

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON,
STATE OF NEW JERSEY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA**

December 31, 2016

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

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COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Township Council
Township of Mount Holly
County of Burlington
Mount Holly, New Jersey 08060

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the various funds and account group of the Township of Mount Holly, County of Burlington, State of New Jersey (the “Township”), as of and for the year ended December 31, 2016, and the related notes to financial statements, which collectively comprise the Township’s basic financial statements, as listed in the table of contents. The financial statements of the Township as of December 31, 2015, were audited by other auditors whose report dated June 28, 2016, expressed an unmodified opinion on those financial statements.

Management’s Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibility (Continued)

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township as of December 31, 2016, and the results of operations and changes in financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fund and account group of the Township, as of December 31, 2016, and the results of operations and changes in financial position for the year then ended in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note A.

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental schedules as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on Supplementary and Other Information (Continued)

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole, on the basis of accounting described in Note A.

The supplementary information as listed in the table of contents has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2017, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Warren A. Broudy, CPA, CGFM, PSA, CGMA
Registered Municipal Accountant
License No. 554

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

August 10, 2017

BASIC FINANCIAL STATEMENTS – REGULATORY BASIS

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A

**CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

December 31, 2016

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2016</u>	<u>2015</u>
Regular Fund:			
Cash:			
Chief Financial Officer	A-4	\$3,030,314	2,282,042
Change Fund		750	750
Total Regular Fund		<u>3,031,064</u>	<u>2,282,792</u>
Due from State of New Jersey for Senior Citizen & Veteran Deductions			
	A	<u>10,685</u>	<u>6,435</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-5	7,951	1,944
Tax Title Liens Receivable	A-6	103,575	111,997
Property Acquired for Taxes - Assessed Valuation	A-7	490,805	490,805
Property Maintenance Receivable	A-8	278	3,377
Revenue Accounts Receivable	A-9	15,037	25,628
Interfunds Receivable:			
Due From State and Federal Grants	A	390,188	365,995
Due From Animal Control Fund	B	4,343	4,300
Due From Trust Other	B		
Due From Payroll Fund	D	101,587	
Due From General Capital Fund	C	<u>1,645</u>	<u>50</u>
Total Receivables & Other Assets With Full Reserves		<u>1,115,409</u>	<u>1,004,096</u>
Deferred Charges To Future Taxation:			
Special Emergency Authorizations	A-10		189,629
Overexpenditure of Appropriations	A-3	<u>29,153</u>	
Total Deferred Charges		<u>29,153</u>	<u>189,629</u>
Subtotal		<u>4,186,311</u>	<u>3,482,952</u>
Federal & State Grant Fund:			
Cash	A-4	202,112	207,382
Federal & State Aid Receivable	A-14	<u>1,828,462</u>	<u>1,189,544</u>
Total Federal & State Grant Fund		<u>2,030,574</u>	<u>1,396,926</u>
Total Assets		<u><u>\$6,216,885</u></u>	<u><u>4,879,878</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A

**CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)**

December 31, 2016

<u>LIABILITIES, RESERVES & FUND BALANCE</u>	<u>REFERENCE</u>	<u>2016</u>	<u>2015</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$477,544	313,266
Reserve for Encumbrances	A-3	140,338	249,338
Accounts Payable	A	17,668	19,276
Prepaid Taxes	A	55,290	71,072
Tax Overpayments	A	6,448	26,556
Due County for Added & Omitted Taxes	A	1,912	15,912
Local School Taxes Payable	A-12	677,205	1
Regional School Taxes Payable	A-13	5	9,346
Due to State of New Jersey - Marriage License Fees	A	310	429
Due to Mount Holly MUA	A	6,122	6,122
Special Emergency Notes Payable	A-10		189,629
Interfunds Payable - Due to Trust Fund	B	6,578	8,704
Interfunds Payable - Due to Payroll Fund	D		4,420
Reserve for Master Plan	A	15,513	15,513
		<hr/>	<hr/>
Total Liabilities		1,404,933	929,584
		<hr/>	<hr/>
Reserves for Receivables & Other Assets	A	1,115,409	1,004,096
Fund Balance	A-1	1,665,969	1,549,272
		<hr/>	<hr/>
Subtotal		4,186,311	3,482,952
		<hr/>	<hr/>
Federal & State Grant Fund:			
Reserve for Encumbrances	A-15	112,928	24,193
Appropriated Reserves	A-15	1,525,802	1,005,324
Unappropriated Reserves	A-16	1,656	1,414
Due to Current Fund	A	390,188	365,995
		<hr/>	<hr/>
Total Federal & State Grant Fund		2,030,574	1,396,926
		<hr/>	<hr/>
Total Liabilities, Reserves & Fund Balance		\$6,216,885	4,879,878
		<hr/>	<hr/>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

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**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

	2016	2015
<u>REVENUE & OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$579,750	375,000
Miscellaneous Revenue Anticipated	4,963,622	5,307,954
Receipts From Delinquent Taxes	24,772	51,472
Receipts From Current Taxes	17,962,050	17,741,250
Nonbudget Revenue	275,837	154,458
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	139,621	187,451
Statutory Excess in Dog Licenses		4,298
Interfund Liquidated		66,981
Prior Year Accounts Payable Cancelled	1,293	286
	<u>23,946,945</u>	<u>23,889,150</u>
Total Revenue & Other Income Realized	23,946,945	23,889,150
<u>EXPENDITURES</u>		
Budget & Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	3,636,040	3,680,895
Other Expenses	2,991,510	3,003,867
Deferred Charges & Statutory Expenditures	733,737	704,942
Operations Excluded From "CAPS":		
Salaries and Wages	140,000	150,000
Other Expenses	835,019	819,434
Capital Improvements	152,800	159,300
Municipal Debt Service	1,134,051	1,118,644
Deferred Charges & Statutory Expenditures	189,629	227,591
Transferred to Board of Education	67,266	67,611
County Taxes	2,417,948	2,449,184
Due County for Added & Omitted	1,912	15,912
Local District School Tax	7,929,557	7,541,445
Regional High School Taxes	2,335,813	2,345,885
Special Fire District Taxes	617,845	617,845
Senior Citizens & Veterans Deductions Disallowed	2,250	4,033
Interfunds Created	94,274	
	<u>23,279,651</u>	<u>22,906,588</u>
Total Expenditures	23,279,651	22,906,588
Excess in Revenue to Fund Balance	<u>667,294</u>	<u>982,562</u>
Adjustments to Income Before Fund Balance:		
Expenditures Included Above which are by Statute		
Deferred Charges to Budget of Succeeding Year	29,153	
	<u>696,447</u>	<u>982,562</u>
Statutory Excess to Fund Balance	696,447	982,562
Fund Balance - Balance January 1	1,549,272	941,710
Decreased by: Utilization as Anticipated Revenue	579,750	375,000
	<u>\$1,665,969</u>	<u>1,549,272</u>
Balance December 31	\$1,665,969	1,549,272

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-2

**CURRENT FUND
STATEMENT OF REVENUES**

Year Ended December 31, 2016

	ANTICIPATED BUDGET	SPECIAL N.J.S.40:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$579,750		579,750	
MISCELLANEOUS REVENUES				
Licenses - Alcoholic Beverages	23,000		23,126	126
Licenses - Other	14,000		17,075	3,075
Fees & Permits	225,000		270,101	45,101
Municipal Court Fines & Costs	285,000		284,812	(188)
Interest & Costs on Taxes	105,000		91,299	(13,701)
Interest on Investments & Deposits	2,500		10,640	8,140
Housing Inspection Fees	104,000		116,085	12,085
Consolidated Municipal Property Tax Relief	266,103		241,038	(25,065)
Energy Receipts Tax	1,252,428		1,277,493	25,065
Clean Communities Grant		22,311	22,311	
Click-It-Ticket		5,000	5,000	
Urban Enterprise Zone	188,000		188,000	
Small Cities CDBG - High Street Improvements	400,000		400,000	
Small Cities CDBG	150,000		150,000	
Insurance Fund Safety Grant		4,096	4,096	
Body Armor Replacement Program		2,184	2,184	
County Parks Grant	165,000		165,000	
Alcohol Education & Enforcement Grant		1,144	1,144	
Bullet Proof Vest Grant		2,281	2,281	
Sustainable New Jersey Grant		10,000	10,000	
Police Body Camera Grant	10,500		10,500	
Mount Holly Memorial Health Alliance Donation	180,000		200,000	20,000
County Rental of Parking Lots	98,203		196,406	98,203
State Rental of Parking Lots	7,800		17,108	9,308
Construction Code Office - Indirect Costs	39,600		39,600	
Payment in Lieu of Taxes:				
Mt. Holly Sewerage Authority	308,000		308,000	
Strouber	50,000		91,248	41,248
Presbyterian Homes	10,000		13,700	3,700
Children's Home	30,000		30,000	
Regency Park	117,500		127,064	9,564
Fermoor	230,000		310,583	80,583

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-2

**CURRENT FUND
STATEMENT OF REVENUES (CONTINUED)**

Year Ended December 31, 2016

	ANTICIPATED BUDGET	SPECIAL N.J.S.40:4-87	REALIZED	EXCESS OR (DEFICIT)
MISCELLANEOUS REVENUES				
Service Contract - Mt. Holly MUA	30,000		30,000	
Rent - 14 King Street	40,000		40,000	
Contribution from Rancocas Valley Regional High School	93,750		93,750	
Contribution from Mt. Holly BOE	54,000		55,080	1,080
Cable TV Franchise Fee	118,898		118,898	
Total	4,598,282	47,016	4,963,622	318,324
Receipts from Delinquent Taxes	16,851		24,772	7,921
Amount to be Raised by Support of Municipal Budget	4,732,812		4,782,785	49,973
Budget Totals	9,927,695	47,016	10,350,929	376,218
Nonbudget Revenues			275,837	
TOTAL REVENUES	\$9,927,695	47,016	10,626,766	

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-2

**CURRENT FUND
STATEMENT OF REVENUES (CONTINUED)**

Year Ended December 31, 2016

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$17,962,050
Allocated to School, County & Fire District Taxes	<u>13,303,075</u>
Balance for Support of Municipal Budget Appropriations	4,658,975
Increased by Appropriation - Reserve for Uncollected Taxes	<u>123,810</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$4,782,785</u></u>
Receipts from Delinquent Taxes:	
Taxes Receivable	\$4,038
Tax Title Lien Receivable	<u>20,734</u>
Total	<u><u>\$24,772</u></u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenues Not Anticipated:	
Police Fees	\$10,354
Street Openings	169,522
Pilot Payments	83,653
Senior Citizen & Vets Administrative Fee	1,825
Miscellaneous	<u>10,483</u>
Total	<u><u>\$275,837</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-3

**CURRENT FUND
STATEMENT OF EXPENDITURES**

Year Ended December 31, 2016

OPERATIONS	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
General Government:						
Administrative & Executive:						
Salaries and Wages	\$107,000	114,000	113,628	372		
Other Expenses	120,300	120,300	107,502	12,798		
Mayor and Council:						
Salaries and Wages	15,000	15,000	15,000			
Other Expenses	500	500	28	472		
Township Clerk:						
Salaries and Wages	111,443	114,143	114,014	129		
Other Expenses	34,000	35,500	33,229	2,271		
Financial Administration:						
Salaries and Wages	99,000	91,000	89,237	1,763		
Other Expenses	41,300	29,300	24,762	4,538		
Audit Services	33,000	33,500	33,500			
Revenue Administration (Tax Collection):						
Salaries and Wages	149,742	153,992	153,844	148		
Other Expenses	23,750	27,250	25,541	1,709		
Assessment of Taxes:						
Salaries and Wages	15,300	15,300	15,300			
Other Expenses	28,700	13,700	6,973	6,727		
Legal Services & Costs:						
Other Expenses	201,200	187,200	166,512	20,688		
Engineering Services & Costs:						
Other Expenses	126,000	156,000	139,236	16,764		
Historical Preservation Committee:						
Other Expenses	3,000	3,300	3,291	9		
Municipal Land Use Law (NJSA 40:55D-1):						
Planning Board:						
Salaries and Wages	12,000	12,000	11,815	185		
Other Expenses	33,900	30,900	29,083	1,817		
Code Enforcement and Administration:						
Inspection of Housing:						
Salaries and Wages	84,245	85,345	85,298	47		
Other Expenses	4,000	4,000	1,994	2,006		
Insurance:						
Employee Group Health Insurance	757,093	719,443	541,401	178,042		
General Liability Insurance	219,614	219,614	213,491	6,123		
Workers Compensation	190,035	190,035	190,035			
Medical Waiver	3,000	-				
Public Safety:						
Police:						
Salaries & Wages	2,234,270	2,282,270	2,291,019			8,749
Other Expenses	103,050	83,050	91,388			8,338
Public Works Functions:						
Streets & Road Maintenance:						
Salaries & Wages	495,728	480,728	471,025	9,703		
Other Expenses	50,900	50,900	46,917	3,983		

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-3

**CURRENT FUND
STATEMENT OF EXPENDITURES (CONTINUED)**

Year Ended December 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS - Within "CAPS"						
Public Works Functions (continued):						
Public Buildings & Grounds:						
Salaries & Wages	15,000	15,000	8,006	6,994		
Other Expenses	17,000	23,000	21,023	1,977		
Vehicle Maintenance:						
Other Expenses	50,000	50,000	40,807	9,193		
Other Public Works Functions:						
Other Expenses	550	550		550		
Special Emergency:						
Other Expenses						
Health & Welfare:						
Animal Control Services:						
Other Expenses	18,000	18,000	18,000			
Community Drug Alliance Program:						
Other Expenses	2,200	2,200		2,200		
Park & Recreation Functions:						
Recreation Services & Programs:						
Salaries & Wages	37,750	37,750	35,129	2,621		
Other Expenses	2,000	2,000	598	1,402		
Celebration of Public Events:						
Other Expenses	10,305	12,805	12,525	280		
Municipal Court:						
Municipal Court:						
Salaries and Wages	187,763	187,763	182,357	5,406		
Other Expenses	14,500	14,500	10,560	3,940		
Municipal Prosecutor:						
Salaries and Wages	23,000	23,000	21,983	1,017		
Public Defender:						
Other Expenses - Contractual	525	525		525		
Utility Expenses & Bulk Purchase:						
Electricity	65,000	76,000	59,949	16,051		
Street Lighting	200,000	200,000	161,691	38,309		
Telecommunication Costs	30,000	30,900	29,430	1,470		
Water	7,000	7,000	3,994	3,006		
Gasoline	65,000	65,000	39,232	25,768		
Landfill/Solid Waste:						
Garbage & Trash Removal:						
Other Expenses	235,000	235,000	234,646	354		
Sanitary Landfill:						
Contractual	330,000	330,000	266,127	63,873		
Unclassified:						
Accumulated Absences	10,000	10,000		10,000		
Contingency	1,200	1,200	518	682		
Total Operations Within "CAPS"	6,618,863	6,610,463	6,161,638	465,912		17,087
Total Operations Including Contingent Within "CAPS"	6,618,863	6,610,463	6,161,638	465,912		17,087
Detail:						
Salaries and Wages	3,587,241	3,627,291	3,607,655	28,385		8,749
Other Expenses (Including Contingent)	3,031,622	2,983,172	2,553,983	437,527		8,338

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-3

**CURRENT FUND
STATEMENT OF EXPENDITURES (CONTINUED)**

Year Ended December 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS - Within "CAPS"						
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":						
Statutory Expenditures:						
Overexpenditure of Appropriation Reserves	-	-				
Public Employees Retirement System	105,518	105,518	105,518			
Police & Fire Pension Fund	453,319	453,319	453,319			
Social Security System (O.A.S.I.)	150,000	157,000	156,298	702		
DCRP	1,500	1,500	964		536	
Unemployment Fund	15,000	16,400	13,655		2,745	
Total Deferred Charges & Statutory Expenditures	725,337	733,737	729,754	3,983		
Total General Appropriations for Municipal Purposes Within "CAPS"	7,344,200	7,344,200	6,891,392	469,895		17,087
Mandated Expenditures Excluded From "CAPS":						
Other Operations - Excluded From "CAPS"						
Employee Group Health Insurance	10,257	10,257	10,257			
Public and Private Programs Offset by Revenues:						
Supplemental Fire Services	4,246	4,246	4,246			
NJ Urban Enterprise Zone:						
Salary and Wages	80,000	80,000	80,000			
Police Patrol	60,000	60,000	60,000			
Administration	48,000	48,000	48,000			
Clean Communities Program		22,311	22,311			
Click-It-Ticket		5,000	5,000			
Body Armor Grant		2,184	2,184			
County Parks Grant	165,000	165,000	165,000			
Community Development Block Grant	550,000	550,000	550,000			
Alcohol Education and Rehab Grant		1,144	1,144			
Bulletproof Vest Program		2,281	2,281			
Insurance Fund Safety Grant		4,096	4,096			
Sustainable Jersey Small Grant		10,000	10,000			
Body Worn Camera	10,500	10,500	10,500			
Total Operations Excluded from "CAPS"	928,003	975,019	975,019			
Detail:						
Salary and Wages	140,000	140,000	140,000			
Other Expenses	788,003	835,019	835,019			
Capital Improvements Excluded from "CAPS"						
Capital Improvements:						
Public Works Equipment	25,000	25,000	24,846	154		
Police Equipment	127,800	127,800	120,305	7,495		
Total Capital Improvement Excluded "CAPS"	152,800	152,800	145,151	7,649		

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-3

**CURRENT FUND
STATEMENT OF EXPENDITURES (CONTINUED)**

Year Ended December 31, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS - Excluded from "CAPS"						
Municipal Debt Service:						
Payment of Bond Principal	403,000	403,000	403,000			
Interest on Bonds	541,985	541,985	541,985			
Payment of Bond Anticipation Notes	90,000	90,000	90,000			
Interest on Notes	68,136	68,136	80,202			12,066
Loan Repayment for Principal & Interest	16,880	16,880	16,879		1	
Interest on Special Emergency Notes	1,986	1,986	1,985		1	
Total Municipal Debt Service	1,121,987	1,121,987	1,134,051		2	12,066
Deferred Charges - Municipal:						
Overexpenditure of Appropriation of Reserve - Hurricane Irene	120,000	120,000	120,000			
Overexpenditure of Appropriation Hurricane Sandy	69,629	69,629	69,629			
Total Deferred Charges - Municipal	189,629	189,629	189,629			
Total General Appropriations - Municipal Purposes - Excluded From "CAPS"	2,392,419	2,439,435	2,443,850	7,649	2	12,066
Subtotal General Appropriation Items	9,736,619	9,783,635	9,335,242	477,544	2	29,153
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17 & 17.3)	67,266	67,266	67,266			
Reserve For Uncollected Taxes	123,810	123,810	123,810			
Total General Appropriations	\$9,927,695	9,974,711	9,526,318	477,544	2	29,153
Budget						
Appropriation by 40A:4-87		\$9,927,695				
Total		<u>47,016</u>				
Total		<u>\$9,974,711</u>				
Deferred Charges:						
Special Emergency Authorization			\$189,629			
Reserve for Uncollected Taxes			123,810			
Federal and State Grant Funds			960,516			
Encumbrances			140,338			
Refunds			(331,522)			
Disbursed			<u>8,443,547</u>			
Total			<u>\$9,526,318</u>			

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

B

**TRUST FUNDS
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

December 31, 2016

<u>ASSETS</u>	REFERENCE	2016	2015
Dog License Fund:			
Cash - Chief Financial Officer	B-1	\$11,416	14,538
Total Dog License Fund		11,416	14,538
Other Funds:			
Cash - Chief Financial Officer	B-1	1,233,722	1,197,425
Due from Current Fund	B-7	6,578	8,704
Due from General Capital Fund	C	824	
Foregivable Mortgage Receivable	B	1,816,106	2,033,704
Mortgage Receivable - Homeowners	B	90,357	1,856
Total Other Funds		3,147,587	3,241,689
Total Assets		\$3,159,003	3,256,227
 <u>LIABILITIES & RESERVES</u>			
Dog License Fund:			
Due to Current Fund	A	4,343	4,300
Due to State of New Jersey	B-6	312	318
Reserve for Dog Fund Expenditures	B-2	6,761	9,920
Total Dog License Fund		11,416	14,538
Other Funds:			
Due to State of New Jersey	B	51,660	54,233
Accounts Payable	B	824	
Reserve for:			
Foregivable Mortgage Receivable	B	1,816,106	2,033,704
Mortgage Receivable - Homeowners	B	90,357	1,856
Tax Sale Premiums	B-4	656,900	364,000
Recreation Commission Funds	B-8	27,161	22,394
Law Enforcement Trust Fund	B-8	18,250	12,802
Federal & State Grants	B-8	19,214	28,804
Builder's Escrow	B-8	81,200	88,050
Recycling Program	B-8	6,214	5,764
Uniform Construction Code	B-5	208,456	294,462
Outside Police Services	B-8	56,822	127,856
Snow Removal	B-8	19,183	1,461
Public Defender	B-8	15,291	12,520
P.O.A.A. - Parking Fines	B-8	11,843	10,949
Redemption of Tax Sale Certificates	B-3	25,215	37,644
RCA Trust	B-8	12,696	118,175
Environmental Committee	B-8	730	730
Shade Tree	B-8	3,200	
Trust Other	B-8		20
Compensated Absences	B-8	26,265	26,265
Total Other Funds		3,147,587	3,241,689
Total Liabilities & Reserves		\$3,159,003	3,256,227

See notes to financial statements.

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C

**GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

December 31, 2016

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2016</u>	<u>2015</u>
Cash & Investments	C-2	\$348,827	485,758
Deferred Charges to Future Taxation:			
Funded	C	9,876,088	10,293,993
Unfunded	C-4	9,481,000	6,611,000
Total Assets		\$19,705,915	17,390,751
 <u>LIABILITIES, RESERVES & FUND BALANCE</u>			
Encumbrances Payable	C-6	49,000	55,107
Due to Current Fund	A	1,645	50
Due to Trust Fund	B	824	
Green Acres Loan Payable	C-9	75,088	89,993
Bond Anticipation Notes	C-7	6,344,000	6,434,000
Serial Bonds	C-8	9,801,000	10,204,000
Improvement Authorizations:			
Funded	C-6	62,652	22,652
Unfunded	C-6	3,211,997	419,341
Capital Improvement Fund	C-5	57,624	97,624
Fund Balance	C-1	102,085	67,984
Total Liabilities, Reserves & Fund Balance		\$19,705,915	17,390,751

There were bonds and notes authorized but not issued on December 31, 2016, of \$3,137,000 and on December 31, 2015, of \$177,000.

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

D

**PAYROLL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

December 31, 2016

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2016</u>	<u>2015</u>
Cash - Chief Financial Officer	D-1	\$120,931	76,209
Due from Current Fund	A		4,420
Total		<u>\$120,931</u>	<u>80,629</u>
<u>LIABILITIES</u>			
Payroll Taxes Payable	D	\$19,344	80,629
Due to Current Fund	A	101,587	
Total		<u>\$120,931</u>	<u>80,629</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

E

**GENERAL FIXED ASSETS GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

December 31, 2016

	<u>2016</u>	<u>2015</u>
General Fixed Assets		
Land	\$1,758,735	1,758,734
Buildings & Contents	8,992,860	8,901,860
Vehicles & Equipment	<u>5,984,102</u>	<u>5,955,618</u>
Total	<u>\$16,735,697</u>	<u>16,616,212</u>
Investment in General		
Fixed Assets	<u>\$16,735,697</u>	<u>16,616,212</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Financial Reporting Entity

The Township is located in the County of Burlington, State of New Jersey. The governing body, the Township Committee, is comprised of five elected members who serve three-year terms.

The Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria to be used to determine which component units should be included in the financial statements of an oversight entity. The primary criterion for including activities within the reporting entity, as set forth in the Statement, is the degree of oversight responsibility maintained by the reporting entity. However, the State of New Jersey, Division of Local Government Services requires the financial statements of the Township to be presented separately. As such, the financial statements of the Township of Mount Holly include each board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S.40/1:5-5.

Description of Funds and Account Groups

The accounting policies of the Township of Mount Holly conform to the accounting principles applicable to municipalities, which 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 Mount Holly accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operation 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, including dog license revenue and expenditures and sundry deposits held for satisfactory completion of specific work.

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

Payroll Fund - is used for the receipt and disbursements of funds used to meet obligations to employees and payroll tax liability.

General Fixed Assets - is used to account for fixed assets used in governmental operations.

Basis of Accounting, Measurement Focus and Basis of Presentation

The modified accrual basis of accounting is followed, with minor exceptions. Modifications from the accrual basis follow:

Revenues - Revenues are recorded as received in cash except for certain amounts, which may be due from the State of New Jersey or the Federal Government as grants. The amounts recorded as property taxes receivable and consumer accounts receivable have not been included in revenue. Amounts that are due to the Municipality which are susceptible of accrual are recorded as receivables with offsetting reserves.

TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting, Measurement Focus and Basis of Presentation (Continued)

Expenditures - 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 liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balance are automatically created on December 31st of each year and recorded as liabilities, except for amounts which may be cancelled 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 and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Property Taxes - Property taxes are an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1 and November 1 of each year.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds - 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.

Insurance - Costs of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

Accrued Sick and Vacation Time - The Township allows employees to accrue vacation time. By contract and personnel policy employees may accrue sick time. The Township's payroll records do provide data on the number of hours accumulated. This amount is not reported as either an expenditure or liability.

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.

General Fixed Assets Account Group - Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. No depreciation has been recorded. Fixed Assets acquired through grants in and/or contributed capitals have not been accounted for separately.

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting, Measurement Focus and Basis of Presentation (Continued)

Tax Appeals and Other Contingent Losses - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

Budgets - The governing body prepares and approves by resolution an operating and capital budget for the Current Fund, which is then submitted for certification to the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Upon the receipt of such certification and after a public hearing, the budget is then adopted by resolution. Transfers of budgeted amounts may be made by resolution of the Township Council subsequent to October 31 in the current budget year and up to March 31 of the following year.

Once adopted the Township may make emergency appropriations for purposes which are not known at the time the budget was adopted per N.J.S.A.40A:4-46. Also, the Township may make amendments to the budget for any special item of revenue made available by any public or private funding source per N.J.S.A.40A:4-8 7.

Comparative Data - Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in each of the statements because its inclusion would make the statements unduly complex and difficult to read.

Departures from Generally Accepted Accounting Principles -The accounting principles and practices followed by the Township of Mount Holly differ in some respects, which in some instances may be material from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved and recognized as revenue in the year of liquidation.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding year's operations.
- No provision is made for accumulated vested vacation and sick leave.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.
- Depreciation expense is not calculated on fixed assets. It was not practicable to determine the effect of such differences.

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in accordance with accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

B. BONDS AND NOTES AUTHORIZED AND NOT ISSUED

At December 31, 2016, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund - Bonds and Notes	<u>\$ 3,137,000</u>
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C. CURRENT FUND BALANCE APPROPRIATED

The following amounts of fund balance at December 31, 2016, were anticipated as revenue in the adopted 2017 budget:

	Balance December 31, 2016	Utilized 2017 Budget
Current Fund	\$ 1,665,969.00	\$ 700,000.00

D. DEFERRED CHARGES TO BE RAISED IN SUCCEEDED BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2016	2017 Budget Appropriation	Balance to Succeeding Budget
Current Fund			
Over-expenditure of appropriation	\$ 29,153	\$ 17,087	\$ 12,066

E. DEFERRED DISTRICT SCHOOL TAXES

School Taxes are raised on a calendar year basis for both the Local and Regional High School Districts; therefore, school taxes cannot and have not been deferred as of December 31, 2016.

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

F. CASH AND CASH EQUIVALENTS

The Township is governed by the deposit limitations of New Jersey state law. The Deposits held at December 31, 2016, and reported bank balances are as follows:

Type Deposits	Bank Balances
Demand Deposits	\$ 5,722,482
Total Deposits	<u>\$ 5,722,482</u>

Type	Bank Balances
Reconciliation of Statement of Comparative Balance Sheets	
Current	\$ 3,970,216
Grant	-
Dog Trust	11,431
Other Trust	1,239,575
Payroll	182,698
General Capital	318,562
Total Reconciliation to Comparative Balance Sheets	<u>\$ 5,722,482</u>

Custodial Credit Risk — Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. The Township does have a deposit policy for custodial credit risk, As of December 31, 2016, the Township's bank balance of \$5,722,482 was insured or collateralized as follows:

Insured	\$ 335,851
Collateralized in the Township's Name Under GUDPA (see note G)	5,386,631
Total	<u>\$ 5,722,482</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

G. GOVERNMENTAL UNIT DEPOSIT PROTECTION UNIT (GUDPA)

The Township has deposited cash in 2016 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the Township invests monies in certificates of deposits.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with GUDPA, a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include state or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured.

The market value of the collateral must equal five percent of the average daily balance of public funds; and, if the public funds deposited exceed seventy-five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy-five percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.

H. PENSION OBLIGATION

Public Employees' Retirement System (PERS):

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

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

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. PENSION OBLIGATION (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$105,518 for 2016.

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. PENSION OBLIGATION (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

The employee contribution rate was 7.06% effective July 1, 2015, and increased to 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011, are being phased in over seven years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Net Pension Liability and Pension Expense - At December 31, 2016, the Township's proportionate share of the PERS net pension liability is valued to be \$5,592,540. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Township's proportion measured as of June 30, 2016, was .01888%, which was an increase of .00661% from its proportion measured as of June 30, 2015.

Balances at December 31, 2016 and December 2015

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
	July 1, 2016	July 1, 2015
Actuarial valuation date		
Net Pension Liability	\$ 5,592,540	\$ 2,755,124
Township's portion of the Plan's total		
Net Pension Liability	0.01888%	0.01227%

For the year ended December 31, 2016, the Township had an allocated pension expense of \$701,412.

Actuarial Assumptions – The collective total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases Through 2016	1.65 - 4.15% Based on Age
Thereafter	2.65 - 5.15% Based on Age

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. PENSION OBLIGATION (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year for 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

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

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

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

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. PENSION OBLIGATION (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

	<u>At 1% decrease (2.98%)</u>	<u>At current discount rate (3.98%)</u>	<u>At 1% increase (4.98%)</u>
Local	\$ 6,853,005	\$ 5,592,540	\$ 4,551,917

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

Police and Firemen's Retirement System (PFRS)

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

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

TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

H. PENSION OBLIGATION (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

The following represents the membership tiers for PFRS:

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

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

Contributions - The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2015, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PFRS amounted to \$453,319 for 2016.

The employee contributions for PFRS is ten percent of employees' annual compensation, as defined.

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L., 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. PENSION OBLIGATION (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Net Pension Liability and Pension Expense - At December 31, 2016, the Township's proportionate share of the PFRS net pension liability is valued to be \$9,753,768. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Township's proportion measured as of June 30, 2016, was .05106%, which was a decrease of .00471% from its proportion measured as of June 30, 2015.

Balances at December 31, 2016 and December 2015

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
	July 1, 2016	July 1, 2015
Actuarial valuation date		
Net Pension Liability	\$ 9,753,768	\$ 9,289,176
Township's portion of the Plan's total		
Net Pension Liability	0.05106%	0.05577%

For the year ended December 31, 2016, the Township had an allocated pension expense of \$1,013,905.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$819,075 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2016, was .05106%, which was a decrease of .00471% from its proportion measured as of June 30, 2015, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 9,753,768
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>819,075</u>
Total Net Pension Liability	<u><u>\$ 10,572,843</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. PENSION OBLIGATION (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

For the year ended December 31, 2016, the Township's total allocated pension expense was \$104,615.

Actuarial Assumptions – The collective total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases Through 2016	2.10 - 8.98% Based on Age
Thereafter	3.10 - 9.98% Based on Age
Investment Rate of Return	7.65%

Pre-Retirement mortality rates were based on the RP-2000 Pre-Retirement Mortality Tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-Retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-Retirement Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projected scales, which was further projected on a generational basis using the plan actuary's modified 2014 scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

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

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

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. PENSION OBLIGATION (CONTINUED)

Police and Firemen’s Retirement System (PFRS) (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made on the average of the last five years of contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

H. PENSION OBLIGATION (CONTINUED)

Police and Firemen’s Retirement System (PFRS) (Continued)

	<u>At 1% decrease (4.55%)</u>	<u>At current discount rate (5.55%)</u>	<u>At 1% increase (6.55%)</u>
Local	\$ 13,632,906	\$ 10,572,843	\$ 8,072,950

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PFRS financial statements.

Defined Contribution Retirement Program

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township’s contribution amounts for each pay period are transmitted to New Jersey Division of Pension and Benefits not later than the fifth business day after the date on which the employee is paid for that pay period. As of December 31, 2016, the Township has paid \$964.

The Township currently has six employees enrolled in DCRP.

I. PROPERTY TAXES

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

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

J. INTERFUNDS, RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2016, is as follows:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 497,763	
Federal and State Grant Fund		\$ 6,578
General Capital Fund		2,469
Payroll Fund		101,587
Trust Fund - Animal Control		4,343
Trust Other Fund	7,402	390,188
Total Funds	<u>\$ 505,165</u>	<u>\$ 505,165</u>

K. SPECIAL EMERGENCY NOTES (40A:4-55)

The Township issued Special Emergency Notes to fund special emergency appropriations prior to the funds being raised in the budget. The term of the notes cannot exceed one year but the notes may be renewed from time to time, but at least 1/5 of all such notes, and the renewals thereof, shall mature and be paid in each year, so that all notes and renewals shall have matured and have been paid not later than the last day of the fifth year following the date of the emergency resolution.

On December 31, 2015, the Township had \$189,629 Series A outstanding in Current Fund Special Emergency Notes. Series A notes were issued on September 2, 2015, and mature on September 9, 2016, at an interest rate of 1.0499%.

Transactions for the year ended December 31, 2016, are summarized as follows:

Changes in Short-Term Debt:

	Balance December 31, 2015	Additions	Deductions	Balance December 31, 2016
Special Emergency Notes	<u>\$ 189,629</u>	<u>\$ -</u>	<u>\$ 189,629</u>	<u>\$ -</u>

L. RISK MANAGEMENT

The Township of Mount Holly is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The Township maintains commercial insurance coverage for property, liability and surety bonds.

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

M. GENERAL LONG-TERM DEBT

During the year ended December 31, 2016, the following changes occurred in long-term debt including loans:

	Balance December 31, 2015	Issued	Reduction	Balance December 31, 2016
General Capital				
Serial Bonds	\$ 10,204,000		\$ 403,000	\$ 9,801,000
Green Acres Loan	89,993	\$ -	14,905	75,088
Total	<u>\$ 89,993</u>	<u>\$ -</u>	<u>\$ 417,905</u>	<u>\$ 9,876,088</u>

Permanently Funded Debt

General Obligation Serial Bonds and Green Acres Loan as of December 31, 2016, consists of the following:

Date of Issued	Purpose	Maturities	Interest Rate	Amount
December 15, 2007	Various Improvements	2013 to 2017	Various	\$ 71,000
March 11, 2005	Green Acres Loan	2013 to 2017	2.00%	75,088
October 31, 2013	General Obligation	2013 to 2017	Various	1,130,000
October 31, 2013	General Taxable Bonds	2013 to 2017	Various	3,575,000
June 22, 2010	Acquisition of Property Gardens	2013 to 2017	Various	5,025,000
				<u>\$ 9,876,088</u>

Debt Service Requirements

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and five-year increments thereafter for Bonded Debt issued and outstanding:

Year	Principal	Interest	Total
2017	\$ 436,205	\$ 526,502	\$ 962,707
2018	420,510	507,369	927,879
2019	435,822	489,544	925,366
2020	456,140	470,501	926,641
2021	477,411	450,490	927,901
2022-2026	2,590,000	1,874,516	4,464,516
2027-2031	2,125,000	1,046,678	3,171,678
2032-2036	1,960,000	550,606	2,510,606
2037-2038	975,000	81,125	1,056,125
Total	<u>\$ 9,876,088</u>	<u>\$5,997,331</u>	<u>\$15,873,419</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

M. GENERAL LONG-TERM DEBT (CONTINUED)

Bond Anticipation Notes issued as of December 31, 2016, are as follows:

<u>Interest</u>	<u>Purpose</u>	<u>Rate</u>	<u>Amount</u>
General Capital Fund	Acquisition of Various Properties	2.000%	2,078,000.00
General Capital Fund	Acquisition of Various Properties	2.000%	1,893,000.00
General Capital Fund	Acquisition of Various Properties	2.000%	2,373,000.00
Total			<u>\$ 6,344,000.00</u>

New Jersey Statutes limit the debt of a municipality to 3.50% of the average of the last three preceding year's equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2016, was 3.263%. The Township's remaining borrowing power is .237%.

Summary of Municipal Debt

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Issued -			
General - Bonds and Notes	\$16,220,088	16,727,993	17,208,605
Net Debt Issued	<u>16,220,088</u>	<u>16,727,993</u>	<u>17,208,605</u>
Authorized But Not Issued:			
General - Bonds & Notes	3,137,000	177,000	177,000
Net Debt	<u>\$19,357,088</u>	<u>16,904,993</u>	<u>17,385,605</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 statutory net debt of 3.263%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Regional School District	\$2,030,828	2,030,828	
Local School District	6,939,000	6,939,000	
General Debt	<u>19,357,088</u>		<u>19,357,088</u>
Total	<u>\$28,326,916</u>	<u>8,969,828</u>	<u>19,357,088</u>

Net debt, \$19,357,088, divided by Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$588,693,034 equals 3.263%.

Borrowing Power Under 40A:2-6

3.5% of Equalized Valuation Basis (Municipal)	\$20,604,256
Net Debt	<u>19,357,088</u>
Remaining Borrowing Power	<u>\$1,247,168</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

N. FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the fiscal year ended December 31, 2016:

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Land	\$ 1,758,734			\$ 1,758,734
Buildings	8,901,860	91,000		8,992,860
Machinery and Equipment	5,955,618	78,355	49,871	5,984,102
Total	<u>\$ 16,616,212</u>	<u>\$ 169,355</u>	<u>\$ 49,871</u>	<u>\$ 16,735,696</u>

O. DEFERRED COMPENSATION SALARY ACCOUNT

The Township offers its employees a Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants and their beneficiaries, and are held in a custodial account as described in IRC Section 457 (g). Such amounts are part of a common fund held with the assets of other Section 457 plans.

All assets of the Plan are held by two independent administrators; Nationwide Retirement Solutions, Inc. and AXA Equitable.

P ACCRUED SICK AND VACATION TIME

Township employees are entitled to paid vacation and sick time depending on their length of service with the Township. Vacation days not used during the year may be accumulated and carried forward for two years. Vacation days not used within this time period are forfeited. Vacation time unused at termination is reimbursed to the employee at their current rate of pay. Unused sick leave may be accumulated and carried forward to subsequent years. One-half of accrued sick time is reimbursed to employees only if they meet the requirements of retirement according to the Public Employees' Retirement System or Police and Firemen's Retirement System. Sick time is reimbursed to the employee at their current rate of pay up to a maximum of 62 to 65 days depending on their job classification.

The amount of accrual for compensated absences as of December 31, 2016, is as follows:

Vacation Time Sick Time:	
Employees Accrual	\$272,180
Township Share of Payroll Taxes	8,114

This liability has not been recorded in the financial statements. Actual payment and funding for compensated absences occurs through budget appropriation in the annual operating budget and only during the year the employee terminates or retires (pay-as-you-go basis).

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

Q. LITIGATION

It is the Township of Mount Holly's Counsel's opinion that there exists no litigation or contingent liability that may be pending against the Township that would have a material adverse effect on the financial position of the Township.

R. SERVICE AGREEMENT

In 1978, the Township entered into a service agreement with the Mount Holly Municipal Utility Authority whereby the Township will pay the Authority any annual charges made and charged by the Authority in accordance with the service agreement. The annual charges made and to be charged by the Authority to and payable by the Township for or with respect to any fiscal year shall be the sum of money equal to any-deficiency in (a) the fund established by resolution or any other bond resolution for the payment of debt service and (b) any reserve fund for debt service below the bonds reserve requirement established therein. The Authority covenants that (a) the bond reserve requirement referred to above will not exceed the maximum annual debt service in any given year (excluding short-term debt) without the consent of the Township and (b) the requirements as to the payments of debt service therefrom and the priority of payments of revenues into various funds set forth in the resolution shall not be substantially altered or amended without the consent of the Township.

The Township will in each year make all budgetary and other provisions or appropriations necessary to provide for and authorize the payment by the Township to the Authority during each fiscal year of the estimated amount of the annual charges and the amount of any deficiency in prior annual charges (if any) stated in the certificate delivered in such fiscal year to the Township by the Authority.

The Authority will at all times take reasonable measures permitted by the act or otherwise by law to collect and enforce prompt payment of all service charges prescribed, fixed and charged in accordance with the 1978 service contract and the service agreement.

The Authority shall repay to the Township from the revenues collected by the Authority in the next succeeding fiscal year of the Authority, all monies by the Township to the Authority under the 1978 service contract, except service charges on property owned by the Township itself and including reasonable expenses of the Township. Such repayment shall be made without interest, except for any interest incurred by the Township in providing for such repayment. The 1978 service agreement states that failure by the Authority to make any such repayment shall not relieve the Township of the obligation to pay any annual charges, as described above.

In exchange for the service agreement, the Authority pays an annual sum of \$30,000 to the Township as a fee for the financial obligation accepted by the Township as long as the 1978 service agreement is in effect.

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

S. ECONOMIC UNDERTAKING

The Township has determined to undertake a Redevelopment Project consisting of the acquisition of various parcels of real property in the Township, together with the demolition of any improvements thereon, as part of the Township's West End Redevelopment Plan ("Redevelopment Plan"). Located within the West End Redevelopment Area ("Redevelopment Area") in the Mount Holly Gardens ("Gardens"), a residential neighborhood originally comprised of three hundred seventy-nine (379) attached housing units built in the early 1950s. Over the past thirty years, the number of owner-occupied housing units in the Gardens declined to the point that the majority of the housing units were renter occupied and owned largely by absentee landlords. This has had a destabilizing effect on the development and has resulted in declined building maintenance and property up-keep. The Redevelopment Area also includes a commercial area which is located north of and adjacent to the Gardens. This land is vacant and underutilized.

The goal of the Redevelopment Plan is to create an attractive, safe and cohesive residential neighborhood that provides a variety of housing options that meet the needs of the Mount Holly community and to provide opportunities for commercial establishments that will serve the immediate area and the larger community.

In order to proceed with the implementation of the Redevelopment Plan, the Township entered into a redevelopment agreement with Keating Urban Partners, LLC ("Keating").

In order to complete the redevelopment of the area in accordance with the goals of the Redevelopment Plan, the Township began a process to acquire all the units in the Gardens, necessitating the relocation of its residents. The Township began this process several years ago. The Township's decision to select the Gardens complex is reflective of an opportunity to restore an aging and blighted residential complex to an attractive and functional market rate housing Redevelopment Plan which includes approximately five hundred twenty (520) units of mixed-income housing and an approximate 54,000 square feet commercial area.

On February 27, 2012, the Township introduced several ordinances, which allow the Township to move forward with the redevelopment of the Redevelopment Area through the sale and redevelopment of the vacant commercial area located north of the Gardens. These ordinances authorize the sale of this land for \$1,526,903.00 and the redevelopment of the land into an apartment complex containing 228 apartment units with shared recreational amenities such as a clubhouse and a swimming pool. Closing occurred in the fall of 2012. Future costs for acquisition of the remaining Gardens units and relocation of its residents will be borne by Keating, thereby significantly limiting future Township debt in the implementation of the Redevelopment Plan. This area is considered Phase 1 of the Redevelopment Area.

The Township also has a second parcel of land for development of 60 townhouses. The Township received a total of \$1,073,098 for this parcel. As of December 31, 2016, the Township is continuing to make every effort to move forward with the redevelopment of phases 2 and 3.

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

NOTES TO FINANCIAL STATEMENTS

S. ECONOMIC UNDERTAKING (CONTINUED)

As part of the Redevelopment Plan the Township is required to acquire existing homes and provide new replacement housing for twenty (20) families. As of December 31, 2016, the Township has acquired four (4) of these properties which represent a mortgages receivable balance of \$88,501.

T. FORGIVABLE MORTGAGE RECEIVABLE

The Township of Mount Holly implemented a scattered site housing rehabilitation program for owner-occupied single family and renter-occupied unit homes throughout the Township in 2002. This program is open to low or moderate-income owner-occupants of single-family dwelling units. The dwelling unit must be certified as substandard and the occupant must be certified as income eligible.

The program provides funding and financial assistance that will be spent in a manner that is consistent with COAH rules. Rehabilitation funding shall be used to address deficiencies in major systems and bring each housing unit to code. Financial assistance will be available for repair or replacement of substandard conditions within the housing unit in order to correct code violations.

Once the funding or financial assistance is given to the approved occupant the Township files the required lien on the owner-occupied property. The owner-occupants of the single-family homes that qualify will be required to repay the loan in full to the Township if they sell or vacate the unit within six years of the completion of work. Twenty-five percent of the loan shall be forgiven if the owner-occupant remains in the unit for seven (7) years after receiving the loan. Similarly, 25 percent of the loan shall be forgiven for each additional year the owner-occupant remains in the unit. Finally, after 10 years, the loan shall be forgiven. The amount of forgivable mortgage receivable as of December 31, 2016, is \$1,816,106.

U. SUBSEQUENT EVENTS

On July 10, 2017, the Township authorized Bond Ordinance 2017-16 authorizing the refunding of Callable Taxable Redevelopment General Obligation Bonds, Series 2010; authorizing the issuance of principal not to exceed \$4,685,000 (Refunding Bonds).

The agreement between Mount Holly Township and CWA Local 1036 Union has expired on December 31, 2016, and is currently under negotiation.

SUPPLEMENTAL SCHEDULES

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-4

**CURRENT FUND
SCHEDULE OF CASH – CHIEF FINANCIAL OFFICER**

Year Ended December 31, 2016

	<u>CURRENT FUND</u>	<u>FEDERAL & STATE GRANT FUND</u>
Balance December 31, 2015	\$2,282,042	207,382
Increased by Receipts:		
Taxes Receivable	17,781,992	
Tax Title Liens Receivable	20,734	
Tax Overpayments	25,016	
Due From State of New Jersey - Senior Citizen & Veteran Deductions	91,250	
Prepaid Taxes	55,290	
Revenue Accounts Receivable	4,003,106	
Miscellaneous Revenue Not Anticipated	275,837	
Due From General Capital Fund	39,483	
Budget Refunds	331,522	
Property Maintenance Receivable	10,894	
Amount Due to State for Marriage Licenses/Funeral Licenses	1,850	
Due From Trust Funds	539,600	
Contra	6,366,619	
Due From Mt. Holly MUA	125,335	
State & Federal Grants Receivable		366,312
Federal and State Grants Unappropriated		242
Total	<u>29,668,528</u>	<u>366,554</u>
Subtotal	<u>31,950,570</u>	<u>573,936</u>
Decreased by Disbursements:		
2016 Appropriations	8,443,547	
2015 Appropriation Reserve	422,983	
Refund Tax Overpayments	26,670	
County Taxes	2,433,860	
Local District School Taxes	7,252,353	
Regional High School District Taxes	2,345,154	
Fire District Taxes	617,845	
Special Emergency Notes	189,629	
Due to Mt. Holly MUA	124,906	
Due From Trust Funds	545,304	
Due to Capital Fund	39,483	
Contra	6,366,619	
Refund of Prior Year Revenue	363	
Due to Payroll Fund	110,000	
Due to State of New Jersey	1,540	
Reserve for Federal & State Grant Funds - Appropriated		371,824
Total Disbursements	<u>28,920,256</u>	<u>371,824</u>
Balance December 31, 2016	<u>\$3,030,314</u>	<u>202,112</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-5

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

Year Ended December 31, 2016

YEAR	BALANCE DECEMBER 31, 2015	2016 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	OVER- PAYMENTS APPLIED	CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2016
				2015	2016					
2015	\$1,944		3,500		4,038			1,406		
Total 2016	1,944	18,049,251	3,500	71,072	17,777,954	95,500	17,524	47,861	31,389	7,951
Total	\$1,944	18,049,251	3,500	71,072	17,781,992	95,500	17,524	49,267	31,389	7,951

Cash Receipts \$17,781,992
Total \$17,781,992

ANALYSIS OF 2016 PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$18,033,975
Added Taxes (54:4-63.1 et seq)	<u>15,276</u>
Total	<u>\$18,049,251</u>
Tax Levy:	
Local District School Tax (Abstract)	\$7,929,557
Regional School District Tax	2,335,813
Fire District Tax (Abstract)	617,845
County Taxes:	
County Tax (Abstract)	\$1,994,889
County Open Space Tax (Abstract)	237,508
County Library Tax (Abstract)	185,551
Due County for Added & Omitted Taxes	<u>1,912</u> 2,419,860
Local Tax For Municipal Purposes	4,732,812
Add: Additional Tax Levy	<u>13,364</u> 4,746,176
Total Levy	<u>\$18,049,251</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-6

**CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE**

Year Ended December 31, 2016

Balance December 31, 2015		\$111,997
Increased by:		
Transfer From Taxes Receivable - 2016		<u>31,389</u>
Subtotal		143,386
Decreased by:		
Adjustment to Prior Year Balance	19,077	
Collections	<u>20,734</u>	<u>39,811</u>
Balance December 31, 2016		<u><u>\$103,575</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-7

**CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES**

December 31, 2016

Balance December 31, 2016 and 2015		<u><u>\$490,805</u></u>
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**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-8

**CURRENT FUND
SCHEDULE OF PROPERTY MAINTENANCE RECEIVABLE**

Year Ended December 31, 2016

Balance December 31, 2015		\$3,377
Increased by:		
Billings		<u>\$7,795</u>
Subtotal		11,172
Decreased by:		
Collections		<u>10,894</u>
Balance December 31, 2016		<u><u>\$278</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-9

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

Year Ended December 31, 2016

	BALANCE DECEMBER 31, 2015	ACCRUED IN 2016	COLLECTED BY TREASURER	RECEIVABLE DECEMBER 31, 2016
Municipal Clerk:				
Licenses:				
Alcoholic Beverages		\$23,126	\$23,126	
Other Licenses		17,075	17,075	
Fees & Permits		270,101	270,101	
Service Contract - Mt. Holly MUA		30,000	30,000	
Cable TV Franchise Fee		118,898	118,898	
Payment In-Lieu of Taxes:				
Mt. Holly MUA		308,000	308,000	
Children's Home			30,000	
Stouber		91,248	91,248	
Regency Park		127,064	127,064	
Fermoor		310,583	310,583	
Presbyterian Home		13,700	13,700	
Mt Holly Memorial HealthAlliance Donation		200,000	200,000	
State Rental of Parking Lots		17,108	17,108	
County Rental of Parking Lots		196,406	196,406	
Municipal Court - Fines & Costs	\$25,628	274,221	284,812	\$15,037
Construction Code Office - Indirect Costs		39,600	39,600	
Rent - 14 Kings Street		40,000	40,000	
Contribution from Rancocas Valley Regional High School		93,750	93,750	
Contribution from Mt. Holly BOE		55,080	55,080	
Energy Receipts Tax		1,277,493	1,277,493	
Consolidated Municipal Property Tax Relief		241,038	241,038	
Housing Inspection Fees		116,085	116,085	
Interest and Costs on Taxes		91,299	91,299	
Interest on Investments		10,640	10,640	
Total	\$25,628	\$3,962,515	\$4,003,106	\$15,037

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-10

**CURRENT FUND
SCHEDULE OF DEFERRED CHARGES – SPECIAL EMERGENCY AUTHORIZATIONS**

Year Ended December 31, 2016

DATE AUTHORIZED	PURPOSE	NET AMOUNT AUTHORIZED	1/5 OF AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2015	AUTHORIZED IN 2016	RAISED IN 2016 BUDGET	BALANCE DECEMBER 31, 2016
10/28/11	Hurricane Irene	600,000	120,000	\$120,000		120,000	
11/26/12	Hurricane Sandy	350,000	70,000	69,629		69,629	
			Total	\$189,629		189,629	

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-11

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES**

Year Ended December 31, 2016

OPERATIONS	BALANCE DECEMBER 31, 2015	BALANCE AFTER TRANSFERS	DISBURSED	BALANCE LAPSED	OVER- EXPENDED
General Government:					
Administrative & Executive:					
Salaries and Wages	\$8,750	8,750		8,750	
Other Expenses	6,450	6,450	5,194		1,256
Mayor and Council:					
Other Expenses	17	17			17
Municipal Clerk:					
Salaries and Wages	4,476	4,476			4,476
Other Expenses	2,934	2,934	2,319		615
Financial Administration:					
Salaries and Wages	4,418	4,418			4,418
Other Expenses	4,542	4,542	4,541		1
Audit Services	500	500			500
Assessment of Taxes:					
Other Expenses	3,622	3,622	783		2,839
Collection of Taxes:					
Salaries and Wages	24	24			24
Other Expenses	5,885	5,885	2,927		2,958
Legal Services & Costs:					
Other Expenses	76,062	64,452	58,824		5,628
Engineering Services & Costs:					
Other Expenses	67,676	75,676	75,430		246
Municipal Land Use Law (N.J.S.A.40:55D-1):					
Planning Board:					
Other Expenses	1,369	4,469	4,450		19
Code Enforcement and Administration:					
Inspection of Housing:					
Salaries and Wages	1,000	1,000			1,000
Other Expenses	696	696			696
Insurance:					
Medical Waiver	3,000	3,000			3,000
Workers Compensation	5	5			5
General Liability Insurance	151,312	151,312	134,898		16,414
Employee Group Insurance	1,483	1,483			1,483
Public Safety:					
Police:					
Salaries and Wages	13,263	13,263	2,975		10,288
Other Expenses	8,813	8,813	8,182		631
Public Works Functions:					
Streets & Road Maintenance:					
Salaries and Wages	2,171	2,171			2,171
Other Expenses	3,922	3,922	3,292		630

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-11

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES (CONTINUED)**

Year Ended December 31, 2016

OPERATIONS	BALANCE DECEMBER 31, 2015	BALANCE AFTER TRANSFERS	DISBURSED	BALANCE LAPSED	OVER- EXPENDED
Public Works Functions continued):					
Public Buildings & Grounds:					
Salaries and Wages	188	188		188	
Other Expenses	1,916	1,916	426	1,490	
Vehicle Maintenance:					
Other Expenses	4,443	4,443	4,441		2
Other Public Works					
Other Expenses	550	550			550
Parks & Recreation:					
Salaries and Wages	2,439	2,439		2,439	
Other Expenses	3,554	3,554		3,554	
Celebration of Public Events:					
Other Expenses	3,857	3,857			3,857
Utility Expenses & Bulk Purchases:					
Electricity	7,954	7,954	7,418		536
Street Lighting	34,067	34,577	34,573		4
Telephone	3,948	3,948	1,800		2,148
Water	853	853	755		98
Gasoline	15,551	15,551	10,484		5,067
Fuel Oil					
Municipal Court:					
Salaries and Wages	5,863	5,863		5,863	
Other Expenses	1,409	1,409	1,087		322
Municipal Prosecutor:					
Salaries and Wages	508	508			508
Public Defender - Contractual	525	525			525
Landfill & Solid Waste Disposal Costs:					
Garbage & Trash Removal:					
Other Expenses	37,049	37,049	35,170		1,879
Sanitary Landfill:					
Contractual	39,700	39,700	22,854		16,846
Unclassified:					
Contingency	631	631	160		471
Statutory Expenditures:					
Police & Fire Pension Fund	1	1			1
Social Security System	211	211			211
DCRP	1,335	1,335			1,335
Unemployment Fund	15,000	15,000			15,000
<hr/>					
Total General Appropriations for Municipal Purposes - Within "CAPS"	553,942	553,942	422,983	130,959	
<hr/>					
Mandated Expenditures Excluded From "CAPS":					
Capital Improvements Excluded from "CAPS"					
Public Works Equipment	2,151	2,151		2,151	
Police Equipment	6,166	6,166		6,166	
<hr/>					
Subtotal General Appropriation Items	8,317	8,317		8,317	
<hr/>					
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17 & 17.3)	345	345		345	
<hr/>					
Total General Appropriations	\$562,604	562,604	422,983	139,621	-
<hr/>					
Appropriation Reserves	\$313,266				
Encumbrances Payable	249,338				
Cash Disbursements			422,983		
<hr/>					
Total	\$562,604		422,983		
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**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-12

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Year Ended December 31, 2016

Balance December 31, 2015: School Taxes Payable	\$1
Increased by: Levy Calendar Year 2016	<u>7,929,557</u>
Subtotal	7,929,558
Decreased by: Payments	<u>7,252,353</u>
Balance December 31, 2016: School Taxes Payable	<u><u>\$677,205</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-13

**CURRENT FUND
SCHEDULE OF REGINAL DISTRICT SCHOOL TAXES PAYABLE**

Year Ended December 31, 2016

Balance December 31, 2015: School Taxes Payable	\$9,346
Increased by: Levy Calendar Year 2016	<u>2,335,813</u>
Subtotal	2,345,159
Decreased by: Payments	<u>2,345,154</u>
Balance December 31, 2016: School Taxes Payable	<u><u>\$5</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-14

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

Year Ended December 31, 2016

PROGRAM	BALANCE DECEMBER 31, 2015	2016 REVENUE	RECEIPTS	CANCELLED	BALANCE DECEMBER 31, 2016
Federal Grants:					
Transportation Enhancement Fund - Pedestrian Safety	\$71,748				71,748
Community Development Block Grant	130,000		65,000		65,000
Total Federal Grants	201,748		65,000		136,748
State Grants:					
NJ Urban Enterprise Zone		188,000	188,000		
Sustainable Jersey Small Grant Program	10,000	10,000	5,000		15,000
Small Cities CDBG - High Street Improvements		400,000			400,000
Small Cities CDBG		150,000			150,000
Alcohol Education & Rehabilitation		1,144	1,144		
NJ DOT Route 38/Pine Street	53,657				53,657
NJ DOT - Park Drive	211,600				211,600
NJ DOT - Woodpecker Lane	51,042				51,042
NJ DOT - Hemlock & Front Street	208,749				208,749
Municipal Public Access Plan Development	15,000		15,000		
Safe Routes to School Grant	125,000				125,000
EDA - Ankokas Lagoon/Mills	94,059				94,059
EDA - Holly Chemical Co., Inc.	11,650				11,650
EDA - Regal Custom Fixtures	3,737				3,737
Bullet Proof Vest Program	1,451	2,281	934	(2,281)	517
Click-It-Ticket	4,400	5,000	4,484		4,916
Community Forestry	7				7
Distracted Driver	400				400
Drive Sober or Get Pulled Over	29,859				29,859
Drive Sober or Get Pulled Over - Holiday	396				396
Recycling Tonnage Grant	1,125				1,125
Clean Communities Program		22,311	22,311		
Insurance Fund Safety Grant		4,096	4,096		
Body Armour Replacement Fund		2,184	2,184		
Total State Grants	822,132	785,016	243,153	(2,281)	1,361,714
County Grants:					
Police Body Camera Grant		10,500	10,500		
County Parks Grant	165,000	165,000			330,000
Total County Grants	165,000	175,500	10,500	-	330,000
Local Grants:					
NJ American Water	664		664		
Total Local Grants	664	-	664	-	-
Total	\$1,189,544	960,516	319,317	(2,281)	1,828,462
Cash			<u>319,317</u>		
			<u><u>\$319,317</u></u>		

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-15

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS – APPROPRIATED**

Year Ended December 31, 2016

PROGRAM	BALANCE DECEMBER 31, 2015	TRANSFERRED FROM 2016 BUDGET APPROPRIATIONS	PRIOR YEAR ENCUMBRANCES RECLASSIFIED	EXPENDED	CANCELED	BALANCE DECEMBER 31, 2016
Federal Grants:						
Body Armor Fund	\$951			951		
Transportation Enhancement Pedestrian Safety	\$120,916					120,916
Community Development Block Grant	32,545			878		31,667
Total Federal Grants	154,412			1,829		152,583
State Grants:						
Small Cities CDBG - High Street Improvements		400,000		21,742		378,258
Small Cities CDBG		150,000				150,000
NJ Transportation Trust Fund	33,413					33,413
NJ DOT - Hemlock & Front Street	208,749					208,749
Municipal Public Access Plan Development	15,000			15,000		
Drunk Driving Enforcement Grant	2,006					2,006
Alcohol Education & Rehabilitation Fund	17,898	1,144		6,945		12,097
Recycling Tonnage Grant	30,892			9,011		21,881
NJ Urban Enterprise Zone	109,719	188,000		166,366		131,353
Over the Limit Under Arrest	32,790					32,790
Click-It-Ticket	4,400	5,000		4,484		4,916
Distracted Driver	400					400
Drive Sober or Get Pulled Over	10,000					10,000
Drive Sober or Get Pulled Over - Holiday	4,400					4,400
Clean Communities Grant	35,622	22,311		22,311		35,622
Insurance Fund Safety Grant		4,096				4,096
NJ Economic Development Authority	37,083			20,284		16,799
Clean Energy - Public Utilities	9,207					9,207
Community Forestry	13,360			10,995		2,365
Safe Routes to School Grant	125,000					125,000
Bullet Proof Vest Program	2,466	2,281		2,466	2,281	
State Body Armor Fund	2,306	2,184		2,139		2,351
Neighborhood Prevention Program	13,167					13,167
Total State Grants	707,878	775,016	-	281,743	2,281	1,198,870
County Grants:						
Police Body Camera Grant		10,500		10,500		
County Parks Grant	142,709	165,000		143,650		164,059
Total County Grants	142,709	175,500	-	154,150	-	164,059
Local Grants:						
Sustainable New Jersey(PSE&G)		10,000				10,000
NJ American Water	325			35		290
Total Local Grants	325	10,000	-	35	-	10,290
Total	\$1,005,324	960,516	-	437,757	2,281	1,525,802
				Cash Disbursed		371,824
				Refund		(46,995)
				Due to Current Fund		
				Encumbrances		112,928
				Total		437,757

**TOWNSHIP OF MOUNT HOLLY
 COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-16

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS – UNAPPROPRIATED

December 31, 2016

PROGRAM	BALANCE DECEMBER 31 2015	GRANTS RECEIVED	REVENUE IN 2016 BUDGET	BALANCE DECEMBER 31, 2016
Federal & State Grants:				
Alcohol Education & Rehabilitation	1,414	242		1,656
Total Federal & State Grants	<u>\$1,414</u>	<u>242</u>		<u>1,656</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

B-1

**TRUST FUNDS
SCHEDULE OF CASH – CHIEF FINANCIAL OFFICER**

Year Ended December 31, 2016

	<u>DOG LICENSE</u>	<u>OTHER</u>
Balance December 31, 2015	\$14,538	1,197,425
Receipts:		
State Share of Dog License Fees	613	
Dog License Fees	5,533	
Late Fees	438	
Current Fund Budget	18,000	
RCA Trust Fund Deposits		6,309
P.O.A.A. Fines		894
Public Defenders Fees		13,646
Recreation Commission Funds		52,620
Builder's Escrow		90,892
Tax Sale Premiums		539,600
Uniform Construction Code Fees		230,703
Outside Police Services		273,207
Snow Removal		17,722
Law Enforcement Funds		10,251
Deposits for Tax Sale Redemptions		546,905
Shade Tree		3,200
Due to State of New Jersey		11,499
Recycling Program		450
Environmental Committee		
Compensated Absences		
Due Current Fund	43	2,126
Total Receipts	<u>24,627</u>	<u>1,800,024</u>
Total Receipts & Balances	<u>39,165</u>	<u>2,997,449</u>
Disbursements:		
Paid to State of New Jersey	619	14,072
Expenditures Under N.J.S.A. 40:19-15.11	27,130	
Tax Sale Premiums Received		246,700
Public Defenders Fees		10,875
Recreation Commission Funds		47,853
Builder's Escrow		97,742
Uniform Construction Code Fees		316,709
Outside Police Officers		344,241
Law Enforcement Fund		4,803
Tax Sale Redemptions		559,334
RCA Trust Fund Deposits		111,788
State and Federal Grants		9,590
Trust Other Fund		20
Total Disbursements	<u>27,749</u>	<u>1,763,727</u>
Balance December 31, 2016	<u>\$11,416</u>	<u>1,233,722</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

B-1

**TRUST FUNDS
SCHEDULE OF CASH – CHIEF FINANCIAL OFFICER (CONTINUED)**

Year Ended December 31, 2016

	DOG LICENSE	OTHER
Balance Per Certification of:		
Investors Bank:		
Dog License	\$11,431	
Tax Sale Premiums		657,856
Recreation Commission Funds		24,613
Law Enforcement		18,250
Builder's Escrow		88,252
Recycling Program		6,140
Uniform Construction Code		212,027
Outside Police Services		57,126
Snow Removal		19,222
Public Defender		64,118
P.O.A.A. - Parking Fines		11,893
Tax Sale Redemptions		32,881
RCA Trust		10,443
Environmental Committee		734
State & Federal Grants		19,682
Compensated Absences		16,337
Add: Deposit in Transit		13,331
Less: Outstanding Checks Per Permanent Record	(15)	(19,183)
Balance December 31, 2015	<u>\$11,416</u>	<u>1,233,722</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

B-2

**TRUST FUNDS
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Year Ended December 31, 2016

Balance December 31, 2015		9,920
Increased by:		
Dog License Fees - Collected	5,533	
Late Fees	438	
Current Fund Budget	18,000	23,971
Subtotal		33,891
Decreased by:		
Expenditures Under N.J.S.A.4:19-15.11: Due to Current Fund for Excess Dog Fees	27,130	27,130
Balance December 31, 2016		<u>6,761</u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2015	\$4,180
2014	4,540
Total	<u>\$8,720</u>

Note: R.S. 4:19-15.11

"... there shall be transferred from such special account to the general funds of the municipality any amount then in such account which is in excess of the total amount paid into said special account during the last two fiscal years next preceding."

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

B-3

**TRUST FUNDS
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX TITLE LIENS**

Year Ended December 31, 2016

Balance December 31, 2015	\$37,644
Increased by:	
Cash Receipts	<u>546,905</u>
Subtotal	584,549
Decreased by:	
Cash Disbursements	<u>559,334</u>
Balance December 31, 2016	<u><u>25,215</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

B-4

**TRUST FUNDS
SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE**

Year Ended December 31, 2016

Balance December 31, 2015	\$364,000
Increased by:	
Premiums Received at Tax Sale	<u>539,600</u>
Subtotal	903,600
Decreased by:	
Premiums Refunded at Redemption	<u>246,700</u>
Balance December 31, 2016	<u><u>\$656,900</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

B-5

TRUST FUNDS

SCHEDULE OF RESERVE FOR UNIFORM CONSTRUCTION CODE FEES

Year Ended December 31, 2016

Balance December 31, 2015	\$294,462
Increased by:	
Construction Code Fees Received	<u>230,703</u>
Subtotal	525,165
Decreased by:	
Disbursement of Construction Code Funds	<u>316,709</u>
Balance December 31, 2016	<u><u>\$208,456</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

B-6

TRUST FUNDS

SCHEDULE OF DUE TO STATE OF NEW JERSEY – DOG LICENSE FUND

Year Ended December 31, 2016

Balance December 31, 2015	\$318
Increased by:	
Dog License Fees Collected:	
State Share	<u>613</u>
Subtotal	931
Decreased by:	
Payments	<u>619</u>
Balance December 31, 2016	<u><u>\$312</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

B-7

**TRUST FUNDS
SCHEDULE OF DUE TO/FROM CURRENT FUND**

Year Ended December 31, 2016

Balance December 31, 2015	(\$8,704)
Increased by:	
Interest Earned	<u>2,126</u>
Balance December 31, 2016	<u><u>(\$6,578)</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

B-8

**TRUST FUNDS
SCHEDULE OF MISCELLANEOUS TRUST RESERVES**

Year Ended December 31, 2016

	BALANCE	INCREASED BY			DECREASED BY		BALANCE
	DECEMBER 31, 2015	RECEIPTS	INTEREST EARNINGS	OTHER	DISBURSEMENTS	OTHER	DECEMBER 31, 2016
Recreation Commission Funds	\$22,394	52,620			47,853		27,161
Law Enforcement Funds	12,802	10,214	37		4,803		18,250
Builder's Escrow	88,050	90,892			97,742		81,200
Recycling Program	5,764	450					6,214
Outside Police Services	127,856	273,207			344,241		56,822
Snow Removal	1,461	17,722					19,183
Public Defender	12,520	13,646			10,875		15,291
P.O.A.A. - Parking Fines	10,949	894					11,843
RCA Trust	118,175	6,092	217		111,788		12,696
Compensated Absences	26,265						26,265
Environmental Committee	730						730
Shade Tree		3,200					3,200
Trust Other	20				20		
Federal & State Grants	28,804				9,590		19,214
Total	\$455,790	468,937	254		626,912		298,069

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C-2

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL CASH

Year Ended December 31, 2016

Balance December 31, 2015		\$485,758
Increased By:		
Interest on Investments	\$872	
Refund of Improvement Authorizations	8,046	
Due Current Fund	34,101	
Due Trust Fund	4,535	47,554
		<hr/>
Subtotal		533,312
Decreased By:		
Due Current Fund	1,283	
Due Trust Fund	2,552	
Improvement Authorizations	180,650	184,485
		<hr/>
Balance December 31, 2016		<u>\$348,827</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C-3

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH

Year Ended December 31, 2016

Fund Balance	\$102,085
Capital Improvement Fund	57,624
Encumbrances Payable	49,000
Due to/(from) Current Fund	1,645
Due to/(from) Trust Fund	824
Improvement Authorizations:	
Ordinance Numbers & Descriptions	
99-22 Acquisition of Various Equipment & Completion of Various Capital Improvements	1,463
05-16 Acquisition of Various Properties	21,189
09-11 Restoration of Upper Buttonwood & Woolman Lakes	(556)
09-15 The Gardens Redevelopment Project	45,734
10-17 The Gardens Redevelopment Project	29,819
16-15 Replacement of Buttonwood Lake Dam	40,000
	<hr/>
Total Cash & Investments	<u>\$348,827</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C-4

**TRUST FUNDS
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION – UNFUNDED**

Year Ended December 31, 2016

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2015	2015 AUTHORIZATIONS	PAYMENT OF BOND ANTICIPATION NOTES	DECREASED BY SERIAL BONDS	BALANCE DECEMBER 31, 2016	ANALYSIS OF BALANCE DECEMBER 31, 2016		
							FINANCED BY BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
08-11	Acquisition of Various Properties	\$2,110,000		32,000		2,078,000	2,078,000		
09-11	Restoration of Upper Buttonwood & Woolman Lakes	177,000				177,000		556	176,444
09-15	The Gardens Redevelopment Project	1,919,000		26,000		1,893,000	1,893,000		
10-17	Acquisition of Various Properties	2,405,000		32,000		2,373,000	2,373,000		
16-14	Renovation & Rehabilitation of Mill Dam Park		2,200,000			2,200,000			
16-15	Replacement of Buttonwood Lake Dam		760,000			760,000			
	Total	\$6,611,000	2,960,000	90,000		9,481,000	6,344,000	556	176,444
									3,211,997
									Less: Unexpended Proceeds of Bond Anticipation Notes Issued:
									Ordinance No. 09-15
								\$45,734	Ordinance No. 10-17
								29,819	Ordinance No. 16-14
								2,200,000	Ordinance No. 16-15
								760,000	
									3,035,553
	Total								176,444

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C-5

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year Ended December 31, 2016

Balance December 31, 2015	\$97,624
Decreased by:	
Down Payment on Bond Ordinances	<u>40,000</u>
Balance December 31, 2016	<u><u>\$57,624</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C-6

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Year Ended December 31, 2016

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2015		2016 AUTHORIZATIONS	ENCUMBRANCES RECLASSIFIED	PAID OR CHARGED	REFUNDS	BALANCE DECEMBER 31, 2016		
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED	
99-22	Acquisition of Various Equipment Completion of Various Capital Improvements	7/23/91	1,447,000	1,463						1,463		
05-16	Acquisition of Various Properties	7/25/05	44,000	21,189						21,189		
08-11	Acquisition of Various Properties	4/28/08	2,500,000				49,000	49,000				
09-11	Restoration of Upper Buttonwood & Woolman Lakes	6/8/09	177,000		176,444						176,444	
09-15	The Gardens Redevelopment Project	10/26/09	2,000,000		45,734		2,731	2,731			45,734	
10-17	Acquisition of Various Properties	12/13/10	2,500,000		197,163		3,376	177,919	7,199		29,819	
16-14	Renovation & Rehabilitation of Mill Dam Park	5/9/16	2,200,000			2,200,000					2,200,000	
16-15	Replacement of Buttonwood Lake Dam	5/9/16	800,000			800,000				40,000	760,000	
		Total			<u>\$22,652</u>	<u>419,341</u>	<u>3,000,000</u>	<u>55,107</u>	<u>229,650</u>	<u>7,199</u>	<u>62,652</u>	<u>3,211,997</u>
		Cash Disbursement						\$180,650				
		Encumbrances Payable						<u>49,000</u>				
		Total						<u>\$229,650</u>				

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C-7

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

Year Ended December 31, 2016

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	BALANCE DECEMBER 31, 2015	INCREASE	DECREASE	BALANCE DECEMBER 31, 2016
08-11	Acquisition of Various Properties	7/10/08	11/14/16 11/17/15	11/13/17 11/15/16	2,108,000	2,078,000	2,108,000	2,078,000
09-15	Acquisition of Various Properties	6/22/10	11/14/16 11/17/15	11/13/17 11/15/16	1,923,000	1,893,000	1,923,000	1,893,000
10-17	Acquisition of Various Properties	3/24/11	11/14/16 11/17/15	11/13/17 11/15/16	2,403,000	2,373,000	2,403,000	2,373,000
Total					<u>\$6,434,000</u>	<u>6,344,000</u>	<u>6,434,000</u>	<u>6,344,000</u>
Paid by Budget Appropriation							90,000	
Renewals						<u>\$6,344,000</u>	<u>6,344,000</u>	
Total						<u>\$6,344,000</u>	<u>6,434,000</u>	

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C-8

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

Year Ended December 31, 2016

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2015	ISSUED	PAID	BALANCE DECEMBER 31, 2016
			DATE	AMOUNT					
General Improvement Bonds Series 2007	12/15/07	\$600,000	12/15/17	71,000	4.000%	139,000		68,000	71,000
Taxable Redevelopment General Obligation Bonds Series 2010	6/22/10	\$5,725,000	6/1/17	235,000	5.500%	5,250,000		225,000	5,025,000
			6/1/18	250,000	5.500%				
			6/1/19	265,000	5.500%				
			6/1/20	285,000	5.500%				
			6/1/21	300,000	5.500%				
			6/1/22	320,000	5.750%				
			6/1/23	340,000	6.000%				
			6/1/24	360,000	6.000%				
			6/1/25	380,000	6.250%				
			6/1/26	405,000	6.380%				
			6/1/27	430,000	6.380%				
			6/1/28	455,000	6.630%				
			6/1/29	485,000	6.750%				
			6/1/30	515,000	6.750%				

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C-8

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS (CONTINUED)**

Year Ended December 31, 2016

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2015	ISSUED	PAID	BALANCE DECEMBER 31, 2016
			DATE	AMOUNT					
General Obligation Bonds Series 2013	10/31/13	\$1,375,000	11/15/17	90,000	2.000%	\$1,215,000		85,000	1,130,000
			11/15/18	130,000	2.000%				
			11/15/19	130,000	2.000%				
			11/15/20	130,000	2.000%				
			11/15/21	130,000	2.250%				
			11/15/22	130,000	2.500%				
			11/15/23	130,000	3.000%				
			11/15/24	130,000	3.000%				
			11/15/25	130,000	3.000%				
General Taxable Bonds Series 2013	10/31/13	\$1,375,000	11/15/17	25,000	3.000%	3,600,000		25,000	3,575,000
			11/15/18	25,000	3.000%				
			11/15/19	25,000	4.000%				
			11/15/20	25,000	4.000%				
			11/15/21	35,000	4.000%				
			11/15/22	35,000	4.000%				
			11/15/23	30,000	5.000%				
			11/15/24	65,000	5.000%				
			11/15/25	65,000	5.000%				
			11/15/26	70,000	5.000%				
			11/15/27	120,000	5.500%				
			11/15/28	125,000	5.500%				
			11/15/29	130,000	5.500%				
			11/15/30	185,000	5.500%				
			11/15/31	195,000	5.500%				
			11/15/32	205,000	5.500%				
			11/15/33	210,000	5.500%				
			11/15/34	300,000	5.500%				
			11/15/35	355,000	5.500%				
			11/15/36	375,000	5.500%				
11/15/37	475,000	5.500%							
11/15/38	500,000	5.500%							
Totals						\$10,204,000	-	403,000	9,801,000

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C-9

GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES TRUST LOAN

Year Ended December 31, 2016

PURPOSE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE	ISSUED	PAID	BALANCE
		DATE	AMOUNT		DECEMBER 31, 2015			DECEMBER 31, 2016
Improvement to Mill Dam Park	\$248,195	3/11/17	7,565	2.000%	\$89,993		14,905	75,088
		9/11/17	7,640	2.000%				
		3/11/18	7,717	2.000%				
		9/11/18	7,794	2.000%				
		3/11/19	7,872	2.000%				
		9/11/19	7,950	2.000%				
		3/11/20	8,030	2.000%				
		9/11/20	8,110	2.000%				
		3/11/21	8,191	2.000%				
		9/11/21	4,219	2.000%				
Totals					\$89,993	-	14,905	75,088

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C-10

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

Year Ended December 31, 2016

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2015	2016 AUTHORIZATIONS	BOND ANTICIPATION NOTES ISSUED	BALANCE DECEMBER 31, 2016
09-11	Restoration of Upper Buttonwood & Woolman	\$177,000			177,000
16-14	Renovation & Rehabilitation of Mill Dam Park		2,200,000		2,200,000
16-15	Replacement of Buttonwood Lake Dam		760,000		760,000
	Total	<u>\$177,000</u>	<u>2,960,000</u>		<u>3,137,000</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

D-1

**PAYROLL FUND
SCHEDULE OF PAYROLL FUND CASH**

Year Ended December 31, 2016

Balance December 31, 2015		\$76,209
Increased by:		
Net Payroll & Payroll Deductions	5,014,155	
Due Current Fund	<u>110,481</u>	<u>5,124,636</u>
Subtotal		5,200,845
Decreased by:		
Net Payroll & Payroll Deductions		<u>5,079,914</u>
Balance December 31, 2016		<u><u>\$120,931</u></u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

E-1

**GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF INVESTMENTS IN FIXED ASSETS**

Year Ended December 31, 2016

	Balance December 31, 2015	Additions/ Adjustments	Deletions	Balance December 31, 2016
General Fixed Assets:				
Land	\$1,758,734	1		1,758,735
Buildings & Contents	8,901,860	91,000		8,992,860
Vehicles and Equipment	5,955,618	78,355	49,871	5,984,102
Total	\$16,616,212	169,356	49,871	16,735,697
Total Investment in General Fixed Assets	\$16,616,212	169,356	49,871	16,735,697

**INDEPENDENT AUDITORS' 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**

To the Honorable Mayor and Members
of the Township Council
Township of Mount Holly
County of Burlington
Mount Holly, New Jersey 08060

We have audited, 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 requirements of audit prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Mount Holly (the "Township"), as of and for the year ended December 31, 2016, and the related notes to financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 10, 2017, in which we expressed an adverse opinion on the conformity of the financial statements with accounting principles generally accepted in the United States of America due to differences between those principles and accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify two deficiencies in internal control, listed as 2016-001 and 2016-002 described in the accompanying schedule of General Comments and Recommendations that we consider to be significant deficiencies.

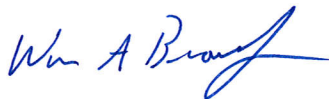
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of General Comments and Responses as item 2016-002.

Purpose of this Report

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



Warren A. Broudy, CPA, CGFM, PSA, CGMA
Registered Municipal Accountant
License No. 554

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

August 10, 2017

SUPPLEMENTARY INFORMATION

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE –
CURRENT FUND**

Year Ended December 31, 2016

	YEAR 2016		YEAR 2015	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Revenue and Other Income Realized				
Fund Balance Utilized	\$579,750	2.42%	375,000	1.57%
Miscellaneous - From Other Than Local Property Tax Levies	5,380,373	22.47%	5,721,428	23.95%
Collection of Delinquent Taxes & Tax Title Liens	24,772	0.10%	51,472	0.22%
Collection of Current Tax Levy	17,962,050	75.01%	17,741,250	74.26%
Total Income	23,946,945	100.00%	23,889,150	100.00%
Expenditures				
Budget Expenditures - Municipal Purposes	9,880,052	42.44%	9,932,284	43.36%
County Taxes	2,419,860	10.39%	2,465,096	10.76%
Local & Regional School Taxes	10,265,370	44.10%	9,887,330	43.16%
Fire District Taxes	617,845	2.65%	617,845	2.70%
Other Expenditures	96,524	0.41%	4,033	0.02%
Total Expenditures	23,279,651	100.00%	22,906,588	100.00%
Excess in Revenue to Fund Balance	667,294		982,562	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	29,153			
Statutory Excess to Fund Balance	696,447		982,562	
Fund Balance January 1	1,549,272		941,710	
Less:				
Utilization as Anticipated Revenue	579,750		375,000	
Fund Balance December 31	\$1,665,969		1,549,272	

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

COMPARATIVE STATEMENT OF TAX LEVIES AND COLLECTION CURRENTLY

Year Ended December 31, 2016

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	TAX LEVY	CURRENTLY	
		CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2016	\$18,049,251	17,962,050	99.52%
2015	17,817,886	17,741,250	99.57%
2014	17,228,420	17,097,719	99.24%
2013	17,077,664	16,936,682	99.17%
2012	16,953,674	16,842,849	99.35%

Comparison of Tax Rate Information

	2016	2015	2014
Total Tax Rate	<u>\$2.797</u>	<u>\$2.738</u>	<u>\$2.637</u>
Apportionment of Tax Rate:			
Municipal	0.733	0.733	0.718
County	0.376	0.380	0.349
Local School	1.230	1.167	1.130
Regional High School	0.362	0.362	0.349
Fire District	0.096	0.096	0.091

Net Valuation Taxable:

2016	<u>\$644,819,746</u>		
2015		<u>\$646,720,773</u>	
2014			<u>\$650,202,657</u>

**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

Year Ended December 31, 2016

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

Year	Amount
2016	\$490,805
2015	490,805
2014	490,805
2013	490,805
2012	490,805

Comparative Schedule of Fund Balance

Current Fund	December 31	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2016	\$1,665,969	700,000	42.02%
2015	1,549,272	579,750	37.42%
2014	933,253	375,000	40.18%
2013	1,058,378	306,300	28.94%
2012	931,540	154,000	16.53%

OFFICIALS IN OFFICE AND SURETY BONDS

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

NAME	TITLE	AMOUNT OF BOND	NAME OF CORPORATE SURETY
Jason Jones	Mayor		
Richard DiFolco	Deputy Mayor		
Elizabeth Sykes	Committeewoman		
Jules Thiessen	Committeeman		
Lew Brown	Committeeman		
Josh Brown	Township Manager/Administrator		(A)
Denise Muchowski	Certified Finance Officer		(A)
Theresa Kramer	Tax Collector		(A)
Dana Aldrich	Court Administrator (Resigned 10/26/16)		(A)
Sherri Groves	Acting Court Administrator (Effective 10/17/16)		(A)
William Sitzler	Judge of Municipal Court		(A)

(A) Statewide Insurance Fund – Employee is covered up to \$1,000,000 blanket bond under the Township’s crime act policy as allowed per state statute.

To the Honorable Mayor and
Members of the Township Council
Township of Mount Holly
Mount Holly, New Jersey 08060

We have audited the financial statements and transactions of the Township of Mount Holly in the County of Burlington for the year ended December 31, 2016. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RESPONSES

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$17,500 except by contract or agreement.

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

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

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

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes

The statute provides the method for authorizing interest and the maximum rate 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 4, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED by the Township Committee of the Township of Mount Holly, County of Burlington, State of New Jersey, the rate of interest charged on delinquent taxes or assessments on any installment made ten (10) days after the date upon which the same became payable, shall not exceed eight (8) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00).

BE IT FURTHER RESOLVED, that where interest on delinquent tax payments is one dollar (\$1.00) or less, payment and collection of said interest is hereby waived.”

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2016, included 2016 real estate taxes only.

The last tax sale was held on December 15, 2016 and was complete.

Examination of Bills

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

Municipal Court

A separate report of the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

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

Finding 2016-001:

Criteria:

Outstanding bank reconciliation adjusted amounts should be reviewed and disposed of monthly.

Condition:

Both the General and Bail account bank reconciliations contain recurring unidentified amounts to balance the accounts.

Cause:

Unknown.

Effect:

The bank reconciliation for the General and Bail accounts are incorrect.

Recommendation:

Unidentified amounts should be reviewed and disposed of accordingly.

View of Responsible officials and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finance

Finding 2016-002:

Criteria:

As per N.J.S.A. 40A:4-57 no officer shall enter into any contract which by its terms involve the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose.

Condition:

The Township expended more for various line item expenses than was appropriated creating over-expenditures of \$29,153 collectively.

Cause:

Unknown

Effect:

The over-expenditures created deferred charges to future taxation of \$29,153 collectively.

Recommendation:

The Township should certify the availability of funds prior to processing any purchase orders to ensure compliance with N.J.S.A. 40A:4-57.

View of Responsible officials and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. The previous year finding has been corrected.

Acknowledgment

We received the complete cooperation of all the Township Officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

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

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,



Warren A. Broudy, Certified Public Accountant
Registered Municipal Accountant No. CR554

August 10, 2017