran & Senior Citizens	A-9	72
Schedule of Revenue Accounts Receivable	A-10	73
Schedule of Foreclosed Property	A-11	74
Schedule of 2015 Appropriation Reserves	A-12	75
Schedule of Reserve for Encumbrances	A-13	77
Schedule of Prepaid Taxes	A-14	77
Schedule of Tax Overpayments	A-15	77
Schedule of Local School District Tax	A-16	78
Schedule of Regional High School District Tax	A-17	79
Schedule of County Taxes Payable	A-18	80
Schedule of Due County For Added and Omitted Taxes	A-19	80
Schedule of Deferred Charges	A-20	81
Schedule of Due to State of NJ - Marriage License Fees	A-21	82
Schedule of Due to State of NJ - DCA Inspection Fees	A-22	82
Schedule of Reserve for JIF Safety Money	A-23	83
Schedule of Reserve for Land Sale Deposits	A-24	83
Schedule of Reserve for Tax Map Updates	A-25	83
Schedule of Federal, State, and Other Grants Receivable	A-26	84
Schedule of Reserve for Grants - Unappropriated	A-27	85
Schedule of Reserve for Grants - Appropriated	A-28	86
Trust Fund:		
Schedule of Cash - Treasurer	B-1	89
Schedule of Cash - Collector	B-2	90
Schedule of Revolving Loan Receivable	B-3	91
Schedule of Reserve for Animal Control Fund Expenditures	B-4	91
Schedule of Due to State of New Jersey	B-5	91
Schedule of Reserve for Accumulated Absences	B-6	92
Schedule of Deposits for Redemption of Tax Sale Certificates	B-7	92
Schedule of Premiums Received at Tax Sale	B-8	93
Schedule of Reserve for Landfill Closure	B-9	94
Schedule of Reserve for Recycling Fees	B-10	94
Schedule of Reserve for Escrow Review Fees	B-11	95
Schedule of Reserve for Confiscation Funds	B-12	95
Schedule of Reserve for Small Revolving Loan Fund	B-13	96
Schedule of Reserve for Special Events	B-14	96

**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

CONTENTS (continued):

PART 1

	EXHIBITS	PAGE
General Capital Fund:		
Schedule of General Capital Cash - Treasurer	C-2	99
Analysis of General Capital Cash	C-3	100
Schedule of Deferred Charges to Future Taxation - Funded	C-4	101
Schedule of Deferred Charges to Future Taxation – Unfunded	C-5	102
Schedule of Capital Improvement Fund	C-6	103
Schedule of Reserve for Encumbrances	C-7	104
Schedule of Improvement Authorizations	C-8	105
Schedule of Bond Anticipation Notes	C-9	106
Schedule of General Serial Bonds	C-10	107

PART II

	PAGE
Comments and Recommendations:	
Scope of Audit	113
General Comments	113
Contracts and Agreements Required to be Advertised	113
Contracts and Agreements Requiring Solicitation of Quotations	114
Collection of Interest on Delinquent Taxes and Assessments	114
Delinquent Taxes and Tax Title Liens	114
Municipal Court	115
Follow Up on Prior Year Findings	115
Officials in Office	116
Acknowledgment	117

(Concluded)

This page intentionally left blank

**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

This page intentionally left blank



HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Mullica
County of Atlantic
Elwood, New Jersey 08037

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Mullica, County of Atlantic, State of New Jersey as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As discussed in Note 1 to the financial statements, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Mullica, County of Atlantic, State of New Jersey, as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Mullica, County of Atlantic, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2016 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2017, on our consideration of the Township of Mullica's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Mullica's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
June 21, 2017

This page intentionally left blank



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

Honorable Mayor and Members
of the Township Committee
Township of Mullica
County of Atlantic
Elwood, New Jersey 08037

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Township of Mullica (herein referred to as “the Township”), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements, and have issued our report thereon dated June 21, 2017. Our report indicated that the Township’s financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 Township'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* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
June 21, 2017

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

CURRENT FUND
EXHIBITS

This page intentionally left blank

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	<u>2016</u>	<u>2015</u>
Regular Fund:			
Treasurer	A-4	\$ 1,872,517.52	\$ 1,848,862.74
Collector	A-5	334,776.08	289,802.28
Cash - Change Fund	A-6	350.00	350.00
Petty Cash Fund	A	100.00	100.00
Due from State of New Jersey for Senior Citizen & Veteran Deductions	A-9	5,401.29	4,838.05
Due from Prudential- DCRP	A	<u>1,504.24</u>	<u>85.37</u>
Total Regular Fund		<u>2,214,649.13</u>	<u>2,144,038.44</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	383,458.82	383,797.14
Tax Title Liens Receivable	A-8	249,645.27	160,722.22
Property Acquired / Assessed Valuation	A-11	3,592,400.00	3,613,800.00
Revenue Accounts Receivable	A-10	<u>7,923.04</u>	<u>9,297.77</u>
Total Receivables & Other Assets With Full Reserves		<u>4,233,427.13</u>	<u>4,167,617.13</u>
Deferred Charges:			
Special Emergency 40A:4-55	A-20	<u>42,000.00</u>	<u>56,000.00</u>
Total Deferred Charges		<u>42,000.00</u>	<u>56,000.00</u>
Total Current Fund		<u>6,490,076.26</u>	<u>6,367,655.57</u>
State & Federal Grants:			
Due from Current Fund	A	134,242.29	14,083.81
Grants Receivable	A-26	<u>175,176.08</u>	<u>278,315.00</u>
Total State & Federal Grants		<u>309,418.37</u>	<u>292,398.81</u>
Total Assets		<u><u>\$ 6,799,494.63</u></u>	<u><u>\$ 6,660,054.38</u></u>

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2016	2015
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 228,436.73	\$ 162,675.78
Reserve for Encumbrances	A-3,A-13	119,765.14	120,162.62
Prepaid Taxes	A-14	171,587.56	188,684.41
Tax Overpayments	A-15	17,887.12	24,780.36
Local School District Taxes Payable	A-16	784,763.19	782,688.99
Regional High School District Taxes Payable	A-17	183,379.50	64,415.50
County Taxes Payable	A-18	0.02	-
Due to County for Added and Omitted Taxes	A-19	6,030.47	2,354.41
Payroll Taxes Payable	A	1,504.24	-
Due to Federal & State Grant Fund	A	134,242.29	14,083.81
Due to Trust - Other Fund	B	-	1.61
Due to the State:			
Marriage Licenses	A-21	150.00	225.00
DCA Inspection Fees	A-22	1,215.00	1,732.00
Reserve for JIF Safety Money	A-23	2,011.94	1,080.84
Reserve for Tax Map Updates	A-25	11,200.00	20,200.00
Subtotal		<u>1,662,173.20</u>	<u>1,383,085.33</u>
Reserve for Receivables & Other Assets	A	4,233,427.13	4,167,617.13
Fund Balance	A-1	<u>594,475.93</u>	<u>816,953.11</u>
Total Regular Fund		<u>6,490,076.26</u>	<u>6,367,655.57</u>
State & Federal Grants:			
Encumbrances Payable	A-28	193,975.00	2,729.08
Reserve for Grants Appropriated	A-28	115,443.37	280,873.96
Reserve for Grants Unappropriated	A-27	-	8,795.77
Total State & Federal Grants		<u>309,418.37</u>	<u>292,398.81</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 6,799,494.63</u>	<u>\$ 6,660,054.38</u>

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

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 660,500.00	\$ 634,000.00
Miscellaneous Revenue Anticipated	986,114.31	1,097,261.29
Receipts From Delinquent Taxes & Tax Title Liens	363,342.70	490,856.73
Receipts From Current Taxes	12,447,328.55	11,870,248.69
Nonbudget Revenue	116,140.29	122,780.24
Sale of Forclosed Property	17,027.00	65,230.54
Payment in Lieu of Taxes on Real Property	-	4,395.03
Sale of Municipal Assets	6,907.62	5,560.00
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	190,456.99	139,960.04
Liquidation of Reserves For:		
Prior Year Interfunds Returned	-	14,717.08
	<u>14,787,817.46</u>	<u>14,445,009.64</u>
Total		
Expenditures:		
Budget & Emergency Appropriations:		
Operations Within "CAPS":		
Salaries & Wages	1,823,925.00	1,759,216.00
Other Expenses	2,043,238.00	2,030,011.00
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	455,873.00	404,644.00
Operations Excluded from "CAPS":		
Salaries & Wages	47,201.25	40,000.00
Other Expenses	335,974.08	387,145.02
Capital Improvements	70,000.00	25,000.00
Municipal Debt Service	213,936.21	311,790.01
Deferred Charges	14,000.00	14,000.00
County Taxes	2,611,731.63	2,371,118.11
Due County for Added & Omitted Taxes	6,030.47	2,354.41
Local District School Tax	3,891,744.00	3,887,596.00
Regional High School District Tax	2,836,141.00	2,538,213.00
	<u>14,349,794.64</u>	<u>13,771,087.55</u>
Total Expenditures		
Excess to Fund Balance	438,022.82	673,922.09
Fund Balance January 1	816,953.11	777,031.02
	<u>1,254,975.93</u>	<u>1,450,953.11</u>
Total		
Decreased by: Utilization as Anticipated Revenue	<u>660,500.00</u>	<u>634,000.00</u>
Fund Balance December 31	<u>\$ 594,475.93</u>	<u>\$ 816,953.11</u>

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

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BUDGET	APPROPRIATED by N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 660,500.00	\$ -	\$ 660,500.00	\$ -
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	4,250.00	-	5,150.00	900.00
Fines & Costs:				
Municipal Court	140,000.00	-	133,135.21	(6,864.79)
Interest & Costs on Taxes	70,000.00	-	64,991.69	(5,008.31)
Interest on Deposits	2,000.00	-	3,059.09	1,059.09
Trailer Pad Fees	40,000.00	-	41,081.93	1,081.93
Cell Tower Revenues	45,000.00	-	40,259.64	(4,740.36)
Consolidated Municipal Property				
Tax Relief Act	19,725.00	-	19,725.00	-
Energy Receipts Tax	432,051.00	-	432,051.00	-
Garden State Trust	41,440.00	-	41,440.00	-
Uniform Construction Code				
Fees & Permits	65,000.00	-	73,761.00	8,761.00
Interlocal Agreement				
School Resource Officer	40,000.00	-	28,436.42	(11,563.58)
Body Armor Replacement Grant	1,594.52	1,462.38	3,056.90	-
Clean Communities Program Grant	-	25,285.17	25,285.17	-
Click It or Ticket	-	5,000.00	5,000.00	-
Drunk Driving Enforcement Grant	7,201.25	-	7,201.25	-
Federal Bulletproof Vest Partnership	1,135.08	800.00	1,935.08	-
Municipal Alliance on Alcoholism and Drug Abuse	12,415.00	-	12,415.00	-
Drive Sober or Get Pulled over	-	10,000.00	10,000.00	-
Community Development Block Grant	-	33,326.00	33,326.00	-
Recycling Tonnage Grant	4,803.93	-	4,803.93	-
Total Miscellaneous Revenues	926,615.78	75,873.55	986,114.31	(16,375.02)
Receipts from Delinquent Taxes	385,000.00	-	363,342.70	(21,657.30)
Local Tax for Municipal Purposes	3,560,910.02	-	3,671,304.47	110,394.45
Budget Totals	5,533,025.80	75,873.55	5,681,261.48	72,362.13
Nonbudget Revenues	-	-	116,140.29	116,140.29
Total	\$ 5,533,025.80	\$ 75,873.55	\$ 5,797,401.77	\$ 188,502.42

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

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 12,447,328.55
Less: Allocated for School & County Taxes	<u>9,345,647.10</u>
Total Allocation of Current Tax Collections	3,101,681.45
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>569,623.02</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$ 3,671,304.47</u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 354,133.08
Tax Title Lien Collections	<u>9,209.62</u>
Total Receipts from Delinquent Taxes	<u>\$ 363,342.70</u>

ANALYSIS OF NONBUDGET REVENUES

Miscellaneous Revenue Not Anticipated:	
Receipts:	
Licenses	\$ 5,496.00
Fees and Permits	17,849.30
Administrative Operations	28,818.60
Cable Franchise Fee	21,451.96
Miscellaneous	9,724.43
Community Champions Registration Fees	31,800.00
Billboard Lease	<u>1,000.00</u>
Total Nonbudgeted Revenue	<u>\$ 116,140.29</u>

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

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
General Government Functions:						
Township Committee:						
Salaries and Wages	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00	\$ -	\$ -	\$ -
Other Expenses	2,200.00	2,200.00	1,541.68	-	658.32	-
Municipal Clerk:						
Salaries and Wages	117,500.00	117,500.00	115,964.57	-	1,535.43	-
Other Expenses	17,000.00	17,000.00	14,527.29	379.30	2,093.41	-
Financial Administration:						
Salaries and Wages	61,500.00	61,500.00	61,068.07	-	431.93	-
Other Expenses	11,300.00	11,300.00	9,763.59	1,024.05	512.36	-
Audit Services:	25,000.00	24,000.00	24,000.00	-	-	-
Collection of Taxes:						
Salaries and Wages	76,500.00	76,500.00	76,434.80	-	65.20	-
Other Expenses	9,000.00	9,000.00	6,898.44	41.00	2,060.56	-
Tax Assessments Administration:						
Salaries and Wages	37,000.00	37,000.00	36,809.13	-	190.87	-
Other Expenses	6,000.00	6,000.00	4,020.06	775.00	1,204.94	-
Legal Services:						
Other Expenses	75,000.00	110,000.00	85,806.07	24,020.01	173.92	-
Engineering Services & Costs:						
Other Expenses	50,000.00	50,000.00	21,811.35	23,875.00	4,313.65	-
Senior Citizen Advisory Commission:						
Other Expenses	1,000.00	1,000.00	1,000.00	-	-	-
Land Use Administration:						
Planning Board:						
Salaries and Wages	4,225.00	4,225.00	4,217.94	-	7.06	-
Other Expenses	5,000.00	5,000.00	2,760.04	562.50	1,677.46	-
Insurance:						
General Liability	67,100.00	67,100.00	67,100.00	-	-	-
Worker's Compensation	138,900.00	138,900.00	138,585.00	-	315.00	-
Employee Group Health	884,952.00	859,952.00	835,530.80	3,021.80	21,399.40	-
Unemployment Insurance	10,000.00	10,000.00	7,779.67	-	2,220.33	-
Municipal Court:						
Salaries and Wages	85,500.00	87,500.00	83,776.21	-	3,723.79	-
Other Expenses	8,000.00	6,000.00	4,347.21	623.80	1,028.99	-
Public Defender:						
Other Expenses	4,000.00	4,000.00	3,999.96	0.04	-	-
Public Safety Functions:						
Police:						
Salaries and Wages	1,121,000.00	1,121,000.00	1,110,383.67	-	10,616.33	-
Other Expenses	82,000.00	71,000.00	67,255.73	3,435.31	308.96	-
Office of Emergency Management:						
Salaries and Wages	4,500.00	4,500.00	4,092.83	-	407.17	-
Other Expenses	1,000.00	1,000.00	447.35	30.50	522.15	-
Aid to Volunteer Fire Companies:	59,000.00	59,000.00	59,000.00	-	-	-
Emergency Medical Services:	1.00	1.00	-	-	1.00	-
Municipal Prosecutor:						
Other Expenses	10,000.00	10,000.00	8,000.04	-	1,999.96	-

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

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Public Works Functions:						
Streets & Roads Maintenance:						
Salaries and Wages	201,200.00	201,200.00	146,231.21	-	54,968.79	-
Other Expenses	50,000.00	45,000.00	27,007.69	4,031.66	13,960.65	-
Solid Waste Collection:						
Other Expenses	75,000.00	75,000.00	65,927.01	7,416.72	1,656.27	-
Public Building & Grounds:						
Other Expenses	46,000.00	52,500.00	50,087.05	1,800.31	612.64	-
Vehicle Maintenance	55,000.00	65,000.00	50,208.26	10,437.37	4,354.37	-
Landfill and Solid Waste Disposal Costs:						
Other Expenses	140,000.00	140,000.00	93,951.12	15,486.89	30,561.99	-
Health and Welfare:						
Animal Control Program:						
Other Expenses	7,500.00	7,500.00	5,980.00	1,196.00	324.00	-
Environmental Commission:						
Other Expenses	200.00	200.00	-	-	200.00	-
Recreation and Education:						
Recreation Services and Programs:						
Other Expenses	5,000.00	5,000.00	5,000.00	-	-	-
Maintenance of Parks:						
Other Expenses	18,000.00	18,000.00	15,561.64	1,504.86	933.50	-
Appropriation Offset By Dedicated Revenues:						
State Uniform Construction Code						
Construction Official:						
Salaries and Wages	88,000.00	88,000.00	87,071.10	-	928.90	-
Other Expenses	2,250.00	2,250.00	1,440.56	52.06	757.38	-
Other Code Enforcement Functions:						
Salaries and Wages	15,000.00	15,000.00	15,000.00	-	-	-
Other Expenses	1,000.00	1,000.00	31.75	617.50	350.75	-
Unclassified:						
Utilities						
Electric and Natural Gas	72,000.00	74,000.00	64,291.22	5,516.96	4,191.82	-
Telecommunications Costs	27,000.00	27,000.00	19,678.06	1,271.17	6,050.77	-
Petroleum Products	80,000.00	68,335.00	40,736.72	3,517.29	24,080.99	-
Accumulated Leave Compensation	2,500.00	2,500.00	2,500.00	-	-	-
Total Operations Within "CAPS" Including Contingent	<u>3,867,328.00</u>	<u>3,867,163.00</u>	<u>3,555,124.89</u>	<u>110,637.10</u>	<u>201,401.01</u>	<u>-</u>
Detail:						
Salaries and Wages	1,821,925.00	1,823,925.00	1,751,049.53	-	72,875.47	-
Other Expenses	<u>2,045,403.00</u>	<u>2,043,238.00</u>	<u>1,804,075.36</u>	<u>110,637.10</u>	<u>128,525.54</u>	<u>-</u>

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

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Deferred Charges & Statutory Expenditures						
Municipal Within "CAPS":						
Statutory Expenditures:						
Contributions to:						
Public Employees Retirement System	73,849.00	74,251.79	74,251.79	-	-	-
Social Security System (O.A.S.I.)	142,000.00	142,000.00	135,920.38	-	6,079.62	-
Police & Fireman's Retirement System of New Jersey	238,424.00	238,424.00	238,424.00	-	-	-
Defined Contribution Retirement Program	2,500.00	1,197.21	1,128.80	38.28	30.13	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	456,773.00	455,873.00	449,724.97	38.28	6,109.75	-
Total General Appropriations for Municipal Purposes Within "CAPS"	4,324,101.00	4,323,036.00	4,004,849.86	110,675.38	207,510.76	-
Insurance:						
Employee Group Insurance	15,048.00	15,048.00	15,048.00	-	-	-
NJPDES Stormwater Management Rules: Other Expenses	12,000.00	12,000.00	500.00	-	11,500.00	-
Interlocal Municipal Service Agreements:						
Police Dispatch	210,000.00	210,000.00	204,819.44	-	5,180.56	-
School Resource Officer	40,000.00	40,000.00	38,478.00	-	1,522.00	-
Public & Private Programs Offset by Revenues:						
Body Armor Replacement Grant	1,594.52	3,056.90	3,056.90	-	-	-
Clean Communities Program Grant:	-	25,285.17	25,285.17	-	-	-
Click It or Ticket	-	5,000.00	5,000.00	-	-	-
Drunk Driving Enforcement Grant	7,201.25	7,201.25	7,201.25	-	-	-
Drive Sober or Get Pulled Over	-	10,000.00	10,000.00	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse						
State Match	12,415.00	12,415.00	12,415.00	-	-	-
Local Match	3,104.00	3,104.00	3,104.00	-	-	-
Recycling Tonnage Grant	4,803.93	4,803.93	4,803.93	-	-	-
Federal Bulletproof Vest Partnership Grant	1,135.08	1,935.08	1,935.08	-	-	-
Community Development Block Grant	-	33,326.00	33,326.00	-	-	-
Total Operations Excluded from "CAPS"	307,301.78	383,175.33	364,972.77	-	18,202.56	-
Detail:						
Salaries and Wages	47,201.25	47,201.25	45,679.25	-	1,522.00	-
Other Expenses	260,100.53	335,974.08	319,293.52	-	16,680.56	-
Capital Improvements-Excluded from "CAPS":						
Capital Improvement Fund	45,000.00	45,000.00	45,000.00	-	-	-
Information Technology Equipment and Supplies	25,000.00	25,000.00	13,186.83	9,089.76	2,723.41	-
Total Capital Improvements Excluded from "CAPS"	70,000.00	70,000.00	58,186.83	9,089.76	2,723.41	-

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

**TOWNSHIP OF MULLICA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Municipal Debt Service - Excluded						
From "CAPS":						
Payment of Bond Anticipation Notes & Capital Note	232,000.00	232,000.00	196,875.00	-	-	35,125.00
Interest on Notes	16,000.00	17,065.00	17,061.21	-	-	3.79
Total Municipal Debt Service Excluded from "CAPS"	248,000.00	249,065.00	213,936.21	-	-	35,128.79
Deferred Charges - Excluded from "CAPS":						
Special Emergency Authorizations - 5 Years	14,000.00	14,000.00	14,000.00	-	-	-
Total Deferred Charges - Excluded from "CAPS"	14,000.00	14,000.00	14,000.00	-	-	-
Subtotal General Appropriations	4,963,402.78	5,039,276.33	4,655,945.67	119,765.14	228,436.73	35,128.79
Reserve For Uncollected Taxes	569,623.02	569,623.02	569,623.02	-	-	-
Total General Appropriations	<u>\$ 5,533,025.80</u>	<u>\$ 5,608,899.35</u>	<u>\$ 5,225,568.69</u>	<u>\$ 119,765.14</u>	<u>\$ 228,436.73</u>	<u>\$ 35,128.79</u>
Appropriation by 40A:4-87		\$ 75,873.55				
Original Budget		<u>5,533,025.80</u>				
Total		<u>\$ 5,608,899.35</u>				
Reserve for Federal & State Grants - Appropriated			\$ 106,127.33			
Deferred Charge - Emergency Authorization			14,000.00			
Reserve for Uncollected Taxes			569,623.02			
Reimbursements			(64,233.69)			
Cash Disbursements			<u>4,600,052.03</u>			
Total			<u>\$ 5,225,568.69</u>			

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

This page intentionally left blank

TRUST FUND
EXHIBIT

This page intentionally left blank

**TOWNSHIP OF MULLICA
TRUST FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Animal Control Fund:			
Cash	B-1	\$ 123.81	\$ 444.44
Total Animal Control Fund		<u>123.81</u>	<u>444.44</u>
Other Trust Funds:			
Cash - Treasurer	B-1	331,577.80	360,712.03
Cash - Collector	B-2	127,833.11	134,510.08
Cash - Landfill Closure	B-9	87,998.65	87,959.08
Due From Current Fund	A	-	1.61
Revolving Loans Receivable	B-3	454,429.31	440,129.31
Total Other Trust Funds:		<u>1,001,838.87</u>	<u>1,023,312.11</u>
Total - All Funds		<u><u>\$ 1,001,962.68</u></u>	<u><u>\$ 1,023,756.55</u></u>
LIABILITIES & RESERVES			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-4	\$ 122.61	\$ 444.44
Due to State of New Jersey	B-5	1.20	-
Total Animal Control Fund		<u>123.81</u>	<u>444.44</u>
Other Trust Funds:			
Tax Title Lien Redemption	B-7	17,283.11	3,660.08
Premium in Tax Title Lien Redemption	B-8	110,550.00	130,850.00
Reserve for:			
Accumulated Absences	B-6	22,289.79	20,201.37
Landfill Closure	B-9	87,998.65	87,959.08
Recycling Fees	B-10	22,526.50	33,806.13
Escrow Review Fees	B-11	55,441.86	66,571.82
Police Confiscatory Funds	B-12	17,002.85	13,903.09
Small Cities Revolving fund	B-13	643,567.15	643,557.73
Special Events	B-14	25,178.96	22,802.81
Total Other Funds		<u>1,001,838.87</u>	<u>1,023,312.11</u>
Total - All Funds		<u><u>\$ 1,001,962.68</u></u>	<u><u>\$ 1,023,756.55</u></u>

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

This page intentionally left blank

GENERAL CAPITAL FUND
EXHIBITS

This page intentionally left blank

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	<u>2016</u>	<u>2015</u>
Cash	C-2	\$ 584,872.01	\$ 590,163.09
Deferred Charges to Future Taxation:			
Unfunded	C-5	407,125.00	1,914,000.00
Funded	C-4	<u>1,310,000.00</u>	<u>-</u>
 Total		 <u>\$ 2,301,997.01</u>	 <u>\$ 2,504,163.09</u>
 LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-10	\$ 1,310,000.00	\$ -
Bond Anticipation Notes	C-9	407,125.00	1,914,000.00
Improvement Authorizations:			
Unfunded	C-8	-	502,226.18
Funded	C-8	288,449.33	21,302.96
Contracts Payable	C-7	94,554.63	-
Capital Improvement Fund	C-6	69,195.60	24,195.60
Fund Balance	C-1	<u>132,672.45</u>	<u>42,438.35</u>
 Total		 <u>\$ 2,301,997.01</u>	 <u>\$ 2,504,163.09</u>

There were no bonds and notes authorized but not issued on December 31, 2016 and 2015.

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 42,438.35
Increased by:		
Premium on Sale of Bonds	\$ 111,751.42	
Premium on Sale of Bond Anticipation Notes	77.00	
Improvement Authorizations Canceled	3,405.68	<u>115,234.10</u>
Subtotal		157,672.45
Decreased by:		
Improvement Authorizations		<u>25,000.00</u>
Balance December 31, 2016		<u><u>\$ 132,672.45</u></u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP
EXHIBIT

This page intentionally left blank

**TOWNSHIP OF MULLICA
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	<u>2016</u>	<u>2015</u>
Land and Buildings	\$ 2,283,007.75	\$ 2,291,677.75
Machinery and Equipment	<u>5,166,220.35</u>	<u>5,175,830.68</u>
Total	<u>\$ 7,449,228.10</u>	<u>\$ 7,467,508.43</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 7,449,228.10</u>	<u>\$ 7,467,508.43</u>

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

This page intentionally left blank

**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

This page intentionally left blank

TOWNSHIP OF MULLICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

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

Component Units

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

Basis of Accounting, Measurement Focus and Basis of Presentation

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

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

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

Dog Trust Fund - dog license revenues and expenditures.

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

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

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

TOWNSHIP OF MULLICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

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

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

New Jersey municipal units are required by *N.J.S.A. 40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies. *N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

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

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

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

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

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2016.

	Balance 12/31/2015	Additions/ Adjustments	Deletions/ Adjustments	Balance 12/31/2016
Land & Buildings	\$ 2,291,677.75	\$ -	\$ (8,670.00)	\$ 2,283,007.75
Machinery & Equipment	5,175,830.68	232,252.45	(241,862.78)	5,166,220.35
Total	\$ 7,467,508.43	\$ 232,252.45	\$ (250,532.78)	\$ 7,449,228.10

TOWNSHIP OF MULLICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

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

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

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected.

Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

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

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

TOWNSHIP OF MULLICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

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

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Township implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Township is required to measure certain investments at fair value for financial reporting purposes. In addition, the Township is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about

TOWNSHIP OF MULLICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Township's financial statements.

Recently Issued Accounting Pronouncements

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

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Subsequent Events - The Township of Mullica has evaluated subsequent events occurring after December 31, 2016 through the date of June 21, 2017, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2016, the Township's bank balance of \$3,912,888.70 was insured or collateralized as follows:

Insured (FDIC)	\$ 250,000.00
Uninsured and uncollateralized	609,656.15
Collateralized in the Authority's Name Under GUDPA	<u>3,053,232.55</u>
Total	<u><u>\$ 3,912,888.70</u></u>

Note 3. Property Taxes

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

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

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 3. Property Taxes (continued):

Comparison of Tax Rate Information:

	2016	2015	2014
Total Tax Rate	<u>\$4.417</u>	<u>\$4.197</u>	<u>\$4.149</u>
Apportionment of Tax Rate:			
Municipal	1.219	1.193	1.169
County	0.895	0.811	0.798
Local & Regional Schools	2.303	2.193	2.182

Net Valuation Taxable:

2016	<u>\$ 292,081,400.00</u>	
2015	<u>\$ 293,017,172.00</u>	
2014		<u>\$ 293,081,752.00</u>

Comparison of Tax Levies and Collection Currently:

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2016	\$ 12,931,083.26	\$ 12,447,328.55	96.26%
2015	12,310,170.70	11,870,248.69	96.43%
2014	12,201,049.52	11,652,833.07	95.51%

Delinquent Taxes and Tax Title Liens:

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2016	\$ 249,645.27	\$ 383,458.82	\$ 633,104.09	4.90%
2015	160,722.22	383,797.14	544,519.36	4.42%
2014	204,119.01	488,592.25	692,711.26	5.68%

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 4. Property Acquired By Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31, 2016 on the basis of the last assessed valuation of such properties, for the current and previous two years was as follows:

YEAR	AMOUNT
2016	\$ 3,592,400.00
2015	3,613,800.00
2014	3,440,900.00

Note 5. Fund Balance Appropriated

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

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:			
2016	\$ 594,475.93	\$ 500,000.00	84.11%
2015	816,953.11	660,500.00	80.85%
2014	777,031.02	634,000.00	81.59%
2013	877,212.76	754,000.00	85.95%
2012	1,058,564.00	850,000.00	80.30%

Note 6. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

The following represents the membership tiers for PERS:

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

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Components of Net Pension Liability - At December 31, 2016, the Municipality reported a liability of \$2,534,066 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .00856%, which was a decrease of .00003% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	\$ 668,675	\$ 253,078
Deferred Inflows of Resources	114,333	170,401
Net Pension Liability	2,534,066	1,928,232
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.00856%	0.00859%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 47,126	\$ -
Changes of Assumptions	524,923	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	96,626	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	-	114,333
	\$ 668,675	\$ 114,333

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

Year Ending	Dec 31,	PERS
2017	\$	118,838
2018		118,840
2019		143,901
2020		129,062
2021		43,701
		\$ 554,342

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

	<u>PERS</u>
Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 3,105,202	\$ 2,534,066	\$ 2,062,543

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

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

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

The following represents the membership tiers for PFRS:

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

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

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Municipality contributions to PFRS amounted to \$976,411 for 2016.

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

Net Pension Liability and Pension Expense - At December 31, 2016, the Municipality's proportionate share of the PFRS net pension liability is valued to be \$5,602,396. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .02932%, which was a decrease of .00001% from its proportion measured as of June 30, 2015.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	\$ 1,586,802	\$ 1,441,419
Deferred Inflows of Resources	37,166	127,171
Net Pension Liability	5,602,396	4,885,660
 Municipality's Portion of the Plan's Total		
Net Pension Liability	0.02932%	0.29333%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 36,725
Changes of Assumptions	775,978	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	392,549	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>418,275</u>	<u>441</u>
	<u>\$ 1,586,802</u>	<u>\$ 37,166</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

	Year Ending	<u>Dec 31,</u>	<u>PFRS</u>	
	2017	\$	394,699	
	2018		394,698	
	2019		476,201	
	2020		263,746	
	2021		20,292	
			\$ 1,549,636	
				<u>Deferred Outflows of Resources</u>
				<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
	June 30, 2014		-	-
	June 30, 2015		-	5.53
	June 30, 2016		-	5.58
Changes of Assumptions				
Year of Pension Plan Deferral:				
	June 30, 2014		6.17	-
	June 30, 2015		5.53	-
	June 30, 2016		5.58	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
	June 30, 2014		-	5.00
	June 30, 2015		-	5.00
	June 30, 2016		5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
	June 30, 2014		6.17	6.17
	June 30, 2015		5.53	5.53
	June 30, 2016		5.58	5.58

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State’s proportionate share of the net pension liability attributable to the Municipality is \$470,462 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State’s proportion of the net pension liability associated with the Municipality was based on a projection of the Municipality’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2016 was .02932%, which was a decrease of .00001% from its proportion measured as of June 30, 2015, which is the same proportion as the Municipality’s.

Municipality's Proportionate Share of the Net Pension Liability	\$ 5,602,396
State's Proportionate Share of the Net Pension Liability Associated with the Municipality	<u>470,462</u>
Total Net Pension Liability	<u><u>\$ 6,072,858</u></u>

For the year ended December 31, 2016, the Municipality’s total allocated pension expense was \$720,472.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

	PFRS
Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality’s proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Pension Obligations (continued):

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

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 7,830,505	\$ 6,072,858	\$ 4,639,602

C. Defined Contribution Retirement Program

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1* et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

Note 7. Long-Term Debt

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

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 7. Long-Term Debt (continued):

During the fiscal year ended December 31, 2016 the following changes occurred in capital debt:

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
General Obligation Bonds	\$ -	\$ 1,310,000.00	\$ -	\$ 1,310,000.00	\$ 140,000.00
Bond Anticipation Notes	1,914,000.00	407,125.00	(1,914,000.00)	407,125.00	407,125.00
Total	\$ 1,914,000.00	\$ 1,717,125.00	\$ (1,914,000.00)	\$ 1,717,125.00	\$ 547,125.00

Summary of Statutory Debt Condition – Annual Debt Statement:

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.352%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 4,833,000.00	\$ 4,833,000.00	\$ -
Regional School District Debt	4,387,524.38	4,387,524.38	
General Debt	1,717,125.00	-	1,717,125.00
Total	\$ 10,937,649.38	\$ 9,220,524.38	\$ 1,717,125.00

Net Debt, \$1,717,125 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$487,815,034 equals 0.352%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 17,073,526.19
Net Debt	<u>1,717,125.00</u>
Remaining Borrowing Power	<u><u>\$ 15,356,401.19</u></u>

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 7. Long-Term Debt (continued):

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
Issued			
General:			
Bonds, Loans & Notes	\$ 1,717,125.00	\$ 1,914,000.00	\$ 1,554,000.00
Total Issued	1,717,125.00	1,914,000.00	1,554,000.00
Authorized but not Issued			
General:			
Bonds & Notes	-	-	-
Total Authorized But Not Issued	-	-	-
Total Issued & Authorized but not Issued	1,717,125.00	1,914,000.00	1,554,000.00
Net Debt	\$ 1,717,125.00	\$ 1,914,000.00	\$ 1,554,000.00

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

Calendar Year	General Capital - Bonds		
	Principal	Interest	Total
2017	\$ 140,000.00	\$ 51,865.28	\$ 191,865.28
2018	150,000.00	50,700.00	200,700.00
2019	155,000.00	46,200.00	201,200.00
2020	160,000.00	40,000.00	200,000.00
2021	165,000.00	33,600.00	198,600.00
2022-2024	540,000.00	55,000.00	595,000.00
	\$ 1,310,000.00	\$ 277,365.28	\$ 1,587,365.28

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

	General Capital
Balance 12/31/15	\$ 1,914,000.00
Issued	407,125.00
Paid	1,914,000.00
Balance 12/31/16	\$ 407,125.00
Due Date	Interest
5/11/2017	2.25%
	\$ 407,125.00
	\$ 407,125.00

TOWNSHIP OF MULLICA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Compensated Absences

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2016 the balance of the fund was \$22,289.79. It is estimated that, at December 31, 2016, accrued benefits for compensated absences are valued at \$342,721.47.

Note 9. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the Township had deferred charges of \$42,000.00 to budgets of succeeding years.

Note 10. Joint Insurance Pool

The Township of Mullica is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which also includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Township has a liability limit of \$10,000,000 under MEL. There were no claims in excess of coverage and no reduction in coverage during the year 2016.

Note 11. Contingent Liabilities

State and Federal Financial Assistance

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

As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2016, the Township estimates that no material liabilities will result from such audits.

Litigation

The Township is involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, Township Officials, based upon the opinion of the Township's counsel, presently believe that the outcome of each such proceeding or claim which is pending or known to be threatened, or all of them combined, will not have a material adverse effect on the Township's financial position or adversely affect the Township's ability to levy, collect and enforce collection of taxes or other revenue for the payment of its bonds or other obligations.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 12. Interfunds Receivables and Payables

The following interfunds remained as of December 31, 2016:

Fund	Receivable	Payable
Current Fund	\$ -	\$ 134,242.29
Federal and State Grant Fund	<u>134,242.29</u>	<u>-</u>
	<u>\$ 134,242.29</u>	<u>\$ 134,242.29</u>

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

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 302,135.95	\$ 181,979.08
Federal and State Grant Fund	181,977.47	302,135.95
Trust - Other Fund	<u>1.61</u>	<u>-</u>
	<u>\$ 484,115.03</u>	<u>\$ 484,115.03</u>

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

Note 13. Deferred School District Taxes

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

	Balance Decemeber 2016	Balance Decemeber 2015
Local School Taxes:		
Balance of Tax	\$ 1,945,872.19	\$ 1,943,797.99
Deferred	<u>1,161,109.00</u>	<u>1,161,109.00</u>
Taxes Payable	<u>\$ 784,763.19</u>	<u>\$ 782,688.99</u>
Regional School Taxes:		
Balance of Tax	\$ 1,358,070.50	\$ 1,239,106.50
Deferred	<u>1,174,691.00</u>	<u>1,174,691.00</u>
Taxes Payable	<u>\$ 183,379.50</u>	<u>\$ 64,415.50</u>

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 14. Accounts Receivable

Accounts receivable at December 31, 2016 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township’s individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	State & Federal Grant Fund	Trust Other Fund	Total
State Aid	\$ 5,401.29	\$ 175,176.08	\$ -	\$ 180,577.37
Taxes	4,225,504.09	-	-	4,225,504.09
Other	7,923.04	-	454,429.31	462,352.35
Total	\$ 4,238,828.42	\$ 175,176.08	\$ 454,429.31	\$ 4,868,433.81

Note 15. Post-Retirement Health Benefits

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

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

The Township of Mullica is a member of the SHBP and provides that its retirees will be covered for medical care. During 2016, \$850,578.8 was paid by the Township for health care of employees and retirees. The amount paid during 2015 was \$806,810.41 for employees and retirees.

Note 16: Sanitary Landfill Closure

The last landfill closure plan was updated in October, 1998. According to this plan, closure was to have taken place in 1998, post closure activities were from 1999 to 2028. Annual appropriations varied from \$18.00 - \$33,000.00. There have been no appropriations made since 2000. The balance in the Landfill Closure Trust Fund amounts to \$87,998.65. The Township is not in compliance with the plan.

TOWNSHIP OF MULLICA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 17: Labor Contracts

As of December 31, 2016, the Township's employees are organized in the following collective bargaining units. The following table shows their current status.

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

SUPPLEMENTARY EXHIBITS

This page intentionally left blank

CURRENT FUND

This page intentionally left blank

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF CURRENT CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

		CURRENT
Balance December 31, 2015	\$	1,848,862.74
Increased by Receipts:		
Tax Collector	\$	12,812,803.78
Due from State - Senior Citizens & Vets		68,875.00
Revenue Accounts Receivable		883,090.98
Sale of Foreclosed Property		15,323.40
Sale of Municipal Assets		6,907.62
Budget Appropriation Refunds		64,233.69
Reserve Budget Appropriation Refunds		1,686.00
Marriage License Fees		825.00
Reserve for JIF Safety Program		1,970.00
Land Sale Deposits		1,703.60
Due from Prudential		85.37
DCA Inspections Fees		5,774.00
Federal & State Grants Receivable		194,330.76
		14,057,609.20
Subtotal		14,057,609.20
Total		15,906,471.94
Decreased by Disbursements:		
2016 Appropriations	4,600,052.03	
2015 Appropriation Reserves	94,067.41	
County Taxes	2,611,731.61	
Due County for Added & Omitted Taxes	2,354.41	
Regional High School District Tax	2,717,177.00	
Local District School Tax	3,889,669.80	
Marriage License Fees	900.00	
Reserve for JIF Safety Program	1,038.90	
Reserve for Tax Map Updates	9,000.00	
Tax Overpayments	24,394.37	
Due to Trust Other Fund	1.61	
DCA Inspections Fees	6,291.00	
Reserve for Federal & State Grant Funds Appropriated	77,276.28	
		14,033,954.42
Total Disbursements		14,033,954.42
Balance December 31, 2016	\$	1,872,517.52

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 289,802.28
Increased by:		
Taxes Receivable	\$ 12,560,840.11	
Tax Title Liens	9,209.62	
2016 Prepaid Taxes	171,587.56	
Miscellaneous Revenue Not Anticipated	116,140.29	12,857,777.58
Subtotal		13,147,579.86
Decreased by:		
Payments to Treasurer		12,812,803.78
Balance December 31, 2016		<u>\$ 334,776.08</u>

**SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2016**

YEAR	BALANCE DECEMBER 31, 2015	2016 LEVY	ADDED TAXES	COLLECTED 2015	COLLECTED 2016	DUE FROM STATE OF NEW JERSEY	(REMITTED)/ CANCELLED	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2016
2014	\$ 1.68	\$ -	\$ -	\$ -	1.68	\$ -	\$ -	\$ -	\$ -
2015	383,795.46	-	-	-	354,131.40	-	60.49	29,583.53	20.04
Total	383,797.14	-	-	-	354,133.08	-	60.49	29,583.53	20.04
2016	-	12,901,280.17	29,803.09	188,684.41	12,189,205.90	69,438.24	35,381.70	64,934.23	383,438.78
Total	\$ 383,797.14	\$ 12,901,280.17	\$ 29,803.09	\$ 188,684.41	\$ 12,543,338.98	\$ 69,438.24	\$ 35,442.19	\$ 94,517.76	\$ 383,458.82

Cash Receipts	
Overpayments Applied	\$ 12,560,840.11
Overpayments Created	24,780.36
	(42,281.49)
Total	<u>\$ 12,543,338.98</u>

ANALYSIS OF 2016 PROPERTY TAX LEVY

General Purpose Tax	\$ 12,901,280.17
Added & Omitted Taxes	<u>29,803.09</u>
Total	<u>\$ 12,931,083.26</u>
TAX LEVY:	
Local District School Tax	\$ 3,891,744.00
Regional High School District Tax	2,836,141.00
County Taxes:	
General County Tax	\$ 2,329,616.34
County Library Tax	166,920.27
County Health Tax	106,805.50
County Open Space	8,389.52
Due County for Added & Omitted Taxes	6,030.47
Local Tax for Municipal Purposes	3,560,910.02
Add: Additional Tax Levied	<u>24,526.14</u>
Total	<u>\$ 12,931,083.26</u>

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	160,722.22
Increased by:		
Transfers from Taxes Receivable	\$ 94,517.76	
Interest & Cost on Taxes	3,614.91	98,132.67
		98,132.67
Subtotal		258,854.89
Decreased by:		
Lien Payments Received		9,209.62
		9,209.62
Balance December 31, 2016	\$	249,645.27

**SCHEDULE OF DUE FROM STATE OF NJ VETERAN AND SENIOR CITIZEN DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	4,838.05
Increased by:		
Senior Citizen & Veterans Deductions Per Tax Billings	\$ 70,750.00	
Deductions Allowed by Tax Collector - 2016 Taxes	2,000.00	
Deductions Disallowed by Tax Collector - 2016 Taxes	(3,311.76)	69,438.24
		69,438.24
Subtotal		74,276.29
Decreased by:		
Receipts - Collector		68,875.00
		68,875.00
Balance December 31, 2016	\$	5,401.29

TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

	BALANCE DECEMBER 31, 2015	ACCRUED IN 2016	REALIZED	BALANCE DECEMBER 31, 2016
Licenses:				
Alcoholic Beverages	\$ -	\$ 5,150.00	\$ 5,150.00	\$ -
Fines & Costs:				
Municipal Court	9,297.77	131,760.48	133,135.21	7,923.04
Interest & Costs on Taxes	-	64,991.69	64,991.69	-
Interest on Deposits	-	3,059.09	3,059.09	-
Trailer Pad Fees	-	41,081.93	41,081.93	-
Cell Tower Revenues	-	40,259.64	40,259.64	-
Consolidated Municipal Property				
Tax Relief Act	-	19,725.00	19,725.00	-
Energy Receipts Tax	-	432,051.00	432,051.00	-
Garden State Trust	-	41,440.00	41,440.00	-
Uniform Construction Code				
Fees & Permits	-	73,761.00	73,761.00	-
Interlocal Agreement				
School Resource Officer	-	28,436.42	28,436.42	-
Body Armor Replacement Grant	-	3,056.90	3,056.90	-
Clean Communities Program Grant:	-	25,285.17	25,285.17	-
Click It or Ticket	-	5,000.00	5,000.00	-
Drunk Driving Enforcement Grant	-	7,201.25	7,201.25	-
Federal Bullet Proof Vest	-	1,935.08	1,935.08	-
Municipal Alliance on Alcoholism and Drug Abuse	-	12,415.00	12,415.00	-
Drive Sober or Get Pulled Over	-	10,000.00	10,000.00	-
Community Development Block Grant	-	33,326.00	33,326.00	-
Recycling Tonnage Grant	-	4,803.93	4,803.93	-
Total Miscellaneous Revenues	<u>\$ 9,297.77</u>	<u>\$ 984,739.58</u>	<u>\$ 986,114.31</u>	<u>\$ 7,923.04</u>

Cash Receipts	\$ 883,090.98
State & Federal Grant Fund Appropriations	<u>103,023.33</u>
	<u>\$ 986,114.31</u>

**TOWNSHIP OF MULLICA
CURRENT FUND
ANALYSIS OF FORECLOSED PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 3,613,800.00
Increased By:		
Properties Deeded		5,700.00
		3,619,500.00
Decreased By:		
Sales Price on Properties Sold	\$ 17,027.00	
Net Loss on Sale of Properties	10,073.00	27,100.00
Balance December 31, 2016		<u>\$ 3,592,400.00</u>

ANALYSIS OF FORECLOSED PROPERTY:

Foreclosed Property		\$ 3,225,200.00
Property Deeded to Township		367,200.00
		<u>\$ 3,592,400.00</u>

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

OPERATIONS	BALANCE		BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
	DECEMBER 31, 2015 RESERVED	ENCUMBERED			
General Government Functions:					
Township Committee:					
Salaries and Wages	\$ 0.30	\$ -	\$ 0.30	\$ -	\$ 0.30
Other Expenses	601.81	-	601.81	-	601.81
Municipal Clerk:					
Salaries and Wages	104.40	-	104.40	-	104.40
Other Expenses	3,709.84	337.72	4,047.56	613.60	3,433.96
Financial Administration:					
Salaries and Wages	32.18	-	32.18	-	32.18
Other Expenses	1,998.08	68.05	2,066.13	51.40	2,014.73
Collection of Taxes:					
Salaries and Wages	4.10	-	4.10	-	4.10
Other Expenses	89.17	-	89.17	-	89.17
Assessment of Taxes:					
Salaries and Wages	191.90	-	191.90	-	191.90
Other Expenses	2,068.66	775.00	2,843.66	776.98	2,066.68
Legal Services:					
Other Expenses	3,085.50	10,177.56	13,263.06	11,628.06	1,635.00
Engineering Services & Cost:					
Other Expenses	0.11	10,701.00	10,701.11	10,041.44	659.67
Land Use Administration:					
Planning Board:					
Salaries and Wages	7.02	-	7.02	-	7.02
Other Expenses	2,129.00	200.00	2,329.00	567.50	1,761.50
Insurance:					
General Liability	255.10	8,424.10	8,679.20	1,014.77	7,664.43
Employee Group Health	10,345.31	765.00	11,110.31	765.00	10,345.31
Unemployment Insurance	993.07	-	993.07	317.76	675.31
Municipal Court:					
Salaries and Wages	3,659.23	-	3,659.23	2,927.69	731.54
Other Expenses	1,051.91	109.00	1,160.91	284.00	876.91
Public Defender:					
Other Expenses	0.04	-	0.04	-	0.04
Public Safety Functions:					
Police:					
Salaries and Wages	25,664.75	-	25,664.75	2,886.65	22,778.10
Other Expenses	417.24	4,739.22	5,156.46	4,972.72	183.74
Office of Emergency Management:					
Salaries and Wages	0.08	-	0.08	-	0.08
Other Expenses	1,109.20	-	1,109.20	-	1,109.20
Municipal Prosecutor's Office:					
Other Expenses	1,700.96	666.67	2,367.63	666.67	1,700.96
Public Works Functions:					
Streets & Roads Maintenance:					
Salaries and Wages	21,357.09	-	21,357.09	4,513.30	16,843.79
Other Expenses	52.14	11,537.03	11,589.17	10,537.03	1,052.14
Solid Waste Collection:					
Other Expenses	6,773.49	6,447.91	13,221.40	6,447.91	6,773.49
Vehicle Maintenance:					
Other Expenses	1,553.21	13,089.14	14,642.35	1,992.82	12,649.53
Public Building & Grounds:					
Other Expenses	201.65	939.04	1,140.69	939.04	201.65

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

OPERATIONS	BALANCE DECEMBER 31, 2015		BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
	RESERVED	ENCUMBERED			
Landfill and Solid Waste Disposal Costs:					
Other Expenses	12,284.69	28,408.19	40,692.88	10,149.64	30,543.24
Health & Human Services:					
Animal Control Program:					
Other Expenses	120.00	-	120.00	-	120.00
Environmental Commission:					
Other Expenses	200.00	-	200.00	-	200.00
Recreation and Education:					
Recreation Services and Programs:					
Other Expenses	-	5,000.00	5,000.00	5,000.00	-
Maintenance of Parks:					
Other Expenses	2,499.37	2,000.00	4,499.37	2,000.00	2,499.37
Appropriation Offset by Dedicated Revenue:					
State Uniform Construction Code					
Construction Official:					
Other Expenses	728.80	269.60	998.40	269.60	728.80
Other Code Enforcement Functions:					
Salaries and Wages	5,341.58	-	5,341.58	-	5,341.58
Other Expenses	435.00	-	435.00	-	435.00
Unclassified:					
Utilities					
Electric and Natural Gas	3,328.30	3,489.52	6,817.82	5,754.52	1,063.30
Telecommunications Costs	670.72	550.72	1,221.44	251.88	969.56
Petroleum Products	28,201.02	5,113.15	33,314.17	2,113.15	31,201.02
Accumulated Leave Compensation	1.00	-	1.00	-	1.00
Total General Appropriations for Municipal Purposes Within "CAPS"	142,967.02	113,807.62	256,774.64	87,483.13	169,291.51
Deferred Charges & Statutory Expenditures Municipal Within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Defined Contribution Retirement Program	852.22	-	852.22	38.28	813.94
Total Deferred Charges & Statutory Expenditures Within "CAPS"	852.22	-	852.22	38.28	813.94
Operations Excluded From "CAPS":					
NJPDES Stormwater Management Rules:					
Other Expenses	5,740.00	5,760.00	11,500.00	4,860.00	6,640.00
Interlocal Municipal Service Agreement:					
Police Dispatch	5,487.18	-	5,487.18	-	5,487.18
School Resource Officer	7,629.36	595.00	8,224.36	-	8,224.36
Total Operations Excluded from "CAPS"	18,856.54	6,355.00	25,211.54	4,860.00	20,351.54
Grand Total All Appropriations	\$ 162,675.78	\$ 120,162.62	\$ 282,838.40	\$ 92,381.41	\$ 190,456.99
Cash Disbursements				\$ 94,067.41	
Reimbursements				(1,686.00)	
Total				\$ 92,381.41	

EXHIBIT A-13

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	120,162.62
Increased by:		
2016 Appropriations		119,765.14
Subtotal		239,927.76
Decreased by:		
Transferred to 2015 Appropriations Reserves		120,162.62
Balance December 31, 2016	\$	119,765.14

EXHIBIT A-14

**SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015 (2016 Taxes)	\$	188,684.41
Increased by:		
Collections - 2017 Taxes		171,587.56
Subtotal		360,271.97
Decreased by:		
Application to 2016 Taxes Receivable		188,684.41
Balance, December 31, 2016 (2017 Taxes)	\$	171,587.56

EXHIBIT A-15

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	24,780.36
Increased by:		
Overpayments in 2016		42,281.49
Subtotal		67,061.85
Decreased by:		
Transfer to 2016 Taxes	\$	24,780.36
Refunded		49,174.73
		24,394.37
Balance December 31, 2016	\$	17,887.12

**TOWNSHIP OF MULLICA
SCHEDULE OF LOCAL SCHOOL DISTRICT TAX
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		
School Tax Payable	\$ 782,688.99	
Deferred School Tax Payable	<u>1,161,109.00</u>	
		\$ 1,943,797.99
Increased by:		
Levy - School Year July 1, 2016 - June 30, 2017		<u>3,891,744.00</u>
Subtotal		5,835,541.99
Decreased by:		
Disbursements		<u>3,889,669.80</u>
Balance December 31, 2016		
School Tax Payable	784,763.19	
Deferred School Tax Payable	<u>1,161,109.00</u>	
		<u><u>\$ 1,945,872.19</u></u>
 <u>2016 Liability for Local District Tax:</u>		
Tax Paid		\$ 3,889,669.80
Tax Payable December 31, 2016		<u>784,763.19</u>
		4,674,432.99
Less:		
Tax Payable December 31, 2015		<u>782,688.99</u>
Amount Charged to 2016 Operations		<u><u>\$ 3,891,744.00</u></u>

TOWNSHIP OF MULLICA
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAX
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance December 31, 2015		
School Tax Payable	\$ 64,415.50	
Deferred School Tax Payable	<u>1,174,691.00</u>	
		\$ 1,239,106.50
Increased by:		
Levy - School Year July 1, 2016 - June 30, 2017		<u>2,836,141.00</u>
Subtotal		4,075,247.50
Decreased by:		
Disbursements		<u>2,717,177.00</u>
Balance December 31, 2016		
School Tax Payable	183,379.50	
Deferred School Tax Payable	<u>1,174,691.00</u>	
		<u><u>\$ 1,358,070.50</u></u>
 <u>2016 Liability for Local District Tax:</u>		
Tax Paid		\$ 2,717,177.00
Tax Payable December 31, 2016		<u>183,379.50</u>
		2,900,556.50
Less:		
Tax Payable December 31, 2015		<u>64,415.50</u>
Amount Charged to 2016 Operations		<u><u>\$ 2,836,141.00</u></u>

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	-
Increased by:		
County Tax	\$	2,329,616.34
County Library Tax		166,920.27
County Health Tax		106,805.50
County Open Space Tax		8,389.52
		<u>2,611,731.63</u>
Subtotal		2,611,731.63
Decreased by:		
Disbursements		<u>2,611,731.61</u>
Balance December 31, 2016	\$	<u>0.02</u>

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	2,354.41
Increased by:		
County Share of 2016 Added Taxes		<u>6,030.47</u>
Subtotal		8,384.88
Decreased by:		
Disbursements		<u>2,354.41</u>
Balance December 31, 2016	\$	<u>6,030.47</u>

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-53 - SPECIAL EMERGENCY
FOR THE YEAR ENDED DECEMBER 31, 2016**

DESCRIPTION	ORIGINAL AMOUNT AUTHORIZED	1/5 OF AMOUNT AUTHORIZED	DATE	BALANCE DECEMBER 31, 2015	DECREASED BY 2016 BUDGET	BALANCE DECEMBER 31, 2016
Preparation of Tax Map	\$ 70,000.00	\$ 14,000.00	06/24/2014	\$ 56,000.00	\$ 14,000.00	\$ 42,000.00
				\$ 56,000.00	\$ 14,000.00	\$ 42,000.00

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
MARRIAGE LICENSE FEES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 225.00
Increased by:	
Cash Receipts	<u>825.00</u>
Subtotal	1,050.00
Decreased by:	
Cash Disbursements	<u>900.00</u>
Balance December 31, 2016	<u><u>\$ 150.00</u></u>

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
DCA INSPECTION FEES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 1,732.00
Increased by:	
Cash Receipts	<u>5,774.00</u>
Subtotal	7,506.00
Decreased by:	
Cash Disbursements	<u>6,291.00</u>
Balance December 31, 2016	<u><u>\$ 1,215.00</u></u>

EXHIBIT A-23

**TOWNSHIP OF MULLICA
CURRENT FUND
SCHEDULE OF RESERVE FOR JIF SAFETY MONEY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 1,080.84
Increased by:	
Cash Receipts	<u>1,970.00</u>
Subtotal	3,050.84
Decreased by:	
Cash Disbursements	<u>1,038.90</u>
Balance December 31, 2016	<u><u>\$ 2,011.94</u></u>

EXHIBIT A-24

**SCHEDULE OF RESERVE FOR LAND SALE DEPOSITS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ -
Increased by:	
Cash Receipts	<u>1,703.60</u>
Subtotal	1,703.60
Decreased by:	
Realized as Revenue	<u>1,703.60</u>
Balance December 31, 2016	<u><u>\$ -</u></u>

EXHIBIT A-25

**SCHEDULE OF RESERVE FOR TAX MAP UPDATES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 20,200.00
Decreased by:	
Cash Disbursements	<u>9,000.00</u>
Balance December 31, 2016	<u><u>\$ 11,200.00</u></u>

**TOWNSHIP OF MULLICA
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF FEDERAL, STATE AND OTHER GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	ACCRUED	RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2016
State Grants:	\$ -	\$ -	\$ 4,803.93	\$ -	\$ -
Recycling Tonnage Grant	-	4,803.93	4,803.93	-	-
Drunk Driving Enforcement Grant	-	7,201.25	7,201.25	-	-
Body Armor Grant	-	3,056.90	3,056.90	-	-
Municipal Alliance Grant	8,315.00	12,415.00	5,279.28	3,035.72	12,415.00
Clean Communities Program	-	25,285.17	25,285.17	-	-
New Jersey Transportation Trust Fund Fifth Avenue - Phase II	190,000.00	-	142,500.00	-	47,500.00
Federal Grants:					
CDBG- Home Investment Partnership	-	33,326.00	-	-	33,326.00
Click It or Ticket Grant	-	5,000.00	5,000.00	-	-
Drive Sober or Get Pulled Over	5,000.00	10,000.00	10,000.00	-	5,000.00
Federal Bullet Proof Vest Partnership	-	1,935.08	-	-	1,935.08
FEMA Hazard Mitigation Grant	75,000.00	-	-	-	75,000.00
Total All Grant	\$ 278,315.00	\$ 103,023.33	\$ 203,126.53	\$ 3,035.72	\$ 175,176.08
Cash Receipts			\$ 194,330.76		
Unappropriated Reserves			<u>8,795.77</u>		
Total			<u>\$ 203,126.53</u>		

**TOWNSHIP OF MULLICA
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>STATE GRANTS</u>	BALANCE DECEMBER 31, 2015	CASH RECEIPTS	REALIZED AS REVENUE IN 2016 BUDGET	BALANCE DECEMBER 31, 2016
Body Armor Fund	\$ 1,594.52	\$ -	\$ 1,594.52	\$ -
DDEF Grant	7,201.25	-	7,201.25	-
Total All Grant	<u>\$ 8,795.77</u>	<u>\$ -</u>	<u>\$ 8,795.77</u>	<u>\$ -</u>

**TOWNSHIP OF MULLICA
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	TRANSFER FROM 2016 BUDGET APPROPRIATION	TRANSFER FROM 2015 ENCUMBRANCES	EXPENDED	CANCELLED	ENCUMBERED	BALANCE DECEMBER 31, 2016
State Grants:							
Drunk Driving Enforcement Fund	\$ 1,813.93	\$ 7,201.25	\$ 820.80	\$ 7,115.11	\$ -	\$ -	\$ 2,720.87
Body Armor Grant	488.41	3,056.90	775.00	1,579.99	-	1,114.92	1,625.40
Municipal Alliance Grant							
2015 Grant	6,581.72	-	-	3,546.00	3,035.72	-	-
State Share							
2016 Grant							
State Share	-	12,415.00	983.28	6,817.08	-	-	6,581.20
Local Share	-	3,104.00	-	3,104.00	-	-	-
Recycling Tonnage Grant	-	4,803.93	-	4,803.93	-	-	-
New JERSEY Transportation Trust Fund							
Fifth Avenue - Phase II	190,000.00	-	-	-	-	190,000.00	-
Alcohol Rehabilitation Grant	699.90	-	150.00	-	-	-	849.90
Clean Communities	-	25,285.17	-	25,285.17	-	-	-
Recreation Grant - Concession	1,290.00	-	-	-	-	-	1,290.00
Federal Grants:							
CDBG- Home Investment Partnership	-	33,326.00	-	-	-	-	33,326.00
Click It or Ticket	-	5,000.00	-	5,000.00	-	-	-
Drive Sober or Get Pulled Over	5,000.00	10,000.00	-	13,000.00	-	-	2,000.00
Federal Bullet Proof Vest Partnership	-	1,935.08	-	775.00	-	360.08	800.00
FEMA Hazard Mitigation Grant	75,000.00	-	-	6,250.00	-	2,500.00	66,250.00
Total All Grants	\$ 280,873.96	\$ 106,127.33	\$ 2,729.08	\$ 77,276.28	\$ 3,035.72	\$ 193,975.00	\$ 115,443.37

TRUST FUND

This page intentionally left blank

**TOWNSHIP OF MULLICA
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2015	\$ 444.44	\$ 360,712.03
Increased by Receipts:		
Animal Control	\$ 1,295.60	\$ -
Dog Registration Fees - Due State of New Jersey	464.40	-
Accumulated Absences	-	2,500.00
Recycling Fees	-	13,007.32
Escrow Review Receipts	-	123,353.56
Police Confiscatory Fund	-	6,412.76
Small Cities Grant Reserve	-	14,520.42
Special Events	-	14,696.08
Due from Current Fund	-	1.61
	<u>1,760.00</u>	<u>174,491.75</u>
Total Increases	<u>1,760.00</u>	<u>174,491.75</u>
Total Increases & Balances	<u>2,204.44</u>	<u>535,203.78</u>
Decreased by Disbursements:		
Dog Registration Fees - Due State of New Jersey	463.20	-
Statutory Expenditures	1,617.43	-
Small Cities Revolving Fund	-	14,300.00
Accumulated Absences	-	411.58
Recycling Fees	-	24,286.95
Escrow Review Receipts	-	134,483.52
Police Confiscatory Fund	-	3,313.00
Small Cities Grant Reserve	-	14,511.00
Special Events	-	12,319.93
	<u>2,080.63</u>	<u>203,625.98</u>
Total Disbursements	<u>2,080.63</u>	<u>203,625.98</u>
Balance December 31, 2016	<u>\$ 123.81</u>	<u>\$ 331,577.80</u>

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 134,510.08
Increased by Receipts:	
Deposit for Redemption	
Tax Sale Certificates and Premiums	<u>363,995.58</u>
Subtotal	498,505.66
Decreased by Disbursements:	
Refund of Tax Sale Certificates and Premiums Redeemed	<u>370,672.55</u>
Balance December 31, 2016	<u><u>\$ 127,833.11</u></u>

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF REVOLVING LOAN RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 440,129.31
Increased by:	
Loan Granted	14,300.00
Balance December 31, 2016	\$ 454,429.31

**TRUST FUND - ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 444.44
Increased by:	
Receipts:	
Dog License Fees	1,295.60
Subtotal	1,740.04
Decreased by:	
Dog License Expenses	1,617.43
Balance December 31, 2016	\$ 122.61

LICENSE FEES COLLECTED

YEAR	AMOUNT
2015	\$ 1,288.20
2014	1,227.20
Total	\$ 2,515.40

**TRUST FUND - ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ -
Increased by:	
Registration Fees Collected	464.40
Subtotal	464.40
Decreased by:	
Disbursements	463.20
Balance December 31, 2016	\$ 1.20

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 20,201.37
Increased by:	
Receipts	2,500.00
Subtotal	22,701.37
Decreased by:	
Expenditures	411.58
Balance December 31, 2016	\$ 22,289.79

**SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 3,660.08
Increased By:	
Deposits Received	272,495.58
	276,155.66
Decreased by:	
Refunds - Tax Sale Certificates	258,872.55
Balance December 31, 2016	\$ 17,283.11

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 130,850.00
Increased by:	
Premiums Received	<u>91,500.00</u>
Subtotal	222,350.00
Decreased by:	
Refunds - Premiums	<u>111,800.00</u>
Balance December 31, 2016	<u><u>\$ 110,550.00</u></u>

**TOWNSHIP OF MULLICA
TRUST FUND OTHER FUND
SCHEDULE OF RESERVE FOR LANDFILL CLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	87,959.08
Increased by:		
Interest Earned on Investments		39.57
		39.57
Balance December 31, 2016	\$	87,998.65

**SCHEDULE OF RESERVE FOR RECYCLING FEES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	33,806.13
Increased by:		
Receipts		13,007.32
		13,007.32
Subtotal		46,813.45
Decreased by:		
Disbursements		24,286.95
		24,286.95
Balance December 31, 2016	\$	22,526.50

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF RESERVE FOR ESCROW REVIEW FEES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 66,571.82
Increased by:	
Receipts	<u>123,353.56</u>
Subtotal	189,925.38
Decreased by:	
Disbursements	<u>134,483.52</u>
Balance December 31, 2016	<u><u>\$ 55,441.86</u></u>

**SCHEDULE OF RESERVE FOR CONFISCATORY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 13,903.09
Increased by:	
Receipts	<u>6,412.76</u>
Subtotal	20,315.85
Decreased by:	
Disbursements	<u>3,313.00</u>
Balance, December 31, 2016	<u><u>\$ 17,002.85</u></u>

**TOWNSHIP OF MULLICA
TRUST OTHER FUND
SCHEDULE OF RESERVE FOR SMALL REVOLVING LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 643,557.73
Increased by:	
Cash Receipts	14,520.42
	14,520.42
Subtotal	658,078.15
Decreased by:	
Cash Disbursements	14,511.00
	14,511.00
Balance December 31, 2016	\$ 643,567.15

**SCHEDULE OF RESERVE FOR SPECIAL EVENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 22,802.81
Increased by:	
Receipts	14,696.08
	14,696.08
Subtotal	37,498.89
Decreased by:	
Disbursements	12,319.93
	12,319.93
Balance December 31, 2016	\$ 25,178.96

GENERAL CAPITAL FUND

This page intentionally left blank

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 590,163.09
Increased by Receipts:		
Due from Current Fund	\$ 196,875.00	
Bond Anticipation Notes	407,125.00	
Bond Proceeds	1,310,000.00	
Premium on Bonds	111,751.42	
Premium on BANs	77.00	
Capital Improvement Fund	45,000.00	<u>2,070,828.42</u>
Subtotal		2,660,991.51
Decreased by Disbursements:		
Bond Anticipation Notes	1,914,000.00	
Improvement Authorizations	162,119.50	<u>2,076,119.50</u>
Balance December 31, 2016		<u><u>\$ 584,872.01</u></u>

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

Fund Balance	\$ 132,672.45
Capital Improvement Fund	69,195.60

Improvement Authorizations:

ORDINANCE NUMBER	DESCRIPTION	
06-12	Various Captial Improvements	4,070.76
06-15	Various Captial Improvements	283,664.12
11-16	Computer Equipment & Software	<u>714.45</u>
	Total	<u><u>\$ 584,872.01</u></u>

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ -
Increased by:	
Serial Bonds Issued	<u>1,310,000.00</u>
Balance December 31, 2016	<u><u>\$ 1,310,000.00</u></u>

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2015	2016 AUTHORIZATIONS	FUNDED	BALANCE DECEMBER 31, 2016	ANALYSIS OF BALANCE DECEMBER 31, 2016		
						BAN'S OUTSTANDING	UNEXPENDED BALANCE	EXPENDED BALANCE
11-08	Various Improvements	\$ 222,000.00	-	\$ 222,000.00	\$ -	\$ -	\$ -	\$ -
11-09	Various Improvements	399,000.00	-	75,000.00	324,000.00	324,000.00	-	-
06-12	Various Improvements	543,000.00	-	543,000.00	-	-	-	-
06-13	Mold Remediation	95,000.00	-	11,875.00	83,125.00	83,125.00	-	-
06-15	Various Improvements	655,000.00	-	655,000.00	-	-	-	-
Total		\$ 1,914,000.00	\$ -	\$ 1,506,875.00	\$ 407,125.00	\$ 407,125.00	\$ -	\$ -

Paydown of BANs	\$ 196,875.00
Serial Bonds Issued	<u>1,310,000.00</u>
	<u>\$ 1,506,875.00</u>

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 24,195.60
Increased by:	
Receipts - 2016 Budget Appropriation	<u>45,000.00</u>
Balance December 31, 2016	<u><u>\$ 69,195.60</u></u>

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ -
Increased by:	
Current Year Contracts Executed	<u>94,554.63</u>
Balance December 31, 2016	<u><u>\$ 94,554.63</u></u>

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	BALANCE DECEMBER 31, 2015		2016 AUTHORIZATIONS	EXPENDED	AUTHORIZATIONS CANCELED	BALANCE DECEMBER 31, 2016	
			AMOUNT	FUNDED				UNFUNDED	FUNDED
06-12	Various Improvements	1/25/2011	\$ 575,000.00	\$ -	\$ 23,604.27	\$ -	\$ 3,352.72	4,070.76	\$ -
08-14	Police Evidence Locker	7/8/2014	6,500.00	52.96	-	-	52.96	-	-
06-15	Various Improvements	5/12/2015							
	Road Improvement Program		345,000.00	17,250.00	327,750.00	-	84,000.00	261,000.00	-
	Public Works Vehicles & Equipment		110,000.00	-	24,840.77	-	14,262.00	10,578.77	-
	Computer & Electronic Equipment		15,000.00	-	9,430.00	-	8,184.00	1,246.00	-
	Fuel System Upgrade		50,000.00	2,500.00	47,500.00	-	39,160.65	10,839.35	-
	Public Safety Radios		25,000.00	1,500.00	23,500.00	-	25,000.00	-	-
	Police Vehicles & Equipment		145,000.00	-	45,601.14	-	45,601.14	-	-
11-16	Computer Equipment & Software	9/27/2017	25,000.00	-	25,000.00	-	24,285.55	714.45	-
Total			\$ 21,302.96	\$ 502,226.18	\$ 25,000.00	\$ 256,674.13	\$ 3,405.68	\$ 288,449.33	\$ -

Capital Fund Balance	\$ 25,000.00
Contracts Payable	\$ 94,554.63
Cash Disbursements	162,119.50
	<u>\$ 256,674.13</u>

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2015	INCREASE	DECREASE	BALANCE DECEMBER 31, 2016
11-08	Various Capital Improvements	10/02/08	9/24/2015	9/23/2016	0.82%	\$ 222,000.00	-	\$ 222,000.00	\$ -
11-09	Various Capital Improvements	05/20/10	5/12/2016	5/11/2017	2.25%	399,000.00	324,000.00	399,000.00	324,000.00
06-12	Various Capital Improvements	09/27/12	9/24/2015	9/23/2016	0.82%	543,000.00	-	543,000.00	-
06-13	Mold Remediation	05/15/13	5/12/2016	5/11/2017	2.25%	95,000.00	83,125.00	95,000.00	83,125.00
06-15	Mold Remediation	09/22/15	9/24/2015	9/23/2016	0.82%	655,000.00	-	655,000.00	-
						<u>\$1,914,000.00</u>	<u>\$ 407,125.00</u>	<u>\$ 1,914,000.00</u>	<u>\$ 407,125.00</u>
						Paydown of BANs	\$	196,875.00	
						BANs Rolled Over		407,125.00	
						Serial Bonds Issued		<u>1,310,000.00</u>	
								<u>\$ 1,914,000.00</u>	

**TOWNSHIP OF MULLICA
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE DECEMBER 31, 2015	ISSUED	BALANCE DECEMBER 31, 2016
			DATE	AMOUNT				
General Improvement	10/26/2016	\$ 1,310,000.00	10/15/2017	\$ 140,000.00	2.00%	\$ -	\$ 1,310,000.00	\$ 1,310,000.00
			10/15/2018	150,000.00	3.00%			
			10/15/2019	155,000.00	4.00%			
			10/15/2020	160,000.00	4.00%			
			10/15/2021	165,000.00	4.00%			
			10/15/2022	170,000.00	5.00%			
			10/15/2023	180,000.00	5.00%			
			10/15/2024	190,000.00	5.00%			
			Total			\$ -	\$ 1,310,000.00	\$ 1,310,000.00

This page intentionally left blank

SUPPLEMENTARY DATA

This page intentionally left blank

**TOWNSHIP OF MULLICA
COUNTY OF ATLANTIC**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

This page intentionally left blank



HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
www.hfacpas.com

The Honorable Mayor and Members of the
Township Committee
Township of Mullica
County of Atlantic
Elwood, New Jersey 08037

We have audited the financial statements of the Township of Mullica in the County of Atlantic for the year ended December 31, 2016.

Scope of Audit

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

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

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

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

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

GENERAL COMMENTS

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

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

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

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

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

Contracts and Agreements Requiring Solicitation of Quotations

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 1, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on April 6, 2016 and was complete.

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

YEAR	NUMBER OF LIENS
2016	255
2015	265
2014	218

Examination of Bills

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

Municipal Court

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

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

Follow Up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year findings. There were no prior year findings.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2016:

NAME	TITLE
James R. Brown	Mayor
Edward Hagaman	Committee
Lawrence Riffle	Committee
John Walther	Committee
Christopher Silva	Committee
Dawn Stollenwerk	Chief Financial Officer
Bertha Cappuccio	Tax Collector
Kimberly Johnson	Municipal Clerk

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

Acknowledgment

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
June 21, 2017

This page intentionally left blank