

**TOWNSHIP OF MULLICA**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2010**



**TOWNSHIP OF MULLICA**

**REPORT OF AUDIT**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2010**



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**TOWNSHIP OF MULLICA**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2010**





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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, 2010 and 2009, 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, 2010. 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 presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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, 2010 and 2009 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, 2010 and 2009 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, 2010 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 29, 2011 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 statements of the Township of Mullica taken as a whole. 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 29, 2011

**EXHIBIT - A  
CURRENT FUND**



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

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 6,489,870	2,854,605
Collector	A-5	263,926	243,815
Change Fund		300	300
Petty Cash Fund		100	100
		<u>6,754,196</u>	<u>3,098,820</u>
Other Receivables:			
Due from State of New Jersey - Senior Citizens and Veterans		6,053	5,213
		<u>6,053</u>	<u>5,213</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	440,191	430,265
Tax Title Liens Receivable	A-8	100,133	187,192
Property Acquired / Assessed Valuation		3,547,400	3,258,500
Revenue Accounts Receivable	A-9	11,110	10,872
Due from Other Trust Fund		3,002	2,874
Due from Grant Fund		70,049	86,242
	A	<u>4,171,885</u>	<u>3,975,945</u>
		<u>10,932,134</u>	<u>7,079,978</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	409,037	387,584
		<u>409,037</u>	<u>387,584</u>
		<u>\$ 11,341,171</u>	<u>7,467,562</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<b>Regular Fund:</b>			
Appropriation Reserves	A-3	\$ 33	162,232
Encumbrances Payable		-	114,960
Prepaid Taxes		148,548	163,810
Tax Overpayments		4,559	8,549
Local School Tax Payable	A-11	753,551	719,221
Regional High School Tax Payable	A-12	453,882	370,864
Due to Trust Fund		24	-
<b>Due to the State:</b>			
Marriage Licenses	A-4	175	75
DCA Inspection Fees	A-4	1,437	1,095
Reserve for JIF Safety Money		1,809	2,470
Reserve for Land Sale Deposits		2,250	5,736
Reserve for Garden State Preservation		41,440	62,160
		<u>1,407,708</u>	<u>1,611,172</u>
 Reserves for Receivables	 A	 4,171,885	 3,975,945
Fund Balance	A-1	<u>1,747,962</u>	<u>1,492,861</u>
		<u>7,327,555</u>	<u>7,079,978</u>
 <b>Federal and State Grant Fund:</b>			
Due to Current Fund		70,049	86,242
Appropriated Reserves	A-14	338,988	297,154
Unappropriated Reserves	A-15	-	4,188
		<u>409,037</u>	<u>387,584</u>
		<u>\$ 7,736,592</u>	<u>7,467,562</u>

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

	Ref.	2010	2009
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 1,000,000	854,000
Miscellaneous Revenues Anticipated	A-2	1,380,650	1,355,680
Receipts from Delinquent Taxes	A-2	427,071	506,917
Receipts from Current Taxes	A-2	11,091,840	10,797,619
Nonbudget Revenues	A-2	86,253	178,076
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-10	172,594	122,493
Canceled Grants	A-13/14	-	411
Prior Year Revenue Adjustment		-	6,569
Interfunds Returned		89,115	23,397
		14,247,523	13,845,162
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	1,808,580	1,773,650
Other Expenses	A-3	1,795,999	1,761,745
Deferred Charges and			
Statutory Expenditures	A-3	-	321,673
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	102,189	121,321
Other Expenses	A-3	330,046	389,994
Capital Improvements	A-3	194,100	133,000
Municipal Debt Service	A-3	269,774	275,469
County Taxes	A-7	2,052,271	1,981,654
Due County for Added and Omitted Taxes	A-7	5,737	13,842
Local District School Tax	A-11	3,829,326	3,750,344
Regional High School District Tax	A-12	2,531,179	2,365,144
Prior Year Revenue Returned		170	-
Interfund Created		73,051	89,115
		12,992,422	12,976,951

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>2010</u>	<u>2009</u>
Excess (Deficit) in Revenues		1,255,101	868,211
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		1,255,101	868,211
Fund Balance January 1	A	<u>1,492,861</u>	<u>1,478,650</u>
Total		2,747,962	2,346,861
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>1,000,000</u>	<u>854,000</u>
Fund Balance December 31	A	<u>\$ 1,747,962</u>	<u>1,492,861</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,000,000		1,000,000	-
		1,000,000	-	1,000,000	-
<u>Miscellaneous Revenues:</u>					
Licenses:					
Alcoholic Beverages	A-9	2,500		4,120	1,620
Fines and Costs:					
Municipal Court	A-9	160,000		113,739	(46,261)
Interest and Costs on Taxes	A-9	50,000		67,679	17,679
Interest on Investments and Deposits	A-9	9,500		7,401	(2,099)
Trailer Pad Fees	A-9	30,000		42,187	12,187
Cell Tower Revenue	A-9	31,500		37,214	5,714
Consolidated Municipal Property Tax Relief Aid	A-9	62,594		62,594	-
Energy receipts Tax ( P.L. 1997, Ch 162 & 167)	A-9	389,182		389,182	-
Garden State Trust Fund	A	62,160		62,160	-
Uniform Construction Code Fees	A-9	50,000		61,833	11,833
Additional Revenues Offset With Appropriations:					
Clean Communities Program	A-13	17,029		17,029	-
Municipal Alliance on Alcoholism and Drug Abuse	A-13	11,860		11,860	-
Safe and Secure Communities Program	A-13	30,748		30,748	-
Click It or Ticket Program	A-13	4,000		4,000	-
Over the Limit Crackdown			4,400	4,400	
Over the Limit Year End Crackdown			5,000	5,000	
Recycling Tonnage		4,188		4,188	

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<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:					
Federal Vest Partnership	A-13		1,687	1,687	
Body Armor Replacement Grant	A-13	842	1,604	2,446	-
County Tire Removal Grant	A-13	267,000		267,000	-
HOME Investment Partnership Program	A-13	30,500		30,500	-
NJ Transportation Trust Fund	A-13	150,000		150,000	-
Drunk Driving Enforcement Fund	A-13		3,683	3,683	-
		<u>1,363,603</u>	<u>16,374</u>	<u>1,380,650</u>	<u>673</u>
Receipts from Delinquent Taxes	A-2	<u>386,500</u>		<u>427,071</u>	<u>40,571</u>
Subtotal General Revenues		2,750,103	16,374	2,807,721	41,244
Amount to be Raised by Taxes for Support of Municipal Budget -					
Local Tax for Municipal Purposes	A-2	<u>3,148,013</u>		<u>3,429,287</u>	<u>281,274</u>
Budget Totals		5,898,116	16,374	6,237,008	322,518
Nonbudget Revenues	A-2			<u>86,253</u>	<u>86,253</u>
		<u>\$ 5,898,116</u>	<u>16,374</u>	<u>6,323,261</u>	<u>408,771</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, 2010**

<u>Analysis of Realized Revenue:</u>	<u>Ref.</u>	
<u>Allocation of Current Tax Collections:</u>		
Revenue from Collections	A-1:A-7	\$ 11,091,840
Allocated to:		
School and County Taxes		<u>8,418,513</u>
Balance for Support of Municipal Budget Revenues		2,673,327
Add:		
Appropriation: "Reserve for Uncollected Taxes"	A-3	<u>755,960</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>3,429,287</u></u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-7	421,237
Tax Title Lien Collections	A-8	<u>5,834</u>
	A-2	<u><u>\$ 427,071</u></u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Ref.</u>		
<u>Analysis of Realized Revenue: (Continued)</u>			
<u>Analysis of Non-Budget Revenue</u>			
Fees and Permits		\$ 25,460	
Licenses		5,686	
Administrative Operations		10,333	
Cable Franchise Fee		18,590	
Sale of Municipal Assets		14,678	
Sale of Foreclosed Property		11,506	
	A-1:A-9		86,253
Treasurer	A-4		86,253
			86,253

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<b>OPERATIONS WITHIN "CAPS"</b>							
<b>GENERAL GOVERNMENT:</b>							
Mayor and Committee							
Salaries and Wages	\$ 15,000	15,000	14,999		1		
Other Expenses	2,200	2,200	2,163		37		
Municipal Clerk							
Salaries and Wages	99,000	99,200	98,888		312		
Other Expenses	40,900	43,900	40,564	3,044	292		
Financial Administration							
Salaries and Wages	51,600	51,600	51,590		10		
Other Expenses	9,150	9,150	8,031	712	407		
Audit Services	23,000	23,000	23,000				
Collection of Taxes							
Salaries and Wages	67,545	67,545	67,541		4		
Other Expenses:	7,000	7,000	6,661		339		
Assessment of Taxes							
Salaries and Wages	35,000	35,000	35,000				
Other Expenses	6,500	5,500	3,444	200	1,856		
Legal Services and Costs							
Other Expenses	55,000	100,000	62,677	25,995	11,328		
Engineering Services and Costs							
Other Expenses	60,000	60,000	45,148	14,652	200		
Municipal Land Use Law (NJSA 40:55D-1)							
Planning Board							
Salaries and Wages	4,135	4,135	4,135				
Other Expenses	9,000	9,000	8,810		190		
Uniform Construction Code Enforcement Functions							
Salaries and Wages	67,150	67,150	67,086		64		
Other Expenses	1,000	1,000	-		1,000		
Senior Citizen Advisory Commission							
Other Expenses	500	500			500		
Insurance							
General Liability	64,484	64,484	64,484				
Workers' Compensation	155,865	155,865	144,705	11,160			
Employee Group Insurance	535,600	535,600	535,600				
Unemployment Insurance	6,000	6,100	5,982		118		
Department of Public Safety							
Police Department							
Salaries and Wages	1,176,000	1,083,000	1,068,256		14,744		
Other Expenses	78,000	78,000	69,086	8,852	62		
Office of Emergency Management							
Salaries and Wages	2,000	2,000	2,000				
Other Expenses	1,750	750	363		387		

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<b>OPERATIONS WITHIN "CAPS"</b>							
<b>GENERAL GOVERNMENT:</b>							
Aid to Volunteer Fire Companies	62,000	62,000	62,000				
Emergency Medical Services	25,000	25,000	25,000				
Other Expenses							
Municipal Prosecutor's Office							
Other Expenses	9,000	9,000	8,000		1,000		
<b>STREETS AND ROADS</b>							
Department of Public Works							
Salaries and Wages	178,000	185,000	182,558		2,442		
Other Expenses	49,600	49,600	32,881	6,526	10,193		
Solid Waste Collection							
Other Expenses	71,000	71,000	65,077	5,916	7		
Vehicle Maintenance (Including Police Vehicles)							
Other Expenses	65,000	76,000	44,780	22,387	8,833		
Public Buildings and Grounds:							
Salaries and Wages	12,000	4,800	4,738		62		
Other Expenses	27,000	27,000	8,752	16,818	1,430		
<b>HEALTH AND HUMAN SERVICES</b>							
Animal Control Service							
Other Expenses	6,500	7,100	7,095		5		
Environmental Commission:							
(NJSA 40:56A-1, et seq):							
Other Expenses	200	200	6		194		
<b>PUBLIC PROPERTY AND RECREATION</b>							
Recreation							
Other Expenses	5,000	5,000	5,000				
Maintenance of Parks							
Other Expenses	1,500	1,500	497		1,003		
Landfill / Solid Waste Disposal Costs							
Salaries and Wages	13,000	13,000	11,682		1,318		
Other Expenses	180,000	155,000	124,125	17,644	13,231		
Municipal Court							
Salaries and Wages	76,000	76,000	71,239		4,761		
Other Expenses	8,100	8,100	6,877	413	810		
Public Defender (P.L. 1197, c.256)							
Other Expenses	3,600	3,600	3,600				

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<b><u>OPERATIONS WITHIN "CAPS"</u></b>							
<b>UNIFORM CONSTRUCTION CODE</b>							
Uniform Construction Code Enforcement Functions							
Salaries and Wages	45,150	45,150	45,150				
Other Expenses	4,850	3,850	2,745	900	205		
Unclassified:							
Utilities and Bulk Purchases							
Electricity and Natural Gas	64,000	79,000	68,333	7,429	3,238		
Telecommunication Charges	29,000	29,000	23,371	2,549	3,080		
Petroleum Products	82,000	82,000	68,870	7,275	5,855		
Accumulated Leave Compensation	15,000	60,000	60,000				
<b>Total Operations Within "CAPS"</b>	<b>3,605,879</b>	<b>3,604,579</b>	<b>3,362,589</b>	<b>152,472</b>	<b>89,518</b>	<b>-</b>	<b>-</b>
Detail:							
Salaries and Wages	1,856,580	1,808,580	1,784,862	-	23,718	-	-
Other Expenses	1,749,299	1,795,999	1,577,727	152,472	65,800	-	-
<b><u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u></b>							
Statutory Expenditures:							
Contribution to:							
Public Employees Retirement System	49,298	49,298	49,298				
Police and Fire Retirement System	133,403	133,403	133,403				
Defined Contribution Retirement Program	100	300	263		37		
Social Security System (O.A.S.I.)	150,000	150,000	145,104		4,896		
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>	<b>332,801</b>	<b>333,001</b>	<b>328,068</b>	<b>-</b>	<b>4,933</b>	<b>-</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>332,801</b>	<b>333,001</b>	<b>328,068</b>	<b>-</b>	<b>4,933</b>	<b>-</b>	<b>-</b>
<b><u>OPERATIONS EXCLUDED FROM "CAPS"</u></b>							
NJPDES Stormwater Management (N.J.S.A 40A:4-45.3)							
Other Expenses	8,000	8,000	8,000				
Shared Services Agreements							
Police Dispatch - MidAtlantic Communications	240,509	240,509	240,509				
Insurance N.J.S.A. 4-45.3							
Employee Group Insurance	40,400	40,400	27,879	1,306	11,215		
Contribution to:							
Public Employees Retirement System	10,292	10,292	10,292		-		
Police and Fire Retirement System	25,580	25,580	25,580		-		

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	APPROPRIATIONS		PAID OR CHARGED	EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED		
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>							
State and Federal Programs							
Off-Set by Revenues:							
Clean Communities Program							
Salaries and Wages	17,029	17,029	17,029				
Municipal Alliance on Alcoholism & Drug Abuse							
Local Share	11,860	11,860	11,860				
State Share	2,965	2,965	2,965				
Safe & Secure Communities Program - P.L. 1993, Chapter 220							
State Share	30,748	30,748	30,748				
Local Share	46,729	46,729	46,729				
CDBG - Home Investment Partnership Program	30,500	30,500	30,500				
Body Armor Replacement Grant	842	2,446	2,446				
Federal Vest Partnership		1,687	1,687				
Drunk Driving Enforcement Fund		3,683	3,683				
Click It or Ticket Program	4,000	4,000	4,000				
Over the Limit Crackdown		4,400	4,400				
Over the Limit Crackdown Year End		5,000	5,000				
Recycling Tonnage	4,188	4,188	4,188				
County Tire Removal	267,000	267,000	267,000				
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>415,861</b>	<b>432,235</b>	<b>432,235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Detail:							
Salaries and Wages	98,506	102,189	102,189	-	-	-	-
Other Expenses	317,355	330,046	330,046	-	-	-	-
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>							
Capital Improvement Fund	20,000	20,000	20,000		-		
Reserve for Road Improvements	23,000	24,100	24,067		33		
NJ Transportation Trust Fund Authority Act	150,000	150,000	150,000				
<b>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>	<b>193,000</b>	<b>194,100</b>	<b>194,067</b>	<b>-</b>	<b>33</b>	<b>-</b>	<b>-</b>

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	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	48,000	48,000	48,000				-
Interest on Notes	14,500	14,500	14,440				60
Green Trust Loans	7,334	7,334	7,334				-
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	269,834	269,834	269,774	-	-	-	60
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	878,695	896,169	896,076	-	33	-	60
SUBTOTAL GENERAL APPROPRIATIONS	878,695	896,169	896,076	-	33	-	60
RESERVE FOR UNCOLLECTED TAXES	755,960	755,960	755,960				
TOTAL GENERAL APPROPRIATIONS	<u>\$ 1,634,655</u>	<u>1,652,129</u>	<u>1,652,036</u>	-	33	-	60
<u>Ref.</u>	A-2		A-1		A	A-14	
		BUDGET AFTER MODIFICATION	PAID OR CHARGED				
N.J.S.A. 40A: 4-87	<u>Ref.</u>						
Budget	A-2	\$ 16,374					
	A-2	1,634,655					
		<u>1,651,029</u>					
Federal and State Grants	A-14		582,235				
Reserve for Uncollected Taxes	A-2		755,960				
Disbursed	A-4		313,841				
			<u>\$ 1,652,036</u>				

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**EXHIBIT - B  
TRUST FUNDS**



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

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Dog License Fund:			
Cash - Treasurer	B-1	\$ 349	681
		<u>349</u>	<u>681</u>
Other Funds:			
Cash - Treasurer	B-1	282,027	275,901
Cash - Collector	B-2	61,065	70,564
Investments		87,641	86,840
Revolving Loans Receivable	B-3	421,673	438,339
		<u>852,406</u>	<u>871,644</u>
		<u>\$ 852,755</u>	<u>872,325</u>

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

<u>Liabilities, Reserves, and Fund Balance</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Dog License Fund:			
Reserve for Dog Fund	B-4	\$ 349	681
		<u>349</u>	<u>681</u>
Other Funds:			
Tax Title Lien Redemption	B-7	25,265	7,364
Premium in Tax Title Lien Redemption	B-2	35,800	63,200
Due to Current Fund		2,978	2,874
Reserves for:			
Accumulated Absences	B-6	7,105	20,056
Landfill Closure	B-9	87,641	86,840
Recycling Fees	B-10	19,825	8,839
Escrow Review Fees	B-11	19,373	20,573
Police Confiscatory Funds	B-12	5,165	5,279
Small Cities Revolving Fund	B-13	643,373	651,770
Special Events	B-14	5,881	4,849
		<u>852,406</u>	<u>871,644</u>
		<u>\$ 852,755</u>	<u>872,325</u>

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



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

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Cash - Treasurer	C-2	\$ 520,183	162,147
Deferred Charges to Future Taxation:			
Funded	C-5	1,127,223	1,334,306
Unfunded	C-6	851,000	851,000
		<u>2,498,406</u>	<u>2,347,453</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Encumbrances Payable	C-3	5,950	14,481
Bond Anticipation Notes Payable	C-9	851,000	362,000
General Serial Bonds	C-10	1,120,000	1,320,000
Green Trust Loan Payable	C-11	7,223	14,306
Capital Improvement Fund	C-7	30,431	45,431
Improvement Authorizations:			
Funded	C-8	35,600	24,000
Unfunded	C-8	111,442	491,943
Fund Balance	C-1	15,291	75,292
		<u>\$ 2,176,937</u>	<u>2,347,453</u>

Note: There were Bonds and Notes Authorized But Not Issued at December 31, 2010 and 2009 of \$0 and \$489,000, respectively.

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

	<u>Ref.</u>	
Balance December 31, 2008	C	75,291
Decreased by:		
Improvement Authorizations		<u>60,000</u>
Balance December 31, 2009	C	\$ <u><u>15,291</u></u>

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

	<u>2010</u>	<u>2009</u>
General Fixed Assets:		
Buildings	\$ 2,337,476	\$ 2,404,636
Machinery and Equipment	<u>4,394,416</u>	<u>4,031,697</u>
Total General Fixed Assets	<u><u>6,731,892</u></u>	<u><u>6,436,333</u></u>
Investment in General Fixed Assets	<u><u>\$ 6,731,892</u></u>	<u><u>\$ 6,436,333</u></u>

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



**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**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, 2010 AND 2009**

C. Basis of Accounting

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2010.

	<u>Balance</u> <u>December 31, 2009</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2010</u>
Buildings	\$ 2,404,636		(67,160)	2,337,476
Machinery and Equipment	<u>4,031,697</u>	<u>423,453</u>	<u>(60,734)</u>	<u>4,394,416</u>
Total	<u>\$ 6,436,333</u>	<u>423,453</u>	<u>(127,894)</u>	<u>6,731,892</u>

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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.

### **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 2010 and 2009 regulatory budgets included a reserve for uncollected taxes in the amount of \$782,888 and \$779,354. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2010 and 2009 regulatory budgets was \$1,000,000 and \$854,000.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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 2010 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Legal Services Other Expenses	45,000
Police Salaries and Wages	(93,000)
Landfill Other Expenses	(25,000)
Vehicle Maintenance	9,000
Accumulated Leave Compensation	45,000

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 2010 calendar year:

<u>Budget Category</u>	<u>Amount</u>
DDEF	\$ 3,683
Over the Limit	4,400
Over the Limit Year End Crackdown	5,000

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, 2010, the municipality had investments totaling \$87,641 in Certificates of Deposits with an interest rate of 0.15% and a maturity date of January 12, 2012.

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**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, 2010 and 2009, \$0 of the municipality’s bank balance of \$3,480,920 and \$3,648,116, respectively, was exposed to custodial credit risk.

**Note 5: LONG TERM DEBT**

Long-term debt as of December 31, 2010 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	\$ 14,306		7,083	7,223	7,223
Capital - Bonds	1,320,000		200,000	1,120,000	220,000
Comp. Absences	292,510	40,181	72,951	259,740	
<b>Total</b>	<u>\$ 1,626,816</u>	<u>40,181</u>	<u>280,034</u>	<u>1,386,963</u>	<u>227,223</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, 2010 was \$7,223.

\$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, 2010 was \$1,120,000.

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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>
2011	227,223	44,358
2012	225,000	36,000
2013	225,000	27,000
2014	225,000	18,000
2015	225,000	9,000
<b>Total</b>	<b>\$ 1,127,223</b>	<b>134,358</b>

Summary of Municipal Debt

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
Bonds & Notes Issued	\$ 1,978,223	1,696,306	1,903,250
Bonds & Notes Authorized But Not Issued	-	489,000	
Net Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 1,978,223</u>	<u>2,185,306</u>	<u>1,903,250</u>

Summary of Statutory Debt Condition - Annual Debt Statement

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 7,224,166	7,224,166	-
General Debt	1,978,223		1,978,223
	<u>\$ 9,202,389</u>	<u>7,224,166</u>	<u>1,978,223</u>

Net Debt \$1,978,223 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$625,450,628 = .32%.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

3 1/2 % of Equalized Valuation Basis (Municipal)	21,890,772
Net Debt	<u>1,978,223</u>
Remaining Borrowing Power	<u><u>19,912,549</u></u>

**Note 6: NOTES PAYABLE**

The Township had outstanding at December 31, 2009, a bond anticipation note in the amount of \$362,000. The December 31, 2009 amount was payable to Commerce Capital. The interest rate on that note was 4.0% and matured on October 2, 2010.

The Township had outstanding at December 31, 2010, bond anticipation notes in the amount of \$362,000 and \$489,000. The \$362,000 amount is payable to Sun Bank. The interest rate on that note is 1.64% and will mature on October 1, 2011. The \$489,000 amount is payable to Sun Bank. The interest rate on that note is 1.81% and will mature on May 19, 2011.

**Note 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2010 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2011 were as follows:

Current Fund     \$850,000

The 2011 budget has not been adopted as of this date and therefore, this amount is subject to change.

**Note 8: SCHOOL TAXES**

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

	Local District School Tax		Regional High School Tax	
	Balance 12/31/10	Balance 12/31/09	Balance 12/31/10	Balance 12/31/09
Balance of Tax	\$ 1,914,660	\$ 1,880,331	1,265,590	1,182,572
Deferred	<u>1,161,109</u>	<u>1,161,109</u>	<u>811,708</u>	<u>811,708</u>
Tax Payable	<u><u>\$ 753,551</u></u>	<u><u>\$ 719,222</u></u>	<u><u>453,882</u></u>	<u><u>370,864</u></u>

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**Note 9: TAXES COLLECTED IN ADVANCE**

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

	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Prepaid Taxes-Cash Liability	<u>\$148,548</u>	<u>163,810</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).

*Public Employees' Retirement System*

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

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

*Police and Fireman's Retirement System*

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

*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 5.5% 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, 2010, 2009 and 2008 were \$59,590, \$47,631 and \$31,966 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2010, 2009 and 2008 were \$158,983, \$128,892 and \$115,516 respectively, equal to the required contributions for each year.

**Note 11: POSTRETIREMENT BENEFITS**

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

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

The Township of Mullica is a member of the SHBP and provides that its retirees will be covered for medical care. During 2010, \$373,657 was paid by the Township for health care of employees and retirees. The amount paid for retirees was \$149,664. The amount paid during 2009 was \$429,474 for employees and \$105,371 for retirees.

**Note 12: COMPENSATED ABSENCES**

The Township has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material. At December 31, 2010 and 2009, we have estimated this liability to be approximately \$259,740 and \$292,570 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, 2010 and 2009, the Township has accrued \$7,105 and \$20,056, respectively, for this liability.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**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, 2010, 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	\$ 70,049	
Trust Fund	3,002	24
Federal and State Grant Fund:		
Current Fund		70,049
Trust Fund:		
Current Fund		2,978
	<u>\$ 73,051</u>	<u>73,051</u>

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

**Note 16: RISK MANAGEMENT**

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

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

The Township of Mullica is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which also includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Township has a liability limit of \$10,000,000 under MEL. There were no claims in excess of coverage and no reduction in coverage during the year 2010.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**Note 17: SANITARY LANDFILL CLOSURE**

The last landfill closure plan was updated in October, 1998. According to this plan, closure was to have taken place in 1998, post closure activities were from 1999 to 2028. Annual appropriations varied from \$18 - \$33,000. There have been no appropriations made since 2000. The balance in the Landfill Closure Trust Fund amounts to \$87,641. The Township is not in compliance with the plan.

**Note 18: LABOR CONTRACTS**

As of December 31, 2010, the Township's employees are organized in the following collective bargaining units. The following table shows their current status.

	Category	Expiration	Covers
AFL-CIO #71	Public Works	12/31/10	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.

No new contracts have been finalized as of the date of the audit.

**Note 19: SUBSEQUENT EVENTS**

The Township has evaluated subsequent events through April 29, 2011, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

**SUPPLEMENTARY INFORMATION**





CERTIFIED PUBLIC ACCOUNTANTS  
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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, 2009, and have issued our report thereon dated April 30, 2010. 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 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 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.

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 29, 2011.

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 29, 2011

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal or State Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor #	Grant Period	Program or Award Amount	Balance at 1/1/10	Receipts or Revenue Recognized	Disbursements/Expenditures	Balance at 12/31/10	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	-
Small Cities Block Grant	14.228	1/1/09 - 12/31/09	30,500	30,500			30,500	-
Small Cities Block Grant	14.228	1/1/10 - 12/31/10	30,500		30,500		30,500	-
Total Department of Environmental Protection				83,799	30,500	-	114,299	
Department of Justice								
Federal Vest Partnership	16.607	1/1/10 - 12/31/10	1,688		1,688	728	960	
Total Department of Justice				-	1,688	728	960	
Total Federal Funds				83,799	32,188	728	115,259	
<b>State:</b>								
Passed through:								
Department of Environmental Protection								
Clean Communities	4900-765-178920	1/1/10 - 12/31/10	17,029	-	17,029	17,029	-	16,182
Recycling Tonnage	N/A	1/1/10 - 12/31/10	4,188	-	4,188	4,188	-	4,188
Total Department of Environmental Protection				-	21,217	21,217	-	
Department of Law and Public Safety								
Body Armor Grant	1020-718-066--1020	1/1/10 - 12/31/10	2,446		2,446	675	1,771	675
Click It or Ticket	N/A	1/1/10 - 12/31/10	4,000	-	4,000	4,000	-	4,000
Over the Limit Crackdown	N/A	1/1/10 - 12/31/10	4,400		4,400	4,400	-	4,400
Over the Limit Year End Crackdown	N/A	1/1/10 - 12/31/10	5,000		5,000	735	4,265	735
Drunk Driving Enforcement Grant	N/A	1/1/10 - 12/31/10	3,683		3,683		3,683	-
Drunk Driving Enforcement Grant	N/A	1/1/09 - 12/31/09	9,238	6,445		2,033	4,412	4,826
Safe and Secure	100-066-1020-107	1/1/10 - 12/31/10	30,748		30,748	30,748	-	30,748
Total Department of Law and Public Safety				6,445	50,277	42,591	14,131	
Department of Transportation								
Fifth Avenue	6320-480-601381-61	1/1/10 - 12/31/10	150,000	-	150,000	-	150,000	-
Jackson Road	6320-480-601381-61	1/1/09 - 12/31/09	118,000	118,000		118,000	-	118,000
Total Department of Transportation				118,000	150,000	118,000	150,000	
Total State Funds				124,445	221,494	181,808	164,131	
Total Federal and State Financial Assistance				208,244	253,682	182,536	279,390	

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Ref.	Current Fund	
Balance December 31, 2009	A		\$ 2,854,605
Increased by Receipts:			
Tax Collector	A-5	11,469,326	
Due from State - Senior Citizens & Vets		83,250	
Federal & State Grants Receivable	A-13:A-15	503,893	
Revenue Accounts Receivable	A-9	718,270	
Miscellaneous Revenue Not Anticipated	A-9:A-2	71,858	
Reserve for State Aid	A	41,440	
Interfund		40,134	
Marriage License Fees	A	603	
Reserve for JIF Safety Program	A	4,300	
Land Sale Deposits		3,650	
Construction Fees		75,393	
DCA Inspection Fees	A	3,605	
		<u>13,015,722</u>	
			<u>15,870,327</u>
Decreased by Disbursements:			
2009 Appropriation Reserves	A-10	104,598	
2010 Appropriations	A-3	313,841	
County Taxes		2,052,271	
Due County for Added and Omitted Taxes		5,737	
Local District School Tax	A-11	3,794,997	
Regional High School Tax	A-12	2,448,161	
Refund Tax Overpayments		3,788	
Federal & State Grant Expenditures	A-14	537,394	
Reserve for JIF Safety Program	A	4,960	
Marriage License Fees	A	500	
Construction Fees		70,538	
Refund Prior Year Revenue		170	
Interfunds	A	40,239	
DCA Inspection Fees	A	3,263	
		<u>9,380,457</u>	
Balance December 31, 2010	A		<u>\$ 6,489,870</u>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 243,815
Increased by:			
Taxes Receivable	A-7	11,264,487	
Tax Title Liens	A-8	5,834	
Prepaid Taxes		148,548	
Revenue Accounts Receivable	A-2, A-9	67,679	
Other Receipts		<u>2,889</u>	
			<u>11,489,437</u>
			11,733,252
Decreased by:			
Payment to Treasurer	A-4	<u>11,469,326</u>	
			<u>11,469,326</u>
Balance December 31, 2010	A		<u><u>\$ 263,926</u></u>

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

Year	Balance	2010 Levy	Added Taxes	Over-Payments Applied	Collections		Transferred to Arrears	(Remitted) or Canceled	Transferred To Tax Title Liens	Balance
	Dec. 31, 2009				2009	2010				Dec. 31, 2010
2009	\$ 430,265					421,237			9,027	1
	430,265	-	-	-	-	421,237	-	-	9,027	1
2010		11,558,061	32,345	(690)	163,810	10,927,340		34,177	24,199	440,190
	\$ 430,265	11,558,061	32,345	(690)	163,810	11,348,577	-	34,177	33,226	440,191
Ref.	A	A-7								A

	<u>Ref.</u>	
Taxes Receivable	A-5	\$ 11,264,487
Senior Citizens and Veterans		<u>84,090</u>
		<u>\$ 11,348,577</u>

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

Analysis of 2010 Property Tax Levy	<u>Ref.</u>		
Tax Yield:			
General Property Tax		11,558,061	
Added Taxes (54:4-63.1 et. seq.)		<u>32,345</u>	
	A-7		<u>\$ 11,590,406</u>
Tax Levy:			
Local School District Tax (Abstract)	A-11	3,829,326	
Regional High School Tax (Abstract)	A-12	2,531,179	
County Taxes:			
County Tax (Abstract)		2,052,271	
Due County for Added Taxes (54:4-63.1 et. seq.)		<u>5,737</u>	
Total County Taxes			2,058,008
Local Tax for Municipal Purposes	A-2	3,148,013	
Add: Additional Tax Levied		<u>23,880</u>	
			3,171,893
	A-7		<u>\$ 11,590,406</u>

**CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 187,192
Increased by:			
Transfers from Taxes			
Receivable	A-7	33,226	
Interest and Costs Accrued by			
Sale of March 24, 2010	Res.	<u>1,393</u>	
			<u>34,619</u>
			221,811
Decreased by:			
In Rem Foreclosure		115,844	
Collections	A-2, 4	<u>5,834</u>	
			<u>121,678</u>
Balance December 31, 2010	A		<u><u>\$ 100,133</u></u>



**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES**

	Balance Dec. 31, 2009	Balance After Transfers	Paid	Balance Lapsed	Over- expended
Operations Within "CAP":					
Municipal Clerk					
Other Expenses	14,256	14,256	9,732	4,524	
Financial Administration					
Other Expenses	1,927	1,927	800	1,127	
Assessment of Taxes					
Other Expenses	3,549	3,549	1,117	2,432	
Engineering Services					
Other Expenses	10,260	10,260	10,040	220	
Planning Board					
Other Expenses	474	474	380	94	
Police Services					
Salaries and Wages	31,695	31,695	7,926	23,769	
Other Expenses	4,086	4,086	3,676	410	
Public Works Department					
Salaries and Wages	4,064	4,064	3,225	839	
Other Expenses	19,432	19,432	13,837	5,595	
Solid Waste Collection					
Other Expenses	6,243	6,243	5,916	327	
Buildings and Grounds					
Other Expenses	17,196	17,196	13,680	3,516	
Vehicle Maintenance					
Other Expenses	20,860	20,860	7,350	13,510	
Utilities					
Petroleum Products	23,220	23,220	4,230	18,990	
Electricity and Natural Gas	11,155	11,155	2,674	8,481	
Telecommunication Charges	3,694	3,694	2,413	1,281	
Landfill/Solid Waste Disposal					
Other Expenses	39,012	39,012	15,315	23,697	
Municipal Court					
Other Expenses	4,105	4,105	1,042	3,063	
Municipal Property Improvements	2,745	2,745	1,245	1,500	
Other Accounts - No Changes	59,219	59,219		59,219	
	<u>\$ 277,192</u>	<u>277,192</u>	<u>104,598</u>	<u>172,594</u>	<u>-</u>

A-4

A-1

A

**CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT TAX**

	<u>Ref.</u>		
Balance December 31, 2009:			
School Tax Payable	A	\$ 719,221	
Deferred School Tax Payable		<u>1,161,110</u>	
			1,880,331
Increased by:			
Levy-School Year July 1, 2010 to June 30, 2011	A-9		<u>3,829,326</u>
			5,709,657
Decreased by:			
Payments	A-4		<u>3,794,997</u>
Balance December 31, 2010:			
School Tax Payable	A	753,551	
Deferred School Tax Payable		<u>1,161,109</u>	
			<u><u>1,914,660</u></u>
 <u>2010 Liability for Local District Tax:</u>			
Tax Paid			3,794,997
Tax Payable December 31, 2010			<u>753,551</u>
			4,548,548
Less:			
Tax Payable December 31, 2009			<u>719,221</u>
Amount Charged to 2010 Operations	A-1		<u><u>\$ 3,829,327</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2009:			
Regional High School Tax Payable	A	\$ 370,864	
Deferred School Tax Payable		<u>811,708</u>	
			1,182,572
Increased by:			
Levy-School Year July 1, 2010 to June 30, 2011	A-9		<u>2,531,179</u>
			3,713,751
Decreased by:			
Payments	A-4		<u>2,448,161</u>
Balance December 31, 2010:			
Regional High School Tax Payable	A	453,882	
Deferred School Tax Payable		<u>811,708</u>	
			<u><u>1,265,590</u></u>
 <u>2010 Liability for Regional High School Tax:</u>			
Tax Paid			2,448,161
Tax Payable December 31, 2010			<u>453,882</u>
			2,902,043
Less:			
Tax Payable December 31, 2009			<u>370,864</u>
Amount Charged to 2010 Operations	A-1		<u><u>\$ 2,531,179</u></u>

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

<u>Grant</u>	<u>Balance Dec. 31, 2009</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2010</u>
New Jersey Transportation Trust Fund Jackson Avenue	\$ 118,000		88,500		29,500
New Jersey Transportation Trust Fund Richards Avenue	37,500		37,500		-
New Jersey Transportation Trust Fund Darmstadt Avenue	35,000		35,000		-
New Jersey Transportation Trust Fund Fifth Avenue		150,000			150,000
Municipal Alliance Grant 2010 Grant	-	11,860			11,860
2009 Grant	11,860		8,852	3,008	-
Drunk Driving Enforcement Fund	-	3,683	3,683		-
Clean Communities Program	-	17,029	17,029		-
Recycling Tonnage Grant	-	4,188	4,188		-
Safe and Secure Communities Program	7,422	30,748	30,483		7,687
Click It or Ticket Grant	-	4,000	4,000		-
Over the Limit Crackdown		4,400	4,400		-
Over the Limit Year End Crackdown		5,000			5,000
County Tire Removal		267,000	267,000		-
HOME Investment Partnership Program	92,802	30,500			123,302
County Open Space - Recreation	75,000				75,000
Recreation Grant - Concession	10,000		5,000		5,000
Body Armor Grant	-	2,446	2,446		-
Federal Vest Partnership		1,688			1,688
	<u>\$ 387,584</u>	<u>532,542</u>	<u>508,081</u>	<u>3,008</u>	<u>409,037</u>

Ref.

A

A-2:A-14

A-14

A

A-4 Cash 503,893

A-15 Unappropriated 4,188

508,081

See Accompanying Auditor's Report

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

<u>Grant</u>	<u>Balance Dec. 31, 2009</u>	<u>2010 Budget Appropriation</u>	<u>Expended</u>	<u>Prior Year Encumbered</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2010</u>
Municipal Alliance Grant						
2010 Grant						
State Share		11,860	7,313		1,948	2,599
Local Share		2,965	2,965			-
2009 Grant						
State Share	\$ 1,060				1,060	-
Drunk Driving Enforcement Fund	6,445	3,683	2,033			8,095
Clean Communities Program	-	17,029	17,029			-
Body Armor Grant	-	2,446	675			1,771
Federal Vest Partnership		1,688	728			960
Safe and Secure Communities	-	77,477	77,477			-
Click It or Ticket Grant	-	4,000	4,000			-
Over the Limit Crackdown		4,400	4,400			-
Over the Limit Year End Crackdown		5,000	735			4,265
Recycling Tonnage		4,188	4,188			-
County Tire Removal		267,000	267,000			-
HOME Investment Partnership Program	83,799	30,500				114,299
NJ DOT - Fifth Avenue	-	150,000				150,000
NJ DOT - Jackson Road	118,000		118,000			-
County Open Space - Recreation	77,850		25,891			51,959
Recreation Grant - Concession	10,000		4,960			5,040
	<u>\$ 297,154</u>	<u>582,236</u>	<u>537,394</u>	<u>-</u>	<u>3,008</u>	<u>338,988</u>
<u>Ref.</u>	A				A-13	A
		Encumbered	-			
		Disbursed	537,394		A-4	
			<u>537,394</u>			

See Accompanying Auditor's Report

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

<u>Grant</u>	<u>Balance Dec. 31, 2009</u>	<u>2010 Budget Appropriation</u>	<u>Received</u>	<u>Balance Dec. 31, 2010</u>
Recycling Tonnage Grant	\$ 4,188	4,188		-
	<u>\$ 4,188</u>	<u>4,188</u>	<u>-</u>	<u>-</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, 2009	B	\$ 681	\$ 275,901
Increased by Receipts:			
Dog License Fees - 2008	B-4	1,565	
Due to State of New Jersey	B-5	567	
Due from Current Fund			
Small Cities Revolving Fund	B-3		14,691
Accumulated Absences	B-6		5,468
Recycling Fees	B-10		18,296
Escrow Review Receipts	B-11		29,962
Police Confiscatory Fund	B-12		311
Small Cities Grant Reserve	B-13		22,960
Special Events	B-14		4,095
		<u>2,132</u>	<u>95,783</u>
		2,813	371,684
Decreased by Disbursements			
Due to State of New Jersey:			
Dog Fund	B-5	567	
Statutory Expenditures	B-4	1,897	
Small Cities Revolving Fund	B-3		14,691
Accumulated Absences	B-6		18,419
Recycling Fees	B-10		7,310
Escrow Review Fees	B-11		31,058
Police Confiscatory Fund	B-12		425
Small Cities Grant Reserve	B-13		14,691
Special Events	B-14		3,062
Due Current Fund			1
		<u>2,464</u>	<u>89,657</u>
Balance December 31, 2010	B	<u>\$ 349</u>	<u>\$ 282,027</u>

## Analysis of Balance:

Special Events	5,881
Escrow Review	22,351
Recycling	19,825
Confiscatory	5,165
Accumulated Absence	7,105
Small Cities	<u>221,700</u>
	<u>282,027</u>

**TRUST FUND  
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>	<u>Tax Title Lien Redemption</u>	
Balance December 31, 2009	B		\$ 70,564
Increased by Receipts:			
Premiums Received at Tax Sale	B-8	23,700	
Deposits for Redemption of Tax Sale Certificates	B-7	<u>298,145</u>	<u>321,845</u>
			392,409
Decreased by Disbursements:			
Refund of Premium Redeemed	B-8	51,100	
Refund of Tax Sale Certificates Redeemed	B-7	<u>280,244</u>	
			<u>331,344</u>
Balance December 31, 2010	B		<u><u>\$ 61,065</u></u>

**TRUST FUND  
SCHEDULE OF REVOLVING LOAN RECEIVABLE**

Balance December 31, 2009	<u>Ref.</u> B		\$ 438,339
Increased by:			
Loans Granted	B-1		<u>14,798</u>
			453,137
Decreased by:			
Loans Forgiven		9,042	
Loans Repaid	B-1	<u>22,422</u>	
			<u>31,464</u>
Balance December 31, 2010	B		<u><u>\$ 421,673</u></u>

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2009	<u>Ref.</u> B		\$ 681
Increased by:			
Dog License Fees Collected - 2010	B-1		<u>1,565</u>
			2,246
Decreased by:			
Dog License Expenses	B-1		<u>1,897</u>
Balance December 31, 2010	B		<u><u>\$ 349</u></u>

License Fees Collected:

Year	Amount
2008	1,873
2009	1,805
	<u>3,678</u>

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

Balance December 31, 2009	<u>Ref.</u> B	\$ -
Increased by:		
2010 State License Fees	B-1	<u>567</u>
		567
Decreased by:		
Disbursements to the State	B-1	<u>567</u>
Balance December 31, 2010	B	<u><u>\$ -</u></u>

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

Balance December 31, 2009	<u>Ref.</u> B	\$ 20,056
Increased by:		
2010 Budget	B-1	<u>5,468</u>
		<u>5,468</u>
		25,524
Decreased by:		
Expenditures	B-1	<u>18,419</u>
Balance December 31, 2010	B	<u><u>\$ 7,105</u></u>

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

Balance December 31, 2009	<u>Ref.</u> B	\$ 7,364
Increased by:		
Deposits Received	B-2	<u>298,145</u>
		305,509
Decreased by:		
Refunds - Tax Sale Certificates		<u>280,244</u>
Balance December 31, 2010	B	<u><u>\$ 25,265</u></u>

**SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE**

Balance December 31, 2009	<u>Ref.</u> B	\$ 63,200
Increased by:		
Premiums Received	B-2	<u>23,700</u>
		86,900
Decreased by:		
Refunds - Premiums	B-2	<u>51,100</u>
Balance December 31, 2010	B	<u><u>\$ 35,800</u></u>

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

Balance December 31, 2009	<u>Ref.</u> B	\$ 86,841
Increased by:		
Interest Earned on Investments		<u>800</u>
Balance December 31, 2010	B	<u><u>\$ 87,641</u></u>

**SCHEDULE OF RESERVE FOR RECYCLING FEES**

Balance December 31, 2009	<u>Ref.</u> B	\$ 8,839
Increased by:		
Recycling Fees	B-1	<u>18,296</u>
		27,135
Decreased by:		
Recycling Expenditures	B-1	<u>7,310</u>
Balance December 31, 2010	B	<u><u>\$ 19,825</u></u>

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

Balance December 31, 2009	<u>Ref.</u> B		\$ 20,573
Increased by:			
Interest Due to Developers	A	\$ 24	
Escrow Deposits Received	B-1	<u>29,962</u>	
			<u>29,986</u>
			50,559
Decreased by:			
Due from Current	A	128	
Disbursements	B-1	<u>31,058</u>	
			<u>31,186</u>
Balance December 31, 2010	B		<u><u>\$ 19,373</u></u>

**SCHEDULE OF RESERVE FOR POLICE CONFISCATORY FUNDS**

Balance December 31, 2009	<u>Ref.</u> B		\$ 5,279
Increased by:			
County receipts		302	
Interest	B-1	<u>9</u>	
			<u>311</u>
			5,590
Decreased by:			
Police Department Expenses	B-1		<u>425</u>
Balance December 31, 2010	B		<u><u>\$ 5,165</u></u>

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

Balance December 31, 2009	<u>Ref.</u> B		\$ 651,770
Increased by:			
Repayments	B-3	22,422	
Increase in receivables	B	14,798	
Other Receipts	B-1	<u>538</u>	
			<u>37,758</u>
			689,528
Decreased by:			
Transfer from reserve for receivables	B-3	22,422	
Forgiven Receivables		9,042	
Revolving Fund Expenditures	B-1	<u>14,691</u>	
			<u>46,155</u>
Balance December 31, 2010	B		<u><u>\$ 643,373</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2008	C		\$ 483,615
Increased by Receipts:			
Bond Anticipation Notes	C-9	489,000	
Budget Appropriation	C-7	<u>20,000</u>	
			<u>509,000</u>
			992,615
Decreased by Disbursements:			
Improvement Authorizations	C-8	457,951	
Miscellaneous	C-8	<u>14,481</u>	
			<u>472,432</u>
Balance December 31, 2009	C		<u><u>\$ 520,183</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	----- Receipts -----			----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2010
	Balance Dec. 31, 2009	BANS Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 45,431		20,000			35,000		30,431
Fund Balance	75,292					60,000		15,292
Encumbrance Payable	14,481				14,481		5,950	5,950
<u>Improvement Authorizations:</u>								
<u>Ordinance</u>								
<u>Number</u>								
11-08 Various Improvements	30,145			21,595				8,550
11-09 Various Improvements	(3,202)	489,000		382,906				102,892
9-10 Road Reconstruction				53,450		5,950	60,000	600
16-10 Purchase of Computer Equip							25,000	25,000
20-10 HVAC Replacement							10,000	10,000
	<u>\$ 162,147</u>	<u>489,000</u>	<u>20,000</u>	<u>457,951</u>	<u>14,481</u>	<u>100,950</u>	<u>100,950</u>	<u>198,715</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, 2009	C		\$ 1,334,306
Decreased by:			
2010 Budget Appropriation to Pay:			
Serial Bonds	A-3:C-10	200,000	
Green Trust Loan	A-3:C-11	<u>7,083</u>	
			<u>207,083</u>
Balance December 31, 2010	C		<u><u>\$ 1,127,223</u></u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2009	2010 Authorizations	Debt Issued	Budget Appropriations	Balance Dec. 31, 2010	Analysis of Balance		Unexpended Improvement Authorization
							Financed by Notes	Expended	
11-08	Various Improvements	362,000				362,000	362,000		
11-09	Various Improvements	489,000	489,000			489,000	489,000		
		<u>\$ 851,000</u>	<u>489,000</u>	<u>-</u>	<u>-</u>	<u>851,000</u>	<u>851,000</u>	<u>-</u>	<u>-</u>
		C			C-8:C-12	C		C-9	C-2
							Improvement Authorizations Unfunded	\$	111,442
							Less:		
							Unexpended Proceeds of Bond		
							Anticipation Notes Issued:		
							11-08		8,550
							11-09		102,892
								\$	<u>-</u>

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

Balance, December 31, 2009	<u>Ref.</u> C		\$ 45,431
Increased by:			
Budget Appropriation	A-3	20,000	
Cancellation of reserve		-	
		-	20,000
Decreased by:			
Improvement Authorizations	C-8		35,000
Balance, December 31, 2010	C		\$ 30,431

**GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2009		2010 Authorizations		Prior Year Encumbrances	Paid or Charged	Canceled	Balance Dec. 31, 2010	
		Date	Amount	Funded	Unfunded	Surplus/ Capital Improvement Fund	Deferred Charges to Future Taxation- Unfunded				Funded	Unfunded
11-08	Various Improvements	6/10/2008	\$381,000		30,145				21,595		-	8,550
11-09	Various Improvements	10/21/2009	515,000	\$ 24,000	461,798				382,906			102,892
9-10	Road Reconstruction	5/11/2010	60,000			60,000			59,400		600	
16-10	Purchase of Computer Equipment	11/23/2010	25,000			25,000					25,000	
20-10	HVAC Replacement	12/28/2010	10,000			10,000					10,000	
				<u>\$ 24,000</u>	<u>491,943</u>	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>463,901</u>	<u>-</u>	<u>35,600</u>	<u>111,442</u>
				C	C	C-7	C-6			C-1	C-2	C-6
								Encumbered	5,950	C		
								Disbursed	<u>457,951</u>	C-2		
									<u>463,901</u>			

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2010</u>
11-08	Various Improvements	10/1/2008	10/2/2010	10/1/2011	1.64%	\$ 362,000	-		362,000
11-09	Various Improvements	5/20/2010	5/20/2010	5/19/2011	1.81%		489,000		489,000
						<u>\$ 362,000</u>	<u>489,000</u>	<u>-</u>	<u>851,000</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 2009		Interest Rate	Balance Dec. 31, 2008	Increased	Decreased	Balance Dec. 31, 2009
			Date	Amount					
General Improvements	2/21/07	1,720,000	2/15/2011	220,000	3.750%	1,320,000		200,000	1,120,000
			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>\$ 1,320,000</u>	<u>-</u>	<u>200,000</u>	<u>1,120,000</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 2010		Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
			Date	Amount					
Recreation Complex	9/1/95	100,000	2011	7,223	2.00%	\$ 14,306		7,083	7,223
						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, 2009</u>	<u>2010 Authorizations</u>	<u>Issued</u>	<u>Raised in Budget</u>	<u>Balance Dec. 31, 2010</u>
11-09	Various Improvements	\$ 489,000		489,000		-
		<u>\$ 489,000</u>	<u>-</u>	<u>489,000</u>	<u>-</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, 2009**

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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." Effective July 1, 2010 the bid threshold was increased to \$36,000 for municipalities with a Qualified Purchasing Agent.

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed \$29,000 (between January 1, 2010 and June 30, 2010 or \$36,000 (effective July 1, 2010 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 bids were requested by public advertising for the current year for the following:

- Pumper Truck – Fire
- Front-end Loader
- Road Reconstruction
- Tire Removal

### **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 1, 2010, 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 24, 2010 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2010	101
2009	105
2008	101

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

## Verification of Delinquent Taxes and Other Charges

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

<u>Type:</u>	<u>Number Mailed</u>
Payments of 2011 and 2010 Taxes	5
Delinquent Taxes	5
Municipal Court	5
Total	<u>15</u>

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

## Deposit of Municipal Funds

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

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

## Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2010	11,590,406	11,091,841	95.70%
2009	11,255,928	10,821,437	96.14%
2008	10,784,237	10,285,684	95.38%
2007	10,421,035	10,001,772	95.98%
2006	10,076,634	9,677,261	96.04%

## Comparative Schedule of Tax Rate Information

	2010	2009	2008	2007	2006
Tax Rate	3.947	3.838	3.694	3.616	3.560
Apportionment of Tax Rate:					
Municipal	1.075	1.057	1.037	0.982	0.960
County	0.700	0.681	0.607	0.613	0.600
School	2.172	2.100	2.050	2.021	2.000
Assessed Valuation	292,829,837	291,229,784	288,706,046	283,981,376	280,539,921

## 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>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	100,133	440,191	540,324	6.00%
2009	187,192	430,265	617,457	5.93%
2008	167,950	507,470	675,420	6.48%
2007	264,012	394,780	658,792	6.54%
2006	459,165	354,439	813,604	9.32%

## Uniform Construction Code

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

## **AUDIT FINDINGS AND RESPONSES**

**None**

## **STATUS OF PRIOR RECOMMENDATIONS**

Incorrect fees were charged for residential certificates of occupancy.

This was cleared during 2010.

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 29, 2011