

**BOROUGH OF MOUNT EPHRAIM
County of Camden**

Report of Audit of Financial Statements

For the Year Ended December 31, 2012

BOROUGH OF MOUNT EPHRAIM
COUNTY OF CAMDEN

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BOROUGH OF MOUNT EPHRAIM

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2012

INVERSO & STEWART, LLC

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Registered Municipal Accountants**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Commission
Borough of Mount Ephraim
County of Camden
Mount Ephraim, New Jersey

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of December 31, 2012 and 2011, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Borough'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 the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for 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.

Auditor's 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 in compliance with audit requirements as 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 of 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 auditor's 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 Borough'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 Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 1 of the financial statements, the financial statements are prepared by the Borough 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 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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 the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of December 31, 2012 and 2011, and the results of its operations and changes in fund balance – regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2012 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance programs is presented for purposes of additional analysis as required by State of New Jersey Circular 04-04-OMB, *State Grants and State Aid* and also is not a required part of the financial statements.

The supplementary financial statements presented for the various funds and the schedule of expenditures state financial assistance programs are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2013 on our consideration of the Borough of Mount Ephraim's, in the County of Camden, State of New Jersey, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Mount Ephraim's internal control over financial reporting.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 1, 2013

INVERSO & STEWART, LLC

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Commission
Borough of Mount Ephraim
County of Camden
Mount Ephraim, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated March 1, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Mount Ephraim's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Mount Ephraim'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough'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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Mount Ephraim'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying *Schedule of Findings and Questioned Costs* as Findings no.: 2012-1 and 2012-2.

The Borough of Mount Ephraim's Response to Findings

The Borough of Mount Ephraim's response to the findings identified in our report is described in the accompanying *Schedule of Findings and Questioned Costs*. The Borough'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 Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 1, 2013

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2012 and 2011

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2012</u>	<u>2011</u>
Regular Fund:			
Cash - Treasurer	A-4	\$ 1,105,262.46	\$ 1,045,563.40
Cash - Change Fund - Collector	A-5	<u>150.00</u>	<u>150.00</u>
Total		<u>1,105,412.46</u>	<u>1,045,713.40</u>
Due State of New Jersey -			
Veterans and Senior Citizens Deductions	A-6	<u>2,277.28</u>	<u>1,492.35</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	210,516.89	189,430.96
Tax Title Liens Receivable	A-8	67,825.65	75,593.00
Property Acquired for Taxes - Assessed Valuation	A-9	9,400.00	9,400.00
Sewer Rents Receivable	A-10	19,280.34	15,646.40
Revenue Accounts Receivable	A-11	9,969.80	11,435.48
Due from Animal Control Fund	B	3,455.92	3,503.23
Due from Trust - Other Fund	B	22,329.44	9,259.65
Due from Federal and State Grant Fund	A	<u>50,652.03</u>	<u>46,775.88</u>
Total		<u>393,430.07</u>	<u>361,044.60</u>
Deferred Charges:			
Special Emergency - N.J.S.40A:4-53	A-12		5,000.00
Emergency Authorizations - N.J.S.40A:4-46	A-13		<u>30,000.00</u>
			<u>35,000.00</u>
Total Regular Fund		<u>1,501,119.81</u>	<u>1,443,250.35</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4	752,660.79	416,399.75
Federal and State Grants Receivable	A-24	422,272.60	830,650.96
Due from Current Fund	A	<u>15,185.07</u>	<u> </u>
Total Federal and State Grant Fund		<u>1,190,118.46</u>	<u>1,247,050.71</u>
Total Assets		<u>\$ 2,691,238.27</u>	<u>\$ 2,690,301.06</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2012 and 2011

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REFERENCE</u>	<u>2012</u>	<u>2011</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 164,858.76	\$ 129,662.18
Encumbrances Payable	A-3,A-14	492.03	9,445.93
Tax Overpayments	A-15	31,216.01	3,694.16
Prepaid Taxes	A-16	31,099.06	56,174.69
Local School Taxes Payable	A-17	427,613.83	
Due County for Added and Omitted Taxes	A-18	1,515.86	5,533.35
Sewer Rent Overpayments	A-19	416.07	460.48
Due to Federal and State Grant Fund	A	15,185.07	
Due to Other Trust Fund	B	57,190.53	57,190.53
Due to General Capital Fund	C	48,481.00	542,118.07
Due State of New Jersey - Marriage License Fees	A-20	75.00	150.00
Due State of New Jersey - DCA Fees	A-21	301.00	383.00
Reserve for State Aid for Maintenance of Library	A-22		366.56
Reserve for Codification of Ordinances	A-23	17,071.50	17,071.50
		<u>795,515.72</u>	<u>822,250.45</u>
Total Liabilities			
Reserve for Receivables and Other Assets	A	393,430.07	361,044.60
Fund Balance	A-1	312,174.02	259,955.30
		<u>1,501,119.81</u>	<u>1,443,250.35</u>
Total Regular Fund			
Federal and State Grant Fund:			
Encumbrances Payable		10,208.70	199.87
Due to Current Fund	A	50,652.03	46,775.88
Due to General Capital Fund	C	812,990.80	548,225.33
Unappropriated Reserves	A-25		13,264.82
Appropriated Reserves	A-26	316,266.93	638,584.81
		<u>1,190,118.46</u>	<u>1,247,050.71</u>
Total Federal and State Grant Fund			
Total Liabilities, Reserves and Fund Balance		<u>\$2,691,238.27</u>	<u>\$2,690,301.06</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 220,000.00	\$ 390,000.00
Miscellaneous Revenue Anticipated	1,181,947.51	2,260,954.77
Receipts from Delinquent Taxes	200,739.72	188,259.63
Receipts from Current Taxes	11,196,770.29	10,798,422.54
Nonbudget Revenues	183,768.29	139,565.19
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	42,308.52	31,936.46
Cancelation of Encumbrances Payable	2,044.90	
Cancelation of Tax Overpayments		1,416.79
Liquidation of Interfunds	47.31	
Cancelation of Reserve Balances	366.56	
	<u>13,027,993.10</u>	<u>13,810,555.38</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	1,800,765.69	1,833,565.00
Other Expenses	1,744,629.31	1,696,570.00
Deferred Charges and Statutory Expenditures Within "CAPS"	383,478.31	374,908.52
Operations Excluded from "CAPS":		
Salaries and Wages	2,000.00	8,045.00
Other Expenses	194,254.43	1,356,288.11
Capital Improvements Excluded from "CAPS"	10,000.00	10,000.00
Municipal Debt Service Excluded from "CAPS"	420,167.31	377,734.20
Deferred Charges and Statutory Expenditures Excluded from "CAPS"	35,000.00	5,000.00
County Taxes	2,519,481.47	2,305,184.69
Due County for Added Taxes	1,515.86	5,533.35
Local School District Tax	5,644,482.00	5,617,336.00
Interfund Created		8,301.24
Prior Year Senior Citizens Disallowed		750.00
	<u>12,755,774.38</u>	<u>13,599,216.11</u>
Subtotal		
	12,755,774.38	13,599,216.11
Less: Expenditures to be Raised by Future Taxes		<u>30,000.00</u>
Total Expenditures	<u>12,755,774.38</u>	<u>13,569,216.11</u>
Statutory Excess to Fund Balance (Carried Forward)	272,218.72	241,339.27

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Statutory Excess to Fund Balance (Brought Forward)	\$ 272,218.72	\$ 241,339.27
Fund Balance January 1	<u>259,955.30</u>	<u>408,616.03</u>
Total	532,174.02	649,955.30
Decreased by Utilization as Anticipated Revenue	<u>220,000.00</u>	<u>390,000.00</u>
Fund Balance December 31	<u><u>\$ 312,174.02</u></u>	<u><u>\$ 259,955.30</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2012

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 220,000.00		\$ 220,000.00	
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage	3,000.00		4,074.00	\$ 1,074.00
Other	8,000.00		8,012.00	12.00
Fees and Permits	15,000.00		32,485.00	17,485.00
Fines and Costs:				
Municipal Court	150,000.00		158,249.60	8,249.60
Interest and Costs on Taxes	47,000.00		46,925.61	(74.39)
Sewer Rents	210,000.00		227,589.85	17,589.85
Cable TV Franchise Fees	40,000.00		56,453.41	16,453.41
State Aid Without Offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid	37,908.00		37,908.00	
Energy Receipts Tax	375,796.00		375,796.00	
Uniform Construction Code	23,000.00		18,391.00	(4,609.00)
Fema Reimbursement	14,594.06		29,514.21	14,920.15
Reimbursement from Outside Police Trust	40,000.00		40,000.00	
Reserve for Debt Service	4,489.40		4,489.40	
Special Items Offset with Appropriations:				
Drunk Driving Enforcement Fund	4,276.74	\$ 2,503.10	6,779.84	
Clean Communities Program	14,639.59	7,259.21	21,898.80	
Body Armor Grant	1,607.70		1,607.70	
Community Development Block Grant - Year 32	28,340.00		28,340.00	
Community Development Block Grant - Year 33	26,600.00		26,600.00	
Community Development Block Grant - Year 34		22,900.00	22,900.00	
Recycling Tonnage Grant		4,162.64	4,162.64	
Alcohol Education Rehabilitation		863.41	863.41	
Body Armor Grant		3,907.04	3,907.04	
Open Space Preservation Trust Fund		25,000.00	25,000.00	
Total	1,044,251.49	66,595.40	1,181,947.51	71,100.62
Receipts from Delinquent Taxes	185,000.00		200,739.72	15,739.72
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	3,348,457.82		3,305,196.93	(43,260.89)
Budget Totals	4,797,709.31	66,595.40	4,907,884.16	43,579.45
Nonbudget Revenues			183,768.29	183,768.29
Total	\$ 4,797,709.31	\$ 66,595.40	\$ 5,091,652.45	\$ 227,347.74

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2012

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 11,196,770.29
Allocated to School and County Taxes	<u>8,165,479.33</u>
Balance for Support of Municipal Budget Appropriations	3,031,290.96
Add Appropriation - Reserve for Uncollected Taxes	<u>273,905.97</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 3,305,196.93</u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	<u>\$ 200,739.72</u>
Miscellaneous Revenue:	
Recycling	15,391.07
Payment in Lieu of Taxes	39,790.00
Interest Earned on Investments	21,185.26
Sewer Interest and Costs	5,707.74
Photocopies	2,089.30
Vets and Senior Citizen Administrative Fee	1,419.30
DMV Fines	3,313.50
Lease Agreement	60,000.00
Refund of Prior Years Expenditures	32,031.97
Miscellaneous	<u>2,840.15</u>
Total	<u><u>\$ 183,768.29</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

13

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS:					
Operations Within "CAPS":					
General Government:					
Administrative and Executive:					
Salaries and Wages	\$ 8,350.00	\$ 9,150.00	\$ 8,949.96	\$ 200.04	
Other Expenses	4,000.00	3,200.00	1,620.95	1,579.05	
Municipal Clerk					
Salaries and Wages	8,870.00	9,840.00	9,823.20	16.80	
Other Expenses	39,700.00	39,700.00	38,864.95	835.05	
Financial Administration:					
Salaries and Wages	49,455.00	45,705.00	45,695.20	9.80	
Other Expenses	16,360.00	16,360.00	15,670.80	689.20	
Audit Services					
Other Expenses	25,000.00	25,000.00	25,000.00		
Collection of Taxes:					
Salaries and Wages	85,585.00	101,585.00	101,536.03	48.97	
Other Expenses	11,055.00	4,905.00	3,338.95	1,566.05	
Liquidation of Tax Title Liens					
Other Expenses	1,500.00	1,500.00	1,096.20	403.80	
Tax Assessment Administration					
Salaries and Wages	17,150.00	17,200.00	17,191.67	8.33	
Other Expenses	5,100.00	2,100.00	1,284.06	815.94	
Legal Services and Costs					
Other Expenses	35,000.00	36,500.00	31,312.11	5,187.89	
Engineering Services and Costs					
Other Expenses	15,000.00	23,260.00	22,714.82	545.18	
Municipal Land Use Law (N.J.S.A. 40:SSD-1):					
Planning Board:					
Salaries and Wages	12,030.00	12,030.00	9,287.87	2,742.13	
Other Expenses	11,000.00	10,000.00	6,418.55	3,581.45	
Insurance:					
Surety Bond Premium					
Group Insurance	639,600.00	688,095.00	688,091.45	3.55	
Liability Insurance	111,845.00	100,845.00	100,363.38	481.62	
Workers Compensation	100,890.00	100,000.00	100,000.00		
Health Benefit Waiver	49,575.00	55,175.00	55,153.12	21.88	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS:					
Operations Within "CAPS":					
Police					
Salaries and Wages	\$ 1,100,000.00	\$ 1,100,000.00	\$ 1,099,542.78	\$ 457.22	
Other Expenses	45,600.00	45,600.00	38,192.25	7,407.75	
Civil Defense and Disaster Control					
Salaries and Wages	1,350.00	1,650.00	1,336.91	313.09	
Other Expenses	10,000.00	10,000.00	6,183.76	3,816.24	
Aid to Volunteer Fire Companies					
Other Expenses	49,000.00	51,000.00	40,794.32	10,205.68	
First Aid Organization - Contribution	9,500.00	9,500.00	8,722.66	777.34	
Fire Hydration Service	54,000.00	54,000.00	49,920.95	4,079.05	
Road Repairs and Maintenance					
Salaries and Wages	133,000.00	160,000.00	157,765.13	2,234.87	
Other Expenses	20,500.00	13,900.00	12,351.19	1,548.81	
Garbage and Trash Collection					
Salaries and Wages	133,615.00	108,015.00	107,748.91	266.09	
Other Expenses	32,100.00	2,100.00	896.99	1,203.01	
Solid Waste Disposal					
Other Expenses	133,250.00	109,375.00	93,131.95	16,243.05	
Public Buildings and Grounds					
Salaries and Wages	1,350.00	1,350.00	1,280.14	69.86	
Other Expenses	24,000.00	24,000.00	15,949.43	8,050.57	
Sewer System					
Salaries and Wages	92,600.00	87,550.00	87,530.21	19.79	
Other Expenses	13,000.00	36,000.00	25,945.81	10,054.19	
Vehicle Maintenance					
Other Expenses	31,000.00	33,000.00	29,535.32	3,464.68	
Health and Human Services					
Registrar of Vital Statistics					
Salaries and Wages	1,825.00	1,970.00	1,966.43	3.57	
Other Expenses	650.00	650.00		650.00	
Parks and Recreation Functions					
Recreation Services and Programs					
Other Expenses	4,000.00	4,000.00	4,000.00		

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

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	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS:					
Operations Within "CAPS":					
Parks and Playgrounds					
Other Expenses					
Environmental Commission					
Other Expenses	\$ 100.00	\$ 100.00		\$ 100.00	
Other Common Operating Functions					
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	2,000.00	2,000.00	\$ 1,379.00	621.00	
Utility and Bulk Purchases					
Electricity	57,000.00	57,000.00	52,166.37	4,833.63	
Street Lights	65,000.00	50,000.00	40,983.57	9,016.43	
Telephone	25,000.00	26,000.00	24,276.85	1,723.15	
Fuel Oil	10,000.00	2,000.00	(560.66)	2,560.66	
Gasoline	80,000.00	80,000.00	67,548.86	12,451.14	
Sewer	2,000.00	2,000.00	1,701.00	299.00	
Municipal Court Functions					
Municipal Court					
Salaries and Wages	82,000.00	88,300.69	66,181.80	22,118.89	
Other Expenses	18,000.00	22,480.00	15,778.16	6,701.84	
Uniform Construction Code					
State Uniform Construction Code					
Construction Code Official					
Salaries and Wages	42,395.00	45,815.00	45,810.38	4.62	
Other Expenses	2,280.00	2,455.00	2,228.31	226.69	
Inspection of Rentals and Certification of Habitability					
Salaries and Wages	10,605.00	10,605.00	10,482.06	122.94	
Other Expenses	150.00	150.00		150.00	
Stormwater Regulation					
Salaries and Wages	1,640.00				
Other Expenses	1,050.00	679.31	678.29	1.02	
Total Operations Including Contingent - Within "CAPS"	3,536,625.00	3,545,395.00	3,394,862.40	150,532.60	
Detail:					
Salaries and Wages	1,781,820.00	1,800,765.69	1,772,128.68	28,637.01	
Other Expenses	1,754,805.00	1,744,629.31	1,622,733.72	121,895.59	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

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	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":					
DEFERRED CHARGES					
Deficit in Animal Control Fund	\$ 3,547.31	\$ 3,547.31	\$ 3,547.31		
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System	68,747.00	68,747.00	68,747.00		
Police & Fireman's Retirement System	224,264.00	224,264.00	224,264.00		
Defined Contribution Retirement System	500.00	500.00		\$ 500.00	
Social Security System (O.A.S.I.)	86,190.00	77,420.00	72,754.87	4,665.13	
Unemployment Compensation Insurance	9,000.00	9,000.00	8,185.91	814.09	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>392,248.31</u>	<u>383,478.31</u>	<u>377,499.09</u>	<u>5,979.22</u>	
Total General Appropriations - For Municipal Purposes Within "CAPS"	<u>3,928,873.31</u>	<u>3,928,873.31</u>	<u>3,772,361.49</u>	<u>156,511.82</u>	
GENERAL APPROPRIATIONS:					
Operations Excluded from "CAPS":					
Aid to Privately Owned Library					
Salaries and Wages	2,000.00	2,000.00	1,893.48	106.52	
Other Expenses	50.00	50.00		50.00	
Recycling Tax	7,000.00	7,000.00	2,819.58	4,180.42	
Group Health Insurance	17,265.00	17,265.00	17,265.00		
Total Other Operations Excluded from "CAPS":	<u>26,315.00</u>	<u>26,315.00</u>	<u>21,978.06</u>	<u>4,336.94</u>	
Interlocal Municipal Service Agreements					
Borough of Barrington					
Shared Truck Wash					
Other Expenses	4,000.00	4,000.00		4,000.00	
Borough of Barrington					
Municipal Clerk					
Other Expenses	23,880.00	23,880.00	23,870.00	10.00	
Total Interlocal Municipal Service Agreements	<u>27,880.00</u>	<u>27,880.00</u>	<u>23,870.00</u>	<u>4,010.00</u>	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS:					
Operations Excluded from "CAPS":					
Public and Private Programs Offset by Revenues:					
Alcohol Education/Rehabilitation		\$ 863.41	\$ 863.41		
Body Armor Grant		3,907.04	3,907.04		
Body Armor Grant	\$ 1,607.70	1,607.70	1,607.70		
Clean Communities Grant	14,639.59	21,898.80	21,898.80		
Community Development Block Grant 32	28,340.00	28,340.00	28,340.00		
Community Development Block Grant 33	26,600.00	26,600.00	26,600.00		
Community Development Block Grant 34		22,900.00	22,900.00		
Drunk Driving Enforcement Grant	4,276.74	4,276.74	4,276.74		
Drunk Driving Enforcement Grant		2,503.10	2,503.10		
Open Space Preservation Trust Fund		25,000.00	25,000.00		
Recycling Tonnage Grant		4,162.64	4,162.64		
Total Public and Private Programs Offset by Revenues	75,464.03	142,059.43	142,059.43		
Total Operations - Excluded From "CAPS"	129,659.03	196,254.43	187,907.49	\$ 8,346.94	
Detail:					
Salaries and Wages	2,000.00	2,000.00	1,893.48	106.52	
Other Expenses	127,659.03	194,254.43	186,014.01	8,240.42	
GENERAL APPROPRIATIONS:					
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Total Capital Improvements - Excluded From "CAPS"	10,000.00	10,000.00	10,000.00		
Municipal Debt Service - Excluded From "CAPS"					
Payment of Bond Principal	\$100,000.00	\$100,000.00	\$100,000.00		
Payment of Bond Anticipation Notes and Capital Notes	86,200.00	86,200.00	86,200.00		
Interest on Bonds	145,163.00	145,163.00	145,161.30		\$ 1.70
Interest on Notes	33,850.00	33,850.00	33,748.77		101.23
Capital Lease Obligations Approved Prior to 7/1/07					
Principal	29,000.00	29,000.00	29,000.00		
Interest	26,058.00	26,058.00	26,057.24		0.76
Total Municipal Debt Service - Excluded From "CAPS"	420,271.00	420,271.00	420,167.31		103.69

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEFERRED CHARGES - Municipal - Excluded from "CAPS"					
Emergency Authorizations	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00		
Special Emergency Authorizations	5,000.00	5,000.00	5,000.00		
Total Deferred Charges - Municipal-Excluded from "CAPS"	<u>35,000.00</u>	<u>35,000.00</u>	<u>35,000.00</u>		
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	<u>594,930.03</u>	<u>661,525.43</u>	<u>653,074.80</u>	<u>\$ 8,346.94</u>	<u>\$ 103.69</u>
Subtotal General Appropriations	4,523,803.34	4,590,398.74	4,425,436.29	164,858.76	103.69
Reserve for Uncollected Taxes	<u>273,905.97</u>	<u>273,905.97</u>	<u>273,905.97</u>		
TOTAL GENERAL APPROPRIATIONS	<u><u>\$ 4,797,709.31</u></u>	<u><u>\$ 4,864,304.71</u></u>	<u><u>\$ 4,699,342.26</u></u>	<u><u>\$ 164,858.76</u></u>	<u><u>\$ 103.69</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

Analysis of Budget After Modification:

Original Budget	\$4,797,709.31	
By Appropriation 40A:4-87	<u>66,598.40</u>	
		<u><u>\$4,864,307.71</u></u>

Analysis of Paid or Charged:

Reserve for Federal and State Grants - Appropriated	\$142,059.43	
Reserve for Uncollected Taxes	273,905.97	
Due to Federal and State Grant Fund	15,185.07	
Due to Animal Control Fund	3,547.31	
Due to General Capital Fund	10,000.00	
Deferred Charges	35,000.00	
Cash Disbursed	<u>4,219,644.48</u>	
 Total		 <u><u>\$4,699,342.26</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF MOUNT EPHRAIM

Trust Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2012 and 2011

	<u>REFERENCE</u>	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash - Treasurer	B-1		
Deficit in Animal Control Fund	B-2	\$ 3,838.84	\$ 3,547.31
Total Animal Control Fund		<u>3,838.84</u>	<u>3,547.31</u>
Other Funds:			
Cash - Treasurer	B-1	125,562.07	151,795.62
Due from Current Fund	A	57,190.53	57,190.53
Accounts Receivable		2,612.73	2,252.25
Total Other Funds		<u>185,365.33</u>	<u>211,238.40</u>
Total Assets		<u>\$ 189,204.17</u>	<u>\$ 214,785.71</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Deficit - Cash	B-1	\$ 382.92	\$ 38.68
Due State of New Jersey			5.40
Due Current Fund	A	3,455.92	3,503.23
Total Animal Control Fund		<u>3,838.84</u>	<u>3,547.31</u>
Other Funds:			
Due Current Fund	A	22,329.44	9,259.65
Reserve for :			
Unemployment Compensation	B-3	4,517.32	3,326.78
Escrow Trust Fund	B-4	76,458.70	70,429.24
Law Enforcement - Forfeited Funds	B-5	11,499.14	8,768.58
Tax Title Lien Redemption Trust	B-6	61,157.42	61,013.68
Off Duty Police	B-7	5,195.19	47,003.10
Public Defender Fees	B-8	4,082.82	11,285.62
POAA Fees	B-9	55.05	82.00
Police Donations	B-10	70.25	69.75
Total Other Funds		<u>185,365.33</u>	<u>211,238.40</u>
Total Liabilities and Reserves		<u>\$ 189,204.17</u>	<u>\$ 214,785.71</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2012 and 2011

	<u>REFERENCE</u>	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Cash - Treasurer	C-2	\$ 109,058.56	\$ 128,524.67
Due from Current Fund	A	48,481.00	542,118.07
Due from Federal and State Grant Fund	A	812,990.80	548,225.33
Due from Camden County Improvement Authority		4,035.37	75,208.38
Amount to be Provided by Lease		539,000.00	568,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	2,715,000.00	2,815,000.00
Unfunded	C-5	<u>2,564,235.00</u>	<u>2,460,435.00</u>
Total		<u>\$ 6,792,800.73</u>	<u>\$ 7,137,511.45</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 2,715,000.00	\$ 2,815,000.00
Bond Anticipation Notes Payable	C-9	2,374,235.00	2,256,185.00
Obligations Under Capital Lease	C-10	539,000.00	568,000.00
Improvement Authorizations:			
Funded	C-7	5,250.00	75,527.05
Unfunded	C-7	313,322.67	855,420.08
Capital Improvement Fund	C-6	10,122.10	10,122.10
Reserve for Bond Anticipation Notes		835,821.16	557,207.42
Fund Balance	C-1	<u>49.80</u>	<u>49.80</u>
Total		<u>\$ 6,792,800.73</u>	<u>\$ 7,137,511.45</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Fund Balance - Regulatory Basis
For the Year Ended December 31, 2012

Balance December 31, 2011 and 2012	<u>\$ 49.80</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF MOUNT EPHRAIM
GENERAL FIXED ASSETS ACCOUNT GROUP
Statement of Changes in General Fixed Assets - Regulatory Basis
For the Year Ended December 31, 2012

	Balance December 31, 2011	Additions	Retirements	Balance December 31, 2012
General Fixed Assets:				
Land and Land Improvements	\$ 712,900.00			\$ 712,900.00
Building and Building Improvements	890,200.00	\$ 3,000,000.00		3,890,200.00
Machinery and Equipment	2,604,972.70	32,617.60		2,637,590.30
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 4,208,072.70</u>	<u>\$ 3,032,617.60</u>	<u>-</u>	<u>\$ 7,240,690.30</u>
Investment in General Fixed Assets	<u>\$ 4,208,072.70</u>	<u>\$ 3,032,617.60</u>	<u>-</u>	<u>\$ 7,240,690.30</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Borough of Mount Ephraim is located in Camden County, New Jersey. The present population according to the 2010 census is 4,676.

The Borough of Mount Ephraim was incorporated in 1926 and operates under a Commission form of government. There are three commissioners elected to four year terms. Each commissioner is selected to be Director of departments comprising the government.

Criteria for determining if other entities are potential component units which should be reported within the Borough's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provides for identification of any entities for which the Borough is financially accountable and other organizations that the nature and significance of their relationship with the Borough are such that exclusion would cause the Borough's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there were no organizations that are considered to be component units.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the "Requirements" 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough accounts for its financial transactions through the use of separate funds which are described as follows.

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

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

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

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its Current Fund in accordance with N.J.S.A. 40A:4et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Borough. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to the adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds, cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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 utilities 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 the Governmental Unit Deposit Protection Act ("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. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs 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 statements of assets, liabilities, reserves and fund balances.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000 the maximum amount allowed by the Circular.

Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft. No depreciation of general fixed assets is recorded.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the Borough until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund Balance included in the Current Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities reserves and fund balance of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the Mount Ephraim Borough School District and the County of Camden. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the Mount Ephraim Borough School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

County Taxes - The Borough is responsible for levying, collecting and remitting county taxes for the County of Camden. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Outstanding encumbrances are offset by an account entitled "Reserve for Encumbrances". The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis and interest on general capital indebtedness is on the cash basis.

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital Funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Interest on Delinquent Taxes - It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

Comparative Data - Comparative total data for the prior year have been presented in the accompanying statements of assets, liabilities, reserves and fund balance and statement of operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk refers to the risk that, in the event of a bank failure, the Borough's deposits may not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

As of December 31, 2012, the Borough's bank balances of \$2,521,350 were exposed to custodial credit risk as follows:

F.D.I.C. Insured	\$	250,000
Collateralized Under GUDPA		2,269,844
Uninsured and Uncollateralized		1,506
Balance June 30, 2012	<u>\$</u>	<u>2,521,350</u>

NOTE 3. PROPERTY TAXES

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

<u>Comparative Schedule of Tax Rates</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Tax Rate	\$ <u>6.512</u>	\$ <u>6.227</u>	\$ <u>6.055</u>	\$ <u>5.837</u>	\$ <u>5.610</u>
Apportionment of Tax Rate:					
Municipal	1.893	1.731	1.732	1.654	1.548
County	1.426	1.309	1.195	1.152	1.129
Local School District	3.193	3.187	3.128	3.031	2.933

<u>Assessed Valuation</u>	<u>Amount</u>
2012	\$ 176,793,595
2011	176,285,815
2010	175,865,357
2009	175,011,202
2008	173,985,084

<u>Comparison of Tax Levies and Collections</u>			
<u>Year Ended</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2012	\$ 11,519,721	\$ 11,196,770	97.19%
2011	11,003,661	10,798,423	98.13
2010	10,692,032	10,476,932	97.98
2009	10,249,505	10,002,841	97.59
2008	9,832,727	9,587,929	97.51

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 3. PROPERTY TAXES (CONTINUED)

Delinquent Taxes and Tax Title Liens

<u>Year Ended</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	\$ 67,826	\$ 210,517	\$ 278,343	2.42%
2011	75,593	189,431	265,024	2.41
2010	66,225	193,369	259,594	2.43
2009	63,379	236,202	299,581	2.92
2008	89,012	235,887	324,899	3.30

The following comparison is made of the number of tax title liens receivable on December 31, of the last current year and previous four years.

<u>Year Ended</u>	<u>Number</u>
2012	18
2011	23
2010	14
2009	14
2008	15

NOTE 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last valuation of such properties, for the current and previous four years was as follows:

<u>Year Ended</u>	<u>Amount</u>
2012	\$ 9,400
2011	9,400
2010	9,400
2009	9,400
2008	9,400

NOTE 5. SEWER UTILITY LEVY

The following is a five year comparison of certain statistical information relative to the sewer utility levy and collections for the current and previous four years.

<u>Year Ended</u>	<u>Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2012	\$ 231,224	\$ 211,944	91.16%
2011	231,544	215,598	93.11
2010	114,344	106,747	93.36
2009	112,630	106,795	94.82
2008	111,678	106,478	95.34

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 6. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

<u>Current Fund</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2012	\$ 312,174	\$ 237,500	76.08 %
2011	259,955	220,000	84.63
2010	408,616	390,000	95.44
2009	610,619	550,000	90.07
2008	757,354	423,000	55.85

NOTE 7. PENSION PLANS

Substantially all of the Borough's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Police and Firemen's Retirement System (PFRS), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The Borough is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in 1944. The PFRS provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 10% in October, 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 7. PENSION PLANS (CONTINUED)

The Borough is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

	<u>2012</u>		<u>2011</u>		<u>2010</u>	
	<u>PERS</u>	<u>PFRS</u>	<u>PERS</u>	<u>PFRS</u>	<u>PERS</u>	<u>PFRS</u>
Normal Contribution	\$ 21,543	\$ 101,787	\$ 30,265	\$ 107,696	\$ 28,006	\$ 162,291
Accrued Liability	<u>43,086</u>	<u>114,553</u>	<u>48,226</u>	<u>86,355</u>	<u>35,985</u>	<u>115,621</u>
Total Regular Contributions	64,629	216,340	78,491	194,051	63,991	277,912
Non-Contributory Group						
Life Insurance	<u>4,118</u>	<u>7,924</u>	<u>5,961</u>	<u>8,441</u>	<u>8,874</u>	<u>14,219</u>
Total Due	<u>\$ 68,747</u>	<u>\$ 224,264</u>	<u>\$ 84,452</u>	<u>\$ 202,492</u>	<u>\$ 72,865</u>	<u>\$ 292,131</u>

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program 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 Defined Contribution Retirement Program Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Divisions of Pensions and Benefits. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the Borough's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no Borough employees enrolled in the DCRP for the years ended December 31, 2012, 2011 and 2010.

NOTE 8. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Borough provides postretirement benefits other than pension benefits to active employees who retire from the Borough and meet certain eligibility criteria. These are known as other postemployment benefits (OPEB). OPEB include postemployment healthcare benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

An employee is eligible to receive postretirement health benefits through the Mount Ephraim Borough health plan by meeting the following criteria:

- For PBA, retire from active employment with Mount Ephraim Borough with at least 20 years of service.
- For all others, retire from active employment with Mount Ephraim Borough with at least 25 years of service.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 8. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Disability Retirement

Eligibility

An employee is eligible if the employee retires with a disability pension from a state administered retirement system.

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the Borough pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and members varies depending on the applicable agreement. The Borough contributes enough money to the plan to satisfy current obligations on a pay-as you-go basis. The costs of administering the plan are paid by the Borough.

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Borough has engaged an actuary to calculate the ARC and related information per the provisions of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the plan, and the Borough's net OPEB obligation to the Retiree Health Plan at December 31, 2011:

<u>Annual OPEB Cost</u>	<u>Year Ending December 31, 2011</u>
Normal Cost	\$ 466,100
Amortization of Unfunded Actuarial Accrued Liability	1,173,097
Annual Required Contribution (ARC)	<u>1,639,197</u>
Interest on OPEB Obligation	-
Adjustment to ARC	-
OPEB Expense	<u>1,639,197</u>
Net OPEB contributions made during the fiscal year	<u>317,443</u>
Net OPEB obligation at end of year	<u>\$ 1,321,754</u>
Percentage of expense contributed	19.36%

Funded Status and Funding Progress

As of December 31, 2011 the actuarial accrued liability for benefits was \$19,108,437, all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 8. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Methods and Assumptions

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The actuary developed the trend assumption utilizing the short term rates expected on the SHBP plan along with information in published papers from other industry experts (actuaries, health economists, etc.).

NOTE 9. COMPENSATED ABSENCES

Full-time employees are entitled to fifteen paid sick leave days each year. Permanent part-time employees are entitled to sick leave on a prorated basis. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated and carried forward.

The Borough compensates employees for unused sick leave upon termination or retirement. The current policy provides that all employees may sell their sick time accumulated.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2012, accrued benefits for compensated absences are valued at \$505,369.

NOTE 10. RISK MANAGEMENT

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

Joint Insurance Fund - The Borough is a member of the Camden County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund (MEL). These Funds provide the Borough with coverage for property and contents, auto and general liability, workers compensation, employee dishonesty, crime, public officials liability, and environmental legal liability.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous four years:

<u>Year</u>	<u>Employee Withholdings</u>	<u>Interest Earned</u>	<u>Other Income</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012 \$	2,651 \$	10 \$	7,302 \$	8,773 \$	4,517
2011	2,574	45	3,000	9,350	3,327
2010	3,127	67	6,425	4,812	7,058
2009	3,822	23	12,501	15,731	2,251
2008	2,716	267	18,878	31,356	1,636

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 11. CAPITAL DEBT

Summary of Municipal Debt

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Issued:			
General Bonds and Notes	\$ 5,089,235	\$ 5,071,185	\$ 5,216,685
	<hr/>	<hr/>	<hr/>
Net Debt Issued	5,089,185	5,071,185	5,216,685
Authorized But Not Issued:			
General - Bonds and Notes	190,000	204,250	204,250
	<hr/>	<hr/>	<hr/>
Net Bonds and Notes Issued and Authorized But Not Issued	\$ <u>5,279,235</u>	\$ <u>5,275,435</u>	\$ <u>5,420,935</u>

Serial Bonds Payable

Serial Bonds are authorized in accordance with State law. All bonds are retired in serial installments within the statutory period of usefulness. Serial Bonds payable at December 31, 2012 consisted of the following issue:

<u>Purpose</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Guaranteed Revenue Bonds of 2010	5/01/2025	5.25% - 6.00%	\$ <u>2,715,000</u>

Bond Anticipation Notes Payable

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the Notes can not exceed one year from the date of issuance, however the Notes may be renewed from time to time for a period not to exceed one year. Generally, such Notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original Notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original Note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such Notes were issued be paid or retired. A second and third legal installment must be paid if the Notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

As of December 31, 2012, the Borough had outstanding bond anticipation notes as follows:

<u>Fund</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Capital	\$ 1,124,445	.90%	July 12, 2013
General Capital	1,249,790	.99%	October 17, 2013

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 11. CAPITAL DEBT (CONTINUED)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.66%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 6,856,647	\$ 6,856,647	
General Debt	<u>5,279,235</u>	<u> </u>	<u>\$ 5,279,235</u>
 Total	 <u>\$ 12,236,384</u>	 <u>\$ 6,960,949</u>	 <u>\$ 5,275,435</u>

Net Debt, \$5,279,435 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$317,623,160 equals 1.66%.

Equalized Valuation Basis:

2010	\$	322,162,752
2011		324,861,414
2012		<u>305,845,314</u>
 Average	 \$	 <u>317,623,160</u>

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$	11,116,811
Net Debt		<u>5,279,435</u>
 Remaining Borrowing Power	 \$	 <u>5,837,376</u>

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

Serial Bonds Payable

<u>Calendar Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 105,000	\$ 139,781	\$ 244,781
2014	110,000	134,138	244,138
2015	120,000	128,100	248,100
2016	125,000	121,669	246,669
2017	130,000	114,975	244,975
2018-2022	725,000	507,986	1,232,986
2023-2026	935,000	286,650	1,221,650
2027-2029	<u>465,000</u>	<u>28,350</u>	<u>493,350</u>
 Total	 <u>\$ 2,715,000</u>	 <u>\$ 1,461,649</u>	 <u>\$ 4,176,649</u>

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2012**

NOTE 12. LEASE OBLIGATIONS

The Borough has a lease agreement in effect at December 31, 2012 for various capital improvements and one police vehicle..

Future minimum lease payments under the capital lease agreements are as follows:

<u>Calendar Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 42,676	\$ 26,271	\$ 68,947
2014	45,436	24,013	69,449
2015	34,000	21,556	55,556
2016	36,000	19,856	55,856
2017	38,000	18,415	56,415
2018-22	213,000	63,805	276,805
2023-25	<u>154,000</u>	<u>14,357</u>	<u>168,357</u>
Total	<u>\$ 563,112</u>	<u>\$ 188,273</u>	<u>\$ 751,385</u>

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2012.

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 76,437	\$ 120,857
Federal and State Grant Fund	15,185	863,643
Animal Control Fund		3,456
Other Trust Funds	57,191	22,329
General Capital Fund	<u>861,472</u>	
	<u>\$ 1,010,285</u>	<u>\$ 1,010,285</u>

NOTE 14. CONTINGENCIES

The Borough participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

NOTE 15. TAX APPEALS

As of December 31, 2012, the Borough had one tax appeal pending before the State Board of Taxation, requesting a reduction of assessed valuation for 2012. It does not appear this tax appeal will have a material effect on the financial condition of the Borough.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Cash - Treasurer
For the Year Ended December 31, 2012

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2011	\$ 1,045,563.40	\$ 416,399.75
Receipts:		
Taxes Receivable	\$ 11,253,887.96	
Tax Title Liens	12,003.20	
Prepaid Taxes	31,099.06	
Tax Overpayments	31,952.87	
Revenue Accounts Receivable	807,808.83	
Sewer Rent Charges	227,129.37	
Sewer Rent Overpayments	416.07	
Due State of New Jersey:		
Marriage License Fees	700.00	
UCC Fees	1,159.00	
Due from State of New Jersey for Senior Citizens and Veterans Deductions	70,965.07	
Miscellaneous Revenues Not Anticipated	183,768.29	
Due to Other Trust Fund	7,900.00	
Due to General Capital Fund	852.33	
Budget Refunds	112,587.28	
Contra	57,083.39	
Federal and State Grants Receivable		<u>\$ 470,215.87</u>
Total Receipts	<u>12,799,312.72</u>	<u>470,215.87</u>
Sub-Total	<u>13,844,876.12</u>	<u>886,615.62</u>
Disbursements:		
2012 Appropriations	4,219,644.48	
2011 Appropriation Reserves	94,262.66	
Encumbrances Payable		199.87
County Taxes	2,525,014.82	
Local School Taxes Payable	5,216,868.17	
Due State of New Jersey:		
Marriage License Fees	775.00	
UCC Fees	1,241.00	
Tax Overpayments Refunded	736.86	
Due to General Capital Fund	500,000.00	
Due from Animal Control Fund	3,500.00	
Due from Other Trust Fund	7,900.00	
Budget Refunds	112,587.28	
Contra	57,083.39	
Federal and State Appropriated Reserves		<u>133,754.96</u>
Total Disbursements	<u>12,739,613.66</u>	<u>133,954.83</u>
Balance December 31, 2012	<u>\$ 1,105,262.46</u>	<u>\$ 752,660.79</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Schedule of Change Fund
 For the Year Ended December 31, 2012

Balance December 31, 2011 and 2012	<u>\$ 150.00</u>
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Schedule of Due to State of New Jersey
 for Senior Citizens and Veterans Deductions
 For the Year Ended December 31, 2012

Balance December 31, 2011		<u>\$ 1,492.35</u>
Increased by:		
Senior Citizen Deductions per Duplicate	\$ 16,750.00	
Veterans Deductions per Duplicate	54,500.00	
Senior Citizen and Veterans Deductions Allowed by Collector	<u>1,250.00</u>	
Subtotal	<u>72,500.00</u>	
Less - Disallowed Senior Citizens and veterans Deductions	<u>750.00</u>	<u>71,750.00</u>
Subtotal		73,242.35
Increased by:		
Collected		<u>70,965.07</u>
Balance December 31, 2012		<u>\$ 2,277.28</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Schedule of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2012

Year	Balance	2012 Levy	Added Taxes	COLLECTIONS BY CASH		State Share of 2012 Senior Citizens and Veterans Deductions Allowed	Overpayments Applied	Transferred to Tax Title Lien	Canceled	Balance
	Dec. 31, 2011			2011	2012					Dec. 31, 2012
2011	\$ 189,430.96		\$ 986.97		\$ 188,486.52		\$ 250.00	\$ 49.59	\$ 538.60	\$ 1,093.22
Subtotal	189,430.96		986.97		188,486.52		250.00	49.59	538.60	1,093.22
2012		\$ 11,519,721.16		\$ 56,174.69	11,065,401.44	\$ 71,750.00	3,444.16	4,167.67	109,359.53	209,423.67
Total	\$ 189,430.96	\$ 11,519,721.16	\$ 986.97	\$ 56,174.69	\$ 11,253,887.96	\$ 71,750.00	\$ 3,694.16	\$ 4,217.26	\$ 109,898.13	\$ 210,516.89

Analysis of Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 11,441,548.90
Added Taxes	6,922.26
Senior Citizens and Veterans Deductions Allowed Per Original Levy	<u>71,250.00</u>
Total	\$ 11,519,721.16
 Tax Levy:	
Local School Tax (Abstract)	\$ 5,644,482.00
County Tax (Abstract)	\$ 2,305,351.11
County Library Tax (Abstract)	148,730.06
County Open Space Tax (Abstract)	65,400.30
County Added Taxes	<u>1,515.86</u>
Local Tax for Municipal Purposes	3,348,457.82
Additional Tax Levies	<u>5,784.01</u>
	<u>3,354,241.83</u>
Total	\$ 11,519,721.16

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Tax Title Liens Receivable
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 75,593.00
Increased by:		
Interest and Costs Accrued By Tax Sale	\$ 18.59	
Transfers from Taxes Receivable	<u>4,217.26</u>	<u>4,235.85</u>
		79,828.85
Decreased by:		
Collected		<u>12,003.20</u>
Balance December 31, 2012		<u><u>\$ 67,825.65</u></u>

Schedule of Property Acquired for Taxes
For the Year Ended December 31, 2012

Balance December 31, 2011 and 2012		<u><u>\$ 9,400.00</u></u>
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BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Sewer Service Charges Receivable
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 15,646.40
Increased by:		
2012 Billings		<u>231,223.79</u>
		246,870.19
Decreased by:		
2012 Collections	\$ 227,129.37	
Overpayments Applied	460.48	
Canceled		<u>227,589.85</u>
Balance December 31, 2012		<u><u>\$ 19,280.34</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Accrued in</u> <u>2012</u>	<u>Collected</u> <u>By</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Alcoholic Beverage Licenses		\$ 4,074.00	\$ 4,074.00	
Other Licenses		8,012.00	8,012.00	
Fees and Permits		32,485.00	32,485.00	
Municipal Court - Fines and Costs	\$ 11,435.48	156,783.92	158,249.60	\$ 9,969.80
Interest and Costs on Taxes		46,925.61	46,925.61	
Cable TV Franchise Fees		56,453.41	56,453.41	
Consolidated Municipal Property Tax Relief		37,908.00	37,908.00	
Energy Receipts Tax		375,796.00	375,796.00	
Uniform Construction Code		18,391.00	18,391.00	
		<hr/>	<hr/>	
Total	<u>\$ 11,435.48</u>	<u>\$ 736,828.94</u>	<u>\$ 738,294.62</u>	<u>\$ 9,969.80</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Deferred Charges
N.J.S. 40A:4-55 Special Emergency Authorizations
For the Year Ended December 31, 2012

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Balance December 31, 2011</u>	<u>Added in 2012</u>	<u>Raised in 2012 Budget</u>	<u>Balance December 31, 2012</u>
Codification of Ordinances	4/5/2007	\$25,000.00	\$ 5,000.00		\$ 5,000.00	
Total			\$ 5,000.00	-	\$ 5,000.00	-

Schedule of Deferred Charges
N.J.S.A. 40A:4-46 Emergency
For the Year Ended December 31, 2012

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Balance December 31, 2011</u>	<u>Added in 2012</u>	<u>Raised in 2012 Budget</u>	<u>Balance December 31, 2012</u>
Sanitary Sewer Repairs due to Hurricane Irene	10/6/2011	\$30,000.00	\$ 30,000.00		\$ 30,000.00	
Total			\$ 30,000.00	-	\$ 30,000.00	-

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of 2011 Appropriation Reserves
For the Year Ended December 31, 2012

	Balance Dec. 31, 2011	Encumbrances Dec. 31, 2011	Balance after Transfers	Disbursed	Balance Lapsed
Salary and Wages - Within Caps					
Financial Administration	\$ 1,529.16		\$ 4.16		\$ 4.16
Municipal Land Use Law - Planning Board	1,552.43		2.43		2.43
Garbage and Trash Collection	2,645.80		0.80		0.80
Municipal Court	27,190.49		29,765.49	\$ 29,762.95	2.54
Subtotal	<u>32,917.88</u>		<u>29,772.88</u>	<u>29,762.95</u>	<u>9.93</u>
Other Expenses - Within Caps					
Administrative and Executive	35.35		35.35	5.25	30.10
Financial Administration	728.25		728.25	653.31	74.94
Tax Assessment Administration	666.33		666.33	665.00	1.33
Legal Services and Costs	2,522.19		6,252.28	6,252.28	
Engineering Services and Costs	1,934.05		1,934.05	1,934.05	
Planning Board	2,120.38		3,661.63	3,661.63	
Police	2,030.92	\$ 1,032.03	3,062.95	3,062.95	
Civil Defense and Disaster Control	334.41	1,406.90	1,741.31	1,703.48	37.83
Aid to Volunteer Fire Companies	1,374.74	2,500.00	4,474.74	4,461.61	13.13
Aid to Volunteer Ambulance	-		1,100.00	1,100.00	
First Aid Organization - Contribution	59.56		59.56	31.27	28.29
Fire Hydrant Service	5,143.73		5,143.73	4,478.59	665.14
Road Repairs & Maintenance	3,072.83		297.83	296.87	0.96
Solid Waste Disposal	11,575.04	240.00	11,282.48	11,272.29	10.19
Public Buildings and Grounds	243.68	8.45	252.13	165.14	86.99
Sewer System	777.76		777.76	650.90	126.86
Borough Vehicle Maintenance	2,754.71	888.05	5,803.98	5,803.98	
Utilities:					
Electricity	6,975.45		9,475.45	7,489.78	1,985.67
Telephone	2,720.26	135.44	2,855.70	2,362.94	492.76
Gasoline	7,581.54	1,190.16	6,166.70	4,873.58	1,293.12
Municipal Court	6,600.63		4,025.63	3,540.58	485.05
Subtotal	<u>59,251.81</u>	<u>7,401.03</u>	<u>69,797.84</u>	<u>64,465.48</u>	<u>5,332.36</u>
Other Expenses - Excluded from Caps					
Recycling Tax	606.91		606.91	526.26	80.65
Subtotal	<u>606.91</u>		<u>606.91</u>	<u>526.26</u>	<u>80.65</u>
Other Accounts - No Change	<u>36,885.58</u>		<u>36,885.58</u>		<u>36,885.58</u>
Grand Total	<u>\$ 129,662.18</u>	<u>\$ 7,401.03</u>	<u>\$ 137,063.21</u>	<u>\$ 94,754.69</u>	<u>\$ 42,308.52</u>
			Cash Disbursed	\$ 94,262.66	
			Encumbrances Payable	492.03	
				<u>\$ 94,754.69</u>	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Tax Overpayments
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 3,694.16
Increased by:		
Collected		<u>31,952.87</u>
Subtotal		35,647.03
Decreased by:		
Refunds	\$ 736.86	
Applied to 2012 Taxes	3,694.16	
Canceled		<u>4,431.02</u>
Balance December 31, 2012		<u><u>\$ 31,216.01</u></u>

EXHIBIT A-16

Schedule of Prepaid Taxes
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 56,174.69
Increased by:		
Collected		<u>31,099.06</u>
Subtotal		87,273.75
Decreased by:		
Applied to 2011 Taxes		<u>56,174.69</u>
Balance December 31, 2012		<u><u>\$ 31,099.06</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Local School Taxes Payable
For the Year Ended December 31, 2012

Balance December 31, 2011	---
Increased by:	
Levy: Calendar Year 2012	<u>\$5,644,482.00</u>
Subtotal	5,644,482.00
Decreased by:	
Disbursed to Local School District	<u>5,216,868.17</u>
Balance December 31, 2012	<u><u>\$ 427,613.83</u></u>

Exhibit A-18

Schedule of County Taxes Payable
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 5,533.35
Increased by:	
2012 Levy:	
General County	\$ 2,305,351.11
County Library	148,730.06
County Open Space	65,400.30
Added and Omitted Taxes	<u>1,515.86</u>
Subtotal	<u>2,520,997.33</u>
	2,526,530.68
Decreased by:	
Disbursed to County of Camden	<u>2,525,014.82</u>
Balance December 31, 2012	<u><u>\$ 1,515.86</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Schedule of Sewer Rent Overpayments
 For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 460.48
Increased by:	
Collected	416.07
Subtotal	876.55
Decreased by:	
Applied to Serwer Rents Receivable	460.48
Balance December 31, 2012	\$ 416.07

EXHIBIT A-20

Schedule of Due to State of New Jersey
 for Marriage License Fees
 For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 150.00
Increased by:	
State Portion of 2012 Marriage Licenses Fees	700.00
Subtotal	850.00
Decreased by:	
Disbursed to State of New Jersey	775.00
Balance December 31, 2012	\$ 75.00

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Due to State of NJ - UCC Fees
For the Year Ended December 31, 2012

Balance December 31, 2011	\$	383.00
Increased by:		
Cash Received		1,159.00
		1,542.00
Decreased by:		
Cash Disbursed		1,241.00
		1,241.00
Balance December 31, 2012	\$	301.00

EXHIBIT A-22

Schedule of Reserve For State Library Aid
For the Year Ended December 31, 2012

Balance December 31, 2011	\$	366.56
Decreased by:		
Cash Disbursed		366.56
		366.56
Balance December 31, 2012		-

EXHIBIT A-23

Schedule of Reserve For Codification of Ordinances
For the Year Ended December 31, 2012

Balance December 31, 2011 and 2012	\$	17,071.50
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BOROUGH OF MOUNT EPHRAIM
Federal and State Grant Fund
 Schedule of Federal and State Grants Receivable
 For the Year Ended December 31, 2012

	<u>Balance Dec. 31, 2011</u>	<u>Accrued</u>	<u>Received</u>	<u>Transfer From Unappropriated Reserves</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2012</u>
State Grants:						
Clean Communities Program		\$ 21,898.80	\$ 7,259.21	\$ 7,380.38	\$ 7,259.21	\$ -
Body Armor Replacement Grant		5,514.74	3,907.04	1,607.70		
NJ TTFA Grant - Delaware Avenue	80,410.59				13,049.14	67,361.45
NJ TTFA Grant - Hartka Avenue	200,000.00		117,676.76		6,089.22	76,234.02
NJ TTFA Grant - Bell Road	231,950.00					231,950.00
Alcohol Educ. & Rehab.		863.41	863.41			
Recycling Tonnage Grant		4,162.64	4,162.64			
Drunk Driving Enforcement Fund		6,779.84	2,503.10	4,276.74		
County Grants:						
Open Space Preservation Trust Fund	3,000.00	25,000.00	2,997.87			25,002.13
Federal Grants:						
NJ TTFA Grant - Kings Highway	250,000.00		209,440.47		40,559.53	-
ARRA - Kings Highway	55,325.00		55,325.00			
Community Development Block Grant	9,965.37	77,840.00	66,080.37			21,725.00
Total	<u>\$ 830,650.96</u>	<u>\$ 142,059.43</u>	<u>\$ 470,215.87</u>	<u>\$ 13,264.82</u>	<u>\$ 66,957.10</u>	<u>\$ 422,272.60</u>

BOROUGH OF MOUNT EPHRAIM
Federal and State Grant Fund
 Schedule of Reserve For Federal and State Grants - Unappropriated
 For the Year Ended December 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Federal and</u> <u>State Grant</u> <u>Receivable</u>	<u>Realized</u> <u>as Revenue</u> <u>In 2012</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
State Grants:				
Body Armor Replacement Grant	\$ 1,607.70		\$ 1,607.70	
Clean Communities	7,380.38		7,380.38	
Drunk Driving Enforcement Fund	<u>4,276.74</u>	<u> </u>	<u>4,276.74</u>	<u> </u>
Total	<u>\$ 13,264.82</u>	<u> </u> <u>-</u>	<u>\$ 13,264.82</u>	<u> </u> <u>-</u>

BOROUGH OF MOUNT EPHRAIM
Federal and State Grant Fund
Schedule of Reserve For Federal and State Grants - Appropriated
For the Year Ended December 31, 2012

	<u>Balance Dec. 31, 2011</u>	<u>Transferred From 2012 Budget</u>	<u>Paid</u>	<u>Due to General Capital</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2012</u>
State Grants:						
Drunk Driving Enforcement Fund	\$ 6,758.93	\$ 6,779.84	\$ 797.73			\$ 12,741.04
Recycling Tonnage Grant	621.52	4,162.64	4,784.16			
Alcohol Education & Rehab. Program	10,896.44	863.41	700.00			11,059.85
Body Armor Grant		5,514.74	4,073.27			1,441.47
Clean Communities	9,355.64	21,898.80	15,734.85		\$ 7,259.21	8,260.38
NJ Transportation Trust - Delaware Avenue	29,385.77		5,679.38		13,049.14	10,657.25
NJ Transportation Trust - Hartka Avenue	33,612.49		33,612.49			-
NJ Transportation Trust - Bell Road	231,950.00					231,950.00
Municipal Stormwater Grant	371.71		371.71			-
Statewide Domestic Preparedness Grant	67.81					67.81
County Grants:						
Open Space Preservation Trust Fund	274.13	25,000.00				25,274.13
Federal Grants:						
Community Development Block Grant	9,965.37	77,840.00	72,990.37			14,815.00
NJ Transportation Trust - Kings Highway	250,000.00			\$ 209,440.47	40,559.53	-
ARRA - Kings Highway	55,325.00			55,325.00		-
Total	<u>\$ 638,584.81</u>	<u>\$ 142,059.43</u>	<u>\$ 138,743.96</u>	<u>\$ 264,765.47</u>	<u>\$ 60,867.88</u>	<u>\$ 316,266.93</u>
			Cash Disbursed	\$ 133,754.96		
			Due from Current Fund	(5,219.70)		
			Encumbrances Payable	10,208.70		
			Total	<u>\$ 138,743.96</u>		

TRUST FUND

BOROUGH OF MOUNT EPHRAIM
Trust Fund
 Schedule of Cash - Treasurer
 For the Year Ended December 31, 2012

	Animal Control	Total Other Trust Funds	Unemployment Trust	Payroll	Off-Duty Police	Public Defender	POAA	Developer's Escrow	Tax Title Lien Redemption	Police Donations	Forfeited Funds
Balance December 31, 2011	\$ (38.68)	\$ 151,795.62	\$ 3,281.75	\$ 9,059.65	\$ 44,750.85	\$ 11,285.62	\$ 82.00	\$ 13,483.74	\$ 61,013.68	\$ 69.75	\$ 8,768.58
Receipts:											
Dog License Fees:											
Municipal Licenses	5,917.40										
State Registration Fees	774.60										
Current Fund -											
Budget Appropriation	3,500.00										
Due from Oaklyn Court											
Due to Current Fund		7,301.88	7,301.88								
Unemployment Compensation		2,225.27	2,225.27								
Net Payroll		1,238,951.89		\$1,236,951.89							
Payroll Deductions Payable		688,482.86		688,482.86							
Off-Duty Police Fees		76,451.19			76,451.19						
Public Defender Fees		3,360.50				3,360.50					
Police Donations		0.00									
POAA Fees		10.00					10.00				
Affordable Housing (COAH)		0.00									
Tax Title Lien Redemptions		360,490.22							360,490.22		
Developer's Escrow		16,759.00						16,759.00			
Forfeited Funds		2,787.69									2,787.69
Interest Earned	16.19	1,514.50	9.81	389.29	354.48	102.86	0.69	124.11	457.31	0.50	75.45
Total Receipts	10,208.19	2,396,335.00	9,536.96	1,925,824.04	76,805.67	3,463.36	10.69	16,883.11	360,947.53	0.50	2,863.14
Disbursements:											
Expenditures Under RS4:19-15.11	9,756.24										
State Registration Fees	780.00										
Unemployment		8,772.72	8,772.72								
Net Payroll		1,238,951.89		1,236,951.89							
Payroll Deductions Payable		684,014.07		684,014.07							
Off-Duty Police		118,619.58			118,619.58						
Public Defender		0.00									
Developer's Escrow		10,755.90						10,755.90			
Tax Title Lien Redemptions		360,346.48							360,346.48		
Forfeited Funds (Law Enforcement)		132.58									132.58
Affordable Housing (COAH)		0.00									
Police Donations		0.00									
Due to Current Fund	16.19	2,975.33		1,925.29	354.48	102.86	37.64	97.75	457.31		
Total Disbursements	10,552.43	2,422,568.55	8,772.72	1,922,891.25	118,974.06	102.86	37.64	10,853.65	360,803.79	0.00	132.58
Balance December 31, 2011	\$ (382.92)	\$ 125,562.07	\$ 4,045.89	\$ 11,992.44	\$ 2,582.46	\$ 14,646.12	\$ 55.05	\$ 19,513.20	\$ 61,157.42	\$ 70.25	\$ 11,499.14

BOROUGH OF MOUNT EPHRAIM
Trust Fund
 Schedule of Reserve for Animal Control Expenditures
 For the Year Ended December 31, 2012

Balance (Deficit) December 31, 2011		\$ (3,547.31)
Increased by:		
2012 Dog License Fees Collected	\$ 4,162.40	
Late Fees	1,755.00	
Current Fund - Budget Appropriation	3,547.31	9,464.71
Total		5,917.40
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash disbursed		9,756.24
Balance (Deficit) December 31, 2012		\$ (3,838.84)

LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2010	\$ 4,074.00
2011	4,119.60
	\$ 8,193.60

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Unemployment Compensation
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 3,326.78
Increased by:		
Employee Withholdings	\$ 2,651.57	
Current Fund - Budget Appropriation	7,301.88	
Interest Earned	9.81	9,963.26
Subtotal		13,290.04
Decreased by:		
Claims Paid		8,772.72
Balance December 31, 2012		\$ 4,517.32

EXHIBIT B-4

Schedule of Reserve for Escrow Trust Fund
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 70,429.24
Increased by:		
Escrow Deposits	\$ 16,759.00	
Interest Earned on Investments	26.36	16,785.36
Decreased by:		
Disbursements		10,755.90
Balance December 31, 2012		\$ 76,458.70

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Law Enforcement - Forfeited Funds
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 8,768.58
Increased by:		
Cash Receipts	\$ 2,787.69	
Interest Earned on Investments	<u>75.45</u>	<u>2,863.14</u>
		11,631.72
Decreased by:		
Cash Disbursed		<u>132.58</u>
Balance December 31, 2012		<u><u>\$ 11,499.14</u></u>

Schedule of Deposits for Redemption of Tax Sale Certificates
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 61,013.68
Increased by:		
Deposits Received		<u>360,490.22</u>
		421,503.90
Decreased by:		
Refunds - Tax Sale Certificates Redeemed		<u>360,346.48</u>
Balance December 31, 2012		<u><u>\$ 61,157.42</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Off Duty Police
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 47,003.10
Increased by:	
Cash Receipts	<u>76,811.67</u>
Subtotal	123,814.77
Decreased by:	
Cash Disbursements	<u>118,619.58</u>
Balance December 31, 2012	<u><u>\$ 5,195.19</u></u>

Statement of Reserve for Public Defender Fees
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 11,285.62
Increased by:	
Cash Receipts	<u>3,360.50</u>
Subtotal	14,646.12
Decreased by:	
Cash Disbursements	<u>10,563.30</u>
Balance December 31, 2012	<u><u>\$ 4,082.82</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for POAA Fees
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 82.00
Increased by:	
Cash Receipts	10.00
Subtotal	92.00
Decreased by:	
Disbursements	36.95
Balance December 31, 2012	\$ 55.05

Statement of Reserve for Police Donations
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 69.75
Increased by:	
Interest Earned	0.50
Subtotal	70.25
Decreased by:	
Disbursements	
Balance December 31, 2012	\$ 70.25

GENERAL CAPITAL FUND

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Cash - Treasurer
For the Year Ended December 31, 2012

Balance December 31, 2011		\$ 128,524.67
Receipts:		
Due from Camden County Improvement Authority	\$ 62,131.12	
Bond Anticipation Notes	204,250.00	
Due from Current Fund	500,000.00	
Due to Current Fund - Interest Earnings	<u>1,433.41</u>	
Total Receipts		<u>767,814.53</u>
Subtotal		896,339.20
Disbursements:		
Improvement Authorizations	785,847.23	
Due to Current Fund - Interest Earnings	<u>1,433.41</u>	<u>787,280.64</u>
Balance December 31, 2012		<u><u>\$109,058.56</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Analysis of General Capital Cash and Investments
For the Year Ended December 31, 2012

Fund Balance		\$ 49.80
Capital Improvement Fund		10,122.10
Due From Current Fund		(48,481.00)
Due from Federal and State Grant Fund		(812,990.80)
Due from Camden County Improvement Authority		(13,077.26)
Reserve for Bond Anticipation Notes		834,863.05
Improvement Authorizations:		
Ordinance		
<u>Number</u>		
11-2008	Various Improvements	15,150.00
09-2009	Various Improvements to Buildings and Grounds	362.83
11-2009	Purchase of Vehicles and Equipment	22,374.04
02-2010	Completion of Various Roads	36,624.36
07-2010	Drainage and Street Improvements - Bell Road	90,368.41
14-2010	Acquisition of Trash Truck	15,196.65
02-2012	Various Improvements:	<u>(41,503.62)</u>
Total		<u><u>\$ 109,058.56</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 2,815,000.00
Decreased By:	
Serial Bonds Paid	<u>100,000.00</u>
Balance December 31, 2012	<u>\$ 2,715,000.00</u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Capital Improvement Fund
For the Year Ended December 31, 2012

Balance December 31, 2011	\$ 10,122.10
Increased by:	
2012 Budget Appropriation	<u>10,000.00</u>
Subtotal	20,122.10
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>10,000.00</u>
Balance December 31, 2012	<u><u>\$ 10,122.10</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Improvement Authorizations
For the Year Ended December 31, 2012

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2011		Reallocation of Unfunded Appropriations Per Resolution	2012 AUTHORIZATIONS		Balance December 31, 2012			
				Funded	Unfunded		Capital Improvement Fund	Deferred Charges To Future Taxation - Unfunded	Paid or Canceled	Funded	Unfunded	
									Charged			
1-2008	Fire Station Project	03/06/08	3,000,000.00	\$ 75,527.05				\$ 65,527.05	\$ 10,000.00			
11-2008	Various Improvements	09/04/08	215,000.00		\$ 320.00			(15,150.00)	320.00		\$ 15,150.00	
09-2009	Various Improvements to Buildings and Grounds	06/04/09	50,700.00		2,297.70				1,934.87		362.83	
10-2009	Sewer Utility Improvements	06/04/09	71,000.00		8,734.74				8,734.74			
11-2009	Purchase of Vehicles and Equipment	06/04/09	311,000.00		23,118.54			744.50			22,374.04	
02-2010	Completion of Various Roads	04/01/10	125,000.00		40,111.86			3,487.50			36,624.36	
07-2010	Drainage and Street Improvements - Bell Road	06/03/10	755,000.00		733,788.45			618,050.84			115,737.61	
08-2010	Streetscape Improvements - Kings Highway	06/03/10	290,540.00		4,948.28			4,948.28				
14-2010	Acquisition of Trash Truck	12/02/10	90,000.00		15,196.65						15,196.65	
15-2010	Reallocation of Unfunded Appropriations	12/02/10	93,000.00		26,903.86			20,513.91	6,389.95			
02-2012	Various Improvements:											
	Drainage Improvements Bell Road	07/05/12	55,000.00			\$ 2,750.00	\$ 52,250.00	47,924.50			7,075.50	
	Various capital Equipment	07/05/12	35,000.00			1,750.00	33,250.00			\$ 1,750.00	33,250.00	
	Public Safety Equipment	07/05/12	70,000.00			3,500.00	66,500.00			3,500.00	66,500.00	
	Public Works Vehicle and Equipment	07/05/12	40,000.00			2,000.00	38,000.00				1,051.68	
	Total			<u>\$ 75,527.05</u>	<u>\$ 855,420.08</u>	<u>\$ -</u>	<u>\$ 10,000.00</u>	<u>\$ 190,000.00</u>	<u>\$ 784,994.90</u>	<u>\$ 27,379.56</u>	<u>\$ 5,250.00</u>	<u>\$ 313,322.67</u>
	Cash Disbursed							\$ 785,847.23				
	Due from Current Fund							(852.33)				
	Total							<u>\$ 784,994.90</u>				

Borough of Mount Ephraim
 General Capital Fund
 Statement of General Serial Bonds
 For the Year Ended December 31, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
			<u>Date</u>	<u>Amount</u>					
Borough Guaranteed Bonds - 2009	05/01/94	\$3,000,000.00	05/01/13	\$ 105,000.00	5.25%	\$ 2,815,000.00	-	\$ 100,000.00	\$ 2,715,000.00
			05/01/14	110,000.00	5.25%				
			05/01/15	120,000.00	5.25%				
			05/01/16	125,000.00	5.25%				
			05/01/17	130,000.00	5.25%				
			05/01/18	140,000.00	5.25%				
			05/01/19	140,000.00	5.25%				
			05/01/20	140,000.00	6.00%				
			05/01/21	150,000.00	6.00%				
			05/01/22	155,000.00	6.00%				
			05/01/23	165,000.00	6.00%				
			05/01/24	175,000.00	6.00%				
			05/01/25	185,000.00	6.00%				
			05/01/26	200,000.00	6.00%				
			05/01/27	210,000.00	6.00%				
			05/01/22	225,000.00	6.00%				

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2012

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
2006-772	Purchase of Equipment	1/8/2007	10/20/2011	10/19/2012	1.50%	\$ 160,700.00		\$ 160,700.00	
2006-772	Purchase of Equipment	1/8/2007	10/18/2012	10/17/2013	0.90%		\$ 150,400.00		\$ 150,400.00
2007-15	Various Improvements	1/8/2008	10/20/2011	10/19/2012	1.50%	243,300.00		243,300.00	
15-2007	Various Improvements	1/8/2008	10/18/2012	10/17/2013	0.90%		234,600.00		234,600.00
11-2008	Various Road and Related Improvements	10/28/2008	10/20/2011	10/19/2012	1.50%	168,880.00		168,880.00	
11-2008	Various Road and Related Improvements	10/28/2008	10/18/2012	10/17/2013	0.90%		156,760.00		156,760.00
12-2008	Sewer Utility Equipment and Improvements	10/28/2008	10/20/2011	10/19/2012	1.50%	51,605.00		51,605.00	
12-2008	Sewer Utility Equipment and Improvements	10/28/2008	10/18/2012	10/17/2013	0.90%		50,605.00		50,605.00
13-2008	Acquisition of Vehicles and Equipment	10/28/2008	10/20/2011	10/19/2012	1.50%	97,435.00		97,435.00	
13-2008	Acquisition of Vehicles and Equipment	10/28/2008	10/18/2012	10/17/2013	0.90%		83,435.00		83,435.00
08-2009	Various Road and Related Improvements	10/26/2009	10/20/2011	10/19/2012	1.50%	77,680.00		77,680.00	
08-2009	Various Road and Related Improvements	10/26/2009	10/18/2012	10/17/2013	0.90%		73,280.00		73,280.00
09-2009	Various Improvements to Buildings and Grounds	10/26/2009	10/20/2011	10/19/2012	1.50%	48,165.00		48,165.00	
09-2009	Various Improvements to Buildings and Grounds	10/26/2009	10/18/2012	10/17/2013	0.90%		46,465.00		46,465.00
10-2009	Sewer Utility Improvements	10/26/2009	10/20/2011	10/19/2012	1.50%	67,450.00		67,450.00	
10-2009	Sewer Utility Improvements	10/26/2009	10/18/2012	10/17/2013	0.90%		66,450.00		66,450.00
11-2009	Various Pieces of Capital Equipment	10/26/2009	10/20/2011	10/19/2012	1.50%	285,450.00		295,450.00	
11-2009	Various Pieces of Capital Equipment	10/26/2009	10/18/2012	10/17/2013	0.90%		282,450.00		282,450.00
7-2010	Drainage and Related Street Improvements	7/19/2010	7/15/2011	7/14/2012	1.50%	755,000.00		755,000.00	
7-2010	Drainage and Related Street Improvements	07/13/12	07/13/12	07/12/13	0.99%		755,000.00		755,000.00
8-2010	Kings Highway Streetscape	7/19/2010	7/15/2011	7/14/2012	1.50%	290,540.00		290,540.00	
8-2010	Kings Highway Streetscape	07/13/12	07/13/12	07/12/13	0.99%		290,540.00		290,540.00
02-2010	Repair and/or Reconstruction of Various Roads	07/13/12	07/13/12	07/12/13	0.99%		118,750.00		118,750.00
14-2010	Acquisition of a Trash Truck	07/13/12	07/13/12	07/12/13	0.99%		85,500.00		85,500.00
						<u>\$ 2,256,185.00</u>	<u>\$ 2,374,235.00</u>	<u>\$ 2,256,185.00</u>	<u>\$ 2,374,235.00</u>
								\$ 86,200.00	
							\$ 204,250.00		
							<u>2,169,985.00</u>	<u>2,169,985.00</u>	
							<u>\$ 2,374,235.00</u>	<u>\$ 2,256,185.00</u>	

Paid by Budget Appropriation
issued for Cash
Renewals

Total

BOROUGH OF MOUNT EPHRAIM
 General Capital Fund
 Statement of Obligations Under Capital lease
 For the Year Ended December 31, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2012</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
			<u>Date</u>	<u>Amount</u>					
Various Capital Improvements	12/21/05	\$725,000.00	11/15/13	\$ 31,000.00	3.20% - 4.62%	<u>\$ 568,000.00</u>	<u>---</u>	<u>\$ 29,000.00</u>	<u>\$ 539,000.00</u>
			11/15/14	33,000.00					
			11/15/15	34,000.00					
			11/15/16	36,000.00					
			11/15/17	38,000.00					
			11/15/18	39,000.00					
			11/15/19	41,000.00					
			11/15/20	42,000.00					
			11/15/21	44,000.00					
			11/15/22	47,000.00					
			11/15/23	49,000.00					
			11/15/24	51,000.00					
			11/15/25	54,000.00					

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2012</u>
2-2010	Various Roads and Improvements	\$ 118,750.00		\$ 118,750.00	
14-2010	Acquisition of a Trash Truck	85,500.00		85,500.00	
02-2012	Various Capital Improvements	<u> </u>	<u>\$ 190,000.00</u>	<u> </u>	<u>\$ 190,000.00</u>
	Total	<u>\$ 204,250.00</u>	<u>\$ 190,000.00</u>	<u>\$ 204,250.00</u>	<u>\$ 190,000.00</u>

BOROUGH OF MOUNT EPHRAIM

PART II

Single Audit Section

For the Year Ended December 31, 2012

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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American Institute of CPAs
New Jersey Society of CPAs**

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF STATE FINANCIAL ASSISTANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR 04-04-OMB

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Commission
Borough of Mount Ephraim
County of Camden
Mount Ephraim, New Jersey

Report on Compliance for Each Major State Program

We have audited the Borough of Mount Ephraim's in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Borough's major state programs for the year ended December 31, 2012. The Borough's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and State of New Jersey Circular 04-04-OMB, *State Grants and State Aid*. Those standards, and State of New Jersey Circular 04-04-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the Borough's compliance.

Opinion on Each Major State Program

In our opinion, the Borough of Mount Ephraim complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Borough of Mount Ephraim is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Mount Ephraim's internal control over compliance.

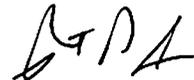
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of State of New Jersey Circular 04-04-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 1, 2013

**Borough of Mount Ephraim
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2012**

<u>State Grantor/Program Title</u>	<u>State GMIS Number</u>	<u>Program or Award Amount</u>	<u>Program Funds Received</u>	<u>Grant Period</u>		<u>Balance December 31, 2011</u>	<u>Revenue Realized</u>	<u>Adjustment/Cancel</u>	<u>Disbursements/Expenditures</u>	<u>Balance December 31, 2012</u>
				<u>From</u>	<u>To</u>					
<u>State Department of Transportation</u>										
State Aid - NJ Transportation Trust Fund										
Authority Act :										
Delaware Avenue	6320-480-078-6320-AKQ-TCAP-6010	\$ 170,000.00	89,589.41	1/1/10	12/31/12	\$ 29,385.77		\$ 13,049.14	\$ 5,679.38	\$ 10,657.25
Hartka Avenue	2011-480-078-6320-AKZ-TCAP-6010	200,000.00	117,676.76	4/1/11	12/31/12	33,612.49			33,612.49	
Bell Road	6320-480-078-6320-AKL-TCAP-6010	755,000.00	523,050.00	1/1/10	12/31/12	733,788.45			618,050.84	115,737.61
<u>State Department of Law and Public Safety</u>										
Drunk Driving Enforcement Grant	6400-100-078-6400	14,037.77	14,037.77	1/1/10	12/31/12	6,758.93			797.73	5,961.20
Drunk Driving Enforcement Grant	6400-100-078-6400	6,779.84	6,779.84	01/01/12	12/31/12		\$ 6,779.84			6,779.84
Body Armor Grant	1020-718-066-1020-001-YCJS-6120	5,514.74	5,514.74	01/01/12	12/31/12		5,514.74		4,073.27	1,441.47
Alcohol Education and Rehabilitation Program	9753-760-098-Y900-001-X100-6020	13,309.85	13,309.85	1/1/07	12/31/12	10,896.44	863.41		700.00	11,059.85
Statewide Local Domestic Preparedness Grant	100-042-4800-353	75,000.00	75,000.00	1/1/05	12/31/12	67.81				67.81
						814,509.89	13,157.99	13,049.14	662,913.71	151,705.03
<u>State Department of Environmental Protection</u>										
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	7,216.98	7,216.98	1/1/09	12/31/12	1,840.72			1,840.72	
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	7,514.92	7,514.92	1/1/10	12/31/12	7,514.92			7,514.92	
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	14,639.59	14,639.59	1/1/07	12/31/12		14,639.59		6,379.21	8,260.38
Municipal Stormwater Regulation Program	Not Available	6,822.00	6,822.00	1/1/05	12/31/12	371.71			371.71	
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	7,334.82	7,334.82	1/1/11	12/31/11	621.52			621.52	
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	4,162.64	4,162.64	1/1/12	12/31/12		4,162.64		4,162.64	
						10,348.87	18,802.23		20,890.72	8,260.38
Total State Financial Assistance						\$ 824,858.76	\$ 31,960.22	\$ 13,049.14	\$ 683,604.43	\$ 159,965.41

**Borough of Mount Ephraim
Notes to Schedules of Expenditures of State Financial Assistance
For the Year Ended December 31, 2012**

1. GENERAL

The accompanying schedule of expenditures of state financial assistance present the activity of all state financial assistance programs of the Borough of Mount Ephraim, County of Camden, State of New Jersey. The Borough is defined in the Notes to the Financial Statements, Note I. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies are included on the schedules of state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of state financial assistance is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note I.

3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Expenditures from awards are reported in the Borough's financial statements as follows:

		State		Total
Federal and State Grant Fund	\$	65,753.59	\$	65,753.59
General Capital Fund		618,050.84		618,050.84
Total Financial Assistance	\$	683,804.43	\$	683,804.43

4. MAJOR PROGRAMS

Major programs are identified in the "Summary of Auditor's Results" section of the Schedule of Findings and Questioned Costs.

BOROUGH OF MOUNT EPHRAIM
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding 2012-1

Condition:

There is a deficit in the Animal Control Fund of \$3,838.84 as of December 31, 2012.

Criteria:

Every fund in the municipality should be self sustaining.

Effect:

This deficit must be raised in the 2013 Budget.

Cause:

Dog license fees are not sufficient to offset expenditures.

Recommendation:

That dog license fees be reviewed and, if necessary, increase fees to eliminate future Animal Control Fund deficits.

View of Responsible Official and Planned Corrective Action:

The responsible official will address the recommendation in the corrective action plan.

Finding 2012-2

Condition:

Several audit adjustments were required to be made to the budget appropriation ledger.

Criteria:

The Division of Local Government Services requires that each municipality maintain accurate financial records.

Effect:

The Borough did not comply with requirements promulgated by the Division of Local Government Services.

Cause:

Oversight.

Recommendation:

That care is exercised in posting the budget appropriation ledger.

View of Responsible Official and Planned Corrective Action:

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

**BOROUGH OF MOUNT EPHRAIM
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012**

**Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

No findings and/or questioned costs identified.

BOROUGH OF MOUNT EPHRAIM
Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal and state grant awards that are required to be reported in accordance with Government Auditing Standards and New Jersey OMB's Circular 04-04.

FINANCIAL STATEMENT FINDINGS

Finding #2011-1

Condition:

There was a deficit in the Animal Control Fund as of December 31, 2011.

Current Status:

The condition has not been corrected.

FEDERAL AWARDS

A Federal Single Audit was not required.

STATE AWARDS

A State Single Audit was not required.

BOROUGH OF MOUNT EPHRAIM
OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit.

<u>Name</u>	<u>Title</u>	<u>Amount of Coverage</u>	<u>Name Of Surety</u>
Joseph Wolk	Mayor		
Andrew Gilmore	Commissioner		
Bruce Greenwald	Commissioner		
Terry Shannon	Borough Clerk	\$1,000,000.00	(A)
David McPeak	Chief Financial Officer	\$1,000,000.00	(A)
Marie Darlington	Tax Collector	\$1,000,000.00	(A)
Ethel Hartman	Registrar of Vital Statistics	\$1,000,000.00	(A)
Tara Martin	Construction Clerk	\$1,000,000.00	(A)
Steven R. Beach	Construction Code Official	\$1,000,000.00	(A)
Steve Kessler	Tax Assessor	\$1,000,000.00	(A)

(A) Employees are covered by the Public Employees Dishonesty Blanket Bond with the Camden County Municipal Joint Insurance Fund in the amount of \$50,000 and an excess liability bond in the amount of \$950,000 with the Municipal Excess Liability Fund.

ACKNOWLEDGMENT

We express our appreciation for the assistance and courtesies extended to us by the Borough Officials during the course of the audit.

Respectfully submitted,

INVERSO & STEWART, LLC

A handwritten signature in black ink, appearing to read 'R. Inverso', is written over the printed name.

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

March 1, 2013