

**TOWNSHIP OF MULLICA**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2008**



**TOWNSHIP OF MULLICA**  
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**TOWNSHIP OF MULLICA**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2008**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and  
Members of Township Council  
Township of Mullica, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Mullica, New Jersey, as of December 31, 2008 and 2007, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2008. These financial statements are the responsibility of the Township of Mullica's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township of Mullica, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Mullica as of December 31, 2008 and 2007 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the Township of Mullica, New Jersey as of December 31, 2008 and 2007 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2008 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2009 on our consideration of the Township of Mullica's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement of the Township of Mullica. The supplemental schedules listed in the table of contents are not a required part of the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kenneth W. Moore*

Kenneth W. Moore, CPA  
Registered Municipal Accountant  
No. 231

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

April 10, 2009

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

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

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 2,694,688	2,543,406
Collector	A-5	251,036	271,960
Change Fund		300	300
Petty Cash Fund		100	100
		<u>2,946,124</u>	<u>2,815,766</u>
Other Receivables:			
Due from State of New Jersey - Senior Citizens and Veterans		5,452	5,348
		<u>5,452</u>	<u>5,348</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	507,470	394,780
Tax Title Liens Receivable	A-8	167,951	264,012
Property Acquired / Assessed Valuation		3,384,100	3,155,350
Revenue Accounts Receivable	A-9	13,205	12,065
Due from Grant Fund		23,397	165,881
	A	<u>4,096,123</u>	<u>3,992,088</u>
		<u>7,047,699</u>	<u>6,813,202</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	374,921	351,313
		<u>374,921</u>	<u>351,313</u>
		<u>\$ 7,422,620</u>	<u>7,164,515</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<b>Regular Fund:</b>			
Appropriation Reserves	A-3	\$ 83,382	108,603
Encumbrances Payable		179,039	128,821
Payroll Deductions Payable		-	16
Prepaid Taxes		149,128	163,734
Tax Overpayments		5,425	3,767
Local School Tax Payable	A-11	653,833	595,922
Regional High School Tax Payable	A-12	332,427	301,087
Due to Trust Fund		1,910	687
<b>Due to the State:</b>			
Marriage Licenses	A-4	125	125
DCA Inspection Fees	A-4	7,543	11,501
Reserve for JIF Safety Money		1,949	2,542
Reserve for Garden State Preservation		58,165	64,621
		<u>1,472,926</u>	<u>1,381,426</u>
 Reserves for Receivables	 A	 4,096,123	 3,992,088
Fund Balance	A-1	<u>1,478,650</u>	<u>1,439,688</u>
		<u>7,047,699</u>	<u>6,813,202</u>
 <b>Federal and State Grant Fund:</b>			
Due to Current Fund		23,397	165,881
Appropriated Reserves	A-14	350,155	185,432
Unappropriated Reserves	A-15	1,369	-
		<u>374,921</u>	<u>351,313</u>
		<u>\$ 7,422,620</u>	<u>7,164,515</u>

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

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 740,000	602,000
Miscellaneous Revenues Anticipated	A-2	1,320,431	1,584,387
Receipts from Delinquent Taxes	A-2	380,515	403,384
Receipts from Current Taxes	A-2	10,266,565	10,001,772
Nonbudget Revenues	A-2	93,197	110,808
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-10	104,154	127,148
Canceled Grants	A-13/14	131	839
Interfunds Returned		165,881	-
		<u>13,070,874</u>	<u>12,830,338</u>
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	1,643,756	1,512,460
Other Expenses	A-3	1,959,350	1,993,002
Deferred Charges and			
Statutory Expenditures	A-3	251,016	130,000
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	134,904	91,749
Other Expenses	A-3	103,538	190,897
Capital Improvements	A-3	215,000	310,000
Municipal Debt Service	A-3	270,334	43,082
Deferred Charges and			
Statutory Expenditures	A-3	600	37,061
County Taxes	A-7	1,752,063	1,740,619
Due County for Added and Omitted Taxes	A-7	19,800	25,774
Local District School Tax	A-11	3,629,885	3,514,062
Regional High School District Tax	A-12	2,288,269	2,225,589
Prior Year Revenues Returned		-	2,272
Interfund Created		23,397	165,881
		<u>12,291,912</u>	<u>11,982,448</u>

See Accompanying Notes to Financial Statements

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

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Excess (Deficit) in Revenues		778,962	847,890
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year		-	-
Statutory Excess to Fund Balance		778,962	847,890
Fund Balance January 1	A	<u>1,439,688</u>	<u>1,193,798</u>
Total		2,218,650	2,041,688
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>740,000</u>	<u>602,000</u>
Fund Balance December 31	A	<u>\$ 1,478,650</u>	<u>1,439,688</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 740,000		740,000	-
		740,000	-	740,000	-
<u>Miscellaneous Revenues:</u>					
Licenses:					
Alcoholic Beverages	A-9	2,500		2,275	(225)
Fines and Costs:					
Municipal Court	A-9	100,000		191,138	91,138
Interest and Costs on Taxes	A-9	70,000		56,321	(13,679)
Interest on Investments and Deposits	A-9	80,000		42,715	(37,285)
Trailer Pad Fees	A-9	31,000		60,624	29,624
Cell Tower Revenue	A-9	24,500		24,946	446
Consolidated Municipal Property Tax Relief Aid	A-9	172,016		172,016	-
Energy receipts Tax ( P.L. 1997, Ch 162 & 167)	A-9	393,852		393,852	-
Supplemental Energy Receipts Tax	A-9	16,609		16,609	-
Garden State Trust Fund	A	64,621		64,621	-
Pineland Stabilization Aid	A-9	7,914		7,914	-
Uniform Construction Code Fees	A-9	55,000		47,035	(7,965)
Additional Revenues Offset With Appropriations:					
Clean Communities Program	A-13	12,773		12,773	-
Municipal Alliance on Alcoholism and Drug Abuse	A-13	9,098		9,098	-
Safe and Secure Communities Program	A-13	27,041		27,041	-
Click It or Ticket Program	A-13	4,000		4,000	-

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Additional Revenues Offset With Appropriations:					
Body Armor Replacement Grant	A-13	1,479		1,479	-
Recycling Tonnage Grant	A-13	-	1,916	1,916	-
Smooth Operator	A-13	6,000		6,000	-
HOME Investment Partnership Program	A-13	30,555		30,555	-
NJ Transportation Trust Fund	A-13	140,000		140,000	-
Over the Limit Grant	A-13	-	5,000	5,000	-
Drunk Driving Enforcement Fund	A-13	-	2,503	2,503	-
		<u>1,248,958</u>	<u>9,419</u>	<u>1,320,431</u>	<u>62,054</u>
Receipts from Delinquent Taxes	A-2	<u>350,000</u>		<u>380,515</u>	<u>30,515</u>
Subtotal General Revenues		2,338,958	9,419	2,440,946	92,569
Amount to be Raised by Taxes for Support of Municipal Budget -					
Local Tax for Municipal Purposes	A-2	<u>2,994,021</u>		<u>3,336,698</u>	<u>342,677</u>
Budget Totals		5,332,979	9,419	5,777,644	435,246
Nonbudget Revenues	A-2			<u>93,197</u>	<u>93,197</u>
		<u>\$ 5,332,979</u>	<u>9,419</u>	<u>5,870,841</u>	<u>528,443</u>
	Ref.	A-3	A-3		

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Analysis of Realized Revenue:</u>	<u>Ref.</u>	
<u>Allocation of Current Tax Collections:</u>		
Revenue from Collections	A-1:A-7	\$ 10,266,565
Allocated to:		
School and County Taxes		<u>7,690,017</u>
Balance for Support of Municipal Budget Revenues		2,576,548
Add:		
Appropriation: "Reserve for Uncollected Taxes"	A-3	<u>760,150</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>3,336,698</u></u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-7	374,419
Tax Title Lien Collections	A-8	<u>6,096</u>
	A-2	<u><u>\$ 380,515</u></u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Ref.</u>		
<u>Analysis of Realized Revenue: (Continued)</u>			
<u>Analysis of Non-Budget Revenue</u>			
Fees and Permits		\$ 20,913	
Licenses		4,478	
Administrative Operations		5,391	
Cable Franchise Fee		18,850	
Sale of Municipal Assets		13,000	
Sale of Foreclosed Property		10,960	
Interlocal Service Agreement		19,605	
	A-1:A-9		93,197
Treasurer	A-4		93,197
			93,197

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>							
<u>GENERAL GOVERNMENT:</u>							
Mayor and Committee							
Salaries and Wages	\$ 15,000	15,000	14,999		1		
Other Expenses	2,200	2,200	2,149		51		
Municipal Clerk							
Salaries and Wages	93,743	93,743	92,727		1,016		
Other Expenses	39,000	40,000	34,782	2,178	3,040		
Financial Administration							
Salaries and Wages	47,811	47,811	47,811				
Other Expenses	9,420	9,420	8,484	254	682		
Audit Services	23,000	22,500	22,500				
Collection of Taxes							
Salaries and Wages	62,747	62,747	62,747				
Other Expenses:	35,325	23,825	19,802	38	3,985		
Assessment of Taxes							
Salaries and Wages	28,000	28,000	27,617		383		
Other Expenses	10,765	7,765	7,055	325	385		
Legal Services and Costs							
Other Expenses	50,000	50,000	44,376	4,167	1,457		
Engineering Services and Costs							
Other Expenses	55,000	60,000	51,503	4,875	3,622		
Municipal Land Use Law (NJSA 40:55D-1)							
Planning Board							
Salaries and Wages	4,000	4,000	3,976		24		
Other Expenses	8,825	15,325	5,794	6,272	3,259		
Affordable Housing							
Other Expenses	-	7,500		7,250	250		

See Accompanying Notes to Financial Statements

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>							
GENERAL GOVERNMENT:							
Insurance							
General Liability	75,429	75,429	74,065		1,364		
Workers' Compensation	136,006	136,006	116,006	20,000			
Employee Group Insurance	513,000	501,000	499,521		1,479		
Unemployment Insurance	5,500	5,500	5,304		196		
Department of Public Safety							
Police Department							
Salaries and Wages	1,047,450	1,047,450	1,046,207		1,243		
Other Expenses	95,000	93,000	80,165	11,092	1,743		
Office of Emergency Management							
Salaries and Wages	2,000	2,000	2,000				
Other Expenses	2,500	1,500	1,024		476		
Aid to Volunteer Fire Companies	59,000	59,000	59,000				
Aid to Volunteer Ambulance Companies	16,500	16,500	16,500				
Municipal Prosecutor's Office							
Other Expenses	7,500	8,000	7,800		200		
Police Dispatch / 911							
Other Expenses	211,000	211,000	211,000				
STREETS AND ROADS							
Department of Public Works							
Salaries and Wages	183,000	183,000	178,389		4,611		
Other Expenses	66,050	66,050	51,330	2,487	12,233		
Vehicle Maintenance (Including Police Vehicles)							
Other Expenses	55,000	65,000	57,978	1,362	5,660		
Public Buildings and Grounds:							
Salaries and Wages	12,000	12,000	10,183		1,817		
Other Expenses	35,400	27,900	18,506	8,543	851		

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<b>OPERATIONS WITHIN "CAPS"</b>							
<b>HEALTH AND HUMAN SERVICES</b>							
Animal Control Service							
Other Expenses	6,780	6,780	6,270		510		
Environmental Commission: (NJSA 40:56A-1, et seq):							
Other Expenses	200	200	13		187		
<b>PUBLIC PROPERTY AND RECREATION</b>							
Recreation							
Other Expenses	5,000	5,000	5,000				
Landfill / Solid Waste Disposal Costs							
Salaries and Wages	13,000	13,000	10,095		2,905		
Other Expenses	240,000	237,500	211,275	25,547	678		
Municipal Court							
Salaries and Wages	70,000	70,500	67,945		2,555		
Other Expenses	10,450	10,450	5,560	2,087	2,803		
Public Defender (P.L. 1197, c.256)							
Salaries and Wages	1,900	1,900	1,818		82		
<b>UNIFORM CONSTRUCTION CODE</b>							
Uniform Construction Code Enforcement Functions							
Salaries and Wages	57,605	57,605	57,601		4		
Other Expenses	2,000	2,000			2,000		
Unclassified:							
Utilities and Bulk Purchases							
Electricity and Natural Gas	66,000	66,000	52,056	11,200	2,744		
Telecommunication Charges	28,000	28,000	25,195	2,463	342		
Petroleum Products	90,000	99,000	86,555	10,412	2,033		
Accumulated Leave Compensation	5,000	5,000	5,000				
Total Operations Within "CAPS"	3,603,106	3,603,106	3,415,683	120,552	66,871	-	-
Detail:							
Salaries and Wages	1,643,256	1,643,756	1,629,115	-	14,641	-	-
Other Expenses	1,959,850	1,959,350	1,786,568	120,552	52,230	-	-

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>							
<u>DEFERRED CHARGES AND STATUTORY</u>							
<u>EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>							
Statutory Expenditures:							
Contribution to:							
Police and Fire Retirement System	115,516	115,516	115,516				
Defined Contribution Retirement Program	500	500	90		410		
Social Security System (O.A.S.I.)	135,000	135,000	129,275		5,725		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	<u>251,016</u>	<u>251,016</u>	<u>244,881</u>	<u>-</u>	<u>6,135</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>3,854,122</u>	<u>3,854,122</u>	<u>3,660,564</u>	<u>120,552</u>	<u>73,006</u>	<u>-</u>	<u>-</u>
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>							
Public Employees Retirement System of NJ	31,966	31,966	31,966				
NJPDES Stormwater Management (N.J.S.A 40A:4-45.3)							
Other Expenses	12,000	12,000	1,392	7,492	3,116		
Recycling Tax							
Other Expenses	5,500	5,500	2,556		2,944		
Uniform Construction Code Enforcement Functions							
Salaries and Wages	46,250	46,250	46,250				
Other Expenses	8,750	8,750	4,434		4,316		

See Accompanying Notes to Financial Statements

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>							
State and Federal Programs							
Off-Set by Revenues:							
Clean Communities Program							
Salaries and Wages	12,773	12,773	12,773				
Municipal Alliance on Alcoholism & Drug Abuse							
Local Share	9,098	9,098	9,098				
State Share	2,274	2,274	2,274				
Safe & Secure Communities Program - P.L. 1993, Chapter 220							
State Share	27,041	27,041	27,041				
Local Share	31,337	31,337	31,337				
CDBG - Home Investment Partnership Program	30,555	30,555	30,555				
Body Armor Replacement Grant	1,479	1,479	1,479				
Recycling Tonnage Grant		1,916	1,916				
Over the Limit		5,000	5,000				
Drunk Driving Enforcement Fund		2,503	2,503				
Smooth Operator Grant	6,000	6,000	6,000				
Click It or Ticket Program	4,000	4,000	4,000				
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>229,023</b>	<b>238,442</b>	<b>220,574</b>	<b>7,492</b>	<b>10,376</b>	<b>-</b>	<b>-</b>
Detail:							
Salaries and Wages	127,401	134,904	134,904	-	-	-	-
Other Expenses	101,622	103,538	85,670	7,492	10,376	-	-
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>							
Capital Improvement Fund	15,000	15,000	15,000				
Reserve for Municipal Road Projects	60,000	60,000	9,005	50,995			
NJ Transportation Trust Fund Authority Act	140,000	140,000	140,000				
<b>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>	<b>215,000</b>	<b>215,000</b>	<b>164,005</b>	<b>50,995</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>							
Payment of Bond Principal	200,000	200,000	200,000				-
Interest on Bonds	66,750	66,750	63,000				3,750
Green Trust Loans	7,334	7,334	7,334				-
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	274,084	274,084	270,334	-	-	-	3,750
<u>DEFERRED CHARGES - EXCLUDED FROM "CAPS"</u>							
Deferred Charges to Future Taxation - Unfunded	600	600	600				
TOTAL DEFERRED CHARGES - EXCLUDED FROM "CAPS"	600	600	600	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	718,707	728,126	655,513	58,487	10,376	-	3,750
SUBTOTAL GENERAL APPROPRIATIONS	4,572,829	4,582,248	4,316,077	179,039	83,382	-	3,750
RESERVE FOR UNCOLLECTED TAXES	760,150	760,150	760,150				
TOTAL GENERAL APPROPRIATIONS	<u>\$ 5,332,979</u>	<u>5,342,398</u>	<u>5,076,227</u>	<u>179,039</u>	<u>83,382</u>	<u>-</u>	<u>3,750</u>
<u>Ref.</u>	A-2		A-1		A	A-14	

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>
	<u>Ref.</u>	
N.J.S.A. 40A: 4-87	A-2	
Budget	A-2	
	\$ 9,419	
	<u>5,332,979</u>	
	<u>5,342,398</u>	
Federal and State Grants	A-14	273,976
Reserve for Uncollected Taxes	A-2	760,150
Disbursed	A-4	<u>4,042,101</u>
		<u>\$ 5,076,227</u>

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

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

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Dog License Fund:			
Cash - Treasurer	B-1	\$ 221	586
		<u>221</u>	<u>586</u>
Other Funds:			
Cash - Treasurer	B-1	278,797	281,276
Cash - Collector	B-2	90,338	69,254
Investments		84,171	81,287
Due from Current Fund	A	1,911	687
Revolving Loans Receivable	B-3	456,475	447,899
		<u>911,692</u>	<u>880,403</u>
		<u>\$ 911,913</u>	<u>880,989</u>

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

<u>Liabilities, Reserves, and Fund Balance</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Dog License Fund:			
Reserve for Dog Fund	B-4	\$ 221	586
		<u>221</u>	<u>586</u>
Other Funds:			
Tax Title Lien Redemption	B-7	2,838	3,053
Premium in Tax Title Lien Redemption	B-2	87,500	66,201
Reserves for:			
Accumulated Absences	B-6	14,435	12,901
Landfill Closure	B-9	84,171	81,287
Recycling Fees	B-10	13,890	6,925
Escrow Review Fees	B-11	40,928	49,920
Police Confiscatory Funds	B-12	13,226	8,574
Small Cities Revolving Fund	B-13	651,070	647,936
Special Events	B-14	3,634	3,606
		<u>911,692</u>	<u>880,403</u>
		<u>\$ 911,913</u>	<u>880,989</u>

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

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

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Cash - Treasurer	C-2	\$ 483,615	226,710
Deferred Charges to Future Taxation:			
Funded	C-5	1,541,250	1,748,056
Unfunded	C-6	362,000	600
		<u>2,386,865</u>	<u>1,975,366</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Encumbrances Payable	C-3	25,433	76,662
Bond Anticipation Notes Payable	C-9	362,000	-
General Serial Bonds	C-10	1,520,000	1,720,000
Green Trust Loan Payable	C-11	21,250	28,056
Capital Improvement Fund	C-7	71,431	75,431
Improvement Authorizations:			
Funded	C-8	90,717	74,617
Unfunded	C-8	296,034	600
Fund Balance	C-1	-	-
		<u>\$ 2,386,865</u>	<u>1,975,366</u>

Note: There were Bonds and Notes Authorized But Not Issued at December 31, 2008 and 2007 of \$0 and \$600, respectively.

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

	<u>Ref.</u>	
Balance December 31, 2007	C	-
No activity in 2008		
Balance December 31, 2008	C	<u><u>                    </u></u>

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

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

	<u>2008</u>	<u>2007</u>
General Fixed Assets:		
Buildings	\$ 2,404,636	2,404,636
Machinery and Equipment	<u>4,145,206</u>	<u>4,072,586</u>
Total General Fixed Assets	<u><u>6,549,842</u></u>	<u><u>6,477,222</u></u>
Investment in General Fixed Assets	<u><u>\$ 6,549,842</u></u>	<u><u>6,477,222</u></u>

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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

**A. Reporting Entity**

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

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

**B. Description of Funds**

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**C. Basis of Accounting**

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2008.

	Balance December 31, 2007	Additions/ Adjustments	Deletions	Balance December 31, 2008
Buildings	\$ 2,404,636			2,404,636
Machinery and Equipment	4,072,586	82,123	(9,503)	4,145,206
Total	\$ 6,477,222	82,123	(9,503)	6,549,842

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

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

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

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

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

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

**D. Comparative Data**

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**E. Recent Accounting Pronouncements**

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions." This statement will become effective for entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date for this entity is the fiscal year beginning January 1, 2009. This statement will require governmental entities to report the future cost of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The Township does not expect the adoption of this GASB statement to have a material effect on the Township's financial position or results of operations.

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2008 and 2007 regulatory budgets included a reserve for uncollected taxes in the amount of \$760,150 and \$731,174. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2008 and 2007 regulatory budgets was \$740,000 and \$602,000.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Township Committee. The following significant budget transfers were approved in the 2008 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Planning Board Other Expense	6,500
Affordable Housing	7,500
Employee Group Insurance	(12,000)
Vehicle Maintenance	10,000
Building and Grounds OE	(7,500)
Petroleum Products	9,000

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. The following significant budget insertions were approved during the 2008 calendar year:

<u>Budget Category</u>	<u>Amount</u>
Over the Limit	\$ 5,000
Recycling Tonnage	1,916
DDEF	2,503

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

### **Note 3: INVESTMENTS**

As of December 31, 2008, the municipality had investments totaling \$84,171 in Certificates of Deposits with an interest rate of 4.02% and a maturity date of September 8, 2009.

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

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

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

### **Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2008 and 2007, \$0 of the municipality's bank balance of \$3,833,692 and \$3,407,722, respectively, was exposed to custodial credit risk.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**Note 5: LONG TERM DEBT**

Long-term debt as of December 31, 2008 consisted of the following:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u> <u>Balance</u>	<u>Due in</u> <u>One Year</u>
General - Green Trust	\$ 28,057		6,807	21,250	6,944
Capital - Bonds	1,720,000		200,000	1,520,000	200,000
Comp. Absences	234,857	73,763	44,133	264,487	-
Total	<u>\$ 1,982,914</u>	<u>73,763</u>	<u>250,940</u>	<u>1,805,737</u>	<u>206,944</u>

\$100,000 Green Trust Loan Payable dated 3/1/96 payable in semi-annual installments through 9/1/11. Interest is paid semi-annually at a rate of 2% per annum. The balance remaining at December 31, 2008 was \$21,250.

\$1,720,000 General Improvement Bond dated 2/15/07 payable in annual installments through 2/15/2015. Interest is paid semiannually at a rate of 3.75% to 4.00% per annum. The balance remaining as of December 31, 2008 was \$1,520,000.

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

The amortization schedule for the Green Trust Loan and General Improvement Bonds is as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>
2009	206,944	59,644
2010	207,082	52,001
2011	227,224	44,358
2012	225,000	36,000
2013	225,000	27,000
2014-2015	<u>450,000</u>	<u>27,000</u>
Total	<u>\$ 1,541,250</u>	<u>246,003</u>

Summary of Municipal Debt

	<u>Year 2008</u>	<u>Year 2007</u>	<u>Year 2006</u>
Bonds & Notes Issued	\$ 1,903,250	1,748,056	1,635,829
Bonds & Notes Authorized But Not Issued	-	600	156,561
Net Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 1,903,250</u>	<u>1,748,656</u>	<u>1,792,390</u>

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

Summary of Regulatory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of .32%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 7,928,458	7,928,458	-
General Debt	1,903,250		1,903,250
	<u>\$ 9,831,708</u>	<u>7,928,458</u>	<u>1,903,250</u>

Net Debt \$1,903,250 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$602,279,011 = .32%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	21,079,765
Net Debt	<u>1,903,250</u>
Remaining Borrowing Power	<u><u>19,176,515</u></u>

**Note 6: NOTES PAYABLE**

The Township had outstanding at December 31, 2008, a bond anticipation note in the amount of \$362,000 payable to the Commerce Capital. This note will mature on October 1, 2009. Interest is at a rate of 3.50%.

**Note 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2008 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2009 were as follows:

Current Fund     \$740,000

The 2009 budget has not been adopted as of this date and therefore, this amount is subject to change.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**Note 8: SCHOOL TAXES**

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

	Local District School Tax		Regional High School Tax	
	Balance	Balance	Balance	Balance
	12/31/08	12/31/07	12/31/08	12/31/07
Balance of Tax	\$ 1,814,942	1,757,031	1,112,795	1,112,795
Deferred	1,161,109	1,161,109	811,708	811,708
Tax Payable	<u>\$ 653,833</u>	<u>595,922</u>	<u>301,087</u>	<u>301,087</u>

**Note 9: TAXES COLLECTED IN ADVANCE**

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

	Balance	Balance
	Dec. 31, 2008	Dec. 31, 2007
Prepaid Taxes-Cash Liability	<u>\$149,128</u>	<u>163,734</u>

**Note 10: PENSIONS**

Description of Plans

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

*Public Employees' Retirement System*

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

required to be a member of another State-administered retirement system or other state or local jurisdiction.

*Police and Fireman's Retirement System*

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 5% thru June 30, 2008 and 5.5% from July 1, 2008 to December 31, 2008 of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The current PERS rate is 6.9% of covered payroll and for PFRS a rate of 8.5% of covered payroll. The City's contributions to PERS for the years ending December 31, 2008, 2007 and 2006 were \$31,966, \$17,210 and \$9,720 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2008, 2007 and 2006 were \$115,516, \$69,490 and \$42,448 respectively, equal to the required contributions for each year.

**Note 11: POSTRETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required PERS to fund postretirement medical benefits for those State employees who retire after reaching age 60. As of June 30, 2007, there were 75,860 employees Statewide eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 which will increase the medical reserve by one half of 1% of payroll.

The State made post-retirement (PRM) contributions of \$592.7 million for PERS in Fiscal Year 2007.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**Note 12: COMPENSATED ABSENCES**

The Township has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material. At December 31, 2008 and 2007, we have estimated this liability to be approximately \$264,487 and \$234,857 respectively. The realization of this liability may be affected by conditions that could preclude an employee from receiving full payment of the accrual. Effective January 1, 2002, the State of New Jersey is allowing municipalities to accrue a compensated absence liability. As of December 31, 2008 and 2007, the Township has accrued \$14,435 and \$12,901, respectively, for this liability.

**Note 13: ECONOMIC DEPENDENCY**

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

**Note 14: CONTINGENT LIABILITIES**

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

**Note 15: INTERFUND BALANCES**

As of December 31, 2008, the following interfunds were included on the balance sheets of the various funds of the Township of Mullica:

	<u>From</u>	<u>To</u>
Current Fund:		
Federal and State Grant Fund	\$ 23,397	
Trust Fund		1,910
Federal and State Grant Fund:		
Current Fund		23,397
Trust Fund:		
Current Fund	1,910	
	<u>\$ 25,307</u>	<u>25,307</u>

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**Note 16: RISK MANAGEMENT**

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

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

The Township of Mullica is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which also includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Township has a liability limit of \$10,000,000 under MEL. There were no claims in excess of coverage and no reduction in coverage during the year 2008.

**Note 17: SANITARY LANDFILL CLOSURE**

The last landfill closure plan was updated in October, 1998. According to this plan, closure was to have taken place in 1998, post closure activities were from 1999 to 2028. Annual appropriations varied from \$18 - \$33,000. There have been no appropriations made since 2000. The balance in the Landfill Closure Trust Fund amounts to \$84,171. The Township is not in compliance with the plan.

**Note 18: LABOR CONTRACTS**

As of December 31, 2008, the Township's employees are organized in the following collective bargaining units. Contracts are continually being negotiated the following table shows their current status.

	Category	Expiration	Covers
AFL-CIO #71	Public Works	12/31/10	All employees public works employees. Supervisors are excluded.
PBA #77	Police	12/31/10	All uniformed police, detectives, and other special police units, excluding the chief.
United Workers Union	Clerical	12/31/10	All Clerical workers.

## **SUPPLEMENTARY INFORMATION**

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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*

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

We have audited the financial statements - regulatory basis of the Township of Mullica, New Jersey as of and for the year ended December 31, 2008, and have issued our report thereon dated April 10, 2009. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Township of Mullica, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with 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 prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Mullica, New Jersey's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements - regulatory basis but not for the purpose of expressing an opinion on the effectiveness of the Township of Mullica's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Mullica's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the statutory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Township of Mullica, New Jersey in a separate letter dated April 10, 2009.

This report is intended solely for the information and use of management, the Township Committee, and the State of New Jersey, Division of Local Government Services and is not intended to be and should not be used by anyone other than these specified parties.

*Kenneth W. Moore*

Kenneth Moore, CPA  
Registered Municipal Accountant  
No. 231

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

April 10, 2009

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal or State Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor #	Grant Period	Program or Award Amount	Balance at 1/1/08	Receipts or Revenue Recognized	Disbursements/Expenditures	Balance at 12/31/08	Total Cumulative State Expenditures
<b>Federal:</b>								
Passed through State of New Jersey								
Department of Community Affairs								
Small Cities Block Grant	14.228	1/1/07 - 12/31/07	22,744	22,744			22,744	
Small Cities Block Grant	14.228	1/1/08 - 12/31/08	30,555		30,555		30,555	
Total Federal Funds				<u>22,744</u>	<u>30,555</u>	<u>-</u>	<u>53,299</u>	
<b>State:</b>								
Passed through:								
Department of Environmental Protection								
Clean Communities	4900-765-178920	1/1/08 - 12/31/08	12,773	-	12,773	12,773	-	12,773
Recycling Tonnage Grant	4830-752-050550-50	1/1/08 - 12/31/08	1,916	-	1,916	1,916	-	1,916
Stormwater Grant	N/A	1/1/07 - 12/31/07	2,320	2,320	-	2,320	-	2,320
Total Department of Environmental Protection				<u>2,320</u>	<u>14,689</u>	<u>17,009</u>	<u>-</u>	
Department of Law and Public Safety								
Body Armor Grant	1020-718-066--1020	1/1/08 - 12/31/08	1,479	-	1,479	1,018	461	1,018
Body Armor Grant	1020-718-066--1020	1/1/07 - 12/31/07	1,522	1,522	-	1,522	-	1,522
Over the Limit	N/A	1/1/08 - 12/31/08	5,000	-	5,000	5,000	-	5,000
Smooth Operator	N/A	1/1/08 - 12/31/08	6,000	-	6,000	6,000	-	6,000
Click It or Ticket	N/A	1/1/08 - 12/31/08	4,000	-	4,000	4,000	-	4,000
Drunk Driving Enforcement Grant	N/A	1/1/08 - 12/31/08	2,503	-	2,503	-	2,503	-
Drunk Driving Enforcement Grant	N/A	1/1/07 - 12/31/07	5,674	5,674	-	3,839	1,835	3,839
Safe and Secure Communities	100-066-1020-107-090940	1/1/08 - 12/31/08	58,378	-	58,378	58,378	-	58,378
Total Department of Law and Public Safety				<u>7,196</u>	<u>77,360</u>	<u>79,757</u>	<u>4,799</u>	
Department of Transportation								
Richards Road	6320-480-601381-61	1/1/07 - 12/31/07	150,000	150,000	-	-	150,000	-
Darmstadt Avenue	6320-480-601381-61	1/1/08 - 12/31/08	140,000	-	140,000	-	140,000	-
Total Department of Transportation				<u>150,000</u>	<u>140,000</u>	<u>-</u>	<u>290,000</u>	
Total State Funds				<u>159,516</u>	<u>232,049</u>	<u>96,766</u>	<u>294,799</u>	
Total Federal and State Financial Assistance				<u>182,260</u>	<u>262,604</u>	<u>96,766</u>	<u>348,098</u>	

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>	
Balance December 31, 2007	A		\$ 2,543,406
Increased by Receipts:			
Tax Collector	A-5	10,645,290	
Due from State - Senior Citizens & Vets		83,885	
Federal & State Grants Receivable	A-13:A-15	217,684	
Revenue Accounts Receivable	A-9	959,124	
Miscellaneous Revenue Not Anticipated	A-9:A-2	93,197	
Reserve for Garden State Trust	A	58,165	
Interfund		37,351	
Marriage License Fees	A	656	
Reserve for JIF Safety Program	A	4,750	
Refunds		25,876	
Third Party Court Fees		16,380	
DCA Inspection Fees	A	<u>7,679</u>	
			<u>12,150,037</u>
			14,693,443
Decreased by Disbursements:			
2007 Appropriation Reserves	A-10	133,270	
2008 Appropriations	A-3	4,042,101	
County Taxes		1,752,063	
Due County for Added and Omitted Taxes		19,800	
Local District School Tax	A-11	3,571,974	
Regional High School Tax	A-12	2,256,929	
Refund Tax Overpayments		13,694	
Federal & State Grant Expenditures	A-14	111,001	
Reserve for JIF Safety Program	A	5,344	
Marriage License Fees	A	656	
Interfunds	A	71,804	
Third Party Court Fees		16,380	
DCA Inspection Fees	A	<u>3,739</u>	
			<u>11,998,755</u>
Balance December 31, 2008	A		<u><u>\$ 2,694,688</u></u>

**CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>		
Balance December 31, 2007	A		\$ 271,974
Increased by:			
Taxes Receivable	A-7	10,412,380	
Tax Title Liens	A-8	6,096	
Prepaid Taxes		149,128	
Revenue Accounts Receivable	A-2, A-9	56,321	
Other Receipts		<u>427</u>	
			<u>10,624,352</u>
			10,896,326
Decreased by:			
Payment to Treasurer	A-4	<u>10,645,290</u>	
			<u>10,645,290</u>
Balance December 31, 2008	A		<u><u>\$ 251,036</u></u>



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

Analysis of 2008 Property Tax Levy	<u>Ref.</u>		
Tax Yield:			
General Property Tax			10,664,878
Added Taxes (54:4-63.1 et. seq.)			<u>119,359</u>
	A-7		<u>\$ 10,784,237</u>
Tax Levy:			
Local School District Tax (Abstract)	A-11		3,629,885
Regional High School Tax (Abstract)	A-12		2,288,269
County Taxes:			
County Tax (Abstract)		1,752,063	
Due County for Added Taxes (54:4-63.1 et. seq.)		<u>19,800</u>	
Total County Taxes			1,771,863
Local Tax for Municipal Purposes	A-2	2,994,021	
Add: Additional Tax Levied		<u>100,199</u>	
	A-7		<u>\$ 10,784,237</u>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2007	A		\$ 264,012
Increased by:			
Transfers from Taxes			
Receivable	A-7	24,745	
Interest and Costs Accrued by			
Sale of March 26, 2008	Res.	<u>237</u>	
			<u>24,982</u>
			288,994
Decreased by:			
Transferred to Foreclosed Property		114,947	
Cancellations			
Collections	A-2, 4	<u>6,096</u>	
			<u>121,043</u>
Balance December 31, 2008	A		<u><u>\$ 167,951</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance Dec. 31, 2007	Accrued In 2008	Collected	Balance Dec. 31, 2008	
Miscellaneous Revenue Anticipated:			740,000	740,000		
Licenses:						
Alcoholic Beverages	A-2		2,275	2,275		
Fines and Costs:						
Municipal Court	A-2	\$ 12,065	192,278	191,138	13,205	Dec 2008
Interest on Taxes	A-2		56,321	56,321		
Interest on Investments	A-2		42,715	42,715		
Trailer Pad Fees	A-2		60,624	60,624		
Cell Tower Rent	A-2		24,946	24,946		
Consolidated Municipal Property Tax Relief Aid	A-2		172,016	172,016		
Energy Receipts Tax	A-2		393,852	393,852		
Supplemental Energy Receipts Tax	A-2		16,609	16,609		
Pinelands Property Tax Stabilization Aid	A-2		7,914	7,914		
Garden State Trust	A-2		64,621	64,621		
Uniform Construction Code Fees	A-2		47,035	47,035		
Miscellaneous Revenue Not Anticipated	A-2		69,236	69,236		
		<u>\$ 12,065</u>	<u>1,150,442</u>	<u>1,149,302</u>	<u>13,205</u>	
	Ref.	A			A	
			Current Fund - Treasurer	A-2:A-4	1,028,360	
			Prior Year Garden State Trust Reserves		64,621	
			Current Fund - Collector	A-5	<u>56,321</u>	
					<u>1,149,302</u>	

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES**

	Balance Dec. 31, 2007	Balance After Transfers	Paid	Balance Lapsed	Over- expended
Operations Within "CAP":					
Mayor and Committee					
Other Expenses	481	481	272	209	
Municipal Clerk					
Other Expenses	5,309	5,309	5,290	19	
Financial Administration					
Other Expenses	837	837	612	225	
Collection of Taxes					
Other Expenses	5,503	5,503	927	4,576	
Assessment of Taxes					
Other Expenses	496	496	241	255	
Legal Services					
Other Expenses	7,189	7,189	2,205	4,984	
Engineering Services					
Other Expenses	4,534	4,534	3,988	546	
Planning Board					
Other Expenses	728	728	485	243	
Zoning Board					
Other Expenses	825	825	760	65	
Unemployment Insurance	1,115	1,115	386	729	
Police Services					
Other Expenses	7,374	7,374	6,118	1,256	
Emergency Management					
Other Expenses	1,483	1,483	55	1,428	
Public Works Department					
Other Expenses	20,661	20,661	14,469	6,192	
Buildings and Grounds					
Other Expenses	4,499	4,499	4,278	221	
Vehicle Maintenance					
Other Expenses	17,964	17,964	6,580	11,384	
NJPDES Stormwater Management					
Other Expenses	25,000	25,000	22,302	2,698	
Utilities					
Petroleum Products	13,405	13,405	11,772	1,633	
Electricity and Natural Gas	7,850	7,850	5,476	2,374	
Telecommunication Charges	5,648	5,648	2,909	2,739	
Landfill/Solid Waste Disposal					
Other Expenses	39,411	39,411	36,991	2,420	
Municipal Court					
Other Expenses	4,600	4,600	4,465	135	
Municipal Property Improvement	3,559	3,559	2,689	870	
Other Accounts - No Changes	58,953	58,953		58,953	
	<u>\$ 237,424</u>	<u>237,424</u>	<u>133,270</u>	<u>104,154</u>	<u>-</u>

A-4

A-1

A

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT TAX**

	<u>Ref.</u>		
Balance December 31, 2007:			
School Tax Payable	A	\$ 595,922	
Deferred School Tax Payable		<u>1,161,109</u>	
			1,757,031
Increased by:			
Levy-School Year July 1, 2008 to June 30, 2009	A-9		<u>3,629,885</u>
			5,386,916
Decreased by:			
Payments	A-4		<u>3,571,974</u>
Balance December 31, 2008:			
School Tax Payable	A	653,833	
Deferred School Tax Payable		<u>1,161,109</u>	
			<u><u>1,814,942</u></u>
 <u>2008 Liability for Local District Tax:</u>			
Tax Paid			3,571,974
Tax Payable December 31, 2008			<u>653,833</u>
			4,225,807
Less:			
Tax Payable December 31, 2007			<u>595,922</u>
Amount Charged to 2008 Operations	A-1		<u><u>\$ 3,629,885</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2007:			
Regional High School Tax Payable	A	\$ 301,087	
Deferred School Tax Payable		<u>811,708</u>	
			1,112,795
Increased by:			
Levy-School Year July 1, 2008 to June 30, 2009	A-9		<u>2,288,269</u>
			3,401,064
Decreased by:			
Payments	A-4		<u>2,256,929</u>
Balance December 31, 2008:			
Regional High School Tax Payable	A	332,427	
Deferred School Tax Payable		<u>811,708</u>	
			<u><u>1,144,135</u></u>
 <u>2008 Liability for Regional High School Tax:</u>			
Tax Paid			2,256,929
Tax Payable December 31, 2008			<u>332,427</u>
			2,589,356
Less:			
Tax Payable December 31, 2007			<u>301,087</u>
Amount Charged to 2008 Operations	A-1		<u><u>\$ 2,288,269</u></u>

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

<u>Grant</u>	<u>Balance Dec. 31, 2007</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2008</u>
New Jersey Transportation Trust Fund Fifth Avenue	\$ 43,750		43,750		-
New Jersey Transportation Trust Fund Richards Avenue	150,000				150,000
New Jersey Transportation Trust Fund Darmstadt Avenue	-	140,000			140,000
Municipal Alliance Grant 2007 Grant	10,505		10,063	442	-
2008 Grant	-	9,098			9,098
Drunk Driving Enforcement Fund	-	2,503	2,503		-
Clean Communities Program	-	12,773	12,773		-
Recycling Tonnage Grant	-	1,916	1,916		-
Safe and Secure Communities Program	-	27,041	13,520		13,521
Click It or Ticket Grant	-	4,000	4,000		-
HOME Investment Partnership Program	147,058	30,555	115,311		62,302
Over the Limit Grant	-	5,000	5,000		-
Smooth Operator	-	6,000	6,000		-
Body Armor Grant	-	1,479	1,479		-
	<u>\$ 351,313</u>	<u>240,365</u>	<u>216,315</u>	<u>442</u>	<u>374,921</u>
<u>Ref.</u>	A	A-2:A-14	A-4	A-14	A

See Accompanying Auditor's Report

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

<u>Grant</u>	<u>Balance Dec. 31, 2007</u>	<u>2008 Budget Appropriation</u>	<u>Expended</u>	<u>Prior Year Encumbered</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2008</u>
Municipal Alliance Grant						
2008 Grant						
State Share	\$ -	9,098	7,042			2,056
Local Share	-	2,274	2,274			-
2007 Grant						
State Share	572				572	-
Drunk Driving Enforcement Fund	5,675	2,503	3,839			4,339
Clean Communities Program	-	12,773	12,773			-
Body Armor Grant	1,522	1,479	2,540			461
Recycling Tonnage Grant	-	1,916	1,916			-
Safe and Secure Communities	-	58,378	58,378			-
Click It or Ticket Grant	-	4,000	4,000			-
HOME Investment Partnership Program	22,744	30,555				53,299
NJ DOT - Darmstadt Avenue	-	140,000				140,000
NJ DOT - Richards Road	150,000					150,000
NJDEP Stormwater Management Grant	-		2,320	2,320		-
Over the Limit	-	5,000	5,000			-
Smooth Operator	-	6,000	6,000			-
Comcast Technology Grant	4,919		4,919			-
	<u>\$ 185,432</u>	<u>273,976</u>	<u>111,001</u>	<u>2,320</u>	<u>572</u>	<u>350,155</u>
<u>Ref.</u>	A				A-13	A
		Encumbered	-			
		Disbursed	111,001		A-4	
			<u>111,001</u>			

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

<u>Grant</u>	<u>Balance Dec. 31, 2007</u>	<u>2008 Budget Appropriation</u>	<u>Received</u>	<u>Balance Dec. 31, 2008</u>
Body Armor Grant			1,369	1,369
	<u>\$ -</u>	<u>-</u>	<u>1,369</u>	<u>1,369</u>
<u>Ref.</u>	A		A-4	A

See Accompanying Auditor's Report

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2007	B	\$ 586	\$ 281,276
Increased by Receipts:			
Dog License Fees - 2008	B-4	1,873	
Due to State of New Jersey	B-5	822	
Due from Current Fund			510
Small Cities Revolving Fund	B-3		1,164
Accumulated Absences	B-6		5,000
Recycling Fees	B-10		8,179
Escrow Review Receipts	B-11		25,479
Police Confiscatory Fund	B-12		5,252
Small Cities Grant Reserve	B-13		12,874
Special Events	B-14		2,895
		<u>2,695</u>	<u>61,353</u>
		3,281	342,629
Decreased by Disbursements			
Due to State of New Jersey:			
Dog Fund	B-5	822	
Statutory Expenditures	B-4	2,238	
Small Cities Revolving Fund	B-3		9,740
Accumulated Absences	B-6		3,466
Recycling Fees	B-10		1,214
Escrow Review Fees	B-11		34,471
Police Confiscatory Fund	B-12		600
Small Cities Grant Reserve	B-13		9,740
Special Events	B-14		2,867
Due Current Fund			1,734
		<u>3,060</u>	<u>63,832</u>
Balance December 31, 2008	B	<u>\$ 221</u>	<u>\$ 278,797</u>

Analysis of Balance:	
Special Events	3,634
Escrow Review	39,017
Recycling	13,890
Confiscatory	13,226
Accumulated Absence	14,435
Small Cities	194,595
	<u>278,797</u>

**TRUST FUND  
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>	<u>Tax Title Lien Redemption</u>	
Balance December 31, 2007	B		\$ 69,254
Increased by Receipts:			
Premiums Received at Tax Sale	B-8	21,299	
Deposits for Redemption of Tax Sale Certificates	B-7	-	<u>21,299</u>
			90,553
Decreased by Disbursements:			
Refund of Premium Redeemed	B-8	-	
Refund of Tax Sale Certificates Redeemed	B-7	<u>215</u>	
			<u>215</u>
Balance December 31, 2008	B		<u><u>\$ 90,338</u></u>

See Accompanying Auditor's Report

**TRUST FUND  
SCHEDULE OF REVOLVING LOAN RECEIVABLE**

Balance December 31, 2007	<u>Ref.</u> B	\$ 447,899
Increased by:		
Loans Granted	B-1	<u>9,740</u>
		457,639
Decreased by:		
Loans Forgiven		
Loans Repaid	B-1	<u>1,164</u>
		<u>1,164</u>
Balance December 31, 2008	B	<u><u>\$ 456,475</u></u>

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2007	<u>Ref.</u> B	\$ 586
Increased by:		
Dog License Fees Collected - 2008	B-1	<u>1,873</u>
		2,459
Decreased by:		
Dog License Expenses	B-1	<u>2,238</u>
Balance December 31, 2008	B	<u><u>\$ 221</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
2006	1,994
2007	<u>2,000</u>
	<u><u>3,994</u></u>

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

Balance December 31, 2007	<u>Ref.</u> B	\$ -
Increased by:		
2008 State License Fees	B-1	<u>822</u>
		822
Decreased by:		
Disbursements to the State	B-1	<u>822</u>
Balance December 31, 2008	B	<u><u>\$ -</u></u>

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

Balance December 31, 2007	<u>Ref.</u> B	\$ 12,901
Increased by:		
2008 Budget	B-1	<u>5,000</u>
		<u>5,000</u>
		17,901
Decreased by:		
Expenditures	B-1	<u>3,466</u>
Balance December 31, 2008	B	<u><u>\$ 14,435</u></u>

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

Balance December 31, 2007	<u>Ref.</u> B	\$ 3,053
Increased by:		
Deposits Received	B-2	<u>3,053</u>
Decreased by:		
Refunds - Tax Sale Certificates		<u>215</u>
Balance December 31, 2008	B	<u><u>\$ 2,838</u></u>

Exhibit B-8

**SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE**

Balance December 31, 2007	<u>Ref.</u> B	\$ 66,201
Increased by:		
Premiums Received	B-2	<u>21,299</u>
		87,500
Decreased by:		
Refunds - Premiums	B-2	<u>-</u>
Balance December 31, 2008	B	<u><u>\$ 87,500</u></u>

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

Balance December 31, 2007	<u>Ref.</u> B	\$ 81,287
Increased by:		
Interest Earned on Investments		<u>2,884</u>
Balance December 31, 2008	B	<u><u>\$ 84,171</u></u>

**SCHEDULE OF RESERVE FOR RECYCLING FEES**

Balance December 31, 2007	<u>Ref.</u> B	\$ 6,925
Increased by:		
Recycling Fees	B-1	<u>8,179</u>
		15,104
Decreased by:		
Recycling Expenditures	B-1	<u>1,214</u>
Balance December 31, 2008	B	<u><u>\$ 13,890</u></u>

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

Balance December 31, 2007	<u>Ref.</u> B		\$ 49,920
Increased by:			
Due from Current	A	1,910	
Escrow Deposits Received	B-1	<u>23,569</u>	
			<u>25,479</u>
			75,399
Decreased by:			
Disbursements	B-1		<u>34,471</u>
Balance December 31, 2008	B		<u><u>\$ 40,928</u></u>

**SCHEDULE OF RESERVE FOR POLICE CONFISCATORY FUNDS**

Balance December 31, 2007	<u>Ref.</u> B		\$ 8,574
Increased by:			
County receipts		5,130	
Interest	B-1	<u>122</u>	
			<u>5,252</u>
			13,826
Decreased by:			
Police Department Expenses	B-1		<u>600</u>
Balance December 31, 2008	B		<u><u>\$ 13,226</u></u>

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

Balance December 31, 2007	<u>Ref.</u> B		\$ 647,936
Increased by:			
Repayments		1,164	
Other Receipts	B-1	<u>11,710</u>	
			<u>12,874</u>
			660,810
Decreased by:			
Revolving Fund Expenditures	B-1	<u>9,740</u>	
			<u>9,740</u>
Balance December 31, 2008	B		<u><u>\$ 651,070</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2007	C		\$ 226,710
Increased by Receipts:			
Bond Anticipation Notes	C-9	362,000	
Budget Appropriation	C-7	15,600	
		377,600	
			604,310
Decreased by Disbursements:			
Improvement Authorizations	C-8	120,695	
Miscellaneous	C-8	-	
		120,695	
Balance December 31, 2008	C		\$ 483,615

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	----- Receipts -----		----- Disbursements -----			----- Transfers -----		Balance Dec. 31, 2008	
	Balance Dec. 31, 2007	BANS Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Capital Improvement Fund			15,000			19,000		(4,000)	
Encumbrance Payable	76,662					76,662	25,433	25,433	
<u>Improvement Authorizations:</u>									
<u>Ordinance</u>									
<u>Number</u>									
4-05	Various Improvements	65,000						65,000	
12-06	Reconstruction of 5th Ave.	1,167		58,833			58,833	1,167	
14-06	Municipal Bldg. Generator	8,450	600	17,829			17,829	9,050	
11-08	Various Improvements		362,000	44,033		25,433	19,000	311,534	
		<u>\$ 151,279</u>	<u>362,000</u>	<u>15,600</u>	<u>120,695</u>	<u>-</u>	<u>121,095</u>	<u>121,095</u>	<u>408,184</u>
		C	C-2:C-10	C-2	C-2:C-9	C-2		C	

See Accompanying Auditor's Report

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

	<u>Ref.</u>		
Balance December 31, 2007	C		\$ 1,748,057
Decreased by:			
2008 Budget Appropriation to Pay:			
Serial Bonds	A-3:C-10	200,000	
Green Trust Loan	A-3:C-11	<u>6,807</u>	
			<u>206,807</u>
Balance December 31, 2008	C		<u><u>\$ 1,541,250</u></u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2007	2008 Authorizations	Debt Issued	Budget Appropriations	Balance Dec. 31, 2008	Analysis of Balance		Unexpended Improvement Authorizator
							Financed by Notes	Expended	
14-06	Municipal Bldg. Generator	\$ 600			600	-			
11-08	Various Improvements		362,000			-	362,000		
		<u>\$ 600</u>	<u>362,000</u>	<u>-</u>	<u>600</u>	<u>-</u>	<u>362,000</u>	<u>-</u>	<u>-</u>
		C			C-8:C-12	C		C-9	C-2
							Improvement Authorizations Unfunded	\$	296,034
							Less:		
							Unexpended Proceeds of Bond		
							Anticipation Notes Issued:		
								11-08	296,034
									<u>\$ -</u>

See Accompanying Auditor's Report

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

Balance, December 31, 2007	<u>Ref.</u> C		\$ 75,431
Increased by:			
Budget Appropriation	A-3	15,000	
Cancellation of reserve		-	
		<u>          </u>	<u>15,000</u>
Decreased by:			
Improvement Authorizations	C-8		<u>19,000</u>
Balance, December 31, 2008	C		<u><u>\$ 71,431</u></u>

**GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2007		2008 Authorizations		Prior Year Encumbrances	Paid or Charged	Canceled	Balance Dec. 31, 2008	
		Date	Amount	Funded	Unfunded	Surplus/ Capital Improvement Fund	Deferred Charges to Future Taxation-Unfunded				Funded	Unfunded
4-05	Various Improvements		690,000	\$ 65,000							65,000	
12-06	Reconstruction of 5th Ave.	9/12/2006	60,000	1,167							1,167	
14-06	Municipal Bldg. Generator	10/10/2006	130,000	8,450	600						9,050	
11-08	Various Improvements	6/10/2008	381,000			19,000	362,000		69,466		15,500	296,034
				<u>\$ 74,617</u>	<u>600</u>	<u>19,000</u>	<u>362,000</u>	<u>-</u>	<u>69,466</u>	<u>-</u>	<u>90,717</u>	<u>296,034</u>
				C	C		C-6				C-2	C-6
								Encumbered	-	C		
								Disbursed	<u>69,466</u>	C-2		
									<u>69,466</u>			

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

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Maturity Date	Interest Rate	Balance Dec. 31, 2007	Increased	Decreased	Balance Dec. 31, 2008
11-08	Various Improvements	10/1/2008	10/1/2008	10/1/2009	3.50%	\$ -	362,000		362,000
						<u>\$ -</u>	<u>362,000</u>	<u>-</u>	<u>362,000</u>
						C	C-2: C-12	C-6	C:C-6

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding 2008		Interest Rate	Balance Dec. 31, 2007	Increased	Decreased	Balance Dec. 31, 2008
			Date	Amount					
General Improvements	2/21/07	1,720,000	2/15/2009	200,000	3.750%	1,720,000		200,000	1,520,000
			2/15/2010	200,000	3.750%				
			2/15/2011	220,000	3.750%				
			2/15/2012	225,000	4.000%				
			2/15/2013	225,000	4.000%				
			2/15/2014	225,000	4.000%				
			2/15/2015	225,000	4.000%				
					<u>\$ 1,720,000</u>	<u>-</u>	<u>200,000</u>	<u>1,520,000</u>	
					C	C-2	C-5	C	

**GENERAL CAPITAL FUND  
SCHEDULE OF GREEN TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding 2008		Interest Rate	Balance Dec. 31, 2007	Increased	Decreased	Balance Dec. 31, 2008
			Date	Amount					
Recreation Complex	9/1/95	100,000	2009	6,943	2.00%	<u>\$ 28,057</u>	<u>          </u>	<u>6,807</u>	<u>21,250</u>
			2010	7,082					
			2011	7,225					
					C		C-5	C	

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2007</u>	<u>2008 Authorizations</u>	<u>Issued</u>	<u>Raised in Budget</u>	<u>Balance Dec. 31, 2008</u>
14-06	Municipal Bldg Generator	\$ 600			600	-
11-08	Various Improvements		362,000	362,000		-
		<u>\$ 600</u>	<u>362,000</u>	<u>362,000</u>	<u>600</u>	<u>-</u>
			C-6:C-8	C-9	C-2	C-6:C-8

See Accompanying Auditor's Report

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**TOWNSHIP OF MULLICA**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2008**

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## **GENERAL COMMENTS**

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$29,000 except by contract or agreement."

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed \$29,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of \$29,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

The minutes indicate that no bids were requested by public advertising for the current year.

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

N.J.S. 40A:11-6.1 states, "Prior to the award of any other purchase, contract or agreement, the contracting agent shall, except in the case of the performance of professional services, solicit quotations, whenever practical, on any such purchase, contract or agreement the estimated cost or price of which is \$4,350 or more."

Our examination of expenditures did not reveal any purchases made in excess of \$4,350 without obtaining quotes as required by statute.

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

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

The governing body, on January 5, 2008, adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on March 26, 2008 and was complete, except for several bankruptcies from prior years not sold.

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

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

<u>Year</u>	<u>Number of Liens</u>
2008	101
2007	136
2006	296

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

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type:</u>	<u>Number Mailed</u>
Payments of 2009 and 2008 Taxes	5
Delinquent Taxes	3
Municipal Court	5
Total	<u>13</u>

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

### Deposit of Municipal Funds

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

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

### Comparison of Tax Levies and Collections Currently

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

Year	Currently		
	Tax Levy	Cash Collections	Percentage of Collections
2008	10,784,237	10,285,684	95.38%
2007	10,421,035	10,001,772	95.98%
2006	10,076,634	9,677,261	96.04%
2005	9,071,124	8,764,942	96.62%
2004	8,731,005	8,311,824	95.20%

### Comparative Schedule of Tax Rate Information

	2008	2007	2006	2005	2004
Tax Rate	3.69	3.62	3.56	3.28	3.22
Apportionment of Tax Rate:					
Municipal	1.04	0.98	0.96	0.93	0.90
County	0.61	0.61	0.60	0.57	0.58
School	2.05	2.02	2.00	1.78	1.74
Assessed Valuation	288,706,046	283,981,376	280,539,921	275,693,900	272,469,852

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

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

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage of Tax <u>Levy</u>
2008	167,950	374,476	542,426	5.21%
2007	264,012	394,780	658,792	6.32%
2006	459,165	354,439	813,604	8.07%
2005	519,731	375,038	894,769	10.25%
2004	577,676	352,846	930,522	10.66%

### **Uniform Construction Code**

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

## **AUDIT FINDINGS AND QUESTIONED COSTS**

None

## **STATUS OF PRIOR RECOMMENDATIONS**

None

## **RECOMMENDATIONS**

None

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

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

Very truly yours,

*Kenneth W. Moore*

Kenneth W. Moore  
Registered Municipal Accountant  
No. 231

*Swartz & Co., CPAs, LLC*

Swartz & Co., CPAs, LLC

April 10, 2009