

BOROUGH OF EDGEWATER

**Financial Statements With
Supplementary Information**

December 31, 2018

(With Independent Auditors' Reports Thereon)

BOROUGH OF EDGEWATER

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INDEPENDENT AUDITOR'S REPORT

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

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, 2018 and 2017, 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, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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
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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, 2018 and 2017, 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 \$1,139,668 and \$1,106,811 for 2018 and 2017, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



The Honorable Mayor and
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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 balance sheets and account group as of December 31, 2018 and 2017, 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, 2018 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.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Borough adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are not modified with respect to this matter.

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 August 12, 2019 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.



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Registered Municipal Accountant
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Certified Public Accountants
Pompton Lakes, New Jersey

August 12, 2019

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	Dec. 31, <u>2018</u>	Dec. 31, <u>2017</u>
Current Fund:			
Cash	A-4	\$ 10,321,871	11,362,611
Petty Cash		250	250
Change Funds		200	200
Due from State of New Jersey:			
Senior Citizens' and Veterans' Deductions	A-8	34,998	35,418
		<u>10,357,319</u>	<u>11,398,479</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	1,728,534	1,759,791
Property Acquired for Taxes - Assessed Valuation	A-17	3,844,775	3,844,775
Tax Title Liens	A-6	358,683	62,830
Revenue Accounts Receivable	A-7	228,550	312,550
Local School District Tax Receivable	A-9	192	
Interfunds Receivable:			
Escrow Trust Fund	A-19	33	33
Other Trust Fund	A-19	13,294	7,108
Payroll Fund	A-19		462,937
		<u>6,174,061</u>	<u>6,450,024</u>
Deferred Charges:			
Emergency Appropriations	A-22	400,000	
		<u>400,000</u>	
		<u>16,931,380</u>	<u>17,848,503</u>
State and Federal Grant Fund:			
Grants Receivable	A-24	62,342	62,342
Due from Current Fund	A-25	273,341	273,929
		<u>335,683</u>	<u>336,271</u>
		<u>\$ 17,267,063</u>	<u>18,184,774</u>

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2018 and 2017

	<u>Ref.</u>	Dec. 31, <u>2018</u>	Dec. 31, <u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3,A-12	\$ 1,212,083	2,021,340
Local School District Tax Payable	A-9		15
Encumbrances Payable	A-13	178,826	211,145
County Added and Omitted Taxes Payable	A-11	18,280	84,374
Tax Overpayments	A-14	109,237	230,428
Prepaid Taxes	A-15	279,222	2,111,149
Marriage License Fees Payable	A-16	250	550
Reserve for Tax Title Lien Premium	A-18	583,600	385,600
Interfund Payables:			
General Capital Fund	A-19	67,268	88,010
Fire Prevention Dedicated Penalties Trust Fund	A-19		3,025
Public Assistance Trust Fund	A-19	16,300	16,300
Other Trust Fund - Municipal Alliance	A-19	16	16
Other Trust Fund - Bullet Proof Vests	A-19	33	33
Other Trust Fund - POAA	A-19	52	52
Other Trust Fund - Flexible Spending	A-19	640	
Due to State and Federal Grant Fund	A-19	273,341	273,929
Various Miscellaneous Reserves	A-20	883,316	450,464
Accounts Payable	A-21	21,937	21,937
Due to Board of Education	A-23	75,000	
		<u>3,719,401</u>	<u>5,898,367</u>
Reserve for Receivables and Other Assets	A	6,174,061	6,450,024
Fund Balance	A-1	<u>7,037,918</u>	<u>5,500,112</u>
		<u>16,931,380</u>	<u>17,848,503</u>
State and Federal Grant Fund:			
Appropriated Reserves	A-27	248,444	210,625
Encumbrances Payable	A-26	451	
Unappropriated Reserves	A-28	86,788	125,646
		<u>335,683</u>	<u>336,271</u>
		<u>\$ 17,267,063</u>	<u>18,184,774</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, 2018

	Dec. 31, <u>2018</u>	Dec. 31, <u>2017</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 2,285,000	2,750,000
Miscellaneous Revenue Anticipated	4,328,365	4,459,515
Receipts from Delinquent Taxes	1,685,764	2,791,515
Receipts from Current Taxes	52,152,459	50,819,121
Nonbudget Revenues	747,754	559,513
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,167,124	1,228,521
Prior Year Interfunds Returned	<u>462,937</u>	<u></u>
Total Revenue	<u>62,829,403</u>	<u>62,608,185</u>
Expenditures:		
Budget and Emergency Appropriations:		
Appropriation within "CAPS":		
Operations:		
Salaries and Wages	9,672,364	9,492,304
Other Expenses	8,941,822	8,641,674
Deferred Charges and Statutory Expenditures	2,036,758	1,870,040
Appropriations Excluded from "CAPS":		
Operations:		
Other Expenses	4,447,686	4,020,637
Capital Improvements	200,000	1,700,000
Municipal Debt Service	3,162,282	3,358,364
Deferred Charges and Statutory Expenditures		64,801
County Taxes	9,537,256	8,983,382
Due County for Added Taxes	18,280	84,374
Local District School Taxes	21,291,850	20,770,574
Tax Overpayment	89,475	
Interfund Advanced	192	463,188
Refund Prior Year Revenue	<u>8,632</u>	<u>78,253</u>
Total Expenditures	<u>59,406,597</u>	<u>59,527,591</u>
Excess in Revenue	<u>3,422,806</u>	<u>3,080,594</u>
Adjustments to Income Before Surplus:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>400,000</u>	<u></u>
Statutory Excess to Surplus	3,822,806	3,080,594
Fund Balance - January 1,	<u>5,500,112</u>	<u>5,169,518</u>
	9,322,918	8,250,112
Decreased by Utilization as Anticipated Revenue	<u>2,285,000</u>	<u>2,750,000</u>
Fund Balance - December 31,	<u>\$ 7,037,918</u>	<u>5,500,112</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2018

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 2,285,000	2,285,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	25,000	47,783	22,783
Other	22,000	65,478	43,478
Fees and Permits:			
Construction	475,000	580,377	105,377
Other	150,000	207,359	57,359
Fines and Costs Municipal Court	180,000	186,271	6,271
Interest and Costs on Taxes	160,000	327,217	167,217
Interest on Investments and Deposits	13,000	31,064	18,064
Consolidated Municipal Property Tax Relief Aid	117,853	117,853	
Energy Receipts Tax	632,878	632,878	
Clean Communities	21,286	21,286	
Alcohol Education and Rehabilitation	1,673	1,673	
Recycling Tonnage Grant	33,051	33,051	
Drunk Driving Enforcement Fund	5,500	5,500	
Target - Night Out	1,000	1,000	
Uniform Fire Safety Act	14,000	28,761	14,761
Commercial Sewer Fees	350,000	652,758	302,758
General Capital Fund Balance	400,000	400,000	
Hotel Tax	250,000	536,274	286,274
PILOT Payments - Waterview Towers	375,000	451,782	76,782
Total Miscellaneous Revenues	<u>3,227,241</u>	<u>4,328,365</u>	<u>1,101,124</u>
Receipts from Delinquent Taxes	<u>1,750,000</u>	<u>1,685,764</u>	<u>(64,236)</u>
Subtotal General Revenues	7,262,241	6,014,129	1,036,888
Amount to be Raised by Taxes for Support of Municipal			
Budget - Local Tax for Municipal Purposes			
Including Reserve for Uncollected Taxes	21,985,947		
Minimum Library Tax	<u>1,226,226</u>	<u>23,305,073</u>	<u>92,900</u>
Budget Totals	30,474,414	29,319,202	1,129,788
Non-Budget Revenue		<u>747,754</u>	<u>747,754</u>
	<u>\$ 30,474,414</u>	<u>30,066,956</u>	<u>1,877,542</u>
Adopted Budget	30,473,414		
Appropriated by N.J.S.A. 40A:4-87	<u>1,000</u>		
	<u>\$ 30,474,414</u>		

BOROUGH OF EDGEWATER
Statement of Revenues - Regulatory Basis
Current Fund
Year ended December 31, 2018

Analysis of Realized Revenue

Allocation of Current Tax Collections;	
Revenue from Collections	\$ <u>52,152,459</u>
Allocated to:	
Local District School Tax	21,291,850
County Taxes	<u>9,555,536</u>
	<u>30,847,386</u>
Balance for Support of Municipal Budget Appropriations	21,305,073
Reserve for Uncollected Taxes	<u>2,000,000</u>
	<u>\$ 23,305,073</u>
Receipts from:	
Delinquent Tax Collections	\$ 1,677,762
Tax Title Liens	<u>8,003</u>
	<u>\$ 1,685,765</u>

Analysis of Miscellaneous Revenue Not Anticipated

Police Fees	\$ 2,802
PILOT	71,513
Miscellaneous	42,552
Parking Permits	6,880
Advertising Fees	9,542
Cable TV	124,380
Polling Place	80
Credit Card Fees	5,707
Sewer Connection Fees	84,492
State Housing	14,053
Parking Meters	55,268
Offsets Not Applied	51,224
FEMA	40,102
Ambulance Fees	<u>239,159</u>
	<u>\$ 747,754</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
Operations-within "CAPS"					
Administrative and executive:					
Salaries and wages	\$ 476,000	517,000	516,809	191	
Other expenses:					
Miscellaneous other expenses	234,361	266,561	266,034	527	
Mayor and Council- salaries and wages	72,000	89,800	89,769	31	
Elections:					
Salaries and wages	5,014	5,014	1,595	3,419	
Other expenses	8,400	8,400	7,670	730	
Financial administration:					
Annual audit	60,000	105,000	104,335	665	
Other expenses	25,000	25,000	11,822	13,178	
Collection of taxes:					
Salaries and wages	90,000	50,000	49,775	225	
Other expenses	23,000	38,300	38,124	176	
Assessment of taxes:					
Salaries and wages	57,470	62,870	62,805	65	
Other expenses:					
Consultant and legal fees-tax appeals	56,000	56,000	55,928	72	
Miscellaneous other expenses	24,690	24,690	21,513	3,177	
Legal services and costs:					
Other expenses	340,000	768,100	549,146	218,954	
Engineering service and cost:					
Miscellaneous other expenses	125,000	125,700	125,617	83	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Canceled
Insurance:					
Hospitalization	3,300,000	3,197,023	2,954,183	242,840	
Other Insurance	750,000	683,000	682,499	501	
Public building and grounds:					
Other expenses	156,900	204,900	204,496	404	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and wages	7,307	7,307	6,884	423	
Other expenses	24,410	24,410	10,522	13,888	
Zoning Board:					
Salaries and wages	7,307	7,307	6,884	423	
Other expenses	42,650	17,650	8,001	9,649	
Rent Leveling Board:					
Salaries and wages	7,306	7,306	6,884	422	
Other expenses	11,700	11,700	3,758	7,942	
Housing Inspector:					
Other expenses	575	575		575	
PUBLIC SAFETY:					
Fire:					
Salaries and wages	418,500	340,500	314,878	25,622	
Other expenses	234,000	234,000	233,306	694	
Fire hydrant services	162,632	162,632	159,532	3,100	
Volunteer First Aid:					
Salaries and wages	273,300	275,240	275,239	1	
Other expenses	148,280	98,280	94,430	3,850	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2018

<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>	
Fire Prevention:					
Other expenses	26,600	26,600	16,086	10,514	
Police:					
Salaries and wages	5,100,000	5,215,601	5,197,551	18,050	
Other expenses:					
Miscellaneous other expenses	255,020	255,020	243,078	11,942	
Automobiles	51,500	52,920	52,911	9	
Emergency management services:					
Salaries and wages	6,000	6,000	5,000	1,000	
Other expenses	2,250	2,250	161	2,089	
Streets and Roads:					
Road repairs and maintenance:					
Salaries and wages	1,921,646	1,793,705	1,784,248	9,457	
Other expenses	202,840	243,140	243,023	117	
Snow removal - other expenses	70,500	70,500	45,359	25,141	
Health and welfare:					
Board of Health:					
Salaries and wages	127,500	142,000	141,970	30	
Other expenses	169,100	123,270	120,558	2,712	
Dog regulation - other expenses	4,900	4,900	742	4,158	
Administration of Public Assistance:					
Salaries and wages	35,700	2,700	2,160	540	
Other expenses:					
Operating	2,100	2,100		2,100	
Emergency assistance	1,500	1,500	327	1,173	
Recreation and Education:					
Parks and playgrounds - other expenses	77,000	77,000	55,714	21,286	
Recreation:					
Salaries and wages	325,000	547,900	547,857	43	
Other expenses	153,256	128,256	91,756	36,500	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
Celebration of public event, anniversary or holiday - other expenses	10,000	32,110	32,107	3	
Senior Citizens Committee:					
Other expenses	12,500	12,500	10,130	2,370	
Sanitation:					
Garbage and Trash removal:					
Other expenses	725,000	725,000	709,344	15,656	
Recycling Program:					
Salaries and wages	47,000	48,700	48,653	47	
Municipal Court:					
Salaries and wages	201,314	201,314	164,779	36,535	
Other expenses	8,500	13,200	13,140	60	
Occupational Safety Health Act					
Board of Health - Other Expenses	2,000	2,000	1,079	921	
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	352,100	352,050	50	
Other expenses	93,635	83,635	76,933	6,702	
UNCLASSIFIED:					
Utilities:					
Gas & Electric	390,000	349,000	244,240	104,760	
Street Lighting	150,000	191,000	190,731	269	
Water	90,000	90,000	66,803	23,197	
Fuel	100,000	114,000	106,655	7,345	
Telephone	250,000	250,000	210,629	39,371	
Pilots - Bergen County 5%	35,000	35,000	26,475	8,525	
Salary and Wage adjustment	125,000				
Total Operations within "CAPS"	18,214,163	18,609,186	17,664,687	944,499	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2018

<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>
Contingent	5,000	5,000	17,664,687	944,499	5,000
Total Operations Including Contingent-within "CAPS"	18,219,163	18,614,186	17,664,687	949,499	
Detail:					
Salaries & Wages	9,603,364	9,672,364	9,575,790	96,574	
Other Expenses (Including Contingent)	8,615,799	8,941,822	8,088,897	852,925	
	18,219,163	18,614,186	17,664,687	949,499	
Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
DEFERRED CHARGES:					
Overexpenditure of Ordinances	500	500	500		
STATUTORY EXPENDITURES:					
Contribution to:					
Prior Year Bills	18,215	18,215	15,045		3,170
Public Employees' Retirement System	440,643	440,643	429,991	10,652	
Social Security System (O.A.S.I.)	500,000	500,000	484,750	15,250	
Consolidated Police and Firemen's Pension Fund	30,000	30,000	9,772	20,228	
Police and Firemen's Retirement System	1,046,070	1,046,070	1,046,070		
Unemployment insurance	4,500	4,500	1,633	2,867	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	2,039,928	2,039,928	1,987,761	48,997	3,170
Total General Appropriations for Municipal Purposes within "CAPS"	20,259,091	20,654,114	19,652,448	998,496	3,170

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2018

<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>
Operations-Excluded from "CAPS"					
Maintenance of free public library	1,226,226	1,226,226	1,014,664	211,562	
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	2,875,000	2,875,000	2,874,125	875	
Total Operations-Excluded from "CAPS"	4,385,176	4,385,176	4,171,589	213,587	
Public and Private Programs Offset with Revenues:					
Clean Community Program	21,286	21,286	21,286		
Recycling-Other Expenses	5,500	5,500	5,500		
Firehouse Grant	33,051	33,051	33,051		
Recycling Tonnage Grant	1,000	1,000	1,000		
Target - National Night Out	1,673	1,673	1,673		
Alcohol Education Rehabilitation fund					
Total Public and Private Programs Offset with Revenue	62,510	62,510	62,510		
Total Operations-Excluded from "CAPS"	4,447,686	4,447,686	4,234,099	213,587	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Expended		Cancelled
			Paid or charged	Reserved	
Detail:					
Other Expenses	4,447,686	4,447,686	4,234,099	213,587	
	<u>4,447,686</u>	<u>4,447,686</u>	<u>4,234,099</u>	<u>213,587</u>	
Capital Improvements-Excluded from "CAPS" Capital Improvement Fund	200,000	200,000	200,000		
	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>		
Total Capital Improvements Excluded from "CAPS"					
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	1,475,000	1,475,000	1,475,000		398,744
Payment of Bond anticipation Note Principal	539,244	539,244	140,500		3,900
Interest on Bonds	535,000	535,000	531,100		4,540
Interest on Notes	610,000	610,000	605,460		1
Green Trust Loan Program	25,300	30,277	30,276		
BCIA					
Principal	49,000	49,000	49,000		
Interest	5,093	5,093	5,093		
New Jersey Infrastructure Trust Loan					
Principal	290,000	290,000	287,278		2,722
Interest	39,000	39,000	38,575		425
	<u>3,567,637</u>	<u>3,572,614</u>	<u>3,162,282</u>		<u>410,332</u>
Total Municipal Debt Service-Excluded from "CAPS"					

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Expended		Cancelled
			Paid or charged	Reserved	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	8,215,323	8,220,300	7,596,381	213,587	410,332
Subtotal General Appropriations	28,474,414	28,874,414	27,248,829	1,212,083	413,502
Reserve for Uncollected Taxes	2,000,000	2,000,000	2,000,000		
Total General Appropriations	\$ 30,474,414	30,874,414	29,248,829	1,212,083	413,502

Adopted Budget 30,473,414
 Added by N.J.S.A. 40A: 4-87 1,000
 Emergency 400,000
\$ 30,874,414

Analysis of Paid or Charged
 Federal and State Grant Fund 62,510
 Deferred Charges 500
 Reserve for Uncollected Taxes 2,000,000
 Reserve for Encumbrances 178,826
 Cash 27,006,993
\$ 29,248,829

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Animal License Fund:			
Cash	B-1	\$ <u>41</u>	<u>78</u>
Escrow Trust Fund:			
Cash	B-1	<u>148,217</u>	<u>184,838</u>
Other Trust Funds:			
Cash	B-1	788,660	839,325
Due from Current Fund:			
Fire Prevention-Dedicated Penalties	B-5		3,025
POAA	B-5	52	52
Bullet Proof Vest	B-5	33	33
Flexible Spending	B-5	640	
Municipal Alliance	B-5	16	16
		<u>789,401</u>	<u>842,451</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	1,056,868	1,024,011
Contributions Receivable	B-7	<u>69,000</u>	<u>82,800</u>
		<u>1,125,868</u>	<u>1,106,811</u>
		<u>\$ 2,063,527</u>	<u>2,134,178</u>

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-2	36	78
Due to State of New Jersey	B-3	5	
		<u>41</u>	<u>78</u>
Escrow Trust Fund:			
Escrow Deposits	B-4	148,184	184,805
Due to Current Fund	B-5	33	33
		<u>148,217</u>	<u>184,838</u>
Other Trust Funds:			
Interfunds Payable	B-5	45,509	39,323
Reserve for:			
Cemetery Bequests	B-6	31,925	31,920
Bullet Proof Vests	B-6	11,339	9,517
Ferry Performance Security	B-6	195,447	195,447
Fire Prevention	B-6	7,991	8,667
POAA	B-6	13,264	12,124
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	69,414	71,726
Recycling Fees	B-6	19,000	109,790
Recycling	B-6	25,165	
Bergen County CDA Trust	B-6	111	102
Flexible Spending Trust	B-6	10,162	5,928
Avalon Trust	B-6	18,093	18,093
Municipal Alliance Trust	B-6	4,109	2,765
Shade Tree	B-6	1,414	1,059
Police Confiscated	B-6	3,109	2,641
		<u>789,401</u>	<u>842,451</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-8	1,125,868	1,106,811
		<u>\$ 2,063,527</u>	<u>2,134,178</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis
General Capital Fund
December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash:			
Checking	C-2,C-3	\$ 8,142,793	7,880,133
Deferred Charges to Future Taxation:			
Funded	C-4	19,322,953	20,099,845
Unfunded	C-5	55,649,352	55,415,303
Grants Receivable:			
New Jersey Department of Transportation	C-6	262,246	378,871
Federal Emergency Management Agency	C-7	7,336	174,320
Community Development Block Grant	C-8	72,907	72,907
Interfunds Receivable	C-9	99,483	120,224
Over-Expenditure of Ordinance Appropriation	C-10	2,827	500
		<u>\$ 83,559,897</u>	<u>84,142,103</u>
<u>Liabilities, Reserves and Fund Balance</u>			
New Jersey Environmental Infrastructure Trust			
Loans Payable	C-11	1,760,859	2,050,419
Green Trust Loan Payable	C-12	1,261,094	224,426
Serial Bonds Payable	C-13	16,130,000	17,605,000
Capital Leases Payable	C-14	171,000	220,000
Bond Anticipation Notes	C-15	30,204,000	30,273,000
Reserve for Payment of Debt	C-16	1,838,010	2,583,594
Reserve for Green Acres	C-17	12,004	11,610
Capital Improvement Fund	C-18	541,346	436,696
Improvement Authorizations:			
Funded	C-19	1,268,983	1,602,175
Unfunded	C-19	28,356,888	27,446,955
Unappropriated State Grant	C-20	79,408	79,408
Reserve for Grants Receivable	C-21	130,651	130,651
Fund Balance	C-1	1,805,654	1,478,169
		<u>\$ 83,559,897</u>	<u>84,142,103</u>

There were \$26,502,507 and \$25,142,303 of Bonds and Notes Authorized But Not Issued December 31, 2018 and 2017 (Exhibit C-22).

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Balance - January 1,	\$ 1,478,169	383,247
Increased by Receipts:		
Cancellation of Improvement Authorizations		1,181,847
Close Out of Escrow	4,999	
Premium Received on Sale of Bond Anticipation Notes	<u>722,486</u>	<u>296,321</u>
	<u>727,485</u>	<u>1,478,168</u>
	2,205,654	1,861,415
Decreased by Disbursements:		
Budget Revenue Realized	<u>400,000</u>	<u>383,246</u>
Balance - December 31,	<u>\$ 1,805,654</u>	<u>1,478,169</u>

See accompanying notes to the financial statements

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Marina Utility Fund

December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>Dec 31,</u> <u>2018</u>	<u>Dec 31,</u> <u>2017</u>
Operating Fund:			
Cash	D-5	481,122	634,762
Due from Marina Utility Capital Fund	D-8	300,590	1
Grants Receivable	D-9	72,576	
Deferred Charges	D-10		2,302
		<hr/>	<hr/>
Total Operating Fund		854,288	637,065
Capital Fund:			
Cash	D-6,7	346,904	5,492
Due from the Federal Emergency Management Agency	D-15	247,943	247,943
Fixed Capital Authorized and Uncompleted	D-16	1,892,996	1,782,996
		<hr/>	<hr/>
Total Capital Fund		2,487,843	2,036,431
		<hr/>	<hr/>
		\$ 3,342,131	2,673,496
		<hr/>	<hr/>

BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis
Marina Utility Fund
December 31, 2018 and 2017

	<u>Ref.</u>	<u>Dec 31,</u> <u>2018</u>	<u>Dec 31,</u> <u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4/D-11	114,449	16,029
Reserve for Encumbrances	D-12	33,030	
Prepaid Slip Rental Revenue	D-13	13,580	12,365
Accrued Interest on Notes	D-14	4,432	5,722
Fund Balance	D-1	<u>688,797</u>	<u>602,949</u>
 Total Operating Fund		 <u>854,288</u>	 <u>637,065</u>
Capital Fund:			
Interfund Payables	D-17	300,590	
Improvement Authorizations:			
Funded	D-18	223,470	223,470
Unfunded	D-18	67,585	616,762
Reserve for Amortization	D-19	64,000	48,000
Deferred Reserve for Amortization	D-20	742,996	742,996
Bond Anticipation Notes Payable	D-21	1,086,000	402,000
Fund Balance	D-2	<u>3,202</u>	<u>3,202</u>
 Total Capital Fund		 <u>2,487,843</u>	 <u>2,036,430</u>
		 <u>\$ 3,342,131</u>	 <u>2,673,495</u>

There were \$0 and \$590,000 of Bonds and Notes Authorized But Not Issued on December 31, 2018 and December 31, 2017. (Exhibit D-22)

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

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

Marina Utility Operating Fund

For Years ended December 31,

	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:		
Operating Revenues	\$ 515,697	455,815
Miscellaneous Revenue Not Anticipated	2,384	
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>15,395</u>	<u>23,658</u>
Total income	<u>533,476</u>	<u>479,473</u>
Expenditures:		
Operations:		
Salaries and Wages	150,000	160,000
Other Expenses	272,576	160,000
Debt Service	22,750	26,012
Deferred Charges	2,302	27,752
Merchant Fees	<u>3,621</u>	<u>3,621</u>
Total expenditures	<u>447,628</u>	<u>377,385</u>
Excess/(Deficit) in Operations	85,848	102,088
Fund Balance, January 1	<u>602,949</u>	<u>500,861</u>
Fund Balance, December 31,	<u>\$ 688,797</u>	<u>602,949</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, 2018

	<u>2018</u>	<u>2017</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, 2018

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Revenues:			
Membership Fees/Slip Rentals	\$ 375,052	443,121	68,069
FY17 Port Security Grant	35,745	35,745	
FY18 Port Security Grant	<u>36,831</u>	<u>36,831</u>	
Total Operating Revenues	<u>447,628</u>	<u>515,697</u>	<u>68,069</u>
Non-Budget Revenue		<u>2,384</u>	<u>2,384</u>
Total Revenues	<u>\$ 447,628</u>	<u>518,081</u>	<u>70,453</u>

Analysis of Operating Revenues

Cash Receipts	\$ 432,551
Grants Receivable	72,576
Interfunds	589
Prepaid Applied	<u>12,365</u>
	<u>\$ 518,081</u>

<u>Non-Budget Revenue</u>	
Interest on Investments	<u>\$ 2,384</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Marina Utility Operating Fund

Year ended December 31, 2018

	Appropriations		Expended	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 175,000	150,000	110,250	39,750
Other Expenses	175,000	200,000	197,877	2,123
2017 Port Security	35,745	35,745		35,745
2018 Port Security	36,831	36,831		36,831
Debt Service:				
Payment of Bond Anticipation Notes	16,000	16,000	16,000	
Interest on Notes	6,750	6,750	6,750	
Deferred Charges:				
Overexpenditure in Prior Years	2,302	2,302	2,302	
	<u>\$ 447,628</u>	<u>447,628</u>	<u>333,179</u>	<u>114,449</u>
		Adopted Budget 375,052		
		Added by N.J.S.A. 40A: 4-87 <u>72,576</u>		
		<u>447,628</u>		
		Reserve for Encumbrances	33,030	
		Accrued Interest	6,750	
		Deferred Charges	2,302	
		Cash Disbursed	<u>291,097</u>	
			<u>\$ 333,179</u>	

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash	E-1	\$ 16,327	16,993
Due from Current	E-3	<u>16,300</u>	<u>16,300</u>
		\$ <u><u>32,627</u></u>	<u><u>33,293</u></u>
<u>Reserve</u>			
Reserve for Public Assistance		\$ <u>32,627</u>	<u>33,293</u>
		\$ <u><u>32,627</u></u>	<u><u>33,293</u></u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Sewer Facilities Grant Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</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.

BOROUGH OF EDGEWATER

Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Land	\$ 38,531,236	38,503,536
Buildings	11,003,812	10,380,802
Vehicles and Equipment	<u>11,970,701</u>	<u>11,719,379</u>
	<u>\$ 61,505,749</u>	<u>60,603,717</u>
Investment in Fixed Assets	<u>\$ 61,505,749</u>	<u>60,603,717</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Payroll Account

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash	H-1	\$ _____	_____ 462,937
		\$ _____	_____ 462,937
		=	=
<u>Reserves</u>			
Due to Current Fund	H-2	\$ _____	_____ 462,937
		\$ _____	_____ 462,937
		=	=

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Notes to Financial Statements Years Ended December 31, 2018 and 2017

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, 2018 and 2017
(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, 2018 and 2017
(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, 2018 and 2017
(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, 2018 and 2017
(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, 2018, the Mayor and Council amended the budget by \$1,000 for additional grants received in addition to several budget transfers. Additionally, a \$400,000 emergency appropriation was approved for legal fees with respect to ongoing litigation.

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, 2018 and 2017
(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, 2018 and 2017
(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.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment 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. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

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.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

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.

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Benefits Provided, (continued)

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 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 55 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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Benefits Provided, (continued)

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.

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 2. PENSION PLANS, (continued)

Contribution Requirements, (continued)

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>
2018	\$438,447	\$1,046,070	\$-0-
2017	417,424	927,615	-0-
2016	414,938	921,315	-0-

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.

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, 2018, the Borough had a liability of \$9,566,327 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2018, the Borough's proportion was 0.04858593 percent, which was an increase/(decrease) of .00125754 percent from its proportion measured as of June 30, 2017.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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)

For the year ended December 31, 2018, the Borough recognized pension expense of \$438,447. At December 31, 2018, 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	\$182,431	\$49,327
Changes of assumptions	1,576,372	3,058,803
Net difference between projected and actual earnings on pension plan investments		89,733
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>280,548</u>	<u>232,063</u>
Total	<u>\$2,039,351</u>	<u>\$3,429,926</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) 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 will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$66,395
2020	(91,925)
2021	(659,178)
2022	(571,386)
2023	(182,965)

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 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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)

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Borough's Proportion	.04858593%	.04732839%

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 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	7.00 Percent

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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)

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

Long-Term Rate of Return

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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)

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, 2018, 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:

	June 30, 2018		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
Borough's proportionate share of the pension liability	\$12,028,555	\$9,566,327	\$7,500,676

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, 2018, the Borough had a liability of \$15,556,842 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2018, the Borough's proportion was .11496671 percent, which was a decrease of (.00323082) percent from its proportion measured as of June 30, 2017.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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)

For the year ended December 31, 2018, the Borough recognized pension expense of \$1,046,070. At December 31, 2018, 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	\$158,271	\$64,378
Changes of assumptions	1,335,350	3,986,963
Net difference between projected and actual earnings on pension plan investments	685,956	85,110
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>-0-</u>	<u>588,120</u>
Total	<u>\$2,179,577</u>	<u>\$4,724,571</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) 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:	
2019	\$133,791
2020	(451,003)
2021	(1,261,740)
2022	(809,951)
2023	(253,927)

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 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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)

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
Borough's Proportion	.11496671%	.11819753%

Actuarial Assumptions

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

Inflation	2.25 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	7.00 Percent

Mortality Rates

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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)

Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

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

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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)

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, 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, 2018, 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:

	June 30, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Borough's proportionate share of the pension liability	\$21,536,007	\$15,556,892	\$10,625,211

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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)

Special Funding Situation - PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,113,146 and \$2,043,864, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$250,299 and \$250,011, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$125,149 and \$102,202, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

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, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2018 and 2017 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$17,605,000	\$	\$1,475,000	\$16,130,000	\$1,225,000
Other Liabilities:					
New Jersey Wastewater Loans	2,050,419		289,560	1,760,859	288,816
Green Acres Trust Loans	224,426	1,057,155	20,487	1,261,094	65,716
Capital Leases Payable	220,000		49,000	171,000	52,000
Compensated Absences Payable	<u>1,448,834</u>	<u>137,837</u>	<u>333,757</u>	<u>1,252,914</u>	<u> </u>
	<u>\$21,548,679</u>	<u>\$1,194,992</u>	<u>\$2,167,804</u>	<u>\$20,575,867</u>	<u>\$1,631,532</u>

	<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>

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
Issued:			
General Bonds, Notes and Loans	\$46,334,000	\$47,878,000	\$48,047,000
Marina Utility Notes	1,086,000	402,000	418,000
Loans Payable	<u>3,021,953</u>	<u>2,274,845</u>	<u>2,736,926</u>
Net Debt Issued	<u>50,441,953</u>	<u>50,554,845</u>	<u>51,201,926</u>
Authorized But Not Issued:			
General Bonds and Notes	<u>26,502,507</u>	<u>25,142,303</u>	<u>4,821,575</u>
Total Authorized But Not Issued	<u>26,502,507</u>	<u>25,142,303</u>	<u>4,821,575</u>
Less: Funds Temporarily Held to Pay			
Bonds and Notes	<u>1,838,011</u>	<u>2,583,594</u>	<u>1,982,462</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$75,106,449</u>	<u>\$73,113,554</u>	<u>\$54,041,039</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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 1.988% for 2018.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$28,438,000	\$28,438,000	\$0
General Debt	75,858,460	1,838,011	74,020,449
Marina Utility Debt	<u>1,086,000</u>	<u>1,086,000</u>	<u>0</u>
	<u>\$105,382,460</u>	<u>\$31,362,011</u>	<u>\$74,020,449</u>

Net debt of \$74,020,449 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$3,723,913,621 equals 1.988% for 2018.

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.

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

	<u>2018</u>	<u>2017</u>
3 ½% of equalized valuation basis (municipal)	\$130,336,977	\$120,196,747
Net Debt	<u>74,020,449</u>	<u>72,711,553</u>
Remaining borrowing power	<u>\$56,316,528</u>	<u>\$47,485,194</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

	<u>2018</u>	<u>2017</u>
Cash receipts from fees, rents or other charges for year	\$518,081	\$464,559
Deductions:		
Operating and Maintenance Cost	422,576	320,000
Debt Service Per Marina Utility	22,750	26,012
Deferred Charges Per Marina Utility		<u>27,752</u>
Total Deductions	<u>445,326</u>	<u>373,764</u>
Excess/(Deficit) in Revenue - Not Self-Liquidating	<u>\$72,755</u>	<u>\$90,795</u>

The Borough's long-term debt consisted of the following at December 31, 2018.

Paid by Current Fund:

	<u>2018</u>	<u>2017</u>
New Jersey Environmental Infrastructure Loans Payable Wastewater Improvements issued 2000, 2001, 2007 and 2010, due through 2030	\$1,760,859	\$2,050,419
\$11,085,000 General Serial Bonds with interest rates of 2.00 - 3.125% issued July 15, 2015, due through July 15, 2031	9,905,000	10,310,000
\$4,884,000 General Obligation Bonds with interest rates of 3.00 - 5.00% issued June 30, 2009, due through August 15, 2024	175,000	325,000
\$7,395,000 Refunding Bonds with interest rates 2.00 - 4.00%, issued January 25, 2012, due through June 1, 2021	2,795,000	3,715,000
Green Acres Loan issued 2008, due through 2027	203,939	224,425
Green Acres Loan issued 2018, due through 2038	1,057,155	
\$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>3,255,000</u>
	<u>\$19,151,953</u>	<u>\$19,879,844</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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	Serial Bonds		New Jersey Environmental Infrastructure Trust Loans		Green Acres Trust Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$1,855,000	\$488,538	\$297,817	\$32,595	\$65,716	\$26,451	\$2,766,117
2020	1,900,000	432,113	283,334	26,513	67,036	25,128	2,734,124
2021	1,935,000	375,713	164,289	20,458	68,384	23,777	2,587,621
2022	1,680,000	334,713	173,459	18,065	69,758	22,400	2,298,395
2023	1,670,000	282,513	169,808	15,515	71,161	20,995	2,229,992
2024-2028	4,780,000	716,013	611,647	38,065	352,844	69,357	6,567,926
2029-2033	2,310,000	141,488	60,504	1,910	284,642	51,645	2,850,189
2034-2038					281,553	21,126	302,679
	<u>\$16,130,000</u>	<u>\$2,771,091</u>	<u>\$1,760,858</u>	<u>\$153,121</u>	<u>\$1,261,094</u>	<u>\$260,879</u>	<u>\$22,337,043</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, 2018 and 2017, the Borough had authorized but not issued debt as follows:

	<u>2018</u>	<u>2017</u>
General Capital Fund	\$26,502,507	\$25,142,303
Marina Utility Capital Fund	-0-	590,000

NOTE 4. BOND ANTICIPATION NOTES

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

On December 31, 2018 and 2017, the Borough had \$30,204,000 and \$30,273,000, respectively, in outstanding General Capital Bond anticipation notes. The Borough also had \$1,086,000 and \$402,000, 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, 2018 and 2017.

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
General Capital Notes Payable:				
JP Morgan Securities, LLC	<u>\$30,273,000</u>	<u>\$30,204,000</u>	<u>\$30,273,000</u>	<u>\$30,204,000</u>
	<u>30,273,000</u>	<u>30,204,000</u>	<u>30,273,000</u>	<u>30,204,000</u>
Marina Utility Capital Notes Payable:				
JP Morgan Securities, LLC	<u>402,000</u>	<u>1,086,000</u>	<u>402,000</u>	<u>1,086,000</u>
	<u>402,000</u>	<u>1,086,000</u>	<u>402,000</u>	<u>1,086,000</u>
	<u>\$30,675,000</u>	<u>\$31,290,000</u>	<u>\$30,675,000</u>	<u>\$31,290,000</u>
	<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>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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 sheets of the Current Fund and the Capital Fund:

	Balance Dec.31, 2018	2019 Budget Appropriation	Balance Succeeding Year's budget
Current Fund:			
Emergency Appropriation	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$ -0-</u>
Total Current Fund	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$ -0-</u>
	Balance Dec.31, 2018	2019 Budget Appropriation	Balance Succeeding Year's budget
Capital Fund:			
Overexpenditure of Ordinance of Appropriations	<u>\$2,827</u>	<u>\$2,827</u>	<u>\$ -0-</u>
Total Capital Fund	<u>\$2,827</u>	<u>\$2,827</u>	<u>\$ -0-</u>

NOTE 6. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2018 which has been appropriated as revenue in the 2019 budget is as follows:

Current Fund	\$3,300,000
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, 2018 and 2017, the Borough estimated the current cost of such unpaid compensation to approximate \$1,252,914 and \$1,448,834, respectively.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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, 2018 and 2017, \$-0- of the Borough's bank balance of \$20,680,350 and \$21,512,199, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

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, 2018 and 2017 amounted to \$1,056,868 and \$1,024,011, respectively.

The following investments represent 5% or more of the total invested with Valic for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Fixed Account Plus	\$607,903	\$572,459
Money Market I Fund	136,421	113,043
Stock Index Fund	221,958	232,254
All Others	<u>90,586</u>	<u>106,255</u>
Total	<u>\$1,056,868</u>	<u>\$1,024,011</u>

NOTE 9. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2018 and 2017.

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Land and Improvements	\$38,503,536	\$30,000	\$	\$38,533,536
Buildings and Building Improvements	10,380,802	626,941	6,231	11,001,512
Vehicles, Machinery and Equipment	<u>11,719,379</u>	<u>716,988</u>	<u>465,666</u>	<u>11,970,701</u>
	<u>\$60,603,717</u>	<u>\$1,373,929</u>	<u>\$471,897</u>	<u>\$61,505,749</u>
	<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>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2018 consist of the following:

\$13,294	Due to the Current Fund from the Other Trust Fund for interest earnings.
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.
640	Due to the Current Fund from the Other Trust Fund - Flexible Spending for deposits made.
32,214	Due to the Other Trust Fund - Bergen County CDA from the Capital Fund for funds received and not turned over.
16,300	Due to the Public Assistance Trust Fund from the Current Fund for grant funds received and not transferred.
67,268	Due to the General Capital Fund from the Current Fund for proceeds from note issuance and interest earnings less deposit errors.
300,590	Due to the Marina Utility Operating Fund from the Marina Utility Capital Fund for cash advance.
<u>273,341</u>	Due to the Federal and State Grant Fund from Current Fund to reimburse for grant expenditures incurred.
<u>\$703,781</u>	

All interfunds have been liquidated during the fiscal year.

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>
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>\$171,000</u>	<u>\$7,472</u>	<u>\$178,472</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During 2018, 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.

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:

	Balance <u>Dec. 31, 2018</u>	Balance <u>Dec. 31, 2017</u>
Prepaid Taxes	<u>\$279,222</u>	<u>\$2,111,149</u>
Cash Liability for Taxes Collected in Advance	<u>\$279,222</u>	<u>\$2,111,149</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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.

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, 2018. 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.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

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.

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 2, the Borough provides postemployment 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.

General Information about the OPEB Plan

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.

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 75. 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.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Total OPEB Liability

At December 31, 2018, the Borough had a liability of \$43,822,854 for its OPEB liability. The OPEB liability was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date. The liability is broken out as follows:

Actives	\$26,514,060
Retirees	<u>17,308,794</u>
Total	<u>\$43,822,854</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Borough recognized OPEB expense of \$2,583,938. At December 31, 2018, the Borough did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

Actual Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined based upon census, plan design and cost information provided by the Fund. Census includes 62 retirees and spouses currently receiving retiree benefits, and 109 active participants of whom 24 eligible to retire as of the valuation date. The average age of the active population is 49 and the average age of the retiree population is 74.

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 75.

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

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2017 GASB 75 report from Aon Consultants.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Actuarial Assumptions

1. Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years
2. Turnover	NJ State Pensions Ultimate Withdrawal Rates – prior to benefits eligibility
3. Assumed Retirement Age	At first eligibility after completing 25 years of pension service
4. Full Attribution Period	Service to Assumed Retirement Age
5. Annual Discount Rate	4.10% Based on the Bond Buyer 20 Index December 31, 2018
6. CPI Increase	2.50%
7. Rate of Salary Increase	2.50%
8. Medical Trend	Medical: 5.80% in 2018, reducing by 0.1% per annum, leveling at 5.00% per annum in 2026 Drug: 10.0% in 2018, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5.0% per annum in 2026 Dental: 3.5% per annum
9. Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

Changes in Net OPEB Liability FYE 2018

The Net OPEB Liability as of December 31, 2018 is \$43,822,854 based upon a discount rate of 4.10% per annum and the plan provisions in effect on December 31, 2018. There are no plan assets to offset the liability.

Total GASB #75 Expense for FYE 2018

A) GASB #75 Regular Expense

Service Cost	\$ 843,991
Interest Cost	<u>1,739,947</u>
GASB #75 Annual OPEB Expense Recognized	<u>\$2,583,938</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

B) Prior Period Adjustment at 1/1/2018 (to update to GASB #75)

On December 31, 2018, there is a one-time adjustment of \$16,698,945 due to the change in accounting standard from GASB 45 to GASB 75.

Net OPEB Obligation under GASB 45 as of December 31, 2017	\$25,249,603
Net OPEB Liability under GASB 75 as of January 1, 2018	<u>41,948,548</u>
Adjustment	<u>\$16,698,945</u>

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the Borough's total OPEB liability as well as what the Borough's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>3.10%</u>	At Current Rate <u>4.10%</u>	1% Increase <u>5.10%</u>
Borough's Total OPEB Liability	\$46,986,478	\$43,822,854	\$41,235,265

Sensitivity of Total OPEB Liability to Changes in Healthcare Trend Rate

The following presents the Borough's total OPEB liability as well as what the Borough's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>3.10%</u>	At Current Rate <u>4.10%</u>	1% Increase <u>5.10%</u>
Borough's Total OPEB Liability	\$41,262,860	\$43,822,854	\$46,894,402

Special Funding Situation PFRS With State Health Local Government Retired Employees Plan

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At December 31, 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$6,341,539 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$191,966.

NOTE 17. SUBSEQUENT EVENT

The Borough has evaluated subsequent events through August 12, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

BOROUGH OF EDGEWATER

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax rate	1.820	1.800	1.779
Apportionment of tax rate:			
Local school	0.722	0.717	0.722
County	0.311	0.309	0.291
Municipal	0.745	0.734	0.728
Library	0.042	0.040	0.038

Assessed valuation:

2018	\$ 2,949,427,259
2017	\$ 2,898,027,689
2016	\$ 2,813,841,394

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>
2018	\$ 54,167,902	52,152,459	96.28%
2017	\$ 52,674,076	50,819,121	96.48%
2016	\$ 50,919,639	47,563,583	93.41%

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>
2018	\$ 358,683	1,728,534	2,087,217	3.85%
2017	62,830	1,759,791	1,822,621	3.46%
2016	58,277	3,350,678	3,408,955	6.69%

BOROUGH OF EDGEWATER

Supplementary Data

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2018 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, 2018, 2017 and 2016 on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>		<u>Amount</u>
2018	\$	3,844,775
2017		3,844,775
2016		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, 2018	7,037,918	3,300,000
	Dec. 31, 2017	5,500,111	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
Marina Utility:	Dec. 31, 2018	688,797	-
	Dec. 31, 2017	602,949	-
	Dec. 31, 2016	500,862	-
	Dec. 31, 2015	334,292	51,500
	Dec. 31, 2014	330,037	-

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		
Gregory Franz	Administrator/Acting CFO		
CME Engineering	Engineer		
John Candelmo	Construction Code Official/Zoning Officer		
Robert Cohan	Magistrate	\$ 1,000,000	(A)
Carmen Sanchez	Court Administrator	\$ 1,000,000	(A)
Donald Martin	Chief of Police		
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).

BOROUGH OF EDGEWATER
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	CFDA number	State Agency Account Number	Grant Period		Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
			From	To				
Current Fund:								
Department of Housing and Urban Development (passed through County of Bergen):								
Community Development Block Grant:								
Handicapped Accessible Doors at Borough Hall	14.218		N/A	N/A	17,000			8,559
								8,559
Hurricane Sandy CDBG-DR	14.269	22-8022-100-004	1/1/2017	12/31/2017	51,106			94,925
Hurricane Sandy CDBG-DR	14.269	22-8022-100-004	1/1/2016	12/31/2016	100,000			94,925
U.S. Department of Transportation (Passed Through NJ DOT)								
National Priority Safety Program (DDEF)	20.616	066-1160-100-157	1/1/2017	12/31/2017	5,500			
U.S. Department of Homeland Security (1)								
Port Security Grant Program	97.056		1/1/2016	12/31/2016	61,002			50,196
Port Security Grant Program	97.056		1/1/2015	12/31/2015	104,813			97,764
								147,960
U.S. Department of Justice								
Equitable Sharing - Asset Forfeiture Program	16.922		1/1/2013	12/31/2013	5,160			3,221
								3,221
								254,665
<i>Total Federal Assistance - Current Fund</i>								
General Capital Fund:								
Department of Housing and Urban Development (passed through County of Bergen):								
Community Development Block Grant:								
Handicapped Accessible Curb Ramps - Ord. 1517	14.218	21-213-745-155-43-66	N/A	N/A	76,180			67,177
U.S. Department of Homeland Security (1)								
Disaster Grants - Public Assistance (Presidentially Declared Disasters)								
4021 Public Assistance - Hurricane Irene	97.036		N/A	N/A	217,808	166,984		217,808
PA-02-NJ-4021-PW-01332 - Ord. 1484						166,984		217,808
						166,984		314,985
<i>Total Federal Assistance - General Capital Fund</i>								

BOROUGH OF EDGEWATER
Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2018

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
Marina Utility Capital Fund: U.S. Department of Homeland Security (I) Disaster Grants - Public Assistance (Presidentially Declared Disasters) PA-02-NI-1897-PW-01289 - Ord. 1467	97.036		N/A N/A	742,996			521,622
<i>Total Federal Assistance - Marina Utility Capital Fund</i>							521,622
<i>Total Federal Assistance - All Funds</i>					\$ 166,984		1,091,272

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, 2018

State Funding Department	State Grant Account #	From	Grant Period	To	Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
Current Fund:								
Department of Environmental Protection								
Clean Communities Program	4900-765-042-4900-004-V42Y	1/1/2017	12/31/2017		20,381	\$ 20,381	4,215	25,055
	4900-765-042-4900-004-V42Y	1/1/2017	12/31/2017		21,286		6,926	19,228
	4900-765-042-4900-004-V42Y	1/1/2016	12/31/2016		25,055		2,455	12,636
	4900-765-042-4900-004-V42Y	1/1/2013	12/31/2013		19,228			56,919
	4900-765-042-4900-004-V42Y	1/1/2008	12/31/2009		12,136	20,381	13,596	
Solid Waste Administration								
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y	1/1/2017	12/31/2017		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			250
Administrative Office of the Courts								
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001-X100	1/1/2018	12/31/2018		2,272	2,272	451	451
	9735-760-098-Y900-001-X100	1/1/2017	12/31/2017		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		904	904
	9735-760-098-Y900-001-X100	1/1/2013	12/31/2013		2,533		2,533	2,533
	9735-760-098-Y900-001-X100	1/1/2012	12/31/2012		1,619		1,619	1,619
	9735-760-098-Y900-001-X100	1/1/2011	12/31/2011		1,564		1,564	1,564
	9735-760-098-Y900-001-X100	1/1/2008	12/31/2008		1,067	2,272	2,224	2,224
							9,295	9,295
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, 2018

State Funding Department	State Grant Account #	Grant Period		Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
		From	To				
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		800	1,278
		1/1/2012	12/31/2012	20,868		800	14,506
							15,784
Department of Environmental Protection							
New Jersey Forestry Services	FY13-100-042-4870-074	9/5/2013	9/5/2017	10,000			
					22,653	23,691	82,248
Total State Assistance - Current Fund							
General Capital Fund:							
Department of Transportation - State Aid Highway Projects							
Highway Planning and Construction							
Old River Road Improvements, Phase III - 1544				149,000			116,254
Undercliff Avenue, Section III - Ord. 1550				155,500		120,092	120,092
Undercliff Avenue, Section IV - Ord. 1550				165,627		120,092	236,346
					116,625	120,092	
					116,625	120,092	236,346
Total State Assistance - General Capital Fund							

BOROUGH OF EDGEWATER

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2018

State Funding Department	State Grant Account #	From	Grant Period	To	Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
<i>Total State Assistance</i>								
						139,278	143,783	318,594
Other Financial Assistance:								
County of Bergen (Passed through)								
Bergen County Open Space/Historic Preservation Trust	16-00213	N/A	N/A	N/A	52,474			52,474
Veteran's Field								52,474
Target, Inc.						1,000	1,000	
Target - National Night Out	N/A	N/A	N/A	N/A	1,000	1,000	1,000	
Firehouse Subs Public Safety Foundation, Inc.								
Firehouse Improvements (Radio Equipment)	N/A	N/A	N/A	N/A	22,280			
<i>Total Other Financial Assistance</i>								
						\$ 140,278	144,783	371,068

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

BOROUGH OF EDGEWATER
Schedule of Cash - Collector/Treasurer
Current Fund
Year ended December 31, 2018

		<u>Current Fund</u>
Balance - December 31, 2017	\$	11,362,611
Increased by Receipts:		
Revenue Accounts Receivable	\$ 4,265,854	
Miscellaneous Revenues Not Anticipated	747,754	
Taxes Receivable	51,704,447	
Liens Redeemed	8,003	
Prepaid Taxes	279,222	
Due to Federal and State Grant Fund	23,652	
Tax Overpayments	129,864	
Senior Citizens and Veterans	15,045	
Tax Title Lien Premiums	445,700	
Interfunds	463,659	
Due to Board of Education	75,000	
Marriage License Fees Payable	1,400	
		58,159,600
		69,522,211
Decreased by Disbursements:		
2018 Budget Appropriations	27,006,993	
2017 Appropriation Reserves	632,509	
Tax Overpayment Refunds	340,530	
Local District School Tax	21,292,057	
County Taxes	9,537,256	
County Added/Omitted	84,374	
Marriage License Fees Payable	1,700	
Tax Title Lien Premiums Redeemed	247,700	
Due from Federal and State Grant Fund	24,240	
Interfunds	24,349	
Refund Prior Year Revenue	8,632	
		59,200,340
Balance - December 31, 2018	\$	10,321,871

BOROUGH OF EDGEWATER

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2018

Year	Balance, Dec. 31, 2017	2018 Levy	Added 2018 Levy	Collected 2017	Collected 2018	Senior & Veteran's Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2018
2017	1,759,791				1,677,762		71,840	10,189	
2018		54,063,004	104,898	2,111,149	50,026,685	14,625	210,073	76,836	1,728,534
	\$ 1,759,791	54,063,004	104,898	2,111,149	51,704,447	14,625	281,913	87,025	1,728,534

Analysis of 2018 Tax Levy

Tax Yield:	
General Property Tax	54,063,004
Added Tax (R.S.54:4-63.1 et seq.)	104,898
	\$ 54,167,902

Tax Levy:	
Local District School Tax (Abstract)	21,291,850
County Tax (Abstract)	9,537,256
County Added Taxes	18,280
Local Tax for Municipal Purpose (Abstract)	23,212,173
Additional Tax Levies	108,343
	\$ 54,167,902

BOROUGH OF EDGEWATER

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017		\$	62,830
Increased by:			
Transferred from 2018 Taxes	210,073		
2017 Taxes	71,840		
Interest and Costs	<u>21,943</u>		
			<u>303,856</u>
			366,686
Decreased by:			
Liens Redeemed			<u>8,003</u>
Balance - December 31, 2018		\$	<u><u>358,683</u></u>

BOROUGH OF EDGEWATER

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Accrued in 2018	<u>Collected</u>	Balance, Dec. 31, <u>2018</u>
Clerk:				
Licenses:				
Alcoholic Beverages	\$	47,783	47,783	
Other		65,478	65,478	
Fees and Permits		207,359	207,359	
Construction Code Official-Fees and Permits	140,071	548,012	580,377	107,706
Municipal Court Fines and Costs	12,927	186,921	186,271	13,577
Interest and Cost on Taxes		327,217	327,217	
Interest on Investments		31,064	31,064	
Consolidated Municipal Property Tax Relief		117,853	117,853	
Energy Receipts Tax		632,878	632,878	
Uniform Fire Safety		28,761	28,761	
Commercial Sewer Fees	159,552	600,473	652,758	107,267
General Capital Fund Balance		400,000	400,000	
Hotel Tax		536,274	536,274	
Pilot Payments - Waterford Towers		451,781	451,781	
	<u>\$ 312,550</u>	<u>4,181,854</u>	<u>4,265,854</u>	<u>228,550</u>

Exhibit A-8

BOROUGH OF EDGEWATER

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

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017		\$	35,418
Increased by:			
Senior Citizens' and Veterans' Deductions per Tax Billings	\$	14,750	
Deductions Allowed by Tax Collector		<u>125</u>	
			<u>14,875</u>
			50,293
Decreased by:			
Deductions Disallowed		250	
Cash Received		<u>15,045</u>	
			<u>15,295</u>
Balance - December 31, 2018		\$	<u><u>34,998</u></u>

Exhibit A-9

Schedule of Local District School Tax Payable / (Receivable)

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017		\$	15
Increased by:			
2018 Tax Levy		<u>21,291,850</u>	
			21,291,865
Decreased by:			
Cash Disbursements		<u>21,292,057</u>	
Balance - December 31, 2018		\$	<u><u>(192)</u></u>

Exhibit A-10

BOROUGH OF EDGEWATER
Schedule of County Taxes Payable
Current Fund
Year ended December 31, 2018

Increased by:		
County Tax Levy	\$	<u>9,537,256</u>
Decreased by:		
Cash Disbursements	\$	<u><u>9,537,256</u></u>

Exhibit A-11

**Schedule of Due County for Added
and Omitted Taxes**
Current Fund
Year ended December 31, 2018

Balance - December 31, 2017	\$	84,374
Increased by:		
Added and Omitted Taxes		<u>18,280</u>
		102,654
Decreased by:		
Cash Disbursements		<u>84,374</u>
Balance - December 31, 2018	\$	<u><u>18,280</u></u>

BOROUGH OF EDGEWATER

Schedule of Appropriation Reserves

Current Fund

For the Year Ending December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 7,113	7,113		7,113
Mayor and Council	1,440	1,440		1,440
Elections	3,222	3,222		3,222
Assessment of Taxes	46	46		46
Municipal Court	39,218	39,218		39,218
Collection of Taxes	47,625	47,625		47,625
Planning Board	566	566		566
Zoning Board	303	303		303
Rent Leveling	422	422		422
Fire	5,134	5,134		5,134
Volunteer First Aid	43	43		43
Police	28,988	28,988	28,988	
Emergency Management Services	1,000	1,000		1,000
Road Repairs and Maintenance	141,881	141,881		141,881
Board of Health	74	74		74
Public Assistance	58	58		58
Recreation	4	4		4
Recycling	750	750		750
Recycling Program	165	165		165
Uniform Construction Code	346	346	123	223
Total Salaries and Wages Within "CAPS"	<u>278,398</u>	<u>278,398</u>	<u>29,111</u>	<u>249,287</u>
Other Expenses Within "CAPS":				
Administrative and Executive	2,110	24,100	20,910	3,190
Elections	1,727	1,727		1,727
Financial Administration	27,250	27,250	3,500	23,750
Financial Administration - Audit	4,545	25,000		25,000
Collection of Taxes	2,665	3,186	3,186	
Assessment of Taxes				
Consultant and legal fees - tax appeals	225	3,400	3,400	
Miscellaneous other expenses	5,509	5,546	3,989	1,557
Municipal Court	362	1,251	1,251	
Legal Services	44,747	161,398	158,223	3,175
Insurance - Hospitalization	250,020	30,120	8,150	21,970
Insurance - Other	46,023	46,023	375	45,648
Public Buildings and Grounds	3,572	18,948	16,702	2,246
Engineering	590	590		590
Planning Board	14,232	14,382	4,426	9,956
Zoning Board	24,772	24,922	1,586	23,336
Rent Leveling	7,790	7,790	100	7,690
Police	18,360	30,072	29,355	717
Police- Automobiles	581	42,015	41,434	581
Emergency Management	3,534	3,569	184	3,385
Fire	50	22,875	22,875	
Fire Hydrant Service	3,006	3,006	272	2,734
Volunteer First Aid	70,822	71,182	200	70,982

BOROUGH OF EDGEWATER

Schedule of Appropriation Reserves

Current Fund

For the Year Ending December 31, 2018

	Balance, Dec. 31, 2017	Balance after Transfers	Paid or Charged	Balance Lapsed
Fire Prevention	15,234	15,604	370	15,234
Road Repairs and Maintenance	27,078	32,406	23,643	8,763
Snow Removal	25,138	50,737	29,456	21,281
Board of Health	113,093	115,155	2,049	113,106
Dog regulation	6,461	6,461		6,461
Occupational Safety Health Act	79	79		79
Public Assistance	1,715	1,715	32	1,683
Public Assistance- Emergency Assistance	1,500	1,500		1,500
Parks and Playgrounds	3,796	19,052	740	18,312
Recreation	75,317	83,673	8,729	74,944
Celebration of Public Events	488	488		488
Senior Citizens Committee	6,286	6,586	375	6,211
Garbage and Trash Removal	71,578	73,587	73,587	
Uniform Construction Code	7,992	32,563	31,557	1,006
Gas and Electric	1,006	45,040	45,040	
Street Lighting	136,047	136,047	41,597	94,450
Telephone	2,416	10,114	10,114	
Water	1,577	3,669	3,669	
Fuel	58,426	63,538	10,532	53,006
Pilots - Bergen County	3,438	35,000		35,000
Salary and Wage Adjustment				
Contingent	5,000	5,000		5,000
Total Other expenses Within "CAPS"	<u>1,096,157</u>	<u>1,306,366</u>	<u>601,608</u>	<u>704,758</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	3,302	4,238	1,790	2,448
Consolidated Police & Firemen's Fund	2,139	2,139		2,139
Unemployment Insurance	3,417	3,417		3,417
Public Employee's Retirement System	3,924	3,924		3,924
Police and Firemen's Retirement System	1	1		1
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>12,783</u>	<u>13,719</u>	<u>1,790</u>	<u>11,929</u>
Total Reserves Within "CAPS"	<u>1,387,338</u>	<u>1,598,483</u>	<u>632,509</u>	<u>965,974</u>
Other Expenses Excluded From "CAPS":				
LOSAP	1,150	1,150		1,150
Reserve for Tax Appeals	200,000	200,000		200,000
Bergen County Utilities Authority - Share of costs				
Maintenance of Free Public Library	432,852	432,852	432,852	
Total Other Expenses Excluded from "CAPS"	<u>634,002</u>	<u>634,002</u>	<u>432,852</u>	<u>201,150</u>
Total Reserves Excluded from "CAPS"	<u>634,002</u>	<u>634,002</u>	<u>432,852</u>	<u>201,150</u>
Total Reserves	<u>\$ 2,021,340</u>	<u>2,232,485</u>	<u>1,065,361</u>	<u>1,167,124</u>
Appropriation reserves		2,021,340		
Encumbrances		211,145		
		<u>\$ 2,232,485</u>		
			Cash Disbursements	632,509
			Transferred to Amount due to Library	432,852
				<u>\$ 1,065,361</u>

BOROUGH OF EDGEWATER
Schedule of Reserve for Encumbrances
Current Fund
Year ended December 31, 2018

Balance - December 31, 2017	\$	211,145
Increased by:		
Encumbrances		<u>178,826</u>
		389,971
Decreased by:		
Transferred to Appropriation Reserves		<u>211,145</u>
Balance - December 31, 2018	\$	<u><u>178,826</u></u>

Schedule of Tax Overpayments
Current Fund
Year ended December 31, 2018

Balance - December 31, 2017	\$	230,428
Increased by:		
Charge to Fund Balance	\$	89,475
Overpayments Received		<u>129,864</u>
		<u>219,339</u>
		449,767
Decreased by:		
Overpayments Refunded		<u>340,530</u>
Balance - December 31, 2018	\$	<u><u>109,237</u></u>

Exhibit A-15

BOROUGH OF EDGEWATER

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$	2,111,149
Increased by:		
Prepaid Taxes Collected		<u>279,222</u>
		2,390,371
Decreased by:		
Taxes Realized as Revenue		<u>2,111,149</u>
Balance - December 31, 2018	\$	<u><u>279,222</u></u>

Exhibit A-16

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

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$	550
Increased by:		
Cash Receipts		<u>1,400</u>
		1,950
Decreased by:		
Disbursements		<u>1,700</u>
Balance - December 31, 2018	\$	<u><u>250</u></u>
4th Quarter 2018		<u>250</u>
	\$	<u><u>250</u></u>

Exhibit A-17

BOROUGH OF EDGEWATER

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

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>3,844,775</u>
Balance - December 31, 2018	\$ <u><u>3,844,775</u></u>

Exhibit A-18

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

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ 385,600
Increased by:	
Premiums Collected	<u>445,700</u>
	831,300
Decreased by:	
Refunded	<u>247,700</u>
Balance - December 31, 2018	\$ <u><u>583,600</u></u>

BOROUGH OF EDGEWATER

Schedule of Interfunds

Current Fund

Year ended December 31, 2018

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>
Escrow Trust Fund	\$ 33			33
Other Trust Fund	7,108	6,186		13,294
Other Trust Fund - POAA	(52)			(52)
Other Trust Fund - Municipal Alliance	(16)			(16)
Other Trust Fund - Bullet Proof Vests	(33)			(33)
Other Trust Fund - Flexible Spending			640	(640)
Fire Prevention Dedicated				
Penalties Trust Fund	(3,025)	3,025		
Public Assistance Trust Fund	(16,300)			(16,300)
Payroll Fund	462,937		462,937	
Federal and State Grant Fund	(273,929)	24,240	23,652	(273,341)
General Capital Fund	(88,010)	21,324	582	(67,268)
	<u>\$ 88,713</u>	<u>54,775</u>	<u>487,811</u>	<u>(344,323)</u>
<u>Analysis</u>				
Due to Current Fund	\$ 470,078	6,186	462,937	13,327
Due From Current Fund	<u>(381,365)</u>	<u>48,589</u>	<u>24,874</u>	<u>(357,650)</u>
	<u>\$ 88,713</u>	<u>54,775</u>	<u>487,811</u>	<u>(344,323)</u>
Interest on Investments	\$	6,186		
Grants Receivable			1,000	
Appropriated Grant Reserves		24,240		
Unappropriated Grant Reserves			22,652	
Budget Appropriation - Deferred Charge			500	
Cash Disbursements		24,349		
Cash Receipts			463,659	
		<u>\$ 54,775</u>	<u>487,811</u>	

BOROUGH OF EDGEWATER

Schedule of Various Reserves

Current Fund

Year ended December 31, 2018

	Balance Dec. 31, <u>2017</u>	<u>Increased</u>	Balance Dec. 31, <u>2018</u>
Reserve for:			
Binghampton Ferryboat Removal	\$ 100,000		100,000
Playgrounds	2,481		2,481
Due to Library	176,518	432,852	609,370
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>\$ 450,464</u>	<u>432,852</u>	<u>883,316</u>

Transfer from Appropriation Reserves \$ 432,852

BOROUGH OF EDGEWATER

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>21,937</u>
Balance - December 31, 2018	\$ <u><u>21,937</u></u>

BOROUGH OF EDGEWATER
N.J.S.A. 40A:4-46 Emergency Authorization
Current Fund
Year ended December 31, 2018

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	Net Amount <u>Authorized</u>	Balance, Dec. 31, <u>2018</u>
8/13/2018	Legal Fees	\$ 400,000	400,000
		<u>\$ 400,000</u>	<u>400,000</u>

BOROUGH OF EDGEWATER

Schedule of Due to Board of Education

Current Fund

Year ended December 31, 2018

Increased by:

Grant Received

\$ 75,000

Balance - December 31, 2018

\$ 75,000

BOROUGH OF EDGEWATER

Schedule of Grants Receivable

State and Federal Grant Fund

Year ended December 31, 2018

<u>Purpose</u>	Balance, Dec. 31, 2017	Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, 2018
Municipal Alliance	\$ 9,692			9,692
Alcohol Education and Rehabilitation		1,673	1,673	
Clean Communities		21,286	21,286	
Recycling Tonnage		33,051	33,051	
Port Security 2016	35,650			35,650
Drunk Driving Enforcement Fund		5,500	5,500	
CDBG	17,000			17,000
Target - Night Out		1,000	1,000	
	<u>\$ 62,342</u>	<u>62,510</u>	<u>62,510</u>	<u>62,342</u>
		Interfunds	1,000	
		Unappropriated Grant Reserves	<u>61,510</u>	
			<u>\$ 62,510</u>	

BOROUGH OF EDGEWATER

Schedule of Due from/(to) Current Fund

Federal and State Grant Fund

Year ended December 31, 2018

Balance - December 31, 2017		\$	273,929
Increased by:			
Grants Received	\$	1,000	
Grants Received - Unappropriated		<u>22,652</u>	
			<u>23,652</u>
			297,581
Decreased by:			
Cash Disbursements			<u>24,240</u>
Balance - December 31, 2018		\$	<u><u>273,341</u></u>

BOROUGH OF EDGEWATER
Schedule of Encumbrances Payable
State and Federal Grant Fund
Year ended December 31, 2018

Increased by:	
Encumbrances	\$ <u>451</u>
Balance - December 31, 2018	\$ <u><u>451</u></u>

BOROUGH OF EDGEWATER
Schedule of Appropriated Grant Reserves
State and Federal Grant Fund
Year ended December 31, 2018

<u>Purpose</u>	Balance, Dec. 31, 2017	Transferred from Budget Appropriations	Expended	Balance, Dec. 31, 2018
Clean Communities	\$ 14,626			14,626
Municipal Alliance	1,515		800	715
Alcohol Education and Rehabilitation	3,788		3,788	
Body Armor Grant	6,052			6,052
Recycling Tonnage Grant	64,480	33,051		97,531
Clean Communities	2,974	21,286	13,596	10,664
Alcohol Education and Rehabilitation	1,619	1,673	2,070	1,222
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		904	1,046
Alcohol Education Rehabilitation	2,731			2,731
Body Armor Grant	3,026			3,026
Port Security 2015	7,049			7,049
Port Security 2016	10,807			10,807
Post Sandy Planning	5,075			5,075
Alcohol Education and Rehabilitation	597			597
Clean Communities	6,926			6,926
Body Armor Grant	2,906			2,906
CDBG	8,441			8,441
Firehouse Subs Foundation	22,280			22,280
Drunk Driving Enforcement Fund		5,500		5,500
Target - Night Out		1,000	1,000	
	<u>\$ 210,625</u>	<u>62,510</u>	<u>24,691</u>	<u>248,444</u>

Budget	61,510
Appropriations by 40a:4-87	<u>1,000</u>
	<u>62,510</u>

Interfunds	24,240
Encumbrances	<u>451</u>
	<u>24,691</u>

BOROUGH OF EDGEWATER

Schedule of Unappropriated Grant Reserves

State and Federal Grant Fund

Year ended December 31, 2018

<u>Purpose</u>	Balance, Dec. 31, 2017	<u>Received</u>	Appropriated in 2018 <u>Budget</u>	Balance, Dec. 31, 2018
Municipal Alliance	\$ 5,647			5,647
Alcohol Education and Rehabilitation Fund	1,674	2,271	1,673	2,272
Municipal Alliance - 2015	7,382			7,382
Clean Communities	21,286	20,381	21,286	20,381
Drunk Driving Enforcement Fund	5,500		5,500	
Post Sandy Planning Grant	51,106			51,106
Recycling Tonnage Grant	33,051		33,051	
	<u>\$ 125,646</u>	<u>22,652</u>	<u>61,510</u>	<u>86,788</u>

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2018

	Animal License Fund	Escrow Trust Fund	Other Trust Funds	Emergency Services LOSAP
Balance - December 31, 2017	\$ 78	184,838	839,325	1,024,011
Increased by:				
Animal License Fees	4,358			
Due to State of New Jersey - Dog License Fees	603			
Various Reserves			80,828	
Escrow Deposits		255,019		
Interfunds			9,211	
Borough Contributions				82,800
	<u>4,961</u>	<u>255,019</u>	<u>90,039</u>	<u>82,800</u>
	<u>5,039</u>	<u>439,857</u>	<u>929,364</u>	<u>1,106,811</u>
Decreased by:				
Animal License Expenditures	4,400			
Due to State of New Jersey	598			
Escrow Expenditures		291,640		
Various Reserves			140,704	
Distributions				44,404
Investment Depreciation				5,539
	<u>4,998</u>	<u>291,640</u>	<u>140,704</u>	<u>49,943</u>
Balance -December 31, 2018	<u>\$ 41</u>	<u>148,217</u>	<u>788,660</u>	<u>1,056,868</u>

BOROUGH OF EDGEWATER

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

Trust Funds

Year ended December 31, 2018

Balance - December 31, 2017		\$	78
Increased by:			
Dog license fees	\$	3,388	
Cat license fees		770	
Postage/Late fees		<u>200</u>	
			<u>4,358</u>
			4,436
Decreased by:			
Expenditures			<u>4,400</u>
Balance - December 31, 2018		\$	<u><u>36</u></u>

License Fees Collected

2016	2,762
2017	<u>2,904</u>
\$	<u><u>6,015</u></u>

Exhibit B-3

BOROUGH OF EDGEWATER

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

Trust Funds

Year ended December 31, 2018

Increased by:		
2018 Fees Collected	\$	<u>603</u>
Decreased by:		
Payments to State of New Jersey		<u>598</u>
Balance - December 31, 2018	\$	<u><u>5</u></u>

Exhibit B-4

Schedule of Reserve Escrow Deposits

Trust Funds

Year ended December 31, 2018

Balance - December 31, 2017	\$	184,805
Increased by:		
Escrow Deposits		<u>255,019</u>
		439,824
Decreased by:		
Cash Disbursements		<u>291,640</u>
Balance - December 31, 2018	\$	<u><u>148,184</u></u>

BOROUGH OF EDGEWATER
Schedule of Interfunds Receivable/(Payable)
Trust Funds

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2018</u>
Other Trust Fund:				
Current Fund				
Fire Prevention Dedicated Penalties	\$ 3,025		3,025	
POAA	52			52
Other Trust Fund	(7,109)		6,186	(13,295)
Bullet Proof Vest	33			33
Municipal Alliance	16			16
Flexible Spending		640		640
Bergen County CDA				
General Capital Fund	(32,214)			(32,214)
Escrow Trust Fund:				
Current Fund	<u>(33)</u>			<u>(33)</u>
	<u>\$ (36,230)</u>	<u>640</u>	<u>9,211</u>	<u>(44,801)</u>
		Receipts \$	3,025	
		Interest on Investments	6,186	
		Flexible Spending Monies Deposited in Current	<u>640</u>	
		<u>\$ 640</u>	<u>9,211</u>	

BOROUGH OF EDGEWATER

Schedule of Miscellaneous Reserves

Trust Funds

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2018</u>
Reserve for:				
Cemetery Bequests	\$ 31,920	5		31,925
Bullet Proof Vests	9,517	1,822		11,339
Ferry Performance Security	195,447			195,447
Fire Prevention	8,667	22,603	23,279	7,991
POAA	12,124	1,140		13,264
Cultural and Historical Society	1,152			1,152
Regional Contribution Assistance	332,197			332,197
Council on Affordable Housing	71,726	275	2,587	69,414
Recycling Fees - Other Trust	109,790	11,941	102,731	19,000
Recycling Fees		25,165		25,165
Bergen County CDA Trust	102	9		111
Flexible Spending Trust	5,928	14,530	10,296	10,162
Avalon Trust	18,093			18,093
Municipal Alliance Trust	2,765	3,155	1,811	4,109
Shade Tree	1,059	355		1,414
Police Confiscated	2,641	468		3,109
	<u>\$ 803,128</u>	<u>81,468</u>	<u>140,704</u>	<u>743,892</u>
		Interfunds 640		
		Cash Receipts 80,828		
		Cash Disbursements	140,704	
		<u>\$ 81,468</u>	<u>140,704</u>	

Exhibit B-7

BOROUGH OF EDGEWATER
Statement of Service Award Contributions Receivable
Emergency Services Length of Service Award Program
Year ended December 31, 2018

Balance - December 31, 2017	\$	82,800
Increased by:		
2018 Borough Contribution		<u>69,000</u>
		151,800
Decreased by:		
2017 Borough Contribution Received		<u>82,800</u>
Balance - December 31, 2018	\$	<u><u>69,000</u></u>

Exhibit B-8

Statement of Net Assets Available for Benefits
Emergency Services Length of Service Award Program
Year ended December 31, 2018

Balance - December 31, 2017	\$	1,106,811
Increased by:		
Borough Contributions		<u>69,000</u>
		1,175,811
Decreased by:		
Depreciation in Fair Value of Investments	\$	5,539
Distributions		<u>44,404</u>
		<u>49,943</u>
Balance - December 31, 2018	\$	<u><u>1,125,868</u></u>

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2018

Balance - December 31, 2017		\$ 7,880,133
Increased by Receipts:		
Capital Improvement Fund	\$ 200,000	
Bond Anticipation Notes	871,446	
Green Trust Loan Payable	1,057,155	
Grant Receipts	283,609	
Reserve for Green Acres	394	
Interfunds	21,323	
Close Out of Escrow	4,999	
Premium on Sale of Notes	722,486	
Reserve for Payment of Debt	<u>54,362</u>	
		<u>3,215,774</u>
		11,095,907
Decreased by Disbursements:		
Over-Expenditure of Improvement Authorization	2,827	
Improvement Authorizations	1,750,259	
Reserve for Payment of Debt -		
Utilized as Bond Anticipation Note Paydown	799,946	
Fund Balance - Budget Revenue Realized	400,000	
Interfunds	<u>82</u>	
		<u>2,953,114</u>
Balance - December 31, 2018		<u><u>\$ 8,142,793</u></u>

BOROUGH OF EDGEWATER

Schedule of General Capital Fund Cash

General Capital Fund

Year ended December 31, 2018

Grants Receivable -	
Community Development Block Grant	\$ (72,907)
New Jersey Department of Transportation	(262,246)
Due from the Federal Emergency Management Agency	(7,336)
Interfunds Receivable	(99,483)
Over-Expenditure of Ordinance Appropriation	(2,827)
Capital Improvement Fund	541,346
Reserve for Green Acres	12,004
Reserve for Payment of Debt	1,838,010
Excess Note Proceeds - Ord. 1474/1514	1,057,155
Unappropriated State Grant	79,408
Reserve for Grants Receivable	130,651
Fund Balance	1,805,653

Improvement Authorizations:

<u>Ordinance</u>	<u>Improvement Description</u>	
<u>Number</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	1,648,209
1517	Improvements to Undercliff Avenue	38,859
1525	Acquisition of Fire Truck	5,292
1538/1561/		
2018-14	Historic Borough Hall Improvements, Phase 3	(30,228)
1544	Imps. To Old River Road - Phase 3	44,898
1547	Acquisition of 615 River Road	1,248,870
1550/2018-3	Various Acquisitions and Improvements	453,484
2018-15	Various Acquisitions and Improvements	14,016
		<u>\$ 8,142,793</u>

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2018

Balance - December 31, 2017		\$	20,099,845
Increased by:			
Green Trust Loans			<u>1,057,155</u>
			21,157,000
Decreased by:			
Infrastructure Loan Payments	\$	289,561	
Green Trust Loan Payments		20,487	
Capital Lease Payments		49,000	
Budget Appropriation to Pay Serial Bonds		<u>1,475,000</u>	
			<u>1,834,048</u>
Balance - December 31, 2018		\$	<u><u>19,322,952</u></u>

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2018

Ordinance Number	Improvement Description	Balance, Dec. 31, 2017	2018 Authorizations	Decreased	Balance, Dec. 31, 2018	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
1357	Acquisition of Municipal Complex/Police Station	\$ 371,093		118,480	252,613		252,613	
1457	Imps. to Beverly Place Retaining Wall	149,400		2,600	146,800	146,800		
1460	Imps. to DPW and Community Center Parking Lots	161,500			161,500		53,520	107,980
1464	Improvements to Municipal Pool	61,750		4,200	57,550	57,550		
1474/1514	Improvements to Veteran's Field	12,138,717		1,506,416	10,632,301	10,631,791		510
1482	Various improvements	461,224		100,000	361,224	361,224		
1488/1497	Acquisition of a Fire Rescue Boat for Fire Department	116,800		6,855	109,945	109,945		
1489/1496	Repairs to the Edgewater Marina	270,000		38,500	231,500	231,500		
1498	Acquisition of a Trailer Mounted Generator	59,550		2,200	57,350	57,350		
1502	Various Acquisitions and Improvements	930,896		87,000	843,896	843,896		
1517	Improvements to Undercliff Avenue	213,750		100,000	113,750	113,750		
1519	Amend 1474/1514: Veteran's Field Improvements	5,700,000			5,700,000	5,700,000		
1525	Acquisition of Fire Truck	522,500		31,350	491,150	491,150		
1526	Local Share of Various Port Security Acquisitions	33,250			33,250	33,250		
1534	Imps. To Veteran's Field - Amend 1474/1514/1519	8,075,000			8,075,000	8,072,274		2,726
1538/1561/ 2018-14	Historic Borough Hall Improvements - Phase III	1,520,000	152,000		1,672,000	1,424,919	30,228	216,853
1544	Improvements to Old River Road, Phase III	185,000			185,000	185,000		
1547	Acquisition of Property - 615 River Road	23,750,000			23,750,000			23,750,000
1550/2018-3	Various Acquisitions and Improvements	694,873	1,257,900		1,952,773	686,446		1,266,327
2018-15	Various Acquisitions and Improvements		821,750		821,750			821,750
		<u>\$ 55,415,303</u>	<u>2,231,650</u>	<u>1,997,601</u>	<u>55,649,352</u>	<u>29,146,845</u>	<u>336,361</u>	<u>26,166,146</u>
	2018 Improvement Authorizations \$		<u>2,231,650</u>					

Excess Note Proceeds - Ord. 1474/1514 1,057,155

Bond Anticipation Notes \$ 30,204,000

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2018

Ordinance Number	Improvement Description	Balance, Dec. 31, 2017	2018 Authorizations	Decreased	Balance, Dec. 31, 2018	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
	Reserve for Payment of Notes			799,946				
	Green Trust Loans Issued			1,057,155				
	Budget Appropriation - Paydown on Bond Anticipation Notes			140,500				
				<u>1,997,601</u>				
							Improvement Authorizations - Unfunded \$	<u>28,356,888</u>
							Less: Unexpended Proceeds of Bond Anticipation Notes	
						Ord. 1474/1514/1519/1534	1,648,209	
						Ord. 1517	5,292	
						Ord. 1525	38,859	
						Ord. 1544	44,898	
						Ord. 1550/2018-3	<u>453,484</u>	
								<u>2,190,742</u>
							\$	<u><u>26,166,146</u></u>

Exhibit C-6

BOROUGH OF EDGEWATER
Schedule of Grants Receivable -
New Jersey Department of Transportation
General Capital Fund
Year ended December 31, 2018

Balance - December 31, 2017	\$	378,871
Decreased by:		
Cash Receipts		<u>116,625</u>
Balance - December 31, 2018	\$	<u><u>262,246</u></u>
<u>Analysis of Balance</u>		
Ord. 1544 - Old River Road Imps, Phase III		57,744
Ord. 1550 - Undercliff Avenue - Section 3		38,875
Ord. 1550 - Undercliff Avenue - Section 4		<u>165,627</u>
	\$	<u><u>262,246</u></u>

Exhibit C-7

Schedule of Amount Due from the
Federal Emergency Management Agency - Ord. 1484
General Capital Fund
Year ended December 31, 2018

Balance - December 31, 2017	\$	174,320
Decreased by:		
Cash Receipts		<u>166,984</u>
Balance - December 31, 2018	\$	<u><u>7,336</u></u>

BOROUGH OF EDGEWATER

Schedule of Community Development Block Grant Receivables

General Capital Fund

Year ended December 31, 2018

Balance - December 31, 2017 \$ 72,907

Balance - December 31, 2018 \$ 72,907

Analysis of Balance

Ord. 1517 - Undercliff Avenue Imps. -
(Pal. Terrace to Archer/Myrtle) 72,907

\$ 72,907

BOROUGH OF EDGEWATER

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2018

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>
Other Trust Fund	\$ 32,214			32,214
Current Fund	<u>88,010</u>	<u>582</u>	<u>21,323</u>	<u>67,269</u>
	<u>\$ 120,224</u>	<u>582</u>	<u>21,323</u>	<u>99,483</u>
			Cash Receipts \$ 21,323	
		Cash Disbursements 82		
		Budget Appropriation Deferred Charges <u>500</u>		
		<u>\$ 582</u>	<u>21,323</u>	

BOROUGH OF EDGEWATER

Schedule of Overexpenditure of Ordinance Appropriation

General Capital Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$	500
Increased by:		
Overexpenditure of Ord. 1438		<u>2,827</u>
		3,327
Decreased by:		
Overexpenditure Raised in 2018 Budget		<u>500</u>
Balance - December 31, 2018	\$	<u><u>2,827</u></u>

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance, Dec. 31, 2017	Balance, Dec. 31, 2018
			Date	Amount			
Wastewater Improvements (Edgewater Municipal Utilities Authority)	Nov. 9, 2000	890,000	Aug. 1, 2019	61,704	5.25%	189,893	128,118
			Aug. 1, 2020	66,414	5.35%		61,775
Wastewater Improvements (Edgewater Municipal Utilities Authority)	Nov. 9, 2000	881,496	Feb. 1, 2019	2,150		134,234	88,430
			Aug. 1, 2019	41,583			
			Feb. 1, 2020	1,115			
			Aug. 1, 2020	43,582			
Wastewater Improvements	Nov. 8, 2001	125,000	Aug. 1, 2019	9,522	5.00%	33,325	23,809
			Aug. 1, 2020	9,524	4.75%		
			Aug. 1, 2021	4,763	4.75%		
Separation of Combined Sewers (Ord. 1366)	Nov. 8, 2007	615,000	Aug. 1, 2019	30,000	4.00%	342,000	316,000
			Aug. 1, 2020	30,000	4.00%		
			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%		

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance, Dec. 31, 2017	Balance, Dec. 31, 2018
			Date	Amount			
Separation of Combined Sewers (Ord. 1366)	Nov. 8, 2007	1,736,481	Feb. 1, 2019	14,617		780,859	694,117
			Aug. 1, 2019	78,516			
			Feb. 1, 2020	13,339			
			Aug. 1, 2020	77,239			
			Feb. 1, 2021	12,061			
			Aug. 1, 2021	75,961			
			Feb. 1, 2022	10,463			
			Aug. 1, 2022	83,491			
			Feb. 1, 2023	8,638			
			Aug. 1, 2023	81,666			
			Feb. 1, 2024	7,086			
			Aug. 1, 2024	80,114			
			Feb. 1, 2025	5,443			
			Aug. 1, 2025	87,599			
			Feb. 1, 2026	3,594			
		Aug. 1, 2026	54,290				
Sewer Repairs (Ord. 1418)	Mar. 10, 2010	170,000	Aug. 1, 2019	10,000	4.00%	120,000	110,000
			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%		
						10,000	

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance, Dec. 31, 2017	Balance, Dec. 31, 2018
			Date	Amount			
Sewer Repairs (Ord. 1418)	Mar. 10, 2010	521,250	Feb. 1, 2019	8,835		318,049	291,547
			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	17,670				
		Feb. 1, 2028	8,835				
		Aug. 1, 2028	17,670				
		Feb. 1, 2029	8,835				
		Aug. 1, 2029	17,670				
Sanitary Sewer Repairs (Ord. 1420)	Dec. 2, 2010	245,000	Aug. 1, 2019	10,000		105,000	95,000
			Aug. 1, 2020	5,000			
			Aug. 1, 2021	5,000			
			Aug. 1, 2022	8,000			
			Aug. 1, 2023	8,000			

BOROUGH OF EDGEWATER
Schedule of Green Trust Loan Payable
General Capital Fund
Year ended December 31, 2018

Balance - December 31, 2017	\$ 224,426
Increased by:	
Loans Issued	<u>1,057,155</u>
	1,281,581
Decreased by:	
Paid via Budget Appropriation	<u>20,487</u>
Balance - December 31, 2018	<u>\$ 1,261,094</u>

BOROUGH OF EDGEWATER

Schedule of Serial Bonds

General Capital Fund

Year ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2017	Decreased	Balance, Dec. 31, 2018
			Date	Amount				
General Obligation Bonds	Jun. 30, 2009	4,884,000	Aug. 15, 2019	175,000	4.50%	325,000	150,000	175,000
General Obligation Refunding Bonds	Jan. 25, 2012	7,395,000	Jun. 1, 2019	230,000	3.00%	3,715,000	920,000	2,795,000
			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%			
General Obligation Bonds	Jul. 15, 2015	11,085,000	Jul. 15, 2019	750,000	2.00%	10,310,000	405,000	9,905,000
			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%			
General Obligation Refunding Bonds	Oct. 31, 2016	3,285,000	Aug. 15, 2020	220,000	3.00%	3,255,000		3,255,000
					3.125%			
					3.00%			

BOROUGH OF EDGEWATER

Schedule of Serial Bonds

General Capital Fund

Year ended December 31, 2018

<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, 2017</u>	<u>Balance, Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>			
			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%		
						\$ 17,605,000	1,475,000
							<u>16,130,000</u>

BOROUGH OF EDGEWATER

Schedule of Capital Leases Payable

General Capital Fund

Year ended December 31, 2018

<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, 2017</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
2012 Refunding of 2003 Issuance	May 1, 2012	385,000	Mar. 15, 2019	52,000	0.236%	220,000	49,000	171,000
			Mar. 15, 2020	57,000	2.659%			
			Mar. 15, 2021	62,000	2.959%			
						\$ 220,000	49,000	171,000

BOROUGH OF EDGEWATER

Schedule of Bond Anticipation Notes

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2017	Increased by:	Decreased by:	Balance, Dec. 31, 2018
1357	Acq. of a New Municipal Complex/Police Station	July 25, 2014	July 19, 2018	July 19, 2019	4.00%	118,480		118,480	-
1474	Improvements to Veteran's Field	July 27, 2012	July 19, 2018	July 19, 2019	4.00%	7,260,772	6,981,511	7,260,772	6,981,511
1474	Improvements to Veteran's Field	July 25, 2014	July 19, 2018	July 19, 2019	4.00%	1,077,435	1,038,935	1,077,435	1,038,935
1482	Various Improvements	July 26, 2013	July 19, 2018	July 19, 2019	4.00%	461,224	361,224	461,224	361,224
1457	Imps. to Beverly Place Retaining Wall	July 25, 2014	July 19, 2018	July 19, 2019	4.00%	149,400	146,800	149,400	146,800
1464	Improvements to the Municipal Pool	July 20, 2017	July 19, 2018	July 19, 2019	4.00%	61,750	57,550	61,750	57,550
1488/1497	Acquisition of Rescue Boat for Fire Department	July 25, 2014	July 19, 2018	July 19, 2019	4.00%	116,800	109,945	116,800	109,945
1489/1496	Repairs to the Edgewater Marina	July 25, 2014	July 19, 2018	July 19, 2019	4.00%	270,000	231,500	270,000	231,500
1498	Acquisition of a Trailer Mounted Generator	July 25, 2014	July 19, 2018	July 19, 2019	4.00%	59,550	57,350	59,550	57,350
1502	Various Acquisitions and Improvements	July 23, 2015	July 19, 2018	July 19, 2019	4.00%	930,896	843,896	930,896	843,896
1514	Improvements to Veteran's Field	July 23, 2015	July 19, 2018	July 19, 2019	4.00%	3,800,000	3,668,500	3,800,000	3,668,500
1517	Improvements to Undercliff Avenue	July 20, 2017	July 19, 2018	July 19, 2019	4.00%	213,750	113,750	213,750	113,750
1519	Improvements to Veteran's Field	July 20, 2016	July 19, 2018	July 19, 2019	4.00%	5,700,000	5,700,000	5,700,000	5,700,000
1525	Acquisition of Fire Truck	July 21, 2016	July 19, 2018	July 19, 2019	4.00%	522,500	491,150	522,500	491,150
1526	Local Share of Various Port Security Acqs.	July 21, 2016	July 19, 2018	July 19, 2019	4.00%	33,250	33,250	33,250	33,250
1534	Improvements to Veteran's Field	July 21, 2016	July 19, 2018	July 19, 2019	4.00%	8,064,274	8,064,274	8,064,274	8,064,274
1534	Improvements to Veteran's Field	July 20, 2017	July 19, 2018	July 19, 2019	4.00%	8,000	8,000	8,000	8,000
1538	Historical Borough Hall Imprsr. - Phase 3	July 20, 2017	July 19, 2018	July 19, 2019	4.00%	1,424,919	1,424,919	1,424,919	1,424,919
1544	Improvements to Old River Road, Phase III	July 19, 2018	July 19, 2018	July 19, 2019	4.00%	185,000	185,000	185,000	185,000
1550	Various Acquisitions and Improvements	July 19, 2018	July 19, 2018	July 19, 2019	4.00%	686,446	686,446	686,446	686,446

\$	30,273,000	30,204,000	30,273,000	30,204,000
	Cash	871,446		
	Renewed	29,332,554	29,332,554	
	Reserve for Payment of Notes	799,946	799,946	
	Budget Appropriation	140,500	140,500	
\$	30,204,000	30,273,000	30,273,000	30,204,000

BOROUGH OF EDGEWATER

Schedule of Reserve for Payment of Debt

General Capital Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ 2,583,594
Increased by:	
Cash Receipts	<u>54,362</u>
	2,637,956
Decreased by:	
Utilized as Paydown on Note Renewal	<u>799,946</u>
Balance - December 31, 2018	<u><u>\$ 1,838,010</u></u>

Analysis of Balance

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	2,272
Ord. 1464 - Unexpended Note Proceeds	16,547
Ord. 1226, 1272, 1327	183,407
Ord. 1474 - Veteran's Field	248,502
Ord. 1482/1510 - Unexpended Note Proceeds	98,706
Ord. 1488/1497 - Unexpended Note Proceeds	1,889
Ord. 1489/1496 - Unexpended Note Proceeds	28
Ord. 1502 - Unexpended Note Proceeds	86
Ord. 1517 - Undercliff Avenue Imps	3,273
Ord. 1544	91,256
Ord. 1464	<u>32,214</u>
	<u><u>\$ 1,838,010</u></u>

BOROUGH OF EDGEWATER
Schedule of Reserve for Green Acres
General Capital Fund
Year ended December 31, 2018

Balance - December 31, 2017	\$ 11,610
Increased by:	
Interest Earned on Investments	<u>394</u>
Balance - December 31, 2018	\$ <u><u>12,004</u></u>

Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2018

Balance - December 31, 2017	\$ 436,696
Increased by:	
2018 Budget Appropriation	<u>200,000</u>
	636,696
Decreased by:	
Appropriated to Finance	
Improvement Authorizations	<u>95,350</u>
Balance - December 31, 2018	\$ <u><u>541,346</u></u>

Exhibit C-20

BOROUGH OF EDGEWATER
Schedule of Unappropriated Grant
General Capital Fund
Year ended December 31, 2018

Balance - December 31, 2017 \$ 79,408

Balance - December 31, 2018 \$ 79,408

Exhibit C-21

Schedule of Reserve for Receivables
General Capital Fund
Year ended December 31, 2018

Balance - December 31, 2017 \$ 130,651

Balance - December 31, 2018 \$ 130,651

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

BOROUGH OF EDGEWATER

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance, Dec. 31, <u>2017</u>	2018 <u>Authorizations</u>	Decreased <u>by:</u>	Balance, Dec. 31, <u>2018</u>
1357	Acquisition of Municipal Complex/Police Station	\$ 252,613			252,613
1460	Imps. to DPW and Community Center Parking Lots	161,500			161,500
1474	Improvements to Veteran's Field	510			510
1534	Improvements to Veteran's Field	2,726			2,726
1538/1561	Historic Borough Hall Improvements. - Phase 3	95,081			95,081
1544	Improvements 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		686,446	8,427
2018-3	Various Acquisitions and Improvements (Amend Ord. 1550)		1,257,900		1,257,900
2018-14	Amend 1538/1561: Historic Borough Hall Improvements		152,000		152,000
2018-18	Various Acquisitions and Improvements		821,750		821,750
		<u>\$ 25,142,303</u>	<u>2,231,650</u>	<u>871,446</u>	<u>26,502,507</u>
	2018 Improvement Authorizations \$		<u>2,231,650</u>		
				Notes Issued \$	<u>871,446</u>

BOROUGH OF EDGEWATER
Schedule of Cash - Collector-Treasurer
Marina Utility Operating Fund
Year ended December 31, 2018

Balance - December 31, 2017		\$	634,762
Cash Receipts:			
Membership/Slip Rentals	\$		432,551
2018 Prepaid Slip Rental Revenue			<u>13,580</u>
			<u>446,131</u>
			1,080,893
Cash Disbursements:			
2018 Appropriations	\$		291,097
2017 Appropriation Reserves			634
Interfunds			300,000
Accrued Interest			<u>8,040</u>
			<u>599,771</u>
Balance - December 31, 2018		\$	<u><u>481,122</u></u>

BOROUGH OF EDGEWATER
Schedule of Cash - Collector-Treasurer
Marina Utility Capital Fund
Year ended December 31, 2018

Balance - December 31, 2017		\$ 5,492
Cash Receipts:		
Bond Anticipation Notes	\$ 700,000	
Interfunds	<u>300,589</u>	
		<u>1,000,589</u>
		1,006,081
Cash Disbursements:		
Improvement Authorizations		<u>659,177</u>
Balance - December 31, 2018		<u><u>\$ 346,904</u></u>

BOROUGH OF EDGEWATER

Schedule of Marina Utility Capital Fund Cash

Marina Utility Capital Fund

Year ended December 31, 2018

Due from Federal Emergency Management Agency	(247,943)
Interfunds Payable	300,590
Fund Balance	3,202

Improvement Authorizations:

<u>Ordinance number</u>	<u>Improvement Description</u>	
1465	Acquisition of Marina Dredging Equipment	30,823
1467	Dredging of the Marina	223,470
2017-1551/ 2018-004	Various Marina Improvements	<u>36,762</u>
		<u>\$ 346,904</u>

BOROUGH OF EDGEWATER

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

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	<u>Increased</u>	Balance, Dec. 31, <u>2018</u>
Marina Utility Capital Fund	\$ <u>1</u>	<u>300,589</u>	<u>300,590</u>
	\$ <u><u>1</u></u>	<u><u>300,589</u></u>	<u><u>300,590</u></u>
		Disbursements \$ 300,000	
		Interest Earnings 589	
		\$ <u><u>300,589</u></u>	

Exhibit D-9

BOROUGH OF EDGEWATER

Schedule of Grants Receivable

Marina Utility Operating Fund

Year ended December 31, 2018

Increased by:		
Grant Awards	\$	<u>72,576</u>
Balance - December 31, 2018	\$	<u><u>72,576</u></u>

<u>Analysis of Balance</u>		
FY17 Port Security Grant	\$	35,745
FY18 Port Security Grant		<u>36,831</u>
	\$	<u><u>72,576</u></u>

BOROUGH OF EDGEWATER, N.J.

Schedule of Deferred Charges

Marina Utility Operating Fund

Year ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	Reduced <u>in 2018</u>
Overexpenditure of Appropriation Reserves	\$ <u>2,302</u>	<u>2,302</u>
	\$ <u><u>2,302</u></u>	<u><u>2,302</u></u>

BOROUGH OF EDGEWATER

Schedule of 2017 Reserves - Operating

Marina Utility Operating Fund

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance After Transfers and <u>Eencumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages	\$ 6,775	6,775		6,775
Other Expenses	<u>9,254</u>	<u>9,254</u>	<u>634</u>	<u>8,620</u>
	<u>\$ 16,029</u>	<u>16,029</u>	<u>634</u>	<u>15,395</u>
Appropriation Reserves		\$ <u>16,029</u>		
		<u>\$ 16,029</u>		

Exhibit D-12

BOROUGH OF EDGEWATER
Schedule of Encumbrances Payable
Marina Utility Operating Fund
Year ended December 31, 2018

Increased by:	
Transferred from Budget	\$ <u>33,030</u>
Balance - December 31, 2018	\$ <u><u>33,030</u></u>

Exhibit D-13

Schedule of Prepaid Slip Revenue
Marina Utility Operating Fund
Year ended December 31, 2018

Balance - December 31, 2017	\$ 12,365
Increased by:	
2019 Slip Rental Revenue	<u>13,580</u>
	25,945
Decreased by:	
Slip Rental Realized as Revenue	<u>12,365</u>
Balance - December 31, 2018	\$ <u><u>13,580</u></u>

BOROUGH OF EDGEWATER

Schedule of Accrued Interest

Marina Operating Utility Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ 5,722
Increased by:	
Budget Appropriation	<u>6,750</u>
	12,472
Decreased by:	
Cash Disbursements	<u>8,040</u>
Balance - December 31, 2018	<u><u>\$ 4,432</u></u>

<u>Principal Outstanding</u> <u>December 31, 2018</u>	<u>Interest</u> <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Required</u>	<u>Actual</u>
Bond Anticipation Note 1,086,000	4.00%	7/20/18	12/31/18	<u>193,067</u>	<u>4,432</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, 2018

Balance - December 31, 2017	\$ <u>247,943</u>
Balance - December 31, 2018	\$ <u><u>247,943</u></u>

BOROUGH OF EDGEWATER

**Schedule of Fixed Capital Authorized
and Uncompleted**

Marina Utility Capital Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ 1,782,996
Increased by:	
Fixed Capital Authorized	<u>110,000</u>
Balance - December 31, 2018	<u>\$ 1,892,996</u>

<u>Analysis of Balance</u>	
Ord. 1465	450,000
Ord. 1467	742,996
Ord. 2017-1551/2018-004	<u>700,000</u>
	<u>\$ 1,892,996</u>

BOROUGH OF EDGEWATER

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

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	<u>Increased</u>	Balance, Dec. 31, <u>2018</u>
Marina Utility Operating	\$ <u>1</u>	<u>300,589</u>	<u>300,590</u>
	\$ <u><u>1</u></u>	<u><u>300,589</u></u>	<u><u>300,590</u></u>

BOROUGH OF EDGEWATER

Schedule of Improvement Authorizations

Marina Utility Capital Fund

Year ended December 31, 2018

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2017		2018 Authorizations	Paid or Charged	Balance Dec. 31, 2018	
				Funded	Unfunded			Funded	Unfunded
1465	Acquisition of Marina Dredging Equipment	Dec. 19, 2011	450,000 \$		31,823		1,000	223,470	30,823
1467	Dredging of the Marina	Mar. 5, 2012	742,996	223,470					
2017-1551/ 2018-004	Various Marina Improvements	Sept. 18, 2017	590,000		584,939	110,000	658,177		36,762
			\$	223,470	616,762	110,000	659,177	223,470	67,585

BOROUGH OF EDGEWATER

Schedule of Reserve for Amortization

Marina Utility Capital Fund

Year ended December 31, 2018

Balance - December 31, 2017	\$ 48,000
Increased by:	
Paydown on Bond Anticipation Note	<u>16,000</u>
Balance - December 31, 2018	<u><u>\$ 64,000</u></u>

Schedule of Deferred Reserve for Amortization

Marina Utility Capital Fund

Year ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance Dec. 31, <u>2017</u>	Balance Dec. 31, <u>2018</u>
1467	Dredging of Edgewater Marina	\$ <u>742,996</u>	<u>742,996</u>
		\$ <u><u>742,996</u></u>	<u><u>742,996</u></u>

BOROUGH OF EDGEWATER

Schedule of Bond Anticipation Notes

Marina Utility Capital Fund

Year ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2017</u>	<u>Increased By.</u>	<u>Decreased By.</u>	<u>Balance, Dec. 31, 2018</u>
1465	Acquisition of a Dredging Boat	July 27, 2012	July 19, 2018	July 19, 2019	4.00%	\$ 402,000	386,000	402,000	386,000
2017-1551/ 2018-004	Various Marina Improvements	July 19, 2018	July 19, 2018	July 19, 2019	4.00%		700,000		700,000
						<u>\$ 402,000</u>	<u>1,086,000</u>	<u>402,000</u>	<u>1,086,000</u>

Cash	\$ 700,000
Paydown on Notes	16,000
Renewal	386,000
	<u>\$ 1,086,000</u>
	<u>402,000</u>

BOROUGH OF EDGEWATER

Schedule of Bonds and Notes Authorized but not Issued

Marina Utility Capital Fund

Year ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased by: 2018 Authorizations</u>	<u>Decreased in 2018</u>
2017-1551/ 2018-004	Various Marina Improvements	\$ <u>590,000</u>	<u>110,000</u>	<u>700,000</u>
		\$ <u><u>590,000</u></u>	<u><u>110,000</u></u>	<u><u>700,000</u></u>

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

Public Assistance Fund

Year ended December 31, 2018

	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
Balance - December 31, 2017	\$ 3,224	13,769	16,993
Increased by:			
Prior Year Voided Checks			
Interest Earned	32	2	34
	<u>32</u>	<u>2</u>	<u>34</u>
	3,256	13,771	17,027
Decreased by:			
Cash Disbursement		700	700
		<u>700</u>	<u>700</u>
Balance - December 31, 2018	\$ <u>3,256</u>	<u>13,071</u>	<u>16,327</u>

BOROUGH OF EDGEWATER
Schedule of Reserve for Public Assistance
Public Assistance Fund
Year Ended December 31, 2018

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2017	\$ <u>16,993</u>	<u>3,224</u>	<u>13,769</u>
Increased by:			
Interest Earned	<u>34</u>	<u>32</u>	<u>2</u>
	17,027	3,256	13,771
Decreased by:			
Cash Disbursement	<u>700</u>	<u> </u>	<u>700</u>
Balance - December 31, 2018	\$ <u><u>16,327</u></u>	<u><u>3,256</u></u>	<u><u>13,071</u></u>

Exhibit E-3

BOROUGH OF EDGEWATER N.J.

Schedule of Interfunds

Public Assistance Trust Fund

Year Ended December 31, 2018

	Due from/(to) Balance <u>Dec. 31, 2017</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>
Current Fund	<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, 2018

Balance - December 31, 2017 \$ 74,501

Balance - December 31, 2018 \$ 74,501

Analysis of Balance

Federal Sewer Facilities Step I Grant - EPA 70,161

Federal Sewer Facilities Step II Grant - EPA 4,340

\$ 74,501

Exhibit F-2

Schedule of Reserve for Grant Expenditures

Sewer Facilities Grant Fund

Year ended December 31, 2018

Balance - December 31, 2017 \$ 74,501

Balance - December 31, 2018 \$ 74,501

Analysis of Balance

Federal Sewer Facilities Step I Grant - EPA 70,161

Federal Sewer Facilities Step II Grant - EPA 4,340

\$ 74,501

Exhibit H-1

BOROUGH OF EDGEWATER

Schedule of Cash

Payroll Account

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>462,937</u>
Decreased Cash Disbursement - Current Fund	\$ <u>462,937</u>

Exhibit H-2

BOROUGH OF EDGEWATER

Schedule of Due to Current Fund

Payroll Account

Year ended December 31, 2018

Balance - December 31, 2017	\$ <u>462,937</u>
Decreased Cash Disbursement - Current Fund	\$ <u>462,937</u>

BOROUGH OF EDGEWATER



LETTERS ON INTERNAL CONTROL AND ON COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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

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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, 2018 and the related notes to the financial statements, and have issued our report thereon dated August 12, 2019, 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

August 12, 2019



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:

- Edgewater Fire Company #1 Generator
- Undercliff Avenue Section III Improvements
- 2018 Road Paving Program
- Edgewater Historic Borough Hall Generator
- 2019 Ford E450 Super Duty Type III Ambulance
- Uniforms for Recreation Sports Programs for 2019
- Heavy Duty Cleaning

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 1, 2018.

"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 29, 2018 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, 2018	5
December 31, 2017	4
December 31, 2016	5

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.

**BOROUGH OF EDGEWATER
COMMENTS
DECEMBER 31, 2018**

Finance

1. Stale dated checks are being carried as reconciling items on the following bank reconciliations:
 - a. Escrow.
 - b. COAH.
2. Outstanding checks are not properly being listed on the payroll bank reconciliation prepared by Action Data Services for the Borough.
3. *There were multiple instances where approved transfer resolutions were not prepared with respect to account names in accordance with N.J.S.A. 40A:4-58-59.
4. *Temporary budgets for the Current Fund and Marina Utility were not approved.

Clerk

1. Council Minutes were not approved by the Council in a timely manner.

Departments

1. *Deposits were not made within 48 hours of receipt as required by N.J.S.A 40A:5-15 for the following departments:
 - a. Building Department.
 - b. Marina Utility.
 - c. Police Department.
 - d. Department of Health.
 - e. Recreation Department.

Purchasing

1. *Awarding resolutions did not contain "not to exceed" cost language as required by N.J.A.C. 5:30-5.5(b)(1) and did not contain a certification of availability of funds.

Tax Collection

1. There was an instance in which a refund from a Tax Court Judgement was calculated incorrectly.

Court

1. *A review of the Court's December 2018 ATS/ACS Monthly Management Report revealed that the court is behind in the processing of assigned over 180 days.

**BOROUGH OF EDGEWATER
RECOMMENDATIONS
DECEMBER 31, 2018**

Finance

1. Stale-dated checks be cancelled by resolution.
2. More care should be taken to ensure that any third-party reconciliations which are prepared are correct and agree to the underlying source documents.
3. *Account names be properly listed in transfer resolutions in accordance with N.J.S.A. 40A:4-58-59.
4. *That all temporary budgets be approved in accordance with N.J.S.A. 40A:4-19.

Clerk

1. More care be taken to ensure the Council Minutes are approved in a timely manner.

Departments

1. *Deposits should be made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.

Purchasing

1. *Comply with Pay-to-Play Compliance Regulations.

Tax Collection

1. That more care be taken when calculating refunds resulting from Tax Court Judgements.

Court

1. *Court personnel review the Monthly Management reports and take steps to reduce the amount of tickets assigned over 180 days.

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,



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Registered Municipal Accountant
No. CR00413



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