

BOROUGH OF MOUNT EPHRAIM
County of Camden
Report of Audit of Financial Statements
For the Year Ended December 31, 2016

**BOROUGH OF MOUNT EPHRAIM
COUNTY OF CAMDEN**

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PART II

BOROUGH OF MOUNT EPHRAIM

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2016

INVERSO & STEWART, LLC

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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

I 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, 2016 and 2015, 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, 2016 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

The supplementary financial statements presented for the various funds 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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.

My 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.

Other Information

In my 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, 2016 and 2015, 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, 2016 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.

Opinion on Regulatory Basis of Accounting

In my 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, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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.

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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 28, 2017 on my consideration of the Borough of Mount Ephraim's, in the County of Camden, State of New Jersey, internal control over financial reporting and my 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 my 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
April 28, 2017

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did however identify the following deficiency in internal control, described in the accompanying *Schedule of Findings and Recommendations* that I consider to be a significant deficiency which is Findings no.: 2016-1.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, I do not express an opinion on the effectiveness of the Borough of Mount Ephraim's internal control.

Internal Control Over Financial Reporting

I have audited, in accordance with the 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 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, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued my report thereon dated April 28, 2017. That report indicated that the Borough of Mount Ephraim's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

**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**

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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, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance 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 Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying *Schedule of Findings and Recommendations* as Finding no.: 2016-1.

The Borough of Mount Ephraim's Response to Findings

The Borough of Mount Ephraim's response to the finding identified in my report is described in the accompanying *Schedule of Findings and Recommendations*. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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
April 28, 2017

BOROUGH OF MOUNT EPHRAIM

Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2016 and 2015

	2016	2015
ASSETS		
Regular Fund:		
Cash - Treasurer	\$ 2,140,398.95	\$ 1,597,028.62
Cash - Change Fund	300.00	150.00
Total	2,140,698.95	1,597,178.62
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	186,871.33	237,532.32
Tax Title Liens Receivable	93,302.81	80,825.65
Property Acquired for Taxes - Assessed Valuation	9,400.00	9,400.00
Sewer Rents Receivable	10,858.07	17,113.98
Revenue Accounts Receivable	12,537.39	13,579.93
Other Accounts Receivable	2,305.83	52,437.03
Due from Federal and State Grant Fund	52,437.03	21,627.29
Due from Trust - Other Fund	21,627.29	21,535.33
Due from General Capital Fund	11,914.96	11,914.96
Total	401,254.71	444,339.20
Deferred Charges:		
Special Emergency Authorization (40A:4-53)	51,000.00	68,000.00
Total Regular Fund	2,592,953.66	2,109,517.82
Federal and State Grant Fund:		
Cash - Treasurer	748,135.51	978,214.32
Federal and State Grants Receivable	237,674.80	162,904.93
Due from Current Fund	26,659.72	26,659.72
Total Federal and State Grant Fund	1,012,470.03	1,167,778.97
Total Assets	\$ 3,605,423.69	\$ 3,277,296.79

BOROUGH OF MOUNT EPHRAIM

Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2016 and 2015

LIABILITIES, RESERVES AND FUND BALANCE

	2016	2015
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 281,567.96	\$ 315,298.85
Encumbrances Payable	67,048.34	23,199.27
Due State of New Jersey - Veteran & Senior Citizen Deduction	1,500.00	
Tax Overpayments	11,491.83	2,358.57
Prepaid Taxes	80,310.42	62,048.46
Local School Taxes Payable	216,361.40	51,148.40
Due County for Added and Omitted Taxes	3,777.83	1,845.76
Sewer Rent Overpayments	834.03	1,319.57
Due to Federal and State Grant Fund	26,659.72	26,659.72
Due to Other Trust Fund	58,650.63	57,145.50
Due to General Capital Fund	342,835.69	368,556.75
Due State of New Jersey - Marriage License Fees	25.00	175.00
Due State of New Jersey - UCC Fees	732.00	1,283.00
Reserve for Revaluation	4,824.61	4,824.61
Reserve for Codification of Ordinances	4,385.62	14,501.87
Total Liabilities	1,101,005.08	930,365.33
Reserve for Receivables and Other Assets	401,254.71	444,339.20
Fund Balance	1,090,693.87	734,813.29
Total Regular Fund	2,592,953.66	2,109,517.82
Federal and State Grant Fund:		
Encumbrances Payable	95.45	2,469.20
Due to Current Fund	52,437.03	52,437.03
Due to General Capital Fund	779,182.81	1,023,182.81
Unappropriated Reserves	7,925.66	235.73
Appropriated Reserves	172,829.08	89,454.20
Total Federal and State Grant Fund	1,012,470.03	1,167,778.97
Total Liabilities, Reserves and Fund Balance	\$ 3,605,423.69	\$ 3,277,296.79

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, 2016 and 2015

	2016	2015
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 424,500.00	\$ 235,000.00
Miscellaneous Revenue Anticipated	1,531,553.58	1,243,251.09
Receipts from Delinquent Taxes	229,162.19	273,036.80
Receipts from Current Taxes	12,015,042.65	11,597,650.72
Nonbudget Revenues	225,462.66	153,631.83
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	222,616.77	115,758.44
Cancellation of Tax Overpayments	1.32	
Total Revenue and Other Income Realized	14,648,339.17	13,618,328.88
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	1,832,160.00	1,966,830.00
Other Expenses	2,064,095.00	1,910,370.00
Deferred Charges and Statutory Expenditures Within "CAPS"	434,500.00	396,000.00
Operations Excluded from "CAPS":		
Salaries and Wages	45,000.00	35,000.00
Other Expenses	187,451.70	110,883.30
Capital Improvements Excluded from "CAPS"	109,500.00	10,000.00
Municipal Debt Service Excluded from "CAPS"	537,836.41	321,098.90
Deferred Charges and Statutory Expenditures Excluded from "CAPS"	17,000.00	17,000.00
County Taxes	2,480,536.82	2,412,891.84
Due County for Added Taxes	3,777.83	1,845.76
Local School District Tax	6,153,795.00	5,937,433.00
Reserve for Receivable Created	2,305.83	
Prior Year Senior Citizens Disallowed	3,095.43	
Subtotal	13,867,958.59	13,122,448.23
Less: Expenditures to be Raised by Future Taxes		
Total Expenditures	13,867,958.59	13,122,448.23
Statutory Excess to Fund Balance (Carried Forward)	780,380.58	495,880.65

BOROUGH OF MOUNT EPHRAIM

Current Fund

Statement of Operations and Changes in Fund Balance - Regulatory Basis
 For the Years Ended December 31, 2016 and 2015

	2016	2015
Statutory Excess to Fund Balance (Brought Forward)	\$ 780,380.58	\$ 495,880.65
Fund Balance January 1	734,813.29	473,932.64
Total	1,515,193.87	969,813.29
Decreased by Utilization as Anticipated Revenue	424,500.00	235,000.00
Fund Balance December 31	\$ 1,090,693.87	\$ 734,813.29

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, 2016

	EXCESS (DEFICIT)	REALIZED	SPECIAL NJS 40A:4-87	BUDGET	Fund Balance Anticipated
	\$ -	\$ 424,500.00	\$ -	\$ 424,500.00	Miscellaneous Revenues:
					Local Revenues:
					Licenses:
					Alcoholic Beverage
					Other
					Fees and Permits
					Fines and Costs:
					Municipal Court
					Interest and Costs on Taxes
					Sewer Rents
					Cable TV Franchise Fees
					State Aid Without Offsetting Appropriations:
					Consolidated Municipal Property Tax Relief Aid
					Energy Receipts Tax
					Uniform Construction Code
					Shared Service Agreement
					Borough of Runnemede
					Trash Collection
					Billboard Lease
					Reserve for Debt Service
					Special Items Offset with Appropriations:
					Community Development Block Grant - Year 36
					Community Development Block Grant - Year 37
					Body Armor Grant
					Clean Communities Program
					Total
					Receipts from Delinquent Taxes
					Amount to be Raised by Taxes for Support of
					Municipal Budget -
					Local Tax for Municipal Purposes
					Budget Totals
					Nonbudget Revenues
					Total

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Statement of Revenues - Regulatory Basis
 For the Year Ended December 31, 2016

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 12,015,042.65
Allocated to School and County Taxes	8,638,109.65
Balance for Support of Municipal Budget Appropriations	3,376,933.00
Add Appropriation - Reserve for Uncollected Taxes	298,508.00
Amount for Support of Municipal Budget Appropriations	\$ 3,675,441.00

Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 229,162.19
Miscellaneous Revenue:	
Recycling	3,289.52
Payment in Lieu of Taxes	33,000.00
Interest Earned on Investments	8,472.94
Sewer Interest and Costs	7,358.77
Photocopies	1,027.00
Refunds	72,472.64
Vets and Senior Citizen Administrative Fee	1,255.00
Vacant Properties	18,041.67
Property Maintenance	1,261.45
Safety Incentive	1,980.55
JIF/HIF Dividends	57,485.09
Sparrow Program	600.00
Newspaper Ad Reimbursements	3,435.38
Hotel Fees	3,371.82
Proceeds of Auction	7,937.00
Miscellaneous	4,473.83
Total	\$ 225,462.66

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, 2016

	Appropriations		Paid or Charged	Expended		Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification		ENCUMBERED			
GENERAL APPROPRIATIONS:							
Operations Within "CAPS":							
General Government:							
Administrative and Executive:							
Salaries and Wages	\$ 11,750.00	\$ 9,750.00	\$ 9,250.02	\$ -	\$ 499.98	\$ -	
Other Expenses	4,000.00	4,000.00	3,288.76	-	711.24	-	
Municipal Clerk							
Salaries and Wages	11,000.00	11,000.00	9,420.06	-	1,579.94	-	
Other Expenses	48,000.00	48,000.00	35,840.38	-	12,159.62	-	
Financial Administration:							
Salaries and Wages	62,500.00	64,900.00	64,873.99	138.72	26.01	-	
Other Expenses	18,000.00	18,000.00	16,657.87	-	1,203.41	-	
Audit Services							
Other Expenses	25,000.00	25,000.00	25,000.00	-	-	-	
Collection of Taxes:							
Salaries and Wages	63,500.00	63,500.00	61,417.64	1,240.00	2,082.36	-	
Other Expenses	12,875.00	12,875.00	8,765.55	-	2,869.45	-	
Liquidation of Tax Title Liens							
Other Expenses	1,500.00	1,500.00	1,045.80	-	454.20	-	
Tax Assessment Administration							
Salaries and Wages	15,500.00	15,500.00	14,410.83	609.62	1,089.17	-	
Other Expenses	2,850.00	2,850.00	481.89	-	1,758.49	-	
Legal Services and Costs							
Other Expenses	42,000.00	42,000.00	29,858.82	1,855.50	10,285.68	-	
Engineering Services and Costs							
Other Expenses	35,000.00	70,000.00	48,320.30	13,490.00	8,189.70	-	
Municipal Land Use Law (N.J.S.A. 40:SSD-1):							
Planning Board:							
Salaries and Wages	11,500.00	11,500.00	9,628.19	739.95	1,871.81	-	
Other Expenses	13,650.00	13,650.00	9,318.93	-	3,591.12	-	
Insurance:							
Group Insurance	776,770.00	829,270.00	826,903.73	429.08	1,937.19	-	
Liability Insurance	114,000.00	114,000.00	113,495.60	-	504.40	-	
Workers Compensation	108,000.00	108,000.00	107,263.90	-	736.10	-	
Health Benefit Waiver	60,000.00	60,500.00	57,517.69	-	2,982.31	-	

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		ENCUMBERED	Reserved	
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
Police						
Salaries and Wages	\$ 1,225,000.00	\$ 1,225,000.00	\$ 1,096,205.09	\$ -	\$ 3,794.91	\$ 125,000.00
Other Expenses	93,000.00	93,000.00	53,424.87	6,556.88	33,018.25	
Civil Defense and Disaster Control (Emergency Mgmt)						
Salaries and Wages	1,500.00	1,500.00	1,454.52	4,331.72	45.48	
Other Expenses	10,000.00	10,000.00	4,726.14		942.14	
Aid to Volunteer Fire Companies						
Other Expenses	50,000.00	50,000.00	23,692.51	23,780.00	2,527.49	
Aid to Volunteer - Ambulance	13,000.00	13,000.00	(195.37)	195.37	13,000.00	
Fire Hydration Service (Water)	58,000.00	58,000.00	53,460.33		4,539.67	
Road Repairs and Maintenance						
Salaries and Wages	208,000.00	172,100.00	168,248.83	156.51	3,851.17	
Other Expenses	27,000.00	30,000.00	26,039.70		3,803.79	
Garbage and Trash Collection						
Salaries and Wages	125,000.00	133,500.00	133,090.52		409.48	
Other Expenses	1,500.00	2,000.00	1,856.85		143.15	
Solid Waste Disposal						
Other Expenses	157,000.00	130,900.00	108,622.94	200.00	22,077.06	
Public Buildings and Grounds						
Salaries and Wages	3,500.00	3,500.00	2,945.00		555.00	
Other Expenses	42,100.00	39,100.00	30,788.56	3,096.67	5,214.77	
Sewer System						
Salaries and Wages	53,000.00	43,000.00	37,188.60		5,811.40	
Other Expenses	50,000.00	35,000.00	32,078.84	1,770.00	1,151.16	
Vehicle Maintenance						
Other Expenses	65,000.00	53,000.00	37,597.13	4,808.99	10,593.88	
Health and Human Services						
Registrar of Vital Statistics						
Salaries and Wages	2,200.00	2,200.00	1,925.69		274.31	
Other Expenses	650.00	650.00	115.00		535.00	

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		ENCUMBERED	Reserved	
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
Senior Citizen Transportation						
Other Expenses	\$ 4,000.00	\$ 4,000.00	\$ 3,150.00	\$ -	\$ 850.00	\$ -
Environmental Commission	100.00	100.00			100.00	
Other Expenses						
Other Common Operating Functions						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	2,000.00	2,000.00			2,000.00	
Utility and Bulk Purchases						
Electricity	65,000.00	59,000.00	50,034.23		8,965.77	
Street Lights	56,000.00	62,000.00	59,902.83		2,097.17	
Telephone	27,000.00	27,000.00	25,097.97		1,902.03	
Fuel Oil						
Gasoline	52,000.00	32,000.00	26,847.10	3,194.43	1,958.47	
Sewer	3,000.00	3,000.00	2,464.00		536.00	
Municipal Court Functions						
Municipal Court	131,060.00	138,660.00	101,600.12		37,059.88	
Salaries and Wages						
Uniform Construction Code						
State Uniform Construction Code						
Construction Code Official						
Salaries and Wages	56,000.00	54,000.00	53,756.85		243.15	
Other Expenses	3,000.00	3,000.00	1,766.87		1,233.13	
Inspection of Rentals and Certification of Habitability						
Salaries and Wages	7,500.00	7,500.00	6,869.33		630.67	
Other Expenses	150.00	150.00			150.00	
Stormwater Regulation						
Salaries and Wages	1,100.00	50.00	38.46		11.54	
Other Expenses	1,500.00	1,050.00	1,050.00			
Dog Regulation						
Other Expenses	4,500.00	6,500.00	6,347.92		152.08	
Total Operations Including Contingent - Within "CAPS"	4,036,755.00	4,021,255.00	3,604,951.38	66,593.44	224,710.18	125,000.00

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		ENCUMBERED	Reserved	
Detail:						
Salaries and Wages	\$ 1,989,610.00	\$ 1,957,160.00	\$ 1,772,323.74	\$ -	\$ 59,836.26	\$ 125,000.00
Other Expenses	2,047,145.00	2,064,095.00	1,832,627.64	66,593.44	164,873.92	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":						
DEFERRED CHARGES						
Deficit in Animal Control Fund						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	76,000.00	76,000.00	75,577.00		423.00	
Police & Fireman's Retirement System	264,000.00	264,000.00	263,991.00		9.00	
Defined Contribution Retirement System	1,000.00	1,000.00			1,000.00	
Social Security System (O.A.S.I.)	75,000.00	75,000.00	71,032.59		3,967.41	
Unemployment Compensation Insurance	3,000.00	18,500.00	18,460.96		39.04	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	419,000.00	434,500.00	429,061.55		5,438.45	
Total General Appropriations - For Municipal Purposes Within "CAPS"	4,455,755.00	4,455,755.00	4,034,012.93	\$66,593.44	230,148.63	\$ 125,000.00
GENERAL APPROPRIATIONS:						
Operations Excluded from "CAPS":						
Recycling Tax	7,000.00	7,000.00	4,843.17		2,156.83	
Group Health Insurance	13,230.00	13,230.00	13,230.00			
Total Other Operations Excluded from "CAPS":	20,230.00	20,230.00	18,073.17		2,156.83	

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		ENCUMBERED	Reserved	
Interlocal Municipal Service Agreements						
Borough of Barrington						
Shared Truck Wash						
Other Expenses						
Borough of Barrington	\$ 4,000.00	\$ 4,000.00	\$ -	\$ -	\$ 4,000.00	\$ -
Municipal Clerk						
Other Expenses						
Borough of Runnemede	25,975.00	25,975.00	19,387.50		6,587.50	
Shared Trash Collection						
Salaries & Wages	45,000.00	45,000.00	45,000.00			
Other Expenses	20,000.00	20,000.00	20,000.00			
Total Interlocal Municipal Service Agreements	94,975.00	94,975.00	84,387.50		10,587.50	
GENERAL APPROPRIATIONS:						
Operations Excluded from "CAPS":						
Public and Private Programs Offset by Revenues:						
Community Development Block Grant 36	82,000.00	82,000.00	82,000.00			
Community Development Block Grant 37	22,600.00	22,600.00	22,600.00			
Drunk Driving Enforcement Fund						
New Jersey Transportation Trust Fund Authority Act						
Bulletproof Vest Partnership Grant						
Clean Communities Program		11,104.12	11,104.12			
Body Armor Replacement Fund		1,542.58	1,542.58			
Recycling Tonnage Grant						
Drive Sober or Get Pulled Over						
Total Public and Private Programs Offset by Revenues	104,600.00	117,246.70	117,246.70			
Total Operations - Excluded From "CAPS"	219,805.00	232,451.70	219,707.37		12,744.33	
Detail:						
Salaries and Wages	45,000.00	45,000.00	45,000.00			
Other Expenses	174,805.00	187,451.70	174,707.37		12,744.33	

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		ENCUMBERED	Reserved	
GENERAL APPROPRIATIONS:						
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -	\$ -
Replacement of Public Works Garage Roof	89,500.00	89,500.00	50,825.00		38,675.00	
Total Capital Improvements - Excluded From "CAPS"	109,500.00	109,500.00	70,825.00		38,675.00	
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	244,000.00	244,000.00	244,000.00			
Payment of Bond Anticipation Notes and Capital Notes	237,202.00	237,202.00	237,200.66			1.34
Interest on Bonds	2,200.00	2,200.00	2,105.98			94.02
Interest on Notes						
^{1a} Capital Lease Obligations Approved Prior to 7/1/07						
Principal	38,000.00	38,000.00	38,000.00			0.23
Interest	16,530.00	16,530.00	16,529.77			
Total Municipal Debt Service - Excluded From "CAPS"	537,932.00	537,932.00	537,836.41			95.59
Deferred Charges - Excluded From "CAPS"						
Special Emergency Appropriations	17,000.00	17,000.00	17,000.00			
Total Deferred Charges - Excluded From "CAPS"	17,000.00	17,000.00	17,000.00			
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	884,237.00	896,883.70	845,368.78		51,419.33	95.59
Subtotal General Appropriations	5,339,992.00	5,352,638.70	4,879,381.71		66,593.44	125,095.59
Reserve for Uncollected Taxes	298,508.00	298,508.00	298,508.00			
TOTAL GENERAL APPROPRIATIONS	\$ 5,638,500.00	\$ 5,651,146.70	\$ 5,177,889.71	\$ 66,593.44	\$ 281,567.96	\$ 125,095.59

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2016

\$ 5,638,500.00		\$ 5,651,146.70
12,646.70		\$ 5,244,483.15
\$ 5,638,500.00		\$ 5,244,483.15

\$ 117,246.70		Total
298,508.00		Cash Disbursed
66,593.44		Special Emergency
17,000.00		Reserve for Encumbrances
4,745,135.01		Reserve for Uncollected Taxes
\$ 117,246.70		Reserve for Federal and State Grants - Appropriated
\$ 5,638,500.00		Analysis of Paid or Charged:
12,646.70		Reserve for Federal and State Grants - Appropriated
\$ 5,638,500.00		Reserve for Uncollected Taxes
12,646.70		Reserve for Encumbrances
\$ 5,638,500.00		Special Emergency
12,646.70		Cash Disbursed
\$ 5,638,500.00		By Appropriation 40A:4-87
12,646.70		Original Budget
\$ 5,638,500.00		Analysis of Budget After Modification:

BOROUGH OF MOUNT EPHRAIM

Trust Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
 For the Years Ended December 31, 2016 and 2015

2015 2016 REFERENCE

ASSETS

Animal Control Fund:			
Cash - Treasurer	B-1	\$	779.16
Deficit in Animal Control Fund		\$	358.66
Total Animal Control Fund			<u>779.16</u>
Other Funds:			
Cash - Treasurer	B-1	395,818.10	
Due from Current Fund	A	58,650.63	
Accounts Receivable		6,016.42	
Total Other Funds		460,485.15	
Total Assets		\$	<u>461,264.31</u>

LIABILITIES AND RESERVES

Animal Control Fund:			
Due State of New Jersey		\$	1.20
Due Current Fund	A	-	
Reserve for Animal Control Expenditures	B-2	779.16	
Total Animal Control Fund		<u>779.16</u>	
Other Funds:			
Due Current Fund	A	21,627.29	
Payroll Deductions Payable		18,984.89	
Accounts Payable		1,937.00	
Reserve for :			
Unemployment Compensation	B-3	136,812.01	
Escrow Trust Fund	B-4	7,397.70	
Law Enforcement - Forfeited Funds	B-5	10,293.06	
Tax Title Lien Redemption Trust	B-6	234,000.00	
Off Duty Police	B-8	17,592.91	
Public Defender Fees	B-9	11,612.00	
POAA Fees	B-10	107.05	
Police Donations	B-11	121.24	
Total Other Funds		460,485.15	
Total Liabilities and Reserves		\$	<u>461,264.31</u>

Animal Control Fund:			
Cash - Treasurer	B-1	323,194.87	
Due from Current Fund	A	57,145.50	
Accounts Receivable		4,173.18	
Total Other Funds		384,513.55	
Total Assets		\$	<u>384,872.21</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, 2016 and 2015

	2016	2015
ASSETS		
Cash - Treasurer	\$ 21,706.08	\$ 267,344.14
State Aid Receivable	243,497.75	368,556.75
Due from Current Fund	342,835.69	1,023,182.81
Due from Federal and State Grant Fund	779,182.81	4,035.37
Due from Camden County Improvement Authority	4,035.37	432,000.00
Amount to be Provided by Lease	394,000.00	5,404,000.00
Deferred Charges to Future Taxation:		
Funded	5,160,000.00	5,404,000.00
Unfunded	847,898.00	364,585.00
Total	\$ 7,793,155.70	\$ 7,863,704.07
LIABILITIES, RESERVES AND FUND BALANCE		
General Serial Bonds Payable	\$ 5,160,000.00	\$ 5,404,000.00
Bond Anticipation Notes Payable	234,650.00	234,650.00
Obligations Under Capital Lease	394,000.00	432,000.00
Improvement Authorizations:		
Funded	391,800.22	345,832.02
Unfunded	683,791.28	306,809.90
Capital Improvement Fund	35.10	5,472.10
Reserve for Debt Service	916,914.34	1,122,975.29
Due to Current Fund	11,914.96	11,914.96
Fund Balance	49.80	49.80
Total	\$ 7,793,155.70	\$ 7,863,704.07

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

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

Balance December 31, 2016 and 2015	\$ 49.80
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BOROUGH OF MOUNT EPHRAIM
General Capital Fund
 Statement of Fund Balance - Regulatory Basis
 For the Year Ended December 31, 2016

**BOROUGH OF MOUNT EPHRAIM
GENERAL FIXED ASSETS ACCOUNT GROUP**
Statement of Changes in General Fixed Assets - Regulatory Basis
For the Year Ended December 31, 2016

	Balance December 31, 2015	Additions	Retirements	Balance December 31, 2016
General Fixed Assets:				
Land and Land Improvements	\$ 712,900.00	\$ -	\$ -	\$ 712,900.00
Building and Building Improvements	3,890,200.00			3,890,200.00
Machinery and Equipment	2,823,460.70	278,136.88		3,101,597.58
Total	\$ 7,426,560.70	\$ 278,136.88	\$ -	\$ 7,704,697.58
Investment in General Fixed Assets	\$ 7,426,560.70	\$ 278,136.88	\$ -	\$ 7,704,697.58

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

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 2015 estimate is 4,639.

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: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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Municipality's deposits may not be recovered. Although the Municipality 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 GDPA. However, GDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Municipality relative to the happening of a future condition.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

Such funds are shown as uninsured and uncollateralized. Of the Municipality's amount on deposit of \$3,530,868 as of December 31, 2016, \$250,000 was insured under FDIC and the remaining balance of \$3,280,868 was collateralized under GUPPA.

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.

Comparative Schedule of Tax Rates						
Total Tax Rate	2016	2015	2014	2013	2012	
Apportionment of Tax Rate:	Municipal	1.286	1.251	1.990	1.938	1.893
	County	0.898	0.869	1.392	1.437	1.426
	Local School District	2.223	2.135	3.361	3.221	3.193
	Assessed Valuation	\$ 4,407	\$ 4,255	\$ 6,743	\$ 6,596	\$ 6,512
	Amount	\$ 4.407	\$ 4.255	\$ 6.743	\$ 6.596	\$ 6.512

Comparison of Tax Levies and Collections				
Year Ended	Tax Levy	Collections	Percentage of Collections	Year Ended
2016	\$ 12,217,628	\$ 12,015,043	98.34%	2016
2015	11,840,402	11,597,651	97.95	2015
2014	11,929,497	11,647,192	97.63	2014
2013	11,593,028	11,335,900	97.78	2013
2012	11,003,661	10,798,423	98.13	2012

Delinquent Taxes and Tax Title Liens				
Year Ended	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2016	\$ 93,303	\$ 186,871	\$ 280,174	2.29%
2015	80,826	237,532	318,358	2.69
2014	78,335	272,758	351,093	2.94
2013	73,244	216,545	289,789	2.49
2012	67,826	210,517	278,343	2.52

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2016**

NOTE 3. PROPERTY TAXES (CONTINUED)

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>
2016	20
2015	18
2014	19
2013	19
2012	18

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>
2016	\$ 9,400
2015	9,400
2014	9,400
2013	9,400
2012	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>
2016	\$ 229,194	\$ 218,336	92.26%
2015	230,299	213,185	92.56
2014	229,187	214,998	93.81
2013	232,469	212,022	91.20
2012	231,224	211,944	91.16

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.

Current Fund	December 31	Utilized In Budget of Succeeding Year	Percentage of Fund Balance Used
2016	\$ 1,090,544	640,000	58.69%
2015	734,813	424,500	57.77
2014	473,933	235,000	49.59
2013	362,364	235,000	64.85
2012	312,174	237,500	76.08

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.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age from age 55 to 65 for Tier 5 members
- The eligible age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increases in active member contribution rates for PERS active members from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2012, the member contribution rates will increase in 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4 year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay.)

NOTE 7. PENSION PLANS (Continued)

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 increased to 10.0% 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.

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

Police & Firemen's Retirement System					
Year	Contribution	Percentage of Covered Payrolls	Borough Contributions		Employee Contributions
			Accrued Liability	Non-Contributory Life Insurance	
2016	\$ 88,506	9.94%	\$ 163,717	\$ 11,768	\$ 89,760
2015	81,863	8.45%	146,083	10,705	98,023
2014	89,324	8.71%	109,350	7,581	102,541

At June 30, 2016, the Borough's net pension liability for PFRS was \$5,790,085.

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

Inflation rate: 3.08%
Salary Increases:
Through 2026: 2.10-8.98% based on age
Thereafter: 3.10-9.98% based on age
Investment Rate of Return: 7.65%

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

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

NOTE 7. PENSION PLANS (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	05.00%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. That state employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 5.55%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.55%) or 1 percentage point higher (6.55%) than the current rate:

NOTE 7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Inflation rate: 3.08%

Salary Increases:

Through 2026: 1.65-4.15% based on age

Thereafter: 2.65-5.15% based on age

Investment Rate of Return: 7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

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

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

NOTE 7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	05.00%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The state employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportional share of the net pension liability to changes in the discount rate. The following presents the Borough's proportional share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the Borough's proportional share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.98%) or 1 percentage point higher (4.98%) that the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Borough's proportional share of the net pension liability	\$ 2,684,794 (2.98%)	\$ 2,190,983 (3.98%)	\$ 1,783,299 (4.98%)

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

NOTE 7. PENSION PLANS (Continued)

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, 2016, 2015 and 2014.

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the Borough.

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.

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.

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

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, 2014:

Year Ending	December 31, 2014
Annual OPEB Cost	\$ 748,622
Normal Cost	\$ 1,484,937
Amortization of Unfunded Actuarial Accrued Liability	2,233,559
Annual Required Contribution (ARC)	-
Interest on OPEB Obligation	-
Adjustment to ARC	-
OPEB Expense	2,233,559
Net OPEB contributions made during the fiscal year	2,233,559
Net OPEB obligation at end of year	\$ 2,233,559

Funded Status and Funding Progress

As of December 31, 2014 the actuarial accrued liability for benefits was \$24,187,970, based upon a discount rate of 4.50%, 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.

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, 2016, accrued benefits for compensated absences are valued at \$435,815.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2016**

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:

Year	Employee Withholdings	Interest Earned	Other Income	Reimbursed Amount	Ending Balance
2016	\$ 3,095	\$ 8	\$ 18,055	\$ 22,839	-
2015	2,629	2	2,907	4,166	1,681
2014	2,812	2	2,000	5,723	309
2013	2,444	3	7,302	5,746	3,218
2012	2,651	10	7,302	8,773	4,517

NOTE 11. CAPITAL DEBT

Summary of Municipal Debt

	2016	2015	2014
Issued:			
General Bonds and Notes	\$ 5,394,650	\$ 5,768,585	\$ 5,287,235
Net Debt Issued	5,394,650	5,768,585	5,287,235
Authorized But Not Issued:			
General - Bonds and Notes	613,248		
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 6,007,898	\$ 5,768,585	\$ 5,287,235

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, 2016 consisted of the following issue:

Purpose	Date of Maturity	Interest Rate	Amount
2009 Guaranteed Bonds	5/01/2029	5.25% - 6.00%	\$ 2,255,000
2015 General Obligation Bonds	3/01/2033	3.25% - 3.75%	2,905,000

NOTE 11. CAPITAL DEBT (Continued)

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, 2016, the Borough had outstanding bond anticipation notes as follows:

Fund	Amount Outstanding	Interest Rate	Maturity Date
General Capital	\$ 234,650	.85%	October 11, 2017

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 1.839%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 5,460,000	\$ 5,460,000	
General Debt	6,007,898	916,914	5,090,984
Total	\$ 11,467,898	\$ 6,376,914	\$ 5,090,984

Net Debt, \$5,090,984 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$276,900,064 equals 1.839%.

Equalized Valuation Basis:

Year	Value
2014	\$ 266,641,045
2015	279,950,388
2016	284,108,758
Average	\$ 276,900,064

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 9,691,502
Net Debt	5,090,984
Remaining Borrowing Power	\$ 4,600,518

NOTE 11. CAPITAL DEBT (Continued)

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

Calendar Year	General		Total
	Principal	Interest	
2017	\$ 270,000	\$ 211,225	\$ 481,225
2018	280,000	199,587	479,587
2019	285,000	194,218	479,218
2020	285,000	188,856	473,856
2021	300,000	175,363	475,363
2022-2026	1,685,000	652,619	2,337,619
2027-2031	1,625,000	229,338	1,854,338
2032-2033	430,000	16,312	446,312
Total	\$ 5,160,000	\$ 1,867,518	\$ 7,027,518

NOTE 12. LEASE OBLIGATIONS

The Borough has a lease agreement in effect at December 31, 2016 for various capital improvements and one police vehicle.

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

Calendar Year	General		Total
	Principal	Interest	
2017	\$ 51,642	\$ 16,342	\$ 67,984
2018	40,000	14,280	54,280
2019	43,000	12,680	55,680
2020	43,000	10,960	53,960
2021	42,000	9,240	51,240
2022-25	189,000	19,240	208,240
Total	\$ 408,642	\$ 82,742	\$ 491,384

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, 2016.

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 85,979	\$ 428,146
Federal and State Grant Fund	26,660	831,620
Other Trust Funds	58,651	21,627
General Capital Fund	1,122,018	11,915
Total	\$ 1,293,308	\$ 1,293,308

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.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF MOUNT EPHRAIM

Current Fund

Statement of Cash - Treasurer

For the Year Ended December 31, 2016

FEDERAL AND STATE GRANT FUND		CURRENT FUND	
Balance December 31, 2015	\$ -	\$ 1,597,028.62	\$ -
Receipts:			
Taxes Receivable	12,117,669.34		
Tax Title Liens	879.79		
Prepaid Taxes	80,310.42		
Tax Overpayments	17,636.41		
Revenue Accounts Receivable	1,178,857.04		
Sewer Rent Charges	234,130.27		
Sewer Rent Overpayments	834.03		
Due State of New Jersey:			
Marriage License Fees	550.00		
UCC Fees	2,981.00		
Due from State of New Jersey for Senior Citizens and Veterans Deductions	62,750.00		
Miscellaneous Revenues Not Anticipated	225,462.66		
Due to Other Trust Fund	207,605.13		
Due to General Capital Fund	205,460.00		
Budget Refunds	149,385.81		
Contra	383,398.08		
Federal and State Grants Receivable		14,867,909.98	43,516.73
Total Receipts		16,464,938.60	43,516.73
Sub-Total			
Disbursements:			
2016 Appropriations	4,745,135.01		
2015 Appropriation Reserves	115,426.45		
County Taxes	2,482,382.58		
Local School Taxes Payable	5,988,582.00		
Due State of New Jersey:			
Marriage License Fees	700.00		
UCC Fees	3,532.00		
Reserve for Codification	10,116.25		
Tax Overpayments	6,144.58		
Due to General Capital Fund	231,181.06		
Due to Other Trust Fund	206,100.00		
Due from Employee	2,305.83		
Change Fund	150.00		
Budget Refunds	149,385.81		
Contra	383,398.08		
Federal and State Appropriated Reserves		14,324,539.65	29,595.54
Total Disbursements		21,403,989.95	29,595.54
Balance December 31, 2016	\$ 748,135.51	\$ 2,140,398.95	\$ 748,135.51

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Schedule of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2016

EXHIBIT A-7

Year	Balance Dec. 31, 2015	2016 Levy	Added Taxes	COLLECTIONS BY CASH 2015	2016	State Share of 2016 Senior Citizens and Veterans Deductions Allowed	Overpayments Applied	Transferred to Tax Title Lien	Canceled	Balance Dec. 31, 2016
2013	\$ 902.71	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 902.71	\$ -
2015	236,629.61	-	-	228,282.40	-	-	-	1,989.06	902.71	6,358.15
Subtotal	237,532.32	12,217,628.17	-	228,282.40	11,889,386.94	61,250.00	2,357.25	10,785.44	902.71	6,358.15
2016										
Total	\$ 237,532.32	\$ 12,217,628.17	\$ -	\$ 62,048.46	\$ 12,117,669.34	\$ 61,250.00	\$ 2,357.25	\$ 12,774.50	\$ 12,189.61	\$ 186,871.33

Analysis of Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 12,135,838.28
Added Taxes	18,539.89
Senior Citizens and Veterans Deductions Allowed	63,250.00
Per Original Levy	\$ 12,217,628.17
Total	\$ 12,217,628.17

Tax Levy:

Local School Tax (Abstract)	\$ 6,153,795.00
County Tax (Abstract)	2,281,367.71
County Library Tax (Abstract)	143,195.10
County Open Space Tax (Abstract)	55,974.01
County Added Taxes	3,777.83
Local Tax for Municipal Purposes	3,562,216.00
Additional Tax Levies	17,302.52
Total	\$ 12,217,628.17

				Balance December 31, 2015	
				Increased by:	
				2016 Billings	
				Decreased by:	
				2016 Collections	
				Overpayments Applied	
				Balance December 31, 2016	

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Schedule of Sewer Service Charges Receivable
 For the Year Ended December 31, 2016

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Schedule of Revenue Accounts Receivable
 For the Year Ended December 31, 2016

	Collected By Treasurer	Accrued in 2016	Balance Dec. 31, 2015	Total
Alcoholic Beverage Licenses	\$ 4,686.00	\$ 4,686.00	\$ -	
Other Licenses	6,301.68	6,301.68	-	
Fees and Permits	17,221.00	17,221.00	13,579.93	
Municipal Court - Fines and Costs	176,590.68	175,548.14		
Interest and Costs on Taxes	57,066.25	57,066.25		
Cable TV Franchise Fees	68,517.28	68,517.28		
Consolidated Municipal Property Tax Relief	21,048.00	21,048.00		
Energy Receipts Tax	392,656.00	392,656.00		
Uniform Construction Code	37,176.00	37,176.00		
Shared Services Agreement - Bellmawr/Runnemede	78,114.15	78,114.15		
Billboard Lease	75,480.00	75,480.00		
Reserve for Debt Service	244,000.00	244,000.00		
Total	\$ 1,178,857.04	\$ 1,177,814.50	\$ 13,579.93	\$ 12,537.39
	Balance Dec. 31, 2016			

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, 2016

Purpose	Date Authorized	Amount Authorized	Balance December 31, 2015	Added in 2016	Raised in 2016 Budget	Balance December 31, 2016
Revaluation	4/3/2014	\$85,000.00	\$ 68,000.00	\$ -	\$ 17,000.00	\$ 51,000.00
Total			<u>\$ 68,000.00</u>	<u>\$ -</u>	<u>\$ 17,000.00</u>	<u>\$ 51,000.00</u>

BOROUGH OF MOUNT EPHRAIM
 Current Fund
 Schedule of 2015 Appropriation Reserves
 For the Year Ended December 31, 2016

	Balance Dec 31, 2015	Encumbrances Dec. 31, 2015	Balance after Transfers	Disbursed	Balance Lapsed
Salary and Wages - Within Caps	\$ 1,000.04	\$ -	\$ 1,000.04	\$ -	\$ 1,000.04
Administrative & Executive	2.50	3.44	105.56	105.56	3.44
Municipal Clerk	2.50	3.44	105.56	105.56	3.44
Financial Administration	3.44	3.44	105.56	105.56	3.44
Collection of Taxes	105.56	3.44	105.56	105.56	3.44
Tax Assessment	-	31.36	31.36	31.36	-
Construction Code Official	-	133.10	133.10	133.10	-
Planning Board	5.34	5.34	5.34	5.34	-
Police	82,865.02	82,865.02	82,865.02	82,865.02	5.34
Civil Defense & Disaster Control	2.41	2.41	2.41	2.41	-
Road Repairs & Maintenance	11,300.76	11,300.76	11,300.76	11,300.76	2.41
Solid Waste Disposal	-	787.74	787.74	787.74	-
Garbage & Trash Collection	51.80	51.80	51.80	51.80	-
Public Buildings & Grounds	2,250.00	2,250.00	2,250.00	2,250.00	51.80
Sewer System	9,058.77	9,058.77	9,058.77	9,058.77	2,250.00
Registrar of Vital Statistics	3.06	3.06	3.06	3.06	9,058.77
Municipal Court	33,267.82	33,851.30	33,851.30	33,851.30	3.06
Inspection of Rentals & Cert. of Habitability	203.08	203.08	203.08	203.08	33,851.30
Subtotal	140,119.60	-	141,655.28	33,851.30	107,803.98
Other Expenses - Within Caps	12,275.52	301.00	6,421.04	1,845.44	61.00
Administrative & Executive	351.00	351.00	351.00	290.00	61.00
Municipal Clerk's Office	6,421.04	6,421.04	6,421.04	1,845.44	4,575.60
Financial Administration	362.20	1,413.20	1,413.20	1,233.92	179.28
Collection of Taxes	3,225.05	3,225.05	3,225.05	3,225.05	-
Liquidation of Tax Title Liens	492.00	492.00	492.00	492.00	-
Tax Assessment Administration	1,200.45	1,200.45	1,200.45	1,200.45	-
Legal Services and Costs	4,520.77	5,720.77	5,720.77	3,176.23	1,200.45
Engineering Services and Costs	3,792.00	1,475.00	5,267.00	4,280.00	1,200.45
Planning Board	2,156.46	2,156.46	2,156.46	1,363.54	792.92
Group Insurance	23,089.30	23,089.30	23,089.30	23,089.30	792.92
Liability Insurance	589.41	589.41	589.41	589.41	-
Workers Compensation	1,277.96	1,277.96	1,277.96	1,277.96	-
Health Benefit Waiver	7,174.40	7,174.40	7,174.40	7,174.40	-
Police	5,501.00	3,348.79	8,849.79	4,922.54	7,174.40
Civil Defense and Disaster Control	5,596.16	3,424.39	9,020.55	3,435.50	5,596.16
Aid to Volunteer Fire Companies	17,378.84	17,378.84	17,378.84	14,419.40	2,959.44
Aid to Volunteer - Ambulance	2,975.29	1,478.28	11,774.32	9,537.70	2,975.29
Fire Hydrant Service (Water)	2,164.03	4,708.52	4,708.52	4,708.52	-
Road Repairs & Maintenance	5,301.93	883.78	6,185.71	409.77	5,301.93
Garbage and Trash Removal	492.94	492.94	492.94	492.94	-
Solid Waste Disposal	18,515.79	4,090.72	21,818.77	14,805.25	7,013.52
Public Buildings and Grounds	5,247.43	233.38	5,480.81	712.65	4,768.16
Sewer System	6,708.71	125.00	6,833.71	163.44	6,670.27
Borough Vehicle Maintenance	3,640.41	5,633.08	9,273.49	8,621.43	652.06
Registrar of Vital Statistics	520.00	520.00	520.00	520.00	-
Senior Citizen Transportation	1,132.21	1,132.21	1,132.21	1,132.21	-
Environmental Commission	100.00	100.00	100.00	100.00	-
Celebration of Public Event, Anniversary, or Holiday	2,000.00	2,000.00	2,000.00	2,000.00	-
Utilities:	7,761.70	6,557.67	3,504.68	3,504.68	3,052.99
Electricity	886.87	886.87	886.87	886.87	-
Street Lights	2,740.66	36.72	1,436.92	1,436.92	-
Telephone	4,452.67	969.13	2,510.82	2,510.82	-
Sewer	297.24	297.24	297.24	297.24	-
Construction Code Official	149.68	149.68	149.68	90.00	59.68
Inspection of Rentals & Cert. of Habitability	30.01	30.01	30.01	30.01	-
Dog Regulation	3,815.00	3,815.00	3,815.00	3,815.00	-
Subtotal	157,564.09	23,199.27	179,631.91	81,544.86	98,087.05
Other Expenses - Excluded from Caps	566.00	566.00	566.00	566.00	566.00
Public Employees Retirement System	349.00	349.00	349.00	349.00	-
Police & Firemen's Retirement System	1,000.00	1,000.00	1,000.00	1,000.00	-
Defined Contribution Retirement System	6,719.89	6,719.89	6,719.89	6,719.89	-
Social Security System	4,041.04	4,041.04	4,041.04	4,041.04	-
Unemployment Compensation Insurance	269.68	269.68	269.68	269.68	-
Recycling Tax	4,000.00	4,000.00	4,000.00	4,000.00	-
Intercostal Municipal Service Agreements	1.00	1.00	1.00	1.00	-
Shared Truck Wash - OE	668.55	668.55	668.55	668.55	-
Borough of Barrington - Municipal Clerk OE	17,615.16	17,615.16	17,210.93	485.19	16,725.74
Borough of Funnemede - Shared Trash - SV	48.81	48.81	48.81	48.81	-
Subtotal	315,298.85	23,199.27	338,498.12	115,881.35	222,616.77
Grand Total	\$ 315,298.85	\$ 23,199.27	\$ 338,498.12	\$ 115,881.35	\$ 222,616.77
Encumbered	454.90	454.90	454.90	454.90	-
Cash Disbursed	115,426.45	115,426.45	115,426.45	115,426.45	-
Paid or Charged	\$ 115,881.35	\$ 115,881.35	\$ 115,881.35	\$ 115,881.35	-

BOROUGH OF MOUNT EPHRAIM

Current Fund

Schedule of Tax Overpayments
For the Year Ended December 31, 2016

				Balance December 31, 2015	
				Increased by:	
				Collected	17,636.41
				Subtotal	19,994.98
				Decreased by:	
				Refunds	6,144.58
				Tax Overpayments Applied	2,357.25
				Canceled	1.32
					8,503.15
				Balance December 31, 2016	<u>\$ 11,491.83</u>

Schedule of Prepaid Taxes
For the Year Ended December 31, 2016

				Balance December 31, 2015	
				Increased by:	
				Collected	80,310.42
				Subtotal	142,358.88
				Decreased by:	
				Applied to 2016 Taxes	62,048.46
				Balance December 31, 2016	<u>\$ 80,310.42</u>

BOROUGH OF MOUNT EPHRAIM

Current Fund

Schedule of Local School Taxes Payable
For the Year Ended December 31, 2016

				Balance December 31, 2015	\$ 51,148.40
				Increased by:	
				Levy: Calendar Year 2016	6,153,795.00
			Subtotal		6,204,943.40
			Decreased by:		
			Disbursed to Local School District		5,988,582.00
			Balance December 31, 2016		\$ 216,361.40

Exhibit A-17

Schedule of County Taxes Payable
For the Year Ended December 31, 2016

				Balance December 31, 2015	\$ 1,845.76
				Increased by:	
				2016 Levy:	
			General County		2,281,367.71
			County Library		143,195.10
			County Open Space		55,974.01
			Added and Omitted Taxes		3,777.83
			Subtotal		2,484,314.65
			Decreased by:		
			Disbursed to County of Camden		2,482,382.58
			Balance December 31, 2016		\$ 3,777.83

Balance December 31, 2015	\$ 175.00
Increased by:	
State Portion of 2016 Marriage Licenses Fees	550.00
Subtotal	725.00
Decreased by:	
Disbursed to State of New Jersey	700.00
Balance December 31, 2016	\$ 25.00

Schedule of Due to State of New Jersey
for Marriage License Fees
For the Year Ended December 31, 2016

EXHIBIT A-19

Balance December 31, 2015	\$ 1,319.57
Increased by:	
Collected	834.03
Subtotal	2,153.60
Decreased by:	
Applied to Sewer Rents Receivable	1,319.57
Balance December 31, 2016	\$ 834.03

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Sewer Rent Overpayments
For the Year Ended December 31, 2016

EXHIBIT A-18

BOROUGH OF MOUNT EPHRAIM

Current Fund

Schedule of Due to State of NJ - UCC Fees
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 1,283.00
Increased by:	
Cash Received	2,981.00
Decreased by:	
Cash Disbursed	3,532.00
Balance December 31, 2016	<u>\$ 732.00</u>

EXHIBIT A-21

Schedule of Reserve for Revaluation
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 4,824.61
Decreased by:	
Cash Disbursed	
Balance December 31, 2016	<u>\$ 4,824.61</u>

EXHIBIT A-22

Schedule of Reserve For Codification of Ordinances
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 14,501.87
Decreased by:	
Cash Disbursed	
Balance December 31, 2016	<u>\$ 4,385.62</u>

BOROUGH OF MOUNT EPHRAIM
Federal and State Grant Fund
 Schedule of Federal and State Grants Receivable
 For the Year Ended December 31, 2016

	Balance Dec. 31, 2015	Accrued	Received	Canceled	Transfer To	Unappropriated Reserves	Balance Dec. 31, 2016
State Grants:							
Clean Communities Program	\$ -	\$ 11,104.12	\$ 11,104.12	\$ -	\$ -	\$ -	\$ -
Body Armor Replacement Grant		1,542.58	3,273.58		1,731.00		
DWI Enforcement	6,650.03			6,650.03			
NJ Transportation Trust - Roosevelt Avenue Recycling Tonnage Grant	20,012.77		5,958.93		5,958.93		20,012.77
County Grants:							
Open Space Preservation Trust Fund	25,002.13						25,002.13
County Recreation Facility Enhancement	50,000.00		23,180.10				26,819.90
County Recreation Facility Enhancement	25,000.00						25,000.00
Federal Grants:							
Community Development Block Grant	240.00						240.00
Community Development Block Grant - Year 35	16,000.00						16,000.00
Community Development Block Grant - Year 36	20,000.00						20,000.00
Community Development Block Grant - Year 36 (Supp)		82,000.00					82,000.00
Community Development Block Grant - Year 37		22,600.00					22,600.00
Total	<u>\$ 162,904.93</u>	<u>\$ 117,246.70</u>	<u>\$ 43,516.73</u>	<u>\$ 6,650.03</u>	<u>\$ 7,689.93</u>	<u>\$ 237,674.80</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, 2016

	Realized In 2016	Federal and State Grant Receivable	Balance Dec. 31, 2015	State Grants:	
				Alcohol Education and Rehab	
	\$ -	\$ -	\$ 235.73	Body Armor Fund	
		1,731.00		Recycling Tonnage Grant	
		5,958.93			
	\$ -	\$ 7,689.93	\$ 235.73	Total	
Balance Dec. 31, 2016					\$ 7,925.66

BOROUGH OF MOUNT EPHRAIM
Federal and State Grant Fund
 Schedule of Reserve For Federal and State Grants - Appropriated
 For the Year Ended December 31, 2016

	Balance Dec. 31, 2015	Transferred From 2016 Budget	Prior Year Encumbrances	Paid or Charged	Canceled	Balance Dec. 31, 2016
State Grants:						
Drunk Driving Enforcement Fund	\$ 20,691.97	\$ -	\$ -	\$ 4,887.95	\$ 6,650.03	\$ 9,153.99
Recycling Tonnage Grant	1,713.15			1,662.22		50.93
Alcohol Education & Rehab. Program	3,112.02			2,600.50		511.52
Drive Sober or Get Pulled Over	2,200.00					2,200.00
Body Armor Grant	1,556.53	1,542.58		2,146.00		953.11
Clean Communities	10,764.40	11,104.12		8,718.76		13,245.21
NJ Transportation Trust - Delaware Avenue	10,657.25		95.45			10,657.25
NJ Transportation Trust - Roosevelt Avenue	20,409.77					20,409.77
Statewide Domestic Preparedness Grant	67.81					67.81
County Grants:						
Open Space Preservation Trust Fund	306.92					306.92
County Recreation Facility Enhancement	85.53					85.53
County Recreation Facility Enhancement	192.91					192.91
Federal Grants:						
Bulletproof Vest	496.00					496.00
Community Development Block Grant	240.00					240.00
Community Development Block Grant - Year 35						
Community Development Block Grant - Year 36	16,959.94	82,000.00	2,373.75	2,373.75		9,658.13
Community Development Block Grant - Year 36 (Supp)		22,600.00		7,301.81		82,000.00
Community Development Block Grant - Year 37						22,600.00
Total	<u>\$ 89,454.20</u>	<u>\$ 117,246.70</u>	<u>\$ 2,469.20</u>	<u>\$ 29,690.99</u>	<u>\$ 6,650.03</u>	<u>\$ 172,829.08</u>
Cash Disbursed				\$ 29,595.54		
Encumbrances Payable				95.45		
Total				<u>\$ 29,690.99</u>		

TRUST FUND

BOROUGH OF MOUNT EPHRAIM
Trust Fund

Schedule of Cash - Treasurer
For the Year Ended December 31, 2016

EXHIBIT B-1

	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, 2015	\$ 358.66	\$ 323,194.87	\$ 1,680.85	\$ 18,762.24	\$ 9,886.93	\$ 25,229.93	\$ 93.05	\$ 76,768.22	\$ 180,382.81	\$ 120.93	\$ 10,269.91
Receipts:											
Dog License Fees:											
Municipal Licenses	5,561.40	18,550.00	16,550.00								
State Registration Fees	636.60	2,465.63	2,465.63								
Miscellaneous	1,339.00	1,209,956.25									
Board Contribution	5,000.00	723,675.42									
Payroll Withholdings		98,762.88			98,762.88						
Net Payroll		6,009.50				6,009.50	14.00				
Payroll Deductions Payable		14.00									
Off-Duty Police Fees		206,944.14							206,944.14		
Public Defender Fees		206,100.00							206,100.00		
POAA Fees		8,890.75									
Tax Title Lien Redemptions Premium		56.00									56.00
Developer's Escrow		908.11	7.79	79.42	138.79	69.84	0.24	200.06	389.87	0.31	21.79
Forfeited Funds	5.46							8,890.75			
Interest Earned											
Total Receipts	12,542.46	2,480,332.68	19,023.42	1,933,711.09	98,901.67	6,079.34	14.24	9,090.81	413,434.01	0.31	77.79
Disbursements:											
Expenditures Under RS4 19-15.11	11,479.90										
State Registration Fees	636.60										
Unemployment		20,901.99	20,901.99								
Net Payroll		1,209,956.25									
Payroll Deductions Payable		721,023.32									
Off-Duty Police		97,073.32			97,073.32						
Developer's Escrow		5,881.25						5,881.25			
Tax Title Lien Redemptions Premium		209,433.89							209,433.89		
Forfeited Funds		139,700.00							139,700.00		
Due to Current Fund	5.46	789.43		79.42	138.79	69.84	0.24	111.27	389.87		2,950.00
Total Disbursements	12,121.96	2,407,709.45	20,901.99	1,931,058.99	97,212.11	69.84	0.24	5,992.52	349,523.76	-	2,950.00
Balance December 31, 2016	\$ 779.16	\$ 395,818.10	\$ (197.72)	\$ 21,414.34	\$ 11,576.49	\$ 31,239.43	\$ 107.05	\$ 79,866.51	\$ 244,293.06	\$ 121.24	\$ 7,397.70

BOROUGH OF MOUNT EPHRAIM

Trust Fund

Schedule of Reserve for Animal Control Expenditures
For the Year Ended December 31, 2016

	Balance (Deficit) December 31, 2015
	\$ 357.46
Increased by:	
2016 Dog License Fees Collected	\$ 5,561.40
Late Fees	1,245.00
Miscellaneous	95.20
Current Fund - Budget Appropriation	5,000.00
Total	12,259.06
Decreased by:	
Expenditures Under R.S. 4:19-15.11:	
Cash disbursed	11,479.90
Balance (Deficit) December 31, 2016	\$ 779.16

LICENSE FEES COLLECTED

Year	Amount
2015	\$ 5,616.60
2014	5,865.00
	\$ 11,481.60

**BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds**

Statement of Reserve for Unemployment Compensation
For the Year Ended December 31, 2016

				Balance December 31, 2015	\$ 1,680.85
Increased by:					
			Employee Withholdings		\$ 3,095.22
			Board Contribution		18,055.13
			Interest Earned		7.79
			Subtotal		22,838.99
			Decreased by:		
			Claims Paid		22,838.99
			Balance December 31, 2016		\$ -

Schedule of Reserve for Escrow Trust Fund
For the Year Ended December 31, 2016

				Balance December 31, 2015	\$ 133,713.72
Increased by:					
			Escrow Deposits		\$ 8,890.75
			Interest Earned on Investments		88.79
			Decreased by:		
			Disbursements		5,881.25
			Balance December 31, 2016		\$ 136,812.01

	Balance December 31, 2016	\$ 10,293.06
	Decreased by:	
	Refunds - Tax Sale Certificates Redeemed	209,433.89
	219,726.95	
	Increased by:	
	Deposits Received	206,944.14
	Balance December 31, 2015	\$ 12,782.81

Schedule of Deposits for Redemption of Tax Sale Certificates
For the Year Ended December 31, 2016

EXHIBIT B-6

	Balance December 31, 2016	\$ 7,397.70
	Decreased by:	
	Cash Disbursed	2,950.00
	Increased by:	
	Cash Receipts	\$ 56.00
	Interest Earned on Investments	21.79
	10,347.70	77.79
	Balance December 31, 2015	\$ 10,269.91

Statement of Reserve for Law Enforcement - Forfeited Funds
For the Year Ended December 31, 2016

**BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds**

EXHIBIT B-5

EXHIBIT B-7

BOROUGH OF MOUNT EPHRAIM

Trust - Other Funds

Statement of Reserve for Tax Sale Premiums
For the Year Ended December 31, 2016

				Balance December 31, 2015	\$ 167,600.00
			Increased by:	Cash Receipts	206,100.00
				Subtotal	373,700.00
			Decreased by:	Cash Disbursements	139,700.00
				Balance December 31, 2016	\$ 234,000.00

EXHIBIT B-8

Statement of Reserve for Off Duty Police
For the Year Ended December 31, 2016

				Balance December 31, 2015	\$ 14,060.11
			Increased by:	Cash Receipts	94,589.70
				Accounts Receivable	6,016.42
				Subtotal	114,666.23
			Decreased by:	Cash Disbursements	97,073.32
				Balance December 31, 2016	\$ 17,592.91

	Balance December 31, 2016
\$ 107.05	
107.05	
14.00	
93.05	
\$ 93.05	Balance December 31, 2015

Increased by:
Cash Receipts
Subtotal
Decreased by:
Disbursements

Statement of Reserve for POAA Fees
For the Year Ended December 31, 2016

EXHIBIT B-10

	Balance December 31, 2016
\$ 11,612.00	
11,612.00	
6,009.50	
5,602.50	
\$ 5,602.50	Balance December 31, 2015

Increased by:
Cash Receipts
Subtotal
Decreased by:
Cash Disbursements

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Public Defender Fees
For the Year Ended December 31, 2016

EXHIBIT B-9

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Police Donations
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 120.93
Increased by:	
Interest earned	0.31
Subtotal	121.24
Decreased by:	
Disbursements	
Balance December 31, 2016	<u>\$ 121.24</u>

GENERAL CAPITAL FUND

BOROUGH OF MOUNT EPHRAIM

General Capital Fund

Schedule of Cash - Treasurer

For the Year Ended December 31, 2016

				Balance December 31, 2015	\$ 267,344.14
Receipts:					
				Budget Appropriation - Capital Improvement Fund	\$ 20,000.00
				Due from Current Fund	231,181.06
				Due from Federal and State Grant Fund	244,000.00
				Due to Current Fund - Interest Earnings	379.22
				Total Receipts	495,560.28
				Subtotal	762,904.42
Disbursements:					
				Improvement Authorizations	485,800.42
				Current Fund Budget Appropriation - Reserve for Debt	244,000.00
				Due to Federal and State	11,018.70
				Due to Current Fund - Interest Earnings	379.22
				Balance December 31, 2016	\$ 21,706.08

BOROUGH OF MOUNT EPHRAIM

General Capital Fund

Analysis of General Capital Cash and Investments
For the Year Ended December 31, 2016

Fund Balance	49.80	\$
Capital Improvement Fund	35.10	
Due from Current Fund	(342,835.69)	
Due to Current Fund	11,914.96	
Due from Federal and State Grant Fund	(779,182.81)	
Due from Camden County Improvement Authority	(4,035.37)	
Reserve for Debt Service	916,914.34	
Improvement Authorizations:		
Ordinance		
Number		
07-2010	Drainage and Street Improvements - Bell road	5,641.52
07-2014	Various Improvements	80,734.71
03-2015	Various Improvements	37,513.72
08-2015	Various Improvements to Borough Hall	(129,200.00)
10-2015	Reconstruction of Various Roads	199,743.28
10-2016	Various capital Improvements and Acquisition	24,412.52
	of Capital Equipment	
	Total	\$ 21,706.08

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
 Schedule of Deferred Charges to Future Taxation - Unfunded
 For the Year Ended December 31, 2016

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Funded By Budget Appropriation	Transferred to Deferred Taxation Funded	Balance Dec. 31, 2016	ANALYSIS OF BALANCE		Unexpended Improvement Authorizations
							Funded by Bond Anticipation Notes	Expenditures	
03-2015	Acquisition of Ambulance, Various Improvements to Borough Buildings	\$ 735.00	\$ -	\$ -	\$ -	\$ 735.00	\$ -	\$ -	\$ 735.00
08-2015	Various Capital Improvements	129,200.00				129,200.00		129,200.00	
10-2015	Various Roads and Related Improvements	234,650.00				234,650.00	234,650.00		
10-2016	Various Capital Improvements and Acquisition of Capital Equipment		483,313.00			483,313.00			483,313.00
	Total	<u>\$ 364,585.00</u>	<u>\$ 483,313.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 947,998.00</u>	<u>\$ 234,650.00</u>	<u>\$ 129,200.00</u>	<u>\$ 484,048.00</u>
									683,791.28
									199,743.28
									<u>\$ 484,048.00</u>

Improvement Authorizations Unfunded
 Less Unexpended Proceeds of Bond Anticipation Notes Issued:
 Ord. 10-2015

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
 Schedule of Capital Improvement Fund
 For the Year Ended December 31, 2016

	\$	5,472.10		Balance December 31, 2015
		20,000.00		Increased by: 2016 Budget Appropriation
		<u>25,472.10</u>		Subtotal
		25,437.00		Decreased by: Appropriated to Finance Improvement Authorizations
	\$	<u><u>35.10</u></u>		Balance December 31, 2016

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Improvement Authorizations
For the Year Ended December 31, 2016

EXHIBIT C-7

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2015		Reappropriated	Capital Improvement Fund	Deferred Charges To Future Taxation - Unfunded	Grants	Paid or Charged	Canceled	Balance December 31, 2016	
				Funded	Unfunded							Funded	Unfunded
07-2010	Drainage and Street Improvements - Bell Road	06/03/10	755,000.00	\$ 5,641.52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,641.52	\$ -
07-2014	Various Improvements:												
	Office equipment	07/03/14	42,000.00	5,248.42	-	-	-	-	5,187.38	-	-	62.04	-
	Public Safety Improvements	07/03/14	75,000.00	10,269.52	-	2,856.43	-	-	9,038.05	-	-	4,087.90	-
	Road and Drainage Improvements	07/03/14	15,000.00	6,760.00	-	-	-	-	6,237.50	-	-	522.50	-
	Road and Drainage Improvements	07/03/14	128,000.00	32,234.36	-	(2,856.43)	-	-	29,377.93	-	-	29,377.93	-
	Second Avenue Road Project	07/03/14	290,000.00	51,322.72	-	-	-	-	46,684.34	-	-	46,684.34	-
03-2015	Various Improvements:												
	Acquisition of Ambulance	04/02/15	150,000.00	150,000.00	-	3,000.00	-	-	151,995.23	-	-	1,004.77	-
08-2015	Various Improvements to Borough Buildings	04/02/15	100,000.00	74,952.53	-	(3,000.00)	-	-	35,443.58	-	-	36,508.95	736.00
10-2015	Various Improvements to the Borough Hall	08/06/15	136,000.00	71,424.90	-	-	-	-	71,424.90	-	-	-	-
10-2016	Reconstruction of Various Roads	09/03/15	247,000.00	9,401.95	-	-	-	-	44,308.67	-	-	-	-
	Various Capital Improvements and Acquisition of Capital Equipment	08/04/16	908,750.00	-	-	-	25,437.00	483,313.00	-	157,526.73	-	267,910.27	483,313.00
	Total			<u>\$ 345,832.02</u>	<u>\$ 306,809.90</u>	<u>\$ -</u>	<u>\$ 25,437.00</u>	<u>\$ 483,313.00</u>	<u>\$ 400,000.00</u>	<u>\$ 485,800.42</u>	<u>\$ -</u>	<u>\$ 391,800.22</u>	<u>\$ 683,791.28</u>
	Cash Disbursed												<u>\$ 485,800.42</u>

Borough of Mount Ephraim
 General Capital Fund
 Statement of General Serial Bonds
 For the Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Outstanding December 31, 2016 Amount					
Borough Guaranteed Bonds - 2009	05/01/09	\$ 3,000,000.00	05/01/17	\$ 130,000.00	5.25%	\$ 2,380,000.00	\$ -	\$ 125,000.00	\$ 2,255,000.00
			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%				
			05/01/29	240,000.00	6.00%				
2015 General Obligation Bonds	7/8/2015	3,024,000.00	03/01/17	140,000.00	3.25%	3,024,000.00		119,000.00	2,905,000.00
			03/01/18	140,000.00	3.25%				
			03/01/19	145,000.00	3.25%				
			03/01/20	145,000.00	3.25%				
			03/01/21	150,000.00	3.25%				
			03/01/22	155,000.00	3.25%				
			03/01/23	155,000.00	3.25%				
			03/01/24	160,000.00	3.25%				
			03/01/25	160,000.00	3.25%				
			03/01/26	170,000.00	3.25%				
			03/01/27	175,000.00	3.25%				
			03/01/28	185,000.00	3.25%				
			03/01/29	190,000.00	3.25%				
			03/01/30	195,000.00	3.25%				
			03/01/31	205,000.00	3.25%				
			03/01/32	210,000.00	3.25%				
			03/01/33	220,000.00	3.25%				
Total						\$ 5,404,000.00	\$ -	\$ 244,000.00	\$ 5,160,000.00

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
 Schedule of Bond Anticipation Notes
 For the Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance	
						Dec. 31, 2015	Dec. 31, 2016
10-2015	Various Roads and Related Improvements	10/13/15	10/13/15	10/12/16	0.90%	\$ 234,650.00	\$ -
10-2015	Various Roads and Related Improvements	10/13/15	10/12/16	10/11/17	0.85%	\$ 234,650.00	\$ 234,650.00
						<u>\$ 234,650.00</u>	<u>\$ 234,650.00</u>
					Renewals	\$ 234,650.00	\$ 234,650.00
					Total	<u>\$ 234,650.00</u>	<u>\$ 234,650.00</u>

BOROUGH OF MOUNT EPHRAIM
 General Capital Fund
 Statement of Obligations Under Capital lease
 For the Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Outstanding December 31, 2016	Amount	Interest Rate				
Refunding Capital Lease	12/21/14	432,000.00	12/15/17	\$ 37,000.00	3.00%	\$ 432,000.00	\$ -	\$ 38,000.00	\$ 394,000.00
			12/15/18	40,000.00	4.00%	<u>\$ 466,000.00</u>	<u>\$ -</u>	<u>\$ 38,000.00</u>	<u>\$ 394,000.00</u>
			12/15/19	43,000.00	4.00%				
			12/15/20	43,000.00	4.00%				
			12/15/21	42,000.00	4.00%				
			12/15/22	45,000.00	4.00%				
			12/15/23	46,000.00	4.00%				
		12/15/24	48,000.00	4.00%					
		12/15/25	50,000.00	4.00%					

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
 Statement of Bonds and Notes Authorized But Not Issued
 For the Year Ended December 31, 2016

Ordinance Number	Improvement Description	Balance	2016	Bond	Serial	Balance
		Dec. 31, 2015	Authorizations	Anticipation Notes Issued	Bonds Issued	Dec. 31, 2016
03-2015	Various Capital Improvements	\$ 735.00	\$ -	\$ -	\$ -	\$ 735.00
08-2015	Various Improvements to the Borough Hall	129,200.00				129,200.00
10-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment		483,313.00			483,313.00
	Total	<u>\$ 129,935.00</u>	<u>\$ 483,313.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,248.00</u>

BOROUGH OF MOUNT EPHRAIM
PART II
Schedule of Findings and Recommendations
For the Year Ended December 31, 2016

**BOROUGH OF MOUNT EPHRAIM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:

_____ Unmodified

Internal control over financial reporting:

_____ yes _____ no
X

1) Material weaknesses identified?

2) Were reportable conditions identified that were not considered to be material weaknesses?

_____ yes _____ no
X

Noncompliance material to financial statements noted?

_____ yes _____ no
X

Federal Awards

A Federal Single Audit was not required

State Awards

A State Single Audit was not required

BOROUGH OF MOUNT EPHRAIM
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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 #2016-1

Criteria or specific requirement:

Proper internal controls should be in place surrounding the collection and maintenance of cash receipts.

Condition:

During 2016, a fraud was uncovered in the tax collector's office. Further investigation revealed that funds in the amount of \$5,325.83 were taken from the tax collector's office with \$3,020.00 being returned by the end of the year. The net loss to the Borough amounted to \$2,305.83 as of December 31, 2016. This amount has been recovered by the Borough in 2017 through a surety bond insurance claim.

Context:

Proper internal controls ensure revenue is not misappropriated.

Effect:

The Borough risks tax collections being misappropriated.

Cause:

A lack of proper internal controls and procedures in the tax office.

Recommendation:

That recommended internal control procedures be implemented and monitored.

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, 2016

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and NIOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

A state single audit was not required.

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 15-08.

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings in the prior year.

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 Volk	Mayor		
Andrew Gilmore	Commissioner		
Michael Travinsky	Commissioner		
Terry Shannon	Borough Clerk	\$1,000,000.00	(A)
David McPeak	Chief Financial Officer	\$1,000,000.00	(A)
Dorothea Jones	Tax Collector	\$1,000,000.00	(A)
Tara Martin	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)
Brian Schneider	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

I express my appreciation for the assistance and courtesies extended to the audit team by the Borough Officials during the course of the audit.

Respectfully submitted,

INVERSO & STEWART, LLC



Robert P. Inverso

Certified Public Accountant

Registered Municipal Accountant

April 28, 2017