

**TOWNSHIP OF MULLICA  
COUNTY OF ATLANTIC**

**AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2018**



**TOWNSHIP OF MULLICA  
COUNTY OF ATLANTIC**

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**TOWNSHIP OF MULLICA  
COUNTY OF ATLANTIC**

**PART I**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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

### 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 of December 31, 2018, and the related statements of operations and changes in fund balance - regulatory basis for the year then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 Township'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.

## **Opinions**

### **Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

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

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

### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

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, as of December 31, 2018, or the results of its operations and changes in fund balance for the year 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 of the Township, as of December 31, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2018 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## **Emphasis of Matter**

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, during the year ended December 31, 2018 the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74. Our opinion is not modified with respect to this matter

## **Other Matters**

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental schedules 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 are not a required part of the basic financial statements.

The supplemental schedules presented for the various funds are 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.

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

### **Prior Period Financial Statements**

The financial statements as of December 31, 2017, were audited by other auditors whose report dated April 20, 2018 expressed an unmodified opinion on the regulatory basis of accounting.

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

In accordance with Government Auditing Standards, we have also issued our report dated July 24, 2019 on our consideration of the Township'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's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

Kevin P. Frenia  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 435

Medford, New Jersey  
July 24, 2019

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

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

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, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 24, 2019. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of financial statement findings as Finding No. 2018-001.

### **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.**

Kevin P. Frenia  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 435

Medford, New Jersey  
July 24, 2019

## **BASIC FINANCIAL STATEMENTS**

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CURRENT FUND  
EXHIBITS

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**TOWNSHIP OF MULLICA  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Regular Fund:			
Cash - Treasurer	A-4	\$ 2,523,923.79	\$ 2,720,120.94
Cash - Change Fund	A-6	350.00	350.00
Petty Cash Fund	A	100.00	100.00
Due from State of New Jersey for Senior Citizen & Veteran Deductions	A-9	4,755.45	4,642.33
Due from Prudential- DCRP	A	-	214.53
Total Regular Fund		<u>2,529,129.24</u>	<u>2,725,427.80</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	387,808.26	472,378.80
Tax Title Liens Receivable	A-8	405,976.65	318,035.04
Property Acquired / Assessed Valuation	A-11	3,452,500.00	3,571,100.00
Revenue Accounts Receivable	A-10	7,610.38	12,347.07
Due from:			
State & Federal Grant Fund	A	<u>43,921.46</u>	<u>40,189.72</u>
Total Receivables & Other Assets With Full Reserves		<u>4,297,816.75</u>	<u>4,414,050.63</u>
Deferred Charges:			
Special Emergency 40A:4-55	A-20	<u>214,000.00</u>	<u>278,000.00</u>
Total Deferred Charges		<u>214,000.00</u>	<u>278,000.00</u>
Total Current Fund		<u>7,040,945.99</u>	<u>7,417,478.43</u>
State & Federal Grants:			
Grants Receivable	A-27	<u>525,979.02</u>	<u>384,267.77</u>
Total State & Federal Grants		<u>525,979.02</u>	<u>384,267.77</u>
Total Assets		<u><u>\$ 7,566,925.01</u></u>	<u><u>\$ 7,801,746.20</u></u>

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

**TOWNSHIP OF MULLICA  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2018	2017
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 117,357.26	\$ 132,992.00
Reserve for Encumbrances	A-3,A-13	160,037.50	160,754.52
Prepaid Taxes	A-14	211,302.38	538,982.32
Tax Overpayments	A-15	38,551.87	21,987.49
Local School District Taxes Payable	A-16	1,080,365.45	969,013.03
Regional High School District Taxes Payable	A-17	315,909.00	378,177.00
Due to County for Added and Omitted Taxes	A-19	-	10,211.71
Payroll Taxes Payable	A	-	356.22
Due to the State:			
Marriage Licenses	A-21	125.00	250.00
DCA Inspection Fees	A-22	1,555.00	1,239.00
Reserve for Revaluation	A-23	77,272.00	159,317.80
Reserve for JIF Safety Money	A-24	3,340.05	3,442.94
Reserve for Tax Map Updates	A-26	9,500.00	9,800.00
Subtotal		2,015,315.51	2,386,524.03
Reserve for Receivables & Other Assets	A	4,297,816.75	4,414,050.63
Fund Balance	A-1	727,813.73	616,903.77
Total Regular Fund		7,040,945.99	7,417,478.43
State & Federal Grants:			
Due to Current Fund	A	43,921.46	40,189.72
Encumbrances Payable	A-29	143,979.34	2,500.00
Reserve for Grants Appropriated	A-29	338,078.22	340,594.98
Reserve for Grants Unappropriated	A-28	-	983.07
Total State & Federal Grants		525,979.02	384,267.77
Total Liabilities, Reserves & Fund Balance		\$ 7,566,925.01	\$ 7,801,746.20

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

**TOWNSHIP OF MULLICA  
CURRENT FUND  
STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 520,000.00	\$ 500,000.00
Miscellaneous Revenue Anticipated	1,214,666.21	1,266,925.40
Receipts From Delinquent Taxes & Tax Title Liens	475,384.47	401,544.91
Receipts From Current Taxes	13,283,842.55	13,188,764.71
Nonbudget Revenue	162,465.46	140,775.01
Sale of Foreclosed Property	73,016.00	43,078.00
Sale of Municipal Assets	-	1,001.50
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	159,398.46	249,495.45
Total	<u>15,888,773.15</u>	<u>15,791,584.98</u>
Expenditures:		
Budget & Emergency Appropriations:		
Operations Within "CAPS":		
Salaries & Wages	1,808,986.00	1,817,273.00
Other Expenses	2,011,435.00	1,964,069.00
Deferred Charges & Statutory		
Expenditures - Municipal Within "CAPS"	474,342.00	465,757.79
Operations Excluded from "CAPS":		
Salaries & Wages	59,250.00	45,500.00
Other Expenses	476,691.35	518,500.74
Capital Improvements	40,000.00	40,000.00
Municipal Debt Service	300,559.01	287,875.14
Deferred Charges	64,000.00	14,000.00
County Taxes	2,544,664.43	2,687,550.70
Due County for Added & Omitted Taxes	6,820.57	10,211.71
Local District School Tax	4,482,949.00	4,260,244.00
Regional High School District Tax	2,981,200.00	3,105,736.00
Refund of Prior Year Revenue	3,234.09	12,249.34
Interfund Created	3,731.74	40,189.72
Total Expenditures	<u>15,257,863.19</u>	<u>15,269,157.14</u>
Excess to Fund Balance	630,909.96	522,427.84
Fund Balance January 1	<u>616,903.77</u>	<u>594,475.93</u>
Total	1,247,813.73	1,116,903.77
Decreased by: Utilization as Anticipated Revenue	<u>520,000.00</u>	<u>500,000.00</u>
Fund Balance December 31	<u><u>\$ 727,813.73</u></u>	<u><u>\$ 616,903.77</u></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, 2018**

	BUDGET	APPROPRIATED by N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 520,000.00	\$ -	\$ 520,000.00	\$ -
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	4,500.00	-	4,500.00	-
Fines & Costs:				
Municipal Court	130,000.00	-	119,120.04	(10,879.96)
Interest & Costs on Taxes	63,000.00	-	81,115.10	18,115.10
Interest on Deposits	3,000.00	-	5,386.06	2,386.06
Trailer Pad Fees	38,000.00	-	42,505.00	4,505.00
Cell Tower Revenues	35,000.00	-	40,076.74	5,076.74
Consolidated Municipal Property				-
Tax Relief Act	17,432.00	-	17,432.00	-
Energy Receipts Tax	434,344.00	-	434,344.00	-
Garden State Trust	41,440.00	-	41,440.00	-
Uniform Construction Code				
Fees & Permits	65,500.00	-	97,546.00	32,046.00
Interlocal Agreement				
School Resource Officer	50,000.00	-	44,371.92	(5,628.08)
Clean Communities Program Grant	-	20,555.03	20,555.03	-
Click It or Ticket	-	5,500.00	5,500.00	-
New Jersey Department of Transportation				
Trust Fund Authority Act	169,920.00	-	169,920.00	-
Drunk Driving Enforcement Grant	-	9,250.00	9,250.00	-
Federal Bulletproof Vest Partnership	-	1,106.25	1,106.25	-
Municipal Alliance on Alcoholism				
and Drug Abuse	12,415.00	-	12,415.00	-
Distracted Driver Grant	6,600.00	-	6,600.00	-
Drive Sober or Get Pulled Over	-	5,500.00	5,500.00	-
Community Development Block Grant	15,000.00	-	15,000.00	-
Recycling Tonnage Grant	983.07	-	983.07	-
Capital Fund Surplus	40,000.00	-	40,000.00	-
Total Miscellaneous Revenues	1,127,134.07	41,911.28	1,214,666.21	45,620.86
Receipts from Delinquent Taxes	435,000.00	-	475,384.47	40,384.47
Local Tax for Municipal Purposes	3,730,935.51	-	3,887,925.06	156,989.55
Budget Totals	5,813,069.58	41,911.28	6,097,975.74	242,994.88
Nonbudget Revenues	-	-	162,465.46	162,465.46
Total	\$ 5,813,069.58	\$ 41,911.28	\$ 6,260,441.20	\$ 405,460.34

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, 2018**

**ANALYSIS OF REALIZED REVENUES**

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 13,283,842.55
Less: Allocated for School & County Taxes	<u>10,015,634.00</u>
Total Allocation of Current Tax Collections	3,268,208.55
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>619,716.51</u>
Total Amount for Support of Municipal Budget Appropriation	<u><u>\$ 3,887,925.06</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 454,189.02
Tax Title Lien Collections	<u>21,195.45</u>
Total Receipts from Delinquent Taxes	<u><u>\$ 475,384.47</u></u>

**ANALYSIS OF NONBUDGET REVENUES**

Miscellaneous Revenue Not Anticipated:	
Receipts:	
Licenses	\$ 9,718.00
Fees and Permits	25,414.71
Administrative Operations	28,910.34
Cable Franchise Fee	24,105.79
Miscellaneous	32,516.62
Community Champions Registration Fees	40,800.00
Billboard Lease	<u>1,000.00</u>
Total Nonbudgeted Revenue	<u><u>\$ 162,465.46</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, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
<b>General Government Functions:</b>						
Township Committee:						
Salaries and Wages	\$ 7,500.00	\$ 7,501.00	\$ 7,501.00	\$ -	\$ -	\$ -
Other Expenses	2,000.00	2,000.00	1,880.00	20.00	100.00	-
Municipal Clerk:						
Salaries and Wages	121,000.00	122,000.00	120,992.86	-	1,007.14	-
Other Expenses	16,000.00	18,000.00	13,449.45	2,960.15	1,590.40	-
Financial Administration:						
Salaries and Wages	64,370.00	64,370.00	64,367.94	-	2.06	-
Other Expenses	11,000.00	11,000.00	10,155.83	840.32	3.85	-
Audit Services:	24,000.00	24,000.00	23,500.00	-	500.00	-
Collection of Taxes:						
Salaries and Wages	79,525.00	79,525.00	79,523.08	-	1.92	-
Other Expenses	8,000.00	8,000.00	7,838.27	-	161.73	-
Tax Assessments Administration:						
Salaries and Wages	38,270.00	38,270.00	38,264.98	-	5.02	-
Other Expenses	6,000.00	6,000.00	3,960.37	802.00	1,237.63	-
Legal Services:						
Other Expenses	75,000.00	125,000.00	83,004.34	41,839.60	156.06	-
Engineering Services & Costs:						
Other Expenses	25,000.00	18,000.00	1,430.00	15,825.00	745.00	-
Senior Citizen Advisory Commission:						
Other Expenses	1,000.00	1,000.00	740.84	259.16	-	-
<b>Land Use Administration:</b>						
Planning Board:						
Salaries and Wages	4,390.00	4,390.00	4,386.63	-	3.37	-
Other Expenses	5,000.00	5,000.00	3,118.72	23.45	1,857.83	-
<b>Insurance:</b>						
General Liability	52,380.00	52,380.00	51,880.00	-	500.00	-
Worker's Compensation	120,590.00	120,839.00	120,839.00	-	-	-
Employee Group Health	855,000.00	827,000.00	822,693.07	-	4,306.93	-
Health Benefit Waiver	5,000.00	5,000.00	-	-	5,000.00	-
Unemployment Insurance	10,000.00	10,000.00	8,156.35	-	1,843.65	-
<b>Municipal Court:</b>						
Municipal Court:						
Salaries and Wages	90,000.00	95,000.00	90,417.32	-	4,582.68	-
Other Expenses	7,000.00	7,000.00	4,098.82	65.00	2,836.18	-
Public Defender:						
Other Expenses	6,400.00	6,400.00	4,800.00	-	1,600.00	-
<b>Public Safety Functions:</b>						
Police:						
Salaries and Wages	1,138,000.00	1,125,000.00	1,096,228.08	-	28,771.92	-
Other Expenses	90,900.00	90,900.00	69,702.69	21,134.34	62.97	-
Office of Emergency Management:						
Salaries and Wages	4,500.00	4,500.00	2,576.83	-	1,923.17	-
Other Expenses	500.00	500.00	215.51	-	284.49	-
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, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
<b>Public Works Functions:</b>						
Streets & Roads Maintenance:						
Salaries and Wages	231,200.00	156,200.00	147,711.53	-	8,488.47	-
Other Expenses	50,000.00	81,000.00	59,519.47	17,172.02	4,308.51	-
Solid Waste Collection:						
Other Expenses	79,500.00	79,500.00	72,354.47	6,587.33	558.20	-
Public Building & Grounds:						
Other Expenses	45,000.00	52,000.00	42,755.25	8,778.32	466.43	-
Vehicle Maintenance	58,000.00	66,265.00	59,870.29	5,984.29	410.42	-
Landfill and Solid Waste Disposal Costs:						
Other Expenses	115,000.00	118,000.00	107,068.63	10,565.00	366.37	-
<b>Health and Welfare:</b>						
Animal Control Program:						
Other Expenses	8,000.00	8,000.00	7,200.00	800.00	-	-
Environmental Commission:						
Other Expenses	200.00	200.00	-	-	200.00	-
<b>Recreation and Education:</b>						
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	12,109.86	3,542.36	2,347.78	-
<b>Appropriation Offset By Dedicated Revenues:</b>						
State Uniform Construction Code						
Construction Official:						
Salaries and Wages	91,120.00	91,120.00	91,105.99	-	14.01	-
Other Expenses	2,950.00	2,950.00	1,705.42	-	1,244.58	-
Other Code Enforcement Functions:						
Salaries and Wages	15,610.00	15,610.00	15,610.00	-	-	-
Other Expenses	1,500.00	1,500.00	475.00	-	1,025.00	-
<b>Unclassified:</b>						
Settlement						
Utilities						
Electric and Natural Gas	79,000.00	79,000.00	65,968.16	12,559.60	472.24	-
Telecommunications Costs	23,000.00	23,000.00	20,253.20	166.49	2,580.31	-
Petroleum Products	60,000.00	70,000.00	50,769.78	7,942.26	11,287.96	-
Accumulated Leave Compensation	500.00	5,500.00	5,500.00	-	-	-
<b>Total Operations Within "CAPS"</b>						
Including Contingent	3,820,906.00	3,820,421.00	3,567,699.07	157,866.69	94,855.24	-
<b>Detail:</b>						
Salaries and Wages	1,885,985.00	1,808,986.00	1,764,186.24	-	44,799.76	-
Other Expenses	1,934,921.00	2,011,435.00	1,803,512.83	157,866.69	50,055.48	-

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, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
<b>Deferred Charges &amp; Statutory Expenditures</b>						
<b>Municipal Within "CAPS":</b>						
<b>Statutory Expenditures:</b>						
Contributions to:						
Public Employees						
Retirement System	76,023.00	76,023.00	76,022.52	-	0.48	-
Social Security System (O.A.S.I.)	145,000.00	145,000.00	136,431.06	-	8,568.94	-
Police & Fireman's Retirement						
System of New Jersey	250,819.00	250,819.00	250,819.00	-	-	-
Defined Contribution Retirement						
Program	2,500.00	2,500.00	747.62	-	1,752.38	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	474,342.00	474,342.00	464,020.20	-	10,321.80	-
Total General Appropriations for Municipal Purposes Within "CAPS"	4,295,248.00	4,294,763.00	4,031,719.27	157,866.69	105,177.04	-
NJPDES Stormwater Management Rules:						
Other Expenses	12,000.00	12,000.00	500.00	-	11,500.00	-
Total Other Operations - Excluded from "CAPS"	12,000.00	12,000.00	500.00	-	11,500.00	-
Interlocal Municipal Service Agreements:						
Police Dispatch	215,000.00	215,000.00	214,691.79	-	308.21	-
School Resource Officer	50,000.00	50,000.00	48,752.99	875.00	372.01	-
IT Services	9,008.00	9,008.00	9,008.00	-	-	-
Total Interlocal Muni. Service Agreements	274,008.00	274,008.00	272,452.78	875.00	680.22	-
<b>Public &amp; Private Programs Offset by Revenues:</b>						
Clean Communities Program Grant:	-	20,555.03	20,555.03	-	-	-
Click It or Ticket	-	5,500.00	5,500.00	-	-	-
New Jersey Transportation Trust Fund						
Authority Act	169,920.00	169,920.00	169,920.00	-	-	-
Drunk Driving Enforcement Grant	-	9,250.00	9,250.00	-	-	-
Drive Sober or Get Pulled Over	-	5,500.00	5,500.00	-	-	-
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	983.07	983.07	983.07	-	-	-
Federal Bulletproof Vest						
Partnership Grant	-	1,106.25	1,106.25	-	-	-
Community Development Block Grant	15,000.00	15,000.00	15,000.00	-	-	-
Distracted Driver Grant	6,600.00	6,600.00	6,600.00	-	-	-
Total Operations Excluded from "CAPS"	494,030.07	535,941.35	522,886.13	875.00	12,180.22	-
Detail:						
Salaries and Wages	50,000.00	59,250.00	58,002.99	875.00	372.01	-
Other Expenses	444,030.07	476,691.35	464,883.14	-	11,808.21	-
<b>Capital Improvements-Excluded from "CAPS":</b>						
Capital Improvement Fund	30,000.00	30,000.00	30,000.00	-	-	-
Information Technology Equipment and Supplies	10,000.00	10,000.00	8,704.19	1,295.81	-	-
Total Capital Improvements Excluded from "CAPS"	40,000.00	40,000.00	38,704.19	1,295.81	-	-

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, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
<b>Municipal Debt Service - Excluded From "CAPS":</b>						
Payment of Bond Principal	150,000.00	150,000.00	150,000.00	-	-	-
Payment of Bond Anticipation Notes & Capital Note	91,875.00	91,875.00	91,875.00	-	-	-
Interest on Bonds	50,700.00	50,700.00	50,700.00	-	-	-
Interest on Notes	7,500.00	7,985.00	7,984.01	-	-	0.99
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>300,075.00</b>	<b>300,560.00</b>	<b>300,559.01</b>	<b>-</b>	<b>-</b>	<b>0.99</b>
<b>Deferred Charges - Excluded from "CAPS":</b>						
Special Emergency Authorizations - 5 Years	64,000.00	64,000.00	64,000.00	-	-	-
<b>Total Deferred Charges - Excluded from "CAPS"</b>	<b>64,000.00</b>	<b>64,000.00</b>	<b>64,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
Subtotal General Appropriations	5,193,353.07	5,235,264.35	4,957,868.60	160,037.50	117,357.26	0.99
Reserve For Uncollected Taxes	619,716.51	619,716.51	619,716.51	-	-	-
<b>Total General Appropriations</b>	<b>\$ 5,813,069.58</b>	<b>\$ 5,854,980.86</b>	<b>\$ 5,577,585.11</b>	<b>\$ 160,037.50</b>	<b>\$ 117,357.26</b>	<b>\$ 0.99</b>
Appropriation by 40A:4-87		\$ 41,911.28				
Original Budget		<u>5,813,069.58</u>				
Total		<u>\$ 5,854,980.86</u>				
Reserve for Federal & State Grants - Appropriated			\$ 249,933.35			
Deferred Charge - Emergency Authorization			64,000.00			
Reserve for Uncollected Taxes			619,716.51			
Reimbursements			(79,951.52)			
Cash Disbursements			<u>4,723,886.77</u>			
Total			<u>\$ 5,577,585.11</u>			

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

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TRUST FUND  
EXHIBIT

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**TOWNSHIP OF MULLICA  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Animal Control Fund:			
Cash	B-1	\$ 465.61	\$ 12.61
Total Animal Control Fund		465.61	12.61
Other Trust Funds:			
Cash - Treasurer	B-1	337,365.43	340,855.87
Cash - Collector	B-2	162,700.00	97,092.91
Cash - Landfill Closure	B-3	88,161.55	88,042.55
Revolving Loans Receivable	B-4	443,691.81	448,626.81
Total Other Trust Funds:		1,031,918.79	974,618.14
Total - All Funds		\$ 1,032,384.40	\$ 974,630.75
LIABILITIES & RESERVES			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-5	\$ 465.61	\$ 12.61
Total Animal Control Fund		465.61	12.61
Other Trust Funds:			
Tax Title Lien Redemption	B-7	500.00	5,342.91
Premium in Tax Title Lien Redemption	B-7	162,200.00	91,750.00
Reserve for:			
Accumulated Absences	B-7	28,289.79	22,789.79
Landfill Closure	B-7	88,161.55	88,042.55
Recycling Fees	B-7	20,315.93	26,613.82
Escrow Review Fees	B-7	41,543.21	50,439.02
Police Confiscatory Funds	B-7	14,386.83	15,037.16
MTRA Housing Rehab	B-7	635,139.77	640,034.72
Trust Other	B-7	41,381.71	34,568.17
Total Other Funds		1,031,918.79	974,618.14
Total - All Funds		\$ 1,032,384.40	\$ 974,630.75

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

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GENERAL CAPITAL FUND  
EXHIBITS

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**TOWNSHIP OF MULLICA  
GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Cash	C-2	\$ 378,177.72	\$ 467,160.15
Deferred Charges to Future Taxation:			
Unfunded	C-5	228,375.00	320,250.00
Funded	C-4	1,020,000.00	1,170,000.00
Total		<u>\$ 1,626,552.72</u>	<u>\$ 1,957,410.15</u>
LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-11	\$ 1,020,000.00	\$ 1,170,000.00
Bond Anticipation Notes	C-10	228,375.00	320,250.00
Improvement Authorizations:			
Funded	C-9	170,779.67	207,762.10
Contracts Payable	C-7	66,080.00	102,480.00
Reserve for Preliminary Expenses - Road Study	C-8	24,400.00	-
Capital Improvement Fund	C-6	64,195.60	64,195.60
Fund Balance	C-1	52,722.45	92,722.45
Total		<u>\$ 1,626,552.72</u>	<u>\$ 1,957,410.15</u>

There were no bonds and notes authorized but not issued on December 31, 2018 and 2017.

**TOWNSHIP OF MULLICA  
GENERAL CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 92,722.45
Decreased by:	
Anticipated in Current Year Budget	<u>40,000.00</u>
Balance December 31, 2018	<u><u>\$ 52,722.45</u></u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP  
EXHIBIT

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**TOWNSHIP OF MULLICA**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**STATEMENTS OF ASSETS, LIABILITIES, RESERVES**  
**AND FUND BALANCE - REGULATORY BASIS**  
**DECEMBER 31, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
Land and Buildings	\$ 2,293,007.75	\$ 2,293,007.75
Machinery and Equipment	<u>5,127,899.78</u>	<u>4,990,087.34</u>
Total	<u>\$ 7,420,907.53</u>	<u>\$ 7,283,095.09</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 7,420,907.53</u>	<u>\$ 7,283,095.09</u>

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

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**TOWNSHIP OF MULLICA  
COUNTY OF ATLANTIC**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**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 (hereafter referred to as 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** - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

**Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Township 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 State of America applicable to local government units. The more significant differences are explained further in this note.

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

**Current Fund** – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Trust Funds** – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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 10<sup>th</sup> of each year. At introduction, the governing body must 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 municipality. 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.40A:4-9*. 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 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. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - 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. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

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

**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**Inventories and Supplies** - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various 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 acquisition value as of the date of the transaction. 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. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**Foreclosed property** – Foreclosed Property or "Property Acquired for Taxes" 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 overexpenditures 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.

**Fund Balance** – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**Revenues** – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are 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 revenues when received.

**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, Mullica Township School District and Greater Egg Harbor Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**County Taxes** – The municipality 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 rates required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition, operations are charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Mullica Township School District and Greater Egg Harbor Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

**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** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is 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 31, 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 interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31<sup>st</sup> of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and 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 Fund. 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** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of 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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

**Note 2. Deposits and Investments**

The Township is governed by the deposit and investment limitations of New Jersey state law.

**Deposits**

**Custodial Credit Risk Related to Deposits** - 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 funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 2. Deposits and Investments (continued)**

may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2018, the Township's bank balance of \$4,077,972.30 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 3,441,914.78
Uninsured and Uncollateralized	<u>636,057.52</u>
	<u><u>\$ 4,077,972.30</u></u>

**Investments**

The Township had no investments as of December 31, 2018.

**Note 3. Property Taxes**

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

**Comparison Schedule of Tax Rates**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 4.698</u>	<u>\$ 4.694</u>	<u>\$ 4.417</u>
Apportionment of Tax Rate:			
Municipal	1.276	1.249	1.219
County	0.870	0.922	0.895
Local & Regional School	2.552	2.523	2.303

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2018	\$ 292,476,800.00
2017	291,878,400.00
2016	292,081,400.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	\$ 13,777,284.17	\$ 13,283,842.55	96.41%
2017	13,752,590.97	13,188,764.71	95.90%
2016	12,931,083.00	12,447,329.00	96.25%



**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 3. Property Taxes (continued)**

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2018	\$ 405,976.65	\$ 387,808.26	\$ 793,784.91	5.76%
2017	318,035.04	472,378.80	790,413.84	5.75%
2016	249,645.27	383,458.82	633,104.09	4.90%

**Number of Tax Title Liens**

<u>Year</u>	<u>Number</u>
2018	304
2017	280
2016	255

The last tax sale was held on April 4, 2018.

**Note 4. Property Acquired By Tax Title Lien Liquidation**

The value of properties acquired by liquidation of tax title liens based on the last assessed valuation of such properties as of December 31, was as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 3,452,500.00
2017	3,571,100.00
2016	3,592,400.00

**Note 5. Fund Balances Appropriated**

The following schedule details the amount of fund balances available at the end of the current year and two previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b>Current Fund:</b>			
2018	\$ 727,813.73	\$ 509,000.00	69.94%
2017	616,903.77	520,000.00	84.29%
2016	594,475.93	500,000.00	84.11%

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 6. Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 7. Interfund Receivables, Payables and Transfers**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2018:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 43,921.46	\$ -
State and Federal Grant Fund	<u>-</u>	<u>43,921.46</u>
	<u>\$ 43,921.46</u>	<u>\$ 43,921.46</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.

**Note 8. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018.

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Land & Buildings	\$ 2,293,007.75	\$ -	\$ -	\$ 2,293,007.75
Machinery & Equipment	4,990,087.34	137,812.44	-	<u>5,127,899.78</u>
	<u>\$ 7,283,095.09</u>	<u>\$ 137,812.44</u>	<u>\$ -</u>	<u>\$ 7,420,907.53</u>

**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. 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 Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

The following represents the membership tiers for PERS:

<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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 with 25 or more years of service credit before age 62 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 2018, the State's pension contribution was less than the actuarial determined amount. The local

**Note 9. Pension Obligations (continued):**

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**A. Public Employees' Retirement System (PERS)**

employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the Township's contractually required contribution to PERS plan was \$83,760.

**Components of Net Pension Liability** - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was \$1,658,018. The net pension liability was measured as of June 30, 2018. 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, 2017, which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Township's proportion measured as of June 30, 2018, was 0.00842% which was an increase of 0.00026% from its proportion measured as of June 30, 2017.

**Collective Balances at December 31, 2018 and December 31, 2017**

	<u>12/31/2018</u>	<u>12/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 353,306	\$ 440,322
Deferred Inflows of Resources	659,972	534,522
Net Pension Liability	1,658,018	1,899,400
Township's portion of the Plan's total net pension Liability	0.00842%	0.00816%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2018, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is \$54,846. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$83,760 to the plan in 2018.

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS)**

At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 31,619	\$ 8,549
Changes of Assumptions	273,214	530,146
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	15,552
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>48,473</u>	<u>105,725</u>
	<u>\$ 353,306</u>	<u>\$ 659,972</u>

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS)**

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending <u>Dec 31,</u></b>	<b><u>Amount</u></b>
2019	\$ (51,573)
2020	(45,974.00)
2021	(76,901.00)
2022	(109,431.00)
2023	<u>(22,786.00)</u>
	<u><u>\$ (306,665)</u></u>

**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:

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

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS)**

base year of 2012 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, 2017 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 (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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



**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS)**

**Discount Rate** - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 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 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 2,084,766	\$ 1,658,017	\$ 1,300,003

**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 <http://www.nj.gov/treasury/pensions/financial-reports.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

**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

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

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.

**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 2018, 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. For the year ended December 31, 2018, the Township's contractually required contributions to PFRS plan was \$228,785.

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

**Net Pension Liability and Pension Expense** - At December 31, 2018 the Township's proportionate share of the PFRS net pension liability was \$3,166,621. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Township's proportion measured as of June 30, 2018, was 0.02340%, which was a decrease of 0.00494% from its proportion measured as of June 30, 2017.

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

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

**Collective Balances at December 31, 2018 and December 31, 2017**

	<u>12/31/2018</u>	<u>12/31/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 480,043	\$ 948,534
Deferred Inflows of Resources	1,581,372	866,153
Net Pension Liability	3,166,621	4,375,231
Township's portion of the Plan's total net pension Liability	0.02340%	0.02834%

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2018, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2018 measurement date was \$203,880. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$228,785 to the plan in 2018.

At December 31, 2018, the Township 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	\$ 32,216	\$ 13,104
Changes of Assumptions	271,812	811,550
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	17,324
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>176,015</u>	<u>739,394</u>
	<u>\$ 480,043</u>	<u>\$ 1,581,372</u>

**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

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

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between 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
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending</b>	
<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>
2019	\$ 61,408
2020	(151,047.00)
2021	(473,467.00)
2022	(345,342.00)
2023	<u>(192,880.00)</u>
	<u>\$ (1,101,328)</u>

**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 PFRS net pension liability attributable to the Township is \$430,133 as of December 31, 2018. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2018 was 0.02340%, which was a decrease of 0.00494% from its proportion measured as of June 30, 2017, which is the same proportion as the Township's. At December 31, 2018, the Township's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 3,166,621
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>430,133</u>
	<u>\$ 3,596,754</u>

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

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

At December 31, 2018, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2018 measurement date was \$50,949.

**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:

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
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 2012 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 2012 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, 2017 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 (7.00% at June 30, 2018) 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

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

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

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 PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

**Discount Rate** - The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 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 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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 FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 9. Pension Obligations (continued):**

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

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.51%) or 1-percentage-point higher (7.51%) than the current rate:

	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 4,238,129	\$ 3,166,621	\$ 2,276,641
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>575,680</u>	<u>430,133</u>	<u>309,244</u>
	<u>\$ 4,813,809</u>	<u>\$ 3,596,754</u>	<u>\$ 2,585,885</u>

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

**Note 11. Postemployment Benefits Other Than Pensions**

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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



**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 11. Postemployment Benefits Other Than Pensions (continued):**

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

**Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan 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.

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**Net OPEB Liability**

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 11. Postemployment Benefits Other Than Pensions (continued):**

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

\* - Salary Increases are based on the defined benefit plan that the member is enrolled in and his or her age.

**OPEB Obligation and OPEB Expense** - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Township's as of June 30, 2018 was \$6,353,597.00. The Township's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2018, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the OPEB Obligation associated with the Township was based on projection of the State's long-term contributions to the OPEB plan associated with the Township relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2018, the State proportionate share of the OPEB Obligation attributable to the Township was 0.040555%, which was an increase of 0.003383% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$179,081.00 for the State's proportionate share of the OPEB expense attributable to the Township. This OPEB expense was based on the OPEB plans June 30, 2018 measurement date.

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

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

**TOWNSHIP OF MULICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 11. Postemployment Benefits Other Than Pensions (continued):**

*Health Care Trend Assumptions*

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

*Discount Rate*

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Sensitivity of Net OPEB Liability to Changes in the Discount Rate*

The following presents the collective net OPEB liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Township	\$ 7,454,449.08	\$ 6,353,597.00	\$ 5,474,265.34
State of New Jersey's Total Nonemployer OPEB Liability	18,381,085,096.00	15,666,618,141.00	13,498,373,388.00

*Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:*

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Township	\$ 5,299,918.61	\$ 6,353,597.00	\$ 7,717,213.41
State of New Jersey's Total Nonemployer OPEB Liability	13,068,471,450.00	15,666,618,141.00	19,029,006,023.00

**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 11. Postemployment Benefits Other Than Pensions (continued):**

**Additional Information** – The following is a summary of the collective balances of the local group at June 30, 2018:

	12/31/2018	12/31/2017
Collective Deferred Outflows of Resources	\$ 2,115,007,508.00	\$ 1,151,561,955.00
Collective Deferred Inflows of Resources	9,261,653,464.00	3,414,042,238.00
Collective Net OPEB Liability	15,666,618,141.00	20,415,788,739.00
 Township's Portion	 0.040555%	 0.037172%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2019	\$ (1,049,390,011.00)
2020	(1,049,390,011.00)
2021	(1,049,390,011.00)
2022	(1,050,264,681.00)
2023	(1,051,678,489.00)
Thereafter	(1,896,532,753.00)
	<u>\$ (7,146,645,956.00)</u>

*Changes in Proportion*

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.14 and 8.04 years for the 2018 and 2017 amounts, respectively.

**Plan Membership**

At June 30, 2017, the Program membership consisted of the following:

	<u>June 30, 2017</u>
Active Plan Members	61,789
Retirees Currently Receiving Benefits	<u>26,277</u>
 Total Plan Members	 <u><u>88,066</u></u>

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 11. Postemployment Benefits Other Than Pensions (continued):**

Service Cost	\$ 896,235,148.00
Interest on the Total OPEB Liability	764,082,232.00
Differences Between Expected and Actual Experience	(3,626,384,047.00)
Changes of Assumptions	(2,314,240,675.00)
Contributions From the Employer	(421,194,662.00)
Contributions From Non-Employer Contributing Entity	(53,548,285.00)
Net Investment Income	(2,320,422.00)
Administrative Expense	8,200,113.00
	<hr/>
Net Change in Total OPEB Liability	(4,749,170,598.00)
Total OPEB Liability (Beginning)	20,415,788,739.00
	<hr/>
Total OPEB Liability (Ending)	<u><u>\$ 15,666,618,141.00</u></u>

**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 12. Municipal Debt**

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Issued:</b>			
General:			
Bonds, Notes and Loans	\$ 1,248,375.00	\$ 1,490,250.00	\$ 1,717,125.00
Total Debt Issued	<u>1,248,375.00</u>	<u>1,490,250.00</u>	<u>1,717,125.00</u>
<b>Authorized but not issued:</b>			
General:			
Bonds, Notes and Loans	-	-	-
Total Authorized But Not Issued	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Gross Debt</b>	<u><u>\$ 1,248,375.00</u></u>	<u><u>\$ 1,490,250.00</u></u>	<u><u>\$ 1,717,125.00</u></u>
<b>Total Net Debt</b>	<u><u>\$ 1,248,375.00</u></u>	<u><u>\$ 1,490,250.00</u></u>	<u><u>\$ 1,717,125.00</u></u>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 6,244,000.00	\$ 6,244,000.00	\$ -
Regional School Debt	3,827,152.12	3,827,152.12	-
General Debt	<u>1,248,375.00</u>	<u>-</u>	<u>1,248,375.00</u>
	<u><u>\$ 11,319,527.12</u></u>	<u><u>\$ 10,071,152.12</u></u>	<u><u>\$ 1,248,375.00</u></u>

Net Debt \$1,248,375 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$469,971,342, equals 0.266%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2018 is calculated as follows:

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 12. Municipal Debt (continued)**

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 16,448,996.97
Net Debt	<u>1,248,375.00</u>
Remaining Borrowing Power	<u><u>\$ 15,200,621.97</u></u>

**General Debt**

**A. Serial Bonds Payable**

On October 26, 2016, the Township issued \$1,310,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.0% to 5.0% and mature on October 15, 2024.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	170,000.00	27,000.00	197,000.00
2023	180,000.00	18,500.00	198,500.00
2024	190,000.00	9,500.00	199,500.00
	<u>\$ 1,020,000.00</u>	<u>\$ 174,800.00</u>	<u>\$ 1,194,800.00</u>

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2018:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2018</u>
Series 2018	5/8/2018	5/7/2019	1.250%	<u>\$ 228,375.00</u>
				<u><u>\$ 228,375.00</u></u>

**TOWNSHIP OF MULICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 12. Municipal Debt (continued)**

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**C. Bonds and Notes Authorized But Not Issued**

The Township had no bonds and notes authorized but not issued in the General Capital Fund at December 31, 2018.

**Summary of Principal Debt**

A summary of the changes in long-term and short term debt of the Township is as follows:

	Balance December 31, <u>2017</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2018</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 1,170,000.00	\$ -	\$ 150,000.00	\$ 1,020,000.00	\$ 155,000.00
Bond Anticipation Notes	320,250.00	228,375.00	320,250.00	228,375.00	\$ 228,375.00
Compensated Absences Payable	324,677.47	2,024.49	-	326,701.96	-
	<u>\$ 1,814,927.47</u>	<u>\$ 230,399.49</u>	<u>\$ 470,250.00</u>	<u>\$ 1,575,076.96</u>	<u>\$ 383,375.00</u>

**Note 13. Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	Balance December 31, <u>2018</u>	2019 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<b>Current Fund:</b>			
Special Emergency Authorizations (40A:4-55)	\$ 214,000.00	\$ 64,000.00	\$ 150,000.00



**TOWNSHIP OF MULLICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 14. Deferred School Taxes**

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Balance of Local Tax	\$ 2,241,474.45	\$ 2,130,122.03
Deferred Taxes	<u>1,161,109.00</u>	<u>1,161,109.00</u>
Local Tax Payable	<u>\$ 1,080,365.45</u>	<u>\$ 969,013.03</u>

  

<u>Regional Tax</u>	<u>Balance, December 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Balance of Regional Tax	\$ 1,490,600.00	\$ 1,552,868.00
Deferred Taxes	<u>1,174,691.00</u>	<u>1,174,691.00</u>
Regional Tax Payable	<u>\$ 315,909.00</u>	<u>\$ 378,177.00</u>

**Note 15. Deferred Compensation Salary Account**

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

**Note 16. Accrued Sick, Vacation and Compensation Time**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$326,701.96 at December 31, 2018.

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 17. Risk Management**

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

**Property and Liability**

The Township maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2018 and 2017 the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Township is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) 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 general liability limit of \$100,000 under JIF, which increases to \$10,000,000 under MEL.

**Note 18. Contingencies**

**Grantor Agencies**

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 grant 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, 2018 the Township estimates that no material liabilities will result from such audits.

**Litigation**

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

**Tax Appeals**

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2018.

**TOWNSHIP OF MULLICA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 19. Operating Leases**

The Township has commitments to lease a postage machine under operating leases for 5 years. Total lease payments made during the year ended December 31, 2018 amounted to \$1,697.28. Future minimum lease payments are as follows:

Fiscal Year Ending <u>June 30,</u>	
2019	\$ 1,697.28
2020	1,697.28
2021	1,697.28
2022	<u>1,272.96</u>
Total Minimum Lease Payments	<u><u>\$ 6,364.80</u></u>

The Township has commitments to lease three police vehicles for 3 years. Total lease payments made during the year ended December 31, 2018 amounted to \$39,449.38. Future minimum lease payments are as follows:

Fiscal Year Ending <u>June 30,</u>	
2019	\$ 34,835.44
2020	<u>37,070.68</u>
Total Minimum Lease Payments	<u><u>\$ 71,906.12</u></u>

**Note 20. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and July 24, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. The following was noted:

During April of 2019, the Township approved one new bond ordinances. Ordinance 4-2019 was approved to be used for Various Capital Acquisitions and Improvements for a total of \$920,000 and authorized the issuance of debt in the amount of \$874,000 in bonds or notes.

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**SUPPLEMENTARY EXHIBITS**

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**CURRENT FUND**

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**TOWNSHIP OF MULLICA  
CURRENT FUND  
SCHEDULE OF CURRENT CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>CURRENT</u>	
Balance December 31, 2017	\$ 2,720,120.94	
Increased by Receipts:		
Tax Collector	\$ 13,570,732.47	
Due from State - Senior Citizens & Vets	62,202.90	
Revenue Accounts Receivable	967,836.86	
Sale of Foreclosed Property	66,244.40	
Budget Appropriation Refunds	79,951.52	
Marriage License Fees	550.00	
Reserve for JIF Safety Program	2,500.00	
Land Sale Deposits	6,771.60	
Due from Prudential	214.53	
DCA Inspections Fees	8,673.00	
Federal & State Grants Receivable	103,970.52	14,869,647.80
		<u>14,869,647.80</u>
Subtotal		<u>14,869,647.80</u>
Total		<u>17,589,768.74</u>
Decreased by Disbursements:		
2018 Appropriations	4,723,886.77	
2017 Appropriation Reserves	134,348.06	
County Taxes	2,544,664.43	
Due County for Added & Omitted Taxes	17,032.28	
Regional High School District Tax	3,043,468.00	
Local District School Tax	4,371,596.58	
Marriage License Fees	675.00	
Reserve for JIF Safety Program	2,602.89	
Reserve for Tax Map Updates	300.00	
Tax Overpayments	22,471.57	
Payroll Taxes Payable	356.22	
DCA Inspections Fees	8,357.00	
Reserve for Revaluation	82,045.80	
Refund of Prior Year Revenue	3,234.09	
Reserve for Federal & State Grant		
Funds Appropriated	110,806.26	<u>15,065,844.95</u>
Total Disbursements		<u>15,065,844.95</u>
Balance December 31, 2018	\$ 2,523,923.79	<u><u>2,523,923.79</u></u>

**TOWNSHIP OF MULLICA  
CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	-
Increased by:			
Taxes Receivable	\$	13,175,769.18	
Tax Title Liens		21,195.45	
2019 Prepaid Taxes		211,302.38	
Miscellaneous Revenue Not Anticipated		162,465.46	13,570,732.47
			<hr/>
Subtotal			13,570,732.47
Decreased by:			
Payments to Treasurer			<hr/> 13,570,732.47
Balance December 31, 2018		\$	<hr/> <hr/> -

**SCHEDULE OF CHANGE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**TOWNSHIP OF MULLICA  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2018**

YEAR	BALANCE DECEMBER 31, 2017	2018 LEVY	ADDED TAXES	COLLECTED 2017	2018	DUE FROM STATE OF NEW JERSEY	(REMITTED)/ CANCELLED	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2018
2016	\$ 16,240.34	\$ -	\$ -	\$ -	\$ 16,240.34	\$ -	\$ -	\$ -	\$ -
2017	456,138.46	-	-	-	437,948.68	-	144.14	17,549.18	496.46
Total	472,378.80	-	-	-	454,189.02	-	144.14	17,549.18	496.46
2018	-	13,740,560.56	36,723.61	538,982.32	12,682,544.21	62,316.02	16,844.00	89,285.82	387,311.80
Total	\$ 472,378.80	\$ 13,740,560.56	\$ 36,723.61	\$ 538,982.32	\$ 13,136,733.23	\$ 62,316.02	\$ 16,988.14	\$ 106,835.00	\$ 387,808.26

Cash Receipts	\$ 13,175,769.18
Overpayments Applied	21,987.12
Overpayments Created	(61,023.07)
Total	<u>\$ 13,136,733.23</u>

**ANALYSIS OF 2018 PROPERTY TAX LEVY**

General Purpose Tax	\$ 13,740,560.56
Added & Omitted Taxes	<u>36,723.61</u>
Total	<u>\$ 13,777,284.17</u>
<b>TAX LEVY:</b>	
Local District School Tax	\$ 4,482,949.00
Regional High School District Tax	2,981,200.00
County Taxes:	
General County Tax	\$ 2,285,720.94
County Library Tax	153,068.10
County Health Tax	99,791.73
County Open Space	6,083.66
Due County for Added & Omitted Taxes	6,820.57
Local Tax for Municipal Purposes	3,730,935.51
Add: Additional Tax Levied	<u>30,714.66</u>
Total	<u>\$ 13,777,284.17</u>

**TOWNSHIP OF MULLICA  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 318,035.04
Increased by:		
Transfers from Taxes Receivable	\$ 106,835.00	
Interest & Cost on Taxes	2,302.06	109,137.06
		<hr/>
Subtotal		427,172.10
Decreased by:		
Lien Payments Received		21,195.45
		<hr/>
Balance December 31, 2018		<u><u>\$ 405,976.65</u></u>

**SCHEDULE OF DUE FROM STATE OF NJ  
VETERAN AND SENIOR CITIZEN DEDUCTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 4,642.33
Increased by:		
Senior Citizen & Veterans Deductions Per Tax Billings	\$ 63,000.00	
Deductions Allowed by Tax Collector - 2018 Taxes	500.00	
Deductions Disallowed by Tax Collector - 2018 Taxes	(1,183.98)	62,316.02
		<hr/>
Subtotal		66,958.35
Decreased by:		
Receipts - Collector		62,202.90
		<hr/>
Balance December 31, 2018		<u><u>\$ 4,755.45</u></u>

**TOWNSHIP OF MULLICA**  
**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	ACCRUED IN 2018	REALIZED	BALANCE DECEMBER 31, 2018
Licenses:				
Alcoholic Beverages	\$ -	\$ 4,500.00	\$ 4,500.00	\$ -
Fines & Costs:				
Municipal Court	12,347.07	114,383.35	119,120.04	7,610.38
Interest & Costs on Taxes	-	81,115.10	81,115.10	-
Interest on Deposits	-	5,386.06	5,386.06	-
Trailer Pad Fees	-	42,505.00	42,505.00	-
Cell Tower Revenues	-	40,076.74	40,076.74	-
Consolidated Municipal Property				
Tax Relief Act	-	17,432.00	17,432.00	-
Energy Receipts Tax	-	434,344.00	434,344.00	-
Garden State Trust	-	41,440.00	41,440.00	-
Uniform Construction Code				
Fees & Permits	-	97,546.00	97,546.00	-
Interlocal Agreement				
School Resource Officer	-	44,371.92	44,371.92	-
Clean Communities Program Grant:	-	20,555.03	20,555.03	-
Click It or Ticket	-	5,500.00	5,500.00	-
New Jersey Department of Transportation				
Trust Fund Authority Act	-	169,920.00	169,920.00	-
Drunk Driving Enforcement Grant	-	9,250.00	9,250.00	-
Federal Bullet Proof Vest	-	1,106.25	1,106.25	-
Municipal Alliance on Alcoholism				
and Drug Abuse	-	12,415.00	12,415.00	-
Distracted Driver Grant	-	6,600.00	6,600.00	-
Drive Sober or Get Pulled Over	-	5,500.00	5,500.00	-
Community Development Block Grant	-	15,000.00	15,000.00	-
Recycling Tonnage Grant	-	983.07	983.07	-
Capital Fund Surplus	-	40,000.00	40,000.00	-
Total Miscellaneous Revenues	<u>\$ 12,347.07</u>	<u>\$ 1,209,929.52</u>	<u>\$ 1,214,666.21</u>	<u>\$ 7,610.38</u>

Cash Receipts	\$ 967,836.86
State & Federal Grant Fund Appropriations	<u>246,829.35</u>
	<u>\$ 1,214,666.21</u>

**TOWNSHIP OF MULLICA  
CURRENT FUND  
ANALYSIS OF FORECLOSED PROPERTY  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017			\$ 3,571,100.00
Increased By:			
Properties Deeded			<u>3,600.00</u>
			3,574,700.00
Decreased By:			
Sales Price on Properties Sold	\$ 73,016.00		
Net Loss on Sale of Properties	<u>49,184.00</u>	<u>122,200.00</u>	
Balance December 31, 2018			<u><u>\$ 3,452,500.00</u></u>

ANALYSIS OF FORECLOSED PROPERTY:

Foreclosed Property		\$ 3,061,400.00
Property Deeded to Township		<u>391,100.00</u>
		<u><u>\$ 3,452,500.00</u></u>

**TOWNSHIP OF MULLICA**  
**CURRENT FUND**  
**SCHEDULE OF 2017 APPROPRIATION RESERVES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

OPERATIONS	BALANCE		BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
	DECEMBER 31, 2017 RESERVED	ENCUMBERED			
<b>General Government Functions:</b>					
Township Committee:					
Salaries and Wages	\$ 85.55	\$ -	\$ 85.55	\$ -	\$ 85.55
Other Expenses	55.00	-	55.00	-	55.00
Municipal Clerk:					
Salaries and Wages	755.51	-	755.51	-	755.51
Other Expenses	751.16	221.57	972.73	205.95	766.78
Financial Administration:					
Salaries and Wages	32.04	-	32.04	-	32.04
Other Expenses	138.97	25.00	163.97	25.00	138.97
Collection of Taxes:					
Salaries and Wages	1.92	-	1.92	-	1.92
Other Expenses	1,416.13	-	1,416.13	-	1,416.13
Assessment of Taxes:					
Salaries and Wages	5.10	-	5.10	-	5.10
Other Expenses	217.83	774.86	992.69	801.94	190.75
Legal Services:					
Other Expenses	622.24	13,103.84	13,726.08	8,120.95	5,605.13
Engineering Services & Cost:					
Other Expenses	5,252.50	29,385.00	34,637.50	22,002.50	12,635.00
<b>Land Use Administration:</b>					
Planning Board:					
Salaries and Wages	0.97	-	0.97	-	0.97
Other Expenses	548.50	4,056.00	4,604.50	1,238.50	3,366.00
<b>Insurance:</b>					
Employee Group Health	9,654.45	-	9,654.45	-	9,654.45
Health Benefits Waiver	1.00	-	1.00	-	1.00
Unemployment Insurance	2,098.35	-	2,098.35	294.33	1,804.02
<b>Municipal Court:</b>					
Municipal Court:					
Salaries and Wages	2,038.72	-	2,038.72	1,149.60	889.12
Other Expenses	2,032.45	-	2,032.45	-	2,032.45
Public Defender:					
Other Expenses	1,600.00	-	1,600.00	-	1,600.00
<b>Public Safety Functions:</b>					
Police:					
Salaries and Wages	1,367.99	-	1,367.99	1,367.97	0.02
Other Expenses	1,487.18	12,392.18	13,879.36	11,972.18	1,907.18
Office of Emergency Management:					
Other Expenses	500.00	-	500.00	60.00	440.00
Emergency Medical Services	1.00	-	1.00	-	1.00
Municipal Prosecutor's Office:					
Other Expenses	1,999.96	666.67	2,666.63	-	2,666.63
<b>Public Works Functions:</b>					
Streets & Roads Maintenance:					
Salaries and Wages	49,326.51	-	49,326.51	11,199.44	38,127.07
Other Expenses	11,689.92	17,364.84	29,054.76	19,706.84	9,347.92
Solid Waste Collection:					
Other Expenses	261.68	6,534.25	6,795.93	6,534.25	261.68
Vehicle Maintenance:					
Other Expenses	2,076.85	15,768.20	17,845.05	16,311.14	1,533.91
Public Building & Grounds:					
Other Expenses	239.83	8,864.88	9,104.71	7,613.93	1,490.78
Landfill and Solid Waste Disposal Costs:					
Other Expenses	9,142.63	14,468.13	23,610.76	7,790.69	15,820.07

**TOWNSHIP OF MULLICA  
CURRENT FUND  
SCHEDULE OF 2017 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

OPERATIONS	BALANCE DECEMBER 31, 2017		BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
	RESERVED	ENCUMBERED			
<b>Health &amp; Human Services:</b>					
Animal Control Program:					
Other Expenses	2,004.00	-	2,004.00	-	2,004.00
Environmental Commission:					
Other Expenses	200.00	-	200.00	-	200.00
<b>Recreation and Education:</b>					
Maintenance of Parks:					
Other Expenses	1,267.63	6,069.85	7,337.48	7,194.30	143.18
<b>Appropriation Offset by Dedicated Revenue:</b>					
State Uniform Construction Code					
Construction Official:					
Other Expenses	1,368.01	500.00	1,868.01	1,400.00	468.01
Other Code Enforcement Functions:					
Salaries and Wages	32.85	-	32.85	-	32.85
Other Expenses	1,143.75	-	1,143.75	-	1,143.75
<b>Unclassified:</b>					
Utilities					
Electric and Natural Gas	1,480.73	13,016.72	14,497.45	3,099.92	11,397.53
Telecommunications Costs	2,766.59	858.26	3,624.85	56.26	3,568.59
Petroleum Products	464.23	8,631.03	9,095.26	1,405.75	7,689.51
Total General Appropriations for Municipal Purposes Within "CAPS"	116,129.73	152,701.28	268,831.01	129,551.44	139,279.57
<b>Deferred Charges &amp; Statutory Expenditures Municipal Within "CAPS":</b>					
<b>Statutory Expenditures:</b>					
Contributions to:					
PERS	126.72	-	126.72	-	126.72
Social Security System (O.A.S.I.)	8,485.81	-	8,485.81	-	8,485.81
PFRS	160.99	-	160.99	-	160.99
DCRP	2,058.28	53.24	2,111.52	26.62	2,084.90
Total Deferred Charges & Statutory Expenditures Within "CAPS"	10,831.80	53.24	10,885.04	26.62	10,858.42
<b>Operations Excluded From "CAPS":</b>					
NJPDES Stormwater Management Rules:					
Other Expenses	3,500.00	8,000.00	11,500.00	4,770.00	6,730.00
Interlocal Municipal Service Agreement:					
Police Dispatch	1,360.96	-	1,360.96	-	1,360.96
School Resource Officer	1,169.51	-	1,169.51	-	1,169.51
Total Operations Excluded from "CAPS"	6,030.47	8,000.00	14,030.47	4,770.00	9,260.47
Grand Total All Appropriations	\$ 132,992.00	\$ 160,754.52	\$ 293,746.52	\$ 134,348.06	\$ 159,398.46
Cash Disbursements				\$ 134,348.06	
Total				\$ 134,348.06	



**TOWNSHIP OF MULICA  
CURRENT FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 160,754.52
Increased by:	
2018 Appropriations	<u>160,037.50</u>
Subtotal	320,792.02
Decreased by:	
Transferred to 2017 Appropriations Reserves	<u>160,754.52</u>
Balance December 31, 2018	<u><u>\$ 160,037.50</u></u>

**SCHEDULE OF PREPAID TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017 (2018 Taxes)	\$ 538,982.32
Increased by:	
Collections - 2019 Taxes	<u>211,302.38</u>
Subtotal	750,284.70
Decreased by:	
Application to 2018 Taxes Receivable	<u>538,982.32</u>
Balance, December 31, 2018 (2019 Taxes)	<u><u>\$ 211,302.38</u></u>

**SCHEDULE OF TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 21,987.49
Increased by:	
Overpayments in 2018	<u>61,023.07</u>
Subtotal	83,010.56
Decreased by:	
Transfer to 2018 Taxes	\$ 21,987.12
Refunded	<u>22,471.57</u>
Balance December 31, 2018	<u><u>\$ 38,551.87</u></u>

**TOWNSHIP OF MULLICA**  
**SCHEDULE OF LOCAL SCHOOL DISTRICT TAX**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		
School Tax Payable	\$ 969,013.03	
Deferred School Tax Payable	<u>1,161,109.00</u>	
		\$ 2,130,122.03
Increased by:		
Levy - School Year July 1, 2018 - June 30, 2019		<u>4,482,949.00</u>
Subtotal		6,613,071.03
Decreased by:		
Disbursements		<u>4,371,596.58</u>
Balance December 31, 2018		
School Tax Payable	1,080,365.45	
Deferred School Tax Payable	<u>1,161,109.00</u>	
		<u>\$ 2,241,474.45</u>
<u>2018 Liability for Local District Tax:</u>		
Tax Paid		\$ 4,371,596.58
Tax Payable December 31, 2018		<u>1,080,365.45</u>
		5,451,962.03
Less:		
Tax Payable December 31, 2017		<u>969,013.03</u>
Amount Charged to 2018 Operations		<u>\$ 4,482,949.00</u>

**TOWNSHIP OF MULLICA**  
**SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAX**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		
School Tax Payable	\$ 378,177.00	
Deferred School Tax Payable	<u>1,174,691.00</u>	
		\$ 1,552,868.00
Increased by:		
Levy - School Year July 1, 2018 - June 30, 2019		<u>2,981,200.00</u>
Subtotal		4,534,068.00
Decreased by:		
Disbursements		<u>3,043,468.00</u>
Balance December 31, 2018		
School Tax Payable	315,909.00	
Deferred School Tax Payable	<u>1,174,691.00</u>	
		<u>\$ 1,490,600.00</u>
<u>2018 Liability for Local District Tax:</u>		
Tax Paid	\$ 3,043,468.00	
Tax Payable December 31, 2018	<u>315,909.00</u>	
		3,359,377.00
Less:		
Tax Payable December 31, 2017	<u>378,177.00</u>	
Amount Charged to 2018 Operations		<u>\$ 2,981,200.00</u>

**TOWNSHIP OF MULICA  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	-
Increased by:			
County Tax	\$	2,285,720.94	
County Library Tax		153,068.10	
County Health Tax		99,791.73	
County Open Space Tax		6,083.66	2,544,664.43
			<hr/>
Subtotal			2,544,664.43
Decreased by:			
Disbursements			<hr/> 2,544,664.43
Balance December 31, 2018		\$	<hr/> <hr/> -

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$	10,211.71
Increased by:		
County Share of 2018 Added Taxes		<hr/> 6,820.57
Subtotal		17,032.28
Decreased by:		
Disbursements		<hr/> 17,032.28
Balance December 31, 2018	\$	<hr/> <hr/> -

**TOWNSHIP OF MULLICA  
CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-53 - SPECIAL EMERGENCY  
FOR THE YEAR ENDED DECEMBER 31, 2018**

DESCRIPTION	ORIGINAL AMOUNT AUTHORIZED	1/5 OF AMOUNT AUTHORIZED	DATE	BALANCE DECEMBER 31, 2017	DECREASED BY		BALANCE DECEMBER 31, 2018
					2018	BUDGET	
Preparation of Tax Map Property Revaluation	\$ 70,000.00	\$ 14,000.00	6/24/2014	\$ 28,000.00	\$	14,000.00	\$ 14,000.00
	250,000.00	50,000.00	2/10/2017	250,000.00		50,000.00	200,000.00
				<u>\$ 278,000.00</u>	<u>\$</u>	<u>64,000.00</u>	<u>\$ 214,000.00</u>

## EXHIBIT A-21

**TOWNSHIP OF MULICA  
CURRENT FUND  
SCHEDULE OF DUE TO STATE OF NEW JERSEY  
MARRIAGE LICENSE FEES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 250.00
Increased by:	
Cash Receipts	<u>550.00</u>
Subtotal	800.00
Decreased by:	
Cash Disbursements	<u>675.00</u>
Balance December 31, 2018	<u><u>\$ 125.00</u></u>

## EXHIBIT A-22

**SCHEDULE OF DUE TO STATE OF NEW JERSEY  
DCA INSPECTION FEES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 1,239.00
Increased by:	
Cash Receipts	<u>8,673.00</u>
Subtotal	9,912.00
Decreased by:	
Cash Disbursements	<u>8,357.00</u>
Balance December 31, 2018	<u><u>\$ 1,555.00</u></u>

## EXHIBIT A-23

**SCHEDULE OF RESERVE FOR REVALUATION  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 159,317.80
Decreased by:	
Cash Disbursements	<u>82,045.80</u>
Balance December 31, 2018	<u><u>\$ 77,272.00</u></u>

## EXHIBIT A-24

**TOWNSHIP OF MULLICA  
CURRENT FUND  
SCHEDULE OF RESERVE FOR JIF SAFETY MONEY  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 3,442.94
Increased by:	
Cash Receipts	<u>2,500.00</u>
Subtotal	5,942.94
Decreased by:	
Cash Disbursements	<u>2,602.89</u>
Balance December 31, 2018	<u><u>\$ 3,340.05</u></u>

## EXHIBIT A-25

**SCHEDULE OF RESERVE FOR LAND SALE DEPOSITS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ -
Increased by:	
Cash Receipts	<u>6,771.60</u>
Subtotal	6,771.60
Decreased by:	
Realized as Revenue	<u>6,771.60</u>
Balance December 31, 2018	<u><u>\$ -</u></u>

## EXHIBIT A-26

**SCHEDULE OF RESERVE FOR TAX MAP UPDATES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 9,800.00
Decreased by:	
Cash Disbursements	<u>300.00</u>
Balance December 31, 2018	<u><u>\$ 9,500.00</u></u>

**TOWNSHIP OF MULLICA**  
**FEDERAL AND STATE GRANTS FUND**  
**SCHEDULE OF FEDERAL, STATE AND OTHER GRANTS RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	ACCRUED	RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2018
State Grants:					
Recycling Tonnage Grant	\$ -	\$ 983.07	\$ 983.07	\$ -	\$ -
Drunk Driving Enforcement Grant	-	9,250.00	9,250.00	-	-
Distracted Driving Grant	-	6,600.00	6,600.00	-	-
Municipal Alliance Grant	7,230.00	12,415.00	9,065.49	164.51	10,415.00
Clean Communities Program	-	20,555.03	20,555.03	-	-
New Jersey Transportation Trust Fund					
NJDOT Grant 2017	146,749.00	-	-	-	146,749.00
Indian Cabin	47,500.00	-	47,500.00	-	-
NJDOT Grant 2018	-	169,920.00	-	-	169,920.00
Federal Grants:					
CDBG- Home Investment Partnership	102,288.77	15,000.00	-	-	117,288.77
Click It or Ticket Grant	-	5,500.00	5,500.00	-	-
Drive Sober or Get Pulled Over	5,500.00	5,500.00	5,500.00	-	5,500.00
Federal Bullet Proof Vest Partnership	-	1,106.25	-	-	1,106.25
FEMA Hazard Mitigation Grant	75,000.00	-	-	-	75,000.00
Total All Grant	\$ 384,267.77	\$ 246,829.35	\$ 104,953.59	\$ 164.51	\$ 525,979.02

Cash Receipts	\$ 103,970.52
Unappropriated Reserves	983.07
Total	<u>\$ 104,953.59</u>



**TOWNSHIP OF MULLICA**  
**FEDERAL AND STATE GRANTS FUND**  
**SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	CASH RECEIPTS	REALIZED AS REVENUE IN 2018 BUDGET	BALANCE DECEMBER 31, 2018
<u>STATE GRANTS</u>				
Recycling Tonnage Grant	\$ 983.07	\$ -	\$ 983.07	\$ -
Total All Grant	\$ 983.07	\$ -	\$ 983.07	\$ -

**TOWNSHIP OF MULLICA  
FEDERAL AND STATE GRANTS FUND  
SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	TRANSFER FROM 2018 BUDGET APPROPRIATION	TRANSFER FROM 2017 ENCUMBRANCES	EXPENDED	CANCELLED	ENCUMBERED	BALANCE DECEMBER 31, 2018
State Grants:							
Drunk Driving Enforcement Fund	\$ 13,344.18	\$ 9,250.00	-	\$ 16,128.90	\$ -	\$ -	\$ 6,465.28
Body Armor Grant	2,063.64	-	-	1,770.00	-	-	293.64
Distracted Driving Grant	-	6,600.00	-	6,600.00	-	-	-
Municipal Alliance Grant							
2017 Grant							
State Share	4,165.83	-	-	4,001.32	164.51	-	-
2018 Grant							
State Share	-	12,415.00	-	6,660.21	-	533.64	5,221.15
Local Share	-	3,104.00	-	-	-	-	3,104.00
Recycling Tonnage Grant	733.66	983.07	-	1,121.50	-	-	595.23
New JERSEY Transportation Trust Fund							
NJDOT 2017	146,749.00	-	-	-	-	135,800.00	10,949.00
NJDOT 2018	-	169,920.00	-	-	-	-	169,920.00
Alcohol Rehabilitation Grant	849.90	-	-	350.00	-	-	499.90
Clean Communities	-	20,555.03	-	20,555.03	-	-	-
Recreation Grant - Concession	1,290.00	-	-	-	-	-	1,290.00
Federal Grants:							
CDBG- Home Investment Partnership	102,288.77	15,000.00	-	40,459.30	-	5,145.70	71,683.77
Click It or Ticket	-	5,500.00	-	5,500.00	-	-	-
Drive Sober or Get Pulled Over	2,860.00	5,500.00	-	6,160.00	-	-	2,200.00
Federal Bullet Proof Vest Partnership	-	1,106.25	-	-	-	-	1,106.25
FEMA Hazard Mitigation Grant	66,250.00	-	2,500.00	1,500.00	-	2,500.00	64,750.00
Total All Grants	\$ 340,594.98	\$ 249,933.35	\$ 2,500.00	\$ 110,806.26	\$ 164.51	\$ 143,979.34	\$ 338,078.22

**TRUST FUND**

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**TOWNSHIP OF MULLICA  
TRUST FUND  
SCHEDULE OF CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2017	\$ 12.61	\$ 340,855.87
Increased by Receipts:		
Animal Control	\$ 1,164.00	\$ -
Dog Registration Fees - Due State of New Jersey	480.00	-
Small Cities Loan Receivable	-	9,760.00
Accumulated Absences	-	5,500.00
Recycling Fees	-	6,013.75
Trust Other	-	17,725.68
Small Cities Revolving Fund	-	328.05
Police Confiscatory Fund	-	19.67
Escrow Review Receipts	-	118,254.25
Total Increases	<u>1,644.00</u>	<u>157,601.40</u>
Total Increases & Balances	<u>1,656.61</u>	<u>498,457.27</u>
Decreased by Disbursements:		
Dog Registration Fees - Due State of New Jersey	480.00	-
Statutory Expenditures	711.00	-
Small Cities Loan Receivable	-	10,000.00
Recycling Fees	-	12,311.64
Trust Other	-	10,912.14
Small Cities Revolving Fund	-	48.00
Police Confiscatory Fund	-	670.00
Escrow Review Receipts	-	127,150.06
Total Disbursements	<u>1,191.00</u>	<u>161,091.84</u>
Balance December 31, 2018	<u><u>\$ 465.61</u></u>	<u><u>\$ 337,365.43</u></u>

**TOWNSHIP OF MULLICA  
TRUST OTHER FUND  
SCHEDULE OF CASH - COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	97,092.91
Increased by Receipts:			
Redemption of Liens	\$	213,962.36	
Premiums on Sales		228,500.00	442,462.36
			<hr/>
Total Increases			<hr/> 442,462.36
Subtotal			539,555.27
Decreased by Disbursements:			
Redemption of Liens	\$	218,805.27	
Premiums on Sales		158,050.00	376,855.27
			<hr/>
Total Disbursements			<hr/> 376,855.27
Balance December 31, 2018		\$	<hr/> <hr/> 162,700.00

**SCHEDULE OF CASH - LANDFILL CLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	88,042.55
Increased by:			
Cash Receipts			119.00
			<hr/>
Balance December 31, 2018		\$	<hr/> <hr/> 88,161.55

**TOWNSHIP OF MULLICA  
TRUST OTHER FUND  
SCHEDULE OF REVOLVING LOAN RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	448,626.81
Increased by:			
Loan Granted			<u>10,000.00</u>
Subtotal			458,626.81
Decreased by:			
Loans Forgiven	\$	5,175.00	
Loans Repaid		<u>9,760.00</u>	<u>14,935.00</u>
Balance December 31, 2018		\$	<u><u>443,691.81</u></u>

**TRUST FUND - ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	12.61
Increased by:			
Receipts:			
Dog License Fees			<u>1,164.00</u>
Subtotal			1,176.61
Decreased by:			
Dog License Expenses			<u>711.00</u>
Balance December 31, 2018		\$	<u><u>465.61</u></u>

**LICENSE FEES COLLECTED**

YEAR	AMOUNT
2017	\$ 1,235.00
2016	<u>1,295.60</u>
Total	<u><u>\$ 2,530.60</u></u>

**TOWNSHIP OF MULICA  
TRUST FUND - ANIMAL CONTROL FUND  
SCHEDULE OF DUE TO STATE OF NEW JERSEY  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ -
Increased by:	
Registration Fees Collected	<u>480.00</u>
Subtotal	480.00
Decreased by:	
Disbursements	<u>480.00</u>
Balance December 31, 2018	<u><u>\$ -</u></u>

**TRUST OTHER FUND  
SCHEDULE OF TRUST FUND RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

PURPOSE	BALANCE DECEMBER 31, 2017	RECEIPTS	DISPURSEMENTS	BALANCE DECEMBER 31, 2018
Accumulated Absences	\$ 22,789.79	\$ 5,500.00	\$ -	\$ 28,289.79
Recycling	26,613.82	6,013.75	12,311.64	20,315.93
Trust Other	34,568.17	17,725.68	10,912.14	41,381.71
Small Cities Revolving Fund	640,034.72	328.05	5,223.00	635,139.77
Police Confiscatory	15,037.16	19.67	670.00	14,386.83
Landfill Closure	88,042.55	119.00	-	88,161.55
TTL Redemptions	5,342.91	213,962.36	218,805.27	500.00
TTL Premiums	91,750.00	228,500.00	158,050.00	162,200.00
Escrow	50,439.02	118,254.25	127,150.06	41,543.21
Total	<u>\$ 974,618.14</u>	<u>\$ 590,422.76</u>	<u>\$ 533,122.11</u>	<u>\$ 1,031,918.79</u>

Cash Disbursements - Other	\$ 151,091.84
Cash Disbursements - Collector	376,855.27
Loans Forgiven	<u>5,175.00</u>
	<u><u>\$ 533,122.11</u></u>



<b>GENERAL CAPITAL FUND</b>
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**TOWNSHIP OF MULLICA  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL CAPITAL CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	467,160.15
Increased by Receipts:			
Due from Current Fund	\$	91,875.00	
Bond Anticipation Notes		228,375.00	
Capital Improvement Fund		30,000.00	350,250.00
			<hr/>
Subtotal			817,410.15
Decreased by Disbursements:			
Bond Anticipation Notes		320,250.00	
Fund Balance Anticipated in Current Budget		40,000.00	
Reserve for Preliminary Expenses - Road Study		5,600.00	
Contracts Payable		52,400.00	
Improvement Authorizations		20,982.43	439,232.43
			<hr/>
Balance December 31, 2018		\$	<u><u>378,177.72</u></u>

**TOWNSHIP OF MULLICA  
GENERAL CAPITAL FUND  
ANALYSIS OF GENERAL CAPITAL CASH  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Fund Balance	\$ 52,722.45
Capital Improvement Fund	64,195.60
Reserve for Encumbrances	66,080.00
Reserve for Preliminary Expenses - Road Study	24,400.00

**Improvement Authorizations:**

## ORDINANCE

NUMBER	DESCRIPTION	
--------	-------------	--

06-12	Various Captial Improvements	1,342.36
06-15	Various Captial Improvements	156,387.14
11-16	Computer Equipment & Software	101.44
05-17	Facilities Improvements	<u>12,948.73</u>
	Total	<u><u>\$ 378,177.72</u></u>

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 1,170,000.00
Decreased by:	
2018 Budget Appropriations:	
Serial Bonds Payable	<u>150,000.00</u>
Balance December 31, 2018	<u><u>\$ 1,020,000.00</u></u>

**TOWNSHIP OF MULLICA  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	FUNDED	BALANCE DECEMBER 31, 2018	ANALYSIS OF BALANCE DECEMBER 31, 2018		
					BAN'S OUTSTANDING	UNEXPENDED BALANCE	EXPENDED BALANCE
2009-11	Various Improvements	\$ 249,000.00	\$ 80,000.00	\$ 169,000.00	\$ 169,000.00	\$ -	\$ -
2013-06	Mold Remediation	71,250.00	11,875.00	59,375.00	59,375.00	-	-
	Total	\$ 320,250.00	\$ 91,875.00	\$ 228,375.00	\$ 228,375.00	\$ -	\$ -

Paydown of BANs      \$ 91,875.00

\$ 91,875.00

**TOWNSHIP OF MULLICA  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 64,195.60
Increased by:	
Receipts - 2018 Budget Appropriation	<u>30,000.00</u>
Subtotal	94,195.60
Decreased by:	
Reserve for Preliminary Expenses - Road Study	<u>30,000.00</u>
Balance December 31, 2018	<u><u>\$ 64,195.60</u></u>

**TOWNSHIP OF MULLICA  
GENERAL CAPITAL FUND  
SCHEDULE OF CONTRACTS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 102,480.00
Increased by:	
Current Year Contracts Executed	<u>16,000.00</u>
Subtotal	118,480.00
Decreased by:	
Cash Disbursed	<u>52,400.00</u>
Balance December 31, 2018	<u><u>\$ 66,080.00</u></u>

**SCHEDULE OF RESERVE FOR PRELIMINARY EXPENSES - ROAD STUDY  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ -
Increased by:	
Funded by Capital Improvement Fund	<u>30,000.00</u>
Subtotal	30,000.00
Decreased by:	
Cash Disbursed	<u>5,600.00</u>
Balance December 31, 2018	<u><u>\$ 24,400.00</u></u>

**TOWNSHIP OF MULLICA  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2017		EXPENDED	BALANCE DECEMBER 31, 2018	
		DATE	AMOUNT	FUNDED	UNFUNDED		FUNDED	UNFUNDED
06-12	Various Improvements	1/25/2011	\$ 575,000.00	\$ 1,342.36	\$ -	\$ -	\$ 1,342.36	\$ -
06-15	Various Improvements	5/12/2015						
	Road Improvement Program		345,000.00	155,951.45	-	20,032.43	135,919.02	-
	Public Works Vehicles & Equipment		110,000.00	10,578.77	-	-	10,578.77	-
	Fuel System Upgrade		50,000.00	10,839.35	-	950.00	9,889.35	-
11-16	Computer Equipment & Software	9/27/2017	25,000.00	101.44	-	-	101.44	-
05-17	Facilities Improvements	5/23/2017	45,000.00	28,948.73	-	16,000.00	12,948.73	-
Total				\$ 207,762.10	\$ -	\$ 36,982.43	\$ 170,779.67	\$ -
				</				



**TOWNSHIP OF MULLICA  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2017	INCREASE	DECREASE	BALANCE DECEMBER 31, 2018
2009-11	Various Capital Improvements	05/20/10	5/12/2016	5/11/2018	2.25%	\$ 249,000.00	\$ -	\$ 249,000.00	\$ -
		05/20/10	5/8/2018	5/7/2019	1.25%	-	169,000.00	-	169,000.00
2013-06	Mold Remediation	05/15/13	5/12/2016	5/11/2018	2.25%	71,250.00	-	71,250.00	-
		05/15/13	5/8/2018	5/7/2019	1.25%	-	59,375.00	-	59,375.00
						<u>\$ 320,250.00</u>	<u>\$ 228,375.00</u>	<u>\$ 320,250.00</u>	<u>\$ 228,375.00</u>
						Paydown of BANs		\$ -	\$ 91,875.00
						BANs Rolled Over		<u>228,375.00</u>	<u>228,375.00</u>
								<u>\$ 228,375.00</u>	<u>\$ 320,250.00</u>

**TOWNSHIP OF MULLICA  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

MATURITIES OF BONDS									
PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2018		INTEREST RATE	BALANCE DECEMBER 31, 2017	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2018	
			DATE	AMOUNT					
General Improvement	10/26/2016	\$ 1,310,000.00	10/15/2019	\$ 155,000.00	4.00%	\$ 1,170,000.00	\$ 150,000.00	\$ 1,020,000.00	
			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						\$ 1,170,000.00	\$ 150,000.00	\$ 1,020,000.00	

**TOWNSHIP OF MULLICA**

**PART II**

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -  
GOVERNMENT AUDITING STANDARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**TOWNSHIP OF MULLICA  
SCHEDULE OF FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Finding 2018-001:**

Criteria or specific requirement:

That Township employees are paid according to properly approved contracts.

Condition:

During our testing it was determined that one employee was paid prior to signing an approved contract. A second employee was paid an approved 2019 rate in 2018 rather than the approved 2018 rate.

Cause:

Oversight by the finance office.

Effect or potential effect:

Employees are paid at different rates than approved by the Township.

Recommendation:

That the Township pay all employees in accordance with approved contracts and ordinances.

View of responsible official:

Both issues were subsequently corrected. The approved contract was signed in 2019. The employee overpayment was recouped from subsequent paychecks.

**TOWNSHIP OF MULLICA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*.

Financial Statement Findings

No Prior Year Findings.

**TOWNSHIP OF MULLICA**

**PART III**

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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## OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2018:

<u>Name</u>	<u>Title</u>
Christopher Silva	Mayor
Barbara Rheault	Committee Member
John Walther	Committee Member
Lawrence Riffle	Committee Member
James R. Brown	Committee Member
Dawn Stollenwerk	Chief Financial Officer
Kimberly Johnson	Municipal Clerk
Bertha Cappuccio	Tax Collector

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

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 ended December 31, 2018.

#### **GENERAL COMMENTS:**

##### **Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)**

N.J.S.A.40A:11-4 states 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 the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2018.

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.

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

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold “for the performance of any work, or the furnishing of any materials, supplies or labor” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

## Collection of Interest on Delinquent Taxes and Assessments

*N.J.S.54:4-67*, 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, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

*NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and*

*BE IT FURTHER RESOLVED, by the Township Committee of the Township of Mullica, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and*

*BE IT FURTHER RESOLVED, by the Township Committee of the Township of Mullica, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.*

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

## OTHER COMMENTS (FINDINGS):

**Finding 2018-001** (*Finding 2018-001 in the Schedule of Financial Statement Findings section*) - During our testing it was determined that one employee was paid prior to signing an approved contract. A second employee was paid an approved 2019 rate in 2018 rather than the approved 2018 rate.

## RECOMMENDATIONS:

**Finding 2018-001** - That the Township pay all employees in accordance with approved contracts and ordinances.

**Appreciation**

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Kevin P. Frenia  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 435

Medford, New Jersey  
July 24, 2019