

BOROUGH OF MOUNT EPHRAIM
County of Camden

Report of Audit of Financial Statements

For the Year Ended December 31, 2017

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, 2017

INVERSO & STEWART, LLC

Certified Public Accountants

651 Route 73 North, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
E-Mail: rinverso@iscpas.com

-Member of-
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In my opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance – regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2017 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Information

My audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements

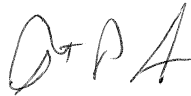
The supplementary financial statements presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 31, 2018 on my consideration of the Borough of Mount Ephraim's, in the County of Camden, State of New Jersey, internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Mount Ephraim's internal control over financial reporting.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read 'R. P. A.', is positioned above the printed name of the signatory.

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
May 31, 2018

INVERSO & STEWART, LLC

Certified Public Accountants

651 Route 73 North, Suite 402
Marlton, New Jersey 08053
(856) 983-2244

-Member of-
American Institute of CPAs
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued my report thereon dated May 31, 2018. That report indicated that the Borough of Mount Ephraim's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Borough of Mount Ephraim's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, I do not express an opinion on the effectiveness of the Borough of Mount Ephraim's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Mount Ephraim's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
May 31, 2018

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 1,950,014.52	\$ 2,140,398.95
Cash - Change Fund	A-5	<u>300.00</u>	<u>300.00</u>
Total		<u>1,950,314.52</u>	<u>2,140,698.95</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	225,415.61	186,871.33
Tax Title Liens Receivable	A-8	118,933.45	93,302.81
Property Acquired for Taxes - Assessed Valuation	A-9	9,400.00	9,400.00
Sewer Rents Receivable	A-10	12,654.37	10,858.07
Revenue Accounts Receivable	A-11	10,989.45	12,537.39
Prepaid School Taxes	A-16	49,579.60	
Other Accounts Recievable			2,305.83
Due from Federal and State Grant Fund	A	52,437.03	52,437.03
Due from Trust - Other Fund	B	27,051.99	21,627.29
Due from General Capital Fund	C	<u></u>	<u>11,914.96</u>
Total		<u>506,461.50</u>	<u>401,254.71</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)	A-12	<u>34,000.00</u>	<u>51,000.00</u>
Total Regular Fund		<u>2,490,776.02</u>	<u>2,592,953.66</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4	508,644.20	748,135.51
Federal and State Grants Receivable	A-23	72,353.24	237,674.80
Due from Current Fund	A	<u>26,659.72</u>	<u>26,659.72</u>
Total Federal and State Grant Fund		<u>607,657.16</u>	<u>1,012,470.03</u>
Total Assets		<u>\$ 3,098,433.18</u>	<u>\$ 3,605,423.69</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 352,252.61	\$ 281,567.96
Encumbrances Payable	A-3	24,563.22	67,048.34
Due State of New Jersey - Veteran & Senior Citizen Deduction	A-6	2,119.53	1,500.00
Tax Overpayments	A-14	34,423.00	11,491.83
Prepaid Taxes	A-15	159,952.85	80,310.42
Local School Taxes Payable	A-16	-	216,361.40
Due County for Added and Omitted Taxes	A-17	6,518.84	3,777.83
Sewer Rent Overpayments	A-18	862.94	834.03
Due to Federal and State Grant Fund	A	26,659.72	26,659.72
Due to Other Trust Fund	B	58,650.63	58,650.63
Due to General Capital Fund	C	246,853.71	342,835.69
Due State of New Jersey - Marriage License Fees	A-19	125.00	25.00
Due State of New Jersey - UCC Fees	A-20	714.00	732.00
Reserve for Revaluation	A-21	4,824.61	4,824.61
Reserve for Codification of Ordinances	A-22	<u>3,770.62</u>	<u>4,385.62</u>
Total Liabilities		922,291.28	1,101,005.08
Reserve for Receivables and Other Assets	A	506,461.50	401,254.71
Fund Balance	A-1	<u>1,062,023.24</u>	<u>1,090,693.87</u>
Total Regular Fund		<u>2,490,776.02</u>	<u>2,592,953.66</u>
Federal and State Grant Fund:			
Encumbrances Payable	A-25	3,836.00	95.45
Due to Current Fund	A	52,437.03	52,437.03
Due to General Capital Fund	C	428,440.94	779,182.81
Unappropriated Reserves	A-24	12,006.68	7,925.66
Appropriated Reserves	A-25	<u>110,936.51</u>	<u>172,829.08</u>
Total Federal and State Grant Fund		<u>607,657.16</u>	<u>1,012,470.03</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,098,433.18</u>	<u>\$ 3,605,423.69</u>

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

BOROUGH OF MOUNT EPHRAIM

Current Fund

Statement of Operations and Changes in Fund Balance - Regulatory Basis

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 640,000.00	\$ 424,500.00
Miscellaneous Revenue Anticipated	1,533,886.75	1,531,553.58
Receipts from Delinquent Taxes	164,794.88	229,162.19
Receipts from Current Taxes	12,362,224.37	12,015,042.65
Nonbudget Revenues	259,861.03	225,462.66
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	147,572.93	222,616.77
Liquidation of Interfunds	14,220.79	
Cancellation of Tax Overpayments	2.19	1.32
Total Revenue and Other Income Realized	<u>15,122,562.94</u>	<u>14,648,339.17</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	2,120,346.54	1,832,160.00
Other Expenses	2,199,883.44	2,064,095.00
Deferred Charges and Statutory Expenditures Within "CAPS"	398,370.02	434,500.00
Operations Excluded from "CAPS":		
Salaries and Wages	22,000.00	45,000.00
Other Expenses	138,403.79	187,451.70
Capital Improvements Excluded from "CAPS"	100,000.00	109,500.00
Municipal Debt Service Excluded from "CAPS"	535,703.22	537,836.41
Deferred Charges and Statutory Expenditures Excluded from "CAPS"	17,000.00	17,000.00
County Taxes	2,539,931.12	2,480,536.82
Due County for Added Taxes	6,518.84	3,777.83
Local School District Tax	6,383,497.00	6,153,795.00
Reserve for Receivable Created	<u>49,579.60</u>	<u>2,305.83</u>
Subtotal	14,511,233.57	13,867,958.59
Less: Expenditures to be Raised by Future Taxes		
Total Expenditures	<u>14,511,233.57</u>	<u>13,867,958.59</u>
Statutory Excess to Fund Balance (Carried Forward)	611,329.37	780,380.58

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Statutory Excess to Fund Balance (Brought Forward)	\$ 611,329.37	\$ 780,380.58
Fund Balance January 1	<u>1,090,693.87</u>	<u>734,813.29</u>
Total	1,702,023.24	1,515,193.87
Decreased by Utilization as Anticipated Revenue	<u>640,000.00</u>	<u>424,500.00</u>
Fund Balance December 31	<u><u>\$ 1,062,023.24</u></u>	<u><u>\$ 1,090,693.87</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, 2017

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 640,000.00	\$ -	\$ 640,000.00	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage	4,000.00		4,686.00	686.00
Other	6,000.00		6,069.62	69.62
Fees and Permits	17,000.00		67,022.70	50,022.70
Fines and Costs:				
Municipal Court	167,000.00		195,392.58	28,392.58
Interest and Costs on Taxes	50,000.00		41,128.44	(8,871.56)
Sewer Rents	225,000.00		228,293.58	3,293.58
Cable TV Franchise Fees	65,000.00		70,123.25	5,123.25
State Aid Without Offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid	18,941.00		18,941.00	
Energy Receipts Tax	394,763.00		394,763.00	
Uniform Construction Code	37,000.00		50,821.00	13,821.00
Shared Service Agreement				
Borough of Runnemede				
Trash Collection	43,140.00		73,351.79	30,211.79
Billboard Lease	43,297.00		76,990.00	33,693.00
Reserve for Debt Service	215,000.00		215,000.00	
Firehouse Lease	2,400.00		2,400.00	
Special Items Offset with Appropriations:				
Community Development Bock Grant - Year 38	20,000.00		20,000.00	
Recycling Tonnage Grant	5,958.93		5,958.93	
Alcohol Eduction Rehab	235.73		235.73	
Bulletproof Vest	1,731.00		1,731.00	
Body Armor Fund		1,544.49	1,544.49	
Clean Communities Program		9,433.64	9,433.64	
Open Space Preservation Facility Enhancement		50,000.00	50,000.00	
Total	<u>1,316,466.66</u>	<u>60,978.13</u>	<u>1,533,886.75</u>	<u>156,441.96</u>
Receipts from Delinquent Taxes	185,000.00		164,794.88	(20,205.12)
Amount to be Raised by Taxes for Support of Municipal Budget -				
Local Tax for Municipal Purposes	<u>3,637,356.00</u>		<u>3,739,149.41</u>	<u>101,793.41</u>
Budget Totals	5,778,822.66	60,978.13	6,077,831.04	<u>\$ 238,030.25</u>
Nonbudget Revenues			<u>259,861.03</u>	
Total	<u>\$ 5,778,822.66</u>	<u>\$ 60,978.13</u>	<u>\$ 6,337,692.07</u>	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2017

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 12,362,224.37
Allocated to School and County Taxes	<u>8,929,946.96</u>
Balance for Support of Municipal Budget Appropriations	3,432,277.41
Add Appropriation - Reserve for Uncollected Taxes	<u>306,872.00</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 3,739,149.41</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 156,897.91
Tax Title Liens	<u>7,896.97</u>
	<u><u>\$ 164,794.88</u></u>
Miscellaneous Revenue:	
Recycling	11,085.02
Inspection Fines	6,118.72
Interest Earned on Investments	7,862.69
Sewer Interest and Costs	6,918.72
Photocopies	639.00
Refunds	16,841.25
Vets and Senior Citizen Administrative Fee	1,170.00
Vacant Properties	60,791.70
Property Maintenance	2,778.68
Safety Incentive	13,267.76
JIF/HIF Dividends	121,187.50
Hall Rental	2,500.00
Newspaper Ad Reimbursements	789.47
Oaklyn Ambulance	5,000.00
Police Reports	782.00
Zoning Fees	1,304.00
Miscellaneous	<u>824.52</u>
Total	<u><u>\$ 259,861.03</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, 2017

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
General Government:						
Administrative and Executive:						
Salaries and Wages	\$ 11,750.00	\$ 11,750.00	\$ 10,750.08	\$ -	\$ 999.92	\$ -
Other Expenses	4,000.00	4,000.00	3,329.97		670.03	
Municipal Clerk						
Salaries and Wages	10,000.00	10,262.59	10,262.59			
Other Expenses	40,000.00	35,000.00	30,934.96		4,065.04	
Financial Administration:						
Salaries and Wages	70,000.00	70,336.20	70,336.20			
Other Expenses	19,000.00	19,500.00	19,173.03		326.97	
Audit Services						
Other Expenses	27,500.00	27,500.00	27,500.00			
Data Processing						
Other Expenses	15,000.00	15,000.00	11,487.27		3,512.73	
Collection of Taxes:						
Salaries and Wages	70,000.00	70,000.00	68,335.98		1,664.02	
Other Expenses	12,000.00	12,000.00	8,320.43		3,679.57	
Liquidation of Tax Title Liens						
Other Expenses	1,500.00	1,500.00	1,058.40		441.60	
Tax Assessment Administration						
Salaries and Wages	15,000.00	15,000.00	14,505.02		494.98	
Other Expenses	2,850.00	2,850.00	1,573.40		1,276.60	
Legal Services and Costs						
Other Expenses	40,000.00	50,000.00	39,739.78		10,260.22	
Engineering Services and Costs						
Other Expenses	45,000.00	65,000.00	56,045.25		8,954.75	
Municipal Land Use Law (N.J.S.A. 40:SSD-1):						
Planning Board:						
Salaries and Wages	10,000.00	10,000.00	9,269.00		731.00	
Other Expenses	13,650.00	8,650.00	5,695.58		2,954.42	
Insurance:						
Group Insurance	890,000.00	939,000.00	936,939.53		2,060.47	
Liability Insurance	113,000.00	113,000.00	112,703.34		296.66	
Workers Compensation	110,000.00	110,000.00	109,931.60		68.40	
Health Benefit Waiver	62,500.00	47,500.00	43,297.69		4,202.31	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
Police						
Salaries and Wages	\$ 1,315,000.00	\$ 1,315,000.00	\$ 1,191,874.89	\$ -	\$ 123,125.11	\$ -
Other Expenses	93,000.00	73,000.00	51,840.52	5,691.14	15,468.34	
Civil Defense and Disaster Control (Emergency Mgmt)						
Salaries and Wages	1,500.00	1,500.00	1,487.28		12.72	
Other Expenses	10,000.00	10,000.00	2,203.75	3,674.07	4,122.18	
Aid to Volunteer Fire Companies						
Other Expenses	53,400.00	54,670.53	54,670.53			
Aid to Volunteer - Ambulance	10,000.00	12,000.00	11,814.12		185.88	
Fire Hydration Service (Water)	59,000.00	59,000.00	53,698.53		5,301.47	
Road Repairs and Maintenance						
Salaries and Wages	212,000.00	212,000.00	178,089.24		33,910.76	
Other Expenses	32,500.00	32,500.00	28,317.89	1,091.10	3,091.01	
Garbage and Trash Collection						
Salaries and Wages	150,000.00	160,000.00	158,615.92		1,384.08	
Other Expenses	2,200.00	2,200.00	1,212.84		987.16	
Solid Waste Disposal						
Other Expenses	155,000.00	137,500.00	114,176.02	11,054.26	12,269.72	
Public Buildings and Grounds						
Salaries and Wages	3,650.00	3,650.00	2,978.00		672.00	
Other Expenses	48,000.00	48,000.00	35,337.67	244.43	12,417.90	
Sewer System						
Salaries and Wages	54,000.00	43,500.00	40,970.11		2,529.89	
Other Expenses	50,000.00	46,000.00	42,703.30	13.32	3,283.38	
Vehicle Maintenance						
Other Expenses	60,000.00	60,000.00	45,232.25	1,493.02	13,274.73	
Health and Human Services						
Registrar of Vital Statistics						
Salaries and Wages	2,100.00	2,100.00	1,853.80		246.20	
Other Expenses	650.00	650.00	322.82		327.18	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
Senior Citizen Transportation						
Other Expenses	\$ 4,000.00	\$ 4,850.00	\$ 4,850.00	\$ -	\$ -	\$ -
Environmental Commission						
Other Expenses						
Other Common Operating Functions						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	2,000.00	2,000.00			2,000.00	
Utility and Bulk Purchases						
Electricity	65,000.00	55,312.91	44,233.51		11,079.40	
Street Lights	57,000.00	57,000.00	49,853.39		7,146.61	
Telephone	28,000.00	28,000.00	26,056.09		1,943.91	
Fuel Oil						
Gasoline	60,000.00	50,000.00	46,423.81	788.94	2,787.25	
Sewer	3,000.00	3,000.00	2,464.00		536.00	
Municipal Court Functions						
Municipal Court						
Salaries and Wages	135,000.00	135,000.00	104,085.40		30,914.60	
Uniform Construction Code						
State Uniform Construction Code						
Construction Code Official						
Salaries and Wages	52,000.00	52,097.75	49,615.90		2,481.85	
Other Expenses	4,500.00	4,500.00	3,370.96		1,129.04	
Inspection of Rentals and Certification of Habitability						
Salaries and Wages	7,100.00	7,100.00	6,908.80		191.20	
Other Expenses	150.00	150.00			150.00	
Stormwater Regulation						
Salaries and Wages	1,050.00	1,050.00	1,050.00			
Other Expenses	1,050.00	1,050.00			1,050.00	
Dog Regulation						
Other Expenses	8,000.00	8,000.00	8,000.00			
Total Operations Including Contingent - Within "CAPS"	4,322,600.00	4,320,229.98	3,955,500.44	24,050.28	340,679.26	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Detail:						
Salaries and Wages	\$ 2,120,150.00	\$ 2,120,346.54	\$ 1,920,988.21	\$ -	\$ 199,358.33	\$ -
Other Expenses	2,202,450.00	2,199,883.44	2,034,512.23	24,050.28	141,320.93	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":						
DEFERRED CHARGES						
Deficit in Animal Control Fund						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	67,000.00	67,000.00	66,083.00		917.00	
Police & Fireman's Retirement System	248,000.00	248,000.00	247,134.00		866.00	
Defined Contribution Retirement System	1,000.00	1,000.00			1,000.00	
Social Security System (O.A.S.I.)	75,000.00	75,000.00	73,619.06		1,380.94	
Unemployment Compensation Insurance	5,000.00	7,370.02	7,370.02		0.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>396,000.00</u>	<u>398,370.02</u>	<u>394,206.08</u>		<u>4,163.94</u>	
Total General Appropriations - For Municipal Purposes Within "CAPS"	<u>4,718,600.00</u>	<u>4,718,600.00</u>	<u>4,349,706.52</u>	<u>\$ 24,050.28</u>	<u>344,843.20</u>	
GENERAL APPROPRIATIONS:						
Operations Excluded from "CAPS":						
Recycling Tax	6,600.00	6,600.00	4,889.49	512.94	1,197.57	
Group Health Insurance						
Total Other Operations Excluded from "CAPS":	<u>6,600.00</u>	<u>6,600.00</u>	<u>4,889.49</u>	<u>512.94</u>	<u>1,197.57</u>	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

		Appropriations		Expended			Unexpended
		Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
GENERAL APPROPRIATIONS:							
Operations Excluded from"CAPS":							
Municipal Shared 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	26,400.00	26,400.00	26,370.00		30.00	
	Borough of Runnemede						
	Shared Trash Collection						
	Salaries & Wages	22,000.00	22,000.00	22,000.00			
	Other Expenses	7,000.00	7,000.00	7,000.00			
17	Borough of Statford						
	Shared Electrical Sub-Code Official						
	Other Expenses	5,500.00	5,500.00	3,318.16		2,181.84	
Total Municipal Shared Service Agreements		64,900.00	64,900.00	58,688.16		6,211.84	
GENERAL APPROPRIATIONS:							
Operations Excluded from"CAPS":							
Public and Private Programs Offset by Revenues:							
	Community Development Block Grant 36	20,000.00	20,000.00	20,000.00			
	Clean Communities Progrm		9,433.64	9,433.64			
	Bullet Proof Vest	1,731.00	1,731.00	1,731.00			
	Body Armor Fund		1,544.49	1,544.49			
	Alcohol Educaiton/Rehabilitation	235.73	235.73	235.73			
	Recycling Tonnage Grant	5,958.93	5,958.93	5,958.93			
	Open Space - Norcross Park		25,000.00	25,000.00			
	Open Space- Little League Improv		25,000.00	25,000.00			
Total Public and Private Programs Offset by Revenues		27,925.66	88,903.79	88,903.79			
Total Operations - Excluded From "CAPS"		99,425.66	160,403.79	152,481.44	512.94	7,409.41	
Detail:							
	Salaries and Wages	22,000.00	22,000.00	22,000.00			
	Other Expenses	77,425.66	138,403.79	130,481.44	512.94	7,409.41	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance Canceled</u>
GENERAL APPROPRIATIONS:						
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ -	\$ -	\$ -
Total Capital Improvements - Excluded From "CAPS"	100,000.00	100,000.00	100,000.00			
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	270,000.00	270,000.00	270,000.00			
Payment of Bond Anticipation Notes and Capital Notes						
Interest on Bonds	211,225.00	211,225.00	211,202.62			22.38
Interest on Notes	3,300.00	3,300.00	2,111.85			1,188.15
Capital Lease Obligations Approved Prior to 7/1/07						
Principal	37,000.00	37,000.00	37,000.00			
Interest	15,400.00	15,400.00	15,388.75			11.25
Total Municipal Debt Service - Excluded From "CAPS"	536,925.00	536,925.00	535,703.22			1,221.78
Deferred Charges - Excluded From "CAPS"						
Special Emergency Appropriations	17,000.00	17,000.00	17,000.00			
Total Deferred Charges - Excluded From "CAPS"	17,000.00	17,000.00	17,000.00			
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	753,350.66	814,328.79	805,184.66	512.94	7,409.41	1,221.78
Subtotal General Appropriations	5,471,950.66	5,532,928.79	5,154,891.18	24,563.22	352,252.61	1,221.78
Reserve for Uncollected Taxes	306,872.00	306,872.00	306,872.00			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 5,778,822.66</u>	<u>\$ 5,839,800.79</u>	<u>\$ 5,461,763.18</u>	<u>\$ 24,563.22</u>	<u>\$ 352,252.61</u>	<u>\$ 1,221.78</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

Analysis of Budget After Modification:

Original Budget	\$ 5,778,822.66	
By Appropriation 40A:4-87	<u>60,978.13</u>	
		<u>\$ 5,839,800.79</u>

Analysis of Paid or Charged:

Reserve for Federal and State Grants - Appropriated	\$ 88,903.79	
Reserve for Uncollected Taxes	306,872.00	
Special Emergency	17,000.00	
Cash Disbursed	<u>5,048,987.39</u>	
Total		<u>\$ 5,461,763.18</u>

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

BOROUGH OF MOUNT EPHRAIM

Trust Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 5,507.26	\$ 779.16
Deficit in Animal Control Fund			
Total Animal Control Fund		<u>5,507.26</u>	<u>779.16</u>
Other Funds:			
Cash - Treasurer	B-1	293,628.75	395,818.10
Due from Current Fund	A	58,650.63	58,650.63
Accounts Receivable		13,641.26	6,016.42
Total Other Funds		<u>365,920.64</u>	<u>460,485.15</u>
Total Assets		<u>\$ 371,427.90</u>	<u>\$ 461,264.31</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State of New Jersey		\$ 3.60	\$ -
Due Current Fund	A		
Reserve for Animal Control Expenditures	B-2	<u>5,503.66</u>	<u>779.16</u>
Total Animal Control Fund		<u>5,507.26</u>	<u>779.16</u>
Other Funds:			
Due Current Fund	A	27,051.99	21,627.29
Payroll Deductions Payable			18,984.89
Accounts Payable			1,937.00
Reserve for :			
Unemployment Compensation	B-3	2,235.42	
Escrow Trust Fund	B-4	80,309.29	136,812.01
Law Enforcement - Forfeited Funds	B-5	8,175.33	7,397.70
Tax Title Lien Redemption Trust	B-6	2,297.76	10,293.06
Tax Sale Premiums	B-7	200,200.00	234,000.00
Off Duty Police	B-8	32,502.84	17,592.91
Public Defender Fees	B-9	12,909.41	11,612.00
POAA Fees	B-10	117.05	107.05
Police Donations	B-11	<u>121.55</u>	<u>121.24</u>
Total Other Funds		<u>365,920.64</u>	<u>460,485.15</u>
Total Liabilities and Reserves		<u>\$ 371,427.90</u>	<u>\$ 461,264.31</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, 2017 and 2016

	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Cash - Treasurer	C-2	\$ 526,400.62	\$ 21,706.08
State Grant Receivable		96,914.77	243,497.75
Due from Current Fund	A	246,853.71	342,835.69
Due from Federal and State Grant Fund	A	428,440.94	779,182.81
Due from Camden County Improvement Authority		4,035.37	4,035.37
Amount to be Provided by Lease	C-10	357,000.00	394,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	4,890,000.00	5,160,000.00
Unfunded	C-5	847,898.00	847,898.00
Total		<u>\$ 7,397,543.41</u>	<u>\$ 7,793,155.70</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 4,890,000.00	\$ 5,160,000.00
Bond Anticipation Notes Payable	C-9	847,163.00	234,650.00
Obligations Under Capital Lease	C-10	357,000.00	394,000.00
Improvement Authorizations:			
Funded	C-7	78,821.07	391,800.22
Unfunded	C-7	169,301.97	683,791.28
Capital Improvement Fund	C-6	35.10	35.10
Reserve for Debt Service		1,055,172.47	916,914.34
Due to Current Fund	A		11,914.96
Fund Balance	C-1	49.80	49.80
Total		<u>\$ 7,397,543.41</u>	<u>\$ 7,793,155.70</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, 2017

Balance December 31, 2017 and 2016

\$ 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, 2017

	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017
General Fixed Assets:				
Land and Land Improvements	\$ 712,900.00	\$ -	\$ -	\$ 712,900.00
Building and Building Improvements	3,890,200.00			3,890,200.00
Machinery and Equipment	3,101,597.58	162,854.00		3,264,451.58
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 7,704,697.58</u>	<u>\$ 162,854.00</u>	<u>\$ -</u>	<u>\$ 7,867,551.58</u>
Investment in General Fixed Assets	<u>\$ 7,704,697.58</u>	<u>\$ 162,854.00</u>	<u>\$ -</u>	<u>\$ 7,867,551.58</u>

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

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Borough of Mount Ephraim is located in Camden County, New Jersey. The present population according to the 2015 estimate is 4,639.

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

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

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

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

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

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

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

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

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its Current Fund in accordance with N.J.S.A. 40A: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, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

N.J.S.A. 17:9-41et 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, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

NOTE 2. CASH AND CASH EQUIVALENTS

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

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

Such funds are shown as uninsured and uncollateralized. Of the Municipality's amount on deposit of \$3,433,833 as of December 31, 2017, \$250,000 was insured under FDIC and the remaining balance of \$3,183,833 was collateralized under GUDPA.

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Tax Rate	\$ 4.550	\$ 4.407	\$ 4.255	\$ 6.743	\$ 6.596
Apportionment of Tax Rate:					
Municipal	1.317	1.286	1.251	1.990	1.938
County	0.921	0.898	0.869	1.392	1.437
Local School District	2.312	2.223	2.135	3.361	3.221

<u>Assessed Valuation</u>	<u>Amount</u>
2017	\$ 276,071,900
2016	276,811,603
2015	278,057,816
2014	174,801,648
2013	167,146,175

<u>Comparison of Tax Levies and Collections</u>			
<u>Year Ended</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 12,593,476	\$ 12,362,224	98.16 %
2016	12,217,628	12,015,043	98.34
2015	11,840,402	11,597,651	97.95
2014	11,929,497	11,647,192	97.63
2013	11,593,028	11,335,900	97.78

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>
2017	\$ 118,933	\$ 225,416	\$ 344,349	2.73 %
2016	93,303	186,871	280,174	2.29
2015	80,826	237,532	318,358	2.69
2014	78,335	272,758	351,093	2.94
2013	73,244	216,545	289,789	2.49

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

NOTE 3. PROPERTY TAXES (CONTINUED)

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

<u>Year Ended</u>	<u>Number</u>
2017	31
2016	20
2015	18
2014	19
2013	19

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>
2017	\$ 9,400
2016	9,400
2015	9,400
2014	9,400
2013	9,400

NOTE 5. SEWER UTILITY LEVY

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

<u>Year Ended</u>	<u>Sewer Utility Levy</u>		<u>Percentage of Collections</u>
	<u>Levy</u>	<u>Collections</u>	
2017	\$ 230,090	\$ 228,294	99.22 %
2016	229,194	218,336	95.26
2015	230,299	213,185	92.56
2014	229,187	214,998	93.81
2013	232,469	212,022	91.20

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

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>
2017	\$ 1,062,023	\$ 750,000	70.61 %
2016	1,090,544	640,000	58.69
2015	734,813	424,500	57.77
2014	473,933	235,000	49.59
2013	362,364	235,000	64.85

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.

Police and Firemen's Retirement System (PFRS)

Plan Description - The Police and Firemen's Retirement System is a cost sharing multiple-employer defined benefit pension plan 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.

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

The following represents the membership tiers for PERS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions - The contribution requirements of plan members are determined by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

7. PENSION PLANS (CONTINUED)

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

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to record in the government-wide financial statements or to disclose in the notes to the financial statements of the local participating employer related to this legislation.

The Borough's contractually required contribution rate for the year ended December 31, 2017 was 23.37% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$236,254 and is payable by April 1, 2018. Due to the basis of accounting described in Note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$247,134, which was paid by April 1, 2017. Employee contributions to the pension plan during the year ended December 31, 2017 were \$102,567.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2017 was 2.28% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 is \$461,605 and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2016 was \$486,224, which was paid on April 1, 2017.

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

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Total Liability Paid by Borough
2017	\$ 84,118	\$ 152,272	\$ 10,744	\$ 247,134
2016	88,506	163,717	11,768	263,991
2015	81,863	109,350	7,581	198,794

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PFRS and additions to/deductions from PFRS fiduciary net position have been determined on the same basis as they are reported by PFRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

7. PENSION PLANS (CONTINUED)

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

For the year ended December 31, 2017, the Borough's proportionate share of pension expense is \$56,465. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1. At December 31, 2017, the Borough proportionate share of the net pension liability is \$4,121,163 and deferred outflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,736	\$ 24,188
Changes of assumptions	508,185	674,926
Net Difference between projected and actual earnings on pension plan investments	78,641	
Changes in proportion	217,271	647,378
Borough contributions subsequent to the measurement date	236,254	
Total	\$ 1,067,087	\$ 1,346,492

\$236,254 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2018	\$ (54,503)
2019	(54,503)
2020	(54,503)
2021	(54,503)
2022	(297,647)
Total	\$ (515,659)

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

7. PENSION PLANS (CONTINUED)

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

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	5.59
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017		5.59
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	5.00
June 30, 2015	5.00	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	5.00
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	-	6.17
June 30, 2015	-	5.53
June 30, 2016	-	5.58

Additional Information

Collective balances at June 30, 2017 and 2016 are as follows:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$ 2,941,952,753	\$ 4,547,316,543
Collective deferred inflows of resources	\$ 3,262,432,093	\$ 688,197,590
Collective net pension liability	\$ 17,167,260,198	\$ 20,706,699,056
Borough's Proportion	.0266948105%	.0303105232%

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

7. PENSION PLANS (CONTINUED)

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

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

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

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	05.00%	05.51%
Cash equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment grade credit	10.00%	03.78%
Public high yield	02.50%	06.82%
Global diversified credit	05.00%	07.10%
Credit oriented hedge funds	01.00%	06.60%
Debt related private equity	02.00%	10.63%
Debt related real estate	01.00%	06.61%
Private real assets	02.50%	11.83%
Equity related real estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. developed markets equity	11.50%	09.00%
Emerging markets equity	06.50%	11.64%
Buyouts/venture capital	08.25%	13.08%
	<u>100.00%</u>	

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

7. PENSION PLANS (CONTINUED)

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

Discount rate. The discount rate used to measure the State's total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. That state employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's and State's proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate of 6.14%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.14%) or 1 percentage point higher (7.14%) than the current rate:

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
Borough's proportionate share of the net pension liability	\$ 5,429,972	\$ 4,121,163	\$ 3,045,828
State's proportionate share of the net pension liability associated with the Borough	546,308	461,605	392,173
	<u>\$ 5,976,280</u>	<u>\$ 4,582,768</u>	<u>\$ 3,438,001</u>

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

Public Employees' Retirement System (PERS)

Plan Description - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Borough's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2017 was 12.58% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the fiscal year ended December 31 2017 was \$71,980 and is payable by April 1, 2018. Based on the PERS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$65,720, which was paid by April 1, 2017. Employee contributions to the pension plan during the year ended December 31, 2017 were \$42,094.

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

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Total Liability Paid by Borough
2017	\$ 10,280	\$ 52,316	\$ 3,124	\$ 65,720
2016	12,795	58,941	3,841	75,577
2015	11,726	54,240	4,468	70,434

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At December 31, 2017, the Borough's proportionate share of the PERS net pension liability was \$1,808,713. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended December 31, 2017, the Borough's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2017 measurement date is \$97,123. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1. At December 31, 2017, the Borough proportionate share of the PERS net pension liability was \$1,808,713 and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,589	\$ -
Changes of assumptions	364,393	363,057
Net Difference between projected and actual earnings on pension plan investments	12,316	
Changes in proportion	88,948	193,890
Borough contributions subsequent to the measurement date	71,980	
Total	\$ 580,226	\$ 556,947

\$71,980 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2018	\$ (14,364)
2019	(14,364)
2020	(14,364)
2021	48,222
2022	(53,831)
Total	\$ (48,701)

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Additional Information

Collective balances at June 30, 2017 and 2016 are as follows:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	\$ 5,700,625,981	\$ 870,133,595
Collective net pension liability	\$ 23,278,401,588	\$ 29,617,131,759
Borough's Proportion	.0077699189%	.0073976876%

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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

Inflation rate: 2.24%
Salary Increases:
 Through 2026: 1.65-4.15% based on age
 Thereafter: 2.65-5.15% based on age
Investment Rate of Return: 7.00%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017

7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	05.00%	05.51%
Cash equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment grade credit	10.00%	03.78%
Public high yield	02.50%	06.82%
Global diversified credit	05.00%	07.10%
Credit oriented hedge funds	01.00%	06.60%
Debt related private equity	02.00%	10.63%
Debt related real estate	01.00%	06.61%
Private real assets	02.50%	11.83%
Equity related real estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. developed markets equity	11.50%	09.00%
Emerging markets equity	06.50%	11.64%
Buyouts/venture capital	08.25%	13.08%
	100.00%	

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

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate of 5.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	<u>1% Decrease (4.00%)</u>	<u>Current Discount Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Borough's proportionate share of the net pension liability	\$ 2,243,831	\$ 1,808,713	\$ 1,446,206

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

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

7. PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough's contribution amounts 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, 2017, 2016 and 2015.

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

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual other 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, 2017:

<u>Annual OPEB Cost</u>	<u>Year Ending December 31, 2017</u>
Normal Cost	\$ 773,889
Amortization of Unfunded Actuarial Accrued Liability	2,050,814
Annual Required Contribution (ARC)	2,824,703
Interest on OPEB Obligation	-
Adjustment to ARC	-
OPEB Expense	2,824,703
Net OPEB contributions made during the fiscal year	
Net OPEB obligation at end of year	\$ 2,824,703

Funded Status and Funding Progress

As of December 31, 2017, the actuarial accrued liability for benefits was \$33,405,474, based upon a discount rate of 4.50%, all of which was unfunded.

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

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

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

Methods and Assumptions

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

NOTE 9. COMPENSATED ABSENCES

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

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

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$472,186.

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>
2017	\$ 3,001	\$ 2	\$ 2,500	\$ 3,267	\$ 2,236
2016	3,095	8	18,055	22,839	-
2015	2,629	2	2,907	4,166	1,681
2014	2,812	2		5,723	309
2013	2,444	3	2,000	5,746	3,218

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

NOTE 11. CAPITAL DEBT

Summary of Municipal Debt

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Issued:			
General Bonds and Notes	\$ 5,737,163	\$ 5,394,650	\$ 5,768,585
Net Debt Issued	<u>5,737,163</u>	<u>5,394,650</u>	<u>5,768,585</u>
Authorized But Not Issued:			
General - Bonds and Notes	735	613,248	
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 5,737,898</u>	<u>\$ 6,007,898</u>	<u>\$ 5,768,585</u>

Serial Bonds Payable

Serial Bonds are authorized in accordance with State law. All bonds are retired in serial installments within the statutory period of usefulness. Serial Bonds payable at December 31, 2017 consisted of the following issue:

<u>Purpose</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
2009 Guaranteed Bonds	5/01/2029	5.25% - 6.00%	\$ 2,125,000
2015 General Obligation Bonds	3/01/2033	3.25% - 3.75%	2,765,000

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, 2017, 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	\$ 129,200	1.44%	October 9, 2018
General Capital	\$ 234,650	1.44%	October 9, 2018
General Capital	\$ 483,313	1.44%	October 9, 2018

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017**

NOTE 11. CAPITAL DEBT (Continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.652%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 5,090,000	\$ 5,090,000	
General Debt	<u>5,737,898</u>	<u>1,055,172</u>	<u>\$ 4,682,726</u>
Total	<u>\$ 10,827,898</u>	<u>\$ 6,145,172</u>	<u>\$ 4,682,726</u>

Net Debt, \$4,682,726 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$283,401,072 equals 1.652%.

Equalized Valuation Basis:

2015	\$ 279,950,388
2016	284,108,758
2017	<u>286,144,071</u>
Average	<u>\$ 283,401,072</u>

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 9,919,038
Net Debt	<u>4,682,726</u>
Remaining Borrowing Power	<u>\$ 5,236,312</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 Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 280,000	\$ 199,587	\$ 479,587
2019	285,000	194,218	479,218
2020	285,000	188,856	473,856
2021	300,000	175,363	475,363
2022	310,000	161,256	471,256
2023-2027	1,760,000	571,681	2,331,681
2028-2032	1,450,000	161,206	1,611,206
2033	<u>220,000</u>	<u>4,125</u>	<u>224,125</u>
Total	<u>\$ 4,890,000</u>	<u>\$ 1,656,292</u>	<u>\$ 6,546,292</u>

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2017

NOTE 12. LEASE OBLIGATIONS

The Borough has a lease agreement in effect at December 31, 2017 for various capital improvements and one police vehicle.

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

<u>Calendar Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 40,000	\$ 14,280	\$ 54,280
2019	43,000	12,680	55,680
2020	43,000	10,960	53,960
2021	42,000	9,240	51,240
2022	45,000	7,560	52,560
2023-25	<u>144,000</u>	<u>11,680</u>	<u>155,680</u>
Total	<u>\$ 357,000</u>	<u>\$ 66,400</u>	<u>\$ 423,400</u>

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2017.

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 79,489	\$ 332,164
Federal and State Grant Fund	26,660	480,878
Other Trust Funds	58,650	27,052
General Capital Fund	<u>675,295</u>	
	<u>\$ 840,094</u>	<u>\$ 840,094</u>

14. CONTINGENCIES

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

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Cash - Treasurer
For the Year Ended December 31, 2017

	<u>CURRENT FUND</u>		<u>FEDERAL AND STATE GRANT FUND</u>	
Balance December 31, 2016	\$	-	\$	748,135.51
Receipts:				
Taxes Receivable		12,369,441.75		
Tax Title Liens		7,896.97		
Prepaid Taxes		159,952.85		
Tax Overpayments		51,198.82		
Revenue Accounts Receivable		1,001,689.38		
Sewer Rent Charges		227,459.55		
Sewer Rent Overpayments		976.94		
Due State of New Jersey:				
Marriage License Fees		525.00		
UCC Fees		2,761.00		
Due from State of New Jersey for Senior				
Citizens and Veterans Deductions		58,500.00		
Miscellaneous Revenues Not Anticipated		259,861.03		
Other Accounts Receivable		2,305.83		
Due to General Capital Fund		365,582.98		
Budget Refunds		214,687.78		
Contra		165,958.12		
Federal and State Grants Receivable			258,306.37	
Total Receipts		<u>14,888,798.00</u>		<u>258,306.37</u>
Sub-Total		17,029,196.95		1,006,441.88
Disbursements:				
2017 Appropriations		5,048,987.39		
2016 Appropriation Reserves		201,043.37		
County Taxes		2,543,708.95		
Local School Taxes Payable		6,649,438.00		
Due State of New Jersey:				
Marriage License Fees		425.00		
UCC Fees		2,779.00		
Reserve for Codification		615.00		
Tax Overpayments		16,775.82		
Sewer Rent Overpayments		114.00		
Due to General Capital Fund		234,650.00	485,000.00	
Budget Refunds		214,687.78		
Contra		165,958.12		
Federal and State Appropriated Reserves			12,797.68	
Total Disbursements		<u>15,079,182.43</u>		<u>497,797.68</u>
Balance December 31, 2017	\$	<u>1,950,014.52</u>	\$	<u>508,644.20</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Change Fund
For the Year Ended December 31, 2017

Tax Office	\$ 200.00
Municipal Court	<u>100.00</u>
Total	<u><u>\$ 300.00</u></u>

EXHIBIT A-6

Schedule of Due to State of New Jersey
for Senior Citizens and Veterans Deductions
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 1,500.00
Increased by:	
Collected	<u>58,500.00</u>
Subtotal	60,000.00
Decreased by:	
Senior Citizen Deductions per Duplicate	\$ 16,750.00
Veterans Deductions per Duplicate	43,500.00
Senior Citizen and Veterans Deductions Allowed by Collector	<u>5,073.62</u>
Subtotal	65,323.62
Less - Disallowed Senior Citizens and veterans Deductions	<u>7,443.15</u>
	<u>57,880.47</u>
Balance due to December 31, 2017	<u><u>\$ 2,119.53</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2017

<u>Year</u>	<u>Balance</u>	<u>2017 Levy</u>	<u>Added Taxes</u>	<u>COLLECTIONS BY CASH</u>		<u>State Share of 2017 Senior Citizens and Veterans Deductions Allowed</u>	<u>Overpayments Applied</u>	<u>Transferred to Tax Title Lien</u>	<u>Canceled</u>	<u>Balance</u>
	<u>Dec. 31. 2016</u>			<u>2016</u>	<u>2017</u>					<u>Dec. 31. 2017</u>
2015	\$ 6,358.15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,358.15
2016	<u>180,513.18</u>				<u>156,897.91</u>			<u>12,899.27</u>	<u>-</u>	<u>10,716.00</u>
Subtotal	186,871.33				156,897.91			12,899.27	-	17,074.15
2017		<u>12,593,476.35</u>		<u>80,310.42</u>	<u>12,212,543.84</u>	<u>57,880.47</u>	<u>11,489.64</u>	<u>17,907.69</u>	<u>5,002.83</u>	<u>208,341.46</u>
Total	<u>\$ 186,871.33</u>	<u>\$ 12,593,476.35</u>	<u>\$ -</u>	<u>\$ 80,310.42</u>	<u>\$ 12,369,441.75</u>	<u>\$ 57,880.47</u>	<u>\$ 11,489.64</u>	<u>\$ 30,806.96</u>	<u>\$ 5,002.83</u>	<u>\$ 225,415.61</u>

Analysis of Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 12,501,021.45
Added Taxes	32,204.90
Senior Citizens and Veterans Deductions Allowed	
Per Original Levy	<u>60,250.00</u>
Total	<u>\$ 12,593,476.35</u>

Tax Levy:

Local School Tax (Abstract)		\$ 6,383,497.00
County Tax (Abstract)	\$ 2,335,736.40	
County Library Tax (Abstract)	147,289.36	
County Open Space Tax (Abstract)	56,905.36	
County Added Taxes	<u>6,518.84</u>	2,546,449.96
Local Tax for Municipal Purposes	3,637,356.00	
Additional Tax Levies	<u>26,173.39</u>	
		<u>3,663,529.39</u>
Total		<u>\$ 12,593,476.35</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Tax Title Liens Receivable
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 93,302.81
Increased by:		
Interest and Costs from Tax Sale of October 25, 2017	\$ 2,720.65	
Transfers from Taxes Receivable	<u>30,806.96</u>	<u>33,527.61</u>
		126,830.42
Decreased by:		
Collected		<u>7,896.97</u>
Balance December 31, 2017		<u><u>\$ 118,933.45</u></u>

Schedule of Property Acquired for Taxes
For the Year Ended December 31, 2017

Balance December 31, 2016 and 2017	<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, 2017

Balance December 31, 2016			\$	10,858.07
Increased by:				
2017 Billings				<u>230,089.88</u>
				240,947.95
Decreased by:				
2017 Collections	\$	227,459.55		
Overpayments Applied		<u>834.03</u>		<u>228,293.58</u>
Balance December 31, 2017			\$	<u><u>12,654.37</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	Accrued in <u>2017</u>	Collected By <u>Treasurer</u>	Balance <u>Dec. 31, 2017</u>
Alcoholic Beverage Licenses	\$ -	\$ 4,686.00	\$ 4,686.00	\$ -
Other Licenses		6,069.62	6,069.62	
Fees and Permits		67,022.70	67,022.70	
Municipal Court - Fines and Costs	12,537.39	193,844.64	195,392.58	10,989.45
Interest and Costs on Taxes		41,128.44	41,128.44	
Cable TV Franchise Fees		70,123.25	70,123.25	
Consolidated Municipal Property Tax Relief		18,941.00	18,941.00	
Energy Receipts Tax		394,763.00	394,763.00	
Uniform Construction Code		50,821.00	50,821.00	
Shared Services Agreement - Bellmawr/Runnemede		73,351.79	73,351.79	
Billboard Lease		76,990.00	76,990.00	
Firehous Lease		2,400.00	2,400.00	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 12,537.39</u>	<u>\$ 1,000,141.44</u>	<u>\$ 1,001,689.38</u>	<u>\$ 10,989.45</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, 2017

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Balance December 31, 2016</u>	<u>Added in 2017</u>	<u>Raised in 2017 Budget</u>	<u>Balance December 31, 2017</u>
Revaluation	4/3/2014	\$85,000.00	\$ 51,000.00	\$ -	\$ 17,000.00	\$ 34,000.00
Total			<u>\$ 51,000.00</u>	<u>\$ -</u>	<u>\$ 17,000.00</u>	<u>\$ 34,000.00</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of 2016 Appropriation Reserves
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016	Encumbrances Dec. 31, 2016	Balance after Transfers	Disbursed	Balance Lapsed
Salary and Wages - Within Caps					
Administrative & Executive	\$ 499.98	\$ -	\$ 499.98	\$ -	\$ 499.98
Municipal Clerk	1,579.94		1,579.94		1,579.94
Financial Administration	26.01		26.01		26.01
Collection of Taxes	2,082.36		2,082.36		2,082.36
Tax Assessment	1,089.17		1,089.17		1,089.17
Planning Board	1,871.81		1,871.81		1,871.81
Police	3,794.91		3,794.91		3,794.91
Civil Defense & Disaster Control	45.48		45.48		45.48
Road Repairs & Maintenance	3,851.17		3,851.17		3,851.17
Garbage & Trash Collection	409.48		409.48		409.48
Public Buildings & Grounds	555.00		555.00		555.00
Sewer System	5,811.40		2,411.83		2,411.83
Registrar of Vital Statistics	274.31		274.31		274.31
Municipal Court	37,059.88		37,059.88	30,650.34	6,409.54
Construction Code Official	243.15		243.15		243.15
Inspection of Rentals & Cert. of Habitability	630.67		630.67		630.67
Stormwater Regulation	11.54		11.54		11.54
Subtotal	59,836.26	-	56,436.69	30,650.34	25,786.35
Other Expenses - Within Caps					
Administrative & Executive	711.24		711.24	290.00	421.24
Municipal Clerk's Office	12,159.62		12,159.62	11,599.24	560.38
Financial Administration	1,203.41	138.72	1,342.13	501.52	840.61
Collection of Taxes	2,869.45	1,240.00	4,109.45	1,573.50	2,535.95
Liquidation of Tax Title Liens	454.20		454.20		454.20
Tax Assessment Administration	1,758.49	609.62	2,368.11	620.87	1,747.24
Legal Services and Costs	10,285.68	1,855.50	12,141.18	4,800.00	7,341.18
Engineering Services and Costs	8,189.70	13,490.00	21,874.25	21,874.25	
Planning Board	3,591.12	739.95	4,331.07	1,672.24	2,658.83
Group Insurance	1,937.19	429.08	2,366.27	429.08	1,937.19
Liability Insurance	504.40		504.40		504.40
Workers Compensation	736.10		736.10		736.10
Health Benefit Waiver	2,982.31		2,982.31		2,982.31
Police	33,018.25	2,005.79	35,024.04	12,527.21	22,496.83
Civil Defense and Disaster Control	942.14	4,331.72	5,273.86	4,331.72	942.14
Aid to Volunteer Fire Companies	2,527.49	23,780.00	26,307.49	24,444.80	1,862.69
Aid to Volunteer - Ambulance	13,000.00	9,555.45	22,555.45	22,453.23	102.22
Fire Hydrant Service (Water)	4,539.67		4,666.08	4,666.08	
Road Repairs & Maintenance	3,803.79	156.51	3,960.30	1,732.43	2,227.87
Garbage and Trash Removal	143.15		143.15		143.15
Solid Waste Disposal	22,077.06	200.00	22,277.06	21,615.51	661.55
Public Buildings and Grounds	5,214.77	3,551.57	8,766.34	3,219.74	5,546.60
Sewer System	1,151.16	1,770.00	5,378.98	1,791.25	3,587.73
Borough Vehicle Maintenance	10,593.88		10,593.88	9,313.96	1,279.92
Registrar of Vital Statistics	535.00		535.00		535.00
Senior Citizen Transportation	850.00		850.00		850.00
Environmental Commission	100.00		100.00		100.00
Celebration of Public Event, Anniversary, or Holiday	2,000.00		2,000.00		2,000.00
Utilities:					
Electricity	8,965.77		8,965.77	6,422.82	2,542.95
Street Lights	2,097.17		2,097.17		2,097.17
Telephone	1,902.03		1,902.03	1,282.47	619.56
Gasoline	1,958.47	3,194.43	5,773.69	5,773.69	
Sewer	536.00		536.00		536.00
Construction Code Official	1,233.13		1,233.13		1,233.13
Inspection of Rentals & Cert. of Habitability	150.00		150.00		150.00
Dog Regulation	152.08		152.08		152.08
Subtotal	164,873.92	67,048.34	235,321.83	162,935.61	72,386.22
Other Expenses - Excluded from Caps					
Public Employees Retirement System	423.00		423.00		423.00
Police & Firemen's Retirement System	9.00		9.00		9.00
Defined Contribution Retirement System	1,000.00		1,000.00		1,000.00
Social Security System	3,967.41		3,967.41		3,967.41
Unemployment Compensation Insurance	39.04		39.04		39.04
Recycling Tax	2,156.83		2,156.83	994.92	1,161.91
Interlocal Municipal Service Agreements					
Shared Truck Wash - OE	4,000.00		4,000.00		4,000.00
Borough of Barrington - Municipal Clerk OE	6,587.50		6,587.50	6,462.50	125.00
Replacement of Public Works Garage Roof	38,675.00		38,675.00		38,675.00
	56,857.78	0.00	56,857.78	7,457.42	49,400.36
Grand Total	\$ 281,567.96	\$ 67,048.34	\$ 348,616.30	\$ 201,043.37	\$ 147,572.93

Encumbered
Cash Disbursed 201,043.37

Paid or Charged \$ 201,043.37

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Schedule of Tax Overpayments
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 11,491.83
Increased by:		
Collected		<u>51,198.82</u>
Subtotal		62,690.65
Decreased by:		
Refunds	\$ 16,775.82	
Tax Overpayments Applied	11,489.64	
Canceled	<u>2.19</u>	<u>28,267.65</u>
Balance December 31, 2017		<u><u>\$ 34,423.00</u></u>

EXHIBIT A-15

Schedule of Prepaid Taxes
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 80,310.42
Increased by:		
Collected		<u>159,952.85</u>
Subtotal		240,263.27
Decreased by:		
Applied to 2017 Taxes		<u>80,310.42</u>
Balance December 31, 2017		<u><u>\$ 159,952.85</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Local School Taxes Payable
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 216,361.40
Increased by:	
Levy: Calendar Year 2017	<u>6,383,497.00</u>
Subtotal	6,599,858.40
Decreased by:	
Disbursed to Local School District	<u>6,649,438.00</u>
Balance (Prepaid) December 31, 2017	<u><u>\$ (49,579.60)</u></u>

Exhibit A-17

Schedule of County Taxes Payable
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 3,777.83
Increased by:	
2017 Levy:	
General County	\$ 2,335,736.40
County Library	147,289.36
County Open Space	56,905.36
Added and Omitted Taxes	<u>6,518.84</u>
Subtotal	<u>2,546,449.96</u>
	2,550,227.79
Decreased by:	
Disbursed to County of Camden	<u>2,543,708.95</u>
Balance December 31, 2017	<u><u>\$ 6,518.84</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Sewer Rent Overpayments
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 834.03
Increased by:		
Collected		<u>976.94</u>
Subtotal		1,810.97
Decreased by:		
Refunded	\$ 114.00	
Applied to Sewer Rents Receivable	<u>834.03</u>	<u>948.03</u>
Balance December 31, 2017		<u><u>\$ 862.94</u></u>

EXHIBIT A-19

Schedule of Due to State of New Jersey
for Marriage License Fees
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 25.00
Increased by:		
State Portion of 2017 Marriage Licenses Fees		<u>525.00</u>
Subtotal		550.00
Decreased by:		
Disbursed to State of New Jersey		<u>425.00</u>
Balance December 31, 2017		<u><u>\$ 125.00</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Due to State of NJ - UCC Fees
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 732.00
Increased by:	
Cash Received	2,761.00
	<u>3,493.00</u>
Decreased by:	
Cash Disbursed	2,779.00
	<u>2,779.00</u>
Balance December 31, 2017	<u>\$ 714.00</u>

EXHIBIT A-21

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

Balance December 31, 2017 and 2016	<u>\$ 4,824.61</u>
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EXHIBIT A-22

Schedule of Reserve For Codification of Ordinances
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 4,385.62
Decreased by:	
Cash Disbursed	615.00
	<u>615.00</u>
Balance December 31, 2017	<u>\$ 3,770.62</u>

BOROUGH OF MOUNT EPHRAIM
Federal and State Grant Fund
Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016	Accrued	Received	Transfer From Unappropriated Reserves	Transfer To Unappropriated Reserves	Balance Dec. 31, 2017
State Grants:						
Clean Communities Program	\$ -	\$ 9,433.64	\$ 9,433.64	\$ -	\$ -	\$ -
Body Armor Replacement Grant						
DWI Enforcement						
NJ Transportation Trust - Roosevelt Avenue	20,012.77					20,012.77
Recycling Tonnage Grant		5,958.93	11,749.32	5,958.93	11,749.32	-
Alcohol Education and Rehab		235.73	257.36	235.73	257.36	-
Body Armor Grant		3,275.49	1,544.49	1,731.00		
Drive Sober or Get Pulled Over						
County Grants:						
Open Space Preservation Trust Fund	25,002.13	50,000.00	24,995.27			50,006.86
County Recreation Facility Enhancement	26,819.90		26,819.90			-
County Recreation Facility Enhancement	25,000.00		22,906.39			2,093.61
Federal Grants:						
Community Development Block Grant - Year 38		20,000.00	20,000.00			-
Community Development Block Grant	240.00					240.00
Community Development Block Grant - Year 35	16,000.00		16,000.00			-
Community Development Block Grant - Year 36	20,000.00		20,000.00			-
Community Development Block Grant - Year 36 (Supp)	82,000.00		82,000.00			-
Community Development Block Grant - Year 37	22,600.00		22,600.00			-
Total	<u>\$ 237,674.80</u>	<u>\$ 88,903.79</u>	<u>\$ 258,306.37</u>	<u>\$ 7,925.66</u>	<u>\$ 12,006.68</u>	<u>\$ 72,353.24</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, 2017

	Balance <u>Dec. 31, 2016</u>	Federal and State Grant <u>Receivable</u>	Realized as Revenue <u>In 2017</u>	Balance <u>Dec. 31, 2017</u>
State Grants:				
Alcohol Education and Rehab	\$ 235.73	\$ 257.36	\$ 235.73	\$ 257.36
Body Armor Fund	1,731.00		1,731.00	0.00
Recycling Tonnage Grant	<u>5,958.93</u>	<u>11,749.32</u>	<u>5,958.93</u>	<u>11,749.32</u>
Total	<u>\$ 7,925.66</u>	<u>\$ 12,006.68</u>	<u>\$ 7,925.66</u>	<u>\$ 12,006.68</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, 2017

	Balance Dec. 31, 2016	Transferred From 2017 Budget	Prior Year Encumbrances	Paid or Charged	Due To General Capital	Balance Dec. 31, 2017
State Grants:						
Drunk Driving Enforcement Fund	\$ 9,153.99	\$ -	\$ -	\$ 99.74	\$ -	\$ 9,054.25
Recycling Tonnage Grant	50.93	5,958.93		2,036.50		3,973.36
Alcohol Education & Rehab. Program	511.52	235.73				747.25
Drive Sober or Get Pulled Over	2,200.00					2,200.00
Body Armor Grant	953.11	3,275.49		3,836.00		392.60
Clean Communities	13,245.21	9,433.64	95.45	5,576.44		17,197.86
NJ Transportation Trust - Delaware Avenue	10,657.25					10,657.25
NJ Transportation Trust - Roosevelt Avenue	20,409.77					20,409.77
Statewide Domestic Preparedness Grant	67.81					67.81
County Grants:						
Open Space Preservation Trust Fund	306.92	50,000.00		5,085.00		45,221.92
County Recreation Facility Enhancement	85.53					85.53
County Recreation Facility Enhancement	192.91					192.91
Federal Grants:						
Bulletproof Vest	496.00					496.00
Community Development Block Grant - Year 38		20,000.00			20,000.00	
Community Development Block Grant	240.00					240.00
Community Development Block Grant - Year 35						
Community Development Block Grant - Year 36	9,658.13				9,658.13	-
Community Development Block Grant - Year 36 (Supp)	82,000.00				82,000.00	-
Community Development Block Grant - Year 37	22,600.00				22,600.00	-
Total	<u>\$ 172,829.08</u>	<u>\$ 88,903.79</u>	<u>\$ 95.45</u>	<u>\$ 16,633.68</u>	<u>\$ 134,258.13</u>	<u>\$ 110,936.51</u>
				\$ 12,797.68		
				3,836.00		
				<u>\$ 16,633.68</u>		

TRUST FUND

BOROUGH OF MOUNT EPHRAIM
Trust Fund
Schedule of Cash - Treasurer
For the Year Ended December 31, 2017

	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, 2016	\$ 779.16	\$ 395,818.10	\$ (197.72)	\$ 21,414.34	\$ 11,576.49	\$ 31,239.43	\$ 107.05	\$ 79,866.51	\$ 244,293.06	\$ 121.24	\$ 7,397.70
Receipts:											
Dog License Fees:											
Municipal Licenses	5,589.00	-									
State Registration Fees	633.00	-									
Miscellaneous	1,215.00	-									
Board Contribution	10,500.00	2,500.00	2,500.00								
Payroll Withholdings		3,043.86	3,043.86								
Net Payroll		1,269,568.50		1,269,568.50							
Payroll Deductions Payable		778,838.41		778,838.41							
Off-Duty Police Fees		111,742.71			111,742.71						
Public Defender Fees		7,950.00				7,950.00					
POAA Fees		10.00					10.00				
Tax Title Lien Redemptions		180,817.77							180,817.77		
Premium		103,500.00							103,500.00		
Developer's Escrow		44,953.10						44,953.10			
Forfeited Funds		757.40									757.40
Interest Earned	16.90	933.45	1.65	94.06	91.80	86.79	0.24	187.15	451.22	0.31	20.23
Total Receipts	<u>17,953.90</u>	<u>2,504,615.20</u>	<u>5,545.51</u>	<u>2,048,500.97</u>	<u>111,834.51</u>	<u>8,036.79</u>	<u>10.24</u>	<u>45,140.25</u>	<u>284,768.99</u>	<u>0.31</u>	<u>777.63</u>
Disbursements:											
Expenditures Under RS4:19-15.11	12,579.50	-									
State Registration Fees	629.40	-									
Unemployment		5,198.44	5,198.44								
Net Payroll		1,269,568.50		1,269,568.50							
Payroll Deductions Payable		797,823.30		797,823.30							
Off-Duty Police		104,457.62			104,457.62						
Developer's Escrow		101,530.29						101,530.29			
Tax Title Lien Redemptions		188,813.07							188,813.07		
Premium		137,300.00							137,300.00		
Public Defender Fees		750.00				750.00					
Forfeited Funds		-									
Due to Current Fund	16.90	1,363.33		620.62	91.80	86.79	0.22	112.68	451.22		
Total Disbursements	<u>13,225.80</u>	<u>2,606,804.55</u>	<u>5,198.44</u>	<u>2,068,012.42</u>	<u>104,549.42</u>	<u>836.79</u>	<u>0.22</u>	<u>101,642.97</u>	<u>326,564.29</u>	<u>-</u>	<u>-</u>
Balance December 31, 2017	<u>\$ 5,507.26</u>	<u>\$ 293,628.75</u>	<u>\$ 149.35</u>	<u>\$ 1,902.89</u>	<u>\$ 18,861.58</u>	<u>\$ 38,439.43</u>	<u>\$ 117.07</u>	<u>\$ 23,363.79</u>	<u>\$ 202,497.76</u>	<u>\$ 121.55</u>	<u>\$ 8,175.33</u>

BOROUGH OF MOUNT EPHRAIM
Trust Fund
Schedule of Reserve for Animal Control Expenditures
For the Year Ended December 31, 2017

Balance (Deficit) December 31, 2016		\$ 779.16
Increased by:		
2017 Dog License Fees Collected	\$ 5,589.00	
Late Fees	1,215.00	
Miscellaneous		
Current Fund - Budget Appropriation	<u>10,500.00</u>	<u>17,304.00</u>
Total		18,083.16
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash disbursed		<u>12,579.50</u>
Balance (Deficit) December 31, 2017		<u><u>\$ 5,503.66</u></u>

LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2016	\$ 5,561.40
2015	<u>5,616.60</u>
	<u><u>\$ 11,178.00</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Unemployment Compensation
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ -
Increased by:		
Employee Withholdings	\$ 3,001.05	
Board Contribution	2,500.00	
Interest Earned	1.65	
	<u>5,502.70</u>	<u>5,502.70</u>
Subtotal		5,502.70
Decreased by:		
Claims Paid		<u>3,267.28</u>
Balance December 31, 2017		<u><u>\$ 2,235.42</u></u>

EXHIBIT B-4

Schedule of Reserve for Escrow Trust Fund
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 136,812.01
Increased by:		
Escrow Deposits	\$ 44,953.10	
Interest Earned on Investments	74.47	
	<u>45,027.57</u>	<u>45,027.57</u>
Decreased by:		
Disbursements		<u>101,530.29</u>
Balance December 31, 2017		<u><u>\$ 80,309.29</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds

Statement of Reserve for Law Enforcement - Forfeited Funds
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 7,397.70
Increased by:		
Cash Receipts	\$ 757.40	
Interest Earned on Investments	<u>20.23</u>	<u>777.63</u>
		8,175.33
Decreased by:		
Cash Disbursed		<u> </u>
Balance December 31, 2017		<u><u>\$ 8,175.33</u></u>

Schedule of Deposits for Redemption of Tax Sale Certificates
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 10,293.06
Increased by:	
Deposits Received	<u>180,817.77</u>
	191,110.83
Decreased by:	
Refunds - Tax Sale Certificates Redeemed	<u>188,813.07</u>
Balance December 31, 2017	<u><u>\$ 2,297.76</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Tax Sale Premiums
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 234,000.00
Increased by:	
Cash Receipts	<u>103,500.00</u>
Subtotal	337,500.00
Decreased by:	
Cash Disbursements	<u>137,300.00</u>
Balance December 31, 2017	<u><u>\$ 200,200.00</u></u>

Statement of Reserve for Off Duty Police
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 17,592.91
Increased by:		
Cash Receipts	\$ 105,726.29	
Accounts Receivable	<u>13,641.26</u>	<u>119,367.55</u>
Subtotal		136,960.46
Decreased by:		
Cash Disbursements		<u>104,457.62</u>
Balance December 31, 2017		<u><u>\$ 32,502.84</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Public Defender Fees
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 11,612.00
Increased by:		
Cash Receipts		<u>7,950.00</u>
Subtotal		19,562.00
Decreased by:		
Cash Disbursements	\$ 750.00	
Due to General Fund	<u>5,902.59</u>	<u>6,652.59</u>
Balance December 31, 2017		<u><u>\$ 12,909.41</u></u>

Statement of Reserve for POAA Fees
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 107.05
Increased by:		
Cash Receipts		<u>10.00</u>
Subtotal		117.05
Decreased by:		
Disbursements		<u> </u>
Balance December 31, 2017		<u><u>\$ 117.05</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Police Donations
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 121.24
Increased by:	
Interest earned	<u>0.31</u>
Subtotal	121.55
Decreased by:	
Disbursements	<u> </u>
Balance December 31, 2017	<u><u>\$ 121.55</u></u>

GENERAL CAPITAL FUND

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Cash - Treasurer
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 21,706.08
Receipts:		
Budget Appropriation - Capital improvement Fund	\$ 100,000.00	
Due from Current Fund	234,650.00	
Due from Federal and State Grant Fund	485,000.00	
Bond Anticipation Notes	612,513.00	
Due to Current Fund - Interest Earnings	<u>469.97</u>	
Total Receipts		<u>1,432,632.97</u>
Subtotal		1,454,339.05
Disbursements:		
Improvement Authorizations	927,468.46	
Due to Current Fund - Interest Earnings	<u>469.97</u>	<u>927,938.43</u>
Balance December 31, 2017		<u><u>\$ 526,400.62</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
 Analysis of General Capital Cash and Investments
 For the Year Ended December 31, 2017

Fund Balance		\$ 49.80
Capital Improvement Fund		35.10
State Grant Receivable		(96,914.77)
Due from Current Fund		(246,853.71)
Due from Federal and State Grant Fund		(428,440.94)
Due from Camden County Improvement Authority		(4,035.37)
Reserve for Debt Service		1,055,172.47
Improvement Authorizations:		
Ordinance		
<u>Number</u>		
07-2010	Drainage and Street Improvements - Bell road	5,641.52
07-2014	Various Improvements	48,144.74
03-2015	Various Improvements	1,128.97
10-2015	Reconstruction of Various Roads	10,391.79
10-2016	Various Capital Improvements and Acquisition of Capital Equipment	158,175.18
08-2017	Various Improvements	23,905.84
		<hr/>
	Total	<u><u>\$ 526,400.62</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 5,160,000.00
Decreased By:	
Serial Bonds Paid	<u>270,000.00</u>
Balance December 31, 2017	<u><u>\$ 4,890,000.00</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Funded By Budget Appropriation	Transferred to Deferred Taxation Funded	Balance Dec. 31, 2017	ANALYSIS OF BALANCE		
							Funded by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
03-2015	Acquisition of Ambulance; Various Improvements to Borough Buildings	\$ 735.00	\$ -	\$ -	\$ -	\$ 735.00	\$ -	\$ -	\$ 735.00
08-2015	Various Capital Improvements	129,200.00				129,200.00	129,200.00		
10-2015	Various Roads and Related Improvemets	234,650.00				234,650.00	234,650.00		
10-2016	Various Capital Improvements and Acquisition of Capital Equipment	483,313.00				483,313.00	483,313.00		
	Total	<u>\$ 847,898.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 847,898.00</u>	<u>\$ 847,163.00</u>	<u>\$ -</u>	<u>\$ 735.00</u>
Improvement Authorizations Unfunded									\$ 169,301.97
Less Unexpended Proceeds of Bond Anticipation Notes Issued:									
Ord. 10-2015 Reconstruction of Various Roads									\$ 10,391.79
Ord. 10-2016									<u>158,175.18</u>
									<u>168,566.97</u>
									<u>\$ 735.00</u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Capital Improvement Fund
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 35.10
Increased by:	
2017 Budget Appropriation	<u>100,000.00</u>
Subtotal	100,035.10
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>100,000.00</u>
Balance December 31, 2017	<u><u>\$ 35.10</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Improvement Authorizations
For the Year Ended December 31, 2017

EXHIBIT C-7

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance December 31, 2016		Reappropriated	Capital Improvement Fund	2017 AUTHORIZATIONS		Paid or Charged	Canceled	Balance December 31, 2017	
				Funded	Unfunded			Deferred Charges To Future Taxation - Unfunded	Grants			Funded	Unfunded
07-2010	Drainage and Street Improvements - Bell Road	06/03/10	755,000.00	\$ 5,641.52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,641.52	\$ -
07-2014	Various Improvements:												
	Office equipment	07/03/14	42,000.00	62.04						62.04			
	Public Safety Improvements	07/03/14	75,000.00	4,087.90						3,150.00		937.90	
	Public Works Vehicles and Equipment	07/03/14	15,000.00	522.50								522.50	
	Road and Drainage Improvements	07/03/14	128,000.00	29,377.93						29,377.93			
	Second Avenue Road Project	07/03/14	200,000.00	46,684.34									
03-2015	Various Improvements:											46,684.34	
	Acquisition of Ambulance	04/02/15	150,000.00	1,004.77									
	Various Improvements to Borough Buildings	04/02/15	100,000.00	36,508.95	735.00							1,004.77	
10-2015	Reconstruction of Various Roads	09/03/15	247,000.00		199,743.28					36,384.75		124.20	735.00
10-2016	Various Capital Improvements and Acquisition of Capital Equipment	08/04/16	908,750.00	267,910.27	483,313.00					189,351.49			10,391.79
08-2017	Various Improvements:									593,048.09			158,175.18
	Purchase of Public Works Equipment	08/03/17	70,000.00				70,000.00						
	Improvements to the Municipal Building and Police Department	08/03/17	16,000.00				16,000.00			62,094.16		7,905.84	
	Purchase of Fire Department Equipment	08/03/17	14,000.00				14,000.00					16,000.00	
	Total			<u>\$ 391,800.22</u>	<u>\$ 683,791.28</u>	<u>\$ -</u>	<u>\$ 100,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 927,468.46</u>	<u>\$ -</u>	<u>\$ 78,821.07</u>	<u>\$ 169,301.97</u>
	Cash Disbursed									<u>\$ 927,468.46</u>			

Borough of Mount Ephraim
General Capital Fund
Statement of General Serial Bonds
For the Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Outstanding							
			Date	Amount						
Borough Guaranteed Bonds - 2009	05/01/09	\$ 3,000,000.00	05/01/18	\$ 140,000.00	5.25%	\$ 2,255,000.00	\$ -	\$ 130,000.00	\$ 2,125,000.00	
			05/01/19	140,000.00	5.25%					
			05/01/20	140,000.00	6.00%					
			05/01/21	150,000.00	6.00%					
			05/01/22	155,000.00	6.00%					
			05/01/23	165,000.00	6.00%					
			05/01/24	175,000.00	6.00%					
			05/01/25	185,000.00	6.00%					
			05/01/26	200,000.00	6.00%					
			05/01/27	210,000.00	6.00%					
			05/01/28	225,000.00	6.00%					
			05/01/29	240,000.00	6.00%					
			2015 General Obligation Bonds	7/8/2015	3,024,000.00					03/01/18
03/01/19	145,000.00	3.25%								
03/01/20	145,000.00	3.25%								
03/01/21	150,000.00	3.25%								
03/01/22	155,000.00	3.25%								
03/01/23	155,000.00	3.25%								
03/01/24	160,000.00	3.25%								
03/01/25	165,000.00	3.25%								
03/01/26	170,000.00	3.25%								
03/01/27	175,000.00	3.25%								
03/01/28	185,000.00	3.25%								
03/01/29	190,000.00	3.25%								
03/01/30	195,000.00	3.25%								
03/01/31	205,000.00	3.25%								
03/01/32	210,000.00	3.25%								
03/01/33	220,000.00	3.25%								
Total						\$ 5,160,000.00	\$ -	\$ 270,000.00	\$ 4,890,000.00	

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
08-2015	Various Improvements to Borough Hall	10/10/2017	10/10/2017	10/9/2018	1.44%		129,200.00		129,200.00
10-2015	Various Roads and Related Improvements	10/13/2015	10/13/2016	10/12/2017	0.85%	234,650.00	-	234,650.00	-
10-2015	Various Roads and Related Improvements	10/13/2015	10/10/2017	10/9/2018	1.44%		234,650.00		234,650.00
10-2016	Various Capital Improvements and the Acquisition of Various Capital Improvements	10/10/2017	10/10/2017	10/9/2018	1.44%		483,313.00		483,313.00
						<u>\$ 234,650.00</u>	<u>\$ 847,163.00</u>	<u>\$ 234,650.00</u>	<u>\$ 847,163.00</u>
					Issued for Cash Renewals		\$ 612,513.00 234,650.00	\$ - 234,650.00	
					Total		<u>\$ 847,163.00</u>	<u>\$ 234,650.00</u>	

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Obligations Under Capital Lease
For the Year Ended December 31, 2017

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2017</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, 2016</u>			<u>Dec. 31, 2017</u>
Refunding Capital Lease	12/21/14	432,000.00	12/15/16	\$ 40,000.00	4.00%	\$ 394,000.00	\$ -	\$ 37,000.00	\$ 357,000.00
				43,000.00	4.00%				
				43,000.00	4.00%	\$ 394,000.00	\$ -	\$ 37,000.00	\$ 357,000.00
				42,000.00	4.00%				
				45,000.00	4.00%				
				46,000.00	4.00%				
				48,000.00	4.00%				
				50,000.00	4.00%				

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Serial Bonds Issued</u>	<u>Balance Dec. 31, 2017</u>
03-2015	Various Capital Improvements	\$ 735.00	\$ -	\$ -	\$ -	\$ 735.00
08-2015	Various Improvements to the Borough Hall	129,200.00		129,200.00		-
10-2016	Various Capital Improvements and the Acquisition of Various Capital Equipment	483,313.00		483,313.00		-
	Total	<u>\$ 613,248.00</u>	<u>\$ -</u>	<u>\$ 612,513.00</u>	<u>\$ -</u>	<u>\$ 735.00</u>

BOROUGH OF MOUNT EPHRAIM

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2017

**BOROUGH OF MOUNT EPHRAIM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

1) Material weaknesses identified?

_____ yes X no

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

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

A Federal Single Audit was not required

State Awards

A State Single Audit was not required

BOROUGH OF MOUNT EPHRAIM
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

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.

No Findings Identified

BOROUGH OF MOUNT EPHRAIM
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

A state single audit was not required.

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

This section identifies the status of prior year findings related to the financial statements and federal and state grant awards that are required to be reported in accordance with *Government Auditing Standards* and New Jersey OMB's Circular 15-08.

FINANCIAL STATEMENT FINDINGS

Finding #2016-1

Condition:

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

Current Status:

The condition has been corrected.

FEDERAL AWARDS

A Federal Single Audit was not required.

STATE AWARDS

A State Single Audit was not required.

BOROUGH OF MOUNT EPHRAIM

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Coverage</u>	<u>Name Of Surety</u>
Joseph Wolk	Mayor		
Andrew Gilmore	Commissioner		
Michael Travinsky	Commissioner		
Terry Shannon	Borough Clerk	\$1,000,000.00	(A)
David McPeak	Chief Financial Officer	\$1,000,000.00	(A)
Dorothea Jones	Tax Collector	\$1,000,000.00	(A)
Tara Martin	Registrar of Vital Statistics	\$1,000,000.00	(A)
Tara Martin	Construction Clerk	\$1,000,000.00	(A)
Steven R. Beach	Construction Code Official	\$1,000,000.00	(A)
Brian Schneider	Tax Assessor	\$1,000,000.00	(A)

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

ACKNOWLEDGMENT

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

Respectfully submitted,

INVERSO & STEWART, LLC

A handwritten signature in black ink, appearing to read 'R. P. Inverso', written in a cursive style.

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

May 31, 2018