

BOROUGH OF MOUNT EPHRAIM
County of Camden

Report of Audit of Financial Statements

For the Year Ended December 31, 2018

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, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Mount Ephraim, in the County of Camden, State of New Jersey, as of December 31, 2018 and 2017, 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, 2018 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 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.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the Borough of Mount Ephraim implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the year ended December 31, 2018. My opinions are not modified with respect to this matter.

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 July 19, 2019 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. Inverso', is positioned above the printed name.

Robert P. Inverso

Certified Public Accountant

Registered Municipal Accountant

Marlton, New Jersey
July 19, 2019

INVERSO & STEWART, LLC

Certified Public Accountants

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

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, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued my report thereon dated July 19, 2019. 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

A handwritten signature in black ink, appearing to read 'R. Inverso'.

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
July 19, 2019

BOROUGH OF MOUNT EPHRAIM
Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	<u>REFERENCE</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 2,317,597.71	\$ 1,950,014.52
Cash - Change Fund	A-5	<u>300.00</u>	<u>300.00</u>
Total		<u>2,317,897.71</u>	<u>1,950,314.52</u>
Due State of New Jersey -			
Veterans and Senior Citizens Deductions	A-6	<u>380.47</u>	<u>-</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	210,490.36	225,415.61
Tax Title Liens Receivable	A-8	136,559.51	118,933.45
Property Acquired for Taxes - Assessed Valuation	A-9	9,400.00	9,400.00
Sewer Rents Receivable	A-10	17,250.33	12,654.37
Revenue Accounts Receivable	A-11	13,656.15	10,989.45
Prepaid School Taxes	A-16		49,579.60
Due from Federal and State Grant Fund	A	54,601.03	52,437.03
Due from Trust - Other Fund	B	<u>1,368.37</u>	<u>27,051.99</u>
Total		<u>443,325.75</u>	<u>506,461.50</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)	A-12	<u>52,000.00</u>	<u>34,000.00</u>
Total Regular Fund		<u>2,813,603.93</u>	<u>2,490,776.02</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4	478,108.48	508,644.20
Federal and State Grants Receivable	A-24	569,353.24	72,353.24
Due from Current Fund	A	<u>27,623.36</u>	<u>26,659.72</u>
Total Federal and State Grant Fund		<u>1,075,085.08</u>	<u>607,657.16</u>
Total Assets		<u><u>\$ 3,888,689.01</u></u>	<u><u>\$ 3,098,433.18</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	<u>REFERENCE</u>	<u>2018</u>	<u>2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 309,768.83	\$ 352,252.61
Encumbrances Payable	A-3	38,464.11	24,563.22
Due State of New Jersey			
Veteran & Senior Citizen Deductions	A-6		2,119.53
Tax Overpayments	A-14	33,086.28	34,423.00
Prepaid Taxes	A-15	74,613.24	159,952.85
Local School Taxes Payable	A-16	-	-
Due County for Added and Omitted Taxes	A-17	9,206.10	6,518.84
Sewer Rent Overpayments	A-18	976.77	862.94
Due State of New Jersey - Marriage License Fees	A-19	100.00	125.00
Due State of New Jersey - UCC Fees	A-20	301.00	714.00
Reserve for Revaluation	A-21	4,824.61	4,824.61
Reserve for Codification of Ordinances	A-22	3,770.62	3,770.62
Reserve for Master Plan	A-23	35,000.00	
Due to Federal and State Grant Fund	A	27,623.36	26,659.72
Due to Other Trust Fund	B	58,945.46	58,650.63
Due to General Capital Fund	C	652,666.38	246,853.71
Total Liabilities		1,249,346.76	922,291.28
Reserve for Receivables and Other Assets	A	443,325.75	506,461.50
Fund Balance	A-1	1,120,931.42	1,062,023.24
Total Regular Fund		2,813,603.93	2,490,776.02
Federal and State Grant Fund:			
Encumbrances Payable	A-26		3,836.00
Due to Current Fund	A	54,601.03	52,437.03
Due to General Capital Fund	C	428,440.94	428,440.94
Unappropriated Reserves	A-25	-	12,006.68
Appropriated Reserves	A-26	592,043.11	110,936.51
Total Federal and State Grant Fund		1,075,085.08	607,657.16
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,888,689.01</u>	<u>\$ 3,098,433.18</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 750,000.00	\$ 640,000.00
Miscellaneous Revenue Anticipated	2,137,918.71	1,533,886.75
Receipts from Delinquent Taxes	210,774.05	164,794.88
Receipts from Current Taxes	12,568,761.70	12,362,224.37
Nonbudget Revenues	255,432.40	259,861.03
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	232,493.55	147,572.93
Liquidation of Interfunds and other Reserves	77,355.16	14,220.79
Cancellation of Tax Overpayments	3,754.34	2.19
Total Revenue and Other Income Realized	<u>16,236,489.91</u>	<u>15,122,562.94</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	2,140,985.00	2,120,346.54
Other Expenses	2,357,280.00	2,199,883.44
Deferred Charges and Statutory Expenditures Within "CAPS"	401,175.00	398,370.02
Operations Excluded from "CAPS":		
Salaries and Wages	35,105.00	22,000.00
Other Expenses	118,095.76	138,403.79
Capital Improvements Excluded from "CAPS"	462,000.00	100,000.00
Municipal Debt Service Excluded from "CAPS"	773,974.76	535,703.22
Deferred Charges and Statutory Expenditures Excluded from "CAPS"	17,000.00	17,000.00
County Taxes	2,563,708.11	2,539,931.12
Due County for Added Taxes	9,206.10	6,518.84
Local School District Tax	6,548,802.00	6,383,497.00
Reserve for Receivable Created	250.00	49,579.60
Subtotal	<u>15,427,581.73</u>	<u>14,511,233.57</u>
Less: Expenditures to be Raised by Future Taxes	<u>-</u>	<u>-</u>
Total Expenditures	<u>15,427,581.73</u>	<u>14,511,233.57</u>
Statutory Excess to Fund Balance (Carried Forward)	808,908.18	611,329.37

BOROUGH OF MOUNT EPHRAIM
Current Fund

Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Statutory Excess to Fund Balance (Brought Forward)	\$ 808,908.18	\$ 611,329.37
Fund Balance January 1	<u>1,062,023.24</u>	<u>1,090,693.87</u>
Total	1,870,931.42	1,702,023.24
Decreased by Utilization as Anticipated Revenue	<u>750,000.00</u>	<u>640,000.00</u>
Fund Balance December 31	<u><u>\$ 1,120,931.42</u></u>	<u><u>\$ 1,062,023.24</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, 2018

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 750,000.00	\$ -	\$ 750,000.00	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage	4,000.00		4,686.00	686.00
Other	6,000.00		5,630.85	(369.15)
Fees and Permits	22,000.00		36,850.87	14,850.87
Fines and Costs:				
Municipal Court	175,000.00		184,197.79	9,197.79
Interest and Costs on Taxes	40,000.00		55,736.09	15,736.09
Sewer Rents	225,000.00		225,369.47	369.47
Cable TV Franchise Fees	70,000.00		72,428.85	2,428.85
State Aid Without Offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid	8,676.00		8,676.00	-
Energy Receipts Tax	405,028.00		405,028.00	-
Uniform Construction Code	37,000.00		53,464.00	16,464.00
Shared Service Agreement				
Borough of Runnemede				
Trash Collection	45,000.00		46,565.37	1,565.37
Borough of Brooklawn and Merchantville				
Construction Code	13,105.00		10,660.66	(2,444.34)
Reserve for Debt Service	429,200.00		429,200.00	-
Billboard Lease	44,163.00		78,529.00	34,366.00
Firehouse Lease	2,400.00		2,400.00	-
Special Items Offset with Appropriations:				
NJ Transportation Trust Fund Authority Act	452,000.00		452,000.00	
Recycling Tonnage Grant	11,749.32		11,749.32	
Alcohol Educaiton/Rehabilitation Grant	257.36	439.39	696.75	
Community Development Block Grant	-	20,000.00	20,000.00	
Camden County Recreation and Facilities Grant	-	25,000.00	25,000.00	
Clean Communities Program	-	9,049.69	9,049.69	
Total	<u>1,990,578.68</u>	<u>54,489.08</u>	<u>2,137,918.71</u>	<u>92,850.95</u>
Receipts from Delinquent Taxes	187,500.00		210,774.05	23,274.05
Amount to be Raised by Taxes for Support of Municipal Budget -				
Local Tax for Municipal Purposes	<u>3,637,113.56</u>		<u>3,759,718.05</u>	<u>122,604.49</u>
Budget Totals	<u>6,565,192.24</u>	<u>54,489.08</u>	<u>6,858,410.81</u>	<u>\$ 238,729.49</u>
Nonbudget Revenues	<u>-</u>		<u>255,432.40</u>	
Total	<u>\$ 6,565,192.24</u>	<u>\$ 54,489.08</u>	<u>\$ 7,113,843.21</u>	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2018

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 12,568,761.70
Allocated to School and County Taxes	<u>9,121,716.21</u>
Balance for Support of Municipal Budget Appropriations	3,447,045.49
Add Appropriation - Reserve for Uncollected Taxes	<u>312,672.56</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 3,759,718.05</u></u>
 Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 210,774.05
Tax Title Liens	<u><u>\$ 210,774.05</u></u>
 Miscellaneous Revenue:	
Landlord Reg	\$ 3,950.00
Recycling	6,227.83
Payment in Lieu of Taxes	36,000.00
Vacant Properties	43,857.28
Interest on Investments	15,084.06
Sewer Penalties	5,295.91
Photocopies	0.50
Sparrow Program Rents	700.00
Hall Rental	2,800.00
Vets and Senior Citizen Admin Fee	1,120.00
Police Reports	920.00
HIF Dividend	113,636.00
JIF Safety Award	20,273.12
Restitution	705.00
Property Maintenance	2,963.10
Miscellaneous	1,899.60
 Total	<u><u>\$ 255,432.40</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, 2018

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
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	3,134.00		866.00	
Municipal Clerk						
Salaries and Wages	12,000.00	12,000.00	11,969.23		30.77	
Other Expenses	45,000.00	41,214.68	34,209.28		7,005.40	
Financial Administration:						
Salaries and Wages	72,500.00	72,500.00	72,110.35		389.65	
Other Expenses	20,000.00	20,000.00	18,958.48	355.92	685.60	
Audit Services						
Other Expenses	25,000.00	25,000.00	25,000.00			
Data Processing						
Other Expenses	13,000.00	13,000.00	9,161.65		3,838.35	
Collection of Taxes:						
Salaries and Wages	80,000.00	80,000.00	80,000.00			
Other Expenses	15,000.00	15,000.00	12,247.42		2,752.58	
Liquidation of Tax Title Liens						
Other Expenses	1,500.00	1,500.00	856.80		643.20	
Tax Assessment Administration						
Salaries and Wages	15,500.00	15,500.00	15,047.51		452.49	
Other Expenses	4,000.00	4,000.00	509.96		3,490.04	
Legal Services and Costs						
Other Expenses	60,000.00	85,000.00	78,378.41		6,621.59	
Engineering Services and Costs						
Other Expenses	115,000.00	133,000.00	120,689.75		12,310.25	
Municipal Land Use Law (N.J.S.A. 40:SSD-1):						
Planning Board:						
Salaries and Wages	9,850.00	9,850.00	9,850.00			
Other Expenses	13,650.00	13,650.00	11,383.08		2,266.92	
Insurance:						
Group Insurance	935,000.00	935,000.00	934,102.45		897.55	
Liability Insurance	112,180.00	112,180.00	112,174.72		5.28	
Workers Compensation	103,550.00	103,550.00	103,546.00		4.00	
Health Benefit Waiver	65,000.00	32,000.00	23,228.99		8,771.01	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expended			Unexpended
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>			<u>Canceled</u>
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
Police						
Salaries and Wages	\$ 1,335,000.00	\$ 1,328,500.00	\$ 1,251,885.48	\$ -	\$ 76,614.52	\$ -
Other Expenses	95,000.00	85,000.00	58,134.67	6,909.20	19,956.13	
Civil Defense and Disaster Control (Emergency Mgmt)						
Salaries and Wages	1,525.00	1,525.00	1,524.48		0.52	
Other Expenses	10,000.00	10,000.00	4,803.84	194.00	5,002.16	
Aid to Volunteer Fire Companies						
Other Expenses	56,900.00	56,900.00	36,059.60	1,450.16	19,390.24	
Aid to Volunteer - Ambulance	12,500.00	13,500.00	4,463.33	219.18	8,817.49	
Fire Hydration Service (Water)	55,000.00	59,000.00	52,945.06		6,054.94	
Road Repairs and Maintenance						
Salaries and Wages	202,000.00	196,000.00	192,741.51		3,258.49	
Other Expenses	32,500.00	32,500.00	26,492.48	304.93	5,702.59	
Garbage and Trash Collection						
Salaries and Wages	180,000.00	180,000.00	173,107.64		6,892.36	
Other Expenses	2,200.00	2,200.00	1,615.87		584.13	
Solid Waste Disposal						
Other Expenses	155,000.00	150,000.00	133,093.25		16,906.75	
Public Buildings and Grounds						
Salaries and Wages	3,500.00	3,500.00	3,304.00		196.00	
Other Expenses	45,000.00	57,000.00	53,384.16		3,615.84	
Sewer System						
Salaries and Wages	51,000.00	46,000.00	40,578.22		5,421.78	
Other Expenses	50,000.00	60,000.00	46,146.48	11,249.00	2,604.52	
Vehicle Maintenance						
Other Expenses	65,000.00	67,500.00	61,009.58	3,655.17	2,835.25	
Health and Human Services						
Registrar of Vital Statistics						
Salaries and Wages	2,100.00	2,100.00	1,990.17		109.83	
Other Expenses	900.00	900.00	150.00		750.00	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
Senior Citizen Transportation						
Other Expenses	\$ 4,850.00	\$ 4,850.00	\$ 50.00	\$ 4,375.00	\$ 425.00	\$ -
Other Common Operating Functions						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	2,000.00	2,785.32	2,785.32			
Utility and Bulk Purchases						
Electricity	62,000.00	53,000.00	44,766.09		8,233.91	
Street Lights	59,000.00	55,000.00	51,991.54	2,101.40	907.06	
Telephone	28,000.00	28,000.00	27,050.32	925.15	24.53	
Gasoline	65,000.00	65,000.00	56,148.68		8,851.32	
Sewer	3,000.00	3,000.00	2,464.00		536.00	
Municipal Court Functions						
Municipal Court						
Salaries and Wages	117,000.00	117,000.00	83,986.38		33,013.62	
Uniform Construction Code						
State Uniform Construction Code						
Construction Code Official						
Salaries and Wages	56,500.00	56,500.00	53,045.76		3,454.24	
Other Expenses	4,850.00	4,850.00	3,629.50		1,220.50	
Inspection of Rentals and Certification of Habitability						
Salaries and Wages	7,200.00	7,200.00	7,200.00			
Other Expenses	150.00	150.00	56.53		93.47	
Stormwater Regulation						
Salaries and Wages	1,060.00	1,060.00			1,060.00	
Other Expenses	1,050.00	1,050.00	1,050.00			
Dog Regulation						
Other Expenses	7,000.00	7,000.00	2,100.00		4,900.00	
Total Operations Including Contingent - Within "CAPS"	4,507,265.00	4,498,265.00	4,167,062.10	31,739.11	299,463.79	
Detail:						
Salaries and Wages	2,158,485.00	2,140,985.00	2,009,090.81		131,894.19	
Other Expenses	2,348,780.00	2,357,280.00	2,157,971.29	31,739.11	167,569.60	

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	\$ 236,254.00	\$ 236,254.00	\$ 236,254.00	\$ -	\$ -	\$ -
Police & Fireman's Retirement System	72,921.00	72,921.00	72,920.26		0.74	
Defined Contribution Retirement System	1,000.00	1,000.00			1,000.00	
Social Security System (O.A.S.I.)	77,000.00	81,000.00	79,803.52		1,196.48	
Unemployment Compensation Insurance	5,000.00	10,000.00	9,412.19		587.81	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>392,175.00</u>	<u>401,175.00</u>	<u>398,389.97</u>		<u>2,785.03</u>	
Total General Appropriations - For Municipal Purposes Within "CAPS"	<u>4,899,440.00</u>	<u>4,899,440.00</u>	<u>4,565,452.07</u>	<u>\$ 31,739.11</u>	<u>302,248.82</u>	
GENERAL APPROPRIATIONS:						
Operations Excluded from "CAPS":						
Recycling Tax	<u>6,150.00</u>	<u>6,150.00</u>	<u>5,584.77</u>		<u>565.23</u>	
Total Other Operations Excluded from "CAPS":	<u>6,150.00</u>	<u>6,150.00</u>	<u>5,584.77</u>		<u>565.23</u>	
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	27,650.00	27,650.00	20,175.00	6,725.00	750.00	
Borough of Brooklawn and Merchantville						
Construction Code Official						
Salaries & Wages	13,105.00	13,105.00	12,703.99		401.01	
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			

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	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:						
Operations Excluded from "CAPS":						
Municipal Shared Service Agreements						
Borough of Statford						
Shared Electrical Sub-Code Official						
Other Expenses	\$ 6,800.00	\$ 6,800.00	\$ 4,996.23	\$ -	\$ 1,803.77	\$ -
Total Municipal Shared Service Agreements	<u>80,555.00</u>	<u>80,555.00</u>	<u>66,875.22</u>	<u>6,725.00</u>	<u>6,954.78</u>	
GENERAL APPROPRIATIONS:						
Operations Excluded from "CAPS":						
Public and Private Programs Offset by Revenues:						
Community Development Block Grant 39		20,000.00	20,000.00			
Clean Communities Progrm		9,049.69	9,049.69			
Alcohol Educaiton/Rehabilitation Grant	257.36	696.75	696.75			
Recycling Tonnage Grant	11,749.32	11,749.32	11,749.32			
Open Space - Norcross Park		25,000.00	25,000.00			
Total Public and Private Programs Offset by Revenues	<u>12,006.68</u>	<u>66,495.76</u>	<u>66,495.76</u>			
Total Operations - Excluded From "CAPS"	<u>98,711.68</u>	<u>153,200.76</u>	<u>138,955.75</u>	<u>6,725.00</u>	<u>7,520.01</u>	
Detail:						
Salaries and Wages	35,105.00	35,105.00	34,703.99		401.01	
Other Expenses	63,606.68	118,095.76	104,251.76	6,725.00	7,119.00	
GENERAL APPROPRIATIONS:						
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
Public and Private Programs Offset by Revenues:						
NJ Transportation Trust Fund Authority Act	452,000.00	452,000.00	452,000.00			
Total Capital Improvements - Excluded From "CAPS"	<u>462,000.00</u>	<u>462,000.00</u>	<u>462,000.00</u>			

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
GENERAL APPROPRIATIONS:						
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	\$ 280,000.00	\$ 280,000.00	\$ 280,000.00	\$ -	\$ -	\$ -
Payment of Bond Anticipation Notes and Capital Notes	229,200.00	229,200.00	229,200.00			
Interest on Bonds	199,588.00	199,588.00	199,389.76			198.24
Interest on Notes	12,300.00	12,300.00	12,165.26			134.74
Capital Lease Obligations Approved Prior to 7/1/07						
Principal	40,000.00	40,000.00	40,000.00			
Interest	14,280.00	14,280.00	13,219.74			1,060.26
Total Municipal Debt Service - Excluded From "CAPS"	775,368.00	775,368.00	773,974.76			1,393.24
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"	1,353,079.68	1,407,568.76	1,391,930.51	6,725.00	7,520.01	1,393.24
Subtotal General Appropriations						
Reserve for Uncollected Taxes	6,252,519.68	6,307,008.76	5,957,382.58	38,464.11	309,768.83	1,393.24
	312,672.56	312,672.56	312,672.56			
TOTAL GENERAL APPROPRIATIONS	\$ 6,565,192.24	\$ 6,619,681.32	\$ 6,270,055.14	\$ 38,464.11	\$ 309,768.83	\$ 1,393.24

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2018

Analysis of Budget After Modification:

Original Budget	\$ 6,565,192.24	
By Appropriation 40A:4-87	<u>54,489.08</u>	
		<u>\$ 6,619,681.32</u>

Analysis of Paid or Charged:

Reserve for Federal and State Grants - Appropriated	\$ 518,495.76	
Reserve for Uncollected Taxes	312,672.56	
Due to General Capital Fund	10,000.00	
Special Emergency	17,000.00	
Cash Disbursed	<u>5,411,886.82</u>	
Total		<u>\$ 6,270,055.14</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, 2018 and 2017

	<u>REFERENCE</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 3,274.96	\$ 5,507.26
Total Animal Control Fund		<u>3,274.96</u>	<u>5,507.26</u>
Other Funds:			
Cash - Treasurer	B-1	268,444.00	293,628.75
Due from Current Fund	A	58,945.46	58,650.63
Accounts Receivable		10,695.26	13,641.26
Total Other Funds		<u>338,084.72</u>	<u>365,920.64</u>
Total Assets		<u>\$ 341,359.68</u>	<u>\$ 371,427.90</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State of New Jersey		\$ 2.40	\$ 3.60
Reserve for Animal Control Expenditures	B-2	3,272.56	5,503.66
Total Animal Control Fund		<u>3,274.96</u>	<u>5,507.26</u>
Other Funds:			
Due Current Fund	A	1,368.37	27,051.99
Payroll Deductions Payable		20,074.19	-
Due to Criminal Disposition & Review Board		8,387.13	-
Reserve for :			
Unemployment Compensation	B-3	5,401.12	2,235.42
Escrow Trust Fund	B-4	85,321.49	80,309.29
Law Enforcement - Forfeited Funds	B-5	8,306.59	8,175.33
Tax Title Lien Redemption Trust	B-6	12,712.69	2,297.76
Tax Sale Premiums	B-7	114,600.00	200,200.00
Off Duty Police	B-8	73,348.27	32,502.84
Public Defender Fees	B-9	8,315.74	12,909.41
POAA Fees	B-10	127.05	117.05
Police Donations	B-11	122.08	121.55
Total Other Funds		<u>338,084.72</u>	<u>365,920.64</u>
Total Liabilities and Reserves		<u>\$ 341,359.68</u>	<u>\$ 371,427.90</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, 2018 and 2017

	<u>REFERENCE</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>			
Cash - Treasurer	C-2	\$ 293,311.01	\$ 526,400.62
State Grant Receivable		23,779.35	96,914.77
Due from Current Fund	A	652,666.38	246,853.71
Due from Federal and State Grant Fund	A	428,440.94	428,440.94
Due from Camden County Improvement Authority		4,035.37	4,035.37
Amount to be Provided by Lease	C-10	317,000.00	357,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	4,610,000.00	4,890,000.00
Unfunded	C-5	1,260,698.00	847,898.00
Total		<u>\$ 7,589,931.05</u>	<u>\$ 7,397,543.41</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 4,610,000.00	\$ 4,890,000.00
Bond Anticipation Notes Payable	C-9	1,259,963.00	847,163.00
Obligations Under Capital Lease	C-10	317,000.00	357,000.00
Improvement Authorizations:			
Funded	C-7	76,030.47	78,821.07
Unfunded	C-7	591,002.96	169,301.97
Capital Improvement Fund	C-6	35.10	35.10
Reserve for Debt Service		735,849.72	1,055,172.47
Due to Current Fund	A		
Fund Balance	C-1	49.80	49.80
Total		<u>\$ 7,589,931.05</u>	<u>\$ 7,397,543.41</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, 2018

Balance December 31, 2018 and 2017

\$ 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, 2018

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018
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	<u>3,264,451.58</u>	<u>117,288.00</u>		<u>3,381,739.58</u>
Total	<u>\$ 7,867,551.58</u>	<u>\$ 117,288.00</u>	<u>\$ -</u>	<u>\$ 7,984,839.58</u>
Investment in General Fixed Assets	<u>\$ 7,867,551.58</u>	<u>\$ 117,288.00</u>	<u>\$ -</u>	<u>\$ 7,984,839.58</u>

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

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

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 2018 estimate is 4,597.

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.

Component Units - GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the Borough is not includable in any other reporting entity on the basis of such criteria.

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.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued) - 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.

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.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets (Continued) - In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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, 2018**

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, 2018**

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

Such funds are shown as uninsured and uncollateralized. Of the Municipality's amount on deposit of \$3,502,049 as of December 31, 2018, \$250,000 was insured under FDIC and the remaining balance of \$3,252,049 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Tax Rate	\$ 4.618	\$ 4.550	\$ 4.407	\$ 4.255	\$ 6.743
Apportionment of Tax Rate:					
Municipal	\$ 1.317	\$ 1.317	\$ 1.286	\$ 1.251	\$ 1.990
County	0.929	0.921	0.898	0.869	1.392
Local School	2.372	2.312	2.223	2.135	3.361

Assessed Valuation

2018	\$ 276,114,900
2017	276,071,900
2016	276,811,603
2015	278,057,816
2014	174,801,648

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 12,796,644	\$ 12,568,762	98.21%
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%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 136,560	\$ 210,490	\$ 347,050	2.71%
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%

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

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>
2018	31
2017	31
2016	20
2015	18
2014	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>
2018	\$ 9,400
2017	9,400
2016	9,400
2015	9,400
2014	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.

Comparison of Sewer Utility Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 229,965	\$ 225,369	98.00%
2017	230,090	228,294	99.22%
2016	229,194	218,336	95.26%
2015	230,299	213,185	92.57%
2014	229,187	214,998	93.81%

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

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>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2018	\$ 1,120,931	\$ 800,000	71.37%
2017	1,062,023	750,000	70.62%
2016	1,090,544	640,000	58.69%
2015	734,813	424,500	57.77%
2014	473,933	235,000	49.59%

NOTE 7. PENSION PLANS

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

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.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

NOTE 7. PENSION PLANS (CONTINUED)

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

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.

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, 2018 was 27.67% 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, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$295,134 and is payable by April 1, 2019. 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, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$236,254, which was paid by April 1, 2018. Employee contributions to the pension plan during the year ended December 31, 2018 were \$106,680.

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, 2018 was 3.08% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2018 is \$32,862 and is payable by April 1, 2019. Based on the 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 was \$23,082, which was paid on April 1, 2018.

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
2018	\$ 73,565	\$ 153,143	\$ 9,546	\$ 236,254
2017	84,118	152,272	10,744	247,134
2016	88,506	163,717	11,768	263,991

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018

NOTE 7. PENSION PLANS (CONTINUED)

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

For the year ended December 31, 2018, the Borough's proportionate share of pension expense is \$65,724. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1. At December 31, 2018, the Borough proportionate share of the net pension liability is \$4,084,959 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	\$ 41,559	\$ 16,905
Changes of assumptions	350,639	1,046,905
Net Difference between projected and actual earnings on pension plan investments		22,348
Changes in proportion	577,224	494,363
Borough contributions subsequent to the measurement date	295,134	
Total	\$ 1,264,556	\$ 1,580,521

\$295,134 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. 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
2019	\$ (80,671)
2020	(80,671)
2021	(80,671)
2022	(323,815)
2023	(45,271)
Total	\$ (611,099)

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018

NOTE 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
June 30, 2018	5.73	5.73
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
June 30, 2018	-	5.73
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
June 30, 2018	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, 2018 and 2017 are as follows:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$ 1,988,215,695	\$ 2,941,952,753
Collective deferred inflows of resources	\$ 4,286,994,294	\$ 3,262,432,093
Collective net pension liability	\$ 15,369,699,278	\$ 17,167,260,198
Borough's Proportion	.0301881865%	.0266948105%

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

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

NOTE 7. PENSION PLANS (CONTINUED)

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

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%

Additional Information

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%	

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

NOTE 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 6.51% as of June 30, 2018. 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 3.87% as of June 30, 2018, 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 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, 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, 2018, calculated using the discount rate of 6.51%, 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 (5.51%) or 1 percentage point higher (7.51%) than the current rate:

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Borough's proportionate share of the net pension liability	\$ 5,467,211	\$ 4,084,959	\$ 2,944,853
State's proportionate share of the net pension liability associated with the Borough	<u>652,409</u>	<u>554,874</u>	<u>474,552</u>
	<u><u>\$ 6,119,620</u></u>	<u><u>\$ 4,639,833</u></u>	<u><u>\$ 3,419,405</u></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, 2018**

NOTE 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 7.34% in State fiscal year 2018. 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, 2018 was 12.91% 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, 2018, the Borough's contractually required contribution to the pension plan for the fiscal year ended December 31 2018 was \$82,266 and is payable by April 1, 2019. Based on the PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$71,980, which was paid by April 1, 2018. Employee contributions to the pension plan during the year ended December 31, 2018 were \$48,212.

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	Long-term Disability	Total Liability Paid by Borough
2018	\$ 9,474	\$ 58,997	\$ 3,509	\$ 940	\$ 72,920
2017	10,280	52,316	3,124		65,720
2016	12,795	58,941	3,841		75,577

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

NOTE 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, 2018, the Borough's proportionate share of the PERS net pension liability was \$1,628,445. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Borough's proportion of the 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, 2018, the Borough's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2018 measurement date is \$76,996. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

At December 31, 2018, the Borough proportionate share of the PERS net pension liability was \$1,628,445 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	\$ 31,055	\$ 8,397
Changes of assumptions	268,341	530,690
Net Difference between projected and actual earnings on pension plan investments		15,275
Changes in proportion	158,699	137,432
Borough contributions subsequent to the measurement date	82,266	
Total	\$ 540,361	\$ 691,794

\$82,266 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. 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
2019	\$ (45,976)
2020	(45,976)
2021	16,610
2022	(85,442)
2023	(62,915)
Total	\$ (223,699)

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018

NOTE 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	-
June 30, 2018	-	5.63
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
June 30, 2018	-	5.63
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	-
June 30, 2018	5.00	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, 2018 and 2017 are as follows:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$ 4,684,852,302	\$ 6,424,455,842
Collective deferred inflows of resources	\$ 7,646,736,226	\$ 5,700,625,981
Collective net pension liability	\$ 19,689,501,539	\$ 23,278,401,588
Borough's Proportion	.0000827063%	.0077699189%

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

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate: 2.25%
Salary Increases:
 Through 2026: 1.65-4.15% based on age
 Thereafter: 2.65-5.15% based on age
Investment Rate of Return: 7.00%

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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	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%	

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Discount rate. The discount rate used to measure the State's total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018, 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 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, 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, 2018, calculated using the discount rate of 5.66%, 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 (4.66%) or 1 percentage point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Borough's proportionate share of the net pension liability	\$ 2,047,582	\$ 1,628,445	\$ 1,276,816

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.

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, 2018, 2017 and 2016.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

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

Plan Description

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

Benefit Eligibility

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

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

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

Employees Covered by Benefit Terms – At December 31, 2018, the following employees were covered by the benefit terms:

<u>Participation Data</u>	<u>Amount</u>
Active Employees	18
Retirees	<u>21</u>
Total	<u><u>39</u></u>

Total OPEB Liability

The Total OPEB Liability as of December 31, 2018 is \$28,512,666 based upon a discount rate of 4.10% per annum and the plan provisions in effect on December 31, 2018.

Net OPEB Liability

The Net OPEB Liability as of December 31, 2018 is \$28,512,666 based upon a discount rate of 4.10% per annum and the plan provisions in effect on December 31, 2018. There are no plan assets to offset the liability. The liability is broken out as follows:

Total OPEB Liability	\$ 28,512,666
Fiduciary Net Position (Assets)	<u>-</u>
Net OPEB Liability	<u><u>\$ 28,512,666</u></u>

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

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

Basis of Valuation

This valuation has been conducted as of December 31, 2018 based upon census, plan design and medical, drug, dental and vision rate information provided by the Borough. Census includes 21 participants currently receiving retiree benefits, and 18 active participants of whom 3 are eligible to retire as of the valuation date. The average age of the active population is 43 and the average age of the retiree population is 59.

Actuarial assumptions were selected with the intention of mirroring the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard No. 75.

Demographic assumptions were selected based on those used in the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2017 report from Conduent. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculated SHBP member OPEB requirements taken from the June 30, 2017 GASB 74 Accounting Results – Local Government report from Aon Consultants.

Key Actuarial Assumptions

Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years
Turnover	NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility
Assumed Retirement Age	At first eligibility after completing 25 years of service
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	4.10% Based on the Bond Buyer 20 Index December 31, 2018
Rate of Salary Increase	2.50%
Trend	Medical: 5.8% in 2018, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 10.0% in 2018, reducing by 0.5% per annum to 2022 and 1% annum thereafter, leveling at 5% per annum in 2026 Dental and Vision: 3.5% per annum
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.

Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2018 medical, prescription drug and dental premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (46) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payer of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of medical costs.

Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees' Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the Borough increased annually by the rate of medical trend.

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

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

Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2018 salaries were reported by the Borough as \$1,165,000.

Discount Rate – For the total OPEB Liability calculation as of December 31, 2018, the discount rate utilized was 4.10%

Changes in the Total OPEB Liability – The changes to the OPEB Liability during the year ending December 31, 2018 are as follows:

	<u>Total OPEB Liability</u>
Balance beginning of year	<u>\$ 27,549,759</u>
Changes for the year:	
Service cost	258,352
Interest Cost	1,131,383
Net Benefit Payments	<u>(426,828)</u>
Net Changes	<u>962,907</u>
Balance December 31, 2018	<u><u>\$ 28,512,666</u></u>

Total OPEB Expense – The Total OPEB Expense is the measure of annual cost based on the actuarial funding method utilized. It is comprised of the “Service Cost” which is the portion of future liabilities attributable to the measurement year, plus interest on the Net OPEB Liability during the year. As of the measurement date, the plan had no assets to offset any portion of the Net OPEB Liability.

The Total OPEB Expense as of December 31, 2018 is \$1,389,735 based upon a discount rate of 4.10% per annum and the plan provisions in effect on December 31, 2018.

Sensitivity of the total OPEB liability to changes in the discount rate - Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. The following represents the Total OPEB Liability if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease 3.10%</u>	<u>Current Discount Rate 4.10%</u>	<u>1% Increase 5.10%</u>
Total OPEB Liability	\$ 25,093,274	\$ 28,512,666	\$ 32,889,637

**Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018**

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

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. The following represents the Total OPEB Liability if it were calculated using a medical trend is that 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 25,328,950	\$ 28,512,666	\$ 32,555,916

The Borough does not provide post employment health care benefits as part of the State Health Benefits Local Government Retired Employment Plan. However, benefits are provided as described below:

Special Funding Situation PFRS

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2018 and 2017, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$2,842,772 and \$4,061,106 respectively. For the years ended December 31, 2018 and 2017 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$86,054 and \$290,637 respectively. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

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, 2018, accrued benefits for compensated absences are valued at \$459,506.

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018

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>Interest Earned</u>	<u>Employee Contributions</u>	<u>Other Income</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 7	\$ 3,158	\$ -	\$ -	\$ 5,401
2017	2	3,001	2,500	3,267	2,236
2016	8	3,095	18,055	22,839	-
2015	2	2,629	2,907	4,166	1,681
2014	2	2,812	-	5,723	309

NOTE 11. CAPITAL DEBT

Summary of Municipal Debt

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued:</u>			
General Bonds and Notes	\$ 5,869,963	\$ 5,737,163	\$ 5,394,650
Total Issued	5,869,963	5,737,163	5,394,650
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	735	735	613,248
Net Debt	<u>\$ 5,870,698</u>	<u>\$ 5,737,898</u>	<u>\$ 6,007,898</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, 2018 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%	\$ 1,985,000
2015 General Obligation Bonds	3/01/2033	3.25% - 3.75%	2,625,000

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018

NOTE 11. CAPITAL DEBT (Continued)

Bond Anticipation Notes Payable

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

As of December 31, 2018, 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	\$ 134,650	1.95%	October 3, 2019
General Capital	\$ 483,313	1.95%	October 3, 2019
General Capital	\$ 642,000	1.95%	October 3, 2019

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 1.796%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 4,695,000	\$ 4,695,000	\$ -
General Debt	5,870,698	735,850	5,134,848
Total	<u>\$ 10,565,698</u>	<u>\$ 5,430,850</u>	<u>\$ 5,134,848</u>

Net Debt, \$1,273,819 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$285,827,818 equals 1.796%.

Equalized Valuation Basis:

2016	\$ 284,108,758
2017	286,144,071
2018	<u>287,230,625</u>
Average	<u>\$ 285,827,818</u>

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 10,003,974
Net Debt	<u>5,134,848</u>
Remaining Borrowing Power	<u>\$ 4,869,126</u>

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018

NOTE 11. CAPITAL DEBT (Continued)

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

Serial Bonds Payable

<u>Calendar Year</u>	<u>General</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	320,000	146,619	466,619
2024-2028	1,850,000	486,366	2,336,366
2029-2033	1,260,000	104,028	1,364,028
Total	<u>\$ 4,610,000</u>	<u>\$ 1,456,705</u>	<u>\$ 6,066,705</u>

NOTE 12. LEASE OBLIGATIONS

The Borough has a lease agreement in effect at December 31, 2018 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>Principal</u>	<u>Interest</u>	<u>Total</u>
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	46,000	5,760	51,760
2024-25	<u>98,000</u>	<u>5,920</u>	<u>103,920</u>
Total	<u>\$ 317,000</u>	<u>\$ 52,120</u>	<u>\$ 369,120</u>

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018

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, 2018.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 55,969	\$ 739,234
Federal and State Grant Fund	27,623	483,042
Trust Fund:		
Other Trust Funds	58,945	1,368
General Capital Fund	1,081,107	
	<u>\$ 1,223,644</u>	<u>\$ 1,223,644</u>

NOTE 14. CONTINGENCIES

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

NOTE 15. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following funds:

	<u>Balance December 31, 2018</u>	<u>2019 Budget Appropriation</u>	<u>Balance to Succeeding Years</u>
<u>Current Fund:</u>			
Special Emergency - Revaluation	\$ 17,000.00	\$ 17,000.00	\$ -
Special Emergency – Master Plan	35,000.00	7,000.00	28,000.00
Total	<u>\$ 52,000.00</u>	<u>\$ 24,000.00</u>	<u>\$ 28,000.00</u>

The appropriations in the 2019 Budget as introduced are not less than that required by the statutes

NOTE 16. LITIGATION

The Borough is a defendant in one legal proceeding. Although the outcome of this litigation is not presently determinable, it appears that resolution of this matter will not have a material effect on the financial statements.

Borough of Mount Ephraim
Notes to Financial Statements
December 31, 2018

NOTE 17. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the Borough of Mount Ephraim authorized additional Bonds and Notes as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
Drainage Improvements	3/7/2019	<u>\$ 625,000</u>
Various Capital Improvements	6/6/2019	<u>\$ 285,000</u>

In addition, on July 2, 2019 the Borough of Mount Ephraim sold their Sewer Utility Assets to the New Jersey American Water Company for \$1,400,000. The agreement to purchase the system followed a voter referendum in November 2018, in which approximately 80 percent of the voters approved the sale of the sewer system. The proceeds from the sale will be used to pay existing debt service.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF MOUNT EPHRAIM
Current Fund
Statement of Cash - Treasurer
For the Year Ended December 31, 2018

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2017	\$ 1,950,014.52	\$ 508,644.20
Receipts:		
Taxes Receivable	\$ 12,530,164.48	
Tax Title Liens	-	
Prepaid Taxes	74,613.24	
Tax Overpayments	34,935.26	
Revenue Accounts Receivable	964,853.48	
Sewer Rent Charges	224,506.53	
Sewer Rent Overpayments	976.77	
Due State of New Jersey:		
Marriage License Fees	550.00	
UCC Fees	4,211.00	
Due from State of New Jersey for Senior		
Citizens and Veterans Deductions	56,000.00	
Miscellaneous Revenues Not Anticipated	255,432.40	
Due to General Capital Fund	1,442,975.67	
Due to Trust Other Fund	28,070.39	
Due to Grant Fund	963.64	
Budget Refunds	325,835.90	
Contra	94,423.36	
Federal and State Grants Receivable		\$ 9,489.08
Total Receipts	<u>16,038,512.12</u>	<u>9,489.08</u>
Sub-Total	17,988,526.64	518,133.28
Disbursements:		
2018 Appropriations	5,411,886.82	
2017 Appropriation Reserves	144,322.28	
County Taxes	2,570,226.95	
Local School Taxes Payable	6,499,222.40	
Due State of New Jersey:		
Marriage License Fees	575.00	
UCC Fees	4,624.00	
Reserve for Codification		
Tax Overpayments	1,849.22	
Due to General Capital Fund	617,963.00	
Budget Refunds	325,835.90	
Contra	94,423.36	
Federal and State Appropriated Reserves		40,024.80
Total Disbursements	<u>15,670,928.93</u>	<u>40,024.80</u>
Balance December 31, 2018	<u>\$ 2,317,597.71</u>	<u>\$ 478,108.48</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Change Fund
For the Year Ended December 31, 2018

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

EXHIBIT A-6

Schedule of Due (to)/from State of New Jersey
for Senior Citizens and Veterans Deductions
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ (2,119.53)
Increased by:	
Senior Citizen Deductions per Duplicate	\$ 16,250.00
Veterans Deductions per Duplicate	42,500.00
Senior Citizen and Veterans Deductions Allowed by Collector	<u>4,500.00</u>
	63,250.00
Less - Disallowed Senior Citizens and veterans Deductions	<u>4,750.00</u>
	<u>58,500.00</u>
Subtotal	56,380.47
Decreased by:	
Collected	<u>56,000.00</u>
Balance due (to)/from December 31, 2018	<u><u>\$ 380.47</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2018

<u>Year</u>	<u>Balance</u>	<u>2018 Levy</u>	<u>Added Taxes</u>	<u>COLLECTIONS BY CASH</u>		State Share of 2018 Senior Citizens and Veterans Deductions <u>Allowed</u>	<u>Overpayments Applied</u>	<u>Transferred to Tax Title Lien</u>	<u>Canceled</u>	<u>Balance</u>
	<u>Dec. 31, 2017</u>			<u>2017</u>	<u>2018</u>					<u>Dec. 31, 2018</u>
2015	\$ 6,358.15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,358.15
2016	10,716.00				5,805.73				-	4,910.27
2017	<u>208,341.46</u>		<u>250.00</u>		<u>204,968.32</u>					<u>3,623.14</u>
Subtotal	225,415.61	-	250.00	-	210,774.05	-	-	-	-	14,891.56
2018		<u>12,796,643.98</u>		<u>159,952.85</u>	<u>12,319,390.43</u>	<u>58,750.00</u>	<u>30,668.42</u>	<u>17,626.06</u>	<u>14,657.42</u>	<u>195,598.80</u>
Total	<u>\$ 225,415.61</u>	<u>\$ 12,796,643.98</u>	<u>\$ 250.00</u>	<u>\$ 159,952.85</u>	<u>\$ 12,530,164.48</u>	<u>\$ 58,750.00</u>	<u>\$ 30,668.42</u>	<u>\$ 17,626.06</u>	<u>\$ 14,657.42</u>	<u>\$ 210,490.36</u>

Analysis of Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 12,692,235.88
Added Taxes	45,658.10
Senior Citizens and Veterans Deductions Allowed	
Per Original Levy	<u>58,750.00</u>
Total	<u>\$ 12,796,643.98</u>

Tax Levy:

Local School Tax (Abstract)		\$ 6,548,802.00
County Tax (Abstract)	2,357,505.20	
County Library Tax (Abstract)	148,819.86	
County Open Space Tax (Abstract)	57,383.05	
County Added Taxes	<u>9,206.10</u>	<u>2,572,914.21</u>
Local Tax for Municipal Purposes	3,637,113.56	
Additional Tax Levies	<u>37,814.21</u>	<u>3,674,927.77</u>
Total		<u>\$ 12,796,643.98</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Tax Title Liens Receivable
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 118,933.45
Increased by:		
Interest and Costs from Tax Sale of October 16, 2018	\$ -	
Transfers from Taxes Receivable	<u>17,626.06</u>	<u>17,626.06</u>
		136,559.51
Decreased by:		
Collected		<u> </u>
Balance December 31, 2018		<u><u>\$ 136,559.51</u></u>

Schedule of Property Acquired for Taxes
For the Year Ended December 31, 2018

Balance December 31, 2017 and 2018	<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, 2018

Balance December 31, 2017		\$	12,654.37
Increased by:			
2018 Billings			<u>229,965.43</u>
			242,619.80
Decreased by:			
2018 Collections	\$	224,506.53	
Overpayments Applied		<u>862.94</u>	<u>225,369.47</u>
Balance December 31, 2018		\$	<u><u>17,250.33</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	Accrued in <u>2018</u>	Collected By <u>Treasurer</u>	Balance <u>Dec. 31, 2018</u>
Alcoholic Beverage Licenses	\$ -	\$ 4,868.00	\$ 4,868.00	\$ -
Other Licenses		5,630.85	5,630.85	
Fees and Permits		36,850.87	36,850.87	
Municipal Court - Fines and Costs	10,989.45	186,864.49	184,197.79	13,656.15
Interest and Costs on Taxes		55,736.09	55,736.09	
Cable TV Franchise Fees		72,428.85	72,428.85	
Consolidated Municipal Property Tax Relief		8,676.00	8,676.00	
Energy Receipts Tax		405,028.00	405,028.00	
Uniform Construction Code		53,464.00	53,464.00	
Shared Services Agreement - Bellmawr/Runnemede		46,565.37	46,565.37	
Shared Services Agreement - Construction Code		10,660.66	10,660.66	
Reserve for Debt		429,200.00	429,200.00	
Billboard Lease		78,529.00	78,529.00	
Firehouse Lease		2,400.00	2,400.00	
Total	<u>\$ 10,989.45</u>	<u>\$ 1,396,902.18</u>	<u>\$ 1,394,235.48</u>	<u>\$ 13,656.15</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, 2018

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Balance December 31, 2017</u>	<u>Added in 2018</u>	<u>Raised in 2018 Budget</u>	<u>Balance December 31, 2018</u>
Master Plan	10/04/18	\$ 35,000.00	\$ -	\$ 35,000.00	\$ -	\$ 35,000.00
Revaluation	04/03/14	85,000.00	34,000.00	-	17,000.00	17,000.00
Total			<u>\$ 34,000.00</u>	<u>\$ 35,000.00</u>	<u>\$ 17,000.00</u>	<u>\$ 52,000.00</u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of 2017 Appropriation Reserves
For the Year Ended December 31, 2018

	Balance Dec. 31, 2017	Encumbrances Dec. 31, 2017	Balance after Transfers	Disbursed	Balance Lapsed
Salary and Wages - Within Caps					
Administrative & Executive	\$ 999.92	\$ -	\$ 999.92	\$ -	\$ 999.92
Collection of Taxes	1,664.02		1,664.02		1,664.02
Tax Assessment	494.98		494.98		494.98
Planning Board	731.00		731.00		731.00
Police	123,125.11		123,125.11		123,125.11
Civil Defense & Diaster Control	12.72		12.72		12.72
Road Repairs & Maintenance	33,910.76		28,029.21		28,029.21
Garbage & Trash Collection	1,384.08		1,384.08		1,384.08
Public Buildings & Grounds	672.00		672.00		672.00
Sewer System	2,529.89		-		
Registrar of Vital Statistics	246.20		246.20		246.20
Municipal Court	30,914.60		30,914.60	29,412.22	1,502.38
Constuction Code Offical	2,481.85		2,481.85		2,481.85
Inspection of Rentals & Cert. of Habitability	191.20		191.20		191.20
Subtotal	199,358.33	-	190,946.89	29,412.22	161,534.67
Other Expenses - Within Caps					
Administrative & Executive	670.03		670.93		670.93
Municipal Clerk's Office	4,065.04		4,065.04	1,076.90	2,988.14
Financial Administration	326.97		326.97	159.12	167.85
Data Processing	3,512.73		3,512.73	222.75	3,289.98
Collection of Taxes	3,679.57		3,679.57		3,679.57
Liquidation of Tax Title Liens	441.60		441.60		441.60
Tax Assessment Administration	1,276.60		1,276.60		1,276.60
Legal Services and Costs	10,260.22		10,564.52	10,564.52	
Engineering Services and Costs	8,954.75		21,448.75	21,448.75	
Planning Board	2,954.42		2,954.42	885.00	2,069.42
Group Insurance	2,060.47		2,060.47		2,060.47
Liability Insurance	296.66		296.66		296.66
Workers Compensation	68.40		68.40		68.40
Health Benefit Waiver	4,202.31		4,202.31		4,202.31
Police	15,468.34	5,691.14	21,159.48	16,762.50	4,396.98
Civil Defense and Disaster Control	4,122.18	3,674.07	7,796.25	4,140.52	3,655.73
Aid to Volunteer Fire Companies	-		1,365.14	1,365.14	
Aid to Volunteer - Ambulance	185.88		185.88		185.88
Fire Hydrant Service (Water)	5,301.47		5,301.47	356.94	4,944.53
Road Repairs & Maintenance	3,091.01	1,091.10	4,181.21	1,589.42	2,591.79
Garbage and Trash Removal	987.16		987.16		987.16
Solid Waste Disposal	12,269.72	11,054.26	23,323.98	23,297.30	26.68
Public Buildings and Grounds	12,417.90	244.43	12,662.33	4,167.46	8,494.87
Sewer System	3,283.38	13.32	3,296.70	3,296.70	
Borough Vehicle Maintenance	13,274.73	1,493.02	9,009.91	8,429.09	580.82
Registrar of Vital Statistics	327.18		128.02		128.02
Celebration of Public Event, Anniversary, or Holiday	2,000.00		2,205.00	364.51	1,840.49
Utilities:					
Electricity	11,079.40		11,079.40	5,795.01	5,284.39
Street Lights	7,146.61		7,146.61	4,793.66	2,352.95
Telephone	1,943.91		1,943.91	379.69	1,564.22
Gasoline	2,787.25	788.94	3,576.19	3,153.34	422.85
Sewer	536.00		536.00		536.00
Construction Code Official	1,129.04		1,129.04		1,129.04
Inspection of Rentals & Cert. of Habitability	150.00		150.00		150.00
Stormwater Regulation	1,050.00		1,050.00		1,050.00
Public Employees Retirement System	917.00		917.00		917.00
Police & Firemen's Retirement System	866.00		866.00		866.00
Defined Contribution Retirement System	1,000.00		1,000.00		1,000.00
Social Security System	1,380.94		1,380.94		1,380.94
Subtotal	145,484.87	24,050.28	177,946.59	112,248.32	65,698.27
Other Expenses - Excluded from Caps					
Recycling Tax	1,197.57	512.94	1,710.51	1,002.66	707.85
Interlocal Municipal Service Agreements					
Shared Truck Wash - OE	4,000.00		4,000.00		4,000.00
Borough of Barrington - Municipal Clerk OE	30.00		30.00		30.00
Borough of Stratford - Electrical Sub-code Official OE	2,181.84		2,181.84	1,659.08	522.76
	7,409.41	512.94	7,922.35	2,661.74	5,260.61
Grand Total	\$ 352,252.61	\$ 24,563.22	\$ 376,815.83	\$ 144,322.28	\$ 232,493.55
			Cash Disbursed	<u>144,322.28</u>	
			Paid or Charged	<u>\$ 144,322.28</u>	

BOROUGH OF MOUNT EPHRAIM
Current Fund
 Schedule of Tax Overpayments
 For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 34,423.00
Increased by:		
Collected		<u>34,935.26</u>
Subtotal		69,358.26
Decreased by:		
Refunds	\$ 1,849.22	
Tax Overpayments Applied	30,668.42	
Canceled	<u>3,754.34</u>	<u>36,271.98</u>
Balance December 31, 2018		<u><u>\$ 33,086.28</u></u>

Schedule of Prepaid Taxes
 For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 159,952.85
Increased by:		
Collected		<u>74,613.24</u>
Subtotal		234,566.09
Decreased by:		
Applied to 2018 Taxes		<u>159,952.85</u>
Balance December 31, 2018		<u><u>\$ 74,613.24</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Local School Taxes Payable
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ (49,579.60)
Increased by:	
Levy: Calendar Year 2018	<u>6,548,802.00</u>
Subtotal	6,499,222.40
Decreased by:	
Disbursed to Local School District	<u>6,499,222.40</u>
Balance (Prepaid) December 31, 2018	<u><u>\$ -</u></u>

Schedule of County Taxes Payable
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 6,518.84
Increased by:	
2018 Levy:	
General County	\$ 2,357,505.20
County Library	148,819.86
County Open Space	57,383.05
Added and Omitted Taxes	<u>9,206.10</u>
Subtotal	<u>2,572,914.21</u>
	2,579,433.05
Decreased by:	
Disbursed to County of Camden	<u>2,570,226.95</u>
Balance December 31, 2018	<u><u>\$ 9,206.10</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Sewer Rent Overpayments
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 862.94
Increased by:	
Collected	<u>976.77</u>
Subtotal	1,839.71
Decreased by:	
Applied to Sewer Rents Receivable	<u>862.94</u>
Balance December 31, 2018	<u><u>\$ 976.77</u></u>

Schedule of Due to State of New Jersey
for Marriage License Fees
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 125.00
Increased by:	
State Portion of 2018 Marriage Licenses Fees	<u>550.00</u>
Subtotal	675.00
Decreased by:	
Disbursed to State of New Jersey	<u>575.00</u>
Balance December 31, 2018	<u><u>\$ 100.00</u></u>

BOROUGH OF MOUNT EPHRAIM
Current Fund
Schedule of Due to State of NJ - UCC Fees
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 714.00
Increased by:	
Cash Received	4,211.00
	<u>4,925.00</u>
Decreased by:	
Cash Disbursed	4,624.00
	<u>4,624.00</u>
Balance December 31, 2018	<u>\$ 301.00</u>

EXHIBIT A-21

Schedule of Reserve for Revaluation
For the Year Ended December 31, 2018

Balance December 31, 2018 and 2017	<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, 2018

Balance December 31, 2018 and 2017	<u>\$ 3,770.62</u>
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EXHIBIT A-23

Schedule of Reserve For Master Plan
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ -
Increased by:	
N.J.S. 40A:4-55 Special Emergency Authorizations	35,000.00
	<u>35,000.00</u>
Decreased by:	
Cash Disbursed	<u> </u>
Balance December 31, 2018	<u>\$ 35,000.00</u>

BOROUGH OF MOUNT EPHRAIM
Federal and State Grant Fund
Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2018

	Balance Dec. 31, 2017	Accrued	Received	Transfer From Unappropriated Reserves	Transfer To Unappropriated Reserves	Balance Dec. 31, 2018
State Grants:						
Clean Communities Program	\$ -	\$ 9,049.69	\$ 9,049.69	\$ -	\$ -	\$ -
Body Armor Replacement Grant	-					-
DWI Enforcement	-					-
NJ Transportation Trust - Roosevelt Avenue	20,012.77					20,012.77
NJ Transportation Trust - Lambert/Northmont/James		452,000.00				452,000.00
Recycling Tonnage Grant	-	11,749.32		11,749.32		-
Alcohol Education and Rehab	-	696.75	439.39	257.36		-
Body Armor Grant	-					-
Drive Sober or Get Pulled Over	-					-
County Grants:						
Open Space Preservation Trust Fund	50,006.86					50,006.86
Camden County Open Space Grant		25,000.00				25,000.00
County Recreation Facility Enhancement	-					-
County Recreation Facility Enhancement	2,093.61					2,093.61
Federal Grants:						
Community Development Block Grant	240.00					240.00
Community Development Block Grant - Year 39	-	20,000.00				20,000.00
Total	<u>\$ 72,353.24</u>	<u>\$ 518,495.76</u>	<u>\$ 9,489.08</u>	<u>\$ 12,006.68</u>	<u>\$ -</u>	<u>\$ 569,353.24</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, 2018

	Balance <u>Dec. 31, 2017</u>	Federal and State Grant <u>Receivable</u>	Realized as Revenue <u>In 2018</u>	Balance <u>Dec. 31, 2018</u>
State Grants:				
Alcohol Education and Rehab	\$ 257.36		\$ 257.36	\$ -
Recycling Tonnage Grant	<u>11,749.32</u>		<u>11,749.32</u>	<u>-</u>
Total	<u>\$ 12,006.68</u>	<u>\$ -</u>	<u>\$ 12,006.68</u>	<u>\$ -</u>

BOROUGH OF MOUNT EPHRAIM
Federal and State Grant Fund
Schedule of Reserve For Federal and State Grants - Appropriated
For the Year Ended December 31, 2018

	Balance Dec. 31, 2017	Transferred From 2018 Budget	Prior Year Encumbrances	Paid or Charged	Due From Current Fund	Balance Dec. 31, 2018
State Grants:						
Drunk Driving Enforcement Fund	\$ 9,054.25					\$ 9,054.25
Recycling Tonnage Grant	3,973.36	11,749.32		3,117.50		12,605.18
Alcohol Education & Rehab. Program	747.25	696.75			963.64	2,407.64
Drive Sober or Get Pulled Over	2,200.00					2,200.00
Body Armor Grant	392.60		3,836.00	3,836.00		392.60
Clean Communities	17,197.86	9,049.69		10,790.54		15,457.01
NJ Transportation Trust - Delaware Avenue	10,657.25					10,657.25
NJ Transportation Trust - Roosevelt Avenue	20,409.77					20,409.77
NJ Transportation Trust - Lambert/Northmont/James		452,000.00				452,000.00
Statewide Domestic Preparedness Grant	67.81					67.81
						-
County Grants:						-
Open Space Preservation Trust Fund	45,221.92			22,280.76		22,941.16
Camden County Open Space Grant		25,000.00				25,000.00
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 35	240.00					240.00
Community Development Block Grant - Year 39	-	20,000.00		2,164.00		17,836.00
Total	<u>\$ 110,936.51</u>	<u>\$ 518,495.76</u>	<u>\$ 3,836.00</u>	<u>\$ 42,188.80</u>	<u>\$ 963.64</u>	<u>\$ 592,043.11</u>
				\$ 40,024.80		
				2,164.00		
		Total		<u>\$ 42,188.80</u>		

TRUST FUND

BOROUGH OF MOUNT EPHRAIM
Trust Fund
Schedule of Cash - Treasurer
For the Year Ended December 31, 2018

	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, 2017	\$ 5,507.26	\$ 293,628.75	\$ 149.35	\$ 1,902.89	\$ 18,861.58	\$ 38,439.43	\$ 117.07	\$ 23,363.79	\$ 202,497.76	\$ 121.55	\$ 8,175.33
Receipts:											
Dog License Fees:											
Municipal Licenses	6,804.00	-									
State Registration Fees	621.00	-									
Miscellaneous	3,389.33	-									
Board Contribution		-									
Payroll Withholdings		1,883.96	1,883.96								
Net Payroll		1,528,147.55		1,528,147.55							
Payroll Deductions Payable		683,818.41		683,818.41							
Off-Duty Police Fees		179,785.85			179,785.85						
Public Defender Fees		6,039.00				6,039.00					
POAA Fees		10.00					10.00				
Tax Title Lien Redemptions		287,400.39							287,400.39		
Premium		43,000.00							43,000.00		
Developer's Escrow		16,570.50						16,570.50			
Forfeited Funds		595.70									595.70
Interest Earned	22.83	1,472.12	7.66	172.00	330.58	182.58	0.52	113.26	629.43	0.53	35.56
Total Receipts	10,837.16	2,748,723.48	1,891.62	2,212,137.96	180,116.43	6,221.58	10.52	16,683.76	331,029.82	0.53	631.26
Disbursements:											
Expenditures Under RS4:19-15.11	12,424.43	-									
State Registration Fees	622.20	-									
Unemployment		-									
Net Payroll		1,528,147.55		1,528,147.55							
Payroll Deductions Payable		662,795.72		662,795.72							
Off-Duty Police		135,994.42			135,994.42						
Developer's Escrow		11,573.50						11,573.50			
Tax Title Lien Redemptions		277,084.46							277,084.46		
Premium		128,600.00							128,600.00		
Public Defender Fees		27,775.56				27,775.56					
Forfeited Funds		500.00									500.00
Due to Current Fund	22.83	1,437.02			330.58	182.58	0.54	98.06	825.26		
Total Disbursements	13,069.46	2,773,908.23	-	2,190,943.27	136,325.00	27,958.14	0.54	11,671.56	406,509.72	-	500.00
Balance December 31, 2018	\$ 3,274.96	\$ 268,444.00	\$ 2,040.97	\$ 23,097.58	\$ 62,653.01	\$ 16,702.87	\$ 127.05	\$ 28,375.99	\$ 127,017.86	\$ 122.08	\$ 8,306.59

BOROUGH OF MOUNT EPHRAIM
Trust Fund
Schedule of Reserve for Animal Control Expenditures
For the Year Ended December 31, 2018

Balance (Deficit) December 31, 2017		\$ 5,503.66
Increased by:		
2018 Dog License Fees Collected	\$ 6,804.00	
Late Fees	1,020.00	
Miscellaneous	2,369.33	
Current Fund - Budget Appropriation	<u> </u>	<u>10,193.33</u>
Total		15,696.99
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash disbursed		<u>12,424.43</u>
Balance (Deficit) December 31, 2018		<u><u>\$ 3,272.56</u></u>

LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2017	\$ 5,589.00
2016	<u>5,561.40</u>
	<u><u>\$ 11,150.40</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Unemployment Compensation
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 2,235.42
Increased by:		
Employee Withholdings	\$ 3,158.04	
Interest Earned	<u>7.66</u>	<u>3,165.70</u>
Subtotal		5,401.12
Decreased by:		
Claims Paid		<u> </u>
Balance December 31, 2018		<u><u>\$ 5,401.12</u></u>

Schedule of Reserve for Escrow Trust Fund
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 80,309.29
Increased by:		
Escrow Deposits	\$ 16,570.50	
Interest Earned on Investments	<u>15.20</u>	<u>16,585.70</u>
Decreased by:		
Disbursements		<u>11,573.50</u>
Balance December 31, 2018		<u><u>\$ 85,321.49</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds

Statement of Reserve for Law Enforcement - Forfeited Funds
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 8,175.33
Increased by:		
Cash Receipts	\$ 595.70	
Interest Earned on Investments	<u>35.56</u>	<u>631.26</u>
		8,806.59
Decreased by:		
Cash Disbursed		<u>500.00</u>
Balance December 31, 2018		<u><u>\$ 8,306.59</u></u>

Schedule of Deposits for Redemption of Tax Sale Certificates
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 2,297.76
Increased by:		
Deposits Received		<u>287,499.39</u>
		289,797.15
Decreased by:		
Refunds - Tax Sale Certificates Redeemed		<u>277,084.46</u>
Balance December 31, 2018		<u><u>\$ 12,712.69</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Tax Sale Premiums
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 200,200.00
Increased by:	
Cash Receipts	<u>43,000.00</u>
Subtotal	243,200.00
Decreased by:	
Cash Disbursements	<u>128,600.00</u>
Balance December 31, 2018	<u><u>\$ 114,600.00</u></u>

Statement of Reserve for Off Duty Police
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 32,502.84
Increased by:		
Cash Receipts	\$ 166,144.59	
Accounts Receivable	<u>10,695.26</u>	<u>176,839.85</u>
Subtotal		209,342.69
Decreased by:		
Cash Disbursements		<u>135,994.42</u>
Balance December 31, 2018		<u><u>\$ 73,348.27</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Public Defender Fees
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 12,909.41
Increased by:		
Cash Receipts		<u>6,039.00</u>
Subtotal		18,948.41
Decreased by:		
Due to Criminal Disposition Board	\$ 8,387.13	
Due to General Fund	<u>2,245.54</u>	<u>10,632.67</u>
Balance December 31, 2018		<u><u>\$ 8,315.74</u></u>

Statement of Reserve for POAA Fees
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 117.05
Increased by:		
Cash Receipts		<u>10.00</u>
Subtotal		127.05
Decreased by:		
Disbursements		<u> </u>
Balance December 31, 2018		<u><u>\$ 127.05</u></u>

BOROUGH OF MOUNT EPHRAIM
Trust - Other Funds
Statement of Reserve for Police Donations
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 121.55
Increased by:	
Interest earned	<u>0.53</u>
Subtotal	122.08
Decreased by:	
Disbursements	<u> </u>
Balance December 31, 2018	<u><u>\$ 122.08</u></u>

GENERAL CAPITAL FUND

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Cash - Treasurer
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 526,400.62
Receipts:		
Due to Current Fund - Interest Earnings		<u>2,018.26</u>
Subtotal		528,418.88
Disbursements:		
Improvement Authorizations	\$ 233,089.61	
Due to Current Fund - Interest Earnings	<u>2,018.26</u>	<u>235,107.87</u>
Balance December 31, 2018		<u><u>\$ 293,311.01</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
 Analysis of General Capital Cash and Investments
 For the Year Ended December 31, 2018

Fund Balance		\$ 49.80
Capital Improvement Fund		35.10
State Grant Receivable		(23,779.35)
Due from Current Fund		(652,666.38)
Due from Federal and State Grant Fund		(428,440.94)
Due from Camden County Improvement Authority		(4,035.37)
Reserve for Debt Service		735,849.72
Improvement Authorizations:		
Ordinance		
<u>Number</u>		
07-2010	Drainage and Street Improvements - Bell road	5,641.52
07-2014	Various Improvements	47,622.24
03-2015	Various Improvements	269.77
10-2016	Various Capital Improvements and Acquisition of Capital Equipment	118,393.08
08-2017	Various Improvements	20,246.94
07-2018	Various Improvements	474,124.88
		<hr/>
	Total	<u><u>\$ 293,311.01</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 4,890,000.00
Decreased By:	
Serial Bonds Paid	<u>280,000.00</u>
Balance December 31, 2018	<u><u>\$ 4,610,000.00</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Funded By Budget Appropriation	Notes Paid By Current Fund Appropriation	Transferred to Deferred Taxation Funded	Balance Dec. 31, 2018	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		-			
10-2015	Various Roads and Related Improvemets	234,650.00			100,000.00		134,650.00	134,650.00		
10-2016	Various Capital Improvements and Acquisition of Capital Equipment	483,313.00					483,313.00	483,313.00		
07-2018	Various Capital Improvements and Acquisition of Various Capital Equipment	-	642,000.00				642,000.00	642,000.00		
	Total	\$ 847,898.00	\$ 642,000.00	\$ -	\$ 229,200.00	\$ -	\$ 1,260,698.00	\$ 1,259,963.00	\$ -	\$ 735.00

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Capital Improvement Fund
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 35.10
Increased by:	
2018 Budget Appropriation	<u>10,000.00</u>
Subtotal	10,035.10
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>10,000.00</u>
Balance December 31, 2018	<u><u>\$ 35.10</u></u>

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Improvement Authorizations
For the Year Ended December 31, 2018

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2017		Reappropriated	Capital Improvement Fund	2018 AUTHORIZATIONS		Grants	Paid or Charged	Canceled	Balance December 31, 2018	
				Funded	Unfunded			Deferred Charges To Future Taxation - Unfunded	Fund				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:													
	Public Safety Improvements	07/03/14	75,000.00	937.90									937.90	
	Public Works Vehicles and Equipment	07/03/14	15,000.00	522.50							522.50			
	Second Avenue Road Project	07/03/14	200,000.00	46,684.34									46,684.34	
03-2015	Various Improvements:													
	Acquisition of Ambulance	04/02/15	150,000.00	1,004.77							859.20		145.57	
	Various Improvements to Borough Buildings	04/02/15	100,000.00	124.20	735.00								124.20	735.00
10-2015	Reconstruction of Various Roads	09/03/15	247,000.00		10,391.79						10,391.79			
10-2016	Various Capital Improvements and Acquisition of Capital Equipment	08/04/16	908,750.00		158,175.18						39,782.10			118,393.08
08-2017	Various Improvements:													
	Purchase of Public Works Equipment	08/03/17	70,000.00	7,905.84							835.10		7,070.74	
	Improvements to the Municipal Building and Police Department	08/03/17	16,000.00	16,000.00							2,823.80		13,176.20	
07-2018	Various Improvement and Acquisitions:													
	Acquisition of Police Department Equipment	07/05/18	21,000.00				1,050.00	19,950.00			20,632.50			367.50
	Acquisition of Public Works Department Equipment	07/05/18	60,000.00				3,000.00	57,000.00			18,687.00			41,313.00
	Acquisition of Fire Department Equipment	07/05/18	45,000.00				2,250.00	42,750.00					2,250.00	42,750.00
	Repairs and Reconstruction of Various Borough Roads	07/05/18	74,000.00				3,700.00	70,300.00			2,744.41			71,255.59
	Repairs and Reconstruction of Various Borough Roads	07/05/18	452,000.00					452,000.00			135,811.21			316,188.79
Total				<u>\$ 78,821.07</u>	<u>\$ 169,301.97</u>	<u>\$ -</u>	<u>\$ 10,000.00</u>	<u>\$ 642,000.00</u>	<u>\$ -</u>	<u>\$ 233,089.61</u>	<u>\$ -</u>	<u>\$ 76,030.47</u>	<u>\$ 591,002.96</u>	
Cash Disbursed											<u>\$ 233,089.61</u>			

Borough of Mount Ephraim
General Capital Fund
Statement of General Serial Bonds
For the Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			December 31, 2018							
			Date	Amount						
Borough Guaranteed Bonds - 2009	05/01/09	\$ 3,000,000.00	05/01/19	\$ 140,000.00	5.25%	\$ 2,125,000.00	\$ -	\$ 140,000.00	\$ 1,985,000.00	
			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	03/01/19	145,000.00	3.25%	2,765,000.00		140,000.00	2,625,000.00	
			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							

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2018

<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, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</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	10/10/2017	10/9/2018	1.44%	234,650.00	-	234,650.00	-
10-2015	Various Roads and Related Improvements	10/13/2015	10/4/2018	10/3/2019	1.95%	-	134,650.00	-	134,650.00
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	-
10-2016	Various Capital Improvements and the Acquisition of Various Capital Improvements	10/10/2017	10/4/2018	10/3/2019	1.95%	-	483,313.00	-	483,313.00
07-2018	Various Capital Improvements and Acquisitions of Various Capital Improvements	10/4/2018	10/4/2018	10/3/2019	1.95%	-	642,000.00	-	642,000.00
						<u>\$ 847,163.00</u>	<u>\$ 1,259,963.00</u>	<u>\$ 847,163.00</u>	<u>\$ 1,259,963.00</u>
					Issued for Cash		\$ 642,000.00	\$ -	
					Paid by Current Budget Appropriation		-	229,200.00	
					Renewals		617,963.00	617,963.00	
					Total		<u>\$ 1,259,963.00</u>	<u>\$ 847,163.00</u>	

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Obligations Under Capital Lease
For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2018</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, 2017</u>			<u>Dec. 31, 2018</u>
Refunding Capital Lease	12/21/14	\$ 432,000.00	12/15/19	\$ 43,000.00	4.00%	\$ 357,000.00	\$ -	\$ 40,000.00	\$ 317,000.00
			12/15/20	43,000.00	4.00%				
			12/15/21	42,000.00	4.00%	\$ 357,000.00	\$ -	\$ 40,000.00	\$ 317,000.00
			12/15/22	45,000.00	4.00%				
			12/15/23	46,000.00	4.00%				
			12/15/24	48,000.00	4.00%				
			12/15/25	50,000.00	4.00%				

BOROUGH OF MOUNT EPHRAIM
General Capital Fund
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Bond Anticipation Notes Issued	Serial Bonds Issued	Balance Dec. 31, 2018
03-2015	Various Capital Improvements	\$ 735.00	\$ -	\$ -	\$ -	\$ 735.00
07-2018	Various Capital Improvements and Acquisition of Various Capital Equipment	-	642,000.00	642,000.00	-	-
	Total	<u>\$ 735.00</u>	<u>\$ 642,000.00</u>	<u>\$ 642,000.00</u>	<u>\$ -</u>	<u>\$ 735.00</u>

BOROUGH OF MOUNT EPHRAIM

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2018

**BOROUGH OF MOUNT EPHRAIM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
1) Material weaknesses identified?	<u> </u> yes	<u> X </u> no	
2) Were reportable conditions identified that were not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported	
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> 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, 2018

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, 2018

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

There were no prior year findings.

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 Weiss	Registrar of Vital Statistics	\$1,000,000.00	(A)
Tara Weiss	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

July 19, 2019