

BOROUGH OF MOUNT EPHRAIM
County of Camden

Report of Audit of Financial Statements

For the Year Ended December 31, 2011

BOROUGH OF MOUNT EPHRAIM
COUNTY OF CAMDEN

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BOROUGH OF MOUNT EPHRAIM

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2011

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of December 31, 2011 and 2010, 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 and statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2011. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects on the financial statements of the requirement that the Borough prepare its financial statements in accordance with accounting practices discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity 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, 2011 and 2010, or the results of its operations and changes in fund balance for the years then ended.

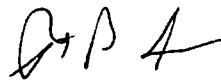
Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of December 31, 2011 and 2010, 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 and expenditures - regulatory basis of the various funds, and general fixed assets account group, for the year period ended December 31, 2011 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2012 on our consideration of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Mount Ephraim's basic financial statements. In addition, the supplementary financial schedules 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial schedules of each of the respective individual funds and account group taken as a whole.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 16, 2012

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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

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

We have audited the financial statements (regulatory basis) of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2011, and have issued our report thereon dated March 16, 2012, which indicated that the 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Mount Ephraim's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

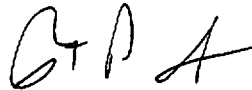
As part of obtaining reasonable assurance about whether the Borough of Mount Ephraim's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey which are described in the accompanying Schedule of Findings and Recommendations as finding #2011-1.

The Borough of Mount Ephraim's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. We did not audit the Borough's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of the Borough, the Division of Local Government Services, Department of Community Affairs, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 16, 2012

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2011 and 2010

	<u>REFERENCE</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$1,045,563.40	\$701,028.03
Cash - Change Fund - Collector	A-5	<u>150.00</u>	<u>150.00</u>
Total		<u>1,045,713.40</u>	<u>701,178.03</u>
Due State of New Jersey -			
Veterans and Senior Citizens Deductions	A-6	<u>1,492.35</u>	<u>1,702.35</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	189,430.96	193,368.59
Tax Title Liens Receivable	A-8	75,593.00	66,224.93
Property Acquired for Taxes - Assessed Valuation	A-9	9,400.00	9,400.00
Sewer Rents Receivable	A-10	15,646.40	7,597.06
Revenue Accounts Receivable	A-11	11,435.48	9,864.07
Due from Animal Control Fund	B	3,503.23	5,128.48
Due from Trust - Other Fund	B	9,259.65	3,200.00
Due from Federal and State Grant Fund	A	<u>46,775.88</u>	<u>46,494.30</u>
Total		<u>361,044.60</u>	<u>341,277.43</u>
Deferred Charges:			
Special Emergency - N.J.S.40A:4-53	A-12	5,000.00	10,000.00
Emergency Authorizations - N.J.S.40A:4-46	A-13	<u>30,000.00</u>	<u>10,000.00</u>
		<u>35,000.00</u>	
Total Regular Fund		<u>1,443,250.35</u>	<u>1,054,157.81</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4	416,399.75	79,016.86
Federal and State Grants Receivable	A-24	<u>830,650.96</u>	<u>233,339.00</u>
Total Federal and State Grant Fund		<u>1,247,050.71</u>	<u>312,355.86</u>
Total Assets		<u>\$2,690,301.06</u>	<u>\$1,366,513.67</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2011 and 2010

	<u>REFERENCE</u>	<u>2011</u>	<u>2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$129,662.18	\$113,162.65
Encumbrances Payable	A-3,A-14	9,445.93	20,267.39
Tax Overpayments	A-15	3,694.16	2,413.07
Prepaid Taxes	A-16	56,174.69	47,086.48
Due County for Added and Omitted Taxes	A-18	5,533.35	8,561.58
Sewer Rent Overpayments	A-19	460.48	583.52
Due to Other Trust Fund	B	57,190.53	62,190.53
Due to General Capital Fund	C	542,118.07	32,118.07
Due State of New Jersey - Marriage License Fees	A-20	150.00	25.00
Due State of New Jersey - DCA Fees	A-21	383.00	531.00
Reserve for State Aid for Maintenance of Library	A-22	366.56	253.56
Reserve for Codification of Ordinances	A-23	17,071.50	17,071.50
Total Liabilities		822,250.45	304,264.35
Reserve for Receivables and Other Assets	A	361,044.60	341,277.43
Fund Balance	A-1	259,955.30	408,616.03
Total Regular Fund		1,443,250.35	1,054,157.81
Federal and State Grant Fund:			
Encumbrances Payable		199.87	10,457.40
Due to Current Fund	A	46,775.88	46,494.30
Due to General Capital Fund	C	548,225.33	25,175.33
Unappropriated Reserves	A-25	13,264.82	7,457.93
Appropriated Reserves	A-26	638,584.81	222,770.90
Total Federal and State Grant Fund		1,247,050.71	312,355.86
Total Liabilities, Reserves and Fund Balance		\$2,690,301.06	\$1,366,513.67

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$390,000.00	\$550,000.00
Miscellaneous Revenue Anticipated	2,260,954.77	1,099,196.10
Receipts from Delinquent Taxes	188,259.63	236,709.21
Receipts from Current Taxes	10,798,422.54	10,478,931.72
Nonbudget Revenues	139,565.19	96,616.09
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	31,936.46	86,033.15
Cancellation of Tax Overpayments	1,416.79	1,456.95
Cancellation of Reserve Balances		9,866.16
	<hr/>	<hr/>
Total Revenue and Other Income Realized	13,810,555.38	12,558,809.38
	<hr/>	<hr/>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	1,833,565.00	1,798,955.82
Other Expenses	1,696,570.00	1,658,506.29
Deferred Charges and Statutory Expenditures Within "CAPS"	374,908.52	342,725.31
Operations Excluded from "CAPS":		
Salaries and Wages	8,045.00	44,230.00
Other Expenses	1,356,288.11	392,617.54
Capital Improvements Excluded from "CAPS"	10,000.00	10,000.00
Municipal Debt Service Excluded from "CAPS"	377,734.20	345,016.79
Deferred Charges and Statutory Expenditures		
Excluded from "CAPS"	5,000.00	5,000.00
County Taxes	2,305,184.69	2,100,110.45
Due County for Added Taxes	5,533.35	8,561.58
Local School District Tax	5,617,336.00	5,501,372.50
Interfund Created	8,301.24	3,216.55
Prior Year Senior Citizens Disallowed	750.00	500.00
	<hr/>	<hr/>
Subtotal	13,599,216.11	12,210,812.83
	<hr/>	<hr/>
Less: Expenditures to be Raised by Future Taxes	30,000.00	
	<hr/>	<hr/>
Total Expenditures	13,569,216.11	12,210,812.83
	<hr/>	<hr/>
Statutory Excess to Fund Balance (Carried Forward)	241,339.27	347,996.55

BOROUGH OF MOUNT EPHRAIM**Current Fund****Statement of Operations and Changes in Fund Balance - Regulatory Basis****For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Statutory Excess to Fund Balance (Brought Forward)	\$241,339.27	\$347,996.55
Fund Balance January 1	<u>408,616.03</u>	<u>610,619.48</u>
Total	649,955.30	958,616.03
Decreased by Utilization as Anticipated Revenue	<u>390,000.00</u>	<u>550,000.00</u>
Fund Balance December 31	<u><u>\$259,955.30</u></u>	<u><u>\$408,616.03</u></u>

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

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2011

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$390,000.00		\$390,000.00	
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage	3,000.00		3,930.00	\$930.00
Other	8,000.00		8,373.00	373.00
Fees and Permits	23,000.00		15,066.00	(7,934.00)
Fines and Costs:				
Municipal Court	122,500.00		160,707.62	38,207.62
Interest and Costs on Taxes	51,000.00		47,145.38	(3,854.62)
Sewer Rents	210,000.00		222,985.06	12,985.06
Cable TV Franchise Fees	40,000.00		40,688.60	688.60
State Aid Without Offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid	52,366.00		52,366.00	
Energy Receipts Tax	361,338.00		361,338.00	
Uniform Construction Code	39,000.00		23,077.00	
Special Items Offset with Appropriations:				
NJ Transportation Trust - Delaware Avenue	200,000.00		200,000.00	
NJ Transportation Trust - Bell Road	755,000.00		755,000.00	
County Contribution - Bell Road	50,000.00		50,000.00	
NJ Transportation Trust - Kings Highway	250,000.00		250,000.00	
ARRA Kings Highway	55,325.00		55,325.00	
Alcohol Education Rehabilitation		\$3,093.28	3,093.28	
Body Armor Grant		1,525.01	1,525.01	
Recycling Tonnage Grant		7,334.82	7,334.82	
Open Space Trust Fund		3,000.00	3,000.00	
Total	2,220,529.00	14,953.11	2,260,954.77	41,395.66
Receipts from Delinquent Taxes	192,000.00		188,259.63	(3,740.37)
Amount to be Raised by Taxes for Support of Municipal Budget -				
Local Tax for Municipal Purposes	3,053,153.13		3,088,022.11	34,868.98
Budget Totals	5,855,682.13	14,953.11	5,927,236.51	72,524.27
Nonbudget Revenues			139,565.19	139,565.19
Total	\$5,855,682.13	\$14,953.11	\$6,066,801.70	\$212,089.46

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2011

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue from Collections	\$10,798,422.54
Allocated to School and County Taxes	<u>7,928,054.04</u>
Balance for Support of Municipal Budget Appropriations	2,870,368.50
Add Appropriation - Reserve for Uncollected Taxes	<u>217,653.61</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$3,088,022.11</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	<u><u>\$188,259.63</u></u>
Miscellaneous Revenue:	
Recycling	\$19,457.34
Payment in Lieu of Taxes	47,370.00
Interest Earned on Investments	29,934.93
Sewer Interest and Costs	5,522.37
Photocopies	1,860.30
Vets and Senior Citizen Administrative Fee	1,481.20
Zoning Books	140.00
Refund of Prior Years Expenditures	29,248.87
Miscellaneous	<u>4,550.18</u>
Total	<u><u>\$139,565.19</u></u>

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

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

		Appropriations		Expended		Unexpended	
		Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled
GENERAL APPROPRIATIONS:							
Operations Within "CAPS":							
General Government:							
Administrative and Executive:							
	Salaries and Wages	\$7,750.00		\$8,350.00	\$8,349.96	\$0.04	
	Other Expenses	5,000.00		3,500.00	3,464.65	35.35	
Municipal Clerk							
	Salaries and Wages	8,700.00		8,700.00	8,699.60	0.40	
	Other Expenses	40,000.00		50,000.00	49,003.70	996.30	
Financial Administration:							
	Salaries and Wages	48,720.00		48,720.00	47,190.84	1,529.16	
	Other Expenses	12,500.00		13,000.00	12,271.75	728.25	
NJ	Audit Services						
	Other Expenses	25,000.00		25,000.00	25,000.00		
	Collection of Taxes:						
	Salaries and Wages	98,800.00		98,920.00	98,916.92	3.08	
	Other Expenses	6,590.00		4,305.00	2,530.99	774.01	\$1,000.00
	Liquidation of Tax Title Liens						
	Other Expenses	750.00		750.00	638.40	111.60	
	Tax Assessment Administration						
	Salaries and Wages	16,800.00		16,800.00	16,775.02	24.98	
	Other Expenses	3,200.00		5,715.00	5,048.67	666.33	
Legal Services and Costs							
	Other Expenses	40,000.00		34,000.00	31,477.81	2,522.19	
Engineering Services and Costs							
	Other Expenses	12,000.00		15,000.00	13,065.95	1,934.05	
Municipal Land Use Law (N.J.S.A. 40:SSD-1):							
Planning Board:							
	Salaries and Wages	16,000.00		15,000.00	13,447.57	1,552.43	
	Other Expenses	16,100.00		10,100.00	5,979.62	2,120.38	2,000.00
Insurance:							
	Surety Bond Premium						
	Group Insurance	614,000.00		615,000.00	612,314.59	2,685.41	
	Liability Insurance	90,970.00		90,970.00	87,547.77	3,422.23	
	Workers Compensation	99,460.00		92,615.00	87,776.55	4,838.45	
	Health Benefit Waiver	49,575.00		39,575.00	38,395.98	1,179.02	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

		Appropriations			Expended		Unexpended
		Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled
GENERAL APPROPRIATIONS:							
Operations Within "CAPS":							
13	Police						
	Salaries and Wages	\$1,110,390.00		\$1,118,490.00	\$1,116,405.20	\$2,084.80	
	Other Expenses	50,535.00		34,535.00	32,504.08	2,030.92	
	Civil Defense and Disaster Control						
	Salaries and Wages	1,325.00		1,325.00	1,315.40	9.60	
	Other Expenses	7,000.00		6,000.00	5,665.59	334.41	
	Aid to Volunteer Fire Companies						
	Other Expenses	48,000.00		48,150.00	46,775.26	1,374.74	
	First Aid Organization - Contribution	9,500.00		9,500.00	9,440.44	59.56	
	Fire Hydrant Service	50,000.00		53,700.00	48,556.27	5,143.73	
	Road Repairs and Maintenance						
	Salaries and Wages	145,000.00		165,715.00	165,712.41	2.59	
	Other Expenses	20,500.00		20,500.00	17,427.17	3,072.83	
	Garbage and Trash Collection						
	Salaries and Wages	128,000.00		108,000.00	105,354.20	2,645.80	
	Other Expenses	31,600.00		31,600.00	31,592.82	7.18	
	Solid Waste Disposal						
	Other Expenses	135,000.00		130,215.00	118,639.96	11,575.04	
	Public Buildings and Grounds						
	Salaries and Wages	1,325.00		1,325.00	1,324.92	0.08	
	Other Expenses	14,000.00		15,300.00	15,056.32	243.68	
	Sewer System						
	Salaries and Wages	95,000.00		86,000.00	85,052.75	947.25	
	Other Expenses	21,000.00	\$30,000.00	51,000.00	38,722.24	777.76	\$11,500.00
	Vehicle Maintenance						
Other Expenses	31,000.00		31,000.00	28,245.29	2,754.71		
Health and Human Services							
Registrar of Vital Statistics							
Salaries and Wages	1,790.00		1,850.00	1,844.03	5.97		
Other Expenses	650.00		650.00	219.00	431.00		
Parks and Recreation Functions							
Recreation Services and Programs							
Other Expenses	4,000.00		4,000.00	3,575.00	425.00		

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

	Appropriations			Expended		Unexpended
	Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Balance Canceled
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
Parks and Playgrounds						
Other Expenses	\$2,000.00		\$2,000.00	\$1,945.78	\$54.22	
Environmental Commission						
Other Expenses	100.00		100.00		100.00	
Other Common Operating Functions						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	2,000.00		2,450.00	2,450.00		
Utility and Bulk Purchases						
Electricity	48,000.00		60,000.00	53,024.55	6,975.45	
Street Lights	68,000.00		66,250.00	58,658.48	5,341.52	\$2,250.00
Telephone	26,000.00		26,000.00	23,279.74	2,720.26	
Fuel Oil	12,000.00		12,000.00	10,108.21	1,891.79	
Gasoline	60,000.00		80,000.00	72,418.46	7,581.54	
Sewer	2,210.00		2,210.00	1,814.15	395.85	
Municipal Court Functions						
Municipal Court						
Salaries and Wages	110,000.00		99,000.00	71,809.51	27,190.49	
Other Expenses	20,000.00		22,000.00	15,399.37	6,600.63	
Uniform Construction Code						
State Uniform Construction Code						
Construction Code Official						
Salaries and Wages	29,300.00		44,915.00	44,911.02	3.98	
Other Expenses	3,200.00		3,200.00	2,237.67	962.33	
Inspection of Rentals and Certification of Habitability						
Salaries and Wages	10,400.00		10,455.00	10,355.02	99.98	
Other Expenses	500.00		50.00		50.00	
Stormwater Regulation						
Other Expenses	2,680.00		1,380.00	1,050.00	330.00	
Total Operations Including Contingent - Within "CAPS"	3,513,920.00	\$30,000.00	3,546,885.00	3,410,786.65	119,348.35	16,750.00
Detail:						
Salaries and Wages	1,829,300.00		1,833,565.00	1,797,464.37	36,100.63	
Other Expenses	1,684,620.00	30,000.00	1,713,320.00	1,613,322.28	83,247.72	16,750.00

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Balance Canceled</u>
				<u>Reserved</u>	
Deferred Charges and Statutory Expenditures -					
Municipal - Within "CAPS":					
DEFERRED CHARGES					
Deficit in Animal Control Fund	\$4,823.52		\$4,823.52	\$4,823.52	
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System	84,452.00		84,452.00	84,452.00	
Police & Fireman's Retirement System	202,493.00		202,493.00	202,492.00	\$1.00
Social Security System (O.A.S.I.)	80,730.00		75,440.00	72,846.77	2,593.23
Unemployment Compensation Insurance	7,700.00		7,700.00	888.17	6,811.83
Total Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS"	<u>380,198.52</u>		<u>374,908.52</u>	<u>365,502.46</u>	<u>9,406.06</u>
Total General Appropriations -					
For Municipal Purposes Within "CAPS"	<u>3,894,118.52</u>	<u>\$30,000.00</u>	<u>3,921,793.52</u>	<u>3,776,289.11</u>	<u>128,754.41</u>
				<u>128,754.41</u>	<u>\$16,750.00</u>
GENERAL APPROPRIATIONS:					
Operations Excluded from "CAPS":					
Aid to Privately Owned Library					
Salaries and Wages	7,770.00		8,045.00	8,044.14	0.86
Other Expenses	550.00		550.00	250.00	300.00
Recycling Tax	5,000.00		7,050.00	6,443.09	606.91
Total Other Operations Excluded from "CAPS":	<u>13,320.00</u>		<u>15,645.00</u>	<u>14,737.23</u>	<u>907.77</u>
Interlocal Municipal Service Agreements					
Borough of Barrington					
Shared Truck Wash					
Other Expenses	4,000.00		4,000.00		4,000.00
Borough of Barrington					
Municipal Clerk					
Other Expenses	23,410.00		23,410.00	23,410.00	
Total Interlocal Municipal Service Agreements	<u>27,410.00</u>		<u>27,410.00</u>	<u>23,410.00</u>	<u>4,000.00</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

		Appropriations		Expended		Unexpended
			Emergency	Budget After	Paid or	Balance
		<u>Budget</u>	<u>Appropriation</u>	<u>Modification</u>	<u>Charged</u>	<u>Canceled</u>
					<u>Reserved</u>	
GENERAL APPROPRIATIONS:						
Operations Excluded from "CAPS":						
Public and Private Programs Offset by Revenues:						
	New Jersey Transportation Trust Fund	\$200,000.00		\$200,000.00	\$200,000.00	
	New Jersey Transportation Trust Fund - Bell Road	755,000.00		755,000.00	755,000.00	
	County Contribution - Bell Road	50,000.00		50,000.00	50,000.00	
	New Jersey Transportation Trust Fund - Kings Hwy	250,000.00		250,000.00	250,000.00	
	Recycling Grant			7,334.82	7,334.82	
	Alcohol Educ. Rehab & Enforcement Grant			3,093.28	3,093.28	
	Camden County Open Space Grant			3,000.00	3,000.00	
	Body Armor Grant			1,525.01	1,525.01	
	ARRA - Kings Hwy	55,325.00		55,325.00	55,325.00	
16	Total Public and Private Programs Offset by Revenues	<u>1,310,325.00</u>		<u>1,325,278.11</u>	<u>1,325,278.11</u>	
	Total Operations - Excluded From "CAPS"	<u>1,351,055.00</u>		<u>1,368,333.11</u>	<u>1,363,425.34</u>	<u>\$907.77</u>
						<u>\$4,000.00</u>
Detail:						
	Salaries and Wages	7,770.00		8,045.00	8,044.14	0.86
	Other Expenses	1,343,285.00		1,360,288.11	1,355,381.20	906.91
						4,000.00
GENERAL APPROPRIATIONS:						
Capital Improvements - Excluded From "CAPS"						
	Capital Improvement Fund	10,000.00		10,000.00	10,000.00	
	Total Capital Improvements - Excluded From "CAPS"	<u>10,000.00</u>		<u>10,000.00</u>	<u>10,000.00</u>	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

	<u>Appropriations</u>			<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Emergency</u> <u>Appropriation</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Canceled</u>
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	\$95,000.00		\$95,000.00	\$95,000.00		
Payment of Bond Anticipation Notes and Capital Notes	50,500.00		50,500.00	50,500.00		
Interest on Bonds	150,282.00		150,282.00	150,279.68		\$2.32
Interest on Notes	26,000.00		26,000.00	25,882.39		117.61
Capital Lease Obligations Approved Prior to 7/1/07						
Principal	29,000.00		29,000.00	29,000.00		
Interest	27,073.00		27,073.00	27,072.13		0.87
Total Municipal Debt Service - Excluded From "CAPS"	<u>377,855.00</u>		<u>377,855.00</u>	<u>377,734.20</u>		<u>120.80</u>
DEFERRED CHARGES - Municipal - Excluded from "CAPS"						
Special Emergency Authorizations	5,000.00		5,000.00	5,000.00		
Total Deferred Charges - Municipal-Excluded from "CAPS"	<u>5,000.00</u>		<u>5,000.00</u>	<u>5,000.00</u>		
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	<u>1,743,910.00</u>		<u>1,761,188.11</u>	<u>1,756,159.54</u>	<u>\$907.77</u>	<u>4,120.80</u>
Subtotal General Appropriations	5,638,028.52	\$30,000.00	5,682,981.63	5,532,448.65	129,662.18	20,870.80
Reserve for Uncollected Taxes	217,653.61		217,653.61	217,653.61		
TOTAL GENERAL APPROPRIATIONS	<u>\$5,855,682.13</u>	<u>\$30,000.00</u>	<u>\$5,900,635.24</u>	<u>\$5,750,102.26</u>	<u>\$129,662.18</u>	<u>\$20,870.80</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

Analysis of Budget After Modification:

Original Budget	\$5,855,682.13	
Emergency Authorization	30,000.00	
By Appropriation 40A:4-87	<u>14,953.11</u>	
		<u><u>\$5,900,635.24</u></u>

Analysis of Paid or Charged:

Reserve for Federal and State Grants - Appropriated	\$1,325,278.11	
Reserve for Uncollected Taxes	217,653.61	
Encumbrances Payable	7,401.03	
Due to General Capital Fund	10,000.00	
Deferred Charges	9,823.52	
Cash Disbursed	<u>4,179,945.99</u>	
		<u><u>\$5,750,102.26</u></u>
 Total		

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

BOROUGH OF MOUNT EPHRAIM
Trust Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2011 and 2010

	<u>REFERENCE</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash - Treasurer	B-1		\$304.96
Deficit in Animal Control Fund	B-2	\$3,547.31	4,823.52
Total Animal Control Fund		<u>3,547.31</u>	<u>5,128.48</u>
Other Funds:			
Cash - Treasurer	B-1	151,795.62	196,218.97
Due from Current Fund	A	57,190.53	62,190.53
Accounts Receivable		<u>2,252.25</u>	<u>6,564.68</u>
Total Other Funds		<u>211,238.40</u>	<u>264,974.18</u>
Total Assets		<u>\$214,785.71</u>	<u>\$270,102.66</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Deficit - Cash	B-1	\$38.68	\$5,128.48
Due State of New Jersey		5.40	
Due Current Fund	A	<u>3,503.23</u>	
Total Animal Control Fund		<u>3,547.31</u>	<u>5,128.48</u>
Other Funds:			
Due Current Fund	A	9,259.65	3,200.00
Reserve for :			
Unemployment Compensation	B-3	3,326.78	7,058.09
Escrow Trust Fund	B-4	70,429.24	73,236.92
Law Enforcement - Forfeited Funds	B-5	8,768.58	6,578.88
Tax Title Lien Redemption Trust	B-6	61,013.68	138,612.63
Off Duty Police	B-7	47,003.10	30,818.91
Public Defender Fees	B-8	11,285.62	5,191.12
POAA Fees	B-9	82.00	70.00
Police Donations	B-10	<u>69.75</u>	<u>207.63</u>
Total Other Funds		<u>211,238.40</u>	<u>264,974.18</u>
Total Liabilities and Reserves		<u>\$214,785.71</u>	<u>\$270,102.66</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, 2011 and 2010

	<u>REFERENCE</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Cash - Treasurer	C-2	\$128,524.67	\$839,596.92
Due from Current Fund	A	542,118.07	32,118.07
Due from Federal and State Grant Fund	A	548,225.33	25,175.33
Due from Camden County Improvement Authority		75,208.38	2,011,283.39
Amount to be Provided by Lease		568,000.00	597,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	2,815,000.00	2,910,000.00
Unfunded	C-5	<u>2,460,435.00</u>	<u>2,510,935.00</u>
Total		<u>\$7,137,511.45</u>	<u>\$8,926,108.71</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-9	2,815,000.00	2,910,000.00
Bond Anticipation Notes Payable	C-10	2,256,185.00	2,306,685.00
Obligations Under Capital Lease	C-11	568,000.00	597,000.00
Encumbrances Payable	C-7		14,854.82
Improvement Authorizations:			
Funded	C-8	75,527.05	2,009,076.65
Unfunded	C-8	855,420.08	1,056,580.01
Capital Improvement Fund	C-6	10,122.10	122.10
Reserve for Bond Anticipation Notes		557,207.42	31,790.13
Fund Balance	C-1	<u>49.80</u>	
Total		<u>\$7,137,511.45</u>	<u>\$8,926,108.71</u>

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

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Fund Balance - Regulatory Basis
For the Year Ended December 31, 2011

Balance December 31, 2010

-

Increased by:

 Cancellation of Funded Improvement Authorization

\$49.80

Balance December 31, 2011

\$49.80

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

BOROUGH OF MOUNT EPHRAIM
GENERAL FIXED ASSETS ACCOUNT GROUP
Statement of Changes in General Fixed Assets - Regulatory Basis
For the Year Ended December 31, 2011

	Balance December 31, 2010	Additions	Retirements	Balance December 31, 2011
General Fixed Assets:				
Land and Land Improvements	\$712,900.00			\$712,900.00
Building and Building Improvements	890,200.00			890,200.00
Machinery and Equipment	2,604,972.70			2,604,972.70
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$4,208,072.70</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>\$4,208,072.70</u></u>
 Investment in General Fixed Assets	 <u><u>\$4,208,072.70</u></u>	 <u><u>-</u></u>	 <u><u>-</u></u>	 <u><u>\$4,208,072.70</u></u>

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

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 2000 census is 4,495.

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

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

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

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

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

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

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

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

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

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

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

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balances.

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

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

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the Borough's deposits may not be returned to it. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Banks that qualify as public depositories under New Jersey statutes hold cash deposits, with bank balances totaling \$2,730,663 at December 31, 2011. All deposits are insured by federal depository insurance and/or collateralized with securities held in New Jersey's multiple financial institution collateral pool as required by N.J.S.A. 17:9-41 et seq.

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011

NOTE 3. PROPERTY TAXES

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

<u>Comparative Schedule of Tax Rates</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Tax Rate	\$ <u>6.227</u>	\$ <u>6.055</u>	\$ <u>5.837</u>	\$ <u>5.610</u>	\$ <u>5.372</u>
Apportionment of Tax Rate:					
Municipal	1.731	1.732	1.654	1.548	1.394
County	1.309	1.195	1.152	1.129	1.159
Local School District	3.187	3.128	3.031	2.933	2.819

<u>Assessed Valuation</u>	<u>Amount</u>
2011	\$ 176,285,815
2010	175,865,357
2009	175,011,202
2008	173,985,084
2007	173,312,920

Comparison of Tax Levies and Collections

<u>Year Ended</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$ 11,003,661	\$ 10,798,423	98.13 %
2010	10,692,032	10,476,932	97.98
2009	10,249,505	10,002,841	97.59
2008	9,832,727	9,587,929	97.51
2007	9,123,405	9,347,943	97.59

Delinquent Taxes and Tax Title Liens

<u>Year Ended</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$ 75,593	\$ 189,431	\$ 265,024	2.41 %
2010	66,225	193,369	259,594	2.43
2009	63,379	236,202	299,581	2.92
2008	89,012	235,887	324,899	3.30
2007	84,894	267,329	352,223	3.86

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>
2011	23
2010	14
2009	14
2008	15
2007	15

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

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>
2011	\$ 9,400
2010	9,400
2009	9,400
2008	9,400
2007	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>Sewer Utility Levy</u>				<u>Percentage of Collections</u>
<u>Year Ended</u>		<u>Levy</u>	<u>Collections</u>	
2011	\$	231,544	\$ 215,598	93.11 %
2010		114,344	106,747	93.36
2009		112,630	106,795	94.82
2008		111,678	106,478	95.34
2007		111,780	106,944	95.67

NOTE 6. FUND BALANCES APPROPRIATED

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

<u>Current Fund</u>		<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2011	\$	259,955	\$ 220,000	84.63 %
2010		408,616	390,000	95.44
2009		610,619	550,000	90.07
2008		757,354	423,000	55.85
2007		685,116	424,000	61.88

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

NOTE 7. PENSION PLANS

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

Public Employees' Retirement System (PERS)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 each year until the rate reaches 7.5% in July 2018. 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, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

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

Police and Firemen's Retirement System (PFRS)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 10%. 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.

	<u>2011</u>		<u>2010</u>		<u>2009</u>	
	<u>PERS</u>	<u>PFRS</u>	<u>PERS</u>	<u>PFRS</u>	<u>PERS</u>	<u>PFRS</u>
Normal Contribution	\$ 30,265	\$ 107,696	\$ 28,006	\$ 162,291	\$ 23,756	\$ 167,525
Accrued Liability	48,226	86,355	35,985	115,621	27,477	115,913
Total Regular Contributions	78,491	194,051	63,991	277,912	51,233	283,438
Non-Contributory Group						
Life Insurance	5,961	8,441	8,874	14,219	6,368	11,655
Total Due	<u>\$ 84,452</u>	<u>\$ 202,492</u>	<u>\$ 72,865</u>	<u>\$ 292,131</u>	<u>\$ 57,601</u>	<u>\$ 295,093</u>

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

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. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 each year until the rate reaches 7.5% in July 2018. 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, 2011, 2010 and 2009.

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.

Summary of Principal Plan Provisions

Eligibility for Retired Group Coverage

Service Retirement

Eligibility

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.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Borough has engaged an actuary to calculate the ARC and related information per the provisions of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the plan, and the Borough's net OPEB obligation to the Retiree Health Plan at December 31, 2008:

	Year Ending December 31, 2008
<u>Annual OPEB Cost</u>	
Normal Cost	\$ 545,600
Amortization of Unfunded Actuarial Accrued Liability	603,400
Annual Required Contribution (ARC)	1,149,000
Interest on OPEB Obligation	-
Adjustment to ARC	-
OPEB Expense	1,149,000
Net OPEB contributions made during the fiscal year	131,900
Net OPEB obligation at end of year	\$ 1,017,100
Percentage of expense contributed	11.5%

Funded Status and Funding Progress

As of December 31, 2008 the actuarial accrued liability for benefits was \$10,433,300, 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.).

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

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, 2011, accrued benefits for compensated absences are valued at \$603,609.

NOTE 10. RISK MANAGEMENT

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

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

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

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

<u>Year</u>	<u>Employee Withholdings</u>	<u>Interest Earned</u>	<u>Other Income</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 2,574	\$ 45	\$ 3,000	\$ 9,350	\$ 3,327
2010	3,127	67	6,425	4,812	7,058
2009	3,822	23	12,501	15,731	2,251
2008	2,716	267	18,878	31,356	1,636
2007	7,703			2,398	11,131

NOTE 11. CAPITAL DEBT

Summary of Municipal Debt

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Issued:			
General Bonds and Notes	\$ 5,071,185	\$ 5,216,685	\$ 4,290,145
Net Debt Issued	<u>5,071,185</u>	<u>5,216,685</u>	<u>4,290,145</u>
Authorized But Not Issued:			
General - Bonds and Notes	204,250	204,250	
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 5,275,435</u>	<u>\$ 5,420,935</u>	<u>\$ 4,290,145</u>

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

NOTE 11. CAPITAL DEBT (CONTINUED)

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, 2011 consisted of the following issue:

<u>Purpose</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Guaranteed Revenue Bonds of 2010	5/01/2025	5.25% - 6.00%	<u>\$2,815,000</u>

Bond Anticipation Notes Payable

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

As of December 31, 2011, the Borough had outstanding bond anticipation notes as follows:

<u>Fund</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Capital	\$1,045,540	1.50%	July 14, 2012
General Capital	1,210,645	1.50%	October 19, 2012

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 1.69%.

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

Net Debt, \$5,275,435 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$322,049,273 equals 1.63%.

Equalized Valuation Basis:

2008	\$ 319,123,653
2009	322,162,752
2010	<u>324,861,414</u>
Average	<u>\$ 322,049,273</u>

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

NOTE 11. CAPITAL DEBT (CONTINUED)

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 11,271,725
Net Debt	<u>5,275,435</u>
Remaining Borrowing Power	<u>\$ 5,996,290</u>

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

Serial Bonds Payable

<u>Calendar Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$100,000	\$145,163	\$245,163
2013	105,000	139,781	244,781
2014	110,000	134,137	244,137
2015	120,000	128,100	248,100
2016	125,000	121,669	246,669
2017-2021	700,000	534,311	1,234,311
2022-2025	880,000	341,100	1,221,100
2026-2029	<u>675,000</u>	<u>62,550</u>	<u>737,550</u>
Total	<u>\$2,815,000</u>	<u>\$1,606,811</u>	<u>\$4,421,811</u>

NOTE 12. LEASE OBLIGATIONS

The Borough has a lease agreement in effect at December 31, 2011 for various capital improvements with the Camden County Improvement Authority, a 25 Yard Refuse Truck and two Police Cars.

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

<u>Calendar Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 48,789	\$ 27,090	\$ 75,879
2013	31,000	24,704	55,704
2014	33,000	23,206	56,206
2015	34,000	21,556	55,556
2016	36,000	19,856	55,856
2017-21	204,000	72,836	276,836
2022-25	<u>201,000</u>	<u>23,741</u>	<u>224,741</u>
Total	<u>\$ 587,789</u>	<u>\$ 212,989</u>	<u>\$ 800,778</u>

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2011**

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, 2011.

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 59,539	\$ 599,309
Federal and State Grant Fund		595,001
Animal Control Fund		3,503
Other Trust Funds	57,191	9,260
General Capital Fund	<u>1,090,343</u>	
	<u>\$ 1,207,073</u>	<u>\$ 1,207,073</u>

NOTE 14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following funds:

	<u>Balance Dec. 31, 2011</u>	<u>2012 Budget Appropriation</u>	<u>Balance to Succeeding Years</u>
Current Fund:			
Special Emergency Authorization	\$5,000	\$5,000	
Emergency Authorization	30,000	30,000	

The appropriations in the 2012 Budget as amended are not less than that required by the statutes.

NOTE 15. TAX APPEALS

As of December 31, 2011, the Borough had tax had two tax appeals pending before the State Board of Taxation, requesting a reduction of assessed valuation for 2011. In 2012, the claimants were successful in their appeals and received reductions totaling \$28,489 which will be applied as credits to their 2012 property taxes. Accordingly, no accrual has been made for this amount in the Borough financial statements.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Cash - Treasurer
For the Year Ended December 31, 2011

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2010	\$701,028.03	\$79,016.86
Receipts:		
Taxes Receivable	\$10,863,999.41	
Prepaid Taxes	56,174.69	
Tax Overpayments	7,820.03	
Revenue Accounts Receivable	712,691.60	
Sewer Rent Charges	222,401.54	
Sewer Rent Overpayments	460.48	
Due State of New Jersey:		
Marriage License Fees	425.00	
UCC Fees	1,272.00	
Due from State of New Jersey for Senior Citizens and Veterans Deductions	74,060.00	
Miscellaneous Revenues Not Anticipated	139,565.19	
Reserve for Maintenance of Library	113.00	
Due to Current Fund		\$2,006.32
Due to General Capital Fund	500,000.00	
Budget Refunds	155,254.52	
Contra	58,786.30	
Federal and State Grants Receivable		733,773.04
Total Receipts	<u>12,793,023.76</u>	<u>735,779.36</u>
Sub-Total	13,494,051.79	814,796.22
Disbursements:		
2011 Appropriations	4,179,945.99	
2010 Appropriation Reserves	99,448.68	
Encumbrances Payable		10,457.40
County Taxes	2,313,746.27	
Local School Taxes Payable	5,617,336.00	
Due State of New Jersey:		
Marriage License Fees	300.00	
UCC Fees	1,420.00	
Tax Overpayments Refunded	4,125.87	
Due to Current Fund		1,724.74
Due from Animal Control Fund	3,198.27	
Due from Other Trust Fund	14,926.49	
Budget Refunds	155,254.52	
Contra	58,786.30	
Federal and State Appropriated Reserves		386,214.33
Total Disbursements	<u>12,448,488.39</u>	<u>398,396.47</u>
Balance December 31, 2011	<u><u>\$1,045,563.40</u></u>	<u><u>\$416,399.75</u></u>

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

Balance December 31, 2010 and 2011	\$150.00
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EXHIBIT A-6

Schedule of Due to State of New Jersey
for Senior Citizens and Veterans Deductions
For the Year Ended December 31, 2011

Balance December 31, 2010		\$1,702.35
Increased by:		
Senior Citizen Deductions per Duplicate	\$20,750.00	
Veterans Deductions per Duplicate	54,500.00	
Senior Citizen Deductions Allowed by Collector	250.00	
Subtotal	75,500.00	
Less - Disallowed Senior Citizens	1,650.00	73,850.00
Subtotal		75,552.35
Increased by:		
Collected		74,060.00
Balance December 31, 2011		\$1,492.35

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2011

<u>Year</u>	<u>Balance</u>	<u>2011 Levy</u>	<u>Added Taxes</u>	<u>COLLECTIONS BY CASH</u>		State Share of 2011 Senior Citizens and Veterans Deductions <u>Allowed</u>	<u>Overpayments Applied</u>	<u>Transferred to Tax Title Lien</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2011</u>
	<u>Dec. 31, 2010</u>			<u>2010</u>	<u>2011</u>					
2007	\$1,284.86		\$298.02		\$1,582.88					
2010	<u>192,083.73</u>		<u>3,156.66</u>		<u>184,270.09</u>			<u>\$5,717.78</u>	<u>\$2,845.86</u>	
Subtotal	193,368.59		3,454.68		185,852.97			5,717.78	2,845.86	
2011		<u>\$11,003,661.40</u>		<u>\$47,086.48</u>	<u>10,675,739.78</u>	<u>\$74,600.00</u>	<u>\$996.28</u>	<u>9,191.05</u>	<u>6,616.85</u>	<u>\$189,430.96</u>
Total	<u>\$193,368.59</u>	<u>\$11,003,661.40</u>	<u>\$3,454.68</u>	<u>\$47,086.48</u>	<u>\$10,861,592.75</u>	<u>\$74,600.00</u>	<u>\$996.28</u>	<u>\$14,908.83</u>	<u>\$9,462.71</u>	<u>\$189,430.96</u>

Analysis of Property Tax Levy

Tax Yield:

General Purpose Tax	\$10,902,068.64
Added Taxes	26,339.76
Senior Citizens and Veterans Deductions Allowed	
Per Original Levy	<u>75,250.00</u>
Total	<u>\$11,003,658.40</u>

Tax Levy:

Local School Tax (Abstract)		\$5,617,336.00
County Tax (Abstract)	\$2,103,892.94	
County Library Tax (Abstract)	136,356.35	
County Open Space Tax (Abstract)	64,845.40	
County Added Taxes	<u>5,533.35</u>	2,310,628.04
Local Tax for Municipal Purposes	3,053,153.13	
Additional Tax Levies	<u>22,544.23</u>	
		<u>3,075,697.36</u>
Total		<u>\$11,003,661.40</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Tax Liens Receivable
For the Year Ended December 31, 2011

Balance December 31, 2010		\$66,224.93
Increased by:		
Interest and Costs Accrued By Tax Sale	\$1,455.51	
Transfers from Taxes Receivable	<u>14,908.83</u>	<u>16,364.34</u>
		82,589.27
Decreased by:		
Canceled		<u>6,996.27</u>
Balance December 31, 2011		<u><u>\$75,593.00</u></u>

Schedule of Property Acquired for Taxes
For the Year Ended December 31, 2011

Balance December 31, 2010 and 2011	<u><u>\$9,400.00</u></u>
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BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Sewer Service Charges Receivable
For the Year Ended December 31, 2011

Balance December 31, 2010			\$7,597.06
Increased by:			
2011 Billings			<u>231,544.00</u>
			239,141.06
Decreased by:			
2011 Collections	\$222,401.54		
Overpayments Applied	583.52		
Canceled	<u>509.60</u>		<u>223,494.66</u>
Balance December 31, 2011			<u><u>\$15,646.40</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Accrued in</u> <u>2011</u>	<u>Collected</u> <u>By</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Alcoholic Beverage Licenses		\$3,930.00	\$3,930.00	
Other Licenses		8,373.00	8,373.00	
Fees and Permits		15,066.00	15,066.00	
Municipal Court - Fines and Costs	\$9,864.07	162,279.03	160,707.62	\$11,435.48
Interest and Costs on Taxes		47,145.38	47,145.38	
Cable TV Franchise Fees		40,688.60	40,688.60	
Consolidated Municipal Property Tax Relief		52,366.00	52,366.00	
Energy Receipts Tax		361,338.00	361,338.00	
Uniform Construction Code		23,077.00	23,077.00	
Total	<u><u>\$9,864.07</u></u>	<u><u>\$714,263.01</u></u>	<u><u>\$712,691.60</u></u>	<u><u>\$11,435.48</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Deferred Charges
N.J.S. 40A:4-55 Special Emergency Authorizations
For the Year Ended December 31, 2011

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Balance December 31, 2010</u>	<u>Added in 2011</u>	<u>Raised in 2011 Budget</u>	<u>Balance December 31, 2011</u>
Codification of Ordinances	4/5/2007	\$25,000.00	\$10,000.00		\$5,000.00	\$5,000.00
Total			<u>\$10,000.00</u>	<u>-</u>	<u>\$5,000.00</u>	<u>\$5,000.00</u>

Schedule of Deferred Charges
N.J.S.A. 40A:4-46 Emergency
For the Year Ended December 31, 2011

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Balance December 31, 2010</u>	<u>Added in 2011</u>	<u>Raised in 2011 Budget</u>	<u>Raised in Balance December 31, 2011</u>
Sanitary Sewer Repairs due to Hurricane Irene	10/6/2011	\$30,000.00	-	\$30,000.00		\$30,000.00
Total			<u>-</u>	<u>\$30,000.00</u>	<u>-</u>	<u>\$30,000.00</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of 2010 Appropriation Reserves
For the Year Ended December 31, 2011

	Balance Dec. 31, 2010	Encumbrances Dec. 31, 2010	Balance after Transfers	Disbursed	Balance Lapsed
Other Expenses - Within Caps					
Administrative and Executive	\$39.71	\$295.00	\$334.71	\$333.27	\$1.44
Municipal Clerk's Office	594.33		1,389.91	1,389.91	
Financial Administration	29.70		128.67	128.67	
Collection of Taxes	900.09	57.00	180.56	157.09	23.47
Liquidation of Tax Title Liens	794.40		794.40		794.40
Tax Assessment Administration	10.16		10.16		10.16
Engineering Services and Costs	2,141.25	520.00	2,661.25	2,586.25	75.00
Planning Board	212.08	88.00	919.26	919.26	
Emergency Management	0.00	2,009.00	2,049.39	2,049.39	
Insurance					
Group Insurance	88.56	24.90	113.46		113.46
Liability Insurance	265.06		265.06		265.06
Workers Compensation	0.88		0.88		0.88
Police	8,700.62	1,975.39	10,676.01	8,349.81	2,326.20
Prosecutor	3,000.00		3,000.00		3,000.00
Civil Defense and Disaster Control	39.45		39.45		39.45
Aid to Volunteer Fire Companies	13,836.54	13,013.10	26,849.64	24,518.02	2,331.62
First Aid Organization - Contribution	258.45	641.90	1,528.87	1,528.87	
Fire Hydrant Service	6,087.10		6,087.10	4,159.41	1,927.69
Road Repairs & Maintenance	2,962.08		3,360.25	3,360.25	
Garbage and Trash Removal	562.24		562.24	562.24	
Solid Waste Disposal	12,399.67		13,243.46	13,243.46	
Public Buildings and Grounds	638.06		66.68	66.68	
Sewer System	577.80	300.00	780.45	300.00	480.45
Borough Vehicle Maintenance	1,668.44	263.10	1,931.54	1,010.86	920.68
Registrar of Vital Statistics	765.00		765.00		765.00
Recreation Services and Programs	415.89		415.89		415.89
Parks and Playgrounds	759.50		759.50	98.30	661.20
Environmental Commission	100.00		100.00		100.00
Celebration of Public Events	350.00		350.00		350.00
Utilities:					
Electricity	1,188.55		275.83		275.83
Street Lights	2,039.86		2,039.86	556.00	1,483.86
Telephone	1,293.97		1,293.97	328.63	965.34
Heating Fuel	944.52		1,857.24	1,857.24	
Gasoline	3,003.88		3,003.88	3,003.88	
Sewer	162.50		162.50		162.50
Municipal Court	2,725.00		2,725.00	1,683.43	1,041.57
State Uniform Construction Code	0.13	1,080.00	1,080.13	1,080.00	0.13
Statutory Expenditures					
Unemployment Compensation Insurance	187.73		187.73		187.73
Subtotal	<u>69,743.20</u>	<u>20,267.39</u>	<u>91,989.93</u>	<u>73,270.92</u>	<u>18,719.01</u>
Other Expenses - Excluded from Caps					
Interlocal Services - Borough of Oaklyn	3,086.34		3,086.34	3,086.34	
Interlocal Services - Borough of Barrington	7.50		7.50		7.50
Aid to Privately Owned Library	396.36		396.36		396.36
Recycling Tax	3,747.41		3,747.41		3,747.41
Group Health Insurance	24.47		24.47		24.47
Subtotal	<u>7,262.08</u>		<u>7,262.08</u>	<u>3,086.34</u>	<u>4,175.74</u>
Salary and Wage Accounts - No Change	<u>36,157.37</u>		<u>34,178.03</u>	<u>25,136.32</u>	<u>9,041.71</u>
Grand Total	<u>\$113,162.65</u>	<u>\$20,267.39</u>	<u>\$133,430.04</u>	<u>\$101,493.58</u>	<u>\$31,936.46</u>
		Cash Disbursed		\$99,448.68	
		Encumbrances Payable		2,044.90	
		45		<u>\$101,493.58</u>	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Tax Overpayments
For the Year Ended December 31, 2011

Balance December 31, 2010		\$2,413.07
Increased by:		
Collected		<u>7,820.03</u>
Subtotal		10,233.10
Decreased by:		
Refunds	\$4,125.87	
Applied to 2011 Taxes	996.28	
Canceled	<u>1,416.79</u>	<u>6,538.94</u>
Balance December 31, 2011		<u><u>\$3,694.16</u></u>

Schedule of Prepaid Taxes
For the Year Ended December 31, 2011

Balance December 31, 2010		\$47,086.48
Increased by:		
Collected		<u>56,174.69</u>
Subtotal		103,261.17
Decreased by:		
Applied to 2011 Taxes		<u>47,086.48</u>
Balance December 31, 2011		<u><u>\$56,174.69</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Local School Taxes Payable
For the Year Ended December 31, 2011

Balance December 31, 2010	---
Increased by:	
Levy: Calendar Year 2011	<u>\$5,617,336.00</u>
Subtotal	5,617,336.00
Decreased by:	
Disbursed to Local School District	<u>5,617,336.00</u>
Balance December 31, 2011	<u>---</u>

Exhibit A-18

Schedule of County Taxes Payable
For the Year Ended December 31, 2011

Balance December 31, 2010		\$8,561.58
Increased by:		
2011 Levy:		
General County	\$2,103,982.94	
County Library	136,356.35	
County Open Space	64,845.40	
Added and Omitted Taxes	<u>5,533.35</u>	
Subtotal		<u>2,310,718.04</u>
		2,319,279.62
Decreased by:		
Disbursed to County of Camden		<u>2,313,746.27</u>
Balance December 31, 2011		<u>\$5,533.35</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Sewer Rent Overpayments
For the Year Ended December 31, 2011

Balance December 31, 2010	\$583.52
Increased by:	
Collected	<u>460.48</u>
Subtotal	1,044.00
Decreased by:	
Applied to Sewer Rents Receivable	<u>583.52</u>
Balance December 31, 2011	<u><u>\$460.48</u></u>

EXHIBIT A-20

Schedule of Due to State of New Jersey
for Marriage License Fees
For the Year Ended December 31, 2011

Balance December 31, 2011	\$25.00
Increased by:	
State Portion of 2011 Marriage Licenses Fees	<u>425.00</u>
Subtotal	450.00
Decreased by:	
Disbursed to State of New Jersey	<u>300.00</u>
Balance December 31, 2011	<u><u>\$150.00</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Due to State of NJ - UCC Fees
For the Year Ended December 31, 2011

Balance December 31, 2010	\$531.00
Increased by:	
Cash Received	1,272.00
	<u>1,803.00</u>
Decreased by:	
Cash Disbursed	1,420.00
	<u>1,420.00</u>
Balance December 31, 2011	<u><u>\$383.00</u></u>

EXHIBIT A-22

Schedule of Reserve For State Library Aid
For the Year Ended December 31, 2011

Balance December 31, 2010	\$253.56
Increased by:	
Cash Received - State Grant	113.00
	<u>366.56</u>
Decreased by:	
Cash Disbursed	-
	<u>-</u>
Balance December 31, 2011	<u><u>\$366.56</u></u>

EXHIBIT A-23

Schedule of Reserve For Codification of Ordinances
For the Year Ended December 31, 2011

Balance December 31, 2010 and 2011	<u><u>\$17,071.50</u></u>
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BOROUGH OF MOUNT EPHRAIM
Federal and State Grant Fund
Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Accrued</u>	<u>Received</u>	<u>Transfer</u> <u>To</u> <u>Unappropriated</u> <u>Reserves</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
State Grants:					
Body Armor Replacement			\$1,607.70	\$1,607.70	
NJ TTFA Grants - Delaware Avenue	\$170,000.00		89,589.41		\$80,410.59
NJ TTFA Grants - Hartka Avenue		\$200,000.00			200,000.00
NJ TTFA Grants - Bell Road		755,000.00	523,050.00		231,950.00
County Contribution - Bell Road		50,000.00	50,000.00		
NJ TTFA Grants - Kings Highway		250,000.00			250,000.00
ARRA Kings Highway		55,325.00			55,325.00
DWI Enforcement			4,276.74	4,276.74	
Alcohol Educ. & Rehab.		1,132.63	1,132.63		
Recycling Program		3,362.55	3,362.55		
Open Space Preservation Trust Fund		3,000.00			3,000.00
Clean Communities			7,380.38	7,380.38	
Federal Grants:					
Community Development Block Grant	<u>63,339.00</u>		<u>53,373.63</u>		<u>9,965.37</u>
Total	<u>\$233,339.00</u>	<u>\$1,317,820.18</u>	<u>\$733,773.04</u>	<u>\$13,264.82</u>	<u>\$830,650.96</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, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Federal and</u> <u>State Grant</u> <u>Receivable</u>	<u>Realized</u> <u>as Revenue</u> <u>In 2011</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
State Grants:				
Recycling Grant	\$3,972.27	\$3,362.55	\$7,334.82	
Alcohol Education and Rehab. Program	1,960.65	1,132.63	3,093.28	
Body Armor Replacement Grant	1,525.01	1,607.70	1,525.01	\$1,607.70
Clean Communities		7,380.38		7,380.38
Drunk Driving Enforcement Fund		4,276.74		4,276.74
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$7,457.93</u>	<u>\$17,760.00</u>	<u>\$11,953.11</u>	<u>\$13,264.82</u>

BOROUGH OF MOUNT EPHRAIM
Federal and State Grant Fund
Schedule of Reserve For Federal and State Grants - Appropriated
For the Year Ended December 31, 2011

	Balance Dec. 31, 2010	Transferred From 2011 Budget	Paid	Due to General Capital	Balance Dec. 31, 2011
State Grants:					
Drunk Driving Enforcement Fund	\$11,047.72		\$4,288.79		\$6,758.93
Recycling Grant		\$7,334.82	6,713.30		621.52
Alcohol Education & Rehab. Program	7,803.16	3,093.28			10,896.44
Body Armor Grant	1,462.75	1,525.01	2,987.76		0.00
Clean Communities	29,709.94		20,354.30		9,355.64
Open Space Preservation Trust Fund		3,000.00	2,725.87		274.13
NJ Transportation Trust - Delaware Avenue	162,342.50		132,956.73		29,385.77
NJ Transportation Trust - Hartka Avenue		200,000.00	166,387.51		33,612.49
NJ Transportation Trust - Bell Road		755,000.00		\$523,050.00	231,950.00
County Contribution - Bell Road		50,000.00	50,000.00		0.00
NJ Transportation Trust - Kings Highway		250,000.00			250,000.00
Municipal Stormwater Grant	371.71				371.71
Statewide Domestic Preparedness Grant	67.81				67.81
Federal Grants:					0.00
Community Development Block Grant	9,965.31		(0.06)		9,965.37
ARRA - Kings Highway		55,325.00			55,325.00
Total	\$222,770.90	\$1,325,278.11	\$386,414.20	\$523,050.00	\$638,584.81
Cash Disbursed			\$386,214.33		
Encumbrances Payable			199.87		
Total			\$386,414.20		

TRUST FUND

BOROUGH OF MOUNT EPHRAIM
Trust Fund
Schedule of Cash - Treasurer
For the Year Ended December 31, 2011

	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, 2010	\$304.96	\$196,218.97	\$5,013.06		\$24,254.23	\$5,191.12	\$70.00	\$16,291.42	\$138,612.63	\$207.63	\$6,578.88
Receipts:											
Dog License Fees:											
Municipal Licenses	6,474.60										
State Registration Fees	788.40										
Current Fund -											
Budget Appropriation		5,000.00	5,000.00								
Due from Oaklyn Court											
Due to Current Fund	2,400.00										
Unemployment Compensation		2,573.59	2,573.59								
Net Payroll		1,298,541.77		\$1,298,541.77							
Payroll Deductions Payable		697,939.76		697,939.76							
Off-Duty Police Fees		145,875.67			145,875.67						
Public Defender Fees		6,094.50				6,094.50					
Police Donations		25.00								25.00	
POAA Fees		12.00					12.00				
Affordable Housing (COAH)											
Tax Title Lien Redemptions		112,382.04							112,382.04		
Developer's Escrow		2,210.00						2,210.00			
Forfeited Funds		2,237.25									2,237.25
Interest Earned	12.65	2,809.36	44.75	1,147.08	495.35	101.32	0.92	176.62	742.58	2.11	98.63
Total Receipts	9,675.65	2,275,700.94	7,618.34	1,997,628.61	146,371.02	6,195.82	12.92	2,386.62	113,124.62	27.11	2,335.88
Disbursements:											
Expenditures Under RS4:19-15.11	9,223.64										
State Registration Fees	783.00										
Unemployment		9,349.65	9,349.65								
Net Payroll		1,298,541.77		1,298,541.77							
Payroll Deductions Payable		689,511.66		689,511.66							
Off-Duty Police		125,379.05			125,379.05						
Public Defender											
Developer's Escrow		5,194.30						5,194.30			
Tax Title Lien Redemptions		189,980.99							189,980.99		
Forfeited Funds (Law Enforcement)		146.18									146.18
Affordable Housing (COAH)		0.00									
Police Donations		164.99								164.99	
Due to Current Fund	12.65	1,855.70		515.53	495.35	101.32	0.92		742.58		
Total Disbursements	10,019.29	2,320,124.29	9,349.65	1,988,568.96	125,874.40	101.32	0.92	5,194.30	190,723.57	164.99	146.18
Balance December 31, 2011	(\$38.68)	\$151,795.62	\$3,281.75	\$9,059.65	\$44,750.85	\$11,285.62	\$82.00	\$13,483.74	\$61,013.68	\$69.75	\$8,768.58

BOROUGH OF MOUNT EPHRAIM
Trust Fund
Schedule of Reserve for Animal Control Expenditures
For the Year Ended December 31, 2011

Balance (Deficit) December 31, 2010			(\$4,823.52)
Increased by:			
2010 Dog License Fees Collected	\$4,119.60		
Late Fees	2,355.00		
Current Fund - Budget Appropriation	<u>4,823.52</u>	<u>11,298.12</u>	
Total			6,474.60
Decreased by:			
Expenditures Under R.S. 4:19-15.11:			
Cash disbursed		<u>10,021.91</u>	
Balance (Deficit) December 31, 2011			<u><u>(\$3,547.31)</u></u>

LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2009	\$4,092.00
2010	<u>4,074.00</u>
	<u><u>\$8,166.00</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Unemployment Compensation
For the Year Ended December 31, 2011

Balance December 31, 2010		\$7,058.09
Increased by:		
Employee Withholdings	\$2,573.59	
Current Fund - Budget Appropriation	3,000.00	
Interest Earned	<u>44.75</u>	<u>5,618.34</u>
Subtotal		12,676.43
Decreased by:		
Claims Paid		<u>9,349.65</u>
Balance December 31, 2011		<u><u>\$3,326.78</u></u>

Schedule of Reserve for Escrow Trust Fund
For the Year Ended December 31, 2011

Balance December 31, 2010		\$73,236.92
Increased by:		
Escrow Deposits	\$2,210.00	
Interest Earned on Investments	<u>42.57</u>	<u>2,252.57</u>
Decreased by:		
Disbursements		<u>5,060.25</u>
Balance December 31, 2011		<u><u>\$70,429.24</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds

Statement of Reserve for Law Enforcement - Forfeited Funds
For the Year Ended December 31, 2011

Balance December 31, 2010		\$6,578.88
Increased by:		
Cash Receipts	\$2,237.25	
Interest Earned on Investments	<u>98.63</u>	<u>2,335.88</u>
		8,914.76
Decreased by:		
Cash Disbursed		<u>146.18</u>
Balance December 31, 2011		<u><u>\$8,768.58</u></u>

Schedule of Deposits for Redemption of Tax Sale Certificates
For the Year Ended December 31, 2011

Balance December 31, 2010	\$138,612.63
Increased by:	
Deposits Received	<u>112,382.04</u>
	250,994.67
Decreased by:	
Refunds - Tax Sale Certificates Redeemed	<u>189,980.99</u>
Balance December 31, 2011	<u><u>\$61,013.68</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Off Duty Police
For the Year Ended December 31, 2011

Balance December 31, 2010	\$30,818.91
Increased by:	
Cash Receipts	<u>139,806.34</u>
Subtotal	170,625.25
Decreased by:	
Cash Disbursements	<u>123,622.15</u>
Balance December 31, 2011	<u><u>\$47,003.10</u></u>

Statement of Reserve for Public Defender Fees
For the Year Ended December 31, 2011

Balance December 31, 2010	\$5,191.12
Increased by:	
Cash Receipts	<u>6,094.50</u>
Subtotal	11,285.62
Decreased by:	
Cash Disbursements	<u> </u>
Balance December 31, 2011	<u><u>\$11,285.62</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for POAA Fees
For the Year Ended December 31, 2011

Balance December 31, 2010	\$70.00
Increased by:	
Cash Receipts	<u>12.00</u>
Subtotal	82.00
Decreased by:	
Disbursements	<u>-</u>
Balance December 31, 2011	<u><u>\$82.00</u></u>

EXHIBIT B-10

Statement of Reserve for Police Donations
For the Year Ended December 31, 2011

Balance December 31, 2010		\$207.63
Increased by:		
Cash Receipts	\$25.00	
Interest Earned	<u>2.11</u>	<u>27.11</u>
Subtotal		234.74
Decreased by:		
Disbursements		<u>164.99</u>
Balance December 31, 2011		<u><u>\$69.75</u></u>

GENERAL CAPITAL FUND

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Cash - Treasurer
For the Year Ended December 31, 2011

Balance December 31, 2010			\$839,596.92
Receipts:			
Due from Camden County Improvement Authority	\$1,936,075.01		
Due to Current Fund	<u>6,440.24</u>		
Total Receipts			<u>1,942,515.25</u>
Subtotal			2,782,112.17
Disbursements:			
Encumbrances Payable	9,893.66		
Improvement Authorizations	2,137,253.60		
Due from Current Fund	500,000.00		
Due to Current Fund	<u>6,440.24</u>		<u>2,653,587.50</u>
Balance December 31, 2011			<u><u>\$128,524.67</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
 Analysis of General Capital Cash and Investments
 For the Year Ended December 31, 2011

Fund Balance		\$49.80
Capital Improvement Fund		10,122.10
Due From Current Fund		(542,118.07)
Due from Federal and State Grant Fund		(548,225.33)
Due from Camden County Improvement Authority		(75,208.38)
Reserve for Bond Anticipation Notes		557,207.42
Improvement Authorizations:		
Ordinance		
<u>Number</u>		
1-2008	Fire Station Project	75,527.05
11-2008	Various Improvements	320.00
09-2009	Various Improvements to Buildings and Grounds	2,297.70
10-2009	Sewer Utility Improvements	8,734.74
11-2009	Purchase of Vehicles and Equipment	23,118.54
02-2010	Completion of Various Roads	(78,638.14)
07-2010	Drainage and Street Improvements - Bell Road	733,788.45
08-2010	Street Improvements - Kings Highway	4,948.28
14-2010	Acquisition of Trash Truck	(70,303.35)
15-2010	Various Improvements:	26,903.86
		<hr/>
	Total	<u>\$128,524.67</u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2011

Balance December 31, 2010	\$2,910,000.00
Decreased By:	
Serial Bonds Paid	<u>95,000.00</u>
Balance December 31, 2011	<u><u>\$2,815,000.00</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Funded By Budget Appropriation	Transferred to Deferred Taxation Funded	Balance Dec. 31, 2011	ANALYSIS OF BALANCE		
							Funded by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
772-06	Acquisition of Loader/Backhoe, Street Sweeper and Sports Utility Vehicle	\$171,000.00		\$10,300.00		\$160,700.00	\$160,700.00		
15-07	Various Improvements	252,000.00		8,700.00		243,300.00	243,300.00		
11-08	Various Road and Related Improvements	180,960.00		12,100.00		168,860.00	168,860.00		
12-08	Sewer Utility Equipment and Improvements	52,605.00		1,000.00		51,605.00	51,605.00		
13-08	Acquisition of Vehicles and Equipment	111,435.00		14,000.00		97,435.00	97,435.00		
08-09	Various Roads and Related Improvements	82,080.00		4,400.00		77,680.00	77,680.00		
09-09	Various Improvements to Buildings and Grounds	48,165.00				48,165.00	48,165.00		
10-09	Sewer Utility Improvements	67,450.00				67,450.00	67,450.00		
11-09	Various Pieces of Capital Equipment	295,450.00				295,450.00	295,450.00		
2-2010	Various Roads and Improvements	118,750.00				118,750.00		\$78,368.14	\$40,111.86
7-2010	Drainage and Related Street Improvements	755,000.00				755,000.00	755,000.00		
8-2010	Kings Highway Streetscape	290,540.00				290,540.00	290,540.00		
14-2010	Acquisition of Trash Truck	85,500.00				85,500.00		69,803.35	15,196.65
	Total	<u>\$2,510,935.00</u>	<u>-</u>	<u>\$50,500.00</u>	<u>-</u>	<u>\$2,460,435.00</u>	<u>\$2,256,185.00</u>	<u>\$148,171.49</u>	<u>\$55,308.51</u>
Improvement Authorizations Unfunded									\$855,420.08
Less Unexpended Proceeds of Bond Anticipation Notes Issued:									
Ord. 11-2008								\$19,203.37	
Ord. 08-2009								99.34	
Ord. 09-2009								8,610.65	
Ord. 10-2009								9,913.63	
Ord. 11-2009								23,547.85	
Ord. 07-2010								733,788.45	
Ord. 08-2010								4,948.28	
									800,111.57
									<u>\$55,308.51</u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
 Schedule of Capital Improvement Fund
 For the Year Ended December 31, 2011

Balance December 31, 2010	\$122.10
Increased by:	
2011 Budget Appropriation	<u>10,000.00</u>
Subtotal	10,122.10
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u> </u>
Balance December 31, 2011	<u><u>\$10,122.10</u></u>

EXHIBIT C-7

Schedule of Encumbrances Payable
 For the Year Ended December 31, 2011

Balance December 31, 2010		\$14,854.82
Increased by:		
Current Year Encumbrances		<u>-</u>
		14,854.82
Decreased by:		
Cash Disbursed	\$9,893.66	
Canceled	<u>4,961.16</u>	<u>14,854.82</u>
Balance December 31, 2011		<u><u>-</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
 Schedule of Improvement Authorizations
 For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance Date	Amount	2011 AUTHORIZATIONS							Cancel Prior Year Encumbrance	Balance	
				December 31, 2010		Reallocation of Unfunded Appropriations Per Ordinance	Capital Improvement Fund	Deferred Charges To Future Taxation - Unfunded	Paid or Charged	Reserve for Debt Cancel Unfunded Appropriation	Reserve for Debt Cancel Funded Appropriation	December 31, 2011	
				Funded	Unfunded							Funded	Unfunded
697-2002	Reappropriation of Ordinance for Purchase of Computers, Computer Software, and General Office Equipment	06/13/02	\$11,478.77	\$316.28					\$266.48		\$49.80		
772-2006	Acquisition of Loader/Backhoe, Street Sweeper and Sports Utility Vehicle	12/19/06	270,000.00		\$121.30					\$121.30			
15-2007	Various Improvements	12/06/07	209,000.00		191.74					191.74			
1-2008	Fire Station Project	03/06/08	3,000,000.00	2,003,501.93					1,927,974.88			\$75,527.05	
11-2008	Various Improvements	09/04/08	215,000.00		0.41	\$319.59							\$320.00
12-2008	Various Improvements	09/04/08	62,500.00		550.27					550.27			
13-2008	Various Improvements	09/04/08	90,600.00		428.32					428.32			
08-2009	Various Roads and Related Improvements	06/04/09	86,400.00										
09-2009	Various Improvements to Buildings and Grounds	06/04/09	50,700.00		1,700.93	596.77							2,297.70
10-2009	Sewer Utility Improvements	06/04/09	71,000.00		26,178.48	8,811.28			25,255.00				8,734.74
11-2009	Purchase of Vehicles and Equipment	06/04/09	311,000.00		27,993.89	(476.35)			6,399.00		\$2,000.00		23,118.54
02-2010	Completion of Various Roads	04/01/10	125,000.00	788.19	64,491.17				25,167.50				40,111.86
07-2010	Drainage and Street Improvements - Bell Road	06/03/10	755,000.00		788,157.68				19,369.20				733,768.45
08-2010	Streetscape Improvements - Kings Highway	06/03/10	290,540.00		20,265.85				15,317.57				4,948.28
14-2010	Acquisition of Trash Truck	12/02/10	90,000.00	4,470.25	85,500.00				74,773.60				15,196.65
15-2010	Reallocation of Unfunded Appropriations	12/02/10	93,000.00		77,000.00	(9,251.27)			42,730.37	1,075.66		2,961.16	26,903.88
05													
	Total			<u>\$2,009,076.65</u>	<u>\$1,056,680.01</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$2,137,253.60</u>	<u>\$2,367.29</u>	<u>\$49.80</u>	<u>\$4,961.16</u>	<u>\$75,527.05</u>
	Cash Disbursed								\$2,137,253.60				
	Encumbrances payable								-				
	Total								<u>\$2,137,253.60</u>				

Borough of Mount Ephraim
General Capital Fund
Statement of General Serial Bonds
For the Year Ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u> <u>December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>Dec. 31, 2010</u>			<u>Dec. 31, 2011</u>
Borough Guaranteed Bonds - 2009	05/01/94	\$3,000,000.00	05/01/12	\$100,000.00	5.25%	<u>\$2,910,000.00</u>	<u> </u>	<u>\$95,000.00</u>	<u>\$2,815,000.00</u>
			05/01/13	105,000.00	5.25%				
			05/01/14	110,000.00	5.25%				
			05/01/15	120,000.00	5.25%				
			05/01/16	125,000.00	5.25%				
			05/01/17	130,000.00	5.25%				
			05/01/18	140,000.00	5.25%				
			05/01/19	140,000.00	5.25%				
			05/01/20	140,000.00	6.00%				
			05/01/21	150,000.00	6.00%				
			05/01/22	155,000.00	6.00%				
			05/01/23	165,000.00	6.00%				
			05/01/24	175,000.00	6.00%				
			05/01/25	185,000.00	6.00%				
			05/01/26	200,000.00	6.00%				
			05/01/27	210,000.00	6.00%				

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
2006-772	Purchase of Equipment	1/8/2007	10/22/2010	10/21/2011	1.03%	\$171,000.00		\$171,000.00	
2006-772	Purchase of Equipment	1/8/2007	10/20/2011	10/19/2012	1.50%		\$160,700.00		\$160,700.00
2007-15	Various Improvements	1/8/2008	10/22/2010	10/21/2011	1.03%	252,000.00		252,000.00	
15-2007	Various Improvements	1/8/2008	10/20/2011	10/19/2012	1.50%		243,300.00		243,300.00
11-2008	Various Road and Related Improvements	10/28/2008	10/22/2010	10/21/2011	1.03%	180,960.00		180,960.00	
11-2008	Various Road and Related Improvements	10/28/2008	10/20/2011	10/19/2012	1.50%		168,860.00		168,860.00
12-2008	Sewer Utility Equipment and Improvements	10/28/2008	10/22/2010	10/21/2011	1.03%	52,605.00		52,605.00	
12-2008	Sewer Utility Equipment and Improvements	10/28/2008	10/20/2011	10/19/2012	1.50%		51,605.00		51,605.00
13-2008	Acquisition of Vehicles and Equipment	10/28/2008	10/22/2010	10/21/2011	1.03%	111,435.00		111,435.00	
13-2008	Acquisition of Vehicles and Equipment	10/28/2008	10/20/2011	10/19/2012	1.50%		97,435.00		97,435.00
08-2009	Various Road and Related Improvements	10/26/2009	10/22/2010	10/21/2011	1.03%	82,080.00		82,080.00	
08-2009	Various Road and Related Improvements	10/26/2009	10/20/2011	10/19/2012	1.50%		77,680.00		77,680.00
09-2009	Various Improvements to Buildings and Grounds	10/26/2009	10/22/2010	10/21/2011	1.03%	48,165.00		48,165.00	
09-2009	Various Improvements to Buildings and Grounds	10/26/2009	10/20/2011	10/19/2012	1.50%		48,165.00		48,165.00
10-2009	Sewer Utility Improvements	10/26/2009	10/22/2010	10/21/2011	1.03%	67,450.00		67,450.00	
10-2009	Sewer Utility Improvements	10/26/2009	10/20/2011	10/19/2012	1.50%		67,450.00		67,450.00
11-2009	Various Pieces of Capital Equipment	10/26/2009	10/22/2010	10/21/2011	1.03%	295,450.00		295,450.00	
11-2009	Various Pieces of Capital Equipment	10/26/2009	10/20/2011	10/19/2012	1.50%		295,450.00		295,450.00
7-2010	Drainage and Related Street Improvements	7/19/2010	7/19/2010	7/18/2011	1.24%	755,000.00		755,000.00	
7-2010	Drainage and Related Street Improvements	7/19/2010	7/15/2011	7/14/2012	1.50%		755,000.00		755,000.00
8-2010	Kings Highway Streetscape	7/19/2010	7/19/2010	7/18/2011	1.24%	290,540.00		290,540.00	
8-2010	Kings Highway Streetscape	7/19/2010	7/15/2011	7/14/2012	1.50%		290,540.00		290,540.00
						<u>\$2,306,685.00</u>	<u>\$2,256,185.00</u>	<u>\$2,306,685.00</u>	<u>\$2,256,185.00</u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Obligations Under Capital lease
For the Year Ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>Dec. 31, 2010</u>			<u>Dec. 31, 2011</u>
Various Capital Improvements	12/21/05	\$725,000.00	11/15/12	\$29,000.00	3.20% - 4.62%	<u>\$597,000.00</u>	<u>—</u>	<u>\$29,000.00</u>	<u>\$568,000.00</u>
			11/15/13	31,000.00					
			11/15/14	33,000.00					
			11/15/15	34,000.00					
			11/15/16	36,000.00					
			11/15/17	38,000.00					
			11/15/18	39,000.00					
			11/15/19	41,000.00					
			11/15/20	42,000.00					
			11/15/21	44,000.00					
			11/15/22	47,000.00					
			11/15/23	49,000.00					
			11/15/24	51,000.00					
			11/15/25	54,000.00					

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2011

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

BOROUGH OF MOUNT EPHRAIM

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2011

BOROUGH OF MOUNT EPHRAIM
Schedule of Findings and Recommendations
For the Year Ended December 31, 2011

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 2011-1

Condition:

There is a deficit in the Animal Control Fund of \$3,547.31 as of December 31, 2011.

Criteria:

Every fund in the municipality should be self sustaining.

Effect:

This deficit must be raised in the 2012 Budget.

Cause:

Dog license fees are not sufficient to offset expenditures.

Recommendation:

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

View of Responsible Official and Planned Corrective Action:

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

**BOROUGH OF MOUNT EPHRAIM
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011**

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

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

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

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 04-04.

FINANCIAL STATEMENT FINDINGS

Finding 2010-1

Condition:

The state contract for fire equipment was not approved by resolution in the minutes

Current Status:

Corrective action has been implemented.

Finding 2010-2

Condition:

A corrective action plan was not prepared for the prior year audit recommendation.

Current Status:

Corrective action has been implemented

FEDERAL AWARDS

A Federal Single Audit was not required.

STATE AWARDS

A State Single Audit was not required.

BOROUGH OF MOUNT EPHRAIM
OFFICIALS IN OFFICE AND SURETY BONDS

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

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

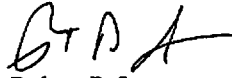
(A) Employees are covered by the Public Employees Dishonesty Blanket Bond with the Camden County Municipal Joint Insurance Fund in the amount of \$50,000 and an excess liability bond in the amount of \$950,000 with the Municipal Excess Liability Fund.

ACKNOWLEDGMENT

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

Respectfully submitted,

INVERSO & STEWART, LLC

A handwritten signature in black ink, appearing to read 'R P Inverso', with a stylized flourish at the end.

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

March 16, 2012