

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA**

December 31, 2017

**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, 2017, and the related notes to financial statements, which collectively comprise the Township’s basic financial statements, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2017, 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, 2017, 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 Summarized Comparative Information

We have previously audited the Township's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 10, 2017, in accordance with the financial reporting provisions described in Note A. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

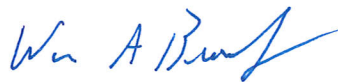
Report on Supplementary and Other Information

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 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 Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, 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

June 29, 2018

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, 2017 and 2016

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
Regular Fund:			
Cash:			
Chief Financial Officer	A-4	\$2,615,354	3,030,314
Change Fund		750	750
Total Regular Fund		2,616,104	3,031,064
Due from State of New Jersey for Senior Citizen & Veteran Deductions		9,435	10,685
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-5	20,444	7,951
Tax Title Liens Receivable	A-6	148,182	103,575
Property Acquired for Taxes - Assessed Valuation	A-7	490,805	490,805
Property Maintenance Receivable	A-8	148	278
Revenue Accounts Receivable	A-9	20,190	15,037
Interfunds Receivable:			
Due From State and Federal Grants	A	348,816	390,188
Due From Animal Control Fund	B	133	4,343
Due From Trust Other	B	8,539	
Due From Payroll Fund	D	4,867	101,587
Due From General Capital Fund	C	3,158	1,645
Total Receivables & Other Assets With Full Reserves		1,045,282	1,115,409
Deferred Charges To Future Taxation:			
Overexpenditure of Appropriations	A-3	12,066	29,153
Total Deferred Charges		12,066	29,153
Subtotal		3,682,887	4,186,311
Federal & State Grant Fund:			
Cash	A-4	14,476	202,112
Federal & State Aid Receivable	A-13	1,281,193	1,828,462
Total Federal & State Grant Fund		1,295,669	2,030,574
Total Assets		\$4,978,556	6,216,885

**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, 2017 and 2016

<u>LIABILITIES, RESERVES & FUND BALANCE</u>	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$503,235	477,544
Reserve for Encumbrances	A-3	48,635	140,338
Accounts Payable		16,600	17,668
Prepaid Taxes		282,352	55,290
Tax Overpayments		7,230	6,448
Due County for Added & Omitted Taxes		982	1,912
Local School Taxes Payable	A-11	1	677,205
Regional School Taxes Payable	A-12	5	5
Due to State of New Jersey - Marriage License Fees		525	310
Due to Mount Holly MUA		6,122	6,122
Interfunds Payable:			
Due to Trust Fund	B		6,578
Reserve for Master Plan		15,513	15,513
Total Liabilities		881,200	1,404,933
Reserves for Receivables & Other Assets	A	1,045,282	1,115,409
Fund Balance	A-1	1,756,405	1,665,969
Subtotal		3,682,887	4,186,311
Federal & State Grant Fund:			
Reserve for Encumbrances	A-14	50,542	112,928
Appropriated Reserves	A-14	883,787	1,525,802
Unappropriated Reserves	A-15	12,524	1,656
Due to Current Fund	A	348,816	390,188
Total Federal & State Grant Fund		1,295,669	2,030,574
Total Liabilities, Reserves & Fund Balance		\$4,978,556	6,216,885

**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**

Years Ended December 31, 2017 and 2016

	2017	2016
<u>REVENUE & OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$700,000	579,750
Miscellaneous Revenue Anticipated	4,410,826	4,963,622
Receipts From Delinquent Taxes	5,138	24,772
Receipts From Current Taxes	18,334,882	17,962,050
Nonbudget Revenue	315,916	275,837
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	208,223	139,621
Interfund Liquidated	134,165	
Prior Year Accounts Payable Cancelled	1,068	1,293
	<u>24,110,218</u>	<u>23,946,945</u>
Total Revenue & Other Income Realized		
<u>EXPENDITURES</u>		
Budget & Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	3,801,761	3,636,040
Other Expenses	3,296,805	2,991,510
Deferred Charges & Statutory Expenditures	773,554	733,737
Operations Excluded From "CAPS":		
Salaries and Wages	50,000	140,000
Other Expenses	345,225	835,019
Capital Improvements	157,318	152,800
Municipal Debt Service	1,147,889	1,134,051
Deferred Charges & Statutory Expenditures		189,629
Transferred to Board of Education	68,211	67,266
County Taxes	2,449,115	2,417,948
Due County for Added & Omitted	982	1,912
Local District School Tax	8,247,912	7,929,557
Regional High School Taxes	2,327,728	2,335,813
Special Fire District Taxes	617,845	617,845
Senior Citizens & Veterans Deductions Disallowed	4,062	2,250
Grants Receivable Canceled	43,441	
Interfunds Created		94,274
	<u>23,331,848</u>	<u>23,279,651</u>
Total Expenditures		
Excess in Revenue to Fund Balance	<u>778,370</u>	<u>667,294</u>
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	12,066	29,153
	<u>790,436</u>	<u>696,447</u>
Statutory Excess to Fund Balance		
Fund Balance - Balance January 1	1,665,969	1,549,272
Decreased by: Utilization as Anticipated Revenue	700,000	579,750
	<u>\$1,756,405</u>	<u>1,665,969</u>
Balance December 31		

See notes to financial statements.

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

A-2

**CURRENT FUND
STATEMENT OF REVENUES**

Year Ended December 31, 2017

	ANTICIPATED BUDGET	SPECIAL N.J.S.40:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$700,000		700,000	
MISCELLANEOUS REVENUES				
Licenses - Alcoholic Beverages	23,000		23,388	388
Licenses - Other	16,500		13,785	(2,715)
Fees & Permits	265,000		361,605	96,605
Municipal Court Fines & Costs	284,000		212,476	(71,524)
Interest & Costs on Taxes	95,000		82,728	(12,272)
Interest on Investments & Deposits	9,000		37,685	28,685
Housing Inspection Fees	112,500		127,550	15,050
Consolidated Municipal Property Tax Relief	232,877		221,233	(11,644)
Energy Receipts Tax	1,285,654		1,278,772	(6,882)
Clean Communities Grant		18,954	18,954	
Community Forestry Grant		3,000	3,000	
Urban Enterprise Zone	83,300		83,300	
Small Cities CDBG - High Street Improvements		232,749	232,749	
Statewide Insurance Fund Safety Grant		4,222	4,222	
Body Armor Replacement Program		2,187	2,187	
Alcohol Education & Enforcement Grant	1,656		1,656	
Bulletproof Vest Grant		2,581	2,581	
ANJEC Open Space Stewardship		1,320	1,320	
Recycling Tonnage Grant	11,705		11,705	
Mount Holly Memorial Health Alliance Donation	220,000		220,000	
County Rental of Parking Lots	98,203		98,203	
State Rental of Parking Lots	7,800		13,207	5,407
Construction Code Office - Indirect Costs	38,900		38,900	
Payment in Lieu of Taxes:				
Mt. Holly Sewerage Authority	308,000		308,000	
Strouber	85,000		159,368	74,368
Presbyterian Homes	10,000		13,300	3,300
Children's Home	30,000		20,000	(10,000)
Regency Park	125,000		133,935	8,935
Fermoor	310,000		342,603	32,603

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

A-2

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

Year Ended December 31, 2017

	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	55,000		56,732	1,732
Cable TV Franchise Fee	121,932		121,932	
Total	3,993,777	265,013	4,410,826	152,036
Receipts from Delinquent Taxes	16,851		5,138	(11,713)
Amount to be Raised by Support of Municipal Budget	4,813,168		4,818,100	4,932
Budget Totals	9,523,796	265,013	9,934,064	145,255
Nonbudget Revenues			315,916	
TOTAL REVENUES	\$9,523,796	265,013	10,249,980	

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

A-2

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

Year Ended December 31, 2017

Allocation of Current Tax Collections:	
Revenue From Collections	\$18,334,882
Allocated to School, County & Fire District Taxes	<u>13,643,582</u>
Balance for Support of Municipal Budget Appropriations	4,691,300
Increased by Appropriation - Reserve for Uncollected Taxes	<u>126,800</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$4,818,100</u></u>
Receipts from Delinquent Taxes:	
Taxes Receivable	\$4,203
Tax Title Lien Receivable	<u>935</u>
Total	<u><u>\$5,138</u></u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenues Not Anticipated:	
Police Fees	\$6,923
Street Openings	210,458
Pilot Payments	21,110
Senior Citizens & Veterans Administrative Fee	1,774
FEMA	39,417
Miscellaneous	<u>36,234</u>
Total	<u><u>\$315,916</u></u>

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

A-3

**CURRENT FUND
STATEMENT OF EXPENDITURES**

Year Ended December 31, 2017

OPERATIONS	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
General Government:						
Administrative & Executive:						
Salaries and Wages	\$148,100	148,100	145,000	3,100		
Other Expenses	119,250	109,250	98,137	11,113		
Mayor and Council:						
Salaries and Wages	15,000	15,000	15,000			
Other Expenses	500	500		500		
Township Clerk:						
Salaries and Wages	116,600	116,600	112,528	4,072		
Other Expenses	33,500	33,500	33,020	480		
Financial Administration:						
Salaries and Wages	90,000	70,000	67,443	2,557		
Other Expenses	41,300	33,300	26,015	7,285		
Audit Services						
Salaries and Wages	34,000	34,000	34,000			
Revenue Administration (Tax Collection):						
Salaries and Wages	153,491	137,491	136,147	1,344		
Other Expenses	33,100	33,100	30,455	2,645		
Assessment of Taxes:						
Salaries and Wages	15,600	15,600	15,300	300		
Other Expenses	28,400	8,400	2,403	5,997		
Legal Services & Costs:						
Other Expenses	195,000	200,000	172,008	27,992		
Engineering Services & Costs:						
Other Expenses	299,400	429,400	385,792	43,608		
Historical Preservation Committee:						
Other Expenses	3,000	3,000	1,218	1,782		
Municipal Land Use Law (NJSA 40:55D-1):						
Planning Board:						
Salaries and Wages	12,000	12,001	12,000	1		
Other Expenses	26,450	21,450	12,410	9,040		
Code Enforcement and Administration:						
Inspection of Housing:						
Salaries and Wages	89,500	83,599	79,025	4,574		
Other Expenses	3,000	3,000	1,621	1,379		
Insurance:						
Employee Group Health Insurance	767,250	717,250	553,507	163,743		
General Liability Insurance	226,344	226,344	220,601	5,743		
Workers' Compensation	195,858	195,858	195,858			
Medical Waiver	3,000	6,600	6,569	31		
Public Safety:						
Police:						
Salaries & Wages	2,400,843	2,425,843	2,404,590	21,253		
Other Expenses	154,178	154,178	138,417	15,761		
Public Works Functions:						
Streets & Road Maintenance:						
Salaries & Wages	505,333	485,333	480,237	5,096		
Other Expenses	50,900	64,900	63,413	1,487		

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

A-3

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

Year Ended December 31, 2017

	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	3,015	11,985		
Other Expenses	20,000	30,000	27,127	2,873		
Vehicle Maintenance:						
Other Expenses	50,000	35,000	27,037	7,963		
Other Public Works Functions:						
Other Expenses	550	550		550		
Special Emergency:						
Other Expenses						
Health & Welfare:						
Animal Control Services:						
Other Expenses	13,000	13,000	10,870	2,130		
Community Drug Alliance Program:						
Other Expenses	2,200	2,200		2,200		
Park & Recreation Functions:						
Recreation Services & Programs:						
Salaries & Wages	59,500	59,500	59,464	36		
Other Expenses	3,000	3,000	448	2,552		
Celebration of Public Events:						
Other Expenses	10,000	10,000	5,000	5,000		
Municipal Court:						
Municipal Court:						
Salaries and Wages	195,694	195,694	192,292	3,402		
Other Expenses	14,000	14,000	10,540	3,460		
Municipal Prosecutor:						
Salaries and Wages	22,000	22,000	22,000			
Public Defender:						
Other Expenses - Contractual	525	525		525		
Utility Expenses & Bulk Purchase:						
Electricity	65,000	65,000	45,410	19,590		
Street Lighting	200,000	200,000	151,491	48,509		
Telecommunication Costs	30,000	32,000	29,809	2,191		
Water	6,000	6,000	4,713	1,287		
Gasoline	55,000	55,000	46,389	8,611		
Landfill/Solid Waste:						
Garbage & Trash Removal:						
Other Expenses	240,000	252,000	232,211	19,789		
Sanitary Landfill:						
Contractual	325,000	303,000	297,363	5,637		
Unclassified:						
Contingency	1,200	1,500	1,500			
Total Operations Within "CAPS"	7,088,566	7,098,566	6,609,393	489,173		
Total Operations Including Contingent Within "CAPS"	7,088,566	7,098,566	6,609,393	489,173		
Detail:						
Salaries and Wages	3,838,661	3,801,761	3,744,041	57,720		
Other Expenses (Including Contingent)	3,249,905	3,296,805	2,865,352	431,453		

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

A-3

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

Year Ended December 31, 2017

	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 Appropriations	17,087	17,087	17,087			
Public Employees Retirement System	169,654	169,654	169,654			
Police & Fire Pension Fund	416,313	416,313	416,313			
Social Security System (O.A.S.I.)	150,000	150,000	141,744	8,256		
DCRP	5,500	5,500	2,996	2,504		
Unemployment Fund	15,000	15,000	14,739	261		
Total Deferred Charges & Statutory Expenditures	773,554	773,554	762,533	11,021		
Total General Appropriations for Municipal Purposes Within "CAPS"	7,862,120	7,872,120	7,371,926	500,194		
Mandated Expenditures Excluded From "CAPS":						
Other Operations - Excluded From "CAPS"						
Refund of Prior Year Revenue	29,304	29,304	29,304			
Public and Private Programs Offset by Revenues:						
Supplemental Fire Services	4,246	4,246	4,246			
NJ Urban Enterprise Zone:						
Police Patrol	50,000	50,000	50,000			
Administration	33,300	33,300	33,300			
Clean Communities Program		18,954	18,954			
NJDOT - High Street		232,750	232,750			
Body Armor Grant		2,187	2,187			
County Parks Grant		3,000	3,000			
Community Development Block Grant						
Alcohol Education and Rehab Grant	1,656	1,656	1,656			
Bulletproof Vest Program		2,581	2,581			
Insurance Fund Safety Grant		4,222	4,222			
ANJEC Open Space Grant		1,320	1,320			
Recycling Tonnage Grant	11,705	11,705	11,705			
Total Operations Excluded from "CAPS"	130,211	395,225	395,225			
Detail:						
Salary and Wages	50,000	50,000	50,000			
Other Expenses	80,211	345,225	345,225			
Capital Improvements Excluded from "CAPS"						
Capital Improvements:						
Public Works Equipment	69,810	69,810	69,810			
Police Vehicle - SUV	68,100	68,100	65,784	2,316		
Police Equipment	19,408	19,408	18,683	725		
Total Capital Improvements Excluded "CAPS"	157,318	157,318	154,277	3,041		

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

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

Year Ended December 31, 2017

	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	421,000	421,000	421,000			
Interest on Bonds	524,728	524,728	493,482		31,246	
Payment of Bond Anticipation Notes	90,000	90,000	90,000			
Interest on Notes	126,528	126,528	126,528			
Loan Repayment for Principal & Interest	16,880	16,880	16,879		1	
Total Municipal Debt Service	1,179,136	1,179,136	1,147,889		31,247	
Total General Appropriations - Municipal Purposes - Excluded From "CAPS"	1,466,665	1,731,679	1,697,391	3,041	31,247	
Subtotal General Appropriation Items	9,328,785	9,603,799	9,069,317	503,235	31,247	
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17 & 17.3)	68,211	68,211	68,211			
Reserve For Uncollected Taxes	126,800	126,800	126,800			
Total General Appropriations	\$9,523,796	9,798,810	9,264,328	503,235	31,247	
Budget		\$9,523,796				
Appropriation by 40A:4-87		265,014				
Total		<u>\$9,788,810</u>				
Deferred Charges:						
Overexpenditure of Appropriation			\$17,087			
Reserve for Uncollected Taxes			126,800			
Federal and State Grant Funds			361,675			
Encumbrances			48,635			
Refunds			(408,154)			
Disbursed			9,118,285			
Total			<u>\$9,264,328</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, 2017 and 2016

<u>ASSETS</u>	REFERENCE	2017	2016
Dog License Fund:			
Cash - Chief Financial Officer	B-1	\$9,834	11,416
Total Dog License Fund		9,834	11,416
Other Funds:			
Cash - Chief Financial Officer	B-1	1,318,358	1,233,722
Due from Current Fund	B-7		6,578
Due from General Capital Fund	C		824
Forgivable Mortgage Receivable	B	1,530,619	1,816,106
Mortgage Receivable - Homeowners	B	79,496	90,357
Total Other Funds		2,928,473	3,147,587
Total Assets		<u>\$2,938,307</u>	<u>3,159,003</u>
 <u>LIABILITIES & RESERVES</u>			
Dog License Fund:			
Due to Current Fund	A	133	4,343
Due to State of New Jersey	B-6	312	312
Reserve for Dog Fund Expenditures	B-2	9,389	6,761
Total Dog License Fund		9,834	11,416
Other Funds:			
Due to Current Fund	A, B-7	8,539	
Due to State of New Jersey		46,343	51,660
Accounts Payable			824
Reserve for:			
Forgivable Mortgage Receivable	B	1,530,619	1,816,106
Mortgage Receivable - Homeowners	B	79,496	90,357
Tax Sale Premiums	B-4	604,000	656,900
Recreation Commission Funds	B-8	21,756	27,161
Law Enforcement Trust Fund	B-8	15,692	18,250
Federal & State Grants	B-8	19,214	19,214
Builder's Escrow	B-8	130,810	81,200
Recycling Program	B-8	7,582	6,214
Uniform Construction Code	B-5	95,208	208,456
Outside Police Services	B-8	115,441	56,822
Snow Removal	B-8	43,931	19,183
Public Defender	B-8	13,093	15,291
P.O.A.A. - Parking Fines	B-8	12,664	11,843
Redemption of Tax Sale Certificates	B-3	106,661	25,215
RCA Trust	B-8	47,279	12,696
Environmental Committee	B-8	680	730
Shade Tree	B-8	3,200	3,200
Trust Other	B-8		
Compensated Absences	B-8	26,265	26,265
Total Other Funds		2,928,473	3,147,587
Total Liabilities & Reserves		<u>\$2,938,307</u>	<u>3,159,003</u>

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, 2017 and 2016

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
Cash & Investments	C-2, C-3	\$781,657	348,827
Deferred Charges to Future Taxation:			
Funded	C	10,059,883	9,876,088
Unfunded	C-4	9,988,500	9,481,000
Total Assets		\$20,830,040	19,705,915
 <u>LIABILITIES, RESERVES & FUND BALANCE</u>			
Encumbrances Payable	C-6		49,000
Due to Current Fund	A	\$3,158	1,645
Due to Trust Fund	B		824
Green Acres Loan Payable	C-9	59,883	75,088
Bond Anticipation Notes	C-7	6,776,500	6,344,000
Serial Bonds	C-8	10,000,000	9,801,000
Improvement Authorizations:			
Funded	C-6	69,044	62,652
Unfunded	C-6	3,753,104	3,211,997
Capital Improvement Fund	C-5	30,124	57,624
Fund Balance	C-1	138,227	102,085
Total Liabilities, Reserves & Fund Balance		\$20,830,040	19,705,915
 Bonds and Notes Authorized But Not Issued	 C-10	 \$ 3,212,000	 3,137,000

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

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**GENERAL CAPITAL FUND
STATEMENTS OF FUND BALANCE**

Year Ended December 31, 2017

Balance December 31, 2016	\$102,085
Increased by:	
Premium	<u>36,142</u>
Balance December 31, 2017	<u><u>\$138,227</u></u>

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

D

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

December 31, 2017 and 2016

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
Cash - Chief Financial Officer	D-1	\$14,337	120,931
Total		<u>\$14,337</u>	<u>120,931</u>
<u>LIABILITIES</u>			
Payroll Taxes Payable	D	\$9,470	19,344
Due to Current Fund	A	4,867	101,587
Total		<u>\$14,337</u>	<u>120,931</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
General Fixed Assets		
Land	\$1,758,735	1,758,735
Buildings & Contents	9,058,947	8,992,860
Vehicles & Equipment	<u>6,208,070</u>	<u>5,984,102</u>
Total	<u>\$17,025,752</u>	<u>16,735,697</u>
Investment in General		
Fixed Assets	<u>\$17,025,752</u>	<u>16,735,697</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 of Mount Holly ("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 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 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 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 disbursement 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 31 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 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.
- Pension expenses are recorded on a cash basis as billed by the State of New Jersey. Thus, net pension liability and related deferred outflows and inflows are not recorded on the statement of assets, liabilities, reserves and fund balance.

**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, 2017, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund - Bonds and Notes	<u>\$ 3,212,000</u>
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C. CURRENT FUND BALANCE APPROPRIATED

The following amounts of fund balance at December 31, 2017, were anticipated as revenue in the adopted 2018 budget:

	Balance December 31, 2017	Utilized 2018 Budget
Current Fund	<u>\$ 1,756,405.00</u>	<u>\$ 760,000.00</u>

D. DEFERRED CHARGES TO BE RAISED IN SUCCEEDED BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, 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	<u>\$ 29,153</u>	<u>\$ 17,087</u>	<u>\$ 12,066</u>

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, 2017.

**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, 2017, and reported book balances are as follows:

Type Deposits	Book Balances
Demand Deposits	\$ 4,754,766
Total Deposits	<u>\$ 4,754,766</u>

Type	Book Balances
Reconciliation of Statement of Comparative Balance Sheets	
Current	\$ 2,616,104
Grant	14,476
Dog Trust	9,834
Other Trust	1,318,358
Payroll	14,337
General Capital	781,657
Total Reconciliation of Statement to Comparative Balance Sheets	<u>\$ 4,754,766</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, 2017, the Township's bank balance of \$5,102,490 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the Township's Name Under GUDPA (see Note G)	4,852,490
Total	<u>\$ 5,102,490</u>

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

NOTES TO FINANCIAL STATEMENTS

G. GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA)

The Township has deposited cash in 2017 with an approved public fund depository qualified under the provisions of the Governmental 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.

Each depository participating in the GUDPA system must pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million. The minimum 5% pledge applies to institutions that are categorized as "well capitalized" by federal banking standards. The percentage of the required pledge will increase for institutions that are less than "well capitalized."

No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of state and federal governments, insured securities and other collateral approved by the Department of Banking and Insurance. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged.

If a governmental depository fails and the FDIC insurance does not insure or pay out the full amount of public deposits, the collateral pledged to protect these funds would first be liquidated and paid out. If this amount is insufficient, other institutions holding public funds would be assessed pro rata up to 4% of their uninsured public funds. Although these protections do not constitute a 100% guarantee of the safety of all funds, no governmental unit under GUDPA has ever lost protected deposits.

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

NOTES TO FINANCIAL STATEMENTS

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.

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 2017, 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

**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)

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 \$167,752 for 2017.

The employee contribution rate was 7.20% effective July 1, 2016, and increased to 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011, are being phased in over seven years effective on each July 1 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, 2017, the Township's proportionate share of the PERS net pension liability is valued to be \$4,488,613. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. 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, 2017. The Township's proportion measured as of June 30, 2017, was .01928%, which was an increase of .0004% from its proportion measured as of June 30, 2016.

Balances at December 31, 2017 and December 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Actuarial valuation date	July 1, 2017	July 1, 2016
Net Pension Liability	\$ 4,488,613	\$ 5,592,540
Township's portion of the Plan's total Net Pension Liability	0.01928%	0.01888%

For the year ended December 31, 2017, the Township had an allocated pension expense of \$507,131.

Actuarial Assumptions – The collective total pension liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases Through 2026	1.65 - 4.15% Based on Age
Thereafter	2.65 - 5.15% Based on Age

**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)

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for Male and Female active participants. Mortality Tables 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 Combined Healthy Male and Female Mortality Tables (set back 1 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 of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability Mortality Table (set back 3 years for males and setback forward 1 year for females).

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017, are summarized in the following table:

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

**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 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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:

	At 1% decrease (4.00%)	discount rate (5.00%)	At 1% increase (6.00%)
Local	\$ 5,568,429	4,488,613	3,588,992

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 \$416,313 for 2017.

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, 2017, the Township's proportionate share of the PFRS net pension liability is valued to be \$8,629,734. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. 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, 2017. The Township's proportion measured as of June 30, 2017, was .03889%, which was a decrease of .00122% from its proportion measured as of June 30, 2016.

Balances at December 31, 2017 and December 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	July 1, 2017	July 1, 2016
Actuarial valuation date		
Net Pension Liability	\$ 8,629,734	\$ 9,753,768
Township's portion of the Plan's total		
Net Pension Liability	0.05589%	0.05106%

For the year ended December 31, 2017, the Township had an allocated pension expense of \$884,897.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$966,603 as of December 31, 2017. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. 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, 2017, was .05589%, which was a decrease of .00122% from its proportion measured as of June 30, 2016, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 8,629,734
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>966,603</u>
Total Net Pension Liability	<u>\$ 9,596,337</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, 2017, the Township's total allocated pension expense was \$118,237.

Actuarial Assumptions – The collective total pension liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases Through 2016	2.10 - 8.98% Based on Age
Thereafter	3.10 - 9.98% Based on Age
Investment Rate of Return	7.00%

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 on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales and 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 three years using the plan actuary's modified 2014 projected scales and further projected on a generational basis using the plan actuary's modified 2014 projection 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, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017, 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>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate - The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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)

At 1% decrease (5.14%)	At current discount rate (6.14%)	At 1% increase (7.14%)
\$ 12,643,964	9,596,337	7,092,365

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, 2017, the Township has paid \$2,996.

The Township currently has five 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, 2017, is as follows:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 365,513	
Federal and State Grant Fund		\$ 348,816
General Capital Fund		3,158
Payroll Fund		4,867
Trust Fund - Animal Control		133
Trust Other Fund		8,539
Total Funds	<u>\$ 365,513</u>	<u>\$ 365,513</u>

K. RISK MANAGEMENT

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

L. GENERAL LONG-TERM DEBT

During the year ended December 31, 2017, the following changes occurred in long-term debt including loans:

	Balance December 31, 2016	Issued	Reduction	Balance December 31, 2017
General Capital				
Serial Bonds	\$ 9,801,000	\$ 4,610,000	\$ 4,411,000	\$ 10,000,000
Green Acres Loan	75,088	-	15,205	59,883
Total	<u>\$ 75,088</u>	<u>\$ -</u>	<u>\$ 4,426,205</u>	<u>\$ 10,059,883</u>

Permanently Funded Debt

General Obligation Serial Bonds and Green Acres Loan as of December 31, 2017, consists of the following:

Issued	Purpose	Maturities	Rate	Amount
March 11, 2005	Green Acres Loan	2018 to 2021	2.00%	\$ 59,883
October 31, 2013	General Obligation	2018 to 2025	Various	1,040,000
October 31, 2013	General Taxable Bonds	2018 to 2038	Various	3,550,000
June 22, 2010	Acquisition of Property Gardens	2018 to 2020	Various	800,000
September 27, 2017	Refund Bond Series 2010	2018 to 2030	Various	4,610,000
				<u>\$ 10,059,883</u>

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

NOTES TO FINANCIAL STATEMENTS

L. GENERAL LONG-TERM DEBT (CONTINUED)

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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 505,510	\$ 393,022	\$ 898,532
2019	520,822	373,677	894,499
2020	541,140	352,976	894,116
2021	562,411	335,915	898,326
2022	560,000	321,851	881,851
2023-2027	2,880,000	1,349,447	4,229,447
2028-2032	2,275,000	837,006	3,112,006
2033-2037	1,715,000	453,750	2,168,750
2038	<u>500,000</u>	<u>27,500</u>	<u>527,500</u>
Total	<u>\$ 10,059,883</u>	<u>\$4,445,144</u>	<u>\$14,050,027</u>

Bond Anticipation Notes issued as of December 31, 2017, are as follows:

<u>Interest</u>	<u>Purpose</u>	<u>Rate</u>	<u>Amount</u>
General Capital Fund	Acquisition of Various Properties	2.500%	\$ 2,046,000.00
General Capital Fund	Acquisition of Various Properties	2.500%	1,867,000.00
General Capital Fund	Acquisition of Various Properties	2.500%	2,341,000.00
General Capital Fund	Various Capital Improvements	2.000%	522,500.00
Total			<u>\$ 6,776,500.00</u>

New Jersey Statutes limit the debt of a municipality to 3.50% of the average of the last three preceding years' equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2017, was 3.376%. The Township's remaining borrowing power is .124%.

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

NOTES TO FINANCIAL STATEMENTS

L. GENERAL LONG-TERM DEBT (CONTINUED):

Summary of Municipal Debt

	2017	2016	2015
Issued -			
General - Bonds and Notes	\$16,836,383	16,220,088	16,727,993
Net Debt Issued	16,836,383	16,220,088	16,727,993
Authorized But Not Issued:			
General - Bonds & Notes	3,212,000	3,137,000	177,000
Net Debt	\$20,048,383	19,357,088	16,904,993

**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 3.376%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional School District	\$12,793,000	12,793,000	
Local School District	6,444,000	6,444,000	
General Debt	20,048,383		20,048,383
Total	\$39,285,383	19,237,000	20,048,383

Net debt, \$20,048,383, divided by Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$593,920,922 equals 3.376%.

Equalized Valuation Basis:

2017	\$602,788,754
2016	593,222,459
2015	585,751,553
Average	\$593,920,922

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

NOTES TO FINANCIAL STATEMENTS

L. GENERAL LONG-TERM DEBT (CONTINUED)

CAPITAL LEASE OBLIGATIONS:

At December 31, 2017, the Township had a capital lease agreement in effect for six police vehicles.

Capital Leases – Future minimum payments under a capital lease agreement for six police vehicles are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 54,228
2019	<u>54,228</u>
Total Minimum Lease Payments	108,456
Less: Amount Representing Interest	<u>7,980</u>
Present Value of Net Minimum Lease Payments	<u>\$100,476</u>

Lease payments under Capital leases for the years 2017 and 2016 were \$54,228 and 54,228 respectively.

M. FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the fiscal year ended December 31, 2017:

	Balance <u>December 31, 2016</u>	<u>Additions</u>	Balance <u>December 31, 2017</u>
Land	\$ 1,758,735		1,758,735
Building and Improvements	8,992,860	66,087	9,058,947
Vehicles and Equipment	5,984,102	223,968	6,208,070
Total	<u>\$ 16,735,697</u>	<u>290,055</u>	<u>17,025,752</u>

N. DEFERRED COMPENSATION SALARY ACCOUNT

The Township offers its employees a Deferred Compensation Plan created in accordance with Internal Revenue Code (“IRC”) 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

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

NOTES TO FINANCIAL STATEMENTS

N. DEFERRED COMPENSATION SALARY ACCOUNT (CONTINUED)

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.

O. 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, 2017, is as follows:

Vacation Time and Sick Time:

Employees Accrual	\$318,577
Township Share of Payroll Taxes	9,127

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).

P. LITIGATION

It is the Township'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.

Q. 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 bond's 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

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

NOTES TO FINANCIAL STATEMENTS

Q. SERVICE AGREEMENT (CONTINUED)

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.

R. 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.

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

NOTES TO FINANCIAL STATEMENTS

R. ECONOMIC UNDERTAKING (CONTINUED)

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, 2017, the Township is continuing to make every effort to move forward with the redevelopment of phase 3.

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, 2017, the Township has acquired four (4) of these properties which represent a mortgages receivable balance of \$77,640.

S. FORGIVABLE MORTGAGE RECEIVABLE

The Township 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.

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

NOTES TO FINANCIAL STATEMENTS

S. FORGIVABLE MORTGAGE RECEIVABLE (CONTINUED)

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, 2017, is \$1,530,619.

T. SUBSEQUENT EVENTS

The agreement between the 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, 2017

	<u>CURRENT FUND</u>	<u>FEDERAL & STATE GRANT FUND</u>
Balance December 31, 2016	\$3,030,314	202,112
Increased by Receipts:		
Taxes Receivable	18,157,524	
Tax Title Liens Receivable	935	
Tax Overpayments	65,151	
Due From State of New Jersey - Senior Citizen & Veteran Deductions	88,688	
Prepaid Taxes	282,352	
Revenue Accounts Receivable	4,037,941	
Miscellaneous Revenue Not Anticipated	315,916	
Due From General Capital Fund		
Budget Refunds	408,154	
Property Maintenance Receivable	679	
Amount Due to State for Marriage Licenses/Funeral Licenses	2,160	
Due From Recreation Fund	3,826	
Due From Animal Control Fund	4,343	
Due From Trust Funds	3,349	
Due From TTL Redemption Funds	376,800	
Due From Mt. Holly MUA	147,685	
Due From Payroll Fund	101,587	
Due From General Capital Fund	1,645	
State & Federal Grants Receivable		787,982
Federal and State Grants Unappropriated		12,524
Total	<u>23,998,735</u>	<u>800,506</u>
Subtotal	<u>27,029,049</u>	<u>1,002,618</u>
Decreased by Disbursements:		
2017 Appropriations	9,118,285	
2016 Appropriation Reserve	409,659	
Refund Tax Overpayments	23,851	
County Taxes	2,451,027	
Local District School Taxes	8,925,116	
Regional High School District Taxes	2,327,728	
Fire District Taxes	617,845	
Due to Mt. Holly MUA	147,685	
Due From Trust Funds	9,928	
Due to Capital Fund		
Due to Federal and State Grant Fund		
Due to Payroll Fund		
Due to TTL Redemption Fund	376,800	
Due to Recreation Fund	3,826	
Due to State of New Jersey	1,945	
Reserve for Federal & State Grant Funds - Appropriated		988,142
Total Disbursements	<u>24,413,695</u>	<u>988,142</u>
Balance December 31, 2017	<u>\$2,615,354</u>	<u>14,476</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, 2017

YEAR	BALANCE	2017 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	OVER- PAYMENTS APPLIED	CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE
	DECEMBER 31, 2016			2016	2017					DECEMBER 31, 2017
2016	\$7,951		4,162		4,203			5,941		1,969
Total	7,951		4,162		4,203			5,941		1,969
2017		18,466,949		55,290	18,153,321	91,500	34,771	71,770	41,822	18,475
Total	\$7,951	18,466,949	4,162	55,290	18,157,524	91,500	34,771	77,711	41,822	20,444

Cash Receipts \$18,157,524

Total \$18,157,524

ANALYSIS OF 2017 PROPERTY TAX LEVY

Tax Yield:

General Purpose Tax	\$18,455,768
Added Taxes (54:4-63.1 et seq)	11,181
Total	<u>\$18,466,949</u>

Tax Levy:

Local District School Tax (Abstract)	\$8,247,912
Regional School District Tax	2,327,728
Fire District Tax (Abstract)	617,845
County Taxes:	
County Tax (Abstract)	\$2,021,419
County Open Space Tax (Abstract)	240,893
County Library Tax (Abstract)	186,803
Due County for Added & Omitted Taxes	982
Local Tax For Municipal Purposes	4,813,168
Add: Additional Tax Levy	10,199
Total Levy	<u>\$18,466,949</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, 2017

Balance December 31, 2016		\$103,575
Increased by:		
Interest and Costs	3,791	
Transfer From Taxes Receivable - 2017	41,822	45,613
		<hr/>
Subtotal		149,188
Decreased by:		
Adjustment to Prior Year Balance	71	
Collections	935	1,006
		<hr/>
Balance December 31, 2017		<u>\$148,182</u>

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

A-7

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

December 31, 2017

Balance December 31, 2017 and 2016		<u>\$490,805</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, 2017

Balance December 31, 2016		\$278
Increased by:		
Billings		549
		<hr/>
Subtotal		827
Decreased by:		
Collections		679
		<hr/>
Balance December 31, 2017		<u>\$148</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, 2017

	BALANCE DECEMBER 31, 2016	ACCRUED IN 2017	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2017
Municipal Clerk:				
Licenses:				
Alcoholic Beverages		23,388	23,388	
Other Licenses		13,785	13,785	
Fees & Permits		361,605	361,605	
Service Contract - Mt. Holly MUA		30,000	30,000	
Cable TV Franchise Fee		121,932	121,932	
Payment In-Lieu of Taxes:				
Mt. Holly MUA		308,000	308,000	
Children's Home				20,000
Stouber		159,368	159,368	
Regency Park		133,935	133,935	
Fermoor		342,603	342,603	
Presbyterian Home		13,300	13,300	
Mt Holly Memorial HealthAlliance Donation		220,000	220,000	
State Rental of Parking Lots		13,207	13,207	
County Rental of Parking Lots		98,203	98,203	
Municipal Court - Fines & Costs	\$15,037	217,629	212,476	20,190
Construction Code Office - Indirect Costs		38,900	38,900	
Rent - 14 Kings Street		40,000	40,000	
Contribution from Rancocas Valley Regional High School		93,750	93,750	
Contribution from Mt. Holly BOE		56,732	56,732	
Energy Receipts Tax		1,278,772	1,278,772	
Consolidated Municipal Property Tax Relief		221,233	221,233	
Housing Inspection Fees		127,550	127,550	
Interest and Costs on Taxes		82,728	82,728	
Interest on Investments		37,685	37,685	
Total	\$15,037	4,034,305	4,049,152	20,190

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

A-10

**CURRENT FUND
SCHEDULE OF PRIOR YEAR APPROPRIATION RESERVES**

Year Ended December 31, 2017

OPERATIONS	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	DISBURSED	BALANCE LAPSED	OVER- EXPENDED
General Government:					
Administrative & Executive:					
Salaries and Wages	\$372	372		372	
Other Expenses	21,596	21,596	10,471	11,125	
Mayor and Council:					
Other Expenses	472	472		472	
Municipal Clerk:					
Salaries and Wages	129	129		129	
Other Expenses	3,636	3,636	813	2,823	
Financial Administration:					
Salaries and Wages	1,763	1,763		1,763	
Other Expenses	5,576	5,576	3,239	2,337	
Assessment of Taxes:					
Other Expenses	6,954	6,954	4,177	2,777	
Collection of Taxes:					
Salaries and Wages	148	148		148	
Other Expenses	11,292	11,292	9,695	1,597	
Legal Services & Costs:					
Other Expenses	23,321	23,321	20,158	3,163	
Engineering Services & Costs:					
Other Expenses	45,207	51,207	49,618	1,589	
Historic Preservation Committee:					
Other Expenses	9	9		9	
Municipal Land Use Law (N.J.S.A.40:55D-1):					
Planning Board:					
Salaries and Wages	185	185		185	
Other Expenses	1,952	3,952	3,086	866	
Code Enforcement and Administration:					
Inspection of Housing:					
Salaries and Wages	47	47		47	
Other Expenses	3,761	3,761		3,761	
Insurance:					
Workers' Compensation					
General Liability Insurance	6,123	6,123		6,123	
Employee Group Insurance	178,042	178,042	145,998	32,044	
Public Safety:					
Police:					
Salaries and Wages	2,284	2,284	2,284		
Other Expenses	22,866	24,866	23,760	1,106	
Public Works Functions:					
Streets & Road Maintenance:					
Salaries and Wages	9,703	9,703		9,703	
Other Expenses	17,648	17,648	17,627	21	

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

A-10

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

Year Ended December 31, 2017

OPERATIONS	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	DISBURSED	BALANCE LAPSED	OVER- EXPENDED
Public Works Functions continued):					
Public Buildings & Grounds:					
Salaries and Wages	6,994	6,994		6,994	
Other Expenses	2,199	2,199	2,073	126	
Vehicle Maintenance:					
Other Expenses	10,619	10,619	6,819	3,800	
Other Public Works					
Other Expenses	550	550		550	
Community Drug Alliance Program:					
Other Expenses	2,200	2,200		2,200	
Parks & Recreation:					
Salaries and Wages	2,621	2,621		2,621	
Other Expenses	1,402	1,402		1,402	
Celebration of Public Events:					
Other Expenses	280	280		280	
Utility Expenses & Bulk Purchases:					
Electricity	16,051	16,051	885	15,166	
Street Lighting	38,309	38,309	33,787	4,522	
Telephone	1,470	1,470	1,470		
Water	3,006	3,006	753	2,253	
Gasoline	33,373	33,373	11,141	22,232	
Fuel Oil					
Municipal Court:					
Salaries and Wages	5,406	5,406		5,406	
Other Expenses	4,197	4,197	296	3,901	
Municipal Prosecutor:					
Salaries and Wages	2,850	2,850	1,833	1,017	
Public Defender - Contractual	525	525		525	
Landfill & Solid Waste Disposal Costs:					
Garbage & Trash Removal:					
Other Expenses	36,557	36,557	36,348	209	
Sanitary Landfill:					
Contractual	63,873	53,873	23,239	30,634	
Unclassified:					
Contingency	682	682		682	
Accumulated Absences	10,000	10,000		10,000	
Statutory Expenditures:					
Police & Fire Pension Fund					
Social Security System	702	702		702	
DCRP	536	536	89	447	
Unemployment Fund	2,745	2,745		2,745	
<hr/>					
Total General Appropriations for Municipal Purposes - Within "CAPS"	610,233	610,233	409,659	200,574	
<hr/>					
Mandated Expenditures Excluded From "CAPS":					
Capital Improvements Excluded from "CAPS"					
Public Works Equipment	154	154		154	
Police Equipment	7,495	7,495		7,495	
<hr/>					
Subtotal General Appropriation Items	7,649	7,649		7,649	
<hr/>					
Total General Appropriations	\$617,882	617,882	409,659	208,223	
<hr/>					
Appropriation Reserves	\$477,544				
Encumbrances Payable	140,338				
Cash Disbursements			409,659		
<hr/>					
Total	\$617,882		409,659		
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**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

A-11

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

Year Ended December 31, 2017

Balance December 31, 2016: School Taxes Payable	\$677,205
Increased by: Levy Calendar Year 2017	<u>8,247,912</u>
Subtotal	8,925,117
Decreased by: Payments	<u>8,925,116</u>
Balance December 31, 2017: School Taxes Payable	<u><u>\$1</u></u>

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

A-12

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

Year Ended December 31, 2017

Balance December 31, 2016: School Taxes Payable	\$5
Increased by: Levy Calendar Year 2017	<u>2,327,728</u>
Subtotal	2,327,733
Decreased by: Payments	<u>2,327,728</u>
Balance December 31, 2017: School Taxes Payable	<u><u>\$5</u></u>

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

A-13

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

Year Ended December 31, 2017

PROGRAM	BALANCE DECEMBER 31, 2016	2017 REVENUE	RECEIPTS	CANCELLED	BALANCE DECEMBER 31, 2017
Federal Grants:					
Transportation Enhancement Fund - Pedestrian Safety	\$71,748				71,748
Community Development Block Grant	65,000			(65,000)	
Small Cities CDBG - High Street Improvements	400,000		206,957		193,043
Small Cities CDBG	150,000		87,714		62,286
Total Federal Grants	686,748		294,671	(65,000)	327,077
State Grants:					
NJ Urban Enterprise Zone Sustainable Jersey Small Grant Program	15,000	83,300	83,300		15,000
Alcohol Education & Rehabilitation		1,656			1,656
NJDOT Route 38/Pine Street	53,657			(53,657)	
NJDOT - Park Drive	211,600				211,600
NJDOT - Woodpecker Lane	51,042		51,042		
NJDOT - Hemlock & Front Street	208,749				208,749
NJDOT - High Street		232,749	174,562		58,187
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
Bulletproof Vest Program	517	2,581	2,581	(517)	
Click-It-Ticket	4,916				4,916
Community Forestry	7	3,000	2,980	(7)	20
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	11,705	11,705	(1,125)	
Clean Communities Program		18,954	18,954		
Insurance Fund Safety Grant		4,222			4,222
Body Armor Replacement Fund		2,187	2,187		
ANJEC Open Space Grant		1,320	1,000		320
Total State Grants	811,714	361,674	348,311	(85,961)	739,116
County Grants:					
Police Body Camera Grant					
County Parks Grant	330,000			(115,000)	215,000
Total County Grants	330,000			(115,000)	215,000
Total	\$1,828,462	361,674	642,982	(265,961)	1,281,193
Cash			<u>642,982</u>		
			<u>\$642,982</u>		

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

A-14

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

Year Ended December 31, 2017

PROGRAM	BALANCE DECEMBER 31, 2016	TRANSFERRED FROM 2017 BUDGET APPROPRIATIONS	PRIOR YEAR ENCUMBRANCES RECLASSIFIED	EXPENDED	CANCELED	BALANCE DECEMBER 31, 2017
Federal Grants:						
Bulletproof Vest Program		\$2,581		2,212		369
Transportation Enhancement Pedestrian Safety	120,916					120,916
Community Development Block Grant	31,667				3,011	28,656
Small Cities CDBG - High Street Improvements	378,258		21,742	400,000		
Small Cities CDBG	150,000			92,913		57,087
Total Federal Grants	680,841	2,581	21,742	495,125	3,011	207,028
State Grants:						
NJ Transportation Trust Fund	33,413				33,413	
NJDOT - Hemlock & Front Street	208,749					208,749
NJDOT - High Street		232,750		177,010		55,740
Drunk Driving Enforcement Grant	2,006			45		1,961
Alcohol Education & Rehabilitation Fund	12,097	1,656		1,752		12,001
Recycling Tonnage Grant	21,881	11,705			1,125	32,461
NJ Urban Enterprise Zone	131,353	83,300		91,731		122,922
Over the Limit Under Arrest	32,790				32,790	
Click-It-Ticket	4,916					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	18,954		18,954		35,622
Insurance Fund Safety Grant	4,096	4,222				8,318
NJ Economic Development Authority	16,799		20,284	20,284		16,799
Clean Energy - Public Utilities	9,207				9,207	
Community Forestry	2,365	3,000	755	6,113	7	
Safe Routes to School Grant	125,000					125,000
State Body Armor Fund	2,351	2,187		2,213		2,325
Neighborhood Prevention Program	13,167				13,167	
ANJEC Open Space Grant		1,320		724		596
Total State Grants	670,612	359,094	21,039	318,826	104,509	627,410
County Grants:						
Police Body Camera Grant						
County Parks Grant	164,059		69,733	69,733	115,000	49,059
Total County Grants	164,059		69,733	69,733	115,000	49,059
Local Grants:						
Sustainable New Jersey (PSE&G)	10,000			10,000		
NJ American Water	290					290
Total Local Grants	10,290			10,000		290
Total	\$1,525,802	361,675	112,514	893,684	222,520	883,787
				Cash Disbursed	\$ 988,142	
				Refund	(145,000)	
				Encumbrances	50,542	
				Total	\$ 893,684	

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

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

December 31, 2017

PROGRAM	BALANCE DECEMBER 31, 2016	GRANTS RECEIVED	REVENUE IN 2017 BUDGET	BALANCE DECEMBER 31, 2017
Federal & State Grants:				
Alcohol Education & Rehabilitation	\$1,656		1,656	
Bulletproof Vest Grant		2,213		2,213
Recycling Tonnage Grant		10,311		10,311
Total Federal & State Grants	<u>\$1,656</u>	<u>12,524</u>	<u>1,656</u>	<u>12,524</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, 2017

	<u>DOG LICENSE</u>	<u>OTHER</u>
Balance December 31, 2016	\$11,416	\$1,233,722
Receipts:		
State Share of Dog License Fees	611	
Dog License Fees	5,506	
Late Fees	255	
Current Fund Budget	10,870	
RCA Trust Fund Deposits		37,115
P.O.A.A. Fines		821
Public Defenders Fees		9,927
Recreation Commission Funds		42,416
Builder's Escrow		152,478
Tax Sale Premiums		376,800
Uniform Construction Code Fees		177,530
Outside Police Services		670,258
Snow Removal		24,748
Law Enforcement Funds		392
Deposits for Tax Sale Redemptions		742,023
Due to State of New Jersey		11,839
Recycling Program		1,368
Environmental Committee		750
Due Current Fund	133	9,927
Total Receipts	<u>17,375</u>	<u>2,258,392</u>
Total Receipts & Balances	<u>28,791</u>	<u>3,492,114</u>
Disbursements:		
Paid to State of New Jersey	611	9,417
Expenditures Under N.J.S.A. 40:19-15.11	14,003	
Tax Sale Premiums Received		429,700
Public Defenders Fees		12,125
Recreation Commission Funds		47,821
Builder's Escrow		102,868
Uniform Construction Code Fees		290,778
Outside Police Officers		611,639
Law Enforcement Fund		2,950
Tax Sale Redemptions		660,577
RCA Trust Fund Deposits		2,532
Due to Current Fund	4,342	3,349
Total Disbursements	<u>18,956</u>	<u>2,173,756</u>
Balance December 31, 2017	<u><u>\$9,835</u></u>	<u><u>1,318,358</u></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, 2017

	<u>DOG LICENSE</u>	<u>OTHER</u>
Balance Per Certification of:		
Investors Bank:		
Dog License	\$10,000	
Tax Sale Premiums		\$608,880
Recreation Commission Funds		23,141
Law Enforcement		15,692
Builder's Escrow		142,106
Recycling Program		7,643
Uniform Construction Code		99,378
Outside Police Services		116,227
Snow Removal		44,255
Public Defender		57,062
P.O.A.A. - Parking Fines		12,767
Tax Sale Redemptions		89,294
RCA Trust		48,193
Environmental Committee		688
State & Federal Grants		19,377
Compensated Absences		26,401
Shade Tree		3,211
Add: Deposit in Transit		22,615
Less: Outstanding Checks Per Permanent Record	(166)	(18,572)
Balance December 31, 2017	<u>\$9,834</u>	<u>1,318,358</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, 2017

Balance December 31, 2016		\$6,761
Increased by:		
Dog License Fees - Collected	\$5,506	
Late Fees	255	
Current Fund Budget	10,870	16,631
Subtotal		23,392
Decreased by:		
Expenditures Under N.J.S.A.4:19-15.11:		
Due to Current Fund for Excess Dog Fees	14,003	14,003
Balance December 31, 2017		<u>\$9,389</u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2016	\$5,533
2015	4,180
Total	<u>\$9,713</u>

**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, 2017

Balance December 31, 2016	\$25,215
Increased by:	
Cash Receipts	<u>742,023</u>
Subtotal	767,238
Decreased by:	
Cash Disbursements	<u>660,577</u>
Balance December 31, 2017	<u><u>\$106,661</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, 2017

Balance December 31, 2016	\$656,900
Increased by:	
Premiums Received at Tax Sale	<u>376,800</u>
Subtotal	1,033,700
Decreased by:	
Premiums Refunded at Redemption	<u>429,700</u>
Balance December 31, 2017	<u><u>\$604,000</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, 2017

Balance December 31, 2016	\$208,456
Increased by:	
Construction Code Fees Received	<u>177,530</u>
Subtotal	385,986
Decreased by:	
Disbursement of Construction Code Funds	<u>290,778</u>
Balance December 31, 2017	<u><u>\$95,208</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, 2017

Balance December 31, 2016	\$312
Increased by:	
Dog License Fees Collected:	
State Share	<u>611</u>
Subtotal	923
Decreased by:	
Payments	<u>611</u>
Balance December 31, 2017	<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, 2017

Balance December 31, 2016			(\$6,578)
Increased by:			
Interest Earned	8,539		
Receipts from Current Fund	9,927	18,466	
		<hr/>	
Subtotal			11,888
Decreased by:			
Disbursements to Current	3,349	3,349	
		<hr/>	
Balance December 31, 2017			<u><u>\$8,539</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, 2017

	BALANCE	INCREASED BY			DECREASED BY		BALANCE
	DECEMBER 31, 2016	RECEIPTS	INTEREST EARNINGS	OTHER	DISBURSEMENTS	OTHER	DECEMBER 31, 2017
Recreation Commission Funds	\$27,161	42,416			47,821		21,756
Law Enforcement Funds	18,250	252	140		2,950		15,692
Builder's Escrow	81,200	152,478			102,868		130,810
Recycling Program	6,214	1,368					7,582
Outside Police Services	56,822	670,258			611,639		115,441
Snow Removal	19,183	24,748					43,931
Public Defender	15,291	9,927			12,125		13,093
P.O.A.A. - Parking Fines	11,843	821					12,664
RCA Trust	12,696	36,925	190		2,532		47,279
Compensated Absences	26,265						26,265
Environmental Committee	730	750			800		680
Shade Tree	3,200						3,200
Federal & State Grants	19,214						19,214
Total	\$298,069	939,943	330		780,735		457,607

**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, 2017

Balance December 31, 2016		\$348,827
Increased By:		
Interest on Investments	\$3,983	
Premium	36,142	
Due Current Fund	216,528	
Bond Anticipation Note Proceeds	6,776,500	7,033,153
		<hr/>
Subtotal		7,381,980
Decreased By:		
Due Trust Fund	824	
Due Current Fund	1,645	
Encumbrances Payable	49,000	
Bond Anticipation Note Renewal	6,254,000	
Bond Anticipation Note Principal and Interest	216,528	
Improvement Authorizations	78,326	6,600,323
		<hr/>
Balance December 31, 2017		<u>\$781,657</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, 2017

Fund Balance	\$138,227
Capital Improvement Fund	30,124
Due to/(from) Current Fund	3,158
Due to/(from) Trust Fund	
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	41,294
10-17 The Gardens Redevelopment Project	3
16-15 Replacement of Buttonwood Lake Dam	40,000
17-15 Various Capital Improvements	506,755
	<hr/>
Total Cash & Investments	<u>\$781,657</u>

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

C-4

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

Year Ended December 31, 2017

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2016	2017 AUTHORIZATIONS	PAYMENT OF BOND ANTICIPATION NOTES	DECREASED BY SERIAL BONDS	BALANCE DECEMBER 31, 2017	ANALYSIS OF BALANCE DECEMBER 31, 2017		
							FINANCED BY BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
08-11	Acquisition of Various Properties	\$2,078,000		32,000		2,046,000	2,046,000		
09-11	Restoration of Upper Buttonwood & Woolman Lakes	177,000				177,000		556	176,444
09-15	The Gardens Redevelopment Project	1,893,000		26,000		1,867,000	1,867,000		
10-17	Acquisition of Various Properties	2,373,000		32,000		2,341,000	2,341,000		
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			
17-15	Various Capital Improvements		522,500			522,500	522,500		
17-16	Refunding Bond Ordinance GOB Series 2010		695,000		620,000	75,000			75,000
Total		\$9,481,000	1,217,500	90,000	620,000	9,988,500	6,776,500	556	251,444
Improvement Authorizations - Unfunded									\$3,753,104
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:									
Ordinance No. 09-15									\$41,294
Ordinance No. 10-17									3
Ordinance No. 16-14									2,200,000
Ordinance No. 16-15									760,000
Ordinance No. 17-15									500,363
Total									\$251,444

**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, 2017

Balance December 31, 2016	\$57,624
Decreased by:	
Down Payment on Bond Ordinances	<u>27,500</u>
Balance December 31, 2017	<u><u>\$30,124</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, 2017

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2016		2017 AUTHORIZATIONS	ENCUMBRANCES RECLASSIFIED	PAID OR CHARGED	REFUNDS	BALANCE DECEMBER 31, 2017	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
99-22	Acquisition of Various Equipment and 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	
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			4,440			41,294
10-17	Acquisition of Various Properties	12/13/10	2,500,000		29,819			30,641	825		3
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	40,000	760,000					40,000	760,000
17-15	Various Capital Improvements	7/10/17	550,000			550,000		43,245		6,392	500,363
17-16	Refunding Bond Ordinance GOB Series 2010	7/10/17	695,000			75,000					75,000
Total				<u>\$62,652</u>	<u>3,211,997</u>	<u>625,000</u>		<u>78,326</u>	<u>825</u>	<u>69,044</u>	<u>3,753,104</u>
Cash Disbursement								<u>78,326</u>			
Total								<u>\$78,326</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, 2017

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	BALANCE DECEMBER 31, 2016	INCREASE	DECREASE	BALANCE DECEMBER 31, 2017
08-11	Acquisition of Various Properties	7/10/08	10/12/17 11/14/16	11/11/18 11/13/17		2,046,000		2,046,000
					\$2,078,000		2,078,000	
09-15	Acquisition of Various Properties	6/22/10	10/12/17 11/14/16	11/11/18 11/13/17		1,867,000		1,867,000
					1,893,000		1,893,000	
10-17	Acquisition of Various Properties	3/24/11	10/12/17 11/14/16	11/11/18 11/13/17		2,341,000		2,341,000
					2,373,000		2,373,000	
17-15	Various Capital Improvements	10/12/17	10/12/17	11/11/18		522,500		522,500
				Total	<u>\$6,344,000</u>	<u>6,776,500</u>	<u>6,344,000</u>	<u>6,776,500</u>
				Paid by Budget Appropriation			90,000	
				Renewals		<u>\$6,776,500</u>	<u>6,254,000</u>	
				Total		<u>\$6,776,500</u>	<u>6,344,000</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, 2017

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2016	ISSUED	REFUNDED	PAID	BALANCE DECEMBER 31, 2017
			DATE	AMOUNT						
General Improvement Bonds Series 2007	12/15/07	\$600,000				\$71,000			71,000	
Taxable Redevelopment General Obligation Bonds, Series 2010	6/22/10	\$5,725,000	6/1/18	\$250,000	5.500%	5,025,000		3,990,000	235,000	800,000
			6/1/19	265,000	5.500%					
			6/1/20	285,000	5.500%					
Taxable Redevelopment General Obligation Refunding Bonds, Series 2017	9/27/17	\$4,610,000	6/1/18	85,000	1.730%		4,610,000			4,610,000
			6/1/19	85,000	1.850%					
			6/1/20	85,000	2.050%					
			6/1/21	385,000	2.300%					
			6/1/22	395,000	2.480%					
			6/1/23	405,000	2.680%					
			6/1/24	415,000	2.890%					
			6/1/25	425,000	3.040%					
			6/1/26	440,000	3.140%					
			6/1/27	455,000	3.240%					
			6/1/28	465,000	3.380%					
			6/1/29	480,000	3.550%					
6/1/30	490,000	3.550%								

**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, 2017

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2016	ISSUED	REFUNDED	PAID	BALANCE DECEMBER 31, 2017
			DATE	AMOUNT						
General Obligation Bonds, Series 2013	10/31/13	\$1,375,000	11/15/18	130,000	2.000%	1,130,000			90,000	1,040,000
			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	11/15/18	25,000	3.000%	3,575,000			25,000	3,550,000
			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						\$9,801,000	4,610,000	3,990,000	421,000	10,000,000

**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, 2017

PURPOSE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE	ISSUED	PAID	BALANCE
		DATE	AMOUNT		DECEMBER 31, 2016			DECEMBER 31, 2017
Improvement to Mill Dam Park	\$248,195	3/11/18	\$7,717	2.000%	\$75,088		15,205	59,883
		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	\$75,088	-	15,205	59,883

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

C-10

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

Year Ended December 31, 2017

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2016	2017 AUTHORIZATIONS	SERIAL BONDS ISSUED	BOND ANTICIPATION NOTES ISSUED	BALANCE DECEMBER 31, 2017
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
17-16	Refunding Bond Ordinance GOB Series 2010		522,500		522,500	
			695,000	620,000		75,000
	Total	\$3,137,000	1,217,500	620,000	522,500	3,212,000

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

D-1

**PAYROLL FUND
SCHEDULE OF PAYROLL FUND CASH**

Year Ended December 31, 2017

Balance December 31, 2016		\$120,931
Increased by:		
Net Payroll & Payroll Deductions	\$5,375,742	
Due Current Fund	1,499	5,377,241
	<hr/>	
Subtotal		5,498,172
Decreased by:		
Net Payroll & Payroll Deductions	5,382,248	
Due Current Fund	101,587	5,483,835
	<hr/>	
Balance December 31, 2017		<u><u>\$14,337</u></u>

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

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

Year Ended December 31, 2017

	Balance December 31, 2016	Additions	Balance December 31, 2017
General Fixed Assets:			
Land	\$1,758,735		1,758,735
Buildings & Contents	8,992,860	66,087	9,058,947
Vehicles and Equipment	5,984,102	223,968	6,208,070
Total	\$16,735,697	290,055	17,025,752
Total Investment in General Fixed Assets	\$16,735,697	290,055	17,025,752

**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, 2017, and the related notes to financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 29, 2018, 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 One deficiency in internal control, listed as 2017-001 described in the accompanying schedule of General Comments and Recommendations that we consider to be a significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Township's Response to Findings

The Township's response to the findings identified in our audit are described in the accompanying Schedule of Current Year Findings and Recommendations. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

June 29, 2018

SUPPLEMENTARY INFORMATION

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

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

Years Ended December 31, 2017

	YEAR 2017		YEAR 2016	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Revenue and Other Income Realized				
Fund Balance Utilized	\$700,000	2.90%	579,750	2.42%
Miscellaneous - From Other Than Local Property Tax Levies	5,070,198	21.03%	5,380,373	22.47%
Collection of Delinquent Taxes & Tax Title Liens	5,138	0.02%	24,772	0.10%
Collection of Current Tax Levy	<u>18,334,882</u>	<u>76.05%</u>	<u>17,962,050</u>	<u>75.01%</u>
Total Income	<u>24,110,218</u>	<u>100.00%</u>	<u>23,946,945</u>	<u>100.00%</u>
Expenditures				
Budget Expenditures - Municipal Purposes	9,630,763	41.30%	9,880,052	42.44%
County Taxes	2,450,097	10.51%	2,419,860	10.39%
Local & Regional School Taxes	10,575,640	45.35%	10,265,370	44.10%
Fire District Taxes	617,845	2.65%	617,845	2.65%
Other Expenditures	<u>47,503</u>	<u>0.20%</u>	<u>96,524</u>	<u>0.41%</u>
Total Expenditures	<u>23,321,848</u>	<u>100.00%</u>	<u>23,279,651</u>	<u>100.00%</u>
Excess in Revenue to Fund Balance	<u>788,370</u>		<u>667,294</u>	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	<u>12,066</u>		<u>29,153</u>	
Statutory Excess to Fund Balance	<u>800,436</u>		<u>696,447</u>	
Fund Balance January 1	1,665,969		1,549,272	
Less:				
Utilization as Anticipated Revenue	<u>700,000</u>		<u>579,750</u>	
Fund Balance December 31	<u>\$1,766,405</u>		<u>1,665,969</u>	

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

COMPARATIVE STATEMENT OF TAX LEVIES AND COLLECTION CURRENTLY

Year Ended December 31, 2017

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
2017	\$18,466,949	18,334,882	99.28%
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%

Comparison of Tax Rate Information

	2017	2016	2015
Total Tax Rate	<u>\$2.863</u>	<u>\$2.797</u>	<u>\$2.738</u>
Apportionment of Tax Rate:			
Municipal	0.746	0.733	0.733
County	0.381	0.376	0.380
Local School	1.279	1.230	1.167
Regional High School	0.361	0.362	0.362
Fire District	0.096	0.096	0.096

Net Valuation Taxable:

2017	<u>\$644,771,768</u>		
2016		<u>\$644,819,746</u>	
2015			<u>\$646,720,773</u>

Delinquent Taxes and Tax Title Liens

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

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2017	\$148,182	20,444	168,626	0.91%
2016	\$103,575	7,951	111,526	0.62%
2015	\$111,997	1,944	113,941	0.64%
2014	\$101,976	3,941	105,917	0.61%

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

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

Year Ended December 31, 2017

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:

<u>Year</u>	<u>Amount</u>
2017	\$490,805
2016	490,805
2015	490,805
2014	490,805
2013	490,805

Comparative Schedule of Fund Balance

<u>Current Fund</u>	<u>December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$1,766,405	760,000	43.03%
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%

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2017:

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)
Sherri Groves	Acting Court Administrator		(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, 2017. 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 2, 2017, 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, 2017, included 2017 and 2016 real estate taxes only.

The last tax sale was held on December 7, 2017, 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 2017-001:

Criteria:

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

Condition:

The General account bank reconciliation contained recurring unidentified amounts to balance the account.

Cause:

Unknown.

Effect:

The bank reconciliation for the General account is 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.

Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year findings. Corrective action had been taken on all prior year findings with the exception of the following, which is repeated in this year's current year finding "2017-001."

The Municipal Court general account bank reconciliation contained recurring unidentified amounts to balance the account (2017-001).

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

June 29, 2018