

BOROUGH OF EDGEWATER

**Financial Statements With
Supplementary Information**

December 31, 2011

(With Independent Auditors' Reports Thereon)

BOROUGH OF EDGEWATER

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Edgewater
County of Bergen, New Jersey

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Borough of Edgewater in the County of Bergen, as of and for the years ended December 31, 2011 and 2010, and the related statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the Borough of Edgewater's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed below, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Length of Service Awards Program of the Borough of Edgewater has not been audited, and we were not engaged to audit The Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



Honorable Mayor and
Members of the Borough Council
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In our opinion, because of the Borough of Edgewater's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Edgewater, New Jersey as of December 31, 2011 and 2010 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Edgewater, New Jersey at December 31, 2011 and 2010, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 29, 2012, on our consideration of the Borough of Edgewater, New Jersey internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Edgewater, State of New Jersey taken as a whole. The accompanying supplementary data, schedules and exhibits listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Edgewater, State of New Jersey. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.


Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CROO413


FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

May 29, 2012



BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2011 and 2010

| <u>Assets</u> | <u>Ref.</u> | Dec. 31, <u>2011</u> | Dec. 31, <u>2010</u> |
|--|-------------|-------------------------|-------------------------|
| Regular Fund: | | | |
| Cash | A-4 | \$ 3,571,163 | 3,183,705 |
| Petty cash | | 250 | 250 |
| Change funds | | 200 | 190 |
| Due from State of New Jersey: | | | |
| Senior citizens' and veterans' deductions | A-8 | 33,818 | 32,088 |
| | | <u>3,605,431</u> | <u>3,216,233</u> |
| Receivables and other assets with full reserves: | | | |
| Delinquent property taxes receivable | A-5 | 795,539 | 734,624 |
| Property acquired for taxes - assessed valuation | A-17 | 3,844,775 | 3,844,775 |
| Tax title liens | A-6 | 42,777 | 34,166 |
| Revenue accounts receivable | A-7 | 18,491 | 21,046 |
| Sewer charges receivable | A-7 | 106,949 | 158,191 |
| Interfunds receivable: | | | |
| Escrow trust fund | A-19 | 21 | 18 |
| General capital fund | A-19 | 1,169 | |
| | | <u>4,809,721</u> | <u>4,792,820</u> |
| Deferred charges: | | | |
| Emergency Authorizations | A-23 | 65,000 | 100,000 |
| Special emergency authorizations | A-24 | 204,000 | 247,000 |
| | | <u>269,000</u> | <u>347,000</u> |
| | | <u>8,684,152</u> | <u>8,356,053</u> |
| State and Federal Grant Fund: | | | |
| Due from Current Fund | A-22 | 125,392 | 47,248 |
| | | <u>125,392</u> | <u>47,248</u> |
| | | <u>\$ 8,809,544</u> | <u>8,403,301</u> |

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2011 and 2010

| | <u>Ref.</u> | Dec. 31, <u>2011</u> | Dec. 31, <u>2010</u> |
|---|-------------|-------------------------|-------------------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Regular Fund: | | | |
| Appropriation reserves | A-3,A-12 | \$ 761,275 | 980,936 |
| Encumbrances payable | A-13 | 209,014 | 159,222 |
| County added and omitted taxes payable | A-11 | 3,883 | 33,315 |
| Tax overpayments | A-14 | 54,309 | 32,103 |
| Prepaid taxes | A-15 | 172,396 | 146,936 |
| Due to State of NJ - Marriage Licenses | A-16 | 450 | 250 |
| Reserve for tax title lien premium | A-18 | 62,100 | 63,200 |
| Interfund Payables: | | | |
| General capital fund | A-19 | | 96,407 |
| Various miscellaneous reserves | A-20 | 180,756 | 159,740 |
| Special emergency note payable | A-21 | 124,000 | 155,000 |
| Due to state and federal grant fund | A-22 | 125,392 | 47,248 |
| | | <u>1,693,575</u> | <u>1,874,357</u> |
| Reserve for receivables and other assets | A | 4,809,721 | 4,792,820 |
| Fund balance | A-1 | <u>2,180,856</u> | <u>1,688,876</u> |
| | | <u>8,684,152</u> | <u>8,356,053</u> |
| State and Federal Grant Fund: | | | |
| Appropriated reserves | A-26 | 16,124 | |
| Encumbrances payable | A-26 | 500 | |
| Unappropriated reserves | A-27 | 108,768 | 47,248 |
| | | <u>125,392</u> | <u>47,248</u> |
| | | <u>\$ 8,809,544</u> | <u>8,403,301</u> |

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Statement of Operations and Changes in Fund Balance-Regulatory Basis

Current Fund

Year ended December 31, 2011

| | Dec. 31, <u>2011</u> | Dec. 31, <u>2010</u> |
|---|-------------------------|-------------------------|
| Revenue and other income realized: | | |
| Fund balance utilized | \$ 1,585,000 | 1,765,000 |
| Miscellaneous revenue anticipated | 3,881,829 | 1,804,706 |
| Receipts from delinquent taxes | 705,501 | 1,642,514 |
| Receipts from current taxes | 37,632,330 | 35,071,630 |
| Nonbudget revenues | 706,943 | 1,027,375 |
| Other credits to income: | | |
| Unexpended balance of appropriation reserves | 581,348 | 537,595 |
| Tax overpayments cancelled | | 105,321 |
| Liabilities cancelled | 8,200 | 257,303 |
| Grant reserves cancelled | | 343,619 |
| Prior year interfunds returned | | 3,548 |
| | <hr/> | <hr/> |
| Total revenue | 45,101,151 | 42,558,611 |
| Expenditures: | | |
| Budget and emergency appropriations: | | |
| Appropriation within "CAPS": | | |
| Operations: | | |
| Salaries and wages | 8,153,475 | 8,040,558 |
| Other expenses | 6,477,834 | 6,296,410 |
| Deferred charges and statutory expenditures | 1,749,475 | 1,475,391 |
| Appropriations excluded from "CAPS": | | |
| Operations: | | |
| Other expenses | 4,369,438 | 3,927,813 |
| Capital improvements | 75,000 | 75,000 |
| Municipal debt service | 1,802,704 | 1,686,796 |
| Deferred charges and statutory expenditures | 143,000 | 12,000 |
| County taxes | 5,679,250 | 5,567,265 |
| Due county for added taxes | 3,883 | 33,315 |
| Local district school taxes | 14,570,680 | 13,476,108 |
| Grant receivables cancelled | | 120,648 |
| Interfund advanced | | 18 |
| Refund prior year revenue | 64,432 | 539,665 |
| | <hr/> | <hr/> |
| Total expenditures | 43,089,171 | 41,250,987 |
| Excess in revenue | 2,011,980 | 1,307,624 |
| Adjustments to income before Surplus: | | |
| Expenditures included above which are by statute deferred charges to budget of succeeding year | 65,000 | 335,000 |
| Statutory Excess to Surplus | <hr/> | <hr/> |
| | 2,076,980 | 1,642,624 |
| Fund balance - January 1, | <hr/> | <hr/> |
| | 1,688,876 | 1,811,252 |
| | <hr/> | <hr/> |
| | 3,765,856 | 3,453,876 |
| Decreased by utilization as anticipated revenue | <hr/> | <hr/> |
| | 1,585,000 | 1,765,000 |
| Fund balance - December 31, | <hr/> | <hr/> |
| | \$ 2,180,856 | 1,688,876 |

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER

Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2011

| | <u>Budget</u> | <u>Realized</u> | <u>Excess (deficit)</u> |
|---|----------------------|----------------------|-----------------------------|
| Surplus anticipated | \$ 1,585,000 | 1,585,000 | |
| Miscellaneous revenues: | | | |
| Licenses: | | | |
| Alcoholic beverages | 17,170 | 21,338 | 4,168 |
| Other | 8,900 | 17,898 | 8,998 |
| Fees and permits: | | | |
| Construction | 247,000 | 686,059 | 439,059 |
| Other | 120,000 | 128,857 | 8,857 |
| Fines and costs municipal court | 247,100 | 246,745 | (355) |
| Interest and costs on taxes | 145,100 | 138,958 | (6,142) |
| Interest on investments and deposits | 7,500 | 4,538 | (2,962) |
| Consolidated Municipal Property Tax Relief Aid | 203,177 | 203,177 | |
| Energy Receipts Tax | 547,554 | 547,554 | |
| Clean Communities Program | 16,624 | 16,624 | |
| FEMA | 742,996 | 742,996 | |
| Forestry Grant | 7,000 | 7,000 | |
| Uniform Fire Safety Act | 26,000 | 23,549 | (2,451) |
| Commercial Sewer Fees | 127,156 | 327,261 | 200,105 |
| General Capital Fund Balance | 59,800 | 59,800 | |
| Hotal Tax | 200,000 | 224,335 | 24,335 |
| PILOT Payments - Waterford Towers | 340,000 | 485,140 | 145,140 |
| | <u>3,063,077</u> | <u>3,881,829</u> | <u>818,752</u> |
| Total miscellaneous revenues | | | |
| Receipts from delinquent taxes | 735,000 | 705,501 | (29,499) |
| Amount to be raised by taxes for support of municipal budget | <u>18,216,763</u> | <u>18,160,885</u> | <u>(55,878)</u> |
| Budget total | <u>\$ 23,599,840</u> | <u>24,333,215</u> | <u>733,375</u> |
| Nonbudget revenue | | <u>706,943</u> | |
| | | <u>\$ 25,040,158</u> | |

BOROUGH OF EDGEWATER

Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2011

Analysis of Realized Revenue

| | |
|---|-----------------------------|
| Allocation of current tax collections; | |
| Revenue from collections | \$ <u>37,632,330</u> |
| Allocated to: | |
| Local district school tax | 14,570,680 |
| County taxes | <u>5,683,133</u> |
| | <u>20,253,813</u> |
| Balance for support of municipal budget appropriations | 17,378,517 |
| Reserve for uncollected taxes | <u>782,368</u> |
| | \$ <u><u>18,160,885</u></u> |
| Receipts from: | |
| Delinquent tax collections | \$ <u>705,501</u> |
| | \$ <u><u>705,501</u></u> |

Analysis of Miscellaneous Revenue Not Anticipated

| | |
|-----------------------------------|--------------------------|
| Polling Place | 80 |
| Police Fees | 3,866 |
| Ambulance Fees | 227,905 |
| Senior Citizen Deductions Refunds | 1,750 |
| M&T Excess Funds | 165,311 |
| Parking Permits | 2,345 |
| Parking Meters | 5,653 |
| Advertising Fees | 7,540 |
| Sewer Connection Fees | 149,000 |
| FEMA | 39,442 |
| Cable TV | 63,577 |
| Sale of Assets | 2,500 |
| Miscellaneous | <u>37,974</u> |
| | \$ <u><u>706,943</u></u> |

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2011

| <u>Description</u> | <u>Budget</u> | <u>Budget after modifications</u> | <u>Expended</u> | | <u>Cancelled</u> |
|---------------------------------------|---------------|-----------------------------------|------------------------|-----------------|------------------|
| | | | <u>Paid or charged</u> | <u>Reserved</u> | |
| Operations-within "CAPS" | | | | | |
| Administrative and executive: | | | | | |
| Salaries and wages | 457,000 | 457,000 | 437,368 | 632 | 19,000 |
| Other expenses: | | | | | |
| Miscellaneous other expenses | 222,510 | 222,510 | 184,522 | 37,988 | |
| Mayor and Council- salaries and wages | 59,649 | 59,649 | 57,443 | 206 | 2,000 |
| Elections: | | | | | |
| Salaries and wages | 4,840 | 4,840 | | 4,840 | |
| Other expenses | 8,350 | 8,350 | 4,948 | 3,402 | |
| Financial administration: | | | | | |
| Annual audit | 25,000 | 25,000 | 20,086 | 4,914 | |
| Other expenses | 32,000 | 32,000 | 32,000 | | |
| Assessment of taxes: | | | | | |
| Salaries and wages | 60,582 | 60,582 | 49,823 | 10,759 | |
| Other expenses: | | | | | |
| Consultant and legal fees-tax appeals | 45,000 | 47,000 | 46,935 | 65 | |
| Miscellaneous other expenses | 13,700 | 64,624 | 64,623 | 1 | |
| Collection of taxes: | | | | | |
| Salaries and wages | 96,071 | 96,071 | 95,359 | 712 | |
| Other expenses | 12,000 | 18,200 | 18,133 | 67 | |
| Legal services and costs: | | | | | |
| Salaries and wages | 82,778 | 82,778 | 43,065 | 713 | 39,000 |
| Other expenses | 115,000 | 115,000 | 95,311 | 19,689 | |
| Engineering service and cost: | | | | | |
| Miscellaneous other expenses | 75,000 | 75,000 | 51,388 | 23,612 | |

BOROUGH OF EDGEWATER
Statement of Expenditures - Regulatory Basis
Current Fund
Year ended December 31, 2011

| <u>Description</u> | <u>Budget</u> | <u>Budget after modifications</u> | <u>Expended</u> | | |
|---|---------------|-----------------------------------|------------------------|-----------------|------------------|
| | | | <u>Paid or charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| Insurance: | | | | | |
| Hospitalization | 2,378,480 | 2,378,480 | 2,378,480 | | |
| Other Insurance | 619,689 | 627,905 | 627,905 | | |
| Public building and grounds: | | | | | |
| Other expenses | 95,300 | 112,300 | 99,211 | 13,089 | |
| Municipal Land Use Law (NJSA 40:55D-1): | | | | | |
| Planning Board: | | | | | |
| Salaries and wages | 6,885 | 6,885 | 2,903 | 3,982 | |
| Other expenses | 25,850 | 25,850 | 11,626 | 14,224 | |
| Zoning Board: | | | | | |
| Salaries and wages | 6,885 | 6,885 | 6,884 | 1 | |
| Other expenses | 16,000 | 16,000 | 3,172 | 12,828 | |
| Rent Leveling Board: | | | | | |
| Salaries and wages | 6,885 | 6,885 | 6,884 | 1 | |
| Other expenses | 7,300 | 7,300 | 6,960 | 340 | |
| Housing Inspector: | | | | | |
| Salaries and wages | 15,000 | 1,340 | | 1,340 | |
| Other expenses | 575 | 575 | | 575 | |
| PUBLIC SAFETY: | | | | | |
| Fire: | | | | | |
| Salaries and wages | 287,469 | 299,169 | 299,150 | 19 | |
| Other expenses | 214,700 | 214,700 | 176,922 | 37,778 | |
| Fire hydrant services | 128,000 | 128,000 | 102,480 | 25,520 | |
| Volunteer First Aid: | | | | | |
| Salaries and wages | 238,000 | 238,000 | 214,760 | 3,240 | 20,000 |
| Other expenses | 78,300 | 78,300 | 58,266 | 20,034 | |

BOROUGH OF EDGEWATER
Statement of Expenditures - Regulatory Basis
Current Fund
Year ended December 31, 2011

| <u>Description</u> | <u>Budget</u> | <u>Budget after modifications</u> | <u>Expended</u> | | |
|--|---------------|-----------------------------------|------------------------|-----------------|------------------|
| | | | <u>Paid or charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| Fire Prevention: | | | | | |
| Other expenses | 27,490 | 27,490 | 16,006 | 11,484 | |
| Police: | | | | | |
| Salaries and wages | 4,386,000 | 4,150,000 | 4,105,647 | 44,353 | |
| Other expenses: | | | | | |
| Miscellaneous other expenses | 164,800 | 164,800 | 153,070 | 11,730 | |
| Automobiles | 48,500 | 48,500 | 31,905 | 16,595 | |
| Emergency management services: | | | | | |
| Other expenses | 3,000 | 3,000 | | 3,000 | |
| Streets and Roads: | | | | | |
| Road repairs and maintenance: | | | | | |
| Salaries and wages | 1,820,056 | 1,841,156 | 1,811,281 | 29,875 | |
| Other expenses | 185,840 | 185,840 | 181,803 | 4,037 | |
| Snow removal - other expenses | 20,000 | 21,500 | 20,780 | 720 | |
| Health and welfare: | | | | | |
| Board of Health: | | | | | |
| Salaries and wages | 118,200 | 118,200 | 99,873 | 18,327 | |
| Other expenses | 110,100 | 114,600 | 114,301 | 299 | |
| Dog regulation - other expenses | 4,900 | 6,200 | 6,196 | 4 | |
| Administration of Public Assistance: | | | | | |
| Salaries and wages | 33,532 | 33,532 | 31,485 | 2,047 | |
| Other expenses: | | | | | |
| Operating | 1,900 | 1,900 | 1,501 | 399 | |
| Emergency assistance | 1,000 | 1,000 | | 1,000 | |
| Recreation and Education: | | | | | |
| Parks and playgrounds - other expenses | 27,500 | 30,500 | 30,165 | 335 | |

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2011

| <u>Description</u> | <u>Budget</u> | <u>Budget after modifications</u> | <u>Expended</u> | | |
|--|---------------|-----------------------------------|------------------------|-----------------|------------------|
| | | | <u>Paid or charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| Recreation: | | | | | |
| Salaries and wages | 238,000 | 263,300 | 263,300 | | |
| Other expenses | 93,760 | 93,760 | 43,418 | 50,342 | |
| Celebration of public event, anniversary or holiday - other expenses | 19,200 | 19,200 | 17,796 | 1,404 | |
| Senior Citizens Committee: | | | | | |
| Other expenses | 3,700 | 3,700 | 2,451 | 1,249 | |
| Sanitation: | | | | | |
| Garbage and Trash removal: | | | | | |
| Other expenses | 632,000 | 632,000 | 542,414 | 89,586 | |
| Recycling Program: | | | | | |
| Salaries and wages | 42,561 | 42,561 | 42,355 | 206 | |
| Municipal Court: | | | | | |
| Salaries and wages | 185,642 | 185,642 | 174,398 | 11,244 | |
| Other expenses | 10,500 | 12,000 | 11,908 | 92 | |
| Occupational Safety Health Act | | | | | |
| Board of Health - Other Expenses | 2,000 | 2,000 | 746 | 1,254 | |
| Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17) | | | | | |
| State uniform construction code official: | | | | | |
| Salaries and wages | 279,000 | 279,000 | 266,252 | 12,748 | |
| Other expenses | 66,250 | 66,250 | 55,115 | 11,135 | |
| UNCLASSIFIED: | | | | | |
| Utilities: | | | | | |
| Gas & Electric | 260,000 | 260,000 | 257,819 | 2,181 | |
| Street Lighting | 158,000 | 223,000 | 146,556 | 76,444 | |

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2011

| Description | Budget | Budget after modifications | Expended | | |
|---|-------------------|----------------------------|-------------------|----------------|---------------|
| | | | Paid or charged | Reserved | Cancelled |
| Water | 36,000 | 43,500 | 43,459 | 41 | |
| Fuel | 100,000 | 150,000 | 131,153 | 18,847 | |
| Telephone | 150,000 | 165,000 | 163,259 | 1,741 | |
| Salary and Wage adjustment | 25,000 | | | | |
| Total Operations within "CAPS" | 14,689,229 | 14,706,309 | 13,963,019 | 663,290 | 80,000 |
| Contingent | 5,000 | 5,000 | | 5,000 | |
| Total Operations Including Contingent-within "CAPS" | 14,694,229 | 14,711,309 | 13,963,019 | 668,290 | 80,000 |
| Detail: | | | | | |
| Salaries & Wages | 8,450,035 | 8,233,475 | 8,008,230 | 145,245 | 80,000 |
| Other Expenses (Including Contingent) | 6,244,194 | 6,477,834 | 5,954,789 | 523,045 | |
| | 14,694,229 | 14,711,309 | 13,963,019 | 668,290 | 80,000 |
| Deferred Charges and Statutory Expenditures- Municipal within "CAPS" | | | | | |
| DEFERRED CHARGES: | | | | | |
| Prior Years Bills | | | | | |
| Florio, Perrucci, Steinhardt & Fader- Legal 2009 | 2,709 | 2,709 | 2,709 | | |
| Over Expenditure of Ordinance | 1,360 | 1,360 | 1,360 | | |
| STATUTORY EXPENDITURES: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | 389,039 | 389,039 | 358,054 | 985 | 30,000 |
| Social Security System (O.A.S.I.) | 400,000 | 416,900 | 416,899 | 1 | |

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2011

| Description | Budget | Budget after modifications | Expended | | |
|--|-------------------|----------------------------|-------------------|----------------|----------------|
| | | | Paid or charged | Reserved | Cancelled |
| Consolidated Police and Firemen's Pension Fund | 34,303 | 34,303 | 34,302 | 1 | |
| Police and Firemen's Retirement System | 930,164 | 930,164 | 930,164 | | |
| Unemployment insurance | 5,000 | 5,000 | 1,609 | 3,391 | |
| Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS" | 1,762,575 | 1,779,475 | 1,745,097 | 4,378 | 30,000 |
| Total General Appropriations for Municipal Purposes within "CAPS" | 16,456,804 | 16,490,784 | 15,708,116 | 672,668 | 110,000 |
| Operations-Excluded from "CAPS" | | | | | |
| Maintenance of free public library | 940,544 | 940,544 | 887,548 | 52,996 | |
| LOSAP | 77,050 | 77,050 | 77,050 | | |
| 2011 CAP Exclusions: | | | | | |
| Insurance - Hospitalization | 101,520 | 101,520 | 78,999 | 22,521 | |
| Bergen County Utilities Authority-Share of Costs | 2,468,704 | 2,468,704 | 2,460,704 | 8,000 | |
| Total Operations-Excluded from "CAPS" | 3,587,818 | 3,587,818 | 3,504,301 | 83,517 | |

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2011

| Description | Budget | Budget after modifications | Expended | | Cancelled |
|--|------------------|----------------------------|------------------|---------------|-----------|
| | | | Paid or charged | Reserved | |
| Public and Private Programs Offset with Revenues: | | | | | |
| Clean Community Program | | | | | |
| Recycling-Other Expenses | 16,624 | 16,624 | 16,624 | | |
| Municipal Alliance: | | | | | |
| Other Expenses | 15,000 | 15,000 | 9,910 | 5,090 | |
| FEMA | 742,996 | 742,996 | 742,996 | | |
| Forestry Grant | 7,000 | 7,000 | 7,000 | | |
| Total Public and Private Programs Offset with Revenue | 781,620 | 781,620 | 776,530 | 5,090 | |
| Total Operations-Excluded from "CAPS" | 4,369,438 | 4,369,438 | 4,280,831 | 88,607 | |
| Detail: | | | | | |
| Other Expenses | 4,369,438 | 4,369,438 | 4,280,831 | 88,607 | |
| Capital Improvements-Excluded from "CAPS" | 75,000 | 75,000 | 75,000 | | |
| Capital Improvement Fund | 75,000 | 75,000 | 75,000 | | |
| Total Capital Improvements Excluded from "CAPS" | 75,000 | 75,000 | 75,000 | | |
| Municipal Debt Service-Excluded from "CAPS" | | | | | |
| Payment of Bond Principal | 800,000 | 800,000 | 800,000 | | |
| Payment of Bond anticipation Note Principal | 60,751 | 60,751 | 60,751 | | |
| Interest on Bonds | 443,000 | 452,600 | 452,587 | | 13 |
| Interest on Notes | 110,000 | 110,000 | 108,476 | | 1,524 |
| Green Trust Loan Program | 24,874 | 24,874 | 24,874 | | 1 |

BOROUGH OF EDGEWATER
Statement of Expenditures - Regulatory Basis
Current Fund
Year ended December 31, 2011

| Description | Budget | Budget after modifications | Expended | | |
|---|-------------------|----------------------------|-------------------|----------------|----------------|
| | | | Paid or charged | Reserved | Cancelled |
| BCIA | | | | | |
| Principal | 17,000 | 17,000 | 17,000 | | |
| Interest | 20,605 | 20,605 | 20,598 | | 7 |
| New Jersey Infrastructure Trust Loan | | | | | |
| Principal | 228,000 | 249,420 | 249,419 | | 1 |
| Interest | 69,000 | 69,000 | 69,000 | | |
| Total Municipal Debt Service-Excluded from "CAPS" | 1,773,230 | 1,804,250 | 1,802,704 | | 1,546 |
| Deferred Charges: | | | | | |
| Emergency Authorization | 100,000 | 100,000 | 100,000 | | |
| Special Emergency Authorization - 5 Years | 43,000 | 43,000 | 43,000 | | |
| Total Deferred Charges - Municipal -Excluded from "CAPS" | 143,000 | 143,000 | 143,000 | | |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | 6,360,668 | 6,391,688 | 6,301,535 | 88,607 | 1,546 |
| Subtotal General Appropriations | 22,817,472 | 22,882,472 | 22,009,651 | 761,275 | 111,546 |

BOROUGH OF EDGEWATER
Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2011

| <u>Description</u> | <u>Budget</u> | <u>Budget after modifications</u> | <u>Expended</u> | | |
|-------------------------------|---------------|-----------------------------------|------------------------|-----------------|------------------|
| | | | <u>Paid or charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| Reserve for Uncollected Taxes | 782,368 | 782,368 | 782,368 | | |
| Total General Appropriations | \$ 23,599,840 | 23,664,840 | 22,792,019 | 761,275 | 111,546 |

Adopted Budget 22,833,220
 Added by N.J.S.A. 40A: 4-87 766,620
 Emergency Authorization 65,000
\$ 23,664,840

Analysis of Paid or Charged

| | |
|---------------------------------|----------------------|
| Federal and State Grant Fund | 766,620 |
| Deferred Charges | 2,709 |
| Special Emergency Authorization | 43,000 |
| Emergency Authorization | 100,000 |
| Reserve for Uncollected Taxes | 782,368 |
| Reserve for Encumbrances | 209,514 |
| Cash | 20,887,808 |
| | <u>\$ 22,792,019</u> |

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2011 and 2010

| <u>Assets</u> | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|---------------------|------------------|
| Animal License Fund: | | | |
| Cash | B-1 | \$ <u>68</u> | <u>186</u> |
| Escrow Trust Fund: | | | |
| Cash | B-1 | <u>86,485</u> | <u>92,296</u> |
| Other Trust Funds: | | | |
| Cash | B-1 | <u>1,958,365</u> | <u>2,350,203</u> |
| Emergency Services Volunteer Length of Service Award Program (unaudited): | | | |
| Cash in Plan | B-1 | 666,706 | 593,004 |
| Contributions Receivable | B-7 | <u>83,950</u> | <u>77,050</u> |
| | | <u>750,656</u> | <u>670,054</u> |
| | | <u>\$ 2,795,574</u> | <u>3,112,739</u> |

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2011 and 2010

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|---------------------|------------------|
| <u>Liabilities and Reserves</u> | | | |
| Animal License Fund: | | | |
| Reserve for Animal License Fund expenditures | B-2 | 31 | 149 |
| Due to State of New Jersey | B-3 | 37 | 37 |
| | | <u>68</u> | <u>186</u> |
| Escrow Trust Fund: | | | |
| Escrow Deposits | B-4 | 86,464 | 92,278 |
| Due to Current Fund | B-5 | 21 | 18 |
| | | <u>86,485</u> | <u>92,296</u> |
| Other Trust Funds: | | | |
| Reserve for: | | | |
| Cemetery Bequests | B-6 | 31,994 | 30,897 |
| Bullet Proof Vests | B-6 | 8,869 | 5,433 |
| Fire Prevention | B-6 | 17,669 | 15,632 |
| Edgewater Cares | B-6 | 2,435 | 2,430 |
| Cultural and Historical Society | B-6 | 1,142 | 1,140 |
| Ferry Performance Security | B-6 | 195,035 | 194,784 |
| Regional Contribution Agreement | B-6 | 332,197 | 332,197 |
| Council on Affordable Housing | B-6 | 1,033,500 | 1,110,240 |
| Open Space Trust | B-6 | 203,335 | 501,428 |
| Recycling Fees | B-6 | 110,833 | 131,826 |
| Bergen County CDA Trust | B-6 | 100 | 100 |
| Municipal Alliance Trust | B-6 | 21,256 | 24,096 |
| | | <u>1,958,365</u> | <u>2,350,203</u> |
| Emergency Services Volunteer Length of Service Award Program (unaudited): | | | |
| Net Assets available for Benefits | B-8 | 750,656 | 670,054 |
| | | <u>\$ 2,795,574</u> | <u>3,112,739</u> |

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2011 and 2010

| <u>Assets</u> | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|----------------------|-------------------|
| Cash: | | | |
| Checking | C-2,C-3 | \$ 4,774,623 | 3,904,958 |
| Deferred charges to future taxation: | | | |
| Funded | C-4 | 18,741,676 | 19,286,792 |
| Unfunded | C-5 | 22,501,250 | 14,595,483 |
| New Jersey Infrastructure Loans Receivable | C-6 | 1,072,273 | 928,139 |
| Grants Receivable: | | | |
| New Jersey Green Acres Program | C-7 | 382,445 | 382,445 |
| New Jersey Historic Preservation Trust | C-8 | 406,000 | |
| New Jersey Livable Communities-Library Grant | C-9 | 5,375 | 5,375 |
| New Jersey Department of Transportation | C-10 | 194,383 | 294,508 |
| Bergen County Open Space Trust Fund | C-11 | 41,250 | 41,250 |
| Bergen County Historic Preservation Trust | C-12 | 424,000 | 145,000 |
| Community Development Block Grant | C-13 | 319,404 | 243,670 |
| NJ Department of Justice - COPS Technology Grant | | | 500,000 |
| Due from Current Fund | C-14 | | 96,407 |
| Overexpenditure of Ordinance Appropriation | C-15 | | 1,360 |
| | | <u>\$ 48,862,679</u> | <u>40,425,387</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Due to Current Fund | C-14 | 1,169 | |
| New Jersey Environmental Infrastructure Trust | | | |
| Loans Payable | C-16 | 4,197,534 | 3,782,827 |
| Green Trust Loan Payable | C-17 | 339,142 | 356,965 |
| Serial bonds | C-18 | 13,809,000 | 14,734,000 |
| Capital Leases Payable | C-19 | 396,000 | 413,000 |
| Bond Anticipation Notes | C-20 | 12,250,000 | 7,146,000 |
| Reserve for Payment of Debt | C-21 | 1,317,364 | 1,483,579 |
| Reserve for Green Acres | C-22 | 9,889 | 9,428 |
| Capital Improvement Fund | C-23 | 327,143 | 285,143 |
| Improvement authorizations: | | | |
| Funded | C-24 | 3,933,396 | 3,842,800 |
| Unfunded | C-24 | 11,905,725 | 8,232,437 |
| Unappropriated State Grant | C-25 | 79,408 | 79,408 |
| Reserve for Grants Receivable | C-26 | 188,580 | |
| Fund Balance | C-1 | <u>108,329</u> | <u>59,800</u> |
| | | <u>\$ 48,862,679</u> | <u>40,425,387</u> |

There were \$10,251,250 and \$7,449,483 of Bonds and Notes Authorized But Not Issued on December 31, December 31, 2011 and 2010 (Exhibit C-27).

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER
Schedule of Fund Balance - Regulatory Basis
General Capital Fund
Year ended December 31, 2011

| | | |
|--------------------------------------|----|-----------------------|
| Balance - December 31, 2010 | \$ | 59,800 |
| Increased by: | | |
| Cash Receipts - Premium on Note Sale | \$ | 76,689 |
| Improvement Authorizations Canceled | | <u>31,640</u> |
| | | <u>108,329</u> |
| | | 168,129 |
| Decreased by : | | |
| Budget Revenue Realized | | <u>59,800</u> |
| Balance - December 31, 2011 | \$ | <u><u>108,329</u></u> |

See accompanying notes to financial statements

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BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Marina Utility Fund

For the Year ended December 31, 2011 and
With Comparative Analysis for Year ended December 31, 2010

| | <u>Ref.</u> | <u>Dec 31,</u> <u>2011</u> | <u>Dec 31,</u> <u>2010</u> |
|---|-------------|-------------------------------|-------------------------------|
| <u>Assets</u> | | | |
| Operating Fund: | | | |
| Cash | D-4 | <u>277,067</u> | <u>341,597</u> |
| Total Operating Fund | | <u>277,067</u> | <u>341,597</u> |
| Capital Fund: | | | |
| Fixed Capital Authorized and Uncompleted | D-5 | <u>450,000</u> | <u> </u> |
| Total Capital Fund | | <u>450,000</u> | <u> </u> |
| | | <u>\$ 727,067</u> | <u>341,597</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Operating Fund: | | | |
| Appropriation Reserves | D-3, D-8 | 15,552 | 53,956 |
| Reserve for Encumbrances | D-6 | 2,057 | 5,074 |
| Fund Balance | D-1 | <u>259,458</u> | <u>282,567</u> |
| Total Operating Fund | | <u>277,067</u> | <u>341,597</u> |
| Capital Fund: | | | |
| Improvement Authorizations - Unfunded | D-7 | <u>450,000</u> | <u> </u> |
| Total Capital Fund | | <u>450,000</u> | <u> </u> |
| | | <u>\$ 727,067</u> | <u>341,597</u> |

There were \$450,000 of Bonds and Notes Authorized But Not Issued on December 31, 2011,
(Exhibit D-9)

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER

Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis

Marina Utility Operating Fund

Year ended December 31, 2011

With Comparative Analysis for Year ended December 31, 2010

| | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------|
| Revenue and other income realized: | | |
| Fund balance utilized | \$ 100,000 | 100,000 |
| Operating revenues | 230,942 | 296,451 |
| Other credits to income: | | |
| Unexpended balance of appropriation reserves | 45,994 | 26,435 |
| | <hr/> | <hr/> |
| Total income | 376,936 | 422,886 |
| | <hr/> | <hr/> |
| Expenditures: | | |
| Operations: | | |
| Salaries and Wages | 145,000 | 130,000 |
| Other expenses | 155,000 | 170,000 |
| Refunds | 45 | |
| | <hr/> | <hr/> |
| Total expenditures | 300,045 | 300,000 |
| | <hr/> | <hr/> |
| Excess | 76,891 | 122,886 |
| Fund balance, January 1 | 282,567 | 259,681 |
| | <hr/> | <hr/> |
| | 359,458 | 382,567 |
| Decreased by utilization as anticipated revenue | 100,000 | 100,000 |
| | <hr/> | <hr/> |
| Fund balance, December 31, 2011 | \$ 259,458 | 282,567 |
| | <hr/> <hr/> | <hr/> <hr/> |

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER

Statement of Revenues - Regulatory Basis

Marina Utility Operating Fund

Year ended December 31, 2011

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess/ (deficit)</u> |
|------------------------------|--------------------|-----------------|------------------------------|
| Surplus Anticipated | \$ 100,000 | 100,000 | |
| Operating Revenues: | | | |
| Membership Fees/Slip Rentals | 200,000 | 230,410 | 30,410 |
| Miscellaneous | | 532 | 532 |
| Total Operating Revenues | <u>200,000</u> | <u>230,942</u> | <u>30,942</u> |
| Total Revenues | <u>\$ 300,000</u> | <u>330,942</u> | <u>30,942</u> |

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Marina Utility Operating Fund

Year ended December 31, 2011

| | <u>Appropriations</u> | | <u>Expended</u> | |
|--------------------|-----------------------|--------------------------------------|--------------------------------|-----------------|
| | <u>Budget</u> | Budget after modifi- cation | Paid or <u>charged</u> | <u>Reserved</u> |
| Operating: | | | | |
| Salaries and Wages | 180,000 | 145,000 | 130,630 | 14,370 |
| Other expenses | \$ 120,000 | 155,000 | 153,818 | 1,182 |
| | <u>\$ 300,000</u> | <u>300,000</u> | <u>284,448</u> | <u>15,552</u> |
| | | | Reserve for encumbrances 2,057 | |
| | | | Cash Disbursed <u>282,391</u> | |
| | | | <u>\$ 284,448</u> | |

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis
Public Assistance Fund
December 31, 2011 and 2010

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|-------------------------------|-------------|-------------------------|----------------------|
| <u>Assets</u> | | | |
| Cash | E-1 | \$ <u>52,576</u> | <u>38,092</u> |
| | | \$ <u><u>52,576</u></u> | <u><u>38,092</u></u> |
| <u>Reserve</u> | | | |
| Reserve for Public Assistance | | \$ <u>52,576</u> | <u>38,092</u> |
| | | \$ <u><u>52,576</u></u> | <u><u>38,092</u></u> |

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis
Sewer Facilities Grant Fund
December 31, 2011 and 2010

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|---------------------------------|-------------|------------------|---------------|
| <u>Assets</u> | | | |
| Grants receivable | F-1 | \$ <u>74,501</u> | <u>74,501</u> |
| | | \$ <u>74,501</u> | <u>74,501</u> |
| <u>Reserves</u> | | | |
| Reserves for grant expenditures | F-2 | \$ <u>74,501</u> | <u>74,501</u> |
| | | \$ <u>74,501</u> | <u>74,501</u> |

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER

Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--------------------------------|--------------------------|-----------------------|
| Land | \$ 38,382,180 | 37,797,105 |
| Buildings | 10,310,658 | 6,640,764 |
| Vehicles and equipment | <u>8,828,127</u> | <u>7,846,886</u> |
| | <u>\$ 57,520,965</u> | <u>52,284,755</u> |
| Investment in Fixed Assets | <u>\$ 57,520,965</u> | <u>52,284,755</u> |

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER

Notes to Financial Statements Years Ended December 31, 2011 and 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Borough of Edgewater have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is another comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices 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. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Edgewater (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Volunteer Fire Department, First Aid Organization or Public Library, which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal License Fund - This fund is used to account for fees collected from animal licenses and expenditures, which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Marina Utility Fund - This fund is used to account for the operations of the municipally owned utility.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

Sewer Facilities Grant Fund - This fund is used to account for all Federal and State sewer grant revenues and expenditures.

General Fixed Assets Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Edgewater. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

- General Capital Fund
- Trust Fund
- Public Assistance Fund
- Sewer Facilities Grant Fund

The governing body shall introduce and approve the annual budget not later than August 10, of the fiscal year. The budget shall be adopted not later than September 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted.

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2011, the Mayor and Council approved additional revenues and appropriations of \$766,620 in accordance with N.J.S.A. 40A:4-87 and approved an emergency authorization of \$65,000 for the payment of residential associations expenses. In addition, several budget transfers were approved by the governing body.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - 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. GAAP does not require the establishment of an offsetting reserve.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Inventories - 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 balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, the Borough of Edgewater has developed a fixed assets accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates

The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 2. PENSION PLANS

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of Edgewater did not opt for this deferral.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 2. PENSION PLANS, (continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each period were as follows:

| <u>Period</u> | <u>PERS</u> | <u>PFRS</u> |
|---|-------------|-------------|
| Year Ended December 31, 2011 | \$358,054 | \$930,164 |
| Year Ended December 31, 2010 | 300,845 | 737,829 |
| Six Month Period Ended December 31, 2009 | -0- | -0- |

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2011 consisted of the following:

| | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> <u>Balance</u> | <u>Amounts Due</u> <u>Within</u> <u>One Year</u> |
|---|--|-------------------|--------------------|---------------------------------|--|
| Bonds Payable - General Obligation Debt | \$14,734,000 | \$ | \$925,000 | \$13,809,000 | \$980,000 |
| Other Liabilities - New Jersey Wastewater Loans | 3,782,827 | 691,250 | 276,543 | 4,197,534 | 277,487 |
| Green Acres Trust - Loan | <u>356,965</u> | <u> </u> | <u>17,823</u> | <u>339,142</u> | <u>18,181</u> |
| | <u>\$18,873,792</u> | <u>\$691,250</u> | <u>\$1,219,366</u> | <u>\$18,345,676</u> | <u>\$1,275,668</u> |

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Municipal Debt (Excluding Current Operating Debt)

| | <u>Year Ended</u> <u>Dec. 31, 2011</u> | <u>Year Ended</u> <u>Dec. 31, 2010</u> | <u>Six Month</u> <u>Period Ended</u> <u>Dec. 31,</u> <u>2009</u> |
|---|---|---|---|
| Issued-general-bonds and notes | \$26,059,000 | \$21,880,000 | \$22,480,000 |
| Loans payable | <u>4,536,676</u> | <u>4,139,792</u> | <u>3,860,059</u> |
| | 30,595,676 | 26,019,792 | 26,340,059 |
| Authorized but not Issued: | | | |
| General - bonds and notes | 10,251,250 | 7,449,483 | 8,128,989 |
| Marina Utility bonds and notes | <u>450,000</u> | <u> </u> | <u> </u> |
| | 41,296,926 | 33,469,275 | 34,469,048 |
| Less funds on hand to pay debt | <u>1,317,364</u> | <u>3,143,579</u> | <u>2,885,870</u> |
| Net bonds and notes issued and authorized but not issued | <u>\$39,979,562</u> | <u>\$30,325,696</u> | <u>\$31,583,178</u> |

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.37%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|---------------------|---------------------|---------------------|---------------------|
| School Debt | \$33,473,000 | \$33,473,000 | \$0 |
| General Debt | 40,846,926 | 1,317,364 | 39,529,562 |
| Marina Utility Debt | <u>450,000</u> | <u>450,000</u> | <u>0</u> |
| | <u>\$74,769,926</u> | <u>\$35,240,364</u> | <u>\$39,529,562</u> |

Net debt of \$39,529,562 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$2,877,515,123 equals 1.37%.

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

| | |
|---|---------------------|
| 3 ½% of equalized valuation basis (municipal) | \$100,713,029 |
| Net Debt | <u>39,529,562</u> |
| Remaining borrowing power | <u>\$61,183,467</u> |

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Calculation of "Self-Liquidating Purpose", Marina Utility Per N.J.S.A. 40A:2-45

| | |
|--|------------------|
| Cash receipts from fees, rents or other charges for year | \$330,942 |
| Deductions: | |
| Operating and Maintenance Cost | <u>\$300,000</u> |
| Total Deductions | <u>300,000</u> |
| Excess in Revenue - Self-Liquidating | <u>\$30,942</u> |

The Borough's long-term debt consisted of the following at December 31, 2011.

Paid by Current Fund:

| | |
|--|---------------------|
| New Jersey Environmental Infrastructure Loans Payable Wastewater Improvements issued 2000, 2001, 2007 and 2010, due through 2030 | \$4,197,534 |
| \$2,460,000 general obligation refunding bonds with interest rates of 1.50 - 4.00% issued June 30, 2009, due through August 15, 2015 | 1,010,000 |
| \$4,884,000 general obligation bonds with interest rates of 3.00 - 5.00% issued June 30, 2009, due through August 15, 2024 | 4,859,000 |
| \$9,190,000 general obligation bonds with interest rates of 4.00-4.30% issued June 1, 2004, due through June 1, 2024 | 7,940,000 |
| Green Acres Loan issued 2008, due through 2027 | <u>339,142</u> |
| | <u>\$18,345,676</u> |

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Aggregate General Capital Fund debt service requirements on general serial bonds and infrastructure loans payable during the next five years and thereafter are as follows:

| <u>Year</u> | <u>Serial Bonds</u> | | <u>New Jersey Environmental Infrastructure Trust Loans</u> | | <u>Green Acres Trust Loan</u> | | <u>Total</u> |
|-------------|---------------------|--------------------|--|------------------|-------------------------------|-----------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2012 | \$980,000 | \$584,794 | \$277,487 | \$74,745 | \$18,181 | \$6,692 | \$1,941,899 |
| 2013 | 440,000 | 549,963 | 274,240 | 72,568 | 18,546 | 6,327 | 1,361,644 |
| 2014 | 1,330,000 | 515,156 | 270,946 | 65,969 | 18,919 | 5,954 | 2,206,944 |
| 2015 | 1,465,000 | 457,963 | 284,018 | 61,569 | 19,300 | 5,574 | 2,293,424 |
| 2016 | 1,000,000 | 403,175 | 306,752 | 56,252 | 19,687 | 5,186 | 1,791,052 |
| 2017-2021 | 5,690,000 | 1,308,041 | 1,428,578 | 188,061 | 104,534 | 19,833 | 8,739,047 |
| 2022-2026 | 2,904,000 | 194,400 | 987,469 | 80,088 | 115,470 | 8,896 | 4,290,323 |
| 2027-2030 | | | 368,044 | 14,163 | 24,505 | 368 | 407,080 |
| | <u>\$13,809,000</u> | <u>\$4,013,492</u> | <u>\$4,197,534</u> | <u>\$613,415</u> | <u>\$339,142</u> | <u>\$58,830</u> | <u>\$23,031,413</u> |

General capital serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

At December 31, 2011 the Borough had authorized but not issued debt as follows:

| | |
|-----------------------------|--------------|
| General Capital Fund | \$10,251,250 |
| Marina Utility Capital Fund | 450,000 |

NOTE 4. BOND ANTICIPATION NOTES

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

On December 31, 2011, the Borough had \$12,250,000 of Bond Anticipation Notes outstanding consisting of \$7,250,000 due August 10, 2012 at an interest rate of 1.50% and \$5,000,000 due December 6, 2012 at an interest rate of 1.50%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2011.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> |
|------------------------------|------------------------------|---------------------|--------------------|---------------------------|
| Notes Payable: | | | | |
| Beneficial Bank | \$7,146,000 | \$ | \$7,146,000 | \$0 |
| The Depository Trust Company | | <u>12,250,000</u> | | <u>12,250,000</u> |
| | <u>\$7,146,000</u> | <u>\$12,250,000</u> | <u>\$7,146,000</u> | <u>\$12,250,000</u> |

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheet of the Current Fund:

| | <u>Balance December 31, 2011</u> | <u>2012 Budget Appropriation</u> | <u>Balance Succeeding Year's budget</u> |
|----------------------------------|--------------------------------------|--------------------------------------|---|
| Current Fund: | | | |
| Emergency Authorization | \$65,000 | \$65,000 | \$ |
| Special Emergency Authorizations | | | |
| Reassessment of Real Property | 80,000 | 16,000 | 64,000 |
| Termination Pay | <u>124,000</u> | <u>31,000</u> | <u>93,000</u> |
| | <u>\$269,000</u> | <u>\$112,000</u> | <u>\$157,000</u> |

NOTE 6. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2011 which has been appropriated as revenue in the 2012 budget is as follows:

| | |
|----------------|-------------|
| Current Fund | \$1,600,000 |
| Marina Utility | 100,000 |

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 7. ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. At December 31, 2011 the Borough estimated the current cost of such unpaid compensation to approximate \$1,279,424.

NOTE 8. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2011, \$-0- of the Borough's bank balance of \$11,873,879 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 8. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Unaudited Investments

As more fully described in Note 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Benefit Life, which is an authorized provider approved by the Division of Local Government Services. The balance in the account for the years ended December 31, 2011 and 2010 amounted to \$666,706 and \$593,004, respectively.

The following investments represent 5% or more of the total invested with Valic for the years ended December 31, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|---------------------|------------------|------------------|
| Fixed Account Plus | \$470,031 | \$414,283 |
| Money Market I Fund | 56,388 | 52,578 |
| Stock Index Fund | 102,837 | 91,933 |
| All Others | <u>37,450</u> | <u>34,210</u> |
| Total | <u>\$666,706</u> | <u>\$593,004</u> |

NOTE 9. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2011.

| | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>Dec. 31, 2011</u> |
|-------------------------|--|--------------------|------------------|--|
| Land and Improvements | \$37,797,105 | \$585,075 | \$ | \$38,382,180 |
| Buildings and Building | 6,640,764 | 3,669,894 | | 10,310,658 |
| Machinery and Equipment | <u>7,846,886</u> | <u>1,002,719</u> | <u>21,478</u> | <u>8,828,127</u> |
| | <u>\$52,284,755</u> | <u>\$5,257,688</u> | <u>\$21,478</u> | <u>\$57,520,965</u> |

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2011 consist of the following:

| | |
|------------------|---|
| \$1,169 | Due to the Current Fund from the General Capital Fund for interest earned on investments. |
| 125,392 | Due to the Federal and State Grant Fund from the Current Fund for grant revenue collected less expenditures made. |
| <u>21</u> | Due to Current Fund from Escrow Fund for interest earned. |
| <u>\$126,582</u> | |

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 11. CAPITAL LEASES PAYABLE

On March 15, 2003 the Borough entered into a \$1,083,000 capital lease through the Bergen County Improvement Authority for the retirement of its outstanding unfunded pension liability. Annual lease payment requirements for this capital lease are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|------------------|------------------|
| 2012 | \$20,000 | \$19,651 | \$39,651 |
| 2013 | 24,000 | 18,496 | 42,496 |
| 2014 | 27,000 | 17,231 | 44,231 |
| 2015 | 31,000 | 15,860 | 46,860 |
| 2016 | 36,000 | 14,260 | 50,260 |
| 2017-2021 | <u>258,000</u> | <u>37,253</u> | <u>295,253</u> |
| | <u>\$396,000</u> | <u>\$122,751</u> | <u>\$518,751</u> |

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During 2011, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Edgewater is a member of the South Bergen Municipal Joint Insurance Fund (SBMJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The SBJMIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they were a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and establish reasonable and necessary loss reduction and prevention procedures to be followed by the members.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

NOTE 13. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

| | <u>Balance</u> <u>Dec. 31, 2011</u> | <u>Balance</u> <u>Dec. 31, 2010</u> |
|--|--|--|
| Prepaid Taxes | <u>\$172,396</u> | <u>\$146,936</u> |
| Cash Liability for Taxes Collected in Advance | <u>\$172,396</u> | <u>\$146,936</u> |

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 14. LITIGATION

Various tax appeal cases were pending at December 31, 2011. The Borough is defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. Funding of any ultimate liability would be provided for in succeeding years' budgets or through a refunding bond ordinance, which would allow the Borough to fund these liabilities over a number of years.

The Borough is also involved in suits in the normal course of business. These cases, if decided against the Borough, would be paid for by its insurance carrier or with funds raised by future taxation. The Borough expects such amounts, if any, to be immaterial.

NOTE 15. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP) (UNAUDITED)

On February 26, 2003, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Variable Annuity Life Insurance Company (VALIC). The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

VALIC will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active volunteer member shall be \$600 per year of active emergency service and the maximum contribution for each active volunteer member shall be \$1,150 per year of active emergency service, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the subsequent years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 2, the Borough provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

The Borough sponsors a single employer postemployment benefits plan that provided benefits in accordance with State statute, through the State's Health Benefits Bureau to eligible retirees, their spouses/domestic partners and eligible dependent children and continues to be provided on behalf of the surviving spouse/domestic partner or a retiree. Employees and/or their spouses/domestic partners become eligible for these benefits upon 25 years or more of service in the Public Employees Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) or those approved for disability retirement.

Pursuant to GASB Statement No. 45 ("GASB 45"), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Borough obtained an actuarially determined calculation for this obligation.

The Borough's annual other postemployment benefits ("OPEB") costs for the Plan, which is currently funded on a pay-as-you-go basis and is a non-contributory plan with all plan payments for plan benefits being funded by the Borough, is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and interest on the net OPEB obligation and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Borough's annual OPEB cost for the year ended December 31, 2011, and the related information for the plan, are as follows:

| | |
|--|--------------------|
| January 1, 2011 - Net OPEB Obligation (Initial) (NOO) | \$5,911,907 |
| Annual Required Costs (ARC) | 2,019,187 |
| Contribution from employer and other contributing entities | <u>(253,309)</u> |
| December 31, 2011 - Net OPEB Obligation (NOO) | <u>\$7,677,785</u> |

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation were as follows:

| <u>Year</u> <u>Ended</u> | <u>Annual</u> <u>OPEB</u> <u>Cost</u> | <u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u> | <u>Net</u> <u>OPEB</u> <u>Obligation</u> |
|-----------------------------|---|---|--|
| (Dollars in Thousands) | | | |
| 2011 | \$2,019,187 | 12.54% | \$7,677,785 |
| 2010 | \$2,300,200 | 10.57% | \$5,911,907 |
| 2009 | \$2,300,200 | 14.99% | \$3,854,943 |

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS, (continued)

| <u>Valuation Date</u> | Actuarial Value of Assets OPEB <u>Cost</u> | Actuarial accrued Liability - Projected <u>Unit Credit</u> | Unfunded Actuarial Accrued <u>Liability</u> | Funded <u>Ratio</u> | Covered <u>Payroll*</u> | Unfunded Actuarial Liability as a Percentage of Covered <u>Payroll*</u> |
|------------------------|--|--|---|---------------------|-------------------------|---|
| (Dollars in Thousands) | | | | | | |
| 12/31/11 | \$-0- | \$19,134.0 | \$19,134.0 | 0 % | N/A | N/A |

*Required disclosure at adoption of standard payroll is not provided.

The **Present Value of all Projected Benefits** is the total present value of all expected future benefits, based on certain actuarial assumptions. The Present Value of all projected benefits is a measure of total liability or obligation. Essentially, the Present Value of all projected benefits is the value (on the valuation date) of the benefits promised to current and future retirees. The Plan's present value of all projected benefits (at December 31, 2011) is \$35,732,500 assuming no prefunding of obligations. The majority of this liability is for current active employees (future retirees).

The **Actuarial Accrued Liability** is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's Actuarial Accrued Liability (at December 31, 2011) is \$19,133,989 assuming no prefunding of obligations. The majority of this obligation is for current active employees.

Normal Cost is the value of benefits expected to be earned during the current year, again based on certain actuarial methods and assumptions. The 2011 Fiscal Year Normal Cost is \$844,522 assuming no prefunding of obligations. In pension accounting, this is also known as "**service cost.**"

Future Normal Costs represent the present value of the remaining balance of all projected benefits to be earned in future years.

Assumptions

The results were calculated based upon plan provisions, as provided by the Borough of Edgewater and the State of New Jersey, along with certain demographic and economic assumptions as recommended by Aon, in conjunction with the Borough of Edgewater with guidance from the GASB statement.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS, (continued)

Demographic Assumptions

Data was provided by the Borough of Edgewater as of December 31, 2011. Demographic assumptions used to project the data are the same as those used to value the SHBP PERS pension liabilities. There is no assumption for future new hires.

Economic Assumptions

The GASB statement requires that the discount rate used to determine the retiree healthcare liabilities should be estimated long-term yield on the “investments that are expected to be used to finance the payments of benefits”. Since the Borough of Edgewater does not currently pre-fund the retiree healthcare liabilities, the discount rate for the “no prefunding” scenario should be based on the portfolio of the Borough of Edgewater’s “general assets” used to pay these benefits. The discount rate assumption selected by the Borough is 4.50%.

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is “publicly available, objective and unbiased”.

The trend assumption utilizing the short-term rates expected on the SHBP plan along with information in published papers from other industry experts (actuaries, health economists, etc.). For medical benefits, this amount initially is at 9% and decreases to a 5.0% long-term trend rate for all medical benefits in 2020.

SUPPLEMENTARY DATA

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BOROUGH OF EDGEWATER

Supplementary Data

Official 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 bond</u> | <u>Name of corporate surety</u> |
|-----------------------|--|---------------------------|---|
| Nancy Merse | Mayor (Jan 1 to March 10, 2011) | | |
| James F. Delaney | Mayor (April 1 to December 31, 2011) | | |
| Luis Vidal | Council President | | |
| Neda Rose | Councilwoman | | |
| Maureen Holtje | Councilwoman | | |
| James F. Delaney | Councilman (Jan 1 to March 31, 2011) | | |
| David Jordan | Councilman | | |
| Vincent Monte | Councilman | | |
| Michael Henwood | Councilman (April 1 to December 31, 2011) | | |
| Joseph Iannaconi, Jr. | Chief Financial Officer/ Collector/Tax Searcher | \$ 1,000,000 | (A) |
| Gregory Franz | Administrator | | |
| Neglia Engineering | Engineer | | |
| John Candelmo | Construction Code Official/Zoning Officer | | |
| Robert Cohan | Magistrate | \$ 1,000,000 | (A) |
| Karen Christiano | Court Clerk | \$ 1,000,000 | (A) |
| Donald Martin | Chief of Police | | |
| Philip Boggia | Borough Attorney | | |
| Jeffrey Clemente | Housing Inspector | | |
| Laura Martin | Welfare Director | | |
| Anna Marie O'Connor | Secretary Planning Board | | |
| Jennifer Henry | Secretary Board of Adjustment | | |
| Barbara Rae | Borough Clerk | | |

(A) Statutory positions are covered under the South Bergen Municipal Jointure policy (\$50,000) and Municipal Excess Liability Joint Insurance Fund (Excess Crime Policy - Public Employee Bond - \$950,000).

BOROUGH OF EDGEWATER

Supplementary Data

Comparative Schedule of Tax Rate Information

| | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|----------------------------|-------------|-------------|-------------|
| Tax rate | 1.480 | 1.225 | 1.149 |
| Apportionment of tax rate: | | | |
| Local school | 0.561 | 0.455 | 0.410 |
| County | 0.219 | 0.189 | 0.185 |
| Municipal | 0.664 | 0.581 | 0.554 |
| Library | 0.036 | | |

Assessed valuation:

| | |
|------|------------------|
| 2011 | \$ 2,599,668,773 |
| 2010 | 2,962,069,601 |
| 2009 | 3,008,914,045 |

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

| <u>Year</u> | <u>Tax Levy</u> | <u>Cash Collections</u> | <u>Percentage of Collections</u> |
|-------------|-----------------|-------------------------|----------------------------------|
| 2011 | \$ 38,501,051 | 37,632,330 | 97.74% |
| 2010 | 36,501,290 | 35,071,630 | 96.08% |
| 2009* | 17,541,010 | 15,752,213 | 89.80% |

* - Transition budget year - 7/1/09 - 12/31/09

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years.

| <u>Year</u> | <u>Amount of tax title liens</u> | <u>Amount of delinquent taxes</u> | <u>Total delinquent</u> | <u>Percentage of tax levy</u> |
|-------------|----------------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2011 | \$ 42,777 | 795,539 | 838,316 | 2.18% |
| 2010 | 34,166 | 734,624 | 768,790 | 2.11% |
| 2009 | 31,938 | 1,558,448 | 1,590,386 | 9.07% |

BOROUGH OF EDGEWATER

Supplementary Data

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2011 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, 2011, 2010 and 2009 on the basis of the last assessed valuation of such properties, was as follows:

| <u>Year</u> | | <u>Amount</u> |
|-------------|----|---------------|
| 2011 | \$ | 3,844,775 |
| 2010 | | 3,844,775 |
| 2009 | | 3,844,775 |

Comparative Schedule of Fund Balances

| | <u>Year</u> | <u>Fund Balance</u> | <u>Utilized in budget of succeeding year</u> |
|-----------------|---------------|-------------------------|--|
| Current Fund: | Dec. 31, 2011 | \$ 2,180,856 | 1,600,000 |
| | Dec. 31, 2010 | 1,688,876 | 1,585,000 |
| | Dec. 31, 2009 | 1,811,252 | 1,500,000 |
| | June 30, 2009 | 2,481,978 | 808,824 |
| | June 30, 2008 | 3,855,482 | 3,000,000 |
| Marina Utility: | Dec. 31, 2011 | 259,458 | 100,000 |
| | Dec. 31, 2010 | 282,567 | 100,000 |
| | Dec. 31, 2009 | 259,681 | 100,000 |
| | June 30, 2009 | 308,152 | 100,000 |
| | June 30, 2008 | 218,665 | 65,000 |

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BOROUGH OF EDGEWATER
Schedule of Cash - Collector/Treasurer

Current Fund

Year ended December 31, 2011

| | | <u>Current Fund</u> |
|--|---------------|-------------------------|
| Balance - December 31, 2010 | \$ | 3,183,705 |
| Increased by receipts: | | |
| Revenue accounts receivable | \$ 3,111,972 | |
| Miscellaneous revenues not anticipated | 706,943 | |
| Taxes receivable | 38,161,115 | |
| Prepaid taxes | 172,396 | |
| Due to federal and state grant fund | 828,140 | |
| Tax overpayments | 91,700 | |
| Senior citizens and veterans | 28,050 | |
| Tax Title Lien Premiums | 206,700 | |
| Various Reserves | 760 | |
| Interfunds | 924,280 | |
| Special emergency note | 124,000 | |
| Marriage license fees payable | <u>1,750</u> | |
| | | <u>44,357,806</u> |
| | | 47,541,511 |
| Decreased by disbursements: | | |
| 2011 budget appropriations | 20,887,808 | |
| 2010 appropriation reserves | 478,810 | |
| Tax overpayment refunds | 69,494 | |
| Local district school tax | 14,570,680 | |
| County taxes | 5,679,250 | |
| County added/omitted | 33,315 | |
| Marriage license fees payable | 1,550 | |
| Tax title lien premiums redeemed | 199,600 | |
| Interfunds | 1,020,669 | |
| Special emergency note | 155,000 | |
| Due from Grant Fund | 749,996 | |
| Refunds | 64,432 | |
| Various Reserves | <u>59,744</u> | |
| | | <u>43,970,348</u> |
| Balance - December 31, 2011 | \$ | <u>3,571,163</u> |

BOROUGH OF EDGEWATER
Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2011

| Year | Balance, Dec. 31, 2010 | 2011 levy | Added/ Omitted | Collected | | Transferred to tax title liens | Cancelled | Balance, Dec. 31, 2011 |
|------|------------------------------|-------------------|-------------------|----------------|-------------------|--------------------------------------|---------------|------------------------------|
| | | | | 2010 | 2011 | | | |
| 2010 | 734,624 | | | | 705,501 | 2,917 | 24,908 | 1,298 |
| | 734,624 | | | | 705,501 | 2,917 | 24,908 | 1,298 |
| 2011 | | 38,475,098 | 25,953 | 146,936 | 37,485,394 | 4,726 | 69,754 | 794,241 |
| | <u>\$ 734,624</u> | <u>38,475,098</u> | <u>25,953</u> | <u>146,936</u> | <u>38,190,895</u> | <u>7,643</u> | <u>94,662</u> | <u>795,539</u> |

Senior citizens' and veterans'
deductions allowed 29,780
Cash receipts 38,161,115
\$ 38,190,895

Analysis of 2011 Tax Levy

Tax yield:
General property tax 38,475,098
Added tax (R.S. 54:4-63.1 et seq.) 25,953
\$ 38,501,051

Tax levy:
Local district school tax (abstract) 14,570,680
County tax (abstract) 5,679,250
Added taxes (R.S. 54:4-63.1 et seq.) 3,883
Local tax for municipal purpose (abstract) 18,216,763
Additional tax levies 30,475
\$ 38,501,051

BOROUGH OF EDGEWATER

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2011

| | | | |
|-----------------------------|----|------------|----------------------|
| Balance - December 31, 2010 | | \$ | 34,166 |
| Increased by: | | | |
| Transferred from 2010 Taxes | \$ | 2,917 | |
| Transferred from 2011 Taxes | | 4,726 | |
| Interest and Costs | | <u>968</u> | |
| | | | <u>8,611</u> |
| Balance - December 31, 2011 | | \$ | <u><u>42,777</u></u> |

BOROUGH OF EDGEWATER

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2011

| | Balance, Dec. 31, <u>2010</u> | Accrued in 2011 | <u>Collected</u> | Balance, Dec. 31, <u>2011</u> |
|---|-------------------------------------|--------------------|-------------------------------|-------------------------------------|
| Clerk: | | | | |
| Licenses: | | | | |
| Alcoholic beverages | \$ | 21,338 | 21,338 | |
| Other | | 17,898 | 17,898 | |
| Fees and permits | | 128,857 | 128,857 | |
| Construction Code Official-fees and permits | | 686,059 | 686,059 | |
| Municipal Court fines and costs | 21,046 | 244,190 | 246,745 | 18,491 |
| Interest and cost on taxes | | 138,958 | 138,958 | |
| Interest on Investments | | 4,538 | 4,538 | |
| Consolidated Municipal Property Tax Relief | | 203,177 | 203,177 | |
| Energy Receipts Tax | | 547,554 | 547,554 | |
| Municipal Alliance | | | | |
| Uniform Fire Safety | | 23,549 | 23,549 | |
| Commercial Sewer Fees | | 434,210 | 327,261 | 106,949 |
| General Capital Fund Balance | | 59,800 | 59,800 | |
| Hotel Tax | | 224,335 | 224,335 | |
| Pilot Payments - Waterford Towers | | 485,140 | 485,140 | |
| | <u>\$ 21,046</u> | <u>3,219,603</u> | <u>3,115,209</u> | <u>125,440</u> |
| | | | Cash 3,111,972 | |
| | | | Interest on Investments 3,237 | |
| | | | <u>\$ 3,115,209</u> | |

BOROUGH OF EDGEWATER

**Schedule of Due from State of New Jersey
Senior Citizens' and Veterans' Deductions**

Current Fund

Year ended December 31, 2011

| | | |
|---|----|----------------------|
| Balance - December 31, 2010 | \$ | 32,088 |
| Increased by: | | |
| Senior citizens' and veterans' deductions | \$ | |
| per tax billings | | 26,250 |
| Deductions allowed by tax collector | | <u>3,530</u> |
| | | <u>29,780</u> |
| | | 61,868 |
| Decreased by: | | |
| Cash received | | <u>28,050</u> |
| Balance - December 31, 2011 | \$ | <u><u>33,818</u></u> |

Schedule of Local District School Tax Payable

Current Fund

Year ended December 31, 2011

| | | |
|--------------------|----|--------------------------|
| Increased by: | | |
| 2011 Tax Levy | \$ | <u>14,570,680</u> |
| Decreased by: | | |
| Cash Disbursements | \$ | <u><u>14,570,680</u></u> |

BOROUGH OF EDGEWATER
Schedule of County Taxes Payable
Current Fund
Year ended December 31, 2011

| | | |
|--------------------|----|-------------------------|
| Increased by: | | |
| County tax levy | \$ | <u>5,679,250</u> |
| | | |
| Decreased by: | | |
| Cash Disbursements | \$ | <u><u>5,679,250</u></u> |

**Schedule of Due County for Added
and Omitted Taxes**
Current Fund
Year ended December 31, 2011

| | | |
|-----------------------------|----|---------------------|
| Balance - December 31, 2010 | | \$ 33,315 |
| | | |
| Increased by: | | |
| County tax levy-Added | | <u>3,883</u> |
| | | 37,198 |
| Decreased by: | | |
| Cash Disbursements | | <u>33,315</u> |
| Balance - December 31, 2011 | \$ | <u><u>3,883</u></u> |

BOROUGH OF EDGEWATER

Schedule of Appropriation Reserves

Current Fund

For the Year Ending December 31, 2011

| | Balance, December 31, <u>2010</u> | Balance after <u>Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|--|---|--------------------------------------|----------------------------|---------------------------|
| Salaries and Wages Within "CAPS": | | | | |
| Administrative and Executive | \$ 529 | 529 | | 529 |
| Mayor and Council | 3 | 3 | | 3 |
| Elections | 4,840 | 4,840 | | 4,840 |
| Assessment of Taxes | 2,640 | 2,640 | | 2,640 |
| Municipal Court | 259 | 259 | | 259 |
| Collection of Taxes | 450 | 450 | | 450 |
| Legal Services | 248 | 248 | | 248 |
| Planning Board | 345 | 345 | | 345 |
| Zoning Board | 1 | 1 | | 1 |
| Rent Leveling | 1 | 1 | | 1 |
| Housing Inspector | 299 | 299 | | 299 |
| Fire | 634 | 634 | | 634 |
| Volunteer Fire | 1,121 | 1,121 | | 1,121 |
| Police | 136,993 | 93,736 | | 93,736 |
| Road Repairs and Maintenance | 7,444 | 7,444 | | 7,444 |
| Board of Health | 2,389 | 2,389 | | 2,389 |
| Public Assistance | 1 | 1 | | 1 |
| Recreation | 1 | 1 | | 1 |
| Recycling Program | 183 | 183 | | 183 |
| Uniform Construction Code | 1,641 | 1,641 | | 1,641 |
| Total Salaries and Wages Within "CAPS" | <u>160,022</u> | <u>116,765</u> | | <u>116,765</u> |
| Other Expenses Within "CAPS": | | | | |
| Administrative and Executive | 44,801 | 48,018 | 13,741 | 34,277 |
| Elections | 7,016 | 7,016 | | 7,016 |
| Financial Administration | 184 | 184 | | 184 |
| Collection of Taxes | | 5,995 | 5,994 | 1 |
| Assessment of Taxes | 1 | 2,858 | 2,858 | |
| Special Consultant - Reassessment of Real Properties | 80,000 | 80,000 | 80,000 | |
| Consultant and Legal Fees-Tax Appeal | 1 | 419 | 418 | 1 |
| Municipal Court | 1,520 | 1,642 | 1,531 | 111 |
| Legal Services | 39,074 | 39,074 | 7,340 | 31,734 |
| Public Buildings and Grounds | 62,383 | 66,951 | 6,563 | 60,388 |
| Engineering | 26,994 | 26,994 | 7,820 | 19,174 |
| Planning Board | 18,496 | 18,496 | 588 | 17,908 |
| Zoning Board | 12,777 | 12,777 | 160 | 12,617 |
| Rent Leveling | 1 | 338 | 338 | |
| Housing Inspector | 575 | 575 | | 575 |
| Group Insurance for Employees | 4,680 | 4,680 | | 4,680 |
| Insurance - Other | 2,806 | 4,175 | 4,175 | |
| Police | 7,737 | 21,130 | 17,641 | 3,489 |
| Police- Automobiles | 29,307 | 29,307 | | 29,307 |
| Emergency Management | 3,000 | 3,000 | | 3,000 |
| Fire | 2,900 | 20,728 | 20,609 | 119 |
| Volunteer First Aid | 10,499 | 11,263 | 934 | 10,329 |
| Fire Prevention | 10,132 | 11,859 | 8,751 | 3,108 |
| Road Repairs and Maintenance | 51,291 | 62,600 | 14,202 | 48,398 |

BOROUGH OF EDGEWATER

Schedule of Appropriation Reserves

Current Fund

For the Year Ending December 31, 2011

| | Balance, December 31, <u>2010</u> | Balance after <u>Transfers</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|--|---|--------------------------------------|---------------------------|--------------------------|
| Snow Removal | 6,049 | 7,049 | 1,937 | 5,112 |
| Board of Health | 868 | 868 | 725 | 143 |
| Occupational Safety Health Act | 1,130 | 1,130 | 26 | 1,104 |
| Public Assistance | 750 | 760 | 52 | 708 |
| Public Assistance- Emergency Assistance | 700 | 700 | | 700 |
| Parks and Playgrounds | 6,533 | 7,093 | 713 | 6,380 |
| Recreation | 37,713 | 37,713 | 2,983 | 34,730 |
| Celebration of Public Events | 8,576 | 8,576 | | 8,576 |
| Garbage and Trash Removal | 44,045 | 153,057 | 144,770 | 8,287 |
| Uniform Construction Code | 1 | 1,762 | 1,762 | |
| Fuel | 36,501 | 45,500 | 15,321 | 30,179 |
| Street Lighting | | 14,298 | 14,297 | 1 |
| Telephone | 39,960 | 39,961 | 9,991 | 29,970 |
| Water | 348 | 3,282 | 3,282 | |
| Fire Hydrant Service | 17,714 | 17,714 | 10,840 | 6,874 |
| Gasoline | 71,196 | 71,196 | 30,794 | 40,402 |
| Contingent | 5,000 | 5,000 | | 5,000 |
| Total Other expenses Within "CAPS" | <u>693,259</u> | <u>895,738</u> | <u>431,156</u> | <u>464,582</u> |
| Total Reserves Within "CAPS" | <u>853,281</u> | <u>1,012,503</u> | <u>431,156</u> | <u>581,347</u> |
| Other Expenses Excluded From "CAPS": | | | | |
| Bergen County Utilities Authority-Share of Costs | 1 | 1 | | 1 |
| Maintenance of Free Public Library | 127,654 | 127,654 | 127,654 | |
| Total Other Expenses Excluded from "CAPS" | <u>127,655</u> | <u>127,655</u> | <u>127,654</u> | <u>1</u> |
| Total Reserves Excluded from "CAPS" | <u>127,655</u> | <u>127,655</u> | <u>127,654</u> | <u>1</u> |
| Total Reserves | <u>\$ 980,936</u> | <u>1,140,158</u> | <u>558,810</u> | <u>581,348</u> |
| Appropriation reserves | | 980,936 | | |
| Encumbrances | | <u>159,222</u> | | |
| | | <u>\$ 1,140,158</u> | | |
| | | Cash Disbursements | 478,810 | |
| | | Transferred to Reserve | <u>80,000</u> | |
| | | | <u>\$ 558,810</u> | |

BOROUGH OF EDGEWATER
Schedule of Reserve for Encumbrances

Current Fund

Year ended December 31, 2011

| | |
|---------------------------------------|--------------------------|
| Balance - December 31, 2010 | \$ 159,222 |
| Increased by: | |
| Encumbrances | <u>209,014</u> |
| | 368,236 |
| Decreased by: | |
| Transferred to appropriation reserves | <u>159,222</u> |
| Balance - December 31, 2011 | \$ <u><u>209,014</u></u> |

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2011

| | |
|-----------------------------|-------------------------|
| Balance - December 31, 2010 | \$ 32,103 |
| Increased by: | |
| Overpayments received | <u>91,700</u> |
| | 123,803 |
| Decreased by: | |
| Overpayments refunded | <u>69,494</u> |
| Balance - December 31, 2011 | \$ <u><u>54,309</u></u> |

BOROUGH OF EDGEWATER

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2011

| | |
|------------------------------|--------------------------|
| Balance - December 31, 2010 | \$ 146,936 |
| Increased by: | |
| 2012 prepaid taxes collected | <u>172,396</u> |
| | 319,332 |
| Decreased by: | |
| Taxes realized as revenue | <u>146,936</u> |
| Balance - December 31, 2011 | <u><u>\$ 172,396</u></u> |

**Schedule of Due to the State - Marriage
License Fees**

Current Fund

Year ended December 31, 2011

| | |
|-----------------------------|----------------------|
| Balance - December 31, 2010 | \$ 250 |
| Increased by: | |
| Cash Receipts | <u>1,750</u> |
| | 2,000 |
| Decreased by: | |
| Disbursements | <u>1,550</u> |
| Balance - December 31, 2011 | <u><u>\$ 450</u></u> |

BOROUGH OF EDGEWATER

**Schedule of Property Acquired for Taxes-
Assessed Valuation**

Current Fund

Year ended December 31, 2011

| | |
|-----------------------------|----------------------------|
| Balance - December 31, 2010 | \$ <u>3,844,775</u> |
| Balance - December 31, 2011 | \$ <u><u>3,844,775</u></u> |

**Schedule of Reserve for
Tax Title Lien Premium**

Current Fund

Year ended December 31, 2011

| | |
|-----------------------------|-------------------------|
| Balance - December 31, 2010 | \$ 63,200 |
| Increased by: | |
| Premiums collected | <u>206,700</u> |
| | 269,900 |
| Decreased by: | |
| Refunded | \$ 199,600 |
| Cancelled to Operations | <u>8,200</u> |
| | <u>207,800</u> |
| Balance - December 31, 2011 | \$ <u><u>62,100</u></u> |

BOROUGH OF EDGEWATER

Schedule of Interfunds

Current Fund

Year ended December 31, 2011

| <u>Fund</u> | Due from/(to) Balance <u>Dec. 31, 2010</u> | <u>Increased</u> | <u>Decreased</u> | Due from/(to) Balance <u>Dec. 31, 2011</u> |
|-----------------------|--|--------------------------------------|------------------|--|
| Escrow Trust Fund | \$ 18 | 21 | 18 | 21 |
| General Capital Fund | <u>(96,407)</u> | <u>1,021,838</u> | <u>924,262</u> | <u>1,169</u> |
| | <u>\$ (96,389)</u> | <u>1,021,859</u> | <u>924,280</u> | <u>1,190</u> |
| <u>Analysis</u> | | | | |
| Due to Current Fund | \$ 18 | | | 1,190 |
| Due From Current Fund | <u>(96,407)</u> | | | <u> </u> |
| | <u>\$ (96,389)</u> | | | <u>1,190</u> |
| | | Interest on Investments \$ 1,190 | | |
| | | Disbursements 1,020,669 | | |
| | | Receipts <u> </u> | <u>924,280</u> | |
| | | <u>\$ 1,021,859</u> | <u>924,280</u> | |

BOROUGH OF EDGEWATER

Schedule of Various Reserves

Current Fund

Year ended December 31, 2011

| | Balance Dec. 31, <u>2010</u> | <u>Increased</u> | <u>Decreased</u> | Balance Dec. 31, <u>2011</u> |
|---|------------------------------------|------------------|------------------|------------------------------------|
| Playgrounds | \$ 2,481 | | | 2,481 |
| Library Aid | 15,384 | | 3,001 | 12,383 |
| Parking Offenses Adjudication Account | 6,050 | 760 | | 6,810 |
| Community Center | 18,730 | | | 18,730 |
| Developer's Contribution | 1,825 | | | 1,825 |
| Revaluation | 56,743 | 80,000 | 56,743 | 80,000 |
| BCUA Grant | 17,608 | | | 17,608 |
| Ferry Agreement | 20,000 | | | 20,000 |
| Donations | 17,425 | | | 17,425 |
| Sale of Municipal Assets | 1,091 | | | 1,091 |
| Arts Festival | 1,513 | | | 1,513 |
| Centennial | 890 | | | 890 |
| | <u>\$ 159,740</u> | <u>80,760</u> | <u>59,744</u> | <u>180,756</u> |
| Transferred from Appropriation Reserves | | 80,000 | | |
| Cash Receipts | | 760 | | |
| Cash Disbursements | | | 59,744 | |
| | | <u>\$ 80,760</u> | <u>59,744</u> | |

BOROUGH OF EDGEWATER

Schedule of Special Emergency Notes Payable

Current Fund

Year ended December 31, 2011

| <u>Note</u> | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>Interest Rate</u> | <u>Balance, Dec. 31, 2010</u> | <u>Increased</u> | <u>Decreased</u> | <u>Balance, Dec. 31, 2011</u> |
|-------------|----------------------|-------------------------|----------------------|-------------------------------|------------------|------------------|-------------------------------|
| SEN-1 | Dec. 29, 2011 | Aug. 12, 2011 | 1.65% | \$ 155,000 | | 155,000 | |
| SEN-1 | Aug. 12, 2011 | Aug. 10, 2012 | 1.50% | | 124,000 | | 124,000 |
| | | | | <u>\$ 155,000</u> | <u>124,000</u> | <u>155,000</u> | <u>124,000</u> |

BOROUGH OF EDGEWATER

Schedule of Due to Federal and State Grant Fund

Current Fund

Year ended December 31, 2011

| | | | |
|----------------------------------|----|---------------|-----------------------|
| Balance - December 31, 2010 | | \$ | 47,248 |
| Increased by: | | | |
| Grants Receivable | \$ | 766,620 | |
| Grants Received - Unappropriated | | <u>61,520</u> | |
| | | | <u>828,140</u> |
| | | | 875,388 |
| Decreased by: | | | |
| Cash Disbursements | | | <u>749,996</u> |
| Balance - December 31, 2011 | | \$ | <u><u>125,392</u></u> |

BOROUGH OF EDGEWATER

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2011

| | Added in <u>2011</u> | Authorized in <u>2011</u> | Raised in 2011 <u>Budget</u> | Balance, Dec. 31, <u>2011</u> |
|--|-------------------------|------------------------------|------------------------------------|-------------------------------------|
| Emergency Authorizations: | | | | |
| Municipal Services Costs | \$ 100,000 | | 100,000 | |
| Payment to Residential Associations - Kelly Bill | | 65,000 | | 65,000 |
| | <u>\$ 100,000</u> | <u>65,000</u> | <u>100,000</u> | <u>65,000</u> |

BOROUGH OF EDGEWATER
N.J.S.A. 40A:4-53 Special Emergency

Current Fund

Year ended December 31, 2011

| <u>Date</u> | <u>Purpose</u> | Net | 1/5 of | Balance | Balance, |
|-------------------|-------------------------------|-------------------|-------------------|----------------|---------------|
| <u>Authorized</u> | | Amount | Net Amount | Dec. 31, | Dec. 31, |
| | | <u>Authorized</u> | <u>Authorized</u> | <u>2010</u> | <u>2011</u> |
| 2010 | Reassessment of Real Property | \$ 80,000 | 16,000 | 80,000 | 80,000 |
| 2010 | Termination Pay | 155,000 | 31,000 | 155,000 | 124,000 |
| 2007 | Revaluation | 60,000 | 12,000 | 12,000 | 12,000 |
| | | <u>295,000</u> | <u>59,000</u> | <u>247,000</u> | <u>43,000</u> |
| | | | | <u>204,000</u> | |

BOROUGH OF EDGEWATER
Schedule of Grants Receivable
State and Federal Grant Fund
Year ended December 31, 2011

| <u>Purpose</u> | <u>Grants Awarded</u> | <u>Received</u> |
|-------------------|---------------------------|-----------------|
| Clean Communities | \$ 16,624 | 16,624 |
| FEMA | 742,996 | 742,996 |
| Forestry Grant | 7,000 | 7,000 |
| | <u>\$ 766,620</u> | <u>766,620</u> |

BOROUGH OF EDGEWATER

Schedule of Appropriated Grant Reserves

State and Federal Grant Fund

Year ended December 31, 2011

| <u>Purpose</u> | <u>Budget Appropriations</u> | <u>Expended</u> | <u>Balance, Dec. 31, 2011</u> |
|-------------------|----------------------------------|-------------------|---------------------------------------|
| Clean Communities | \$ 16,624 | 500 | 16,124 |
| Forestry Grant | 7,000 | 7,000 | |
| FEMA | <u>742,996</u> | <u>742,996</u> | |
| | <u>\$ 766,620</u> | <u>750,496</u> | <u>16,124</u> |
| | Encumbrances | 500 | |
| | Cash Disbursements | <u>749,996</u> | |
| | | <u>\$ 750,496</u> | |

BOROUGH OF EDGEWATER

Schedule of Unappropriated Grant Reserves

State and Federal Grant Fund

Year ended December 31, 2011

| <u>Purpose</u> | Balance, Dec. 31, <u>2010</u> | <u>Received</u> | Balance, Dec. 31, <u>2011</u> |
|---------------------------------------|-------------------------------------|-----------------|-------------------------------------|
| Clean Communities | \$ 24,756 | | 24,756 |
| Municipal Alliance | | 9,692 | 9,692 |
| Body Armor Grant | 6,052 | | 6,052 |
| Recycling Tonnage Grant | 14,216 | 50,264 | 64,480 |
| Alcohol Education Rehabilitation Fund | 2,224 | 1,564 | 3,788 |
| | <u>\$ 47,248</u> | <u>61,520</u> | <u>108,768</u> |

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2011

| | Animal License Fund | Escrow Trust Fund | Other Trust Funds | Emergency Services LOSAP |
|--|---------------------------|-------------------------|-------------------------|--------------------------------|
| Balance - December 31, 2010 | \$ 186 | 92,296 | 2,350,203 | 593,004 |
| Increased by: | | | | |
| Animal License Fees | 2,682 | | | |
| Due to State of New Jersey - Dog License Fees | 424 | | | |
| Various Reserves | | | 179,910 | |
| Escrow Deposits | | 332,101 | | |
| Borough Contributions | | | | 77,050 |
| Investment Income | | 21 | | 11,643 |
| | <u>3,106</u> | <u>332,122</u> | <u>179,910</u> | <u>88,693</u> |
| | <u>3,292</u> | <u>424,418</u> | <u>2,530,113</u> | <u>681,697</u> |
| Decreased by: | | | | |
| Animal License Expenditures | 2,800 | | | |
| Due to State of New Jersey | 424 | | | |
| Escrow Deposits Returned | | 337,915 | | |
| Interfunds | | 18 | | |
| Various Reserves | | | 571,748 | |
| Distributions | | | | 14,991 |
| | <u>3,224</u> | <u>337,933</u> | <u>571,748</u> | <u>14,991</u> |
| Balance -December 31, 2011 | \$ <u>68</u> | <u>86,485</u> | <u>1,958,365</u> | <u>666,706</u> |

BOROUGH OF EDGEWATER

**Schedule of Reserve for Expenditures -
Animal License Fund**

Trust Funds

Year ended December 31, 2011

| | | | |
|-----------------------------|----|------------|------------------|
| Balance - December 31, 2010 | | \$ | 149 |
| Increased by: | | | |
| Dog license fees | \$ | 1,809 | |
| Cat license fees | | 543 | |
| Miscellaneous fees | | <u>330</u> | |
| | | | <u>2,682</u> |
| | | | 2,831 |
| Decreased by: | | | |
| Paid to Current Fund | | | <u>2,800</u> |
| Balance -December 31, 2011 | | \$ | <u><u>31</u></u> |

License Fees Collected

| | |
|------|---------------------|
| 2009 | 2,047 |
| 2010 | <u>2,928</u> |
| \$ | <u><u>4,975</u></u> |

BOROUGH OF EDGEWATER
Schedule of Due to State of New Jersey-
Animal License Fees

Trust Funds

Year ended December 31, 2011

| | | |
|---------------------------------|----|-----|
| Balance - December 31, 2010 | \$ | 37 |
| Increased by: | | |
| 2011 Fees Collected | | 424 |
| | | 461 |
| Decreased by: | | |
| Payments to State of New Jersey | | 424 |
| Balance -December 31, 2011 | \$ | 37 |

Schedule of Reserve Escrow Deposits

Trust Funds

Year ended December 31, 2011

| | | |
|-----------------------------|----|---------|
| Balance - December 31, 2010 | \$ | 92,278 |
| Increased by: | | |
| Escrow Deposits | | 332,101 |
| | | 424,379 |
| Decreased by: | | |
| Escrow Deposits Refunded | | 337,915 |
| Balance -December 31, 2011 | \$ | 86,464 |

BOROUGH OF EDGEWATER

Schedule of Interfunds Receivable/(Payable)
Trust Funds

Year ended December 31, 2011

| | Balance, Dec. 31, <u>2010</u> | <u>Increased</u> | <u>Decreased</u> | Balance, Dec. 31, <u>2011</u> |
|-------------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Escrow Trust Fund: | | | | |
| Current Fund | (18) | 18 | 21 | (21) |
| | <u>\$ (18)</u> | <u>18</u> | <u>21</u> | <u>(21)</u> |
| | | 18 | | |
| Disbursements | | | 21 | |
| Interest on Investments | | | <u>21</u> | |
| | | <u>\$ 18</u> | <u>21</u> | |

BOROUGH OF EDGEWATER

Schedule of Miscellaneous Reserves

Trust Funds

Year ended December 31, 2011

| | Balance, Dec. 31, <u>2010</u> | <u>Increased</u> | <u>Decreased</u> | Balance, Dec. 31, <u>2011</u> |
|----------------------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Reserve for: | | | | |
| Cemetary Bequests | \$ 30,897 | 1,097 | | 31,994 |
| Bullet Proof Vests | 5,433 | 3,436 | | 8,869 |
| Ferry Performance Security | 194,784 | 251 | | 195,035 |
| Fire Prevention | 15,632 | 2,037 | | 17,669 |
| Edgewater Cares | 2,430 | 5 | | 2,435 |
| Cultural and Historical Society | 1,140 | 2 | | 1,142 |
| Regional Contribution Assistance | 332,197 | | | 332,197 |
| Council on Affordable Housing | 1,110,240 | 88,245 | 164,985 | 1,033,500 |
| Open Space Trust | 501,428 | 945 | 299,038 | 203,335 |
| Recycling Fees | 131,826 | 77,573 | 98,566 | 110,833 |
| Bergen County CDA Trust | 100 | | | 100 |
| Municipal Alliance Trust | 24,096 | 6,319 | 9,159 | 21,256 |
| | <u>\$ 2,350,203</u> | <u>179,910</u> | <u>571,748</u> | <u>1,958,365</u> |

BOROUGH OF EDGEWATER

Statement of Service Award Contributions Receivable

Emergency Services Length of Service Award Program

Year ended December 31, 2011

| | |
|------------------------------------|------------------|
| Balance - December 31, 2010 | \$ 77,050 |
| Increased by: | |
| 2011 Borough Contribution | <u>83,950</u> |
| | 161,000 |
| Decreased by: | |
| 2010 Borough Contribution received | <u>77,050</u> |
| Balance -December 31, 2011 | <u>\$ 83,950</u> |

Statement of Net Assets Available for Benefits

Emergency Services Length of Service Award Program

Year ended December 31, 2011

| | |
|-----------------------------|-------------------|
| Balance - December 31, 2010 | \$ 670,054 |
| Increased by: | |
| Borough Contributions | \$ 83,950 |
| Investment Income | <u>11,643</u> |
| | <u>95,593</u> |
| | 765,647 |
| Decreased by: | |
| Distributions | <u>14,991</u> |
| Balance -December 31, 2011 | <u>\$ 750,656</u> |

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2011

| | | |
|---|----------------|---------------------|
| Balance - December 31, 2010 | | \$ 3,904,958 |
| Increased by receipts: | | |
| Capital Improvement Fund | \$ 75,000 | |
| Bond Anticipation Notes | 5,357,295 | |
| NJ EIT Loan | 547,116 | |
| COPS Technology Program Grant | 500,000 | |
| Community Development Block Grants | 124,266 | |
| Deferred Charge - Overexpenditure | 1,360 | |
| Reserve for Payment of Debt | 14,909 | |
| Reserve for Green Acres | 461 | |
| Due from Current Fund | 1,021,838 | |
| New Jersey Department of Transportation Grant | 100,125 | |
| Bergen County Historic Preservation Trust | 50,000 | |
| Premium on Sale of Notes | <u>76,689</u> | |
| | | <u>7,869,059</u> |
| | | 11,774,017 |
| Decreased by disbursements: | | |
| Improvement Authorizations | 5,822,788 | |
| Fund Balance - Due to Current | 59,800 | |
| Reserve for Payment of Debt | 192,544 | |
| Due from Current Fund | <u>924,262</u> | |
| | | <u>6,999,394</u> |
| Balance - December 31, 2011 | | <u>\$ 4,774,623</u> |

BOROUGH OF EDGEWATER

Schedule of General Capital Fund Cash

General Capital Fund

Year ended December 31, 2011

| | | |
|---|---|-------------|
| Grants Receivable - | | |
| Community Development Block Grant | \$ | (319,404) |
| New Jersey Department of Transportation | | (194,383) |
| Bergen County Open Space Trust Fund | | (41,250) |
| Bergen County Historic Preservation Trust | | (424,000) |
| Green Acres Program | | (382,445) |
| Livable Communities | | (5,375) |
| New Jersey Historic Preservation Trust | | (406,000) |
| Wasterwater Trust Fund Receivable | | (1,072,273) |
| Due to Current Fund | | 1,169 |
| Capital Improvement Fund | | 327,143 |
| Reserve for Green Acres | | 9,889 |
| Reserve for Payment of Debt | | 1,317,364 |
| Unappropriated State Grant | | 79,408 |
| Reserve for Grants Receivable | | 188,580 |
| Fund Balance | | 108,329 |
| Bond Anticipation Notes Funded | | |
| Improvement authorizations: | | |
| Ordinance | | |
| <u>number</u> | <u>Improvement description</u> | |
| 967 | Various improvements | (164) |
| 1262 | Pension Refunding | (2,681) |
| 1299 | Various Capital Improvements | 282,226 |
| 1325 | Various Capital Improvements | (709) |
| 1326 | Various Capital Improvements | 929,553 |
| 1357 | Acquisition of Municipal Complex/Police Station | 151,645 |

BOROUGH OF EDGEWATER

Schedule of General Capital Fund Cash

General Capital Fund

Year ended December 31, 2011

| | | |
|-----------|---|---------------------|
| 1359 | Dissolution of Edgewater MUA | (2,172) |
| 1366 | Separation of Combined Sewers | 277,262 |
| 1372/1382 | Dredging of Edgewater Marina | 218,986 |
| 1381/1387 | Various Capital Improvements | 813,152 |
| 1398 | Acq./Installation of Marina Clock | 40,192 |
| 1401 | Undercliff Ave. Streetscape | 91,080 |
| 1407 | Barrier Free Improvements-River Road | 65,421 |
| 1413 | Refunding Bond Ordinance | (56,570) |
| 1418 | Sewer Repairs | 200,100 |
| 1420 | Sanitary Sewer Repairs | 265,317 |
| 1423 | Improvements to Undercliff Avenue | 150,540 |
| 1426 | Acquisition of various equipment for new municipal comple | 174,318 |
| 1438 | Drainage Improvements, Old River Road | 190,149 |
| 1443 | Reconstruction of Roads (Lasher Lane/Oldwood Rd) | 804 |
| 1446 | Various Acquisitions and Improvements | 864,849 |
| 1450 | Borough Hall Phase II Improvements | 923,483 |
| 1457 | Imps. To Beverly Place Retaining Wall | 1,743 |
| 1460 | Imps. to the DPW and Community Center Parking Lots | 6,097 |
| 1464 | Improvements to the Municipal Pool | 3,250 |
| | | <u>\$ 4,774,623</u> |

BOROUGH OF EDGEWATER

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year ended December 31, 2011

| | | |
|---|------------|-----------------------------|
| Balance - December 31, 2010 | | \$ 19,286,792 |
| Increased by: | | |
| Transferred from Deferred Charges - Unfunded | | <u>691,250</u> |
| | | 19,978,042 |
| Decreased by: | | |
| Infrastructure Loan Payments | \$ 258,873 | |
| Prior year Infrastructure Trust Loan Payments made | | 17,670 |
| Green Trust Loan Payments | | 17,823 |
| Capital Lease Payments | | 17,000 |
| Paid via Budget Appropriation Serial Bonds | | <u>925,000</u> |
| | | <u>1,236,366</u> |
| Balance - December 31, 2011 | | \$ <u><u>18,741,676</u></u> |

BOROUGH OF EDGEWATER

**Schedule of Deferred Charges to
Future Taxation - Unfunded**

General Capital Fund

Year ended December 31, 2011

| Ordinance number | Improvement description | Balance, Dec. 31, 2010 | 2011 Authorizations | Transferred to Def. Charges Funded | Authorizations Canceled | Balance, Dec. 31, 2011 | Analysis of balance | | |
|---------------------|---|------------------------------|------------------------|--|----------------------------|------------------------------|-------------------------------|--------------|--|
| | | | | | | | Bond anticipation notes | Expenditures | Unexpended improvement authorization |
| | | \$ | | | | | | | |
| 967 | Various improvements | 164 | | | | 164 | | 164 | |
| 1262 | Pension Refunding | 2,681 | | | | 2,681 | | 2,681 | |
| 1325 | Various Capital Improvements | 709 | | | | 709 | | 709 | |
| 1357 | Acquisition of Municipal Complex/Police Station | 5,400,000 | | | | 5,400,000 | 5,000,000 | | 400,000 |
| 1359 | Dissolution of the Edgewater Municipal Utilities Authority | 78,860 | | | 76,688 | 2,172 | | 2,172 | |
| 1365 | Various Capital Improvements | 700 | | 700 | | | | | |
| 1366 | Separation of Combined Sewers | 748,519 | | | | 748,519 | | | 748,519 |
| 1372/1382 | Dredging of Marina | 4,800,000 | | 252,595 | | 4,547,405 | 4,546,705 | | 700 |
| 1381/1387 | Various Capital Improvements | 1,942,750 | | | | 1,942,750 | 1,942,500 | | 250 |
| 1407 | Barrier Free Improvements-River Road | 123,500 | | | | 123,500 | 123,500 | | |
| 1413 | Refunding Bond Ordinance | 340,000 | | | | 340,000 | | 56,570 | 283,430 |
| 1418 | Sewer Repairs | 725,000 | | | | 33,750 | | | 33,750 |
| 1420 | Sanitary Sewer Repairs | 45,000 | | 691,250 | | 45,000 | | | 45,000 |
| 1423 | Improvements to Undercliff Avenue | 42,750 | | | | 42,750 | 42,500 | | 250 |
| 1426 | Acquisition of various equipment for new municipal complex | 237,500 | | | | 237,500 | 237,500 | | |
| 1443 | Reconstruction of Roads (Lasher Lane/Oldwood Rd) | 107,350 | | | | 107,350 | 107,350 | | |
| 1450 | Borough Hall Phase II Improvements | | 251,750 | | | 251,750 | 249,945 | | 1,805 |
| 1457 | Imps. to Beverly Place Retaining Wall | | 152,000 | | | 152,000 | | | 152,000 |
| 1460 | Imps. to DPW and Community Center Parking Lots | | 161,500 | | | 161,500 | | | 161,500 |

BOROUGH OF EDGEWATER

**Schedule of Deferred Charges to
Future Taxation - Unfunded**

General Capital Fund

Year ended December 31, 2011

| Ordinance number | Improvement description | Balance, Dec. 31, 2010 | 2011 Authorizations | Transferred to Def. Charges Funded | Authorizations Canceled | Balance, Dec. 31, 2011 | Analysis of balance | | |
|---------------------|--------------------------------|------------------------------|------------------------|--|----------------------------|------------------------------|-------------------------------|--------------|--|
| | | | | | | | Bond anticipation notes | Expenditures | Unexpended improvement authorization |
| 1463 | Refunding Bond Ordinance | | 8,300,000 | | | 8,300,000 | | | 8,300,000 |
| 1464 | Improvements to Municipal Pool | | 61,750 | | | 61,750 | | | 61,750 |
| | | \$ 14,595,483 | 8,927,000 | 944,545 | 76,688 | 22,501,250 | 12,250,000 | 62,296 | 10,188,954 |

2011 Improvement Authorizations 8,927,000

\$ 8,927,000

Reserve for payment of debt
Issuance of NJ Environmental Infrastructure
Trust Loans
Budget Appropriation

192,544
691,250
60,751
944,545

Improvement authorizations - unfunded \$ 11,905,725

Less: Unexpended proceeds of

Bond Anticipation Notes

Ord. 1372/1382 218,986

Ord. 1381/1387 813,152

Ord. 1407 65,421

Ord. 1423 42,500

Ord. 1426 174,318

Ord. 1443 804

Ord. 1450 249,945

Ord. 1357 151,645

1,716,771

\$ 10,188,954

BOROUGH OF EDGEWATER

**Schedule of Infrastructure Loans Receivable
New Jersey Department of Environmental Protection**

General Capital Fund

Year ended December 31, 2011

| | | |
|-----------------------------|----|-------------------------|
| Balance - December 31, 2010 | \$ | 928,139 |
| Increased by: | | |
| Loan Awards | | <u>691,250</u> |
| | | 1,619,389 |
| Decreased by: | | |
| Receipts | | <u>547,116</u> |
| Balance - December 31, 2011 | \$ | <u><u>1,072,273</u></u> |
| <u>Analysis of Balance</u> | | |
| Prior Years | | 53,732 |
| Trust Loan (2007) | | 119,481 |
| Fund Loan (2007) | | 249,926 |
| Trust Loan (2010A) | | 47,035 |
| Fund Loan (2010A) | | 152,353 |
| Trust Loan (2010B) | | 189,746 |
| Fund Loan (2010B) | | <u>260,000</u> |
| | \$ | <u><u>1,072,273</u></u> |

BOROUGH OF EDGEWATER
Schedule of Grants Receivable -
State of New Jersey Green Acres Program

General Capital Fund

Year ended December 31, 2011

| | | | |
|--------------------------------------|--|----|----------------------------|
| Balance - December 31, 2010 | | \$ | <u>382,445</u> |
| Balance - December 31, 2011 | | \$ | <u><u>382,445</u></u> |
| | | | |
| | | | <u>Analysis of Balance</u> |
| Ord. 1326 - Imps. To Veteran's Field | | \$ | <u><u>382,445</u></u> |

Schedule of Grants Receivable -
State of New Jersey Historic Trust Grant Program - Ord. 1450

General Capital Fund

Year ended December 31, 2011

| | | | |
|-----------------------------|--|----|-----------------------|
| Increased by: | | | |
| Grant Awards | | \$ | <u>406,000</u> |
| Balance - December 31, 2011 | | \$ | <u><u>406,000</u></u> |

Schedule of Grants Receivable -
State of New Jersey Livable Communities Library Grant - Ord. 1326

General Capital Fund

Year ended December 31, 2011

| | | | |
|-----------------------------|--|----|---------------------|
| Balance - December 31, 2010 | | \$ | <u>5,375</u> |
| Balance - December 31, 2011 | | \$ | <u><u>5,375</u></u> |

BOROUGH OF EDGEWATER
Schedule of Grants Receivable -
New Jersey Department of Transportation
General Capital Fund
Year ended December 31, 2011

| | | |
|---|----|---------|
| Balance - December 31, 2010 | \$ | 294,508 |
| Decreased by: | | |
| Cash Receipts | | 100,125 |
| Balance - December 31, 2011 | \$ | 194,383 |
| <u>Analysis of Balance</u> | | |
| Ord. 1381/1387 Reconstruction of North Street | | 94,508 |
| Ord. 1438 Drainage Imps. Old River Road | | 99,875 |
| | \$ | 194,383 |

Schedule of Grants Receivable -
Bergen County Open Space Trust Fund
General Capital Fund
Year ended December 31, 2011

| | | |
|--|----|--------|
| Balance - December 31, 2010 | \$ | 41,250 |
| Balance - December 31, 2011 | \$ | 41,250 |
| <u>Analysis of Balance</u> | | |
| Ord. 1398 - Installation of Marina Clock | \$ | 41,250 |

BOROUGH OF EDGEWATER
Schedule of Grants Receivable -
Bergen County Historic Preservation Trust

General Capital Fund

Year ended December 31, 2011

| | | |
|-----------------------------|----|-----------------------|
| Balance - December 31, 2010 | \$ | <u>145,000</u> |
| Increased by: | | |
| Grant Awards | | <u>329,000</u> |
| | | 474,000 |
| Decreased by: | | |
| Cash Receipts | | <u>50,000</u> |
| Balance - December 31, 2011 | \$ | <u><u>424,000</u></u> |

Analysis of Balance

| | | |
|--|----|-----------------------|
| Ord. 1450 - Borough Hall Phase II Improvements | | 329,000 |
| Ord. 1381/1387 - Rehabilitation of Borough Hall, Phase I | | <u>95,000</u> |
| | \$ | <u><u>424,000</u></u> |

BOROUGH OF EDGEWATER

Schedule of Community Development Block Grant Receivables

General Capital Fund

Year ended December 31, 2011

| | |
|-----------------------------|--------------------------|
| Balance - December 31, 2010 | \$ 243,670 |
| Increased by: | |
| Grant Awards | <u>200,000</u> |
| | 443,670 |
| Decreased by: | |
| Cash Receipts | <u>124,266</u> |
| Balance - December 31, 2011 | <u><u>\$ 319,404</u></u> |

Analysis of Balance

| | |
|---|--------------------------|
| Ord. 1423 Reconstruction of Undercliff Ave. | 30,824 |
| Ord. 1423 Undercliff Ave. Streetscape | 88,580 |
| Road Resurfacing: Undercliff/Lasher Lane/Oldwood Road | 100,000 |
| Road Resurfacing: Edgewater Place/Hilliard Avenue | <u>100,000</u> |
| | <u><u>\$ 319,404</u></u> |

BOROUGH OF EDGEWATER
Schedule of Due from/(to) Current Fund
General Capital Fund
Year ended December 31, 2011

| | | | |
|--------------------------------|----|-----------|-----------|
| Balance - December 31, 2010 | | \$ | 96,407 |
| Increased by: | | | |
| Cash Disbursement | | | 924,262 |
| | | | 1,020,669 |
| Decreased by: | | | |
| Interest Earned on Investments | \$ | 1,169 | |
| Cash Receipts | | 1,020,669 | |
| | | | 1,021,838 |
| Balance - December 31, 2011 | | \$ | (1,169) |

BOROUGH OF EDGEWATER

Schedule of Overexpenditure of Ordinance Appropriation

General Capital Fund

Year ended December 31, 2011

| | |
|--------------------------------------|------------------------|
| Balance - December 31, 2010 | \$ <u>1,360</u> |
| Decreased by: | |
| Cash Receipts - Budget Appropriation | \$ <u><u>1,360</u></u> |

BOROUGH OF EDGEWATER

**Schedule of New Jersey Environmental
Infrastructure Loan Payable**

General Capital Fund

Year ended December 31, 2011

| | | | |
|-------------------------------|----|---------------|-------------------------|
| Balance - December 31, 2010 | | \$ | 3,782,827 |
| Increased by: | | | |
| Loans issued | | | <u>691,250</u> |
| | | | 4,474,077 |
| Decreased by: | | | |
| Paid via Budget Appropriation | | | |
| Current Year | \$ | 258,873 | |
| Prior Year | | <u>17,670</u> | |
| | | | <u>276,543</u> |
| Balance - December 31, 2011 | | \$ | <u><u>4,197,534</u></u> |

Analysis of Balance

| | | |
|-----------------------------|----------------|----------------------------|
| Infrastructure Trust Loan - | | |
| Series 2000 | 525,000 | |
| Series 2001 | 80,000 | |
| Series 2007 | 550,000 | |
| Series 2010A | 165,000 | |
| Series 2010B | 245,000 | |
| Infrastructure Fund Loan - | | |
| Series 2000 | 406,355 | |
| Series 2001 | 67,070 | |
| Series 2007 | 1,430,847 | |
| Series 2010A | 477,076 | |
| Series 2010B | <u>251,186</u> | |
| | | \$ <u><u>4,197,534</u></u> |

BOROUGH OF EDGEWATER
Schedule of Green Trust Loan Payable
General Capital Fund
Year ended December 31, 2011

| | |
|-------------------------------|-------------------|
| Balance - December 31, 2010 | \$ 356,965 |
| Decreased by: | |
| Paid via Budget Appropriation | <u>17,823</u> |
| Balance - December 31, 2011 | <u>\$ 339,142</u> |

BOROUGH OF EDGEWATER

Schedule of Serial Bonds

General Capital Fund

Year ended December 31, 2011

| Purpose | Date of issue | Original issue | Maturities of bonds outstanding | | Interest rate | Balance, Dec. 31, 2010 | Decreased | Balance, Dec. 31, 2011 |
|--------------------------|---------------|----------------|---------------------------------|---------|---------------|------------------------|-----------|------------------------|
| | | | Date | Amount | | | | |
| General obligation bonds | Jun. 1, 2004 | 9,190,000 | Jun. 1, 2012 | 285,000 | 4.25% | 8,190,000 | 250,000 | 7,940,000 |
| | | | Jun. 1, 2013 | 300,000 | 4.25% | | | |
| | | | Jun. 1, 2014 | 825,000 | 4.25% | | | |
| | | | Jun. 1, 2015 | 850,000 | 4.25% | | | |
| | | | Jun. 1, 2016 | 900,000 | 4.25% | | | |
| | | | Jun. 1, 2017 | 930,000 | 4.30% | | | |
| | | | Jun. 1, 2018 | 940,000 | 4.30% | | | |
| | | | Jun. 1, 2019 | 960,000 | 4.30% | | | |
| | | | Jun. 1, 2020 | 970,000 | 4.30% | | | |
| | | | Jun. 1, 2021 | 980,000 | 4.30% | | | |
| Refunding Bonds | Jun. 30, 2009 | 2,460,000 | Aug. 15, 2012 | 670,000 | 3.00% | 1,660,000 | 650,000 | 1,010,000 |
| | | | Aug. 15, 2013 | 50,000 | 3.00% | | | |
| | | | Aug. 15, 2014 | 125,000 | 4.00% | | | |
| | | | Aug. 15, 2015 | 165,000 | 4.00% | | | |

BOROUGH OF EDGEWATER

Schedule of Serial Bonds

General Capital Fund

Year ended December 31, 2011

| <u>Purpose</u> | <u>Date of issue</u> | <u>Original issue</u> | <u>Maturities of bonds outstanding</u> | | <u>Interest rate</u> | <u>Balance, Dec. 31, 2010</u> | <u>Decreased</u> | <u>Balance, Dec. 31, 2011</u> |
|--------------------------|----------------------|-----------------------|--|---------------|----------------------|-------------------------------|------------------|-------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| General Obligation Bonds | Jun. 30, 2009 | 4,884,000 | Aug. 15, 2012 | 25,000 | 4.00% | 4,884,000 | 25,000 | 4,859,000 |
| | | | Aug. 15, 2013 | 90,000 | 4.00% | | | |
| | | | Aug. 15, 2014 | 380,000 | 4.00% | | | |
| | | | Aug. 15, 2015 | 450,000 | 4.00% | | | |
| | | | Aug. 15, 2016 | 100,000 | 4.00% | | | |
| | | | Aug. 15, 2017 | 125,000 | 5.00% | | | |
| | | | Aug. 15, 2018 | 150,000 | 5.00% | | | |
| | | | Aug. 15, 2019 | 175,000 | 4.50% | | | |
| | | | Aug. 15, 2020 | 225,000 | 4.50% | | | |
| | | | Aug. 15, 2021 | 235,000 | 4.00% | | | |
| | | | Aug. 15, 2022 | 960,000 | 5.00% | | | |
| | | | Aug. 15, 2023 | 960,000 | 5.00% | | | |
| | | | Aug. 15, 2024 | 984,000 | 4.00% | | | |
| | | | | | | <u>\$ 14,734,000</u> | <u>925,000</u> | <u>13,809,000</u> |

BOROUGH OF EDGEWATER

Schedule of Capital Leases Payable

General Capital Fund

Year ended December 31, 2011

| Purpose | Date of issue | Original issue | Maturities of lease payments outstanding | | Interest rate | Balance, Dec. 31, 2010 | Decreased | Balance, Dec. 31, 2011 |
|--------------------------------------|---------------|----------------|--|---------|---------------|------------------------|-----------|------------------------|
| | | | Date | Amount | | | | |
| Refund of unfunded pension liability | Mar. 15, 2003 | 1,083,000 | Mar. 15, 2012 | 20,000 | 5.00% | 413,000 | 17,000 | 396,000 |
| | | | Mar. 15, 2013 | 24,000 | 5.25% | | | |
| | | | Mar. 15, 2014 | 27,000 | 4.70% | | | |
| | | | Mar. 15, 2015 | 31,000 | 4.75% | | | |
| | | | Mar. 15, 2016 | 36,000 | 4.80% | | | |
| | | | Mar. 15, 2017 | 40,000 | 4.85% | | | |
| | | | Mar. 15, 2018 | 46,000 | 4.90% | | | |
| | | | Mar. 15, 2023 | 172,000 | 5.35% | | | |
| | | | | | | \$ 413,000 | 17,000 | 396,000 |

BOROUGH OF EDGEWATER

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2011

| Ordinance number | Improvement description | Date of original issue | Date of issue | Date of maturity | Interest rate | Balance, Dec. 31, 2010 | Increased by: | Decreased by: | Balance, Dec. 31, 2011 |
|------------------|---|------------------------|---------------|------------------|---------------|------------------------|---------------|---------------|------------------------|
| 1372 | Dredging of the Edgewater Marina | Aug. 22, 2008 | Aug. 12, 2011 | Aug. 10, 2012 | 1.50% | 2,800,000 | 2,572,713 | 2,800,000 | 2,572,713 |
| 1382 | Dredging of the Edgewater Marina | Aug. 22, 2008 | Aug. 12, 2011 | Aug. 10, 2012 | 1.50% | 1,999,300 | 1,973,992 | 1,999,300 | 1,973,992 |
| 1365 | Various Capital Improvements | Aug. 21, 2009 | Aug. 12, 2011 | Aug. 10, 2012 | 1.50% | 700 | | 700 | |
| 1381 | Various Capital Improvements | Aug. 21, 2009 | Aug. 12, 2011 | Aug. 10, 2012 | 1.50% | 1,795,500 | 1,795,500 | 1,795,500 | 1,795,500 |
| 1387 | Amend 1381: Various Capital Improvements | Aug. 21, 2009 | Aug. 12, 2011 | Aug. 10, 2012 | 1.50% | 147,000 | 147,000 | 147,000 | 147,000 |
| 1407 | Barrier Free Ramp Improvements (River Road) | Aug. 21, 2009 | Aug. 12, 2011 | Aug. 10, 2012 | 1.50% | 123,500 | 123,500 | 123,500 | 123,500 |
| 1423 | Improvements to Undercliff Avenue | Aug. 13, 2010 | Aug. 12, 2011 | Aug. 10, 2012 | 1.50% | 42,500 | 42,500 | 42,500 | 42,500 |
| 1426 | Acq. Of Various Equipment for New Municipal Complex | Aug. 13, 2010 | Aug. 12, 2011 | Aug. 10, 2012 | 1.50% | 237,500 | 237,500 | 237,500 | 237,500 |
| 1443 | Reconst. of Roads (Lasher Lane/Oldwood Rd) | Aug. 12, 2011 | Aug. 12, 2011 | Aug. 10, 2012 | 1.50% | | 107,350 | | 107,350 |
| 1450 | Borough Hall Phase II Improvements | Aug. 12, 2011 | Aug. 12, 2011 | Aug. 10, 2012 | 1.50% | | 249,945 | | 249,945 |
| 1357 | Acq. of a new Municipal Complex/Police Station | Dec. 6, 2011 | Dec. 6, 2012 | Dec. 6, 2012 | 1.50% | | 5,000,000 | | 5,000,000 |
| | | | | | | \$ 7,146,000 | 12,250,000 | 7,146,000 | 12,250,000 |
| | | | | | | | | 6,892,705 | |
| | | | | | | | | 5,357,295 | |
| | | | | | | | | | 60,751 |
| | | | | | | | | | 191,844 |
| | | | | | | | | | 700 |
| | | | | | | | | | \$ 12,250,000 |
| | | | | | | | | | 7,146,000 |

Renewed Cash
 Budget Appropriation
 Reserve for Payment of Notes - Ord. 1372/1400
 Reserve for Payment of Notes - Ord. 1365

BOROUGH OF EDGEWATER
Schedule of Reserve for Payment of Debt
General Capital Fund
Year ended December 31, 2011

| | | |
|--|-----------|--------------|
| Balance - December 31, 2010 | | \$ 1,483,579 |
| Increased by: | | |
| Cash Receipts | \$ 14,909 | |
| Transferred from Reserve for Receivables | 11,420 | |
| | | 26,329 |
| | | 1,509,908 |
| Decreased by: | | |
| Utilized as Paydown on Note Renewal | | 192,544 |
| Balance - December 31, 2011 | | \$ 1,317,364 |

Analysis of Balance

| | |
|-----------------------|--------------|
| Ord. 1381/1387 | 397,474 |
| Ord. 1366 | 88,120 |
| Ord. 1372 | 22,901 |
| Ord. 1407 | 61,411 |
| Ord. 1443 | 11,420 |
| Ord. 1226, 1272, 1327 | 736,038 |
| | \$ 1,317,364 |

BOROUGH OF EDGEWATER
Schedule of Reserve for Green Acres
General Capital Fund
Year ended December 31, 2011

| | | |
|--------------------------------|----|-------|
| Balance - December 31, 2010 | \$ | 9,428 |
| Increased by: | | |
| Interest Earned on Investments | | 461 |
| Balance - December 31, 2011 | \$ | 9,889 |

Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2011

| | | |
|---|----|---------|
| Balance - December 31, 2010 | \$ | 285,143 |
| Increased by: | | |
| 2011 Budget Appropriations | | 75,000 |
| | | 360,143 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | 33,000 |
| Balance - December 31, 2011 | \$ | 327,143 |

BOROUGH OF EDGEWATER

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2011

| Ordinance number | Improvement description | Ordinance date | Amount | Balance, Dec. 31, 2010 | | 2011 Authorizations | | Canceled | Expended | Balance, Dec. 31, 2011 | |
|------------------|--|----------------|-----------|------------------------|-----------|---------------------|-----------|----------|-----------|------------------------|------------|
| | | | | Funded | Unfunded | Funded | Unfunded | | | Funded | Unfunded |
| 1299 | Various Capital Improvements | May 17, 2004 | 709,900 | 282,226 | | | | | 14,641 | 282,226 | |
| 1326 | Various Capital Improvements | Nov. 21, 2005 | 1,627,000 | 944,194 | | | | | 3,868,050 | 929,553 | 551,645 |
| 1357 | Acquisition of Municipal Complex/Police Station | Feb. 20, 2007 | 5,500,000 | | 4,419,695 | | | | | | |
| 1359 | Dissolution of the Edgewater Municipal Utilities Authority | Feb. 20, 2007 | 1,537,170 | | 76,688 | | (76,688) | | | | |
| 1365 | Various Capital Improvements | June 18, 2007 | 155,000 | 31,640 | | | (31,640) | | | | |
| 1366 | Separation of Combined Sewers | June 18, 2007 | 3,100,000 | 277,262 | 748,519 | | | | 6,023 | 277,262 | 748,519 |
| 1372/1382 | Dredging of Edgewater Marina | Dec. 27, 2007 | 4,800,000 | | 225,709 | | | | | | 219,686 |
| 1381/1387 | Various Capital Improvements | Mar. 18, 2008 | 3,060,000 | | 1,295,807 | | | | 482,405 | | 813,402 |
| 1398 | Acq/Installation of Marina Clock | Dec. 15, 2008 | 41,250 | 40,192 | | | | | | 40,192 | |
| 1401 | Undercliff Ave. Streetscape | Feb. 17, 2009 | 100,000 | 91,080 | | | | | | 91,080 | 65,421 |
| 1407 | Barrier Free Improvements-River Road | Mar. 16, 2009 | 130,000 | | 65,421 | | | | | | 283,430 |
| 1413 | Refunding bond Ordinance | May 18, 2009 | 2,800,000 | | 699,035 | | | | | | 33,750 |
| 1418 | Sewer Repairs | June 15, 2009 | 725,000 | | 30,533 | | | | | | 45,000 |
| 1420 | Sanitary Sewer Repairs | Sept. 21, 2009 | 550,000 | 479,238 | | | | | 465,185 | 200,100 | |
| 1423 | Improvements to Undercliff Avenue | Aug. 10, 2009 | 303,408 | 122,866 | 42,750 | | | | 199,454 | 265,317 | |
| 1426 | Acquisition of various equipment for new municipal compt. | Aug. 10, 2009 | 750,000 | 80,480 | 237,500 | | | | 14,826 | 108,040 | |
| 1438 | Drainage Improvements, Old River Road | Sept. 20, 2010 | 200,000 | 193,278 | | | | | 143,662 | | 174,318 |
| 1443 | Reconstruction of Roads (Lasher Lane/Oldwood Rd) | Sept. 20, 2010 | 113,000 | 2,203 | 107,350 | | | | 3,129 | 190,149 | 804 |
| 1446 | Various Acquisitions and Improvements | Oct. 18, 2010 | 1,299,000 | 1,298,141 | | | | | 108,749 | 864,849 | |
| 1450 | Borough Hall Phase II Improvements | Feb. 22, 2011 | 1,000,000 | | | 1,000,000 | | | 433,292 | 673,538 | 251,750 |
| 1457 | Imps. To Beverly Place Retaining Wall | June 20, 2011 | 160,000 | | | 160,000 | | | 74,712 | 1,743 | 152,000 |
| 1460 | Imps. to the DPW and Community Center Parking Lots | Oct 17, 2011 | 170,000 | | | 170,000 | | | 6,257 | 6,097 | 161,500 |
| 1463 | Refunding Bond Ordinance | Nov. 14, 2011 | 8,300,000 | | | 8,300,000 | | | 2,403 | | 8,300,000 |
| 1464 | Improvements to the Municipal Pool | Dec. 19, 2011 | 65,000 | | | 65,000 | | | | 3,250 | 61,750 |
| | | | | \$ 3,842,800 | 8,232,437 | 9,695,000 | (108,328) | | 5,822,788 | 3,933,396 | 11,905,725 |

Capital Improvement Fund 33,000
 Grants 735,000
 Deferred Charges Unfunded 8,927,000
 \$ 9,695,000

BOROUGH OF EDGEWATER
Schedule of Unappropriated Grant
General Capital Fund
Year ended December 31, 2011

| | | |
|-----------------------------|----|---------------|
| Balance - December 31, 2010 | \$ | <u>79,408</u> |
|-----------------------------|----|---------------|

| | | |
|-----------------------------|----|----------------------|
| Balance - December 31, 2011 | \$ | <u><u>79,408</u></u> |
|-----------------------------|----|----------------------|

Schedule of Reserve for Receivables
General Capital Fund
Year ended December 31, 2011

| | | |
|---------------|----|---------|
| Increased by: | | |
| Grant Awards | \$ | 200,000 |

| | | |
|--|--|---------------|
| Decreased by: | | |
| Transferred to Reserve for payment of Debt | | <u>11,420</u> |

| | | |
|-----------------------------|----|-----------------------|
| Balance - December 31, 2011 | \$ | <u><u>188,580</u></u> |
|-----------------------------|----|-----------------------|

| | | |
|---|----|-----------------------|
| <u>Analysis of Balance</u> | | |
| CDBG - Undercliff Avenue/Lasher Lane/Oldwood Road | | 88,580 |
| CDBG - Edgewater Place/Hilliard Avenue | | <u>100,000</u> |
| | \$ | <u><u>188,580</u></u> |

BOROUGH OF EDGEWATER

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2011

| Ordinance number | Improvement description | Balance, Dec. 31, 2010 | 2011 Authorizations | Decreased by: | Balance, Dec. 31, 2011 |
|---------------------|---|------------------------------|---|---------------------|------------------------------|
| 967 | Various improvements | \$ 164 | | | 164 |
| 1262 | Pension Refunding | 2,681 | | | 2,681 |
| 1325 | Various Capital Improvements | 709 | | | 709 |
| 1357 | Acquisition of Municipal Complex/Police Station | 5,400,000 | | 5,000,000 | 400,000 |
| 1359 | Dissolution of the Edgewater Municipal Utilities Authority | 78,860 | | 76,688 | 2,172 |
| 1366 | Separation of Combined Sewers | 748,519 | | | 748,519 |
| 1372/1382 | Dredging of Edgewater Marina | 700 | | | 700 |
| 1381/1387 | Various Capital Improvements | 250 | | | 250 |
| 1413 | Refunding Bond Ordinance | 340,000 | | | 340,000 |
| 1418 | Sewer Repairs | 725,000 | | 691,250 | 33,750 |
| 1420 | Sanitary Sewer Repairs | 45,000 | | | 45,000 |
| 1423 | Improvements to Undercliff Avenue | 250 | | | 250 |
| 1443 | Reconstruction of Roads (Lasher Lane/Oldwood Rd) | 107,350 | | 107,350 | |
| 1450 | Borough Hall Phase II Improvements | | 251,750 | 249,945 | 1,805 |
| 1457 | Imps. to Beverly Place Retaining Wall | | 152,000 | | 152,000 |
| 1460 | Imps. to DPW and Community Center Parking Lots | | 161,500 | | 161,500 |
| 1463 | Refunding Bond Ordinance | | 8,300,000 | | 8,300,000 |
| 1464 | Improvements to Municipal Pool | | 61,750 | | 61,750 |
| | | <u>\$ 7,449,483</u> | <u>8,927,000</u> | <u>6,125,233</u> | <u>10,251,250</u> |
| | | | <u>8,927,000</u> | | |
| | | | <u>\$ 8,927,000</u> | | |
| | | | Sale of Bond Anticipation Notes | 5,357,295 | |
| | | | New Jersey Environmental Infrastructure Loans Payable | 691,250 | |
| | | | Cancelled by Resolution | <u>76,688</u> | |
| | | | | <u>\$ 6,125,233</u> | |

BOROUGH OF EDGEWATER
Schedule of Cash - Collector-Treasurer
Marina Utility Operating Fund
Year ended December 31, 2011

| | | | |
|-----------------------------|----|----|-----------------------|
| Balance - December 31, 2010 | | \$ | 341,597 |
| Cash Receipts: | | | |
| Membership/Slip Rentals | \$ | | 230,410 |
| Miscellaneous | | | 532 |
| | | | <u>230,942</u> |
| | | | 572,539 |
| Cash Disbursements: | | | |
| 2011 Appropriations | \$ | | 282,391 |
| 2010 Appropriation Reserves | | | 13,036 |
| Refunds | | | 45 |
| | | | <u>295,472</u> |
| Balance - December 31, 2011 | | \$ | <u><u>277,067</u></u> |

BOROUGH OF EDGEWATER

**Schedule of Fixed Capital Authorized
and Uncompleted**

Marina Utility Capital Fund

Year ended December 31, 2011

| | | |
|---------------------------------|----------------------------|-----------------------|
| Increased by: | | |
| Fixed Capital Authorized | \$ | <u>450,000</u> |
| Balance - December 31, 2011 | \$ | <u><u>450,000</u></u> |
| | | |
| | <u>Analysis of Balance</u> | |
| | Ord. 1465 | <u><u>450,000</u></u> |

BOROUGH OF EDGEWATER
Schedule of Encumbrances Payable
Marina Utility Operating Fund
Year ended December 31, 2011

| | | |
|---------------------------------------|----|---------------------|
| Balance - December 31, 2010 | \$ | 5,074 |
| Increased by: | | |
| Transferred from Budget | | <u>2,057</u> |
| | | 7,131 |
| Decreased by: | | |
| Transferred to Appropriation Reserves | | <u>5,074</u> |
| Balance - December 31, 2011 | \$ | <u><u>2,057</u></u> |

BOROUGH OF EDGEWATER

Schedule of Improvement Authorizations

Marina Utility Capital Fund

Year ended December 31, 2011

| <u>Ordinance number</u> | <u>Improvement description</u> | <u>Date</u> | <u>Ordinance</u> | <u>Amount</u> | <u>2011 Authorizations</u> | <u>Balance</u> | |
|-------------------------|---|---------------|------------------|---------------|----------------------------|----------------|-----------------|
| | | | | | | <u>Funded</u> | <u>Unfunded</u> |
| 1465 | Acquisition of Marina Dredging Equipmen | Dec. 19, 2011 | | 450,000 \$ | 450,000 | | 450,000 |
| | | | | \$ | <u>450,000</u> | | <u>450,000</u> |

BOROUGH OF EDGEWATER

Schedule of 2010 Reserves - Operating Fund

Marina Utility Operating Fund

Year ended December 31, 2011

| | Balance, December 31, <u>2010</u> | Balance after transfers and <u>encumbrances</u> | Paid or <u>charged</u> | Balance <u>lapsed</u> |
|------------------------|---|--|------------------------------|--------------------------|
| Salaries and Wages | \$ 12,116 | 12,116 | | 12,116 |
| Other expenses | <u>41,840</u> | <u>46,914</u> | <u>13,036</u> | <u>33,878</u> |
| | <u>\$ 53,956</u> | <u>59,030</u> | <u>13,036</u> | <u>45,994</u> |
| Appropriation Reserves | | 53,956 | | |
| Encumbrances | | <u>5,074</u> | | |
| | | <u>\$ 59,030</u> | | |

BOROUGH OF EDGEWATER

Schedule of Bonds and Notes Authorized but not Issued

Marina Utility Capital Fund

Year ended December 31, 2011

| <u>Ordinance number</u> | <u>Improvement description</u> | Increased by: 2011 <u>Authorizations</u> | Balance Dec. 31, <u>2011</u> |
|-----------------------------|--|--|------------------------------------|
| 1465 | Acquisition of Marina Dredging Equipment | \$ <u>450,000</u> | <u>450,000</u> |
| | | \$ <u><u>450,000</u></u> | <u><u>450,000</u></u> |

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

Public Assistance Fund

Year ended December 31, 2011

| | <u>PATF I</u> | <u>PATF II</u> | <u>Total</u> |
|---------------------------------|---------------|----------------|---------------|
| Balance - December 31, 2010 | \$ 770 | 37,322 | 38,092 |
| Increased by: | | | |
| State Aid for Public Assistance | | 59,800 | 59,800 |
| Supplemental Security Income | | 18,028 | 18,028 |
| Interest Earned | 2 | | 2 |
| | <u>2</u> | <u>77,828</u> | <u>77,830</u> |
| | 772 | 115,150 | 115,922 |
| Decreased by: | | | |
| Public Assistance | | 63,346 | 63,346 |
| Balance - December 31, 2011 | \$ <u>772</u> | <u>51,804</u> | <u>52,576</u> |

BOROUGH OF EDGEWATER

**Schedule of Public Assistance Cash and Reconciliation
per N.J.S.A. 40A:5-5**

Public Assistance Fund

Period ended December 31, 2011

| | | |
|-----------------------------|----|----------------------|
| Balance - December 31, 2011 | \$ | 52,576 |
| Increased by receipts: | | |
| Interest Earned | | <u>1</u> |
| | | 52,577 |
| Decreased by: | | |
| General Assistance | | <u>21,380</u> |
| Balance - March 31, 2011 | \$ | <u><u>31,197</u></u> |

| <u>Reconciliation - March 31, 2011</u> | <u>PATF I</u> | <u>PATF II</u> | <u>Total</u> |
|--|---------------|----------------------|----------------------|
| Balance on Deposit per Statement of: | | | |
| Bank of America | | | |
| a/c no. 0469000414 | \$ | 31,702 | 31,702 |
| Mariner's Bank | | | |
| a/c no. 1400000756 | <u>773</u> | <u>31,702</u> | <u>773</u> |
| | 773 | 31,702 | 32,475 |
| Less: Outstanding Checks | | <u>1,278</u> | <u>1,278</u> |
| Balance - March 31, 2011 | \$ | <u><u>30,424</u></u> | <u><u>31,197</u></u> |

BOROUGH OF EDGEWATER

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Period ended December 31, 2011

| | | | |
|-------------------------------|----|----------|----------------------|
| Balance - December 31, 2010 | | \$ | 38,092 |
| Increased by receipts: | | | |
| State aid | \$ | 59,800 | |
| Supplemental Security Income: | | | |
| Municipal Refund | | 18,028 | |
| Interest Earned | | <u>2</u> | |
| | | | <u>77,830</u> |
| | | | <u>115,922</u> |
| Decreased by: | | | |
| General Assistance | | | <u>63,346</u> |
| Balance - December 31, 2011 | | \$ | <u><u>52,576</u></u> |

| <u>Reconciliation - December 31, 2011</u> | <u>PATF I</u> | <u>PATF II</u> | <u>Total</u> |
|---|---------------|-------------------|----------------------|
| Balance on Deposit per Statement of: | | | |
| Mariner's Bank | | | |
| a/c no. 1400000756 | \$ | 772 | 772 |
| Bank of America | | | |
| a/c no. 0469000414 | | <u>52,984</u> | <u>52,984</u> |
| | | <u>772</u> | <u>53,756</u> |
| Add: Deposits in Transit | | | |
| Less: Outstanding Checks | | <u>1,180</u> | <u>1,180</u> |
| Balance - December 31, 2011 | \$ | <u><u>772</u></u> | <u><u>52,576</u></u> |

BOROUGH OF EDGEWATER

Statement of Public Assistance Revenues

Public Assistance Fund

Year ended December 31, 2011

| | <u>PATF I</u> | <u>PATF II</u> | <u>Total</u> |
|-------------------------------|--------------------------------|-----------------------------|------------------------------|
| State Aid Payments | \$ | 59,800 | 59,800 |
| Less: Refunds to the State | | | |
| Net State Aid Payments | <u> </u> | <u>59,800</u> | <u>59,800</u> |
| Supplemental Security Income: | | | |
| Municipal Refund | | 18,028 | 18,028 |
| Interest Earned | <u> 2</u> | <u> </u> | <u> 2</u> |
| Total revenues (PATF) | <u>\$ 2</u> | <u> 77,828</u> | <u> 77,830</u> |

Statement of Public Assistance Expenditures

Public Assistance Fund

Period ended December 31, 2011

| | <u>PATF I</u> | <u>PATF II</u> | <u>Total</u> |
|--|-------------------------------|-------------------------|-------------------------|
| Payments for Current Year Assistance (Reported): | | | |
| Maintenance payments | \$ | 42,788 | 42,788 |
| Temporary Rent Assistance | | 15,500 | 15,500 |
| Work Related Expenses | | 144 | 144 |
| Transportation | | 728 | 728 |
| Emergency Assistance | | 4,141 | 4,141 |
| Transient Assistance | | 45 | 45 |
| Total Payments Reported | <u> </u> | <u>63,346</u> | <u>63,346</u> |
| Total Disbursements | <u>\$ </u> | <u> 63,346</u> | <u> 63,346</u> |

BOROUGH OF EDGEWATER

Schedule of Grants Receivable

Sewer Facilities Grant Fund

Year ended December 31, 2011

| | |
|-----------------------------|------------------|
| Balance - December 31, 2010 | \$ <u>74,501</u> |
|-----------------------------|------------------|

| | |
|-----------------------------|-------------------------|
| Balance - December 31, 2011 | \$ <u><u>74,501</u></u> |
|-----------------------------|-------------------------|

Analysis of Balance

| | |
|---|--------|
| Federal Sewer Facilities Step I Grant - EPA | 70,161 |
|---|--------|

| | |
|--|--------------|
| Federal Sewer Facilities Step II Grant - EPA | <u>4,340</u> |
|--|--------------|

| | |
|--|-------------------------|
| | \$ <u><u>74,501</u></u> |
|--|-------------------------|

Schedule of Reserve for Grant Expenditures

Sewer Facilities Grant Fund

Year ended December 31, 2011

| | |
|-----------------------------|------------------|
| Balance - December 31, 2010 | \$ <u>74,501</u> |
|-----------------------------|------------------|

| | |
|-----------------------------|-------------------------|
| Balance - December 31, 2011 | \$ <u><u>74,501</u></u> |
|-----------------------------|-------------------------|

Analysis of Balance

| | |
|---|--------|
| Federal Sewer Facilities Step I Grant - EPA | 70,161 |
|---|--------|

| | |
|--|--------------|
| Federal Sewer Facilities Step II Grant - EPA | <u>4,340</u> |
|--|--------------|

| | |
|--|-------------------------|
| | \$ <u><u>74,501</u></u> |
|--|-------------------------|

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BOROUGH OF EDGEWATER

LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

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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

Honorable Mayor and
Members of the Borough Council
Borough of Edgewater
County of Bergen, New Jersey

We have audited the financial statements-regulatory basis of the Borough of Edgewater in the County of Bergen as of and for the year ended December 31, 2011, and have issued our report thereon dated May 29, 2012. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Borough of Edgewater prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Borough of Edgewater is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Edgewater's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Edgewater's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Edgewater's internal control over financial reporting.

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

Honorable Mayor and
Members of the Borough Council
Page 2.

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

Compliance and Other Matters

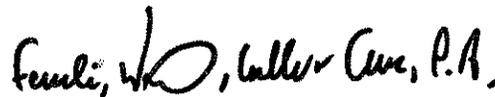
As part of obtaining reasonable assurance about whether the Borough of Edgewater's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Edgewater in the accompanying schedule of findings and questioned costs and the accompanying comments and recommendations section of this report.

This report is intended solely for the information of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CROO413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

May 29, 2012



Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AND STATE PROGRAM AND INTERNAL CONTROL WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04 AS AMENDED

Honorable Mayor and
Members of the Borough Council
Borough of Edgewater
County of Bergen, New Jersey

Compliance

We have audited the compliance of the Borough of Edgewater, County of Bergen, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended December 31, 2011. The Borough of Edgewater's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Edgewater's management. Our responsibility is to express an opinion on the Borough of Edgewater's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions of the New Jersey State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Those standards and OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal and state programs occurred. An audit includes examining, on a test basis, evidence about the Borough of Edgewater's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Edgewater's compliance with those requirements.

In our opinion, the Borough of Edgewater complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2011.

Internal Control Over Compliance

The management of the Borough of Edgewater is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough of Edgewater's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Edgewater's internal control over compliance.

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

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

This report is intended solely for the information of management, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

May 29, 2012

BOROUGH OF EDGEWATER

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2011

| Federal grantor | Program | CFDA number | Grant period | Award Amount | Balance at Dec. 31, 2010 | Cash Receipts | Budgetary Expended | Adjustments | Balance at Dec. 31, 2011 | |
|---|--|-------------|-----------------|--------------|--------------------------|-----------------|--------------------|----------------|--------------------------|-----------------|
| Current Fund: | | | | | | | | | | |
| U.S. Department of Environmental Protection State Forestry Services | Wildland Fire Management - ARRA | 10.688 | 1/1/11-12/31/11 | 7,000 | | 7,000 | 7,000 | | | |
| U.S. Department of Homeland Security (1) | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | | | | | | | |
| | 1897PA Storms Floods - 3/12/10 | 97.036 | 2011 | 744,871 | | 744,871 | 1,875 | (742,996) (1) | | |
| | 1954 Public Assistance - Severe Weather | 97.036 | 2011 | 24,200 | | 24,200 | 24,200 | | | |
| | 4021 Public Assistance - Hurricane | 97.036 | 2011 | 13,367 | | 13,367 | 13,367 | (742,996) | | |
| | | | | | | 782,438 | 39,442 | | | |
| | | | | | | 789,438 | 46,442 | (742,996) | | |
| Total Federal Assistance - Current Fund | | | | | | | | | | |
| General Capital Fund: | | | | | | | | | | |
| U.S. Department of Housing and Urban Development (passed through County of Bergen): | Community Development Block Grant: Undercliff Avenue Streetscape | | | | | | | | | |
| | Ord. 1381/1387 | 14.219 | 2007-08 | 300,000 | (65,402) | 47,444 | 47,444 | 65,402 | | |
| | Undercliff Avenue Streetscape - Ord. 1401 | 14.219 | 2008-09 | 100,000 | 51,654 | 65,402 | 65,402 | (51,654) | | |
| | Reconst. of Undercliff Avenue - Ord. 1423 | 14.219 | 2009 | 158,408 | (3,197) | | | 3,197 | | |
| | Undercliff Avenue Streetscape - Ord. 1423 | 14.219 | 2009 | 100,000 | | | | | | |
| | Reconst. Of Roads (Lasher Lane/Oldwood Rd Undercliff Avenue Streetscape) | 14.219 | 2011 | 100,000 | | 11,420 | 11,420 | | | |
| | Road Resurfacing (Edgewater Pl/Hillard Ave) | 14.219 | 2012 | 100,000 | (16,945) | 124,266 | 124,266 | 16,945 | | |
| U.S. Department of Transportation - Federal Highway Administration | Highway Planning and Construction | 20.205 | 2011 | 200,000 | | 100,125 | 128,947 | | (28,822) | |
| U.S. Department of Justice | COPS - Law Enforcement Technology Grant 2009CKWX0544 | 16.710 | 3/11/09-3/10/12 | 500,000 | | 500,000 | 500,000 | | | |
| Total Federal Assistance - General Capital Fund | | | | | | | | | | |
| Public Assistance Trust Fund: Department of Health, Education and Welfare | Supplemental Security Income | 96.006 | 2011 | 18,028 | (16,945) | 724,391 | 753,213 | 16,945 | (28,822) | |
| | | | | | | 1,531,857 | 817,683 | (726,051) | (28,822) | |
| | | | | | \$ | (16,945) | 1,531,857 | 817,683 | (726,051) | (28,822) |

Note: This schedule was subject to an audit in accordance with OMB Circular A-133.

(1) - Monies received in error - returned to State of New Jersey on 12/9/2011

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BOROUGH OF EDGEWATER

Schedule of State Financial Assistance

For the Year Ended December 31, 2011

| State grantor | Program | Grant number | Grant period | Award Amount | Balance Dec. 31, 2010 | Cash Received | Budgetary Expenditures | Adjustments | Balance Dec. 31, 2011 |
|---|--|----------------------------|--------------|--------------|-----------------------|---------------|------------------------|-------------|-----------------------|
| Current Funds: Department of Environmental Protection | Clean Communities Program | 4900-765-042-4900-004-V42Y | 2011 | 16,624 | | 16,624 | 500 | | 16,124 |
| | | 4900-765-042-4900-004-V42Y | 2008-09 | 12,136 | | | | | 24,756 |
| | Solid Waste Administration Recycling Tonnage Grant | 4900-752-042-4900-001-V42Y | 2011 | 12,464 | | 12,464 | | | 12,464 |
| | | 4900-752-042-4900-001-V42Y | 2010 | 37,800 | | 37,800 | | | 37,800 |
| 4900-752-042-4900-001-V42Y | | 2009 | 7,876 | | 7,876 | | | 7,876 | |
| | Recycling Tonnage Grant | 4900-752-042-4900-001-V42Y | 2008-09 | 6,340 | | 6,340 | 500 | | 6,340 |
| | | | | | 38,972 | 66,888 | | | 105,360 |
| Administrative Office of the Courts | Alcohol Education Rehabilitation Fund | 9735-760-098-Y900-001-X100 | 2011 | 1,564 | | 1,564 | | | 1,564 |
| | | 9735-760-098-Y900-001-X100 | 2008-09 | 1,067 | | 1,564 | | | 2,224 |
| | | | | | 2,224 | | | | 3,788 |
| Division of Criminal Justice | Body Armor Grant | 1020-718-066-1020-001-YCJS | 2008-09 | 3,108 | | | | | 6,052 |
| | | | | | 6,052 | | | | 6,052 |
| | | | | \$ | 47,248 | 68,452 | 500 | | 115,200 |
| Total State Assistance - Current Fund | | | | | | | | | |
| General Capital Funds: | | | | | | | | | |
| Department of Transportation | Trust Fund Authority Act - Leary & Hooks Lane, Improvements to Garden Pl. Ord. 1381/1387 Reconstruction of North St. Ord. 1381/1387 | | 2007-08 | 140,000 | 63,430 | | | 63,430 | |
| | | | 2007-08 | 130,000 | (55,796) | | | (55,796) | |
| | | | | | | 7,634 | | 7,634 | |
| | | | | | | | | | |
| Department of Community Affairs | Borough Hall Preservation & Renovation Project - Ord. 1326 | | 2004-05 | 100,000 | 46,509 | | 14,641 | | 31,868 |
| New Jersey Livable Communities Grant | Various Library Inaps - Ord. 1326 | | 2005-06 | 32,000 | (32,000) | | | (26,625) | (5,375) |
| Garden State Historic Preservation Trust Fund | Edgewater Borough Hall | 2008-2084 | | 406,000 | | | | | |
| Department of Environmental Protection | New Jersey Environmental Infrastructure Trust Fund Sewer Repairs Sewer Repairs Sewer Repairs Sewer Repairs | S340446-11 | 2010 | 521,250 | | 368,897 | 368,897 | | |
| | | S340446-11 | 2010 | 170,000 | | 122,965 | 122,965 | | |
| | | S340446-12 | 2010 | 260,000 | | 99,727 | 99,727 | | |
| | | S340446-12 | 2010 | 245,000 | | 55,254 | 99,727 | | |
| | | | | | | | | | 18,210 |
| | | | | | | | | 18,210 | (62,683) |

BOROUGH OF EDGEWATER

Schedule of State Financial Assistance

For the Year Ended December 31, 2011

| State grantor | Program | Grant number | Grant period | Award Amount | Balance Dec. 31, 2010 | Cash Received | Budgetary Expenditures | Adjustments | Balance Dec. 31, 2011 |
|--|--|--------------|--------------|--------------|-----------------------|---------------|------------------------|-------------|-----------------------|
| Dept. of Environmental Protection, (cont.) | Green Acres | | 2006-07 | 600,000 | (107,327) | | | 138,288 | (245,615) |
| | Improvements to Veterans Field Ord. 1326 (Grant) | | 2006-07 | 400,000 | 383,042 | | 17,823 | 26,077 | 359,142 |
| | Improvements to Veterans Field Ord. 1326 (Loan) | | | | 275,715 | 547,116 | 709,139 | 200,785 | (87,093) |
| <i>Total State Assistance - General Capital Fund</i> | | | | \$ | 297,858 | 547,116 | 723,780 | 181,794 | (60,600) |
| Trust Funds: | | | | | | | | | |
| Division of Criminal Justice | Body Armor Grant | | 2011 | 2,886 | | 2,886 | | | 2,886 |
| Public Assistance Fund: | | | | | | | | | |
| Department of Health and Human Services | Public assistance | | 2011 | 63,346 | | 49,294 | 63,346 | 65,856 | 51,804 |
| Human Services | Public assistance | | 2010 | | (10,506) | 10,506 | | | |
| <i>Total State Assistance - Public Assistance Trust Fund</i> | | | | | (10,506) | 59,800 | 63,346 | 65,856 | 51,804 |
| Other Financial Assistance: | | | | | | | | | |
| County of Bergen (Passed through) | Municipal Alliance Grant Fund | | 2000-01 | 10,000 | (8,124) | | | 8,124 | |
| | Municipal Alliance Grant Fund | | 1999-00 | 10,000 | (1,531) | | | 1,531 | |
| | | | | | (9,655) | | | 9,655 | |
| | Municipal Recycling Assistance Program | | 2007-08 | 3,365 | 2,281 | | | (2,281) | |
| | | | 2006-07 | 2,639 | 2,639 | | | (2,639) | |
| | | | 2005-06 | 2,368 | 2,368 | | | (2,368) | |
| | | | | | 7,288 | | | (7,288) | |
| Bergen County | Open Space/Historic Preservation Trust | | 2008-09 | 41,250 | | | | | |
| | Acq/Installation of clock at Grand Cove Marina - Ord. 1398 | | 2007-08 | 145,000 | (145,000) | 50,000 | | | (95,000) |
| | Rehabilitation of Borough Hall, Phase I - Ord. 1381/1387 | | 2011 | 329,000 | (145,000) | 50,000 | | | (95,000) |
| | Borough Hall Phase II Improvements - Ord. 1450 | | | | (147,367) | 50,000 | | | (95,000) |
| <i>Total Other Financial Assistance</i> | | | | \$ | 187,233 | 728,254 | 787,626 | 250,017 | 14,290 |

Note: This schedule was not subject to an audit in accordance with N.J. OMB circular 04-04.

(1) - New Jersey Department of Environmental Trust Fund Infrastructure Financing projects are not subject to single audit but are reflected in the schedules of state financial assistance for information purposes.

**BOROUGH OF EDGEWATER
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the Borough of Edgewater, County of Bergen. The Borough is defined in Note 1A to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for counties by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the Borough's financial statements.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance awards are reported in the Borough's financial statements on a basis of accounting described above as follows:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|------------------------------|------------------|------------------|--------------------|
| Current Fund | \$546,442 | \$500 | \$546,942 |
| General Capital Fund | 253,213 | 723,780 | 976,993 |
| Public Assistance Trust Fund | <u>18,028</u> | <u>63,346</u> | <u>81,374</u> |
| | <u>\$817,683</u> | <u>\$787,626</u> | <u>\$1,605,309</u> |

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree, in all material respect, with the amounts reported in the related federal and state financial reports. However, we noted certain differences which are reported in the accompanying schedule of findings of noncompliance and questioned costs.

NOTE 5. ADJUSTMENTS

Amounts reported in the accompanying schedules were adjusted to report the financial assistance awards as described in Note 2 Basis of Accounting.

**BOROUGH OF EDGEWATER
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2011, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

| <u>Loan Program</u> | <u>Total</u> |
|---|--------------------|
| State of New Jersey Environmental Infrastructure Trust Loan Program - Capital Fund | \$4,197,534 |
| State of New Jersey Green Acres Bond Act | <u>339,142</u> |
| | <u>\$4,536,676</u> |

**BOROUGH OF EDGEWATER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

2. Material weakness(es) identified? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

Type of auditors' report on compliance for major programs: unqualified

Internal Control over compliance:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

2. Material weakness(es) identified? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

CFDA Number(s)

16.710

Name of Federal Program or Cluster

Department of Justice, Office of Community Oriented Policing Services - COPS Law Enforcement Technology Grant

**BOROUGH OF EDGEWATER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31,2011**

Section I - Summary of Auditor's Results, (continued)

State Awards Section

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

Type of auditors' report on compliance for major programs:

unqualified

Internal Control over compliance:

1. Significant deficiencies identified that are not considered to be material weaknesses?

_____ yes X none reported

2. Material weakness(es) identified?

_____ yes X no

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended?

_____ yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

5340446-11, 5340446-12

Department of Environmental Protection, New Jersey Environmental
Infrastructure Trust Fund - Sewer Repairs

**BOROUGH OF EDGEWATER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(continued)**

Section II - Schedule of Financial Statement Findings

None

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

None

STATUS OF PRIOR YEAR FINDINGS

None

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BOROUGH OF EDGEWATER

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-3 states:

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

- a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

BOROUGH OF EDGEWATER

GENERAL COMMENTS, (continued)

Effective January 1, 2011, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

- Sanitary Sewer Point Repairs
- Safe Routes Transit Improvements
- Fire Rescue Apparatus and Equipment
- Truck Chasis with Rear Loading Garbage Packer
and Snow Plow
- Old River Road Drainage Improvements

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

BOROUGH OF EDGEWATER

GENERAL COMMENTS, (continued)

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The following resolution authorizing interest to be charged on delinquent taxes was adopted at the reorganization meeting held on January 2, 2011.

"WHEREAS, the penalty for nonpayment of taxes becoming delinquent on and after February 1, shall be at the rate of eight per centum (8%) per year for the first \$1,500 of delinquency and eighteen per centum (18%) per year on amounts over \$1,500; and

WHEREAS, Section 54:4-67 of the Revised Statutes has been amended to allow the Tax Collector to collect no interest if payment of any installment is made within ten (10) days after the date upon which the same became payable, provided it meets with the approval of the Mayor and Council;

BE IT RESOLVED, that the Tax Collector is granted permission to withhold interest charged for a period of ten (10) days after the date upon which the installment became payable, provided it is received within the period.

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held on November 2, 2011 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on the last three periods of audit:

| | <u>Number of Liens</u> |
|---|------------------------|
| Year Ended December 31, 2011 | 5 |
| Year Ended December 31, 2010 | 2 |
| Six Month Period Ended December 31, 2009 | 2 |

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

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BOROUGH OF EDGEWATER

COMMENTS

Finance/Accounts Payable/Payroll:

1. A review of various professional service contracts and award procedures revealed that the borough did not properly use the "fair and open" process set forth in the State's "Play to Play" statute.
2. The borough attorney billed and received additional hourly fees for work that was covered under a pre-set retainer amount received separately from the borough.
3. Interfund transfers were made between the Current Fund and the Council on Affordable Housing Trust fund in violation of the Fair Housing Act substantive rule 5:94-6.12.
4. Expenditures related to paving and road reconstruction work on Undercliff Avenue were charged to an incorrect ordinance.
5. The purchase of a New Yale Model Forklift for \$23,989 was awarded without the appropriate political contribution disclosures being obtained as required under Chapter 271 of P.L. 2005.
6. Tax payments are not being validated upon receipt.
7. A review of bills paid in the subsequent budget year revealed that not all outstanding bills were encumbered prior to year end.
8. There are unfunded ordinances over five years old for which expenditures have been made that have not been funded.
9. There were instances in which slip rental payments were being charged and received prior to the execution of a contractual agreement between the borough and renter.
10. Quotes were not obtained for all marina utility expenditures above 15% of the bid threshold as required by the Local Public Contracts Law.

Municipal Court

1. A review of the Court's December management report revealed the following that there are 220 tickets that are assigned but not issued over 180 days old.
2. Not all deposits are made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.

BOROUGH OF EDGEWATER

COMMENTS, (cont.)

Departments

Police Records Bureau:

1. Cash receipts are not being deposited within 48 hours of receipt as required by N.J.S.A. 40A5-15.

Recreation Department:

1. All receipts are not being recorded in the receipt books.
2. Receipts are not being issued in numerical order
3. Cash collections are not being turned over the Tax Office for deposit in a timely manner.

Board of Health:

1. Not all revenue collected is being turned over to the Borough on a monthly basis.

BOROUGH OF EDGEWATER

RECOMMENDATIONS

Finance/Treasurer/Accounts Payable:

1. Borough officials develop and implement policies and procedures concerning the award of professional service contracts to ensure compliance with N.J.S.A. 19:44A-20.4.
2. Borough officials scrutinize all bills received for professional service vendors to ensure that billings are not in addition to those services that would be considered routine in nature and included in the scope of a pre-set retainer.
3. Future inter-fund transfers from the Council on Affordable Housing Trust Fund should not be permitted.
4. General Capital Fund expenditures be recorded against the appropriate spending authority.
5. Appropriate "Pay to Play" purchasing policies as stipulated by Chapter 271 of Public Law 2005 be followed for all procurement over \$17,500 and less than the agency's bid threshold.
6. Tax payments be validated with the date of receipt.

BOROUGH OF EDGEWATER

RECOMMENDATIONS, (cont.)

Finance/Tax Collector/Accounts Payable:

7. A thorough review of all outstanding bills and contracts be made prior to year end to ensure an encumbrance is made against the budget.
8. There are unfunded ordinances over five years old for which expenditures have been made that have not been funded.
9. Executed contracts be on file prior to the levying and collection of slip rental payments.
10. Quotes be obtained for all purchases made by the marina utility above 15% of the bid threshold.

Municipal Court

1. A review of the Court's December management report revealed the following that there are 220 tickets that are assigned but not issued over 180 days old.
2. Not all deposits are made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.

Departments

Police Records Bureau:

1. Cash receipts collected by the Police Department are not being deposited within 48 hours of receipt as required by N.J.S.A. 40A5-15.

Recreation Department:

1. All receipts collected be recorded.
2. Receipts be issued in numerical order.
3. All monies collected be turned over to the Tax Office for deposit in a timely manner.

Board of Health:

1. All revenue collected be turned over to the Borough on a monthly basis.

BOROUGH OF EDGEWATER

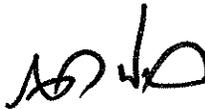
Status of Prior Year Audit Findings/Recommendations

A review was performed on all prior year recommendations and corrective action was taken on all, with the exception of the comments preceded with an “**”.

Acknowledgment

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkotz
Registered Municipal Accountant
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

May 29, 2012