

BOROUGH OF EDGEWATER

**Financial Statements With
Supplementary Information**

December 31, 2017

(With Independent Auditors' Reports Thereon)

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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

Report on the Financial Statements

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 December 31, 2017 and 2016, the related statement 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, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), 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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Edgewater as of December 31, 2017 and 2016, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 15 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,106,811 and \$1,008,888 for 2017 and 2016, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Additionally, Government Accounting Standards Board (GASB), Statements No. 68, *Accounting and Financial Reporting for Pensions* requires a State or Local Government employer to recognize a net pension liability measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. Since New Jersey municipalities and counties do not follow Generally Accepted Accounting Principles a liability is not recognized on the Balance Sheet. However, the State of New Jersey Local Finance Notice 2015-24 requires that municipalities and counties disclose GASB Statement No. 68 information in the Notes to the Financial Statements that meet the requirements of GASB Statement No. 68. The information that is disclosed in the Notes to the Financial Statements is more than 12 months prior to the Borough's year end and therefore does not meet the requirements of GASB No. 68.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters described in the "*Basis for Qualified Opinion on Regulatory Basis of Accounting*" paragraph, the financial statements referred to above, with the exception of the Length of Service Award Program, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2017 and 2016, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Edgewater's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable Mayor and
Members of the Borough Council
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The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2018 on our consideration of the Borough of Edgewater's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Edgewater's internal control over financial reporting and compliance.



Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CRO0413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

April 27, 2018

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2017 and 2016

<u>Assets</u>	<u>Ref.</u>	<u>Dec. 31,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>
Regular Fund:			
Cash	A-4	\$ 11,362,611	9,223,868
Petty Cash		250	250
Change Funds		200	200
Due from State of New Jersey:			
Senior Citizens' and Veterans' Deductions	A-8	35,418	34,783
		<u>11,398,479</u>	<u>9,259,101</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	1,759,791	3,350,678
Property Acquired for Taxes - Assessed Valuation	A-17	3,844,775	3,844,775
Tax Title Liens	A-6	62,830	58,277
Revenue Accounts Receivable	A-7	312,550	248,414
Interfunds Receivable:			
Escrow Trust Fund	A-19	33	30
Other Trust Fund	A-19	7,108	2,126
Payroll Fund	A-19	462,937	
		<u>6,450,024</u>	<u>7,504,300</u>
		<u>17,848,503</u>	<u>16,763,401</u>
State and Federal Grant Fund:			
Grants Receivable	A-22	62,342	275,507
Due from Current Fund	A-23	273,929	81,364
		<u>336,271</u>	<u>356,871</u>
		<u>\$ 18,184,774</u>	<u>17,120,272</u>

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>Dec. 31,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Appropriation Reserves	A-3,A-12 \$	2,021,340	1,812,060
Local School District Tax Payable	A-9	15	3
Encumbrances Payable	A-13	211,145	229,592
County Added and Omitted Taxes Payable	A-11	84,374	105,807
Tax Overpayments	A-14	230,428	225,499
Prepaid Taxes	A-15	2,111,149	375,866
Marriage License Fees Payable	A-16	550	500
Reserve for Tax Title Lien Premium	A-18	385,600	533,900
Interfund Payables:			
General Capital Fund	A-19	88,010	8,887
Marina Utility Capital Fund	A-19		28,925
Fire Prevention Dedicated Penalties Trust Fund	A-19	3,025	3,026
Public Assistance Trust Fund	A-19	16,300	
Other Trust Fund - Municipal Alliance	A-19	16	
Other Trust Fund - Bullet Proof Vests	A-19	33	
Other Trust Fund - POAA	A-19	52	52
Due to State and Federal Grant Fund	A-19	273,929	81,364
Various Miscellaneous Reserves	A-20	450,464	684,102
Accounts Payable	A-21	21,937	
		<u>5,898,367</u>	<u>4,089,583</u>
Reserve for Receivables and Other Assets	A	6,450,024	7,504,300
Fund Balance	A-1	<u>5,500,112</u>	<u>5,169,518</u>
		<u>17,848,503</u>	<u>16,763,401</u>
State and Federal Grant Fund:			
Appropriated Reserves	A-24	210,625	273,945
Encumbrances Payable	A-24		41,339
Unappropriated Reserves	A-25	125,646	41,587
		<u>336,271</u>	<u>356,871</u>
		<u>\$ 18,184,774</u>	<u>17,120,272</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, 2017

	Dec. 31, <u>2017</u>	Dec. 31, <u>2016</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 2,750,000	2,000,000
Miscellaneous Revenue Anticipated	4,459,515	4,381,936
Receipts from Delinquent Taxes	2,791,515	1,751,837
Receipts from Current Taxes	50,819,121	47,563,583
Nonbudget Revenues	559,513	511,651
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,228,521	1,673,024
Tax Overpayments Cancelled		30,121
Prior Year Interfunds Returned		<u>5,896</u>
Total Revenue	<u>62,608,185</u>	<u>57,918,048</u>
Expenditures:		
Budget and Emergency Appropriations:		
Appropriation within "CAPS":		
Operations:		
Salaries and Wages	9,492,304	9,538,066
Other Expenses	8,641,674	7,822,827
Deferred Charges and Statutory Expenditures	1,870,040	1,892,493
Appropriations Excluded from "CAPS":		
Operations:		
Other Expenses	4,020,637	3,848,105
Capital Improvements	1,700,000	300,000
Municipal Debt Service	3,358,364	3,042,983
Deferred Charges and Statutory Expenditures	64,801	46,600
County Taxes	8,983,382	8,185,665
Due County for Added Taxes	84,374	105,807
Local District School Taxes	20,770,574	20,307,739
Tax Appeal Refunds		239,570
County Taxes - Long Term Exemption Law		23,269
Correct Tax Sale Premiums		4,000
Interfund Advanced	463,188	
Refund Prior Year Revenue	<u>78,253</u>	<u>6,468</u>
Total Expenditures	<u>59,527,591</u>	<u>55,363,592</u>
Excess in Revenue	<u>3,080,594</u>	<u>2,554,456</u>
Statutory Excess to Surplus	3,080,594	2,554,456
Fund Balance - January 1,	<u>5,169,518</u>	<u>4,615,062</u>
	8,250,112	7,169,518
Decreased by Utilization as Anticipated Revenue	<u>2,750,000</u>	<u>2,000,000</u>
Fund Balance - December 31,	<u>\$ 5,500,112</u>	<u>5,169,518</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2017

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 2,750,000	2,750,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	25,000	57,903	32,903
Other	35,000	22,847	(12,153)
Fees and Permits:			
Construction	464,801	841,051	376,250
Other	150,000	228,348	78,348
Fines and Costs Municipal Court	179,000	198,320	19,320
Interest and Costs on Taxes	160,000	303,173	143,173
Interest on Investments and Deposits	5,000	13,903	8,903
Consolidated Municipal Property Tax Relief Aid	142,630	138,534	(4,096)
Energy Receipts Tax	608,101	612,197	4,096
Clean Communities	25,055	25,055	
Alcohol Education and Rehabilitation	597	597	
Body Armor Grant	2,906	2,906	
CDBG	17,000	17,000	
Firehouse Subs Foundation	22,280	22,280	
Uniform Fire Safety Act	11,000	14,162	3,162
Commercial Sewer Fees	256,000	664,066	408,066
General Capital Fund Balance	383,246	383,246	
Hotel Tax	235,000	459,027	224,027
PILOT Payments - Waterview Towers	350,000	454,900	104,900
Total Miscellaneous Revenues	<u>3,072,616</u>	<u>4,459,515</u>	<u>1,386,899</u>
Receipts from Delinquent Taxes	<u>3,000,000</u>	<u>2,791,515</u>	<u>(208,485)</u>
Subtotal General Revenues	8,822,616	7,251,030	1,178,414
Amount to be Raised by Taxes for Support of Municipal			
Budget - Local Tax for Municipal Purposes			
Including Reserve for Uncollected Taxes	21,261,085		
Minimum Library Tax	<u>1,144,280</u>	<u>23,033,791</u>	<u>628,426</u>
Budget Totals	31,227,981	30,284,821	1,806,840
Non-Budget Revenue		<u>559,513</u>	<u>559,513</u>
	<u>\$ 31,227,981</u>	<u>30,844,334</u>	<u>2,366,353</u>
Adopted Budget	31,188,701		
Appropriated by N.J.S.A. 40A:4-87	<u>39,280</u>		
	<u>\$ 31,227,981</u>		

BOROUGH OF EDGEWATER
Statement of Revenues - Regulatory Basis
Current Fund
Year ended December 31, 2017

Analysis of Realized Revenue

Allocation of Current Tax Collections:	
Revenue from Collections	\$ <u>50,819,121</u>
Allocated to:	
Local District School Tax	20,770,574
County Taxes	<u>9,067,756</u>
	<u>29,838,330</u>
Balance for Support of Municipal Budget Appropriations	20,980,791
Reserve for Uncollected Taxes	<u>2,053,000</u>
	<u>\$ 23,033,791</u>
Receipts from:	
Delinquent Tax Collections	\$ 2,790,886
Tax Title Liens	<u>629</u>
	<u>\$ 2,791,515</u>

Analysis of Miscellaneous Revenue Not Anticipated

Police Fees	\$ 3,835
PILOT	91,758
Miscellaneous	13,731
Parking Permits	4,360
Advertising Fees	49,808
Cable TV	115,217
Polling Place	240
Credit Card Fees	19,860
Parking Meters	49,050
FEMA	16,605
Ambulance Fees	<u>195,049</u>
	<u>\$ 559,513</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2017

<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	\$ 485,760	485,760	478,644	7,116	
Other expenses:					
Miscellaneous other expenses	244,061	274,061	271,951	2,110	
Mayor and Council- salaries and wages	73,440	73,440	72,000	1,440	
Elections:					
Salaries and wages	5,115	5,115	1,893	3,222	
Other expenses	8,400	8,400	6,673	1,727	
Financial administration:					
Annual audit	25,000	25,000	20,455	4,545	
Other expenses	60,000	60,000	32,750	27,250	
Collection of taxes:					
Salaries and wages	90,000	90,000	42,375	47,625	
Other expenses	23,000	38,000	35,336	2,664	
Assessment of taxes:					
Salaries and wages	58,620	61,620	61,574	46	
Other expenses:					
Consultant and legal fees-tax appeals	56,000	56,000	55,775	225	
Miscellaneous other expenses	20,690	20,690	15,181	5,509	
Legal services and costs:					
Salaries and wages	340,000	605,000	560,253	44,747	
Other expenses					
Engineering service and cost:					
Miscellaneous other expenses	125,000	130,000	129,410	590	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2017

Description	Budget	Budget after modifications	Expended		Cancelled
			Paid or charged	Reserved	
Insurance:					
Hospitalization	3,290,000	2,946,500	2,696,480	250,020	
Other Insurance	731,500	731,500	685,477	46,023	
Public building and grounds:					
Other expenses	156,900	171,900	168,328	3,572	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and wages	7,450	7,450	6,884	566	
Other expenses	24,410	24,410	10,178	14,232	
Zoning Board:					
Salaries and wages	7,450	7,950	7,647	303	
Other expenses	42,650	42,650	17,878	24,772	
Rent Leveling Board:					
Salaries and wages	7,306	7,306	6,884	422	
Other expenses	11,700	11,700	3,910	7,790	
PUBLIC SAFETY:					
Fire:					
Salaries and wages	418,500	418,500	413,366	5,134	
Other expenses	234,000	240,100	240,050	50	
Fire hydrant services	162,632	162,632	159,626	3,006	
Volunteer First Aid:					
Salaries and wages	279,000	288,300	288,257	43	
Other expenses	148,280	148,280	77,458	70,822	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2017

<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	31,500	31,500	16,266	15,234	
Police:					
Salaries and wages	5,073,503	5,080,503	5,051,515	28,988	
Other expenses:					
Miscellaneous other expenses	255,020	277,520	259,159	18,361	
Automobiles	60,350	69,350	68,769	581	
Emergency management services:					
Salaries and wages	6,000	6,000	5,000	1,000	
Other expenses	4,050	4,050	516	3,534	
Streets and Roads:					
Road repairs and maintenance:					
Salaries and wages	1,921,646	1,737,646	1,595,765	141,881	
Other expenses	202,840	203,840	176,012	27,828	
Snow removal - other expenses	70,500	70,500	45,362	25,138	
Health and welfare:					
Board of Health:					
Salaries and wages	127,500	135,600	135,526	74	
Other expenses	169,100	169,100	56,010	113,090	
Dog regulation - other expenses	4,900	4,900	(1,561)	6,461	
Administration of Public Assistance:					
Salaries and wages	35,700	38,100	38,042	58	
Other expenses:					
Operating	2,100	2,100	385	1,715	
Emergency assistance	1,500	1,500		1,500	
Recreation and Education:					
Parks and playgrounds - other expenses	77,000	77,000	73,204	3,796	
Recreation:					
Salaries and wages	368,700	493,700	493,696	4	
Other expenses	153,256	117,856	42,539	75,317	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2017

<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>	
Celebration of public event, anniversary or holiday - other expenses	36,000	42,000	41,512	488
Senior Citizens Committee:				
Other expenses	12,500	12,500	6,214	6,286
Sanitation:				
Garbage and Trash removal:				
Other expenses	700,000	700,000	628,422	71,578
Recycling Program:				
Salaries and wages	47,000	47,000	46,835	165
Municipal Court:				
Salaries and wages	201,314	201,314	162,096	39,218
Other expenses	10,500	17,500	17,137	363
Occupational Safety Health Act				
Board of Health - Other Expenses	2,000	2,000	1,921	79
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)				
State uniform construction code official:				
Salaries and wages	300,000	307,000	306,654	346
Other expenses	93,635	93,635	85,644	7,991
UNCLASSIFIED:				
Utilities:				
Gas & Electric	300,000	345,000	343,994	1,006
Street Lighting	201,000	201,000	64,953	136,047
Water	40,000	87,000	85,423	1,577
Fuel	140,000	140,000	81,574	58,426
Telephone	213,000	235,000	232,584	2,416
Pilots - Bergen County 5%	35,000	35,000	31,562	3,438
Salary and Wage adjustment	135,000			
Total Operations within "CAPS"	18,168,978	18,128,978	16,759,423	1,369,555

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2017

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
Contingent	5,000	5,000		5,000	
Total Operations Including Contingent-within "CAPS"	18,173,978	18,133,978	16,759,423	1,374,555	
Detail:					
Salaries & Wages	9,649,004	9,492,304	9,214,653	277,651	
Other Expenses (Including Contingent)	8,524,974	8,641,674	7,544,770	1,096,904	
	18,173,978	18,133,978	16,759,423	1,374,555	
Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	417,424	422,424	418,500	3,924	
Social Security System (O.A.S.I.)	450,000	485,000	481,698	3,302	
Consolidated Police and Firemen's Pension Fund	30,000	30,000	27,861	2,139	
Police and Firemens Retirement System	927,616	927,616	927,615	1	
Unemployment insurance	5,000	5,000	1,583	3,417	
	1,830,040	1,870,040	1,857,257	12,783	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"					
Total General Appropriations for Municipal Purposes within "CAPS"	20,004,018	20,004,018	18,616,680	1,387,338	

DOROUGH OF EDGEWATER
Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2017

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
Operations-Excluded from "CAPS"					
Maintenance of free public library	1,144,280	1,144,280	711,428	432,852	
LOSAP	83,950	83,950	82,800	1,150	
Reserve for Tax Appeals	200,000	200,000		200,000	
Bergen County Utilities Authority-Share of Costs -Sewer Operating	2,524,569	2,524,569	2,524,569		
Total Operations-Excluded from "CAPS"	3,952,799	3,952,799	3,318,797	634,002	
Public and Private Programs Offset with Revenues:					
Clean Community Program					
Recycling-Other Expenses	25,055	25,055	25,055		
Community Development Block Grant	17,000	17,000	17,000		
Firehouse Grant	22,280	22,280	22,280		
Body Armor	2,906	2,906	2,906		
Alcohol Education Rehabilitation fund	597	597	597		
Total Public and Private Programs Offset with Revenue	67,838	67,838	67,838		
Total Operations-Excluded from "CAPS"	4,020,637	4,020,637	3,386,635	634,002	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2017

<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>	
Detail:					
Other Expenses	4,020,637	4,020,637	3,386,635	634,002	
	<u>4,020,637</u>	<u>4,020,637</u>	<u>3,386,635</u>	<u>634,002</u>	
Capital Improvements-Excluded from "CAPS"					
Capital Improvement Fund	1,700,000	1,700,000	1,700,000		
	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>		
Total Capital Improvements Excluded from "CAPS"					
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	1,470,000	1,470,000	1,470,000		
Payment of Bond anticipation Note Principal	362,044	362,044	362,044		7,425
Interest on Bonds	550,000	550,000	542,575		560
Interest on Notes	580,000	580,000	579,440		427
Green Trust Loan Program	25,300	25,300	24,873		
BCIA					
Principal	44,000	44,000	44,000		
Interest	5,970	5,970	5,970		
New Jersey Infrastructure Trust Loan					
Principal	297,211	297,211	294,283		2,928
Interest	51,000	51,000	35,179		15,821
	<u>3,385,525</u>	<u>3,385,525</u>	<u>3,358,364</u>		<u>27,161</u>
Total Municipal Debt Service-Excluded from "CAPS"					

BOROUGH OF EDGEWATER
Statement of Expenditures - Regulatory Basis
Current Fund
Year ended December 31, 2017

<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>
Deferred Charges:					
Deferred Charges to Future Taxation	64,801	64,801	64,801		
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>64,801</u>	<u>64,801</u>	<u>64,801</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	9,170,963	9,170,963	8,509,800	634,002	27,161
Subtotal General Appropriations	29,174,981	29,174,981	27,126,480	2,021,340	27,161
Reserve for Uncollected Taxes	2,053,000	2,053,000	2,053,000		
Total General Appropriations	<u>\$ 31,227,981</u>	<u>31,227,981</u>	<u>29,179,480</u>	<u>2,021,340</u>	<u>27,161</u>
Adopted Budget	31,188,701				
Added by N.J.S.A. 40A: 4-87	39,280				
	<u>\$ 31,227,981</u>				
<u>Analysis of Paid or Charged</u>					
Federal and State Grant Fund			67,838		
Deferred Charges			64,801		
Reserve for Uncollected Taxes			2,053,000		
Reserve for Encumbrances			211,145		
Cash			26,782,696		
			<u>\$ 29,179,480</u>		

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2017 and 2016

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Animal License Fund:			
Cash	B-1	\$ <u>78</u>	<u>12</u>
Escrow Trust Fund:			
Cash	B-1	<u>184,838</u>	<u>209,237</u>
Other Trust Funds:			
Cash	B-1	839,325	785,899
Due from Current Fund:			
Fire Prevention-Dedicated Penalties	B-5	3,025	3,025
POAA	B-5	52	52
Bullet Proof Vest	B-5	33	
Municipal Alliance	B-5	<u>16</u>	
		<u>842,451</u>	<u>788,976</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	1,024,011	926,088
Contributions Receivable	B-7	<u>82,800</u>	<u>82,800</u>
		<u>1,106,811</u>	<u>1,008,888</u>
		<u>\$ 2,134,178</u>	<u>2,007,113</u>

BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-2	78	12
Escrow Trust Fund:			
Escrow Deposits	B-4	184,805	209,207
Due to Current Fund	B-5	33	30
		184,838	209,237
Other Trust Funds:			
Interfunds Payable	B-5	39,323	2,126
Reserve for:			
Cemetery Bequests	B-6	31,920	31,920
Bullet Proof Vests	B-6	9,517	7,062
Ferry Performance Security	B-6	195,447	195,447
Fire Prevention	B-6	8,667	12,664
POAA	B-6	12,124	10,902
Cultural and Historical Society	B-6	1,152	1,152
Regional Contribution Agreement	B-6	332,197	332,197
Council on Affordable Housing	B-6	71,726	83,141
Recycling Fees	B-6	109,790	83,221
Bergen County CDA Trust	B-6	102	102
Flexible Spending Trust	B-6	5,928	8,171
Avalon Trust	B-6	18,093	17,164
Municipal Alliance Trust	B-6	2,765	3,707
Shade Tree	B-6	1,059	
Police Confiscated	B-6	2,641	
		842,451	788,976
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-8	1,106,811	1,008,888
		\$ 2,134,178	2,007,113

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2017 and 2016

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash:			
Checking	C-2,C-3	\$ 7,880,133	11,516,728
Deferred Charges to Future Taxation:			
Funded	C-4	20,099,845	22,075,926
Unfunded	C-5	55,415,303	33,748,200
New Jersey Infrastructure Loans Receivable	C-6		184,335
Grants Receivable:			
New Jersey Green Acres Program	C-7		382,445
New Jersey Livable Communities-Library Grant	C-8		5,375
Department of Community Affairs	C-9		30,000
New Jersey Department of Transportation	C-10	378,871	210,239
Bergen County Open Space Trust Fund	C-11		58,222
Bergen County Historic Preservation Trust	C-12		190,750
Federal Emergency Management Agency	C-13	174,320	174,320
Community Development Block Grant	C-14	72,907	150,894
Interfunds Receivable	C-15	120,224	66,576
Over-Expenditure of Ordinance Appropriation	C-16	500	
		<u>\$ 84,142,103</u>	<u>68,794,010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
New Jersey Environmental Infrastructure Trust			
Loans Payable	C-17	2,050,419	2,492,417
Green Trust Loan Payable	C-18	224,426	244,509
Serial bonds	C-19	17,605,000	19,075,000
Capital Leases Payable	C-20	220,000	264,000
Bond Anticipation Notes	C-21	30,273,000	28,972,000
Reserve for Payment of Debt	C-22	2,583,594	1,937,086
Reserve for Green Acres	C-23	11,610	11,574
Capital Improvement Fund	C-24	436,696	25,696
Improvement Authorizations:			
Funded	C-25	1,602,175	
Unfunded	C-25	27,446,955	15,219,194
Unappropriated State Grant	C-26	79,408	79,408
Reserve for Grants Receivable	C-27	130,651	89,879
Fund Balance	C-1	1,478,169	383,247
		<u>\$ 84,142,103</u>	<u>68,794,010</u>

There were \$25,142,303 and \$4,821,575 of Bonds and Notes Authorized But Not Issued December 31, 2017 and 2016 (Exhibit C-28).

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

For the Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Balance - January 1,	\$ 383,247	309,242
Increased by Receipts:		
Cancellation of Improvement Authorizations	1,181,847	
Premium Received on Sale of Bond Anticipation Notes	<u>296,321</u>	<u>383,246</u>
	1,861,415	692,488
Decreased by Disbursements:		
Budget Revenue Realized	<u>383,246</u>	<u>309,241</u>
Balance - December 31,	<u>\$ 1,478,169</u>	<u>383,247</u>

See accompanying notes to the financial statements

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Marina Utility Fund

For the Year ended December 31, 2017 and
With Comparative Analysis for Year ended December 31, 2016

	<u>Ref.</u>	<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	634,762	528,976
Due from Marina Utility Capital Fund	D-10	1	
Deferred Charges	D-20	<u>2,302</u>	<u>27,752</u>
Total Operating Fund		<u>637,065</u>	<u>556,728</u>
Capital Fund:			
Cash	D-6,7	5,492	39,315
Due from the Federal Emergency Management Agency	D-11	247,943	247,943
Due from Current Fund	D-12		28,925
Fixed Capital Authorized and Uncompleted	D-13	<u>1,782,996</u>	<u>1,192,996</u>
Total Capital Fund		<u>2,036,431</u>	<u>1,509,179</u>
		<u>\$ 2,673,496</u>	<u>2,065,907</u>

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Marina Utility Fund

For the Year ended December 31, 2017 and
With Comparative Analysis for Year ended December 31, 2016

	<u>Ref.</u>	<u>Dec 31,</u> <u>2017</u>	<u>Dec 31,</u> <u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4	16,029	23,658
Accrued Interest on Notes	D-9	5,722	4,070
Reserve for Encumbrances	D-14		639
Prepaid Slip Rental Revenue	D-15	12,365	27,500
Fund Balance	D-1	<u>602,949</u>	<u>500,861</u>
Total Operating Fund		<u>637,065</u>	<u>556,728</u>
Capital Fund:			
Interfund Payables:			
Marina Utility Operating	D-12	1	
General Capital Fund	D-12		57,688
Improvement Authorizations:			
Funded	D-16	223,470	223,470
Unfunded	D-16	616,762	31,823
Reserve for Amortization	D-17	48,000	32,000
Deferred Reserve for Amortization	D-18	742,996	742,996
Bond Anticipation Notes Payable	D-19	402,000	418,000
Fund Balance	D-2	<u>3,202</u>	<u>3,202</u>
Total Capital Fund		<u>2,036,431</u>	<u>1,509,179</u>
		<u>\$ 2,673,496</u>	<u>2,065,907</u>

There were \$0 and \$0 of Bonds and Notes Authorized But Not Issued on December 31, 2017 and December 31, 2016.

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

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

Marina Utility Operating Fund

Year ended December 31, 2017

With Comparative Analysis for Year ended December 31, 2016

	<u>2017</u>	<u>2016</u>
Revenue and other income realized:		
Fund balance utilized	\$	51,500
Operating revenues	455,815	483,391
Cancelled Liability		
Other credits to income:		
Unexpended balance of appropriation reserves	<u>23,658</u>	<u>13,390</u>
Total income	<u>479,473</u>	<u>548,281</u>
Expenditures:		
Operations:		
Salaries and Wages	160,000	160,000
Other Expenses	160,000	151,752
Debt Service	26,012	26,500
Deferred Charges	27,752	
Merchant Fees	<u>3,621</u>	<u>3,712</u>
Total expenditures	<u>377,385</u>	<u>341,964</u>
Excess/(Deficit) in Operations	102,088	206,317
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute		
Deferred Charges to Budget of Succeeding Year		<u>11,752</u>
	102,088	218,069
Fund balance, January 1	<u>500,861</u>	<u>334,292</u>
	602,949	552,361
Decreased by utilization as anticipated revenue		<u>51,500</u>
Fund balance, December 31,	<u>\$ 602,949</u>	<u>500,861</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Statement of Changes in Fund Balance - Regulatory Basis

Marina Utility Capital Fund

Year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Balance - January 1,	\$ <u>3,202</u>	<u>3,202</u>
Balance - December 31,	\$ <u><u>3,202</u></u>	<u><u>3,202</u></u>

See accompanying notes to financial statements

BOROUGH OF EDGEWATER
Statement of Revenues - Regulatory Basis
Marina Utility Operating Fund
Year ended December 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Revenues:			
Membership Fees/Slip Rentals	\$ 373,764	454,203	80,439
Miscellaneous		1,612	1,612
	<u>373,764</u>	<u>455,815</u>	<u>82,051</u>
Total Operating Revenues	<u>373,764</u>	<u>455,815</u>	<u>82,051</u>
Total Revenues	<u>\$ 373,764</u>	<u>455,815</u>	<u>82,051</u>

Analysis of Operating Revenues

Cash Receipts	428,315
Prepaid Applied	27,500
	<u>\$ 455,815</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Marina Utility Operating Fund

Year ended December 31, 2017

	Appropriations		Expended	
	<u>Budget</u>	Budget After Modifi- <u>cation</u>	Paid or <u>Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 160,000	160,000	153,225	6,775
Other Expenses	160,000	160,000	150,746	9,254
Debt Service:				
Payment of Bond Anticipation Notes	16,000	16,000	16,000	
Interest on Notes	10,012	10,012	10,012	
Expenditures Without Appropriation	16,000	16,000	16,000	
Overexpenditure in Prior Years	11,752	11,752	11,752	
	<u>\$ 373,764</u>	<u>373,764</u>	<u>357,735</u>	<u>16,029</u>
		Accrued Interest	10,012	
		Deferred Charges	27,752	
		Cash Disbursed	<u>319,971</u>	
			<u>\$ 357,735</u>	

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	E-1	\$ 16,993	28,211
Due from Current	E-6	<u>16,300</u>	<u> </u>
		<u>\$ 33,293</u>	<u>28,211</u>
 <u>Reserve</u>			
Reserve for Public Assistance		<u>\$ 33,293</u>	<u>28,211</u>
		<u>\$ 33,293</u>	<u>28,211</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, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Grants Receivable	F-1	\$ <u>74,501</u>	<u>74,501</u>
		\$ <u><u>74,501</u></u>	<u><u>74,501</u></u>
<u>Reserves</u>			
Reserves for Grant Expenditures	F-2	\$ <u>74,501</u>	<u>74,501</u>
		\$ <u><u>74,501</u></u>	<u><u>74,501</u></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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Land	\$ 38,503,536	38,503,536
Buildings	10,380,802	10,341,852
Vehicles and Equipment	<u>11,719,379</u>	<u>10,923,674</u>
	<u>\$ 60,603,717</u>	<u>59,769,062</u>
Investment in Fixed Assets	<u>\$ 60,603,717</u>	<u>59,769,062</u>

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis
Payroll Account
December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	H-1	\$ <u>462,937</u>	<u> </u>
		\$ <u>462,937</u>	<u> </u>
<u>Reserves</u>			
Due to Current Fund	H-2	\$ <u>462,937</u>	<u> </u>
		\$ <u>462,937</u>	<u> </u>

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER

Notes to Financial Statements Years Ended December 31, 2017 and 2016

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, 2017 and 2016
(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. Effective December 31, 2017, the Borough transferred administration of the general assistance program to the Bergen County Board of Social Services.

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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

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

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

Payroll Account - This account is used for all net payroll checks distributed to employees and all payroll agency transactions.

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 the 11th day of the 11th month in the fiscal year levied, 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.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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

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

Basis of Accounting, (continued)

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.

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
- Payroll Account

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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

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

Basis of Accounting, (continued)

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 the year ended December 31, 2017, the Mayor and Council amended the budget by \$39,280 for additional grants received in addition to several budget transfers.

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.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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

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

Basis of Accounting, (continued)

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.

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, 2017 and 2016
(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.

Recent Accounting Pronouncements

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough does not believe this Statement will have any effect on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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

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

Recent Accounting Pronouncements, (continued)

well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough does not believe this Statement will have any effect on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough does not believe this Statement will have any effect on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough does not believe this Statement will have any effect on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough does not believe this Statement will have any effect on future financial statements.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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

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

Recent Accounting Pronouncements, (continued)

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice. The Borough does not believe this Statement will have any effect on future financial statements

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The Borough does not believe this Statement will have any effect on future financial statements.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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

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

Recent Accounting Pronouncements, (continued)

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The Borough is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

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, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Benefits Provided, (continued)

by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

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. 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 year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2017	\$417,424	\$927,615	\$-0-
2016	414,938	921,315	-0-
2015	416,429	823,932	-0-

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Contribution Requirements, (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements. The following pension information is as of June 30, 2016 which is the latest information available. This information is eighteen months prior to December 31, 2017. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2017, the Borough had a liability of \$13,916,142 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the Borough's proportion was .0467867977 percent, which was an increase/(decrease) of .000398978 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2017, the Borough recognized pension expense of \$417,424. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$258,798	\$
Changes of assumptions	2,882,681	
Net difference between projected and actual earnings on pension plan investments	530,635	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions		491,361
Total	<u>\$3,672,114</u>	<u>\$491,361</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$826,743
2019	957,810
2020	804,700
2021	256,118

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
Borough's Proportion	.0469867977%	.0473797757%

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

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

Inflation	3.08 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

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

Mortality Rates

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions, (continued)**

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2016</u>		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
Borough's proportionate share of the pension liability	\$17,052,607	\$13,916,142	\$11,326,717

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2017, the Borough had a liability of \$21,733,027 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the Borough's proportion was .1137702462 percent, which was an increase of .10243588 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2017, the Borough recognized pension expense of \$927,615. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$	\$142,463
Changes of assumptions	3,010,203	
Net difference between projected and actual earnings on pension plan investments	1,522,789	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>567,952</u>	<u>454,749</u>
Total	<u>\$5,100,944</u>	<u>\$597,212</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System, (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$1,050,987
2019	1,416,090
2020	837,383
2021	35,083

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.58, 5.53 and 6.17 years for 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$4,547,316,543	\$3,512,729,953
Collective deferred inflows of resources	688,197,590	871,083,367
Collective net pension liability	20,706,699,056	16,656,514,197
Borough's Proportion	.1137702462%	.1133436727%

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System, (continued)

Actuarial Assumptions

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

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

Mortality Rates

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System, (continued)

each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System, (continued)

employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2016</u>		
	<u>1% Decrease 4.55%</u>	<u>At Current Discount Rate 5.55%</u>	<u>1% Increase 6.55%</u>
Borough's proportionate share of the pension liability	\$28,551,359	\$21,733,027	\$16,173,088

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2017 and 2016 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$19,075,000		\$1,470,000	\$17,605,000	\$1,475,000
Other Liabilities:					
New Jersey Wastewater Loans	2,492,417		441,998	2,050,419	289,563
Green Acres Trust Loans	244,509		20,083	224,426	20,487
Capital Leases Payable	264,000		44,000	220,000	49,000
Compensated Absences Payable	<u>1,370,970</u>	<u>157,840</u>	<u>79,976</u>	<u>1,448,834</u>	<u> </u>
	<u>\$23,446,896</u>	<u>\$157,840</u>	<u>\$2,056,057</u>	<u>\$21,548,679</u>	<u>\$1,834,050</u>

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$20,554,000	\$3,285,000	\$4,764,000	\$19,075,000	\$1,470,000
Other Liabilities:					
New Jersey Wastewater Loans	2,799,169		306,752	2,492,417	297,213
Green Acres Trust Loans	264,196		19,687	244,509	20,083
Capital Leases Payable	305,000		41,000	264,000	44,000
Compensated Absences Payable	<u>1,268,289</u>	<u>105,460</u>	<u>2,779</u>	<u>1,370,970</u>	<u> </u>
	<u>\$25,190,654</u>	<u>\$3,390,460</u>	<u>\$5,134,218</u>	<u>\$23,446,896</u>	<u>\$1,831,296</u>

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
Issued:			
General Bonds, Notes and Loans	\$47,878,000	\$48,047,000	\$35,504,000
Marina Utility Notes	402,000	418,000	434,000
Loans Payable	<u>2,274,845</u>	<u>2,736,926</u>	<u>3,063,365</u>
Net Debt Issued	<u>50,554,845</u>	<u>51,201,926</u>	<u>39,001,365</u>
Authorized But Not Issued:			
General Bonds and Notes	<u>25,142,303</u>	<u>4,821,575</u>	<u>9,176,599</u>
Total Authorized But Not Issued	<u>25,142,303</u>	<u>4,821,575</u>	<u>9,176,599</u>
Less: Funds Temporarily Held to Pay			
Bonds and Notes	<u>2,583,594</u>	<u>1,982,462</u>	<u>1,879,188</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$73,113,554</u>	<u>\$54,041,039</u>	<u>\$46,298,776</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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 2.117% for 2017.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$29,148,000	\$29,148,000	\$0
General Debt	75,295,148	2,583,595	72,711,553
Marina Utility Debt	<u>402,000</u>	<u>402,000</u>	<u>0</u>
	<u>\$104,845,148</u>	<u>\$32,133,595</u>	<u>\$72,711,553</u>

Net debt of \$72,711,556 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$3,434,192,764 equals 2.117 for 2017.

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 1.68% for 2016.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$29,903,000	\$29,903,000	\$0
General Debt	55,605,499	1,982,462	53,623,037
Marina Utility Debt	<u>418,000</u>	<u>418,000</u>	<u>0</u>
	<u>\$85,926,499</u>	<u>\$32,303,462</u>	<u>\$53,623,037</u>

Net debt of \$53,623,037 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$3,198,693,614 equals 1.68% for 2016.

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

	<u>2017</u>	<u>2016</u>
3 ½% of equalized valuation basis (municipal)	\$120,196,747	\$111,954,276
Net Debt	<u>72,711,553</u>	<u>53,623,037</u>
Remaining borrowing power	<u>\$47,485,194</u>	<u>\$58,331,239</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

	<u>2017</u>	<u>2016</u>
Cash receipts from fees, rents or other charges for year	\$455,815	\$534,391
Deductions:		
Operating and Maintenance Cost	320,000	311,752
Debt Service Per Marina Utility	<u>26,012</u>	<u>26,500</u>
Total Deductions	<u>346,012</u>	<u>338,252</u>
Excess/(Deficit) in Revenue - Not Self-Liquidating	<u>\$109,803</u>	<u>\$196,139</u>

The Borough's long-term debt consisted of the following at December 31, 2017.

Paid by Current Fund:

	<u>2017</u>	<u>2016</u>
New Jersey Environmental Infrastructure Loans Payable Wastewater Improvements issued 2000, 2001, 2007 and 2010, due through 2030	\$2,050,419	\$2,492,417
\$11,085,000 general obligation bonds with interest rates of 2.00 - 3.125% issued July 15, 2015, due through July 15, 2031	10,310,000	10,700,000
\$4,884,000 general obligation bonds with interest rates of 3.00 - 5.00% issued June 30, 2009, due through August 15, 2024	325,000	450,000
\$7,395,000 general obligation refunding bonds with interest rates 2.00 - 4.00%, issued January 25, 2012, due through June 1, 2021	3,715,000	4,640,000
Green Acres Loan issued 2008, due through 2027	224,426	244,509
\$3,285,000 Refunding bonds with interest rates of 2.00% to 4.00% issued October 31, 2016, due through August 15, 2024	<u>3,255,000</u>	<u>3,285,000</u>
	<u>\$19,879,845</u>	<u>\$21,811,926</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(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:

Year	<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>	
2018	\$1,475,000	\$534,850	\$289,562	\$38,567	\$20,487	\$4,386	\$2,362,852
2019	1,855,000	488,538	297,817	32,595	20,898	3,975	2,698,823
2020	1,900,000	432,112	283,334	26,512	21,319	3,553	2,666,830
2021	1,935,000	375,712	164,289	20,458	21,747	3,126	2,520,332
2022	1,680,000	334,713	173,459	18,065	22,184	2,689	2,231,110
2023-2027	5,680,000	905,163	738,950	51,445	117,791	6,577	7,499,926
2028-2032	<u>3,080,000</u>	<u>234,850</u>	<u>103,008</u>	<u>4,045</u>			<u>3,421,903</u>
	<u>\$17,605,000</u>	<u>\$3,305,938</u>	<u>\$2,050,419</u>	<u>\$191,687</u>	<u>\$224,426</u>	<u>\$24,306</u>	<u>\$23,401,776</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, 2017 and 2016, the Borough had authorized but not issued debt as follows:

	<u>2017</u>	<u>2016</u>
General Capital Fund	\$25,142,303	\$4,821,575
Marina Utility Capital Fund	-0-	-0-

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, 2017 and 2016
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

On December 31, 2017 and 2016, the Borough had \$30,273,000 and \$28,972,000, respectively, in outstanding General Capital Bond anticipation notes. The Borough also had \$402,000 and \$418,000, respectively, in outstanding Water Utility Capital Bond Anticipation Notes.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2017 and 2016.

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
General Capital Notes Payable:				
JP Morgan Securities, LLC	<u>\$28,972,000</u>	<u>\$30,273,000</u>	<u>\$28,972,000</u>	<u>\$30,273,000</u>
	<u>28,972,000</u>	<u>30,273,000</u>	<u>28,972,000</u>	<u>30,273,000</u>
Marina Utility Capital Notes Payable:				
JP Morgan Securities, LLC	<u>418,000</u>	<u>402,000</u>	<u>418,000</u>	<u>402,000</u>
	<u>418,000</u>	<u>402,000</u>	<u>418,000</u>	<u>402,000</u>
	<u>\$29,390,000</u>	<u>\$30,675,000</u>	<u>\$29,390,000</u>	<u>\$30,675,000</u>
	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
General Capital Notes Payable:				
TD Securities, LLC	\$14,950,000	\$	\$14,950,000	\$0
JP Morgan Securities, LLC		<u>28,972,000</u>		<u>28,972,000</u>
	<u>14,950,000</u>	<u>28,972,000</u>	<u>14,950,000</u>	<u>28,972,000</u>
Marina Utility Capital Notes Payable:				
TD Securities, LLC	434,000		434,000	0
JP Morgan Securities, LLC		<u>418,000</u>		<u>418,000</u>
	<u>434,000</u>	<u>418,000</u>	<u>434,000</u>	<u>418,000</u>
	<u>\$15,384,000</u>	<u>\$29,390,000</u>	<u>\$15,384,000</u>	<u>\$29,390,000</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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 Marina Operating Fund:

	<u>Balance Dec.31, 2017</u>	<u>2018 Budget Appropriation</u>	<u>Balance Succeeding Year's budget</u>
Marina Utility Operating Fund:			
Overexpenditure of Appropriation Reserves	<u>\$2,302</u>	<u>\$2,302</u>	\$ _____
Total Marina Utility Operating Fund	<u>\$2,302</u>	<u>\$2,302</u>	\$ _____

NOTE 6. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2017 which has been appropriated as revenue in the 2018 budget is as follows:

Current Fund	\$2,285,000
Marina Utility	-0-

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, 2017 and 2016, the Borough estimated the current cost of such unpaid compensation to approximate \$1,448,834 and \$1,370,970, respectively.

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, 2017 and 2016, \$-0- of the Borough's bank balance of \$21,512,199 and \$22,970,928, respectively, were exposed to custodial credit risk.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

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

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.

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, 2017 and 2016 amounted to \$1,024,011 and \$926,088, respectively.

The following investments represent 5% or more of the total invested with Valic for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Fixed Account Plus	\$572,459	\$551,987
Money Market I Fund	113,043	93,008
Stock Index Fund	232,254	202,833
All Others	<u>106,255</u>	<u>78,260</u>
Total	<u>\$1,024,011</u>	<u>\$926,088</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 9. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2017 and 2016.

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Land and Improvements	\$38,503,536	\$	\$	\$38,503,536
Buildings and Building Improvements	10,341,852	38,950		10,380,802
Vehicles, Machinery and Equipment	<u>10,923,674</u>	<u>920,757</u>	<u>125,052</u>	<u>11,719,379</u>
	<u>\$59,769,062</u>	<u>\$959,707</u>	<u>\$125,052</u>	<u>\$60,603,717</u>
	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Land and Improvements	\$38,383,837	\$119,699	\$	\$38,503,536
Buildings and Building Improvements	10,344,302		2,450	10,341,852
Vehicles, Machinery and Equipment	<u>10,920,826</u>	<u>393,113</u>	<u>390,265</u>	<u>10,923,674</u>
	<u>\$59,648,965</u>	<u>\$512,812</u>	<u>\$392,715</u>	<u>\$59,769,062</u>

NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2017 consist of the following:

\$7,108	Due to the Current Fund from the Other Trust Fund for interest earnings and POAA deposits made.
52	Due to the Current Fund to the Other Trust Fund - POAA for deposits made.
33	Due from the Current Fund to the Other Trust Fund - Bullet Proof Vests for deposits made.
16	Due from the Current Fund to the Other Trust Fund - Municipal Alliance for deposits made.
33	Due to the Current Fund from the Escrow Trust Fund for interest earnings.
3,025	Due to the Fire Prevention Trust Fund from the Current Fund for Fire Penalties assessed and collected.
16,300	Due to the Public Assistance Trust Fund from the Current Fund for grant funds received and not transferred.
88,010	Due to the General Capital Fund from the Current Fund for proceeds from note issuance and interest earnings less deposit errors.
462,937	Due to the Current Fund from Payroll Fund for over transfer of funds during the year.
1	Due to the Marina Utility Operating Fund from the Marina Utility Capital Fund for interest earnings.
<u>273,929</u>	Due to the Federal and State Grant Fund from Current Fund to reimburse for grant expenditures incurred.
<u>\$851,444</u>	

All interfunds have been liquidated during the fiscal year.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 11. CAPITAL LEASES PAYABLE

On May 1, 2012 the Borough entered into a \$385,000 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>
2018	\$49,000	\$5,093	\$54,093
2019	52,000	3,963	55,963
2020	57,000	2,592	59,592
2021	<u>62,000</u>	<u>917</u>	<u>62,917</u>
	<u>\$220,000</u>	<u>\$12,565</u>	<u>\$232,565</u>

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 2017, 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 SBMJIF 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.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 12. RISK MANAGEMENT, (continued)

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, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Prepaid Taxes	<u>\$2,111,149</u>	<u>\$375,866</u>
Cash Liability for Taxes Collected in Advance	<u>\$2,111,149</u>	<u>\$375,866</u>

NOTE 14. LITIGATION

We are advised that the Borough is involved in several legal suits. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Borough. The following matters were identified to have significant risk exposure

1. Borough of Edgewater vs. Waterside Construction et al

On August 22, 2014, the Borough of Edgewater filed a civil action against Waterside Construction et al (Civil Action No.: 2:14-cv-05060 (ES-MAH) relative to the remediation and reconstruction of Veterans Field. The action alleges that two named contractors were negligent in allowing contaminated fill to be used at the field and then intentionally tried to cover it with asphalt. The contractors were fired and the suit filed. This litigation is ongoing and an estimate of monetary damages cannot be made at this time.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 14. LITIGATION, (continued)

In addition to this litigation involving Waterside Construction LLC, the Borough also instituted a suit against TERMS Environmental Services, Inc., arising from the importation of contaminated fill to Veteran's Field. TERMS was responsible for ensuring that contaminated fill was not imported to the field. In response to the Borough's claims, TERMS has filed a counterclaim against the Borough of Edgewater seeking recovery of its fees and expenses not paid by the Borough in the amount of \$202,145.

Various tax appeal cases were also pending at December 31, 2017. 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's legal counsel estimate such amounts 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, 2017 and 2016
(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, 2015, and the related information for the plan, are as follows:

January 1, 2015 - Net OPEB Obligation (Initial) (NOO)*	\$25,249,603
Annual Required Costs (ARC)	2,192,190
Contribution from employer and other contributing entities	<u>(1,127,064)</u>
December 31, 2015 - Net OPEB Obligation (NOO)	<u>\$26,314,729</u>

*Restated for updated actuarial calculation.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS, (continued)

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 Ended</u>	<u>Annual OPEB Cost</u> (Dollars in Thousands)	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$2,192,190	41.89%	\$25,249,603
2014	\$2,019,187	47.43%	\$10,894,409
2013	\$2,019,187	46.91%	\$9,832,979
2012	\$2,019,187	46.35%	\$8,760,912
2011	\$2,019,187	12.54%	\$7,677,785

<u>Valuation Date</u>	<u>Actuarial Value of Assets OPEB Cost</u>	<u>Actuarial accrued Liability - Projected Unit Credit</u> (Dollars in Thousands)	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll*</u>	<u>Unfunded Actuarial Liability as a Percentage of Covered Payroll*</u>
42368	\$-0-	\$25,250.0	\$25,250.0	0 %	N/A	N/A

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

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, 2015) is \$25,249,603 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 2015 Fiscal Year Normal Cost is \$642,078 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.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS, (continued)

Basis of Valuation

This valuation has been conducted as of December 31, 2015 based upon census, plan design and claims information provided by The Fund. Census includes 63 participants currently receiving retiree benefits, and 88 active participants of whom 13 are eligible to retire as of the valuation date. The average age of the active population is 47 and the average age of the retiree population is 73.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2015 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2014 report from Aon Consultants.

Key Actuarial Assumptions

<i>Mortality</i>	<i>RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after completing 25 years of pension service</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age and all pension service to be earned at the Borough</i>
<i>Retiree Benefits End Date</i>	<i>DPW and all other retirees assumed to receive benefits for life</i>
<i>Annual Discount Rate</i>	<i>4.50%</i>
<i>Medical Trend</i>	<i>8% in 2015, reducing by 0.5% per annum, leveling at 5% per annum in 2020</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2017 and 2016
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS, (continued)

Key Actuarial Assumptions, (continued)

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2015 medical, prescription drug and dental premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (47) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of combined medical/prescription drug costs. 2015 employer contributions for retiree benefits as reported by the Fund are \$1.021 million.
- Retiree contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation, we have assumed that future retiree contribution percentages will be equal to the current percentage of premium as reported by the Fund.
- Actuarial valuation method – Projected Unit Credit Funding Method.

NOTE 17. SUBSEQUENT EVENT

The Borough has evaluated subsequent events through April 27, 2018, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

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BOROUGH OF EDGEWATER

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax rate	1.800	1.779	1.755
Apportionment of tax rate:			
Local school	0.717	0.722	0.711
County	0.309	0.291	0.273
Municipal	0.734	0.728	0.735
Library	0.040	0.038	0.036

Assessed valuation:

2017	\$ 2,898,027,689
2016	2,813,841,394
2015	2,744,136,567

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>
2017	\$ 52,674,076	50,819,121	96.48%
2016	50,919,639	47,563,583	93.41%
2015	48,159,606	46,633,912	96.83%

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>
2017	\$ 62,830	1,759,791	1,822,621	3.58%
2016	58,277	3,350,678	3,408,955	7.08%
2015	52,526	1,618,729	1,671,255	3.47%

BOROUGH OF EDGEWATER

Supplementary Data

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2017 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, 2017, 2016 and 2015 on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>		<u>Amount</u>
2017	\$	3,844,775
2016		3,844,775
2015		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, 2017	\$ 5,500,112	2,285,000
	Dec. 31, 2016	5,169,518	2,750,000
	Dec. 31, 2015	4,615,062	2,000,000
	Dec. 31, 2014	3,929,636	2,000,000
	Dec. 31, 2013	2,621,490	1,800,000
Marina Utility:	Dec. 31, 2017	602,949	-
	Dec. 31, 2016	500,862	-
	Dec. 31, 2015	334,292	51,500
	Dec. 31, 2014	330,037	-
	Dec. 31, 2013	196,480	-

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>
Michael McPartland	Mayor		
Jose Luis Vidal	Council President		
Vincent Monte	Councilman		
Anthony Bartolomeo	Councilman		
Michael Henwood	Councilman		
Dolores Lawlor	Councilwoman		
Duane Fischetti	Councilwoman		
Sercan Zoklu	Chief Financial Officer		
Gregory Franz	Administrator		
CME Engineering	Engineer		
John Candelmo	Construction Code Official/Zoning Officer		
Robert Cohan	Magistrate	\$ 1,000,000	(A)
Craig Ferdinand	Court Administrator (1/1/17 to 5/1/17)	\$ 1,000,000	(A)
Carmen Sanchez	Court Administrator (5/1/17 to Present)	\$ 1,000,000	(A)
William Skidmore	Chief of Police (1/1/17-4/1/17)		
Donald Martin	Chief of Police (4/1/17 to Present)		
Joseph R. Mariniello, Sr.	Borough Attorney		
Laura Martin	Welfare Director		
Kathleen D'Errico	Secretary Planning Board		
Jennifer Henry	Secretary Board of Adjustment		
Sheryl Biondi	Tax Collector	\$ 1,000,000	(A)
Anna Marie O'Connor	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).

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BOROUGH OF EDGEWATER

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

CFDA number	State Agency Account Number	Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	Grant Period		Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
			From	To				
Current Funds:								
		Department of Housing and Urban Development (passed through County of Bergen):						
		Community Development Block Grant:						
		Handicapped Accessible Doors at Borough Hall	N/A	N/A	17,000		8,559	8,559
14.218							8,559	8,559
14.269	22-8022-100-004	Hurricane Sandy CDBG-DR	1/1/2017	12/31/2017	51,106	51,106	94,925	94,925
14.269	22-8022-100-004	Hurricane Sandy CDBG-DR	1/1/2016	12/31/2016	100,000	100,000	94,925	94,925
						151,106	94,925	94,925
20.616	066-1160-100-157	U.S. Department of Transportation (Passed Through NJ DOT) National Priority Safety Program (DDEF)	1/1/2017	12/31/2017	5,500	5,500		
						5,500		
97.056		U.S. Department of Homeland Security (I) Port Security Grant Program	1/1/2016	12/31/2016	61,002	25,352	7,907	50,196
97.056		Port Security Grant Program	1/1/2015	12/31/2015	104,813	104,813	7,907	97,764
						130,165	7,907	147,960
16.922		U.S. Department of Justice Equitable Sharing - Asset Forfeiture Program	1/1/2013	12/31/2013	5,160			3,221
								3,221
Total Federal Assistance - Current Fund								
					286,771		111,391	254,665
General Capital Funds:								
		Department of Housing and Urban Development (passed through County of Bergen):						
		Community Development Block Grant:						
		Handicapped Accessible Curb Ramps - Ord. 1517	N/A	N/A	76,180			67,177
14.218	21-213-745-155-43-66	Handicapped Accessible Bathroom at Kiddie Pool - Ord. 1464	N/A	N/A	50,000	32,214		35,900
14.218	21-213-746-235-49-41	Handicapped Accessible Bathroom at Kiddie Pool - Ord. 1464	N/A	N/A		32,214		103,077
97.036		U.S. Department of Homeland Security (I) Disaster Grants - Public Assistance (Presidentially Declared Disasters) 4021 Public Assistance - Hurricane Irene PA-02-NJ-4021-PW-01332 - Ord. 1484	N/A	N/A	217,808			217,808
								217,808
Total Federal Assistance - General Capital Fund								
					32,214			350,885

BOROUGH OF EDGEWATER

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	CFDA number	State Agency Account Number	Grant Period From To	Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
<i>Marina Utility Capital Fund:</i>							
U.S. Department of Homeland Security (1)							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		N/A N/A	742,996	24,000		521,622
PA-02-NJ-1897-PW-01289 - Ord. 1467					24,000		521,622
<i>Total Federal Assistance - Marina Utility Capital Fund</i>							
<i>Total Federal Assistance - All Funds</i>					\$ 342,985	111,391	1,127,172

Note: This schedule was not subject to an audit in accordance with the Uniform Guidance.

BOROUGH OF EDGEWATER

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2017

Current Fund:	State Funding Department	State Grant Account #	Grant Period		Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
			From	To				
Department of Environmental Protection Clean Communities Program		4900-765-042-4900-004-V42Y	1/1/2017	12/31/2017	21,286 \$	21,286	18,129	18,129
		4900-765-042-4900-004-V42Y	1/1/2016	12/31/2016	25,055			16,773
		4900-765-042-4900-004-V42Y	1/1/2013	12/31/2013	19,228			12,636
		4900-765-042-4900-004-V42Y	1/1/2008	12/31/2009	12,136	21,286	18,129	47,538
Solid Waste Administration Recycling Tonnage Grant		4900-752-042-4900-001-V42Y	1/1/2017	12/31/2017	33,051	33,051		
		4900-752-042-4900-001-V42Y	1/1/2014	12/31/2014	13,105			250
		4900-752-042-4900-001-V42Y	1/1/2011	12/31/2011	14,345			
		4900-752-042-4900-001-V42Y	1/1/2011	12/31/2011	12,464			
		4900-752-042-4900-001-V42Y	1/1/2010	12/31/2010	37,800			
		4900-752-042-4900-001-V42Y	1/1/2009	12/31/2009	7,876			
	4900-752-042-4900-001-V42Y	1/1/2008	12/31/2008	6,340	33,051		250	
Administrative Office of the Courts Alcohol Education Rehabilitation Fund		9735-760-098-Y900-001-X100	1/1/2017	12/31/2017	1,673	1,673		
		9735-760-098-Y900-001-X100	1/1/2016	12/31/2016	1,148			
		9735-760-098-Y900-001-X100	1/1/2015	12/31/2015	2,180			
		9735-760-098-Y900-001-X100	1/1/2014	12/31/2014	1,950			
		9735-760-098-Y900-001-X100	1/1/2013	12/31/2013	2,533			
		9735-760-098-Y900-001-X100	1/1/2012	12/31/2012	1,619			
		9735-760-098-Y900-001-X100	1/1/2011	12/31/2011	1,564			
	9735-760-098-Y900-001-X100	1/1/2008	12/31/2008	1,067	1,673			
Division of Criminal Justice Body Armor Grant		1020-718-066-1020-001-YCJS	1/1/2016	12/31/2016	2,906			
		1020-718-066-1020-001-YCJS	1/1/2015	12/31/2015	3,026			
		1020-718-066-1020-001-YCJS	1/1/2013	12/31/2013	3,697			
		1020-718-066-1020-001-YCJS	1/1/2008	12/31/2009	3,108			

BOROUGH OF EDGEWATER
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2017

State Funding Department	State Grant Account #	From	Grant Period	To	Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
Current Fund:								
County of Bergen								
Municipal Alliance on Alcoholism and Drug Abuse		7/1/2016	6/30/2017		3,331			
		7/1/2015	6/30/2016		9,876			
		7/1/2014	6/30/2015		9,876			
		1/1/2013	12/31/2013		9,692			1,278
		1/1/2012	12/31/2012		20,868		1,639	13,706
							1,639	14,984
Total State Assistance - Current Fund						56,010	19,768	62,772
General Capital Fund:								
Department of Transportation - State Aid Highway Projects								
Highway Planning and Construction								
Drainage Improvements, Old River Road - Ord. 1438					200,000			131,579
Old River Road Improvements, Phase II - Ord. 1482					146,500	64,802	41,269	146,500
Old River Road Improvements, Phase III - 1544					149,000	91,256	116,254	116,254
Undercliff Avenue, Section III - Ord. 1550					155,500			
Undercliff Avenue, Section IV - Ord. 1550					165,627			
						156,058	157,523	394,333
Total State Assistance - General Capital Fund						156,058	157,523	496,889

BOROUGH OF EDGEWATER
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2017

State Funding Department	State Grant Account #	From	Grant Period	To	Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
<u>Public Assistance Fund:</u> Department of Health and Human Services Public Assistance	7500-150-158010-60	1/1/2016	12/31/2016		44,000		5,589	44,000
							5,589	94,500
<i>Total State Assistance - Public Assistance Trust Fund</i>						212,068	182,880	654,161
<u>Other Financial Assistance:</u> County of Bergen (Passed through) Bergen County Open Space/Historic Preservation Trust Rehabilitation of Borough Hall, Phase I - Ord. 1381/1387 Veteran's Field	Historic Preservation 16-00213	N/A	N/A	N/A	145,000 52,474		7,494 52,474	145,000 52,474
							59,968	1,032,365
Firehouse Subs Public Safety Foundation, Inc. Firehouse Improvements (Radio Equipment)	N/A	N/A	N/A	N/A	22,280	22,280		
						22,280	59,968	1,032,365
<i>Total Other Financial Assistance</i>								
<i>Total State and Other Financial Assistance</i>					\$ 234,348	242,848		1,686,526

Note: This schedule was not subject to an audit in accordance with N.J. OMB circular 15-08.

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BOROUGH OF EDGEWATER
Schedule of Cash - Collector/Treasurer

Current Fund

Year ended December 31, 2017

		<u>Current Fund</u>
Balance - December 31, 2016	\$	9,223,868
Increased by Receipts:		
Revenue Accounts Receivable	\$ 4,390,535	
Miscellaneous Revenues Not Anticipated	559,513	
Taxes Receivable	53,218,141	
Liens Redeemed	629	
Prepaid Taxes	2,111,149	
Due to Federal and State Grant Fund	365,062	
Tax Overpayments	311,833	
Senior Citizens and Veterans	15,365	
Tax Title Lien Premiums	333,500	
Interfunds	215,990	
Marriage License Fees Payable	<u>1,750</u>	
		<u>61,523,467</u>
		70,747,335
Decreased by Disbursements:		
2017 Budget Appropriations	26,782,696	
2016 Appropriation Reserves	791,194	
Tax Overpayment Refunds	306,904	
Local District School Tax	20,770,562	
County Taxes	8,983,382	
County Added/Omitted	105,807	
Marriage License Fees Payable	1,700	
Tax Title Lien Premiums Redeemed	481,800	
Interfunds	676,291	
Due from Federal and State Grant Fund	172,497	
Various Reserves	233,638	
Refund Prior Year Revenue	<u>78,253</u>	
		<u>59,384,724</u>
Balance - December 31, 2017	\$	<u><u>11,362,611</u></u>

BOROUGH OF EDGEWATER

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2017

Year	Balance, Dec. 31, 2016	2017 Levy	Added 2017 Levy	Collected 2016	Collected 2017	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2017
2016	3,350,678				2,790,886		559,792	
	3,350,678				2,790,886		559,792	
2017		52,164,498	509,578	375,866	50,443,255	5,182	89,982	1,759,791
	\$ 3,350,678	52,164,498	509,578	375,866	53,234,141	5,182	649,774	1,759,791
			Senior Citizens' and Veterans' Deductions Allowed		16,000			
			Cash Receipts		53,218,141			
					\$ 53,234,141			

Analysis of 2017 Tax Levy

Tax Yield:	
General Property Tax	52,164,498
Added Tax (R.S. 54-4-63.1 et seq.)	509,578
	\$ 52,674,076

Tax Levy:	
Local District School Tax (Abstract)	20,770,574
County Tax (Abstract)	8,983,382
County Added Taxes	84,374
Municipal Added Taxes	425,196
Local Tax for Municipal Purpose (Abstract)	22,405,365
Additional Tax Levies	5,185
	\$ 52,674,076

BOROUGH OF EDGEWATER

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$	58,277
Increased by:		
Transferred from 2017 Taxes		<u>5,182</u>
		63,459
Decreased by:		
Liens Redeemed		<u>629</u>
Balance - December 31, 2017	\$	<u><u>62,830</u></u>

BOROUGH OF EDGEWATER

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Accrued in <u>2017</u>	<u>Collected</u>	Balance, Dec. 31, <u>2017</u>
Clerk:				
Licenses:				
Alcoholic Beverages	\$	57,903	57,903	
Other		22,847	22,847	
Fees and Permits		228,098	228,098	
Construction Code Official-Fees and Permits	95,494	885,628	841,051	140,071
Municipal Court Fines and Costs	15,410	193,859	196,342	12,927
Interest and Cost on Taxes		305,151	305,151	
Interest on Investments		13,903	13,903	
Consolidated Municipal Property Tax Relief		138,534	138,534	
Energy Receipts Tax		612,197	612,197	
Uniform Fire Safety		14,162	14,162	
Commercial Sewer Fees	137,510	686,108	664,066	159,552
General Capital Fund Balance		383,246	383,246	
Hotel Tax		459,027	459,027	
Pilot Payments - Waterford Towers		454,900	454,900	
	<u>\$ 248,414</u>	<u>4,455,563</u>	<u>4,391,427</u>	<u>312,550</u>
			Interest on Investments 892	
			Cash <u>4,390,535</u>	
			<u>\$ 4,391,427</u>	

BOROUGH OF EDGEWATER

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

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$	34,783
Increased by:		
Senior Citizens' and Veterans' Deductions per Tax Billings	\$	15,750
Deductions Allowed by Tax Collector		<u>250</u>
		<u>16,000</u>
		50,783
Decreased by:		
Cash Received		<u>15,365</u>
Balance - December 31, 2017	\$	<u><u>35,418</u></u>

Schedule of Local District School Tax Payable

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$	3
Increased by:		
2017 Tax Levy		<u>20,770,574</u>
		20,770,577
Decreased by:		
Cash Disbursements		<u>20,770,562</u>
Balance - December 31, 2017	\$	<u><u>15</u></u>

BOROUGH OF EDGEWATER
Schedule of County Taxes Payable
Current Fund
Year ended December 31, 2017

Increased by:		
County Tax Levy	\$	8,983,382
Decreased by:		
Cash Disbursements	\$	8,983,382

**Schedule of Due County for Added
and Omitted Taxes**
Current Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$	105,807
Increased by:		
Added and Omitted Taxes		84,374
		190,181
Decreased by:		
Cash Disbursements		105,807
Balance - December 31, 2017	\$	84,374

BOROUGH OF EDGEWATER

Schedule of Appropriation Reserves

Current Fund

For the Year Ending December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 30,091	30,091	895	29,196
Elections	2,053	2,053		2,053
Municipal Court	38,426	38,426		38,426
Collection of Taxes	24,088	24,088		24,088
Planning Board	423	423		423
Zoning Board	423	423		423
Rent Leveling	423	423		423
Fire	28,740	28,740		28,740
Volunteer First Aid	1	1		1
Police	215,932	215,932		215,932
Emergency Management Services	1	1		1
Road Repairs and Maintenance	303,487	202,972		202,972
Board of Health	1	1		1
Public Assistance	1	1		1
Recreation	1	1		1
Recycling Program	2	2		2
Uniform Construction Code	1	1		1
Salary and Wage Adjustment	31,845	31,845	28,500	3,345
Total Salaries and Wages Within "CAPS"	675,939	575,424	29,395	546,029
Other Expenses Within "CAPS":				
Administrative and Executive	28,373	41,219	36,780	4,439
Financial Administration - Audit	10,831	10,831	3,381	7,450
Collection of Taxes	1	624	487	137
Consultant and legal fees - tax appeals	1,613	3,813	3,810	3
Miscellaneous other expenses	15,628	17,999	2,371	15,628
Municipal Court	16			
Legal Services		32,860	32,857	3
Insurance - Hospitalization	314,336			
Insurance - Other	95,242			
Public Buildings and Grounds	530	17,482	17,262	220
Engineering		46,482	46,481	1
Planning Board	2,921	3,221	2,979	242
Zoning Board		468	468	
Rent Leveling	9,063	9,063	1,375	7,688
Housing Inspector	575	575		575
Group Insurance for Employees		314,336	260,866	53,470
Insurance - Other		97,493	300	97,193
Police	24,637	75,691	73,046	2,645
Police- Automobiles	11,634	29,501	16,493	13,008
Emergency Management	3,708	3,722	21	3,701
Fire	22,511	33,629	20,293	13,336
Fire Hydrant Service	1	311	310	1
Volunteer First Aid		8,911	8,911	
Fire Prevention	459	1,317	1,123	194
Road Repairs and Maintenance	8,607	24,865	23,773	1,092
Snow Removal	14,476	15,877	465	15,412

BOROUGH OF EDGEWATER

Schedule of Appropriation Reserves

Current Fund

For the Year Ending December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Board of Health	73,775	76,123	2,374	73,749
Dog regulation	4,080	4,207	94	4,113
Occupational Safety Health Act	646	646		646
Public Assistance	646	1,150	993	157
Public Assistance- Emergency Assistance	1,500	1,500		1,500
Parks and Playgrounds	13,593	23,451	17,956	5,495
Recreation	93,753	125,221	59,178	66,043
Celebration of Public Events	2,542	2,542		2,542
Senior Citizens Committee	4,428	4,794	366	4,428
Garbage and Trash Removal	55,045	104,673	84,947	19,726
Uniform Construction Code	16,346	17,181	1,381	15,800
Gas and Electric	42,830	42,829	38,094	4,735
Street Lighting	42,097	44,908	6,481	38,427
Telephone	2,452	7,043	7,043	
Water	2,148	2,148	2,123	25
Fuel	108,262	108,704	6,852	101,852
Contingent	5,000	5,000		5,000
Total Other expenses Within "CAPS"	<u>1,034,405</u>	<u>1,364,512</u>	<u>783,736</u>	<u>580,776</u>
Total Reserves Within "CAPS"	<u>1,710,344</u>	<u>1,939,936</u>	<u>813,131</u>	<u>1,126,805</u>
Other Expenses Excluded From "CAPS":				
Social Security System	32,656	32,656		32,656
Consolidated Police & Fire Pension Fund	29,920	29,920		29,920
Unemployment Insurance	3,457	3,457		3,457
Public Employees' Retirement System	34,532	34,532		34,532
LOSAP	1,150	1,150		1,150
Bergen County Utilities Authority - Share of costs	1	1		1
Total Other Expenses Excluded from "CAPS"	<u>101,716</u>	<u>101,716</u>		<u>101,716</u>
Total Reserves Excluded from "CAPS"	<u>101,716</u>	<u>101,716</u>		<u>101,716</u>
Total Reserves	<u>\$ 1,812,060</u>	<u>2,041,652</u>	<u>813,131</u>	<u>1,228,521</u>
Appropriation reserves		1,812,060		
Encumbrances		<u>229,592</u>		
		<u>\$ 2,041,652</u>		
		Cash Disbursements	791,194	
		Accounts Payable	<u>21,937</u>	
			<u>\$ 813,131</u>	

BOROUGH OF EDGEWATER
Schedule of Reserve for Encumbrances

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$	229,592
Increased by:		
Encumbrances		<u>211,145</u>
		440,737
Decreased by:		
Transferred to Appropriation Reserves		<u>229,592</u>
Balance - December 31, 2017	\$	<u><u>211,145</u></u>

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$	225,499
Increased by:		
Overpayments Received		<u>311,833</u>
		537,332
Decreased by:		
Overpayments Refunded		<u>306,904</u>
Balance - December 31, 2017	\$	<u><u>230,428</u></u>

BOROUGH OF EDGEWATER

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ 375,866
Increased by:	
2018 Prepaid Taxes Collected	<u>2,111,149</u>
	2,487,015
Decreased by:	
Taxes Realized as Revenue	<u>375,866</u>
Balance - December 31, 2017	<u>\$ 2,111,149</u>

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

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ 500
Increased by:	
Cash Receipts	<u>1,750</u>
	2,250
Decreased by:	
Disbursements	<u>1,700</u>
Balance - December 31, 2017	<u>\$ 550</u>
4th Quarter 2017	275
Prior Year Balance not Paid	<u>275</u>
	<u>\$ 550</u>

BOROUGH OF EDGEWATER
Schedule of Property Acquired for Taxes-
Assessed Valuation

Current Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>3,844,775</u>
Balance - December 31, 2017	\$ <u><u>3,844,775</u></u>

Schedule of Reserve for
Tax Title Lien Premium

Current Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$ 533,900
Increased by:	
Premiums Collected	<u>333,500</u>
	867,400
Decreased by:	
Refunded	<u>481,800</u>
Balance - December 31, 2017	\$ <u><u>385,600</u></u>

BOROUGH OF EDGEWATER

Schedule of Interfunds

Current Fund

Year ended December 31, 2017

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>
Escrow Trust Fund	\$ 30	3		33
Other Trust Fund	2,126	5,082	100	7,108
Other Trust Fund - POAA	(52)			(52)
Other Trust Fund - Municipal Alliance			16	(16)
Other Trust Fund - Bullet Proof Vests			33	(33)
Fire Prevention Dedicated				
Penalties Trust Fund	(3,025)			(3,025)
Public Assistance Trust Fund			16,300	(16,300)
Payroll Fund		462,937		462,937
Marina Utility Capital Fund	(28,925)	28,925		
Federal and State Grant Fund	(81,364)	172,497	365,062	(273,929)
General Capital Fund	(8,887)	185,219	264,342	(88,010)
	<u>\$ (120,097)</u>	<u>854,663</u>	<u>645,853</u>	<u>88,713</u>
<u>Analysis</u>				
Due to Current Fund	\$ 2,156	468,022	100	470,078
Due From Current Fund	(122,253)	386,641	645,753	(381,365)
	<u>\$ (120,097)</u>	<u>854,663</u>	<u>645,853</u>	<u>88,713</u>
		Interest on Investments \$ 5,875		
		Grants Receivable	252,445	
		Appropriated Grant Reserves	131,158	
		Grant Encumbrances Paid	41,339	
		Unappropriated Grant Reserves	112,617	
		Grant Proceeds Deposited in Current	72,514	
		Budget Appropriation - Deferred Charge	64,801	
		Cash Receipts	143,476	
		Cash Disbursements	676,291	
		<u>\$ 854,663</u>	<u>645,853</u>	

BOROUGH OF EDGEWATER

Schedule of Various Reserves

Current Fund

Year ended December 31, 2017

	Balance Dec. 31, <u>2016</u>	<u>Decreased</u>	Balance Dec. 31, <u>2017</u>
Reserve for:			
Binghampton Ferryboat Removal	\$ 250,000	150,000	100,000
Playgrounds	2,481		2,481
Due to Library	260,156	83,638	176,518
Library Aid	12,383		12,383
Community Center	18,730		18,730
Developer's Contribution	1,825		1,825
Revaluation	80,000		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>\$ 684,102</u>	<u>233,638</u>	<u>450,464</u>

BOROUGH OF EDGEWATER

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2017

Increased by:	
Transferred from Appropriation Reserves	\$ <u>21,937</u>
Balance - December 31, 2017	\$ <u><u>21,937</u></u>

BOROUGH OF EDGEWATER

Schedule of Grants Receivable

State and Federal Grant Fund

Year ended December 31, 2017

<u>Purpose</u>	Balance, Dec. 31, 2016	Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, 2017
Municipal Alliance	\$ 9,692			9,692
Alcohol Education Rehabilitation		597	597	
Clean Communities		25,055	25,055	
Body Armor Grant		2,906	2,906	
Port Security 2015	104,813		104,813	
Port Security 2016	61,002		25,352	35,650
Post Sandy Planning	100,000		100,000	
CDBG		17,000		17,000
Firehouse Subs Foundation		22,280	22,280	
	<u>\$ 275,507</u>	<u>67,838</u>	<u>281,003</u>	<u>62,342</u>
		Cash Receipts	252,445	
		Unappropriated Grant Reserves	28,558	
			<u>\$ 281,003</u>	

BOROUGH OF EDGEWATER

Schedule of Due to Federal and State Grant Fund

Current Fund

Year ended December 31, 2017

Balance - December 31, 2016		\$	81,364
Increased by:			
Grants Received	\$	252,445	
Grants Received - Unappropriated		<u>112,617</u>	
			<u>365,062</u>
			446,426
Decreased by:			
Prior Year Encumbrances Paid	\$	41,339	
Cash Disbursements		<u>131,158</u>	
			<u>172,497</u>
Balance - December 31, 2017		\$	<u><u>273,929</u></u>

BOROUGH OF EDGEWATER
Schedule of Appropriated Grant Reserves
State and Federal Grant Fund
Year ended December 31, 2017

<u>Purpose</u>	Balance, Dec. 31, <u>2016</u>	Transferred from Budget <u>Appropriations</u>	<u>Expended</u>	Balance, Dec. 31, <u>2017</u>
Clean Communities	\$ 14,626			14,626
Municipal Alliance	3,154		1,639	1,515
Alcohol Education and Rehabilitation	3,788			3,788
Body Armor Grant	6,052			6,052
Recycling Tonnage Grant	64,480			64,480
Clean Communities	2,974			2,974
Alcohol Education and Rehabilitation	1,619			1,619
Municipal Alliance - 2013	8,414			8,414
U.S. Department of Justice -				
Equitable Sharing - Asset Forfeiture Proceeds	1,939			1,939
Recycling Tonnage Grant	14,095			14,095
Body Armor Grant	3,697			3,697
Alcohol Education and Rehabilitation	2,533			2,533
Recycling Tonnage Grant - 2014	13,105			13,105
Alcohol Education and Rehabilitation - 2014	1,950			1,950
Alcohol Education Rehabilitation	2,731			2,731
Body Armor Grant	3,026			3,026
Port Security 2015	7,049			7,049
Port Security 2016	18,713		7,906	10,807
Post Sandy Planning	100,000		94,925	5,075
Alcohol Education and Rehabilitation		597		597
Clean Communities		25,055	18,129	6,926
Body Armor Grant		2,906		2,906
CDBG		17,000	8,559	8,441
Firehouse Subs Foundation		22,280		22,280
	<u>\$ 273,945</u>	<u>67,838</u>	<u>131,158</u>	<u>210,625</u>

BOROUGH OF EDGEWATER

Schedule of Unappropriated Grant Reserves

State and Federal Grant Fund

Year ended December 31, 2017

<u>Purpose</u>	Balance, Dec. 31, 2016	<u>Received</u>	Appropriated in 2017 <u>Budget</u>	Balance, Dec. 31, 2017
Municipal Alliance	\$ 5,647			5,647
Body Armor Grant - 2015	2,906		2,906	
Alcohol Education Rehabilitation Fund - 2015	597	1,674	597	1,674
Municipal Alliance - 2015	7,382			7,382
Clean Communities - 2015	25,055	21,286	25,055	21,286
Drunk Driving Enforcement Fund		5,500		5,500
Post Sandy Planning Grant		51,106		51,106
Recycling Tonnage Grant		33,051		33,051
	<u>\$ 41,587</u>	<u>112,617</u>	<u>28,558</u>	<u>125,646</u>

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2017

	Animal License Fund	Escrow Trust Fund	Other Trust Funds	Emergency Services LOSAP
Balance - December 31, 2016	\$ <u>12</u>	<u>209,237</u>	<u>785,899</u>	<u>926,088</u>
Increased by:				
Animal License Fees	3,066			
Due to State of New Jersey - Dog License Fees	537			
Various Reserves			76,050	
Escrow Deposits		244,886		
Interfunds		3	37,297	
Borough Contributions				82,800
Investment Income				73,523
	<u>3,603</u>	<u>244,889</u>	<u>113,347</u>	<u>156,323</u>
	<u>3,615</u>	<u>454,126</u>	<u>899,246</u>	<u>1,082,411</u>
Decreased by:				
Animal License Expenditures	3,000			
Due to State of New Jersey	537			
Escrow Expenditures		269,288		
Interfunds			149	
Various Reserves			59,772	
Distributions				58,400
	<u>3,537</u>	<u>269,288</u>	<u>59,921</u>	<u>58,400</u>
Balance -December 31, 2017	\$ <u><u>78</u></u>	<u><u>184,838</u></u>	<u><u>839,325</u></u>	<u><u>1,024,011</u></u>

BOROUGH OF EDGEWATER

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

Trust Funds

Year ended December 31, 2017

Balance - December 31, 2016	\$	12
Increased by:		
Dog license fees	\$	2,334
Cat license fees		570
Postage/Late fees		<u>162</u>
		<u>3,066</u>
		3,078
Decreased by:		
Expenditures		<u>3,000</u>
Balance - December 31, 2017	\$	<u><u>78</u></u>

License Fees Collected

2015	3,111
2016	<u>2,762</u>
\$	<u><u>5,873</u></u>

BOROUGH OF EDGEWATER

**Schedule of Due to State of New Jersey-
Animal License Fees**

Trust Funds

Year ended December 31, 2017

Increased by:		
2017 Fees Collected	\$	<u>537</u>
Decreased by:		
Payments to State of New Jersey	\$	<u><u>537</u></u>

Schedule of Reserve Escrow Deposits

Trust Funds

Year ended December 31, 2017

Balance - December 31, 2016	\$	209,207
Increased by:		
Escrow Deposits		<u>244,886</u>
		454,093
Decreased by:		
Cash Disbursements		<u>269,288</u>
Balance - December 31, 2017	\$	<u><u>184,805</u></u>

BOROUGH OF EDGEWATER

**Schedule of Interfunds Receivable/(Payable)
Trust Funds**

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2017</u>
Other Trust Fund:				
Current Fund				
Fire Prevention Dedicated Penalties	\$ 3,025			3,025
POAA	52			52
Other Trust Fund	(2,126)	100	5,083	(7,109)
Bullet Proof Vest		33		33
Municipal Alliance		16		16
Bergen County CDA				
General Capital Fund			32,214	(32,214)
Escrow Trust Fund:				
Current Fund	<u>(30)</u>		<u>3</u>	<u>(33)</u>
	<u>\$ 921</u>	<u>149</u>	<u>37,300</u>	<u>(36,230)</u>

Receipts	\$		32,214
Interest on Investments			5,086
Cash Disbursements		<u>149</u>	
	\$	<u>149</u>	<u>37,300</u>

BOROUGH OF EDGEWATER

Schedule of Miscellaneous Reserves

Trust Funds

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2017</u>
Reserve for:				
Cemetary Bequests	\$ 31,920			31,920
Bullet Proof Vests	7,062	3,365	910	9,517
Ferry Performance Security	195,447			195,447
Fire Prevention	12,664	7,553	11,550	8,667
POAA	10,902	1,222		12,124
Cultural and Historical Society	1,152			1,152
Regional Contribution Assistance	332,197			332,197
Council on Affordable Housing	83,141	8	11,423	71,726
Recycling Fees	83,221	40,834	14,265	109,790
Bergen County CDA Trust	102			102
Flexible Spending Trust	8,171	8,728	10,971	5,928
Avalon Trust	17,164	929		18,093
Municipal Alliance Trust	3,707	9,290	10,232	2,765
Shade Tree		1,480	421	1,059
Police Confiscated		2,641		2,641
	<u>\$ 786,850</u>	<u>76,050</u>	<u>59,772</u>	<u>803,128</u>
		Cash Receipts 76,050		
		Cash Disbursements	59,772	
		<u>\$ 76,050</u>	<u>59,772</u>	

BOROUGH OF EDGEWATER
Statement of Service Award Contributions Receivable
Emergency Services Length of Service Award Program
Year ended December 31, 2017

Balance - December 31, 2016	\$	82,800
Increased by:		
2017 Borough Contribution		<u>82,800</u>
		165,600
Decreased by:		
2016 Borough Contribution Received		<u>82,800</u>
Balance - December 31, 2017	\$	<u><u>82,800</u></u>

Statement of Net Assets Available for Benefits
Emergency Services Length of Service Award Program
Year ended December 31, 2017

Balance - December 31, 2016	\$	1,008,888
Increased by:		
Borough Contributions	\$	82,800
Investment Income		<u>73,523</u>
		<u>156,323</u>
		1,165,211
Decreased by:		
Distributions		<u>58,400</u>
Balance - December 31, 2017	\$	<u><u>1,106,811</u></u>

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2017

Balance - December 31, 2016		\$ 11,516,728
Increased by Receipts:		
Capital Improvement Fund	\$ 1,700,000	
Bond Anticipation Notes	1,708,419	
Grant Receipts	156,057	
Reserve for Green Acres	36	
Interfunds	197,537	
Premium on Sale of Notes	296,321	
Reserve for Payment of Debt	24,870	
		<u>4,083,240</u>
		15,599,968
Decreased by Disbursements:		
Over-Expenditure of Improvement Authorization	500	
Improvement Authorizations	7,160,549	
Fund Balance - Budget Revenue Realized	383,246	
Interfunds	175,540	
		<u>7,719,835</u>
Balance - December 31, 2017		<u><u>\$ 7,880,133</u></u>

BOROUGH OF EDGEWATER
Schedule of General Capital Fund Cash
General Capital Fund
Year ended December 31, 2017

Grants Receivable -	
Community Development Block Grant	\$ (72,907)
New Jersey Department of Transportation	(378,871)
Due from the Federal Emergency Management Agency	(174,320)
Interfunds Receivable	(120,224)
Over-Expenditure of Ordinance Appropriation	(500)
Capital Improvement Fund	436,696
Reserve for Green Acres	11,610
Reserve for Payment of Debt	2,583,594
Unappropriated State Grant	79,408
Reserve for Grants Receivable	130,651
Fund Balance	1,478,169

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
1357	Acquisition of Municipal Complex/Police Station	(252,613)
1460	Imps. to the DPW and Community Center Parking Lots	(47,423)
1474/1514/		
1519/1534	Improvements to Veteran's Field	2,185,429
1517	Improvements to Undercliff Avenue	38,859
1525	Acquisition of Fire Truck	5,442
1538/1561	Historic Borough Hall Improvements, Phase 3	503,476
1544	Imps. To Old River Road - Phase 3	(122,421)
1547	Acquisition of 615 River Road	1,249,856
1550	Various Acquisitions and Improvements	346,222
		<u>\$ 7,880,133</u>

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2017

Balance - December 31, 2016		\$	22,075,926
Decreased by:			
Infrastructure Loan Payments	\$	297,211	
Infrastructure Trust Loans paid via Project Credits		144,787	
Green Trust Loan Payments		20,083	
Capital Lease Payments		44,000	
Budget Appropriation to Pay Serial Bonds		<u>1,470,000</u>	
			<u>1,976,081</u>
Balance - December 31, 2017		\$	<u><u>20,099,845</u></u>

BOROUGH OF EDGEWATER
Schedule of Deferred Charges to
Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2017

Ordinance number	Improvement description	Balance, Dec. 31, 2016	2017 Authorizations	Decreased	Authorizations Canceled	Balance, Dec. 31, 2017	Analysis of balance		
							Bond anticipation notes	Expenditures	Unexpended improvement authorization
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	400,635		1,520	28,022	371,093	118,480	252,613	
1359	Dissolution of the Edgewater Municipal Utilities Authority	2,172		2,172	748,519				
1366	Separation of Combined Sewers	748,519		700					
1372/1382	Dredging of Marina	700							
1381/1387	Various Capital Improvements	250		56,570	250				
1413	Refunding Bond Ordinance	340,000			283,430				
1418	Sewer Repairs	33,750			33,750				
1420	Sanitary Sewer Repairs	45,000			45,000				
1423	Improvements to Undercliff Avenue	250			250				
1450	Borough Hall Phase II Improvements	1,805		1,805					
1457	Imps. to Beverly Place Retaining Wall	152,000		2,600					
1460	Imps. to DPW and Community Center Parking Lots	161,500				149,400	149,400		
1463	Refunding Bond Ordinance	905,000			905,000	161,500		53,520	107,980
1464	Improvements to Municipal Pool	61,750				61,750	61,750		
1474/1514	Improvements to Veteran's Field	12,456,478		317,761		12,138,717	12,138,207		510
1482	Various improvements	479,987		18,763		461,224	461,224		
1488/1497	Acquisition of a Fire Rescue Boat for Fire Department	121,000		4,200		116,800	116,800		
1489/1496	Repairs to the Edgewater Marina	285,000		15,000		270,000	270,000		
1498	Acquisition of a Trailer Mounted Generator	61,750		2,200		59,550	59,550		
1499	Imps. to the Bulkhead at the Edgewater Marina	118,750			118,750	930,896	930,896		
1502	Various Acquisitions and Improvements	933,850			2,954	213,750	213,750		
1517	Improvements to Undercliff Avenue	213,750				5,700,000	5,700,000		
1519	Amend 1474/1514 - Veteran's Field Improvements	5,700,000				522,500	522,500		
1525	Acquisition of Fire Truck	522,500							

BOROUGH OF EDGEWATER
Schedule of Deferred Charges to
Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2017

Ordinance number	Improvement description	Balance, Dec. 31, 2016	2017 Authorizations	Decreased Authorizations Canceled	Balance, Dec. 31, 2017	Analysis of balance		
						Bond anticipation notes	Expenditures	Unexpended improvement authorization
1526	Local Share of Various Port Security Acquisitions	33,250			33,250	33,250		2,726
1534	Imps. To Veteran's Field - Amend 1474/1514/1519	8,075,000			8,075,000	8,072,274		
1535	Refunding Bond Ordinance	465,000		465,000				
1538/1561	Historic Borough Hall Improvements - Phase III	1,425,000	95,000		1,520,000	1,424,919	95,081	62,579
1544	Imps. to Old River Road, Phase III		185,000		185,000		122,421	
1547	Acquisition of Property - 615 River Road		23,750,000		23,750,000			23,750,000
1550	Various Acquisitions and Improvements		694,873		694,873			694,873
		<u>\$ 33,748,200</u>	<u>24,724,873</u>	<u>2,630,925</u>	<u>55,415,303</u>	<u>30,273,000</u>	<u>523,635</u>	<u>24,618,668</u>

2017 Improvement Authorizations \$ 24,724,873
24,724,873

Bond Anticipation Notes \$ 30,273,000
30,273,000

Improvement authorizations - unfunded \$ 27,446,955

Transferred to Deferred Charges to Future Taxation - Funded
 Budget Appropriation - Paydown on Bond Anticipation Notes \$ 426,845
 64,801
 362,044

Ord. 1474/1514/1519/1534 2,190,871
 Ord. 1517 38,859
 Ord. 1544 598,537

2,828,287
 \$ 24,618,668

BOROUGH OF EDGEWATER
Schedule of Infrastructure Loans Receivable
New Jersey Department of Environmental Protection

General Capital Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>184,335</u>
Decreased by: Cancelled	\$ <u><u>184,335</u></u>

Schedule of Grants Receivable -
State of New Jersey Green Acres Program

General Capital Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>382,445</u>
Decreased by: Cancelled	\$ <u><u>382,445</u></u>

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>5,375</u>
Decreased by: Cancelled	\$ <u><u>5,375</u></u>

**Schedule of Grants Receivable -
State of New Jersey - Department of Community Affairs - Ord. 1511
Post Sandy Planning Grant**

General Capital Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>30,000</u>
Decreased by: Cancelled	\$ <u><u>30,000</u></u>

BOROUGH OF EDGEWATER
Schedule of Grants Receivable -
New Jersey Department of Transportation
General Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016		\$ <u>210,239</u>
Increased by:		
Grant Awards		<u>470,127</u>
		680,366
Decreased by:		
Cash Receipts	156,057	
Cancelled	<u>145,438</u>	
		<u>301,495</u>
Balance - December 31, 2017		\$ <u><u>378,871</u></u>
	<u>Analysis of Balance</u>	
Ord. 1544 - Old River Road Imps, Phase III		57,744
Ord. 1550 - Undercliff Avenue - Section 3		155,500
Ord. 1550 - Undercliff Avenue - Section 4		<u>165,627</u>
		\$ <u><u>378,871</u></u>

Schedule of Grants Receivable -
Bergen County Open Space Trust Fund
General Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016		\$ <u>58,222</u>
Decreased by:		
Cancelled		<u>\$ 58,222</u>

BOROUGH OF EDGEWATER
Schedule of Grants Receivable -
Bergen County Historic Preservation Trust
General Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>190,750</u>
Decreased by: Cancelled	\$ <u><u>190,750</u></u>

Schedule of Amount Due from the
Federal Emergency Management Agency - Ord. 1484
General Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>174,320</u>
Balance - December 31, 2017	\$ <u><u>174,320</u></u>

BOROUGH OF EDGEWATER

Schedule of Community Development Block Grant Receivables

General Capital Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ 150,894
Decreased by:	
Cancelled	<u>77,987</u>
Balance - December 31, 2017	<u><u>\$ 72,907</u></u>
<u>Analysis of Balance</u>	
Ord. 1517 - Undercliff Avenue Imps. - (Pal. Terrace to Archer/Myrtle)	<u>72,907</u>
	<u><u>\$ 72,907</u></u>

BOROUGH OF EDGEWATER

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2017

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2016</u>
Marina Utility Capital Fund	\$ 57,688		57,688	
Other Trust Fund		32,214		32,214
Current Fund	<u>8,888</u>	<u>264,341</u>	<u>185,219</u>	<u>88,010</u>
	<u>\$ 66,576</u>	<u>296,555</u>	<u>242,907</u>	<u>120,224</u>
Grant Proceeds Deposited in Current Fund in Error	\$	56,214		
Reimbursement for Expenses Paid			44,579	
Cash Receipts			197,537	
Cash Disbursements		175,540		
Interest on Investments			791	
Budget Appropriation Deferred Charges		<u>64,801</u>		
		<u>\$ 296,555</u>	<u>242,907</u>	

BOROUGH OF EDGEWATER

Schedule of Overexpenditure of Ordinance Appropriation

General Capital Fund

Year ended December 31, 2017

Increased by:	
Overexpenditure of Ord. 1511	\$ <u>500</u>
Balance - December 31, 2017	\$ <u><u>500</u></u>

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2017

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2016	Decreased	Balance, Dec. 31, 2017
			Date	Amount				
Wastewater Improvements (Edgewater Municipal Utilities Authority)	Nov. 9, 2000	890,000	Aug. 1, 2018	61,775	5.35%	260,000	70,107	189,893
			Aug. 1, 2019	61,704	5.25%			
			Aug. 1, 2020	66,414	5.35%			
Wastewater Improvements (Edgewater Municipal Utilities Authority)	Nov. 9, 2000	881,496	Feb. 1, 2018	3,185		178,916	44,682	134,234
			Aug. 1, 2018	42,619				
			Feb. 1, 2019	2,150				
			Aug. 1, 2019	41,583				
Wastewater Improvements			Feb. 1, 2020	1,115				
			Aug. 1, 2020	43,582				
Wastewater Improvements	Nov. 8, 2001	125,000	Aug. 1, 2018	9,516	5.00%	45,000	11,675	33,325
			Aug. 1, 2019	9,522	5.00%			
			Aug. 1, 2020	9,524	4.75%			
			Aug. 1, 2021	4,763	4.75%			

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2017

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of loans outstanding</u>		<u>Interest rate</u>	<u>Balance, Dec. 31, 2016</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Wastewater Improvements	Nov. 8, 2001	131,010	Aug. 1, 2018	26,000	5.00%	3,323	3,323	342,000
			Aug. 1, 2019	30,000	4.00%			
Separation of Combined Sewers (Ord. 1366)	Nov. 8, 2007	615,000	Aug. 1, 2020	30,000	4.00%	420,000	78,000	780,859
			Aug. 1, 2021	31,000	5.00%			
			Aug. 1, 2022	35,000	5.00%			
			Aug. 1, 2023	35,000	4.25%			
			Aug. 1, 2024	35,000	4.50%			
			Aug. 1, 2025	40,000	4.50%			
			Aug. 1, 2026	40,000	4.50%			
			Aug. 1, 2027	40,000	4.25%			
Separation of Combined Sewers (Ord. 1366)	Nov. 8, 2007	1,736,481	Feb. 1, 2018	15,986		870,343	89,484	780,859
			Aug. 1, 2018	70,757				
			Feb. 1, 2019	14,617				
			Aug. 1, 2019	78,516				
Separation of Combined Sewers (Ord. 1366)	Nov. 8, 2007	1,736,481	Feb. 1, 2020	13,339		870,343	89,484	780,859
			Aug. 1, 2020	77,239				
			Feb. 1, 2021	12,061				
			Aug. 1, 2021	75,961				

BOROUGH OF EDGEWATER
Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2017

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2016	Balance, Dec. 31, 2017
			Date	Amount			
Separation of Combined Sewers, (cont.)	Mar. 10, 2010	170,000	Feb. 1, 2022	10,463	5.00%	135,000	120,000
			Aug. 1, 2019	83,491	4.00%		
			Feb. 1, 2023	8,638	5.00%		
			Aug. 1, 2020	81,666	3.00%		
			Aug. 1, 2021	7,086	4.00%		
			Aug. 1, 2022	80,114	4.00%		
			Aug. 1, 2023	5,443	4.00%		
			Aug. 1, 2024	87,599	4.00%		
			Aug. 1, 2025	3,594	4.00%		
			Aug. 1, 2026	54,289	4.00%		
Sewer Repairs (Ord. 1418)	Mar. 10, 2010	170,000	Aug. 1, 2018	10,000	5.00%	135,000	120,000
			Aug. 1, 2019	10,000	4.00%		
			Aug. 1, 2020	10,000	5.00%		
			Aug. 1, 2021	9,000	3.00%		
			Aug. 1, 2022	10,000	4.00%		
			Aug. 1, 2023	10,000	4.00%		
			Aug. 1, 2024	10,000	4.00%		
			Aug. 1, 2025	9,000	4.00%		
			Aug. 1, 2026	9,000	3.50%		
			Aug. 1, 2027	10,000	4.00%		
		Aug. 1, 2028	9,000	4.00%			
		Aug. 1, 2029	14,000	4.00%			

BOROUGH OF EDGEWATER
Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2017

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of loans outstanding</u>		<u>Interest rate</u>	<u>Balance, Dec. 31, 2016</u>	<u>Balance, Dec. 31, 2017</u>
			<u>Date</u>	<u>Amount</u>			
Sewer Repairs (Ord. 1418)	Mar. 10, 2010	521,250	Feb. 1, 2018	8,835		344,556	318,049
			Aug. 1, 2018	17,669			
			Feb. 1, 2019	8,835			
			Aug. 1, 2019	17,669			
			Feb. 1, 2020	8,835			
			Aug. 1, 2020	17,669			
			Feb. 1, 2021	8,835			
			Aug. 1, 2021	17,669			
			Feb. 1, 2022	8,835			
			Aug. 1, 2022	17,669			
			Feb. 1, 2023	8,835			
			Aug. 1, 2023	17,669			
			Feb. 1, 2024	8,835			
			Aug. 1, 2024	17,669			
			Feb. 1, 2025	8,835			
			Aug. 1, 2025	17,669			
		Feb. 1, 2026	8,835				
		Aug. 1, 2026	17,669				
		Feb. 1, 2027	8,835				
		Aug. 1, 2027	17,669				
		Feb. 1, 2028	8,835				
		Aug. 1, 2028	17,669				
		Feb. 1, 2029	8,835				
		Aug. 1, 2029	17,670				

Sewer Repairs (Ord. 1418)

318,049

Decreased

344,556

Interest rate

Amount

Date

Original issue

Date of issue

Purpose

Balance, Dec. 31, 2016

Balance, Dec. 31, 2017

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2017

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2016	Decreased	Balance, Dec. 31, 2017
			Date	Amount				
Sanitary Sewer Repairs (Ord. 1420)	Dec. 2, 2010	245,000	Aug. 1, 2018	10,000	5.00%	195,000	90,000	105,000
			Aug. 1, 2019	10,000	5.00%			
			Aug. 1, 2020	5,000	5.00%			
			Aug. 1, 2021	5,000	5.00%			
			Aug. 1, 2022	8,000	5.00%			
			Aug. 1, 2023	8,000	5.00%			
			Aug. 1, 2024	8,000	5.00%			
			Aug. 1, 2025	8,000	5.00%			
			Aug. 1, 2026	8,000	5.00%			
			Aug. 1, 2027	8,000	5.00%			
		Aug. 1, 2028	7,000	5.00%				
		Aug. 1, 2029	10,000	5.00%				
		Aug. 1, 2030	10,000	5.00%				

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2017

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2016	Decreased	Balance, Dec. 31, 2017
			Date	Amount				
Sanitary Sewer Repairs (Ord. 1420)	Dec. 1, 2010	260,000	Feb. 1, 2018	4,407		40,279	13,220	27,059
			Aug. 1, 2018	8,814				
			Feb. 1, 2019	4,407				
			Aug. 1, 2019	8,813				
			Feb. 1, 2020	618				
						<u>\$ 2,492,417</u>	<u>441,998</u>	<u>2,050,419</u>

Paid via Budget Appropriation 297,211
 Savings Credit (Principal) 144,787
\$ 441,998

BOROUGH OF EDGEWATER
Schedule of Green Trust Loan Payable
General Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$ 244,509
Decreased by:	
Paid via Budget Appropriation	<u>20,083</u>
Balance - December 31, 2017	<u>\$ 224,426</u>

BOROUGH OF EDGEWATER
Schedule of Serial Bonds
General Capital Fund
Year ended December 31, 2017

<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, 2016</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
General Obligation Bonds	Jun. 30, 2009	4,884,000	Aug. 15, 2018	150,000	5.00%	450,000	125,000	325,000
			Aug. 15, 2019	175,000	4.50%			
General Obligation Refunding Bonds	Jan. 25, 2012	7,395,000	Jun. 1, 2018	420,000	2.00%	4,640,000	925,000	3,715,000
			Jun. 1, 2018	500,000	3.625%			
			Jun. 1, 2019	230,000	3.00%			
			Jun. 1, 2019	700,000	4.00%			
			Jun. 1, 2020	430,000	4.00%			
			Jun. 1, 2020	500,000	3.00%			
			Jun. 1, 2021	935,000	4.00%			

BOROUGH OF EDGEWATER

Schedule of Serial Bonds

General Capital Fund

Year ended December 31, 2017

Purpose	Date of issue	Original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec. 31, 2016	Decreased	Balance, Dec. 31, 2017
			Date	Amount				
General Obligation Bonds	Jul. 15, 2015	11,085,000	Jul. 15, 2018	405,000	2.00%	10,700,000	390,000	10,310,000
			Jul. 15, 2019	750,000	2.00%			
			Jul. 15, 2020	750,000	2.00%			
			Jul. 15, 2021	770,000	2.00%			
			Jul. 15, 2022	750,000	2.00%			
			Jul. 15, 2023	750,000	3.00%			
			Jul. 15, 2024	750,000	3.00%			
			Jul. 15, 2025	765,000	3.00%			
			Jul. 15, 2026	770,000	3.00%			
			Jul. 15, 2027	770,000	3.00%			
			Jul. 15, 2028	770,000	3.00%			
		Jul. 15, 2029	770,000	3.00%				
		Jul. 15, 2030	770,000	3.00%				
		Jul. 15, 2031	770,000	3.125%				
<hr/>								
General Obligation Refunding Bonds	Oct. 31, 2016	3,285,000	Aug. 15, 2020	220,000	3.00%	3,285,000	30,000	3,255,000
			Aug. 15, 2021	230,000	3.00%			
			Aug. 15, 2022	930,000	4.00%			
			Aug. 15, 2023	920,000	4.00%			
			Aug. 15, 2024	955,000	4.00%			
<hr/>								
						\$ 19,075,000	1,470,000	17,605,000

BOROUGH OF EDGEWATER
Schedule of Capital Leases Payable

General Capital Fund

Year ended December 31, 2017

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of lease payments outstanding</u>		<u>Interest rate</u>	<u>Balance, Dec. 31, 2016</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
2012 Refunding of 2003 Issuance	May 1, 2012	385,000	Mar. 15, 2018	49,000	2.108%	264,000	44,000	220,000
			Mar. 15, 2019	52,000	0.236%			
			Mar. 15, 2020	57,000	2.659%			
			Mar. 15, 2021	62,000	2.959%			
						\$ 264,000	44,000	220,000

BOROUGH OF EDGEWATER
Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2017

Ordinance number	Improvement description	Date of original issue	Date of issue	Date of maturity	Interest rate	Balance, Dec. 31, 2016	Increased by:	Decreased by:	Balance, Dec. 31, 2017
1357	Acq. of a new Municipal Complex/Police Station	Jul. 25, 2014	Jul. 20, 2017	Jul. 20, 2018	2.00%	120,000	118,480	120,000	118,480
1474	Improvements to Veteran's Field	Jul. 27, 2012	Jul. 20, 2017	Jul. 20, 2018	2.00%	7,540,033	7,260,772	7,540,033	7,260,772
1474	Improvements to Veteran's Field	Jul. 25, 2014	Jul. 20, 2017	Jul. 20, 2018	2.00%	1,115,935	1,077,435	1,115,935	1,077,435
1482	Various Improvements	Jul. 26, 2013	Jul. 20, 2017	Jul. 20, 2018	2.00%	525,362	461,224	525,362	461,224
1457	Imps. to Beverly Place Retaining Wall	Jul. 25, 2014	Jul. 20, 2017	Jul. 20, 2018	2.00%	152,000	149,400	152,000	149,400
1464	Imps. to the Municipal Pool	Jul. 20, 2017	Jul. 20, 2017	Jul. 20, 2018	2.00%		61,750		61,750
1488/1497	Acquisition of Rescue Boat for Fire Department	Jul. 25, 2014	Jul. 20, 2017	Jul. 20, 2018	2.00%	121,000	116,800	121,000	116,800
1489/1496	Repairs to the Edgewater Marina	Jul. 25, 2014	Jul. 20, 2017	Jul. 20, 2018	2.00%	285,000	270,000	285,000	270,000
1498	Acquisition of a Trailer Mounted Generator	Jul. 25, 2014	Jul. 20, 2017	Jul. 20, 2018	2.00%	61,750	59,550	61,750	59,550
1502	Various Acquisitions and Improvements	Jul. 23, 2015	Jul. 20, 2017	Jul. 20, 2018	2.00%	930,896	930,896	930,896	930,896
1514	Improvements to Veteran's Field	Jul. 23, 2015	Jul. 20, 2017	Jul. 20, 2018	2.00%	3,800,000	3,800,000	3,800,000	3,800,000
1517	Improvements to Undercliff Avenue	Jul. 20, 2017	Jul. 20, 2017	Jul. 20, 2018	2.00%		213,750		213,750
1519	Improvements to Veteran's Field	Jul. 21, 2016	Jul. 20, 2017	Jul. 20, 2018	2.00%	5,700,000	5,700,000	5,700,000	5,700,000
1525	Acquisition of Fire Truck	Jul. 21, 2016	Jul. 20, 2017	Jul. 20, 2018	2.00%	522,500	522,500	522,500	522,500
1526	Local Share of Various Port Security Acqs.	Jul. 21, 2016	Jul. 20, 2017	Jul. 20, 2018	2.00%	33,250	33,250	33,250	33,250
1534	Improvements to Veteran's Field	Jul. 21, 2016	Jul. 20, 2017	Jul. 20, 2018	2.00%	8,064,274	8,064,274	8,064,274	8,064,274
1534	Improvements to Veteran's Field	Jul. 20, 2017	Jul. 20, 2017	Jul. 20, 2018	2.00%		8,000		8,000
1538	Historical Borough Hall Impr. - Phase 3	Jul. 20, 2017	Jul. 20, 2017	Jul. 20, 2018	2.00%		1,424,919		1,424,919
						\$ 28,972,000	\$ 30,273,000	\$ 28,972,000	\$ 30,273,000
							Cash Renewed		1,708,419
							Cash on Hand - Excess Proceeds - Ord. 1482		28,564,581
							Budget Appropriation		45,375
									362,044
									\$ 30,273,000
									\$ 28,972,000

BOROUGH OF EDGEWATER
Schedule of Reserve for Payment of Debt
General Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$	1,937,086
Increased by:		
Cash Receipts	\$	24,870
Due from Bergen County CDA Trust		32,214
Cancellation of Improvement Authorizations - Unexpended Note Proceeds		498,168
Transferred from Reserve for Receivables		91,256
		646,508
Balance - December 31, 2017	\$	2,583,594

Analysis of Balance

Ord. 1357 - Unexpended Note Proceeds		118,480
Ord. 1381/1387		461,704
Ord. 1366		88,120
Ord. 1418		3,750
Ord. 1426		344,230
Ord. 1407		61,411
Ord. 1443		100,000
Ord. 1482		100,000
Ord. 1457 - Unexpended Note Proceeds		615
Ord. 1464		2,273
Ord. 1464 - Unexpended Note Proceeds		16,547
Ord. 1226, 1272, 1327		183,407
Ord. 1474 - Veteran's Field		513,789
Ord. 1482/1510 - Unexpended Note Proceeds		198,706
Ord. 1488/1497 - Unexpended Note Proceeds		6,856
Ord. 1489/1496 - Unexpended Note Proceeds		38,528
Ord. 1502 - Unexpended Note Proceeds		87,086
Ord. 1517 - Undercliff Avenue Imps		103,273
Ord. 1526 - Unexpended Note Proceeds		31,350
Ord. 1544		91,256
Ord. 1464		32,214
	\$	2,583,595

BOROUGH OF EDGEWATER
Schedule of Reserve for Green Acres
General Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$	11,574
Increased by:		
Interest Earned on Investments		36
Balance - December 31, 2017	\$	11,610

Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$	25,696
Increased by:		
2017 Budget Appropriation		1,700,000
		1,725,696
Decreased by:		
Appropriated to Finance Improvement Authorizations		1,289,000
Balance - December 31, 2017	\$	436,696

BOROUGH OF EDGEWATER
Schedule of Unappropriated Grant
General Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$	<u>79,408</u>
Balance - December 31, 2017	\$	<u><u>79,408</u></u>

Schedule of Reserve for Receivables
General Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$	89,879
Increased by:		
Grant Awards		<u>149,000</u>
		238,879
Decreased by:		
Cancelled	\$	16,972
Transferred to Reserve for payment of Debt		<u>91,256</u>
Grant Proceeds Received		<u>108,228</u>
Balance - December 31, 2017	\$	<u><u>130,651</u></u>
		<u><u>130,651</u></u>
		<u><u>130,651</u></u>

Analysis of Balance

CDBG - Undercliff Avenue Imps. - (Palisades Terr. to Archer)		72,907
Ord. 1544: DOT, River Road, Phase III		<u>57,744</u>
	\$	<u><u>130,651</u></u>

BOROUGH OF EDGEWATER

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2017

Ordinance number	Improvement description	Balance, Dec. 31, 2016	2017 Authorizations	Decreased by:	Balance, Dec. 31, 2017
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	280,635		28,022	252,613
1359	Dissolution of the Edgewater Municipal Utilities Authority	2,172		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	33,750		33,750	
1420	Sanitary Sewer Repairs	45,000		45,000	
1423	Improvements to Undercliff Avenue	250		250	
1450	Borough Hall Phase II Improvements	1,805		1,805	
1460	Imps. to DPW and Community Center Parking Lots	161,500			161,500
1463	Refunding Bond Ordinance	905,000		905,000	
1464	Improvements to Municipal Pool	61,750		61,750	
1474	Improvements to Veteran's Field	510			510
1499	Imps. To the Bulkhead at the Edgewater Marina	118,750		118,750	
1502	Various Acquisitions and Improvements	2,954		2,954	
1517	Improvements to Undercliff Avenue	213,750		213,750	
1534	Improvements to Veteran's Field	10,726		8,000	2,726
1535	Refunding Bond Ordinance	465,000		465,000	
1538/1561	Historic Borough Hall Impr. - Phase 3	1,425,000	95,000	1,424,919	95,081
1544	Imps. To Old River Road - Phase 3		185,000		185,000
1547	Acquisition of 615 River Road		23,750,000		23,750,000
1550	Various Acquisitions and Improvements		694,873		694,873
		<u>\$ 4,821,575</u>	<u>24,724,873</u>	<u>4,404,145</u>	<u>25,142,303</u>
	2017 Improvement Authorizations		<u>24,724,873</u>		
			<u>\$ 24,724,873</u>		
			Cancelled	2,630,925	
			Deferred Charges Appropriation	64,801	
			Notes Issued	<u>1,708,419</u>	
				<u>\$ 4,404,145</u>	

BOROUGH OF EDGEWATER
Schedule of Cash - Collector-Treasurer
Marina Utility Operating Fund
Year ended December 31, 2017

Balance - December 31, 2016		\$	528,976
Cash Receipts:			
Membership/Slip Rentals	\$	428,315	
2018 Prepaid Slip Rental Revenue		<u>12,365</u>	
			<u>440,679</u>
			969,655
Cash Disbursements:			
2017 Appropriations	\$	319,971	
2016 Appropriation Reserves		2,941	
Merchant Fees		3,621	
Accrued Interest		<u>8,360</u>	
			<u>334,893</u>
Balance - December 31, 2017		\$	<u><u>634,762</u></u>

BOROUGH OF EDGEWATER
Schedule of Cash - Collector-Treasurer
Marina Utility Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016		\$	39,315
Cash Receipts:			
Due from General Marina Operating Fur \$	1		
Due from Current Fund	<u>28,925</u>		<u>28,926</u>
			68,241
Cash Disbursements:			
Due to General Capital Fund	\$ 57,688		
Improvement Authorizations	<u>5,061</u>		<u>62,749</u>
Balance - December 31, 2017		\$	<u><u>5,492</u></u>

BOROUGH OF EDGEWATER
Schedule of Marina Utility Capital Fund Cash
Marina Utility Capital Fund
Year ended December 31, 2017

Due from Federal Emergency Management Agency	(247,942)
Fund Balance	3,202
Improvement authorizations:	
<u>Ordinance</u>	
<u>number</u>	<u>Improvement description</u>
1465	Acquisition of Marina Dredging Equipment
1467	Dredging of the Marina
1551	Various Marina Improvements
	<div style="display: flex; justify-content: flex-end; align-items: flex-end;"> <div style="margin-right: 20px;">31,823</div> <div style="margin-right: 20px;">223,470</div> <div style="margin-right: 20px; border-bottom: 1px solid black;">(5,061)</div> <div style="margin-right: 20px; border-bottom: 3px double black;">\$ 5,492</div> </div>

BOROUGH OF EDGEWATER

Schedule of 2016 Reserves - Operating

Marina Utility Operating Fund

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance After Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	Over- <u>Expenditures</u>
Salaries and Wages	\$ 23,658	24,297	639	23,658	
Other Expenses			<u>2,302</u>		<u>2,302</u>
	<u>\$ 23,658</u>	<u>24,297</u>	<u>2,941</u>	<u>23,658</u>	<u>2,302</u>
Appropriation Reserves		23,658			
Encumbrances		<u>639</u>			
		<u>\$ 24,297</u>			

BOROUGH OF EDGEWATER

Schedule of Accrued Interest

Marina Operating Utility Fund

Year ended December 31, 2017

Balance - December 31, 2016	\$ 4,070
Increased by:	
Budget Appropriation	<u>10,012</u>
	14,082
Decreased by:	
Cash Disbursements	<u>8,360</u>
Balance - December 31, 2017	<u>\$ 5,722</u>

<u>Principal Outstanding</u>	<u>Interest</u>	<u>From</u>	<u>To</u>	<u>Required</u>	<u>Actual</u>
<u>December 31, 2017</u>	<u>Rate</u>				
\$402,000					
Bond Anticipation Note	2.00%	7/21/17	12/31/16	<u>3,484</u>	<u>5,722</u>

BOROUGH OF EDGEWATER

**Schedule of Interfunds (Receivable)/Payable
Marina Utility Operating Fund**

Year ended December 31, 2017

	<u>Increased</u>	Balance, Dec. 31, <u>2017</u>
Marina Utility Capital Fund	\$ <u>1</u>	<u>1</u>
	\$ <u><u>1</u></u>	<u><u>1</u></u>
Interest Earned	<u>1</u>	
	\$ <u><u>1</u></u>	

BOROUGH OF EDGEWATER

**Schedule of Amount Due from the Federal Emergency
Emergency Management Agency - Ord. 1467**

Marina Utility Capital Fund

Year ended December 31, 2017

Balance - December 31, 2016 \$ 247,943

Balance - December 31, 2017 \$ 247,943

BOROUGH OF EDGEWATER

**Schedule of Interfunds (Receivable)/Payable
Marina Utility Capital Fund**

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2017</u>
Current Fund	\$ (28,925)	28,925		
Marina Utility Operating		1		1
General Capital Fund	<u>57,688</u>		<u>57,688</u>	
	<u>\$ 28,763</u>	<u>28,926</u>	<u>57,688</u>	<u>1</u>
Cash Receipts		28,926		
Cash Disbursements			<u>57,688</u>	
		<u>\$ 28,926</u>	<u>57,688</u>	

BOROUGH OF EDGEWATER
Schedule of Fixed Capital Authorized
and Uncompleted
Marina Utility Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>1,192,996</u>
Increased by:	
Fixed Capital Authorized	<u>590,000</u>
Balance - December 31, 2017	\$ <u><u>1,782,996</u></u>

<u>Analysis of Balance</u>	
Ord. 1465	450,000
Ord. 1467	742,996
Ord. 1551	<u>590,000</u>
	\$ <u><u>1,782,996</u></u>

Exhibit D-14

BOROUGH OF EDGEWATER
Schedule of Encumbrances Payable
Marina Utility Operating Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$ <u>639</u>
Decreased by:	
Transferred to Appropriation Reserves	<u>639</u>

Exhibit D-15

Schedule of Prepaid Slip Revenue
Marina Utility Operating Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$ 27,500
Increased by:	
2017 Slip Rental Revenue	<u>12,365</u>
	39,865
Decreased by:	
Slip Rental Realized as Revenue	<u>27,500</u>
Balance - December 31, 2017	\$ <u>12,365</u>

BOROUGH OF EDGEWATER

Schedule of Improvement Authorizations

Marina Utility Capital Fund

Year ended December 31, 2017

Ordinance number	Improvement description	Date	Ordinance	Amount	Balance Dec. 31, 2016		2017 Authorizations	Paid or Charged	Balance Dec. 31, 2017	
					Funded	Unfunded			Funded	Unfunded
1465	Acquisition of Marina Dredging Equipment	Dec. 19, 2011		450,000 \$		31,823				31,823
1467	Dredging of the Marina	Mar. 5, 2012		742,996	223,470				223,470	
1551	Various Marina Improvements	Sept. 18, 2017		590,000			590,000	5,061		584,939
				\$	223,470	31,823	590,000	5,061	223,470	616,762

BOROUGH OF EDGEWATER
Schedule of Reserve for Amortization
Marina Utility Capital Fund
Year ended December 31, 2017

Balance - December 31, 2016	\$	32,000
Increased by:		
Paydown on Bond Anticipation Note		16,000
Balance - December 31, 2017	\$	48,000

Schedule of Deferred Reserve for Amortization
Marina Utility Capital Fund
Year ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance Dec. 31, 2016	Balance Dec. 31, 2017
1467	Dredging of Edgewater Marina	\$ 742,996	742,996
		\$ 742,996	742,996

BOROUGH OF EDGEWATER

Schedule of Bond Anticipation Notes

Marina Utility Capital Fund

Year ended December 31, 2017

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2016	Increased by	Decreased by	Balance, Dec. 31, 2017
1465	Acquisition of a Dredging Boat	Jul. 27, 2012	Jul. 13, 2016	Jul. 21, 2017	2.00%	\$ 418,000	402,000	418,000	402,000
						\$ 418,000	402,000	418,000	402,000
							Renewals 402,000		
							Principal on Notes 16,000		
							\$ 402,000	\$ 418,000	

BOROUGH OF EDGEWATER, N.J.

Schedule of Deferred Charges

Marina Utility Operating Fund

Year ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Added</u> <u>in 2017</u>	<u>Reduced</u> <u>in 2017</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Expenditure without Appropriation	\$ 16,000		16,000	-
Overexpenditure of Appropriations	11,752		11,752	-
Overexpenditure of Appropriation Reserves		<u>2,302</u>		<u>2,302</u>
	<u>\$ 27,752</u>	<u>2,302</u>	<u>27,752</u>	<u>2,302</u>

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

Public Assistance Fund

Year ended December 31, 2017

	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
Balance - December 31, 2016	\$ <u>3,197</u>	<u>25,014</u>	<u>28,211</u>
Increased by:			
Prior Year Voided Checks		4,201	4,201
Interest Earned	<u>27</u>		<u>27</u>
	<u>27</u>	<u>4,201</u>	<u>4,228</u>
	3,224	29,215	32,439
Decreased by:			
Public Assistance		<u>15,446</u>	<u>15,446</u>
Balance - December 31, 2017	\$ <u><u>3,224</u></u>	<u><u>13,769</u></u>	<u><u>16,993</u></u>

BOROUGH OF EDGEWATER

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Period ended December 31, 2017

Balance - December 31, 2016		\$	28,211
Increased by receipts:			
Prior Year Voided Checks	\$	4,201	
Interest Earned		<u>27</u>	
			<u>4,228</u>
			32,439
Decreased by:			
General Assistance			<u>15,446</u>
Balance - December 31, 2017		\$	<u>16,993</u>

<u>Reconciliation - December 31, 2017</u>	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
Balance on Deposit per Statement of:			
Mariner's Bank			
a/c no. xxxxxx0414	\$	3,224	3,224
Bank of America			
a/c no. xxxxxx0756		<u>13,769</u>	<u>13,769</u>
Balance - December 31, 2017	\$	<u>3,224</u>	<u>16,993</u>

BOROUGH OF EDGEWATER

Statement of Public Assistance Revenues

Public Assistance Fund

Year ended December 31, 2017

	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
State Aid Payments	\$	16,300	16,300
Prior Year Voided Checks		4,201	4,201
Interest Earned	<u>27</u>	<u> </u>	<u>27</u>
Total revenues (PATF)	<u>\$ 27</u>	<u>20,501</u>	<u>20,528</u>

Statement of Public Assistance Expenditures

Public Assistance Fund

Period ended December 31, 2017

	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
Payments for Current Year Assistance (Reported):			
Maintenance payments	\$	13,806	13,806
Temporary Rent Assistance		1,108	1,108
Work Related Expenses		152	152
Transportation		<u>380</u>	<u>380</u>
Total Payments Reported		<u>15,446</u>	<u>15,446</u>
Total Disbursements	<u>\$</u>	<u>15,446</u>	<u>15,446</u>

Exhibit E-5

BOROUGH OF EDGEWATER N.J.

Schedule of Interfunds

Public Assistance Trust Fund

Year Ended December 31, 2017

	<u>Increased</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>
Current Fund	<u>16,300</u>	<u>16,300</u>
	<u>16,300</u>	<u>16,300</u>
	<u>16,300</u>	
	<u>\$ 16,300</u>	

Exhibit F-1

BOROUGH OF EDGEWATER

Schedule of Grants Receivable

Sewer Facilities Grant Fund

Year ended December 31, 2017

Balance - December 31, 2016 \$ 74,501

Balance - December 31, 2017 \$ 74,501

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>

Exhibit F-2

Schedule of Reserve for Grant Expenditures

Sewer Facilities Grant Fund

Year ended December 31, 2017

Balance - December 31, 2016 \$ 74,501

Balance - December 31, 2017 \$ 74,501

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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Exhibit H-1

BOROUGH OF EDGEWATER

Schedule of Cash

Payroll Account

Year ended December 31, 2017

Increased by:	
Interfund - Current	\$ <u>462,937</u>
Balance - December 31, 2017	\$ <u><u>462,937</u></u>

Exhibit H-2

BOROUGH OF EDGEWATER

Schedule of Due to Current Fund

Payroll Account

Year ended December 31, 2017

Increased by:	
Cash Receipt - Current Fund	\$ <u>462,937</u>
Balance - December 31, 2017	\$ <u><u>462,937</u></u>

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BOROUGH OF EDGEWATER



LETTERS ON INTERNAL CONTROL AND ON COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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INDEPENDENT AUDITOR'S 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, 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, the financial statements-regulatory basis of the Borough of Edgewater in the County of Bergen as of and for the year ended December 31, 2017 and the related notes to the financial statements, and have issued our report thereon dated April 27, 2018, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis was qualified for non-conformance with FASB 68.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Edgewater's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. Accordingly, we do not express an opinion on the effectiveness of the Borough of Edgewater's internal control.

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

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

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Edgewater in the accompany comments and recommendations section of this report.

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*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Edgewater in the accompanying comments and recommendations section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Edgewater's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Edgewater's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.


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


FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

April 27, 2018

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 of specifically by any other law. The governing body of a contracting unit may, by resolution

BOROUGH OF EDGEWATER

GENERAL COMMENTS, (continued)

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.

Effective July 1, 2015, 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 \$40,000.

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:

- Phase III Renovations of Historic Borough Hall
- Comfort Station at Veteran's Field
- Old River Road Improvements
- Reconstruction of the Marina Building Roof
- Acquisition of two (2) Shuttle Buses
- Purchase and Installation of a Permanent Emergency Generator for the Firehouse

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.

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.

BOROUGH OF EDGEWATER
GENERAL COMMENTS, (continued)

The following resolution authorizing interest to be charged on delinquent taxes was adopted at the reorganization meeting held on January 2, 2017.

"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 28, 2017 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>Year Ended</u>	<u>Number of Liens</u>
December 31, 2017	4
December 31, 2016	5
December 31, 2015	4

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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**EDGEWATER BOROUGH
COMMENTS
DECEMBER 31, 2017**

Finance:

1. *General Ledger is not being utilized for the Public Assistance Trust Fund.
2. *Bank reconciliations are not being performed on the Public Assistance Trust Fund Bank Accounts.
3. *Stale dated checks are being carried as reconciling items on the following bank reconciliations:
 - a. Municipal Bail Account
 - b. Council on Affordable Housing Trust Fund
 - c. General Capital
4. *The Construction Official bank reconciliation is not being performed properly.
5. There is an excess of funds in the Construction Official bank account.
6. Petty cash amounts are not being authorized on an annual basis.
7. The Municipal Escrow Bank Account does not bear interest in accordance with N.J.S.A. 40:55D-53.1.
8. An over expenditure of \$2,301.56 occurred in the 2016 Marina Utility Appropriation Reserve Budget.
9. A temporary budget for the Marina Utility Fund was not approved by the Borough Council in accordance with N.J.S.A 40A:4-19.
10. Payments to the State of New Jersey for Marriage Licenses are not being made in a timely manner. *(3rd Quarter 2012 & 3rd Quarter 2013 still outstanding as of 12/31/17)*
11. There were instances of sub-accounts being overexpended prior to transfer.
12. There were instances where approved transfer resolutions were not prepared with respect to account names in accordance with N.J.S.A. 40A:4-58-59.
13. Overexpenditure of a capital ordinance was noted in the Capital Fund.

Purchasing:

1. There were instances where the incorrect budget account line was charged for expenditures.
2. A review of various professional service contracts and award procedures revealed that the Borough did not properly utilize the "fair and open" process as set forth in the State's "Pay-to-Play" statute (P.L. 2005, c.51).
 - a. Awarding resolutions did not contain "not to exceed" cost language as required by N.J.A.C. 5:30-5.5(b)(1).
3. There were instances of the check register not accurately reflecting cash disbursements. While payments were correct, various escrow accounts had double-booked entries.
4. There were instances of purchase orders being processed with no purchase order numbers being used.
5. There were instances where supporting documentation for purchases made was not provided at the time of audit.

**EDGEWATER BOROUGH
COMMENTS, (CONTINUED)
DECEMBER 31, 2017**

Departments:

1. Deposits are not always made within forty-eight hours of receipt as required by N.J.S.A. 40A:5-15.
 - a. Marina Utility
 - b. Police Department

Public Assistance:

1. Various documents were not available for review at time of audit.

Municipal Court:

1. The January Monthly Management Report was unavailable for review at the time of audit.
2. Our review of the December ATS/ACS Monthly Management Reports revealed the following:
 - a. There is an excessive amount of tickets eligible for dismissal
 - b. There is an excessive amount of tickets assigned over 180 days

**EDGEWATER BOROUGH
RECOMMENDATIONS
DECEMBER 31, 2017**

Finance:

1. *General Ledgers be utilized for all funds.
2. * Bank reconciliations be performed for the Public Assistance Trust Fund bank accounts.
3. *Stale-dated checks be cancelled by resolution.
4. *The bank reconciliation for the Construction Official account needs to account for all transactions including deposits in transit and outstanding checks.
5. Excess funds should be turned over to the Borough.
6. All petty cash be authorized on an annual basis in accordance with N.J.S.A 40A:5-21.
7. The Borough change banking institutions to an account bearing interest at the minimum rate currently paid by the institution or depository on time or savings deposits as per N.J.S.A. 40:55d-53.1.
8. More care be taken to ensure that Marina Utility Appropriation Reserve budget accounts are not over-expended.
9. A temporary budget be approved for the Marina Utility Fund.
10. Fees collected that are due to the State be remitted in a timely manner.
11. More care should be taken to ensure sub-account balances are not overexpended.
12. Account names be properly listed in transfer resolution in accordance with N.J.S.A. 40A:4-58-59.
13. That more care be taken to ensure that no capital ordinance be overexpended.

Purchasing:

1. Proper budget account lines be charged for expenditures.
2. The Borough comply with all Pay-to-Play Compliance Regulations when awarding a Professional Services contract.
3. Check register should accurately reflect cash disbursements.
4. All Purchase Orders should be numbered.
5. All supporting documents for purchases be maintained and made available at the time of the audit.

Departments:

1. *Deposits should be made with forty-eight hours of receipt as required by N.J.S.A. 40A:5-15.

Public Assistance:

1. All requested information be available at time of audit.

Municipal Court:

1. All Monthly Management Reports be available at time of audit.
2. Our review of the December ATS/ACS Monthly Management Reports revealed the following:
 - a. Tickets eligible for dismissal be remediated.
 - b. Tickets over 180 days be recalled by the Court Administrator.

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
Pompton Lakes, New Jersey

April 27, 2018