

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA**

December 31, 2018

**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, 2018, and the related notes to financial statements, which 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 and account group of the Township as of December 31, 2018, 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, 2018, 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.

Emphasis of Matter

In 2018, the Township adopted new accounting guidance Governmental Accounting Standards Board Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. *Our opinion is not modified with respect to this matter.*

Report on Summarized Comparative Information

We have previously audited the Township's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2018, 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, 2017, 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 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 August 26, 2019, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



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

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

August 26, 2019

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, 2018 and 2017

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Cash:			
Chief Financial Officer	A-4	\$1,994,774	2,615,354
Change Fund		750	750
Total Regular Fund		1,995,524	2,616,104
Due from State of New Jersey for Senior Citizen & Veteran Deductions		7,185	9,435
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-5	8,939	20,444
Tax Title Liens Receivable	A-6	203,095	148,182
Property Acquired for Taxes - Assessed Valuation	A-7	490,805	490,805
Property Maintenance Receivable	A-8	1,971	148
Revenue Accounts Receivable	A-9	20,252	20,190
Interfunds Receivable:			
Due From State and Federal Grants	A	361,339	348,816
Due From Animal Control Fund	B	3,063	133
Due From Trust Other	B	21,636	8,539
Due From Payroll Fund	D	105,750	4,867
Due From General Capital Fund	C	8,518	3,158
Total Receivables & Other Assets With Full Reserves		1,225,368	1,045,282
Deferred Charges To Future Taxation:			
Overexpenditure of Appropriations			12,066
Total Deferred Charges			12,066
Subtotal		3,228,077	3,682,887
Federal & State Grant Fund:			
Cash	A-4	367,544	14,476
Federal & State Aid Receivable	A-13	2,255,429	1,281,193
Total Federal & State Grant Fund		2,622,973	1,295,669
Total Assets		\$5,851,050	4,978,556

**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, 2018 and 2017

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REFERENCE</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$370,275	503,235
Reserve for Encumbrances	A-3	92,394	48,635
Accounts Payable		67,927	16,600
Prepaid Taxes		69,188	282,352
Tax Overpayments		2,756	7,230
Due County for Added & Omitted Taxes		4,374	982
Local School Taxes Payable	A-11	1	1
Regional School Taxes Payable	A-12	5	5
Due to State of New Jersey - Marriage License Fees		375	525
Due to Mount Holly MUA		6,122	6,122
Reserve for Master Plan		15,513	15,513
		<hr/>	<hr/>
Total Liabilities		628,930	881,200
		<hr/>	<hr/>
Reserves for Receivables & Other Assets		1,225,368	1,045,282
Fund Balance	A-1	1,373,779	1,756,405
		<hr/>	<hr/>
Subtotal		3,228,077	3,682,887
		<hr/>	<hr/>
Federal & State Grant Fund:			
Reserve for Encumbrances	A-14	35,216	50,542
Appropriated Reserves	A-14	2,208,140	883,787
Unappropriated Reserves	A-15	18,278	12,524
Due to Current Fund	A	361,339	348,816
		<hr/>	<hr/>
Total Federal & State Grant Fund		2,622,973	1,295,669
		<hr/>	<hr/>
Total Liabilities, Reserves & Fund Balance		\$5,851,050	4,978,556
		<hr/> <hr/>	<hr/> <hr/>

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

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**CURRENT FUND
STATEMENTS OF OPERATIONS, REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE**

Years Ended December 31, 2018 and 2017

	2018	2017
<u>REVENUE & OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$760,000	700,000
Miscellaneous Revenue Anticipated	5,882,331	4,410,826
Receipts From Delinquent Taxes	38,656	5,138
Receipts From Current Taxes	18,817,515	18,334,882
Nonbudget Revenue	62,880	315,916
Other Credits to Income:		
Statutory Excess in Dog Licenses	2,776	
Unexpended Balance of Appropriation Reserves	224,392	208,223
Interfund Liquidated		134,165
Prior Year Accounts Payable Cancelled	16,600	1,068
Total Revenue & Other Income Realized	<u>25,805,150</u>	<u>24,110,218</u>
<u>EXPENDITURES</u>		
Budget & Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	3,931,941	3,801,761
Other Expenses	3,514,901	3,296,805
Deferred Charges & Statutory Expenditures	877,340	773,554
Operations Excluded From "CAPS":		
Salaries and Wages	1,002,191	50,000
Other Expenses	782,462	345,225
Capital Improvements	153,285	157,318
Municipal Debt Service	1,154,869	1,147,889
Deferred Charges & Statutory Expenditures		
Transferred to Board of Education	68,610	68,211
County Taxes	2,441,094	2,449,115
Due County for Added & Omitted	4,374	982
Local District School Tax	8,400,233	8,247,912
Regional High School Taxes	2,338,893	2,327,728
Special Fire District Taxes	617,845	617,845
Senior Citizens & Veterans Deductions Disallowed	4,500	4,062
Grants Receivable Canceled		43,441
Refund of Prior Year Revenue	32,659	
Interfunds Created	102,579	
Total Expenditures	<u>25,427,776</u>	<u>23,331,848</u>
Excess in Revenue to Fund Balance	<u>377,374</u>	<u>778,370</u>
Adjustments to Income Before Fund Balance:		
Expenditures Included Above which are by Statute		
Deferred Charges to Budget of Succeeding Year		12,066
Statutory Excess to Fund Balance	<u>377,374</u>	<u>790,436</u>
Fund Balance - Balance January 1	1,756,405	1,665,969
Decreased by: Utilization as Anticipated Revenue	760,000	700,000
Balance December 31	<u>\$1,373,779</u>	<u>1,756,405</u>

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, 2018

	ANTICIPATED BUDGET	SPECIAL N.J.S.40:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$760,000		760,000	
MISCELLANEOUS REVENUES				
Licenses - Alcoholic Beverages	23,000		23,658	658
Licenses - Other	13,500		14,330	830
Fees & Permits	350,000		306,224	(43,776)
Municipal Court Fines & Costs	210,000		289,319	79,319
Interest & Costs on Taxes	80,000		85,819	5,819
Interest on Investments & Deposits	30,000		53,144	23,144
Housing Inspection Fees	120,000		129,630	9,630
Consolidated Municipal Property				
Tax Relief	191,979		191,979	
Energy Receipts Tax	1,326,552		1,326,552	
Sustainable New Jersey Grant		3,435	3,435	
Community Forestry Grant	3,435		3,435	
Urban Enterprise Zone	72,000		72,000	
Small Cities CDBG - High &				
Washington Street Improvements	400,000		400,000	
Small Cities CDBG - Rehabilitation	125,000		125,000	
Statewide Insurance Fund Safety Grant		4,222	4,222	
Body Armor Replacement Program	2,213		2,213	
Distracted Driving Statewide				
Crackdown Grant		6,600	6,600	
TAP Grant	483,000		483,000	
NJ DOT Commerce Street Bridge	263,115		263,115	
NJ DOT Phase I High Street	206,076		206,076	
Recycling Tonnage Grant	10,311		10,311	
County Parks Grant	200,000		200,000	
Mt Holly Youth Soccer		1,000	1,000	
State Rental of Parking Lots	13,000		12,631	(369)
Construction Code Office - Indirect				
Costs	11,000		11,000	
Mt Holly Memorial Health Alliance	240,000		240,000	
County Rental of Parking Lots	98,203		98,203	
Payment in Lieu of Taxes:				
Mt. Holly Sewerage Authority	308,000		308,000	
Strouber	150,000		206,068	56,068
Senior Housing	12,500		7,650	(4,850)
Legacy/Children's Home	30,000		40,000	10,000
Regency Park	130,000		140,262	10,262
Fermoor	340,000		318,509	(21,491)

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

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

Year Ended December 31, 2018

	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		46,875	(46,875)
Contribution from Mt. Holly BOE	56,000		57,886	1,886
Cable TV Franchise Fee	124,184		124,185	1
Total	5,786,818	15,257	5,882,331	80,256
Receipts from Delinquent Taxes	7,636		38,656	31,020
Amount to be Raised by Support of Municipal Budget	5,092,304		5,191,490	99,186
Budget Totals	11,646,758	15,257	11,872,477	210,462
Nonbudget Revenues			62,880	
TOTAL REVENUES	\$11,646,758	15,257	11,935,357	

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

A-2

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

Year Ended December 31, 2018

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$18,817,515
Allocated to School, County & Fire District Taxes	<u>13,802,439</u>
Balance for Support of Municipal Budget Appropriations	5,015,076
Increased by Appropriation - Reserve for Uncollected Taxes	<u>176,414</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$5,191,490</u></u>
Receipts from Delinquent Taxes:	
Taxes Receivable	\$23,189
Tax Title Lien Receivable	<u>15,467</u>
Total	<u><u>\$38,656</u></u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenues Not Anticipated:	
Police Fees	\$3,842
Street Openings	21,289
Pilot Payments	1,000
Senior Citizen & Vets Administrative Fee	1,690
Auction Receipts	18,538
Miscellaneous	<u>16,521</u>
Total	<u><u>\$62,880</u></u>

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

A-3

**CURRENT FUND
STATEMENT OF EXPENDITURES**

Year Ended December 31, 2018

OPERATIONS	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
General Government:						
Administrative & Executive:						
Salaries and Wages	\$153,315	153,315	153,312	3		
Other Expenses	122,250	159,250	158,878	372		
Mayor and Council:						
Salaries and Wages	22,500	22,500	22,500			
Other Expenses	500	500		500		
Township Clerk:						
Salaries and Wages	120,845	124,545	124,497	48		
Other Expenses	33,500	25,500	23,584	1,916		
Financial Administration:						
Salaries and Wages	96,466	81,466	81,466			
Other Expenses	38,550	42,550	28,417	14,133		
Audit Services	34,500	34,500	34,500			
Revenue Administration (Tax Collection):						
Salaries and Wages	161,925	163,425	163,388	37		
Other Expenses	32,100	29,100	25,567	3,533		
Assessment of Taxes:						
Salaries and Wages	16,244	16,244	16,224	20		
Other Expenses	28,000	12,000	7,236	4,764		
Legal Services & Costs:						
Other Expenses	182,000	220,000	209,044	10,956		
Engineering Services & Costs:						
Other Expenses	489,400	534,400	496,138	38,262		
Historical Preservation Committee:						
Other Expenses	3,000	3,000	-	3,000		
Municipal Land Use Law (NJSA 40:55D-1):						
Planning Board:						
Salaries and Wages	13,200	13,200	12,076	1,124		
Other Expenses	21,950	15,950	11,897	4,053		
Code Enforcement and Administration:						
Inspection of Housing:						
Salaries and Wages	119,500	119,500	118,923	577		
Other Expenses	3,000	3,000	278	2,722		
Insurance:						
Employee Group Health Insurance	763,750	708,750	560,923	147,827		
General Liability Insurance	226,344	211,344	211,335	9		
Workers Compensation	195,858	195,858	195,858			
Medical Waiver	6,500	6,500	5,951	549		
Public Safety:						
Police:						
Salaries & Wages	2,449,575	2,414,575	2,414,222	353		
Other Expenses	162,667	179,667	174,192	5,475		
Emergency Management:						
Other Expenses	1,500	1,500	-	1,500		
Public Works Functions:						
Streets & Road Maintenance:						
Salaries & Wages	541,873	536,873	529,433	7,440		
Other Expenses	72,050	65,050	64,954	96		

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

A-3

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

Year Ended December 31, 2018

	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		-	-			
Other Expenses	32,700	32,700	27,861	4,839		
Vehicle Maintenance:						
Other Expenses	45,000	45,000	32,796	12,204		
Other Public Works Functions:						
Other Expenses	550	550	-	550		
Health & Welfare:						
Animal Control Services:						
Other Expenses	12,000	12,000	12,000			
Community Drug Alliance Program:						
Other Expenses	2,200	6,400	4,200	2,200		
Park & Recreation Functions:						
Recreation Services & Programs:						
Salaries & Wages	61,916	61,916	61,427	489		
Other Expenses	3,000	3,000	1,265	1,735		
Celebration of Public Events:						
Other Expenses	10,000	10,000	8,650	1,350		
Municipal Court:						
Municipal Court:						
Salaries and Wages	202,382	202,382	201,224	1,158		
Other Expenses	15,707	15,707	11,735	3,972		
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	52,198	12,802		
Street Lighting	200,000	195,300	174,937	20,363		
Telecommunication Costs	32,000	27,300	24,899	2,401		
Water	5,500	6,500	5,367	1,133		
Gasoline	55,000	72,000	65,050	6,950		
Landfill/Solid Waste:						
Garbage & Trash Removal:						
Other Expenses	250,000	250,000	245,350	4,650		
Sanitary Landfill:						
Contractual	325,000	313,000	288,811	24,189		
Unclassified:						
Accumulated Absences	10,000	10,000	10,000			
Contingency	1,500	1,500	1,500			
Total Operations Within "CAPS"	7,464,842	7,446,842	7,096,063	350,779		
Total Operations Including Contingent Within "CAPS"	7,464,842	7,446,842	7,096,063	350,779		
Detail:						
Salaries and Wages	3,981,741	3,931,941	3,920,692	11,249		
Other Expenses (Including Contingent)	3,483,101	3,514,901	3,175,371	339,530		

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

A-3

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

Year Ended December 31, 2018

	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	12,066	12,066	12,066			
Public Employees Retirement System	183,057	183,057	183,057			
Police & Fire Pension Fund	494,717	494,717	494,717			
Social Security System (O.A.S.I.)	150,000	163,000	151,875	11,125		
DCRP	4,500	4,500	2,156		2,344	
Unemployment Fund	15,000	20,000	17,072	2,928		
Total Deferred Charges & Statutory Expenditures	859,340	877,340	860,943	16,397		
Total General Appropriations for Municipal Purposes Within "CAPS"	8,324,182	8,324,182	7,957,006	367,176		
Mandated Expenditures Excluded From "CAPS":						
Other Operations - Excluded From "CAPS"						
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	22,000	22,000	22,000			
NJ DOT - High Street	952,191	952,191	952,191			
Body Armor Grant	2,213	2,213	2,213			
Sustainable Jersey Grant - Roots to River		3,435	3,435			
Community Forestry Grant	3,435	3,435	3,435			
Distracted Driver		6,600	6,600			
Youth Soccer Grant		1,000	1,000			
County Parks Grant	200,000	200,000	200,000			
Community Development Block Grant	525,000	525,000	525,000			
Insurance Fund Safety Grant		4,222	4,222			
Recycling Tonnage Grant	10,311	10,311	10,311			
Total Operations Excluded from "CAPS"	1,769,396	1,784,653	1,784,653			
Detail:						
Salary and Wages	1,002,191	1,002,191	1,002,191			
Other Expenses	767,205	782,462	782,462			
Capital Improvements Excluded from "CAPS"						
Capital Improvements:						
Public Works Equipment	100,854	100,854	97,755		3,099	
Leaf Vacuum	52,431	52,431	52,431			
Total Capital Improvement Excluded "CAPS"	153,285	153,285	150,186		3,099	

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

A-3

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

Year Ended December 31, 2018

OPERATIONS - Excluded from "CAPS"	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED	OVER- EXPENDED
Municipal Debt Service:						
Payment of Bond Principal	490,000	490,000	490,000			
Interest on Bonds	391,654	391,654	391,654			
Payment of Bond Anticipation Notes	90,000	90,000	90,000			
Interest on Notes	166,337	166,337	166,336		1	
Loan Repayment for Principal & Interest	16,880	16,880	16,879		1	
Total Municipal Debt Service	1,154,871	1,154,871	1,154,869		2	
Total General Appropriations - Municipal Purposes - Excluded From "CAPS"	3,077,552	3,092,809	3,089,708	3,099	2	
Subtotal General Appropriation Items	11,401,734	11,416,991	11,046,714	370,275	2	
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17 & 17.3)	68,610	68,610	68,610			
Reserve For Uncollected Taxes	176,414	176,414	176,414			
Total General Appropriations	<u>\$11,646,758</u>	<u>11,662,015</u>	<u>11,291,738</u>	<u>370,275</u>	<u>2</u>	
Budget		\$11,646,758				
Appropriation by 40A:4-87		<u>15,257</u>				
Total		<u>\$11,662,015</u>				
Deferred Charges:						
Overexpenditure of Appropriation			\$ 12,066			
Reserve for Uncollected Taxes			176,414			
Federal and State Grant Funds			1,780,407			
Encumbrances			92,394			
Refunds			(299,456)			
Disbursed			<u>9,529,913</u>			
Total			<u>\$11,291,738</u>			

See notes to financial statements.

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

B

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

December 31, 2018 and 2017

<u>ASSETS</u>	<u>REFERENCE</u>	2018	2017
Dog License Fund:			
Cash - Chief Financial Officer	B-1	\$14,414	9,834
Total Dog License Fund		<u>14,414</u>	<u>9,834</u>
Other Funds:			
Cash - Chief Financial Officer	B-1	1,156,592	1,318,358
Forgivable Mortgage Receivable		1,230,972	1,530,619
Mortgage Receivable - Homeowners		<u>68,366</u>	<u>79,496</u>
Total Other Funds		<u>2,455,930</u>	<u>2,928,473</u>
Total Assets		<u>\$2,470,344</u>	<u>2,938,307</u>
<u>LIABILITIES & RESERVES</u>			
Dog License Fund:			
Due to Current Fund	A	3,063	133
Due to State of New Jersey	B-6	312	312
Reserve for Dog Fund Expenditures	B-2	<u>11,039</u>	<u>9,389</u>
Total Dog License Fund		<u>14,414</u>	<u>9,834</u>
Other Funds:			
Due to Current Fund	B-7	21,636	8,539
Due to State of New Jersey		40,893	46,343
Reserve for:			
Forgivable Mortgage Receivable		1,230,972	1,530,619
Mortgage Receivable - Homeowners		68,366	79,496
Tax Sale Premiums	B-4	472,500	604,000
Recreation Commission Funds	B-8	15,367	21,756
Law Enforcement Trust Fund	B-8	16,668	15,692
Federal & State Grants	B-8	28,031	19,214
Builder's Escrow	B-8	99,026	130,810
Recycling Program	B-8	8,544	7,582
Uniform Construction Code	B-5	44,868	95,208
Outside Police Services	B-8	169,751	115,441
Snow Removal	B-8	54,999	43,931
Public Defender	B-8	13,967	13,093
P.O.A.A. - Parking Fines	B-8	13,580	12,664
Redemption of Tax Sale Certificates	B-3	90,842	106,661
RCA Trust	B-8	24,594	47,279
Environmental Committee	B-8	1,421	680
Shade Tree	B-8	3,640	3,200
Compensated Absences	B-8	<u>36,265</u>	<u>26,265</u>
Total Other Funds		<u>2,455,930</u>	<u>2,928,473</u>
Total Liabilities & Reserves		<u>\$2,470,344</u>	<u>2,938,307</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 AND FUND BALANCE**

December 31, 2018 and 2017

<u>ASSETS</u>	<u>REFERENCE</u>	2018	2017
Cash & Investments	C-2, C-3	\$ 267,017	781,657
Deferred Charges to Future Taxation:			
Funded		13,467,373	10,059,883
Unfunded	C-4	5,985,500	9,988,500
		<u>19,719,890</u>	<u>20,830,040</u>
Total Assets		<u>\$ 19,719,890</u>	<u>20,830,040</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Due to Current Fund	A	8,518	3,158
Green Acres Loan Payable	C-9	44,373	59,883
Bond Anticipation Notes	C-7	2,773,500	6,776,500
Serial Bonds	C-8	13,423,000	10,000,000
Improvement Authorizations:			
Funded	C-6	60,892	69,044
Unfunded	C-6	3,241,256	3,753,104
Capital Improvement Fund	C-5	30,124	30,124
Fund Balance	C-1	138,227	138,227
		<u>19,719,890</u>	<u>20,830,040</u>
Total Liabilities and Fund Balance		<u>\$ 19,719,890</u>	<u>20,830,040</u>
 Bonds and Notes Authorized But Not Issued	 C-10	 \$ 3,212,000	 3,212,000

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

C-1

**GENERAL CAPITAL FUND
STATEMENTS OF FUND BALANCE**

December 31, 2018

Balance December 31, 2018 and 2017	<u><u>\$138,227</u></u>
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**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

D

**PAYROLL FUND
STATEMENTS OF ASSETS AND LIABILITIES**

December 31, 2018 and 2017

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2018</u>	<u>2017</u>
Cash - Chief Financial Officer	D-1	\$143,058	14,337
Total		<u>\$143,058</u>	<u>14,337</u>
 <u>LIABILITIES</u>			
Payroll Taxes Payable		\$37,308	9,470
Due to Current Fund	A	105,750	4,867
Total		<u>\$143,058</u>	<u>14,337</u>

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

E

**GENERAL FIXED ASSETS GROUP
STATEMENTS OF ASSETS AND INVESTMENT IN GENERAL FIXED ASSETS**

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
General Fixed Assets		
Land	\$1,758,735	1,758,735
Buildings & Contents	9,052,860	9,058,947
Vehicles & Equipment	6,355,442	6,208,070
	<hr/>	<hr/>
Total	<u>\$17,167,037</u>	<u>17,025,752</u>
Investment in General		
Fixed Assets	<u>\$17,167,037</u>	<u>17,025,752</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.

Pension expenses are recorded on a cash basis as billed by the State of New Jersey. Thus, net pension liability and related deferred inflows and outflows are not recorded on the statement of assets, liabilities, reserves and fund balance.

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 Accounting Principles Generally Accepted in the United States of America ("GAAP") - The accounting principles and practices followed by the Township differ in some respects, which in some instances may be material from GAAP 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, 2018, 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, 2018, were anticipated as revenue in the adopted 2019 budget:

	Balance December 31, 2018	Utilized 2019 Budget
Current Fund	<u>\$ 1,373,779</u>	<u>\$ 550,000</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, 2018, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2017	2018 Budget Appropriation	Balance to Succeeding Budget
Current Fund			
Over-expenditure of appropriation	<u>\$ 12,066</u>	<u>\$ 12,066</u>	<u>\$ -</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, 2018.

**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, 2018, and reported book balances are as follows:

Type Deposits	Book Balances
Demand Deposits	\$ 3,944,149
Total Deposits	<u>\$ 3,944,149</u>

Type	Book Balances
Reconciliation of Statement of Comparative Balance Sheets	
Current	\$ 1,995,524
Federal and State Grants	367,544
Dog Trust	14,414
Other Trust	1,156,592
Payroll	143,058
General Capital	<u>267,017</u>
Total Reconciliation of Comparative Balance Sheets	<u>\$ 3,944,149</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, 2018, the Township's bank balance of \$4,074,078 was insured or collateralized as follows:

Insured	\$ 367,427
Collateralized in the Township's name under GUDPA (see Note G)	<u>3,706,651</u>
Total	<u>\$ 4,074,078</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 2018 with an approved public fund depository qualified under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). 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 the Federal Deposit Insurance Corporation ("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 2018, 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 \$183,057 for 2018.

The employee contribution rate was 7.34% effective July 1, 2017 and increased to 7.5% as of July 1, 2018.

Net Pension Liability - At December 31, 2018, the Township's proportionate share of the PERS net pension liability is valued to be \$3,956,441. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Township's proportion measured as of June 30, 2018, was .020094%, which was an increase of .0008% from its proportion measured as of June 30, 2017.

	<u>December 31, 2018</u>
Actuarial valuation date	July 1, 2018
Net Pension Liability	\$ 3,956,441
Township's portion of the Plan's total Net Pension Liability	0.02009%

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
Investment Rate of Return	7.00%

**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)

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for Male and Female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

**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)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real 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%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

	<u>At 1% decrease (4.66%)</u>	<u>At current discount rate (5.66%)</u>	<u>At 1% increase (6.66%)</u>
Local	<u>\$ 4,974,769</u>	<u>\$ 3,956,441</u>	<u>\$ 3,102,129</u>

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)

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/annrpts.shtml

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

The following represents the membership tiers for PFRS:

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

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

**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)

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 \$494,717 for 2018.

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 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 - At December 31, 2018, the Township’s proportionate share of the PFRS net pension liability is valued to be \$8,122,402. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The Township’s proportion of the net pension liability was based on the Township’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2018. The Township’s proportion measured as of June 30, 2018, was .06003%, which was an increase of .0041% from its proportion measured as of June 30, 2018.

	<u>December 31, 2018</u>
	July 1, 2018
Actuarial valuation date	
Net Pension Liability	\$ 8,122,402
Township’s portion of the Plan’s total	
Net Pension Liability	0.06003%

Additionally, the State’s proportionate share of the net pension liability attributable to the Township is \$1,103,294 as of December 31, 2018. The net pension liability was measured as of

**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)

June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. The State’s proportion of the net pension liability associated with the Township was based on a projection of the Township’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2018, was .06003%, which was an increase of .0041% from its proportion measured as of June 30, 2017, which is the same proportion as the Township’s.

Township's Proportionate Share of the Net Pension Liability	\$ 8,122,402
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>1,103,294</u>
Total Net Pension Liability	<u><u>\$ 9,225,696</u></u>

Actuarial Assumptions – The collective total pension liability for the June 30, 2018, measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.10 - 8.98% Based on Age
Thereafter	3.10 - 9.98% Based on Age
Investment Rate of Return	7.00%

Pre-Retirement mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-Retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Post-Retirement Mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

**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 actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real 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%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general

**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)

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 based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, 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 collective net pension liability calculated using the discount rate as disclosed above, as well as what the Township’s proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>At 1% decrease (5.51%)</u>	<u>At current discount rate (6.51%)</u>	<u>At 1% increase (7.51%)</u>
Local	\$ 10,870,827	\$ 8,122,402	\$ 5,855,452

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

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

NOTES TO FINANCIAL STATEMENTS

H. PENSION OBLIGATION (CONTINUED)

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, 2018, the Township has paid \$2,156.

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.

J. INTERFUNDS, RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2018, is as follows:

	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 500,306	
Federal and State Grant Fund		\$ 361,339
General Capital Fund		8,518
Payroll Fund		105,750
Trust Fund - Animal Control		3,063
Trust Other Funds		21,636
Total Funds	<u>\$ 500,306</u>	<u>\$ 500,306</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, 2018, the following changes occurred in long-term debt including loans:

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

NOTES TO FINANCIAL STATEMENTS

L. GENERAL LONG-TERM DEBT (CONTINUED)

	Balance December 31, 2017	Issued	Reduction	Balance December 31, 2018
General Capital				
Serial Bonds	\$ 10,000,000	\$ 3,913,000	\$ 490,000	\$ 13,423,000
Green Acres Loan	59,883		15,510	44,373
Total	<u>\$ 10,059,883</u>	<u>\$ 3,913,000</u>	<u>\$ 505,510</u>	<u>\$ 13,467,373</u>

Permanently Funded Debt

General Obligation Serial Bonds and Green Acres Loan as of December 31, 2018, consists of the following:

Date of Issued	Purpose	Maturities	Interest Rate	Amount
March 11, 2005	Green Acres Loan	2018 to 2021	2.00%	\$ 44,373
October 31, 2013	General Obligation	2018 to 2025	Various	910,000
October 31, 2013	General Taxable Bonds	2018 to 2038	Various	3,525,000
June 22, 2010	Acquisition of Property Gardens	2018 to 2020	Various	550,000
September 27, 2017	Refund Bond Series 2010	2018 to 2030	Various	4,525,000
November 7, 2018	General Obligation 2018	2018 to 2043	Various	3,913,000
				<u>\$ 13,467,373</u>

Debt Service Requirements

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

Year Ending December 31,	Principal	Interest	Total
2019	\$ 623,822	\$ 548,302	\$ 1,172,124
2020	641,140	525,926	1,167,066
2021	667,411	504,365	1,171,776
2022	670,000	485,576	1,155,576
2023	680,000	465,650	1,145,650
2024-2028	3,555,000	1,964,640	5,519,640
2029-2033	2,680,000	1,302,538	3,982,538
2034-2038	2,950,000	722,200	3,672,200
2039-2043	1,000,000	140,500	1,140,500
Total	<u>\$ 13,467,373</u>	<u>\$ 6,659,697</u>	<u>\$ 20,127,070</u>

Bond Anticipation Notes issued as of December 31, 2018, are as follows:

Interest	Purpose	Rate	Amount
General Capital Fund	Acquisition of Various Properties	2.390%	\$ 2,251,000
General Capital Fund	Various Capital Improvements	2.490%	522,500
Total			<u>\$ 2,773,500</u>

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

NOTES TO FINANCIAL STATEMENTS

L. GENERAL LONG-TERM DEBT (CONTINUED)

New Jersey Statutes limit the debt of a municipality to 3.50% of the average of the last three preceding years' average equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2018, was 3.222%. The Township's remaining borrowing power is .278%.

Summary of Municipal Debt (Excluding Current Debt)

	2018	2017	2016
Issued -			
General - Bonds and Notes	\$ 16,240,873	16,836,383	16,220,088
Net Debt Issued	16,240,873	16,836,383	16,220,088
Authorized But Not Issued:			
General - Bonds and Notes	3,212,000	3,212,000	3,137,000
Net Debt	\$ 19,452,873	20,048,383	19,357,088

**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 3.222%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional School District	\$ 10,815,000	\$ 10,815,000	
Local School District	6,169,000	6,169,000	
General Debt	19,452,873	-	19,452,873
Total	\$ 36,436,873	\$ 16,984,000	\$ 19,452,873

Net debt, \$19,452,873 divided by Average Equalized Valuation Basis Per N.J.S.A.40A:2-2 as amended, \$603,839,953 equals 3.222%.

Equalized Valuation Basis:

2018	\$615,508,645
2017	602,788,754
2016	593,222,459
Average	<u>\$603,839,953</u>

**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, 2018, 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>
2019	<u>\$ 54,228</u>
Total Minimum Lease Payments	54,228
Less: Amount Representing Interest	<u>2,705</u>
Present Value of Net Minimum Lease Payments	<u>\$ 51,523</u>

Lease payments under Capital leases for the year 2018 and 2017 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, 2018:

	Balance <u>December 31, 2017</u>	Additions/ <u>Adjustments</u>	Balance <u>December 31, 2018</u>
Land	\$ 1,758,735		\$ 1,758,735
Buildings and Improvements	9,058,947	\$ (6,087)	9,052,860
Vehicles and Equipment	6,208,070	147,372	6,355,442
Total	<u>\$ 17,025,752</u>	<u>\$ 141,285</u>	<u>\$ 17,167,037</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, 2018, is as follows:

Vacation Time and Sick Time:

Employees Accrual	\$317,681
Township Share of Payroll Taxes	9,356

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 Townships 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 previously 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 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 led to a destabilizing effect on the development and 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 was 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 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, 2018, the Township is continuing to make every effort to complete 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 families. As of December 31, 2018, the Township has acquired fifteen of these properties which represent a mortgage receivable balance of \$68,366 resulting from the paying off of mortgages required by the Gardens Settlement Agreement. Further, in order to complete the remaining acquisitions, the Township may be required to provide additional mortgages in the approximate amount of \$97,373 and will be required to purchase a property for approximately \$84,000.

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 years after receiving the loan. Similarly, twenty-five percent of the loan shall be forgiven for each additional year the owner-occupant remains in the unit. Finally, after ten years, the loan shall be forgiven. The amount of forgivable mortgage receivable as of December 31, 2018, is \$1,230,972.

T. SUBSEQUENT EVENTS

On June 27, 2019 the Township issued Bond Anticipation Notes of 2019, Series A for \$760,000 with an interest rate of 2.250% and a maturity date of June 26, 2020. The issuance was authorized by Ordinance No. 2016-15 for the replacement of Buttonwood Lake Dam.

U. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The Township's unaudited portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability as of December 31, 2018, is 0.165400% or \$10,277,699.

SUPPLEMENTAL SCHEDULES

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

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

Year Ended December 31, 2018

	<u>CURRENT FUND</u>	<u>FEDERAL & STATE GRANT FUND</u>
Balance December 31, 2017	\$2,615,354	14,476
Increased by Receipts:		
Taxes Receivable	18,472,102	
Tax Title Liens Receivable	15,467	
Tax Overpayments	25,064	
Due From State of New Jersey - Senior Citizen & Veteran Deductions	83,500	
Prepaid Taxes	69,188	
Revenue Accounts Receivable	4,091,107	
Miscellaneous Revenue Not Anticipated	62,880	
Budget Refunds	307,591	
Amount Due to State for Marriage Licenses/Funeral Licenses	1,800	
Due to County - Pilot Payment	16,764	
Due From TTL Redemption Funds	309,300	
Due From Mt. Holly MUA	130,010	
State & Federal Grants Receivable		806,324
Federal and State Grants Unappropriated		18,278
	<u>23,584,773</u>	<u>824,602</u>
Total		
Subtotal	<u>26,200,127</u>	<u>839,078</u>
Decreased by Disbursements:		
2018 Appropriations	9,529,913	
2017 Appropriation Reserve	307,109	
Refund Tax Overpayments	28,162	
County Taxes	2,442,076	
Local District School Taxes	8,400,234	
Regional High School District Taxes	2,338,894	
Fire District Taxes	617,845	
Due to Mt. Holly MUA	130,010	
Due to Payroll Fund	100,000	
Due to TTL Redemption Fund	309,300	
Due to State of New Jersey Funds - Appropriated	1,810	
		<u>471,534</u>
Total Disbursements	<u>24,205,353</u>	<u>471,534</u>
Balance December 31, 2018	<u><u>\$1,994,774</u></u>	<u><u>367,544</u></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, 2018

YEAR	BALANCE	2018 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	OVER- PAYMENTS APPLIED	CANCELED	TRANSFERRED	BALANCE
	DECEMBER 31, 2017			2017	2018				TO TAX TITLE LIENS	
2016	\$1,969									1,969
2017	18,475		5,000		23,189					286
Total	20,444		5,000		23,189					2,255
2018		18,935,333		282,352	18,448,913	86,250		41,514	69,620	6,684
Total	\$20,444	18,935,333	5,000	282,352	18,472,102	86,250		41,514	69,620	8,939

Cash Receipts \$18,472,102

Total \$18,472,102

ANALYSIS OF 2018 PROPERTY TAX LEVY

Tax Yield:

General Purpose Tax	\$18,890,369
Added Taxes (54:4-63.1 et seq)	<u>44,964</u>
Total	<u>\$18,935,333</u>

Tax Levy:

Local District School Tax (Abstract)	\$8,400,233	
Regional School District Tax	2,338,893	
Fire District Tax (Abstract)	617,845	
County Taxes:		
County Tax (Abstract)	\$2,103,139	
County Open Space Tax (Abstract)	152,455	
County Library Tax (Abstract)	185,500	
Due County for Added & Omitted Taxes	<u>4,374</u>	2,445,468
Local Tax For Municipal Purposes	5,092,304	
Add: Additional Tax Levy	<u>40,590</u>	5,132,894
Total Levy		<u>\$18,935,333</u>

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

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

Year Ended December 31, 2018

Balance December 31, 2017		\$148,182
Increased by:		
Interest and Costs	\$ 760	
Transfer From Taxes Receivable - 2018	<u>69,620</u>	<u>70,380</u>
Subtotal		218,562
Decreased by:		
Adjustment to Prior Year Balance		
Collections	<u>15,467</u>	<u>15,467</u>
Balance December 31, 2018		<u><u>\$203,095</u></u>

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

December 31, 2018

Balance December 31, 2018 and 2017	<u><u>\$490,805</u></u>
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**CURRENT FUND
SCHEDULE OF PROPERTY MAINTENANCE RECEIVABLE**

Year Ended December 31, 2018

Balance December 31, 2017	\$148
Increased by:	
Billings	<u>1,823</u>
Subtotal	<u>1,971</u>
Balance December 31, 2018	<u><u>\$1,971</u></u>

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

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**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

Year Ended December 31, 2018

	BALANCE DECEMBER 31, 2017	ACCRUED IN 2018	COLLECTED BY TREASURER	RECEIVABLE DECEMBER 31, 2018
Municipal Clerk:				
Licenses:				
Alcoholic Beverages		\$23,658	23,658	
Other Licenses		14,330	14,330	
Fees & Permits		306,224	306,224	
Service Contract - Mt. Holly MUA		30,000	30,000	
Cable TV Franchise Fee		124,185	124,185	
Payment In-Lieu of Taxes:				
Mt. Holly MUA		308,000	308,000	
Children's Home		40,000	40,000	
Stouber		206,068	206,068	
Regency Park		140,262	140,262	
Fermoor		318,509	318,509	
Presbyterian Home		7,650	7,650	
Mt Holly Memorial Health Alliance Donation		240,000	240,000	
State Rental of Parking Lots		12,631	12,631	
County Rental of Parking Lots		98,203	98,203	
Municipal Court - Fines & Costs	\$20,190	289,381	289,319	20,252
Construction Code Office - Indirect Costs		11,000	11,000	
Rent - 14 Kings Street		40,000	40,000	
Contribution from Rancocas Valley Regional High School		46,875	46,875	
Contribution from Mt. Holly BOE		57,886	57,886	
Energy Receipts Tax		1,326,552	1,326,552	
Consolidated Municipal Property Tax Relief		191,979	191,979	
Housing Inspection Fees		129,630	129,630	
Interest and Costs on Taxes		85,819	85,819	
Interest on Investments		53,144	53,144	
Total	\$20,190	4,101,986	4,101,924	20,252

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

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

Year Ended December 31, 2018

OPERATIONS	BALANCE DECEMBER 31, 2017	BALANCE AFTER TRANSFERS	DISBURSED	BALANCE LAPSED	OVER- EXPENDED
General Government:					
Administrative & Executive:					
Salaries and Wages	\$3,100	3,100		3,100	
Other Expenses	11,113	11,113	3,289	7,824	
Mayor and Council:					
Other Expenses	500	500		500	
Municipal Clerk:					
Salaries and Wages	4,072	4,072		4,072	
Other Expenses	848	848	586	262	
Financial Administration:					
Salaries and Wages	2,557	2,557		2,557	
Other Expenses	8,016	8,016	1,857	6,159	
Assessment of Taxes:					
Salaries and Wages	300	300		300	
Other Expenses	5,997	5,997	690	5,307	
Collection of Taxes:					
Salaries and Wages	1,344	1,344		1,344	
Other Expenses	2,645	2,645	68	2,577	
Legal Services & Costs:					
Other Expenses	18,052	18,052	2,959	15,093	
Engineering Services & Costs:					
Other Expenses	43,608	43,608	35,670	7,938	
Historic Preservation Committee:					
Other Expenses	1,782	1,782		1,782	
Municipal Land Use Law (N.J.S.A.40:55D-1):					
Planning Board:					
Salaries and Wages	1	1		1	
Other Expenses	9,040	9,040	2,814	6,226	
Code Enforcement and Administration:					
Inspection of Housing:					
Salaries and Wages	4,574	4,574		4,574	
Other Expenses	1,379	1,379		1,379	
Insurance:					
Medical Waiver	31	31		31	
General Liability Insurance	5,743	5,743		5,743	
Employee Group Insurance	163,743	163,743	136,726	27,017	
Public Safety:					
Police:					
Salaries and Wages	21,253	21,253		21,253	
Other Expenses	17,661	17,661	3,665	13,996	
Public Works Functions:					
Streets & Road Maintenance:					
Salaries and Wages	5,096	5,096		5,096	
Other Expenses	6,024	6,024	3,037	2,987	

**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, 2018

OPERATIONS	BALANCE DECEMBER 31, 2017	BALANCE AFTER TRANSFERS	DISBURSED	BALANCE LAPSED	OVER- EXPENDED
Public Works Functions (continued):					
Public Buildings & Grounds:					
Salaries and Wages	11,985	11,985		11,985	
Other Expenses	3,303	3,303	2,708		595
Vehicle Maintenance:					
Other Expenses	10,353	10,353	7,215		3,138
Other Public Works					
Other Expenses	550	550			550
Health & Welfare:					
Animal Control Services:					
Other Expenses	2,130	2,130			2,130
Community Drug Alliance Program:					
Other Expenses	2,200	2,200	2,200		
Parks & Recreation:					
Recreation Services & Programs:					
Salaries and Wages	36	36			36
Other Expenses	2,552	2,552			2,552
Celebration of Public Events:					
Other Expenses	5,000	5,000			5,000
Utility Expenses & Bulk Purchases:					
Electricity	19,590	19,590	9,786		9,804
Street Lighting	48,509	48,509	35,636		12,873
Telephone	2,191	2,191	2,015		176
Water	1,287	1,287	457		830
Gasoline	8,611	8,611	6,424		2,187
Fuel Oil					
Municipal Court:					
Salaries and Wages	3,402	3,402			3,402
Other Expenses	3,708	3,708	2,995		713
Public Defender - Contractual	525	525			525
Landfill & Solid Waste Disposal Costs:					
Garbage & Trash Removal:					
Other Expenses	34,747	34,747	33,607		1,140
Sanitary Landfill:					
Contractual	28,650	28,650	23,013		5,637
Statutory Expenditures:					
Police & Fire Pension Fund					
Social Security System	8,256	8,256			8,256
DCRP	2,504	2,504	61		2,443
Unemployment Fund	261	261			261
<hr/>					
Total General Appropriations for Municipal Purposes - Within "CAPS"	538,829	538,829	317,478	221,351	
<hr/>					
Mandated Expenditures Excluded From "CAPS":					
Capital Improvements Excluded from "CAPS"					
Police Vehicle - SUV	2,316	2,316		2,316	
Police Equipment	725	725		725	
<hr/>					
Subtotal General Appropriation Items	3,041	3,041		3,041	
<hr/>					
Total General Appropriations	\$541,870	541,870	317,478	224,392	-
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Appropriation Reserves	\$493,235				
Encumbrances Payable	48,635				
Accounts Payable			18,504		
Refunds			(8,135)		
Cash Disbursements			307,109		
<hr/>					
Total	\$541,870		317,478		
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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, 2018

Balance December 31, 2017: School Taxes Payable	\$1
Increased by: Levy Calendar Year 2018	<u>8,400,233</u>
Subtotal	8,400,234
Decreased by: Payments	<u>8,400,233</u>
Balance December 31, 2018: School Taxes Payable	<u><u>\$1</u></u>

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

Year Ended December 31, 2018

Balance December 31, 2017: School Taxes Payable	\$5
Increased by: Levy Calendar Year 2018	<u>2,338,893</u>
Subtotal	2,338,898
Decreased by: Payments	<u>2,338,893</u>
Balance December 31, 2018: School Taxes Payable	<u><u>\$5</u></u>

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

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

Year Ended December 31, 2018

PROGRAM	BALANCE DECEMBER 31, 2017	2018 REVENUE	RECEIPTS	CANCELLED	BALANCE DECEMBER 31, 2018
Federal Grants:					
Transportation Enhancement Fund - Pedestrian Safety	\$71,748				71,748
Small Cities CDBG - High Street Improvements	193,043		193,043		
Small Cities CDBG	62,286		62,286		
Small Cities CDBG - High & Washington		400,000			400,000
Small Cities CDBG - Rehabilitation		125,000	13,689		111,311
Total Federal Grants	327,077	525,000	269,018		583,059
State Grants:					
Sustainable New Jersey Small Grant Program	15,000		7,000		8,000
Sustainable New Jersey Grant - Roots to River		3,435	1,418		2,017
Alcohol Education & Rehabilitation	1,656				1,656
NJ DOT - Park Drive	211,600		177,732		33,868
NJ DOT - Woodpecker Lane					
NJ DOT - Hemlock & Front Street	208,749		208,749		
NJ DOT - High Street	58,187		58,187		
NJ DOT - Phase II High Street		206,076			206,076
NJ DOT - Commerce Street Bridge		263,115			263,115
Safe Routes to School Grant	125,000				125,000
EDA - Ankokas Lagoon/Mills	94,059				94,059
EDA - Holly Chemical Co., Inc.	11,650				11,650
EDA - Regal Custom Fixtures	3,737				3,737
Bullet Proof Vest Program		2,213	1,475		738
Click-It-Ticket	4,916				4,916
Community Forestry	20	3,435			3,455
Distracted Driver		6,600	6,050		550
Recycling Tonnage Grant		10,311			10,311
Insurance Fund Safety Grant	4,222	4,222	4,222		4,222
TAP Grant		483,000			483,000
ANJEC Open Space Grant	320		320		
Urban Enterprise Zone		72,000	72,000		
Total State Grants	739,116	1,054,407	537,153		1,256,370
County Grants:					
Police Body Camera Grant					
County Parks Grant	215,000	200,000			415,000
Total County Grants	215,000	200,000	-	-	415,000
Local Grants:					
Mt Holly Youth Soccer Program		1,000			1,000
Total Local Grants	-	1,000	-	-	1,000
Total	\$1,281,193	1,780,407	806,171		2,255,429
Cash			806,171		
			<u>806,171</u>		

**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 – APPROPRIATED RESERVES**

Year Ended December 31, 2018

PROGRAM	BALANCE DECEMBER 31, 2017	TRANSFERRED FROM 2018 BUDGET APPROPRIATIONS	PRIOR YEAR ENCUMBRANCES RECLASSIFIED	REFUNDS	EXPENDED	CANCELED	BALANCE DECEMBER 31 2018
Federal Grants:							
Bullet Proof Vest Program	\$ 369	2,213			738		1,844
Transportation Enhancement Pedestrian Safety	120,916						120,916
Community Development Block Grant	28,656						28,656
Small Cities CDBG	57,087		8,700		62,701		3,086
Small Cities CDBG - High & Washington		400,000					400,000
Small Cities CDBG - Rehabilitation		125,000			33,800		91,200
Total Federal Grants	207,028	527,213	8,700		97,239		645,702
State Grants:							
Sustainable New Jersey - Roots to River		3,435		153	3,551		37
NJ DOT - Hemlock & Front Street	208,749				208,749		
NJ DOT - High Street	55,740				55,740		
NJ DOT - Phase II High Street		206,076					206,076
NJ DOT - Commerce Street Bridge		263,115			5,096		258,019
Drunk Driving Enforcement Grant	1,961		45		1,746		260
Alcohol Education & Rehabilitation Fund	12,001			3,644			15,645
Recycling Tonnage Grant	32,461	10,311			5,442		37,330
NJ Urban Enterprise Zone	122,922	72,000			83,115		111,807
TAP Grant		483,000					483,000
Click-It-Ticket	4,916						4,916
Distracted Driver		6,600					6,600
Drive Sober or Get Pulled Over							
Drive Sober or Get Pulled Over - Holiday							
Clean Communities Grant	35,622						35,622
Insurance Fund Safety Grant	8,318	4,222					12,540
NJ Economic Development Authority	16,799		20,284		20,284		16,799
Clean Energy - Public Utilities							
Community Forestry		3,435					3,435
Safe Routes to School Grant	125,000						125,000
State Body Armor Fund	2,325				2,212		113
Neighborhood Prevention Program							
ANJEC Open Space Grant	596				596		
Total State Grants	627,410	1,052,194	20,329	3,797	386,531	-	1,317,199
County Grants:							
Police Body Camera Grant							
County Parks Grant	49,059	200,000	21,514		26,624		243,949
Total County Grants	49,059	200,000	21,514	-	26,624	-	243,949
Local Grants:							
Mt Holly Youth Soccer Program		1,000					1,000
NJ American Water	290						290
Total Local Grants	290	1,000					1,290
Total	\$883,787	1,780,407	50,543	3,797	510,394	-	2,208,140
				Cash Disbursed	471,534		
				Adjustment	3,644		
				Encumbrances	35,216		
				Total	510,394		

**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, 2018

PROGRAM	BALANCE DECEMBER 31, 2017	GRANTS RECEIVED	REVENUE IN 2018 BUDGET	BALANCE DECEMBER 31, 2018
Federal & State Grants:				
Clean Communities Program		\$ 18,278		18,278
Bullet Proof Vest Grant	\$ 2,213		2,213	
Recycling Tonnage Grant	10,311		10,311	
Total Federal & State Grants	<u>\$ 12,524</u>	<u>18,278</u>	<u>12,524</u>	<u>18,278</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, 2018

	<u>DOG LICENSE</u>	<u>OTHER</u>
Balance December 31, 2017	\$9,835	1,318,358
Receipts:		
State Share of Dog License Fees	\$ 530	
Dog License Fees	4,995	
Late Fees	270	
Current Fund Budget	12,000	
RCA Trust Fund Deposits		21,995
P.O.A.A. Fines		1,356
Public Defenders Fees		4,972
Recreation Commission Funds		29,652
Builder's Escrow		229,326
Tax Sale Premiums		309,300
Uniform Construction Code Fees		243,336
Outside Police Services		663,725
Snow Removal		33,131
Law Enforcement Funds		1,304
Deposits for Tax Sale Redemptions		959,424
Shade Tree		440
Due to State of New Jersey		9,055
Recycling Program		962
Environmental Committee		796
Compensated Absences		10,000
State and Federal Grants		8,825
Due Current Fund	153	11,230
Total Receipts	<u>17,948</u>	<u>2,538,829</u>
Total Receipts & Balances	<u>27,783</u>	<u>3,857,187</u>
Disbursements:		
Paid to State of New Jersey	530	7,929
Expenditures Under N.J.S.A. 40:19-15.11	12,839	
Tax Sale Premiums Received		440,800
Public Defenders Fees		10,675
Recreation Commission Funds		36,041
Builder's Escrow		261,110
Uniform Construction Code Fees		293,676
Outside Police Officers		609,415
Law Enforcement Fund		328
Tax Sale Redemptions		975,243
P.O.A.A Fines		440
Snow Removal		22,063
Environmental Committee		55
RCA Trust Fund Deposits		42,812
State and Federal Grants		8
Total Disbursements	<u>13,369</u>	<u>2,700,595</u>
Balance December 31, 2018	<u>\$14,414</u>	<u>1,156,592</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, 2018

	<u>DOG LICENSE</u>	<u>OTHER</u>
Balance Per Certification of:		
Investors Bank:		
Dog License	\$14,414	
Tax Sale Premiums		482,184
Recreation Commission Funds		19,110
Law Enforcement		16,668
Builder's Escrow		117,427
Recycling Program		8,711
Uniform Construction Code		50,463
Outside Police Services		172,748
Snow Removal		55,953
Public Defender		52,047
P.O.A.A. - Parking Fines		13,849
Tax Sale Redemptions		91,310
RCA Trust		27,576
Environmental Committee		1,441
State & Federal Grants		28,495
Compensated Absences		36,752
Shade Tree		3,692
Add: Deposit in Transit		3,729
Less: Outstanding Checks Per Permanent Record		<u>(25,563)</u>
Balance December 31, 2018	<u>\$14,414</u>	<u>1,156,592</u>

B-2

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

Year Ended December 31, 2018

Balance December 31, 2017	\$	9,389
Increased by:		
Dog License Fees - Collected	\$	4,995
Late Fees		270
Current Fund Budget		<u>12,000</u>
Subtotal		17,265
Decreased by:		
Expenditures Under N.J.S.A.4:19-15.11:		
Due to Current Fund for Excess Dog Fees	12,839	
		<u>2,776</u>
Balance December 31, 2018	<u>\$</u>	<u>11,039</u>

LICENSE FEES COLLECTED	
YEAR	AMOUNT
2017	\$ 5,506
2016	<u>5,533</u>
Total	<u>\$ 11,039</u>

Note: R.S. 4:19-15.11

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

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

B-3

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

Year Ended December 31, 2018

Balance December 31, 2017	\$106,661
Increased by:	
Cash Receipts	<u>959,424</u>
Subtotal	1,066,085
Decreased by:	
Cash Disbursements	<u>975,243</u>
Balance December 31, 2018	<u><u>90,842</u></u>

B-4

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

Year Ended December 31, 2017

Balance December 31, 2017	\$604,000
Increased by:	
Premiums Received at Tax Sale	<u>309,300</u>
Subtotal	913,300
Decreased by:	
Premiums Refunded at Redemption	<u>440,800</u>
Balance December 31, 2018	<u><u>\$472,500</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, 2018

Balance December 31, 2017	\$95,208
Increased by:	
Construction Code Fees Received	<u>243,336</u>
Subtotal	338,544
Decreased by:	
Disbursement of Construction Code Funds	<u>293,676</u>
Balance December 31, 2018	<u><u>\$44,868</u></u>

B-6

TRUST FUNDS

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

Year Ended December 31, 2018

Balance December 31, 2017	\$312
Increased by:	
Dog License Fees Collected:	
Sate Share	<u>530</u>
Subtotal	842
Decreased by:	
Payments	<u>530</u>
Balance December 31, 2018	<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, 2018

Balance December 31, 2017		\$	8,539
Increased by:			
Interest Earned	\$	11,230	
Receipts from Current Fund		<u>4,976</u>	<u>16,206</u>
Subtotal			24,745
Decreased by:			
Disbursements to Current		<u>3,109</u>	<u>3,109</u>
Balance December 31, 2018		\$	<u><u>21,636</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, 2018

	BALANCE	INCREASED BY			DECREASED BY		BALANCE
	DECEMBER 31, 2017	RECEIPTS	INTEREST EARNINGS	OTHER	DISBURSEMENTS	OTHER	DECEMBER 31, 2018
Recreation Commission Funds	\$21,756	29,652			36,041		15,367
Law Enforcement Funds	15,692	1,098	206		328		16,668
Builder's Escrow	130,810	229,326			261,110		99,026
Recycling Program	7,582	962					8,544
Outside Police Services	115,441	663,725			609,415		169,751
Snow Removal	43,931	33,131			22,063		54,999
Public Defender	13,093	4,972		6,577	10,675		13,967
P.O.A.A. - Parking Fines	12,664	1,356			440		13,580
RCA Trust	47,279	21,461	534		42,812	1,868	24,594
Compensated Absences	26,265	10,000					36,265
Environmental Committee	680	796			55		1,421
Shade Tree	3,200	440					3,640
Federal & State Grants	19,214	8,825			8		28,031
Total	\$457,607	1,005,744	740	6,577	982,947	1,868	485,853

**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, 2018

Balance December 31, 2017		\$781,657
Increased By:		
Interest on Investments	\$5,360	
Due Current Fund	256,337	
Refund	30	
Contra	234,780	
Bond Proceeds	3,913,000	
Bond Anticipation Note Proceeds	2,773,500	7,183,007
		<hr/>
Subtotal		7,964,664
Decreased By:		
Contra	234,780	
Bond Sale	3,913,000	
Bond Anticipation Note Renewal	2,773,500	
Bond Anticipation Note Principal and Interest	256,337	
Improvement Authorizations	520,030	7,697,647
		<hr/>
Balance December 31, 2018		<u><u>\$267,017</u></u>

C-3

**GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH**

Year Ended December 31, 2018

Fund Balance	\$138,227
Capital Improvement Fund	30,124
Due to/(from) Current Fund	8,518
Improvement Authorizations:	
Ordinance Numbers & Descriptions	
99-22 Acquisition of Various Equipment & Completion of Various Capital Improvements	1,463
05-16 Acquisition of Various Properties	19,429
09-11 Restoration of Upper Buttonwood & Woolman Lakes	(556)
10-17 The Gardens Redevelopment Project	3
16-15 Replacement of Buttonwood Lake Dam	40,000
17-15 Various Capital Improvements	82,487
17-16 Refunding Bond Ordinance GOB Series	(52,678)
	<hr/>
Total Cash & Investments	<u><u>\$267,017</u></u>

**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, 2018

Balance December 31, 2018 and 2017	<u><u>\$30,124</u></u>
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**TOWNSHIP OF MOUNT HOLLY
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

C-6

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Year Ended December 31, 2018

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2017		2018 AUTHORIZATIONS	ENCUMBRANCES RECLASSIFIED	PAID OR CHARGED	REFUNDS	BALANCE DECEMBER 31, 2018	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
99-22	Acquisition of Various Equipment Completion of Various Capital Improvements	7/23/91	\$1,447,000	\$1,463						1,463	
05-16	Acquisition of Various Properties	7/25/05	44,000	21,189				1,790	30	19,429	
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		41,294			41,294			
10-17	Acquisition of Various Properties	12/13/10	2,500,000		3						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	6,392	500,363			424,268			82,487
17-16	Refunding Bond Ordinance GOB Series 2010	7/10/17	695,000		75,000			52,678			22,322
Total			<u>\$69,044</u>	<u>3,753,104</u>				<u>520,030</u>	<u>30</u>	<u>60,892</u>	<u>3,241,256</u>
Cash Disbursement								<u>520,030</u>			
Total								<u>520,030</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, 2018

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	BALANCE DECEMBER 31, 2017	INCREASE	DECREASE	BALANCE DECEMBER 31, 2018
08-11	Acquisition of Various Properties	7/10/08	10/12/17	11/11/18	\$ 2,046,000		2,046,000	
09-15	Acquisition of Various Properties	6/22/10	10/12/17	11/11/18	1,867,000		1,867,000	
10-17	Acquisition of Various Properties	3/24/11	11/07/18 10/12/17	11/06/19 11/11/18	2,341,000	2,251,000	2,341,000	2,251,000
17-15	Various Capital Improvements	10/12/17	10/10/18 10/12/17	10/09/19 10/11/18	522,500	522,500	522,500	522,500
Total					<u>\$ 6,776,500</u>	<u>2,773,500</u>	<u>6,776,500</u>	<u>2,773,500</u>
					Paid by Budget Appropriation		\$ 90,000	
					Bonds Sold		3,913,000	
					Renewals	<u>\$2,773,500</u>	<u>2,773,500</u>	
Total						<u>\$2,773,500</u>	<u>6,776,500</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, 2018

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2017	ISSUED	REFUNDED	PAID	BALANCE DECEMBER 31, 2018
			DATE	AMOUNT						
Taxable Redevelopment General Obligation Bonds Series 2010	6/22/10	\$5,725,000	6/1/19	\$ 265,000	5.500%	\$ 800,000			250,000	550,000
			6/1/20	285,000	5.500%					
Taxable Redevelopment General Obligation Refunding Bonds, Series 2017	9/27/17	\$4,610,000	6/1/19	85,000	1.850%	4,610,000			85,000	4,525,000
			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%								
General Obligation Bonds Series 2013	10/31/13	\$1,375,000	11/15/19	130,000	2.000%	\$1,040,000			130,000	910,000
			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%					

**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, 2018

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2017	ISSUED	REFUNDED	PAID	BALANCE DECEMBER 31, 2018
			DATE	AMOUNT						
General Taxable Bonds Series 2013	10/31/13	\$1,375,000	11/15/19	25,000	4.000%	3,550,000			25,000	3,525,000
			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%								
Taxable Redevelopment General Obligation Bonds Series 2018	11/07/18	\$3,913,000	11/01/19	103,000	4.500%		3,913,000			3,913,000
			11/01/20	100,000	4.500%					
			11/01/21	105,000	4.500%					
			11/01/22	110,000	4.500%					
			11/01/23	115,000	4.500%					
			11/01/24	120,000	4.500%					
			11/01/25	125,000	4.500%					
			11/01/26	130,000	4.500%					
11/01/27	135,000	4.500%								

**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, 2018

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF		INTEREST RATE	BALANCE				
			DATE	AMOUNT		DECEMBER 31, 2017	ISSUED	REFUNDED	PAID	DECEMBER 31, 2018
Taxable Redevelopment General Obligation Bonds Series 2018	11/07/18	\$3,913,000	11/01/28	140,000	4.500%					
			11/01/29	145,000	4.500%					
			11/01/30	150,000	4.500%					
			11/01/31	155,000	4.500%					
			11/01/32	165,000	4.500%					
			11/01/33	170,000	4.500%					
			11/01/34	175,000	4.500%					
			11/01/35	185,000	4.500%					
			11/01/36	190,000	4.500%					
			11/01/37	195,000	4.500%					
			11/01/38	200,000	4.500%					
			11/01/39	200,000	4.550%					
			11/01/40	200,000	4.600%					
			11/01/41	200,000	4.650%					
			11/01/42	200,000	4.700%					
			11/01/43	200,000	4.750%					
Totals						\$10,000,000	3,913,000	-	490,000	13,423,000

**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, 2018

PURPOSE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE	ISSUED	PAID	BALANCE
		DATE	AMOUNT		DECEMBER 31, 2017			DECEMBER 31, 2018
Improvement to Mill Dam Park	\$248,195	3/11/19	7,872	2.000%	\$59,883		15,510	44,373
		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					\$59,883	-	15,510	44,373

**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, 2018

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	2018 AUTHORIZATIONS	SERIAL BONDS ISSUED	BOND ANTICIPATION NOTES ISSUED	BALANCE DECEMBER 31, 2018
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	75,000				75,000
	Total	<u>\$3,212,000</u>				<u>3,212,000</u>

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

D-1

**PAYROLL FUND
SCHEDULE OF PAYROLL FUND CASH**

Year Ended December 31, 2018

Balance December 31, 2017		\$	14,337
Increased by:			
Net Payroll & Payroll Deductions	\$	4,951,709	
Due Current Fund		<u>102,534</u>	<u>5,054,243</u>
Subtotal			5,068,580
Decreased by:			
Net Payroll & Payroll Deductions		<u>4,925,522</u>	
Balance December 31, 2018		\$	<u><u>143,058</u></u>

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

E-1

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

Year Ended December 31, 2018

	Balance December 31, 2017	Additions	Reclassified	Balance December 31, 2018
General Fixed Assets:				
Land	\$1,758,735			1,758,735
Buildings & Contents	9,058,947		(6,087)	9,052,860
Vehicles and Equipment	6,208,070	141,285	6,087	6,355,442
Total	17,025,752	141,285	-	17,167,037
Total Investment in General Fixed Assets	\$17,025,752	141,285	-	17,167,037

**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, 2018, and the related notes to financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 26, 2019, 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify a deficiency in internal control, listed as 2018-001 described in the accompanying schedule of current year findings 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 Finding

The Township's response to the finding identified in our audit is 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

August 26, 2019

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, 2018

	YEAR 2018		YEAR 2017	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Revenue and Other Income Realized				
Fund Balance Utilized	\$760,000	2.95%	700,000	2.90%
Miscellaneous - From Other Than Local Property Tax Levies	6,188,979	23.98%	5,070,198	21.03%
Collection of Delinquent Taxes & Tax Title Liens	38,656	0.15%	5,138	0.02%
Collection of Current Tax Levy	18,817,515	72.92%	18,334,882	76.05%
Total Income	25,805,150	100.00%	24,110,218	100.00%
Expenditures				
Budget Expenditures - Municipal Purposes	11,485,599	45.17%	9,640,763	41.32%
County Taxes	2,445,468	9.62%	2,450,097	10.50%
Local & Regional School Taxes	10,739,126	42.23%	10,575,640	45.33%
Fire District Taxes	617,845	2.43%	617,845	2.65%
Other Expenditures	139,738	0.55%	47,503	0.20%
Total Expenditures	25,427,776	100.00%	23,331,848	100.00%
Excess in Revenue to Fund Balance	377,374		778,370	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year			12,066	
Statutory Excess to Fund Balance	377,374		790,436	
Fund Balance January 1	1,756,405		1,665,969	
Less:				
Utilization as Anticipated Revenue	760,000		700,000	
Fund Balance December 31	\$1,373,779		1,756,405	

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

COMPARATIVE STATEMENT OF TAX LEVIES AND COLLECTION CURRENTLY

Year Ended December 31, 2018

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
2018	\$ 18,935,333	\$ 18,817,515	99.38%
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%

Comparison of Tax Rate Information

	2018	2017	2016
Total Tax Rate	<u>\$2.939</u>	<u>\$2.863</u>	<u>\$2.797</u>
Apportionment of Tax Rate:			
Municipal	0.791	0.746	0.733
County	0.380	0.381	0.376
Local School	1.307	1.279	1.230
Regional High School	0.364	0.361	0.362
Fire District	0.097	0.096	0.096

Net Valuation Taxable:

2018	<u>\$643,167,058</u>		
2017		<u>\$644,771,768</u>	
2016			<u>\$644,819,746</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
2018	\$ 203,095	8,939	212,034	1.12%
2017	148,182	20,444	168,626	0.91%
2016	103,575	7,951	111,526	0.62%

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

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

Year Ended December 31, 2018

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>
2018	\$490,805
2017	490,805
2016	490,805
2015	490,805
2014	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>
2018	\$ 1,373,779	550,000	40.04%
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%

OFFICIALS IN OFFICE AND SURETY BONDS

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

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, 2018. 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

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, 2018, 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 days after the date upon which the same became payable, shall not exceed eight percent per annum of the first One Thousand Five Hundred Dollars of the delinquency, and eighteen percent per annum on any amount in excess of One Thousand Five Hundred Dollars.

BE IT FURTHER RESOLVED, that where interest on delinquent tax payments is one dollar 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, 2018, included 2017 and 2016 real estate taxes only.

The last tax sale was held on December 19, 2018, 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.

Acknowledgment

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

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

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

Respectfully submitted,



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

August 26, 2019

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

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Year Ended December 31, 2018

Finding 2018-001:

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.

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

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended December 31, 2018

Prior Year Findings

Condition

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

Status

This condition has not been resolved. See finding 2018-001.