

**BOROUGH OF EDGEWATER**

**Financial Statements With  
Supplementary Information**

**June 30, 2008**

**(With Independent Auditors' Reports Thereon)**

# BOROUGH OF EDGEWATER

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Borough of Edgewater in the County of Bergen, as of and for the years ended June 30, 2008 and 2007, and the related statements of operations and changes in fund balance-regulatory basis for the year then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the fiscal year ended June 30, 2008. These financial statements are the responsibility of the Borough of Edgewater's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed below, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

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

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



Honorable Mayor and  
Members of the Borough Council  
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In our opinion, because of the Borough of Edgewater's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Edgewater, New Jersey as of June 30, 2008 and 2007 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Edgewater, New Jersey at June 30, 2008 and 2007, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended June 30, 2008, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated December 29, 2008, on our consideration of the Borough of Edgewater, New Jersey internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of state and federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations"; and New Jersey OMB's Circular 04-04; single audit policy for recipients of federal grants, state grants and state aid, and are not a required part of the financial statements. Additionally, the accompanying supplementary information, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as required by the Division of Local Government Services. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

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

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

December 29, 2008



**BOROUGH OF EDGEWATER**  
**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**June 30, 2008 and 2007**

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Regular Fund:			
Cash	A-4	\$ 7,736,598	6,880,564
Petty cash		200	200
Change funds		175	175
Due from State of New Jersey:			
Senior citizens' and veterans' deductions	A-8	12,588	9,632
		<u>7,749,561</u>	<u>6,890,571</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-5	469,510	285,774
Property acquired for taxes - assessed valuation	A-17	3,844,775	3,844,775
Tax title liens	A-6	28,125	25,563
Revenue accounts receivable	A-7	47,312	28,290
Due from Escrow Trust Fund	A-19	13,069	12,422
		<u>4,402,791</u>	<u>4,196,824</u>
Deferred charges:			
Emergency Authorization	A-3		
Special emergency authorizations	A-22	148,000	210,000
		<u>148,000</u>	<u>210,000</u>
		<u>12,300,352</u>	<u>11,297,395</u>
State and Federal Grant Fund:			
Grants receivable	A-23	132,089	141,632
Due from Current Fund	A-21	404,115	401,730
		<u>536,204</u>	<u>543,362</u>
		<u>\$ 12,836,556</u>	<u>11,840,757</u>

**BOROUGH OF EDGEWATER**  
**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**June 30, 2008 and 2007**

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Appropriation reserves	A-3,A-12	\$ 1,172,658	1,284,319
Encumbrances payable	A-13,A-24	281,361	78,736
Tax overpayments	A-14	70,809	47,590
Due to State of NJ - Marriage Licenses	A-16	650	
Prepaid taxes	A-15	35,926	33,173
Reserve for tax title lien premium	A-18	8,000	21,700
Due to Open Space Trust	A-19	11,941	10,079
Due to Dedicated Fire Penalty Trust	A-19	2,500	2,500
Sale of property	A-20	1,091	1,091
Donations	A-20	17,425	17,425
Playground	A-20	4,306	4,306
Library state aid	A-20	8,862	19,780
POAA	A-20	3,172	3,172
Ferry Agreement	A-20	20,000	20,000
Community Center	A-20	18,730	18,730
Developers Contributions	A-20	1,444,731	1,190,376
BCUA Grant	A-20	17,608	17,608
Regional Contribution Agreement	A-20	331,803	325,066
Centennial Celebration	A-20	890	890
Arts Festival	A-20	1,513	1,513
Revaluation	A-20	56,743	106,743
Due to General Capital Fund	A-19	27,245	204,683
Special Emergency Note		100,000	150,000
Due to State and Federal Grant Fund	A-21	404,115	401,730
		<u>4,042,079</u>	<u>3,961,210</u>
Reserve for receivables and other assets	A	4,402,791	4,196,824
Fund balance	A-1	<u>3,855,482</u>	<u>3,139,361</u>
		<u>12,300,352</u>	<u>11,297,395</u>
State and Federal Grant Fund:			
Appropriated reserves	A-24	467,248	491,694
Unappropriated reserves	A-25	68,956	51,668
		<u>536,204</u>	<u>543,362</u>
		<u>\$ 12,836,556</u>	<u>11,840,757</u>

See accompanying notes to financial statements.

## BOROUGH OF EDGEWATER

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

## Current Fund

## Years ended June 30, 2007 and 2006

	<u>2008</u>	<u>2007</u>
Revenue and other income realized:		
Fund balance utilized	\$ 2,750,000	2,750,000
Miscellaneous revenue anticipated	3,173,495	7,231,492
Receipts from delinquent taxes	277,857	474,175
Receipts from current taxes	33,575,847	30,590,205
Nonbudget revenues	1,458,342	1,169,976
Other credits to income:		
Unexpended balance of appropriation reserves	797,747	782,499
Liabilities Canceled	33,359	59,311
Prior year interfunds returned		11,536
Total revenue	<u>42,066,647</u>	<u>43,069,194</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriation within "CAPS":		
Operations:		
Salaries and wages	7,709,276	6,875,756
Other expenses	6,350,255	6,190,529
Deferred charges and statutory expenditures	442,617	418,537
Appropriations excluded from "CAPS":		
Operations:		
Salaries and wages		3,738
Other expenses	4,244,216	6,900,567
Capital improvements	75,000	140,000
Municipal debt service	1,746,725	4,143,788
Deferred charges and statutory expenditures	62,000	116,958
County taxes	5,453,268	3,799,559
Due county for added taxes	26,272	9,994
Local district school taxes	12,137,797	11,559,745
Open Space Tax	339,557	334,839
Refund Prior Year Revenue	12,893	3,983
Total expenditures	<u>38,599,876</u>	<u>40,497,993</u>
Excess in revenue	3,466,771	2,571,201
Adjustments to income before Surplus:		
Expenditures included above which are by statute		
deferred charges to budget of succeeding year		60,000
	<u>3,466,771</u>	<u>2,631,201</u>
Fund balance - July 1,	<u>3,138,711</u>	<u>3,258,160</u>
	6,605,482	5,889,361
Decreased by utilization as anticipated revenue	<u>2,750,000</u>	<u>2,750,000</u>
Fund balance - June 30,	<u>\$ 3,855,482</u>	<u>3,139,361</u>

See accompanying notes to financial statements.

## BOROUGH OF EDGEWATER

## Statement of Revenues - Regulatory Basis

## Current Fund

Year ended June 30, 2008

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus anticipated	\$ 2,750,000	2,750,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	14,400	18,202	3,802
Other	19,600	21,250	1,650
Fees and permits:			
Construction	350,000	382,384	32,384
Other	150,000	148,500	(1,500)
Fines and costs municipal court	250,000	338,401	88,401
Interest and costs on taxes	75,000	89,102	14,102
Interest on investments and deposits	125,000	219,240	94,240
Consolidated Municipal Property Tax Relief Aid	782,784	782,784	
Legislative Initiative Municipal Block Grant	30,102	30,102	
Municipal Property Tax Assistance	24,088	24,088	
Energy Receipts Tax	398,888	398,888	
Supplemental Energy Receipts Tax	18,227		(18,227)
Municipal Homeland Security	50,000	50,000	
Sewer privileges - Borough of Cliffside Park	488,787	445,377	(43,410)
Uniform Fire Safety	25,000	26,177	1,177
Sewer connection fees	62,000	199,000	137,000
Total miscellaneous revenues	<u>2,863,876</u>	<u>3,173,495</u>	<u>309,619</u>
Receipts from delinquent taxes	<u>295,000</u>	<u>277,857</u>	<u>(17,143)</u>
Amount to be raised by taxes for support of municipal budget	<u>15,332,141</u>	<u>16,218,953</u>	<u>886,812</u>
Budget total	<u>\$ 21,241,017</u>	<u>22,420,305</u>	<u>1,179,288</u>
Nonbudget revenue		<u>1,458,342</u>	
		<u>\$ 23,878,647</u>	

**BOROUGH OF EDGEWATER**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year ended June 30, 2008**

Analysis of Realized Revenue

Allocation of current tax collections;	
Revenue from collections	\$ <u>33,575,847</u>
Allocated to:	
Local district school tax	12,137,797
Open Space Taxes	339,557
County taxes	<u>5,479,540</u>
	<u>17,956,894</u>
Balance for support of municipal budget appropriations	15,618,953
Reserve for uncollected taxes	<u>600,000</u>
	<u>\$ 16,218,953</u>
Receipts from:	
Delinquent tax collections	\$ <u>277,857</u>
	<u>\$ 277,857</u>
Licenses other:	
Board of Health	<u>21,250</u>
	<u>\$ 21,250</u>

Analysis of Miscellaneous Revenue Not Anticipated

Cable TV fee	39,770
Police Fees	5,452
Hotel Tax	242,901
PILOT	510,393
Miscellaneous	51,975
Meter Revenue	5,353
In Lieu of Taxes	4,037
Void Checks	1,050
Circus Fees	9,372
EMUA Balance	558,550
Night Out	18,227
Advertising Fees	4,202
Offsets	<u>7,060</u>
	<u>\$ 1,458,342</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended June 30, 2007

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
Operations-within "CAPS"					
Administrative and executive:					
Salaries and wages	373,136	373,136	364,576	8,560	
Other expenses:					
Miscellaneous other expenses	270,250	270,250	205,878	64,372	
Mayor and Council- salaries and wages	57,056	57,056	57,055	1	
Elections:					
Salaries and wages	3,300	3,300	2,216	1,084	
Other expenses	4,850	6,488	6,416	72	
Financial administration:					
Annual audit	25,000	25,000	25,000	-	
Other expenses	32,000	32,000	28,675	3,325	
Assessment of taxes:					
Salaries and wages	55,058	55,058	53,866	1,192	
Other expenses:					
Consultant and legal fees-tax appeals	35,000	35,000	29,474	5,526	
Miscellaneous other expenses	31,170	31,170	7,932	23,238	
Collection of taxes:					
Salaries and wages	95,833	95,833	75,278	20,555	
Other expenses	10,900	11,209	11,208	1	
Legal services and costs:					
Salaries and wages	76,084	76,084	75,480	604	
Other expenses	100,000	165,000	146,423	18,577	
Engineering service and cost:					
Miscellaneous other expenses	110,000	110,000	61,789	48,211	
Insurance:					
Hospitalization	2,227,500	2,130,283	2,072,236	58,047	
Other Insurance	567,000	567,000	504,307	62,693	
Public building and grounds:					
Other expenses	131,500	131,500	104,834	26,666	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and wages	6,684	6,684	6,684	-	
Other expenses	45,000	45,000	11,344	33,656	
Zoning Board:					
Salaries and wages	11,885	11,885	11,426	459	
Other expenses	8,900	12,323	12,323	-	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended June 30, 2007

Description	Budget	Budget after modifications	Expended	
			Paid or charged	Reserved
			Cancelled	
Rent Leveling Board:				
Salaries and wages	6,684	6,684	6,684	-
Other expenses	7,000	7,000	6,991	9
Housing Inspector:				
Salaries and wages	62,947	63,947	63,664	283
Other expenses	775	775		775
PUBLIC SAFETY:				
Fire:				
Salaries and wages	388,821	388,821	286,290	102,531
Other expenses	208,800	208,800	195,080	13,720
Fire hydrant services	122,000	122,000	114,320	7,680
Volunteer First Aid:				
Salaries and wages	203,000	203,000	180,990	22,010
Other expenses	101,500	101,500	49,177	52,323
Fire Prevention:				
Other expenses	27,490	27,490	25,954	1,536
Police:				
Salaries and wages	4,111,790	4,136,790	4,097,640	39,150
Other expenses:				
Miscellaneous other expenses	210,800	210,800	208,159	2,641
Automobiles	66,267	66,267	65,501	766
Emergency management services:				
Other expenses	3,000	3,000		3,000
Streets and Roads:				
Road repairs and maintenance:				
Salaries and wages	1,245,000	1,325,000	1,312,784	12,216
Other expenses	240,200	240,200	209,494	30,706
Snow removal - other expenses	20,000	20,000	14,069	5,931
Health and welfare:				
Board of Health:				
Salaries and wages	110,540	127,540	127,078	462
Other expenses	99,400	99,400	97,985	1,415
Dog regulation - other expenses	4,900	4,900	3,508	1,392
Administration of Public Assistance:				
Salaries and wages	29,398	29,418	29,412	6
Other expenses:				
Operating	2,300	2,300	1,593	707
Emergency assistance	1,000	1,000		1,000

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended June 30, 2008

Description	Budget	Budget after modifications	Expended		Cancelled
			Paid or charged	Reserved	
Recreation and Education:					
Parks and playgrounds - other expenses	32,900	32,900	16,383	16,517	
Recreation:					
Salaries and wages	245,000	245,000	215,151	29,849	
Other expenses	126,800	126,800	86,320	40,480	
Celebration of public event, anniversary or holiday - other expenses					
Senior Citizens Committee:					
Other expenses	28,000	28,000	16,537	11,463	
Other expenses	5,000	5,000	2,389	2,611	
Sanitation:					
Garbage and Trash removal:					
Other expenses	635,000	635,000	596,913	38,087	
Recycling Program:					
Salaries and wages	38,004	38,004	38,003	1	
Municipal Court:					
Salaries and wages	160,000	174,000	173,817	183	
Other expenses	10,400	10,400	8,419	1,981	
Occupational Safety Health Act					
Board of Health - Other Expenses	2,000	2,000	196	1,804	
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
State uniform construction code official:					
Salaries and wages	259,056	259,056	240,224	18,832	
Other expenses	141,500	141,500	124,145	17,355	
UNCLASSIFIED:					
Utilities:					
Gas & Electric	210,000	210,000	192,598	17,402	
Street Lighting	164,000	164,000	135,546	28,454	
Water	22,000	22,000	16,778	5,222	
Fuel	110,000	125,000	120,103	4,897	
Telephone	155,000	155,000	154,081	919	
Salary and Wage adjustment	170,000	32,980		32,980	
Total Operations within "CAPS"	14,066,378	14,054,531	13,108,396	946,135	
Contingent	5,000	5,000		5,000	
Total Operations Including Contingent-within "CAPS"	14,071,378	14,059,531	13,108,396	951,135	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended June 30, 2007

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
Detail:					
Salaries & Wages	7,709,276	7,709,276	7,418,318	290,958	
Other Expenses (Including Contingent)	6,362,102	6,350,255	5,690,078	660,177	
	14,071,378	14,059,531	13,108,396	951,135	
Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	378,000	378,000	367,176	10,824	
Consolidated Police and Firemen's Pension Fund	59,446	59,617	59,616	1	
Unemployment insurance	5,000	5,000	1,214	3,786	
	442,446	442,617	428,006	14,611	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	14,513,824	14,502,148	13,536,402	965,746	
Total General Appropriations for Municipal Purposes within "CAPS"	697,854	697,854	500,914	196,940	
Maintenance of free public library	975,000	975,000	965,028	9,972	
Contribution to Borough of Edgewater - Municipal Utilities Authority	67,100	67,750	67,750	-	
LOSAP	737,804	737,804	737,804	-	
Police and Firemen's Retirement System of N.J.	207,282	218,308	218,308	-	
Public Employees Retirement System	1,547,500	1,547,500	1,547,500	-	
Bergen County Utilities Authority-Share of Costs					
Total Operations-Excluded from "CAPS"	4,232,540	4,244,216	4,037,304	206,912	
Detail:					
Salaries and Wages	4,232,540	4,244,216	4,037,304	206,912	
Other Expenses	4,232,540	4,244,216	4,037,304	206,912	
Capital Improvements-Excluded from "CAPS"	75,000	75,000	75,000		
Capital Improvement Fund	75,000	75,000	75,000		
Total Capital Improvements Excluded from "CAPS"	75,000	75,000	75,000		

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended June 30, 2008

Description	Budget	Budget after modifications	Expended		Cancelled
			Paid or charged	Reserved	
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	980,000	980,000	980,000		
Payment of Bond anticipation Note Principal	51,927	51,927	51,927		
Interest on Bonds	381,872	381,872	381,872		
Interest on Notes	266,700	266,700	255,772		10,928
BCIA	31,700	31,700	31,700		
New Jersey Infrastructure Trust Loan	45,454	45,454	45,454		
<b>Total Municipal Debt Service-Excluded from "CAPS"</b>	<b>1,757,653</b>	<b>1,757,653</b>	<b>1,746,725</b>		<b>10,928</b>
Deferred Charges:					
Special Emergency Authorization - 5 Years	62,000	62,000	62,000		
<b>Total Deferred Charges - Municipal -Excluded from "CAPS"</b>	<b>62,000</b>	<b>62,000</b>	<b>62,000</b>		
<b>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</b>	<b>6,127,193</b>	<b>6,138,869</b>	<b>5,921,029</b>	<b>206,912</b>	<b>10,928</b>
Subtotal General Appropriations	20,641,017	20,641,017	19,457,431	1,172,658	10,928
Reserve for Uncollected Taxes	600,000	600,000	600,000		
<b>Total General Appropriations</b>	<b>21,241,017</b>	<b>21,241,017</b>	<b>20,057,431</b>	<b>1,172,658</b>	<b>10,928</b>

Analysis of Paid or Charged

Special Emergency	62,000
Due to General Capital Fund	887
Reserve for Uncollected Taxes	600,000
Reserve for Encumbrances	281,361
Cash	19,113,183
	<u>\$ 20,057,431</u>

See accompanying notes to financial statements.

**BOROUGH OF EDGEWATER**  
**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**June 30, 2008 and 2007**

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Animal License Fund:			
Cash	B-1	\$ <u>697</u>	<u>3,132</u>
Escrow Trust Fund:			
Cash	B-1	<u>114,047</u>	<u>135,201</u>
Other Trust Funds:			
Cash	B-1	1,294,377	1,162,232
Due from Current Fund	B-5	<u>14,441</u>	<u>12,579</u>
		<u>1,308,818</u>	<u>1,174,811</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	348,298	282,973
Contributions Receivable	B-7	<u>71,300</u>	<u>67,100</u>
		<u>419,598</u>	<u>350,073</u>
		<u>\$ 1,843,160</u>	<u>1,663,217</u>

**BOROUGH OF EDGEWATER**  
**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**June 30, 2008 and 2007**

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-2	664	3,101
Due to State of New Jersey	B-3	33	31
		697	3,132
Escrow Trust Fund:			
Escrow Deposits	B-4	100,978	122,779
Due to Current Fund	B-5	13,069	12,422
		114,047	135,201
Other Trust Funds:			
Reserve for:			
Cemetary Bequests	B-6	30,860	30,407
Bullet Proof Vests	B-6	6,954	12,286
Fire Prevention	B-6	12,779	11,086
Edgewater Cares	B-6	2,405	2,387
Cultural and Historical Society	B-6	1,556	325
Ferry Performance Security	B-6	192,499	186,569
Open Space Trust	B-6	978,870	907,273
Recycling Fees	B-6	82,895	24,478
		1,308,818	1,174,811
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-8	419,598	350,073
		\$ 1,843,160	1,663,217

See accompanying notes to financial statements.

## BOROUGH OF EDGEWATER

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

June 30, 2008 and 2007

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Cash:			
Checking	C-2,C-3	\$ 1,022,110	3,265,194
Deferred charges to future taxation:			
Funded	C-4	14,301,123	13,704,238
Unfunded	C-5	21,838,720	16,811,207
Grants Receivable:			
New Jersey Department of Transportation	C-6	356,859	86,859
Bergen County Open Space Trust Fund	C-7	300,623	168,173
New Jersey Historic Trust Grant Program	C-8		10,000
Bergen County Historic Preservation Trust	C-9	240,000	114,380
Community Development Block Grant	C-10	507,071	207,071
NJ DEP and Garden State Preservation Trust		1,582,445	1,200,000
New Jersey Livable Communities-Library Grant		5,375	32,000
New Jersey Department of Community Affairs		100,000	100,000
Due From Current Fund	C-11	27,245	204,683
Due from Port Authority of New York and New Jersey			245,548
Due from Infrastructure Trust Fund		53,732	53,732
		<u>\$ 40,335,303</u>	<u>36,203,085</u>
<u>Liabilities, Reserves and Fund Balance</u>			
New Jersey EIT Loans Payable	C-13	1,463,123	202,238
Serial bonds	C-14	11,999,000	13,054,000
Capital Leases Payable	C-15	439,000	448,000
Bond anticipation notes	C-16	6,644,450	6,521,377
Green Trust Loan Payable		400,000	
Reserve for Grants Receivable	C-17	816,859	216,859
Reserve for payment of debt	C-18	1,742,000	1,722,000
Reserve for Unappropriated Grant	C-12	215,000	215,000
Reserve for Green Acres		4,705	
Capital Improvement Fund	C-19	112,043	139,293
Improvement authorizations:			
Funded	C-20	3,234,641	2,006,924
Unfunded	C-20	12,957,682	11,370,594
Fund Balance	C-1	306,800	306,800
		<u>\$ 40,335,303</u>	<u>36,203,085</u>

There were \$15,194,270 of Bonds and Notes Authorized But Not Issued on June 30, 2008 (Exhibit C-21).

See accompanying notes to financial statements.

**BOROUGH OF EDGEWATER**  
**Schedule of Fund Balance - Regulatory Basis**  
**General Capital Fund**  
**Year ended June 30, 2008**

Balance - June 30, 2007	\$ <u>306,800</u>
Balance - June 30, 2008	\$ <u><u>306,800</u></u>

See accompanying notes to financial statements

**BOROUGH OF EDGEWATER**  
**Comparative Balance Sheet - Regulatory Basis**  
**Marina Utility Fund**  
**June 30, 2008 and 2007**

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-4	\$ 228,814	180,074
		<hr/>	<hr/>
Total Operating Fund		<u>\$ 228,814</u>	<u>180,074</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-3	8,421	34,076
Sales Tax Payable	D-5		1,826
Reserve for Encumbrances	D-6	1,728	7,153
Fund Balance	D-1	<u>218,665</u>	<u>137,019</u>
Total Operating Fund		<u>\$ 228,814</u>	<u>180,074</u>

See accompanying notes to financial statements.

## BOROUGH OF EDGEWATER

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

## Marina Utility Fund

## Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenue and other income realized:		
Fund balance utilized	\$ 125,000	325,000
Operating revenues	235,670	50,771
Nonbudget revenues		14,459
Cancelled Liability	1,826	
Other credits to income:		
Unexpended balance of appropriation reserves	<u>20,101</u>	<u>19,217</u>
Total income	<u>382,597</u>	<u>409,447</u>
Expenditures:		
Operations:		
Salaries and Wages	79,000	30,000
Other expenses	96,000	
Refund	<u>951</u>	<u>270,000</u>
Total expenditures	<u>175,951</u>	<u>300,000</u>
Excess	206,646	109,447
Fund balance, June 1	<u>137,019</u>	<u>352,572</u>
	343,665	462,019
Decreased by utilization as anticipated revenue	<u>125,000</u>	<u>325,000</u>
Fund balance, June 30	<u>\$ 218,665</u>	<u>137,019</u>

See accompanying notes to financial statements.

**BOROUGH OF EDGEWATER**  
**Statement of Revenues - Regulatory Basis**  
**Marina Utility Fund**  
**Year ended June 30, 2008**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 125,000	125,000	
Operating Revenues	<u>50,000</u>	<u>235,670</u>	<u>185,670</u>
	<u>\$ 175,000</u>	<u>360,670</u>	<u>185,670</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Exhibit D-3

Statement of Expenditures - Regulatory Basis

Marina Utility Fund

Year ended June 30, 2008

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	Budget after modifi- cation	Paid or charged	<u>Reserved</u>
Operating:				
Salaries and Wages	55,000	79,000	78,080	920
Other expenses	\$ 120,000	96,000	88,499	7,501
	<u>\$ 175,000</u>	<u>175,000</u>	<u>166,579</u>	<u>8,421</u>
			Reserve for encumbrances 1,728	
			Cash Disbursed <u>164,851</u>	
			\$ <u>166,579</u>	

See accompanying notes to financial statements.

**BOROUGH OF EDGEWATER**  
**Comparative Balance Sheet - Regulatory Basis**  
**Public Assistance Fund**  
**June 30, 2008 and 2007**

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Cash	E-1	\$ <u>15,569</u>	<u>22,778</u>
		\$ <u><u>15,569</u></u>	<u><u>22,778</u></u>
<u>Reserve</u>			
Reserve for public assistance		\$ <u>15,569</u>	<u>22,778</u>
		\$ <u><u>15,569</u></u>	<u><u>22,778</u></u>

See accompanying notes to financial statements.

**BOROUGH OF EDGEWATER**  
**Comparative Balance Sheet - Regulatory Basis**  
**Sewer Facilities Grant Fund**  
**June 30, 2008 and 2007**

	<u>Ref.</u>	<u>2008</u>	<u>2007</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**

**June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Land	\$ 37,767,300	37,767,300
Buildings	5,864,636	5,825,185
Vehicles and equipment	<u>5,942,426</u>	<u>5,633,819</u>
	<u>\$ 49,574,362</u>	<u>49,226,304</u>
Investment in Fixed Assets	<u>\$ 49,574,362</u>	<u>49,226,304</u>

See accompanying notes to financial statements.

# BOROUGH OF EDGEWATER

## Notes to Financial Statements Years Ended June 30, 2008 and 2007

### 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 June 30, 2008 and 2007**  
**(continued)**

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

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

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

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

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

Basis of Accounting

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

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

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

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

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

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

Basis of Accounting, (continued)

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

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

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

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

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

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2008, the Mayor and Council approved several budget transfers.

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

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

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

Basis of Accounting, (continued)

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at June 30, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at June 30, 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 June 30 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

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

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

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

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

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

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

Basis of Accounting, (continued)

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

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

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

Basis of Accounting, (continued)

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

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

Use of Estimates

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

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

C. Basic Financial Statements

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

D. Recent Accounting Pronouncements

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions." This statement will become effective for entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date for this entity is the fiscal year beginning July 1, 2008. This statement will require governmental entities to report the future costs of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The Borough does not expect the adoption of the GASB statement to have a material effect on the Borough's financial position or results of operations.

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

**NOTE 2. PENSION PLANS**

Description of Systems:

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

*Public Employees' Retirement System (PERS)*

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

*Police and Firemens' Retirement System (PFRS)*

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

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

Description of Systems, (continued)

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final average compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years or 1/60 of final average compensation multiplied by the number of years of creditable service, whichever is greater. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

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

Significant Legislation

Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the State, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the State fiscal year ending June 30, 2006, 20 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 60 percent; and for payments due in the State fiscal year ending June 30, 2008, not more than 80 percent.

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

Significant Legislation, (continued)

Chapter 108 (P.L. 2003), effective July 1, 2003, provided that local employer PFRS normal and accrued liability contributions will be 20% of the amount certified by the PFRS for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the System as the State Treasurer will determine, but not more than 40% in fiscal year 2005, not more than 60% in fiscal year 2006, and not more than 80% in fiscal year 2007. According to the Appropriation Act of 2003, the State as well is paying pension obligations through a five-year phase-in.

Chapter 42, P.L. 2002 permitted local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits under PERS and PFRS, effective July 12, 2002.

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 5.0% for PERS and 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
June 30, 2008	\$218,308	\$737,804
June 30, 2007	114,616	469,777
June 30, 2006	63,200	316,997

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of June 30, 2008 consisted of the following:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$13,054,000	\$	\$1,055,000	\$11,999,000	\$765,000
Other Liabilities - New Jersey Wastewater Loans	202,238	1,283,310	22,425	1,463,123	96,689
Green Acres Trust - Loan	_____	400,000	_____	400,000	16,958
	<u>\$13,256,238</u>	<u>\$1,683,310</u>	<u>\$1,077,425</u>	<u>\$13,862,123</u>	<u>\$878,647</u>

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>
Issued-general-bonds and notes	\$18,643,450	\$19,575,377	\$19,370,927
Loans payable	<u>1,863,123</u>	<u>202,238</u>	<u>214,052</u>
	20,506,573	19,777,615	19,584,979
Authorized but not issued-general-bonds and notes	<u>15,194,270</u>	<u>10,289,830</u>	<u>7,559,860</u>
	35,700,843	30,067,445	27,144,839
Less funds on hand to pay debt	<u>1,742,000</u>	<u>1,722,000</u>	<u>4,122,000</u>
Net bonds and notes issued and authorized but not issued	<u>\$33,958,843</u>	<u>\$28,345,445</u>	<u>\$23,022,839</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.40%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$6,632,081	\$6,632,081	\$0
General Debt	<u>35,700,843</u>	<u>1,742,000</u>	<u>33,958,843</u>
	<u>\$42,332,924</u>	<u>\$8,374,081</u>	<u>\$33,958,843</u>

Net debt of \$33,958,843 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$2,417,999,619 equals 1.40%.

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

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

3 ½% of equalized valuation basis (municipal)	\$84,629,987
Net Debt	<u>33,958,843</u>
Remaining borrowing power	<u>\$50,671,144</u>

The Borough's long-term debt consisted of the following at June 30, 2008.

Paid by Current Fund:

New Jersey Environmental Infrastructure Loans Payable Wastewater Improvements issued 2001 and 2007, due through 2021	\$1,463,123
General serial bonds - 5.00% general serial bonds issued Sept. 15, 1997, due through July 15, 2012	2,034,000
General obligation refunding bonds - 3.00 - 4.75% refunding bonds issued Jan 15, 1999, due through Jan. 15, 2015	1,200,000
General obligation bonds - 4.00-4.30% general obligation bonds issued June 1, 2004, due through June 1, 2024	8,765,000
Green Acres Loan issued 2008, due through 2027	<u>400,000</u>
	<u>\$13,862,123</u>

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

<u>Year</u>	<u>Bonds</u>	<u>Interest</u>	<u>Infrastructure Loans</u>	<u>Green Trust Loan</u>	<u>Total</u>
2009	765,000	525,215	136,183	24,874	1,451,272
2010	795,000	487,078	132,537	24,874	1,439,489
2011	875,000	448,615	136,723	24,874	1,485,212
2012	915,000	407,615	132,655	24,874	1,480,144
2013	959,000	364,054	136,418	24,874	1,484,346
2014-2018	4,780,000	1,233,525	675,233	124,370	6,813,128
2019-2023	2,910,000	251,120	409,787	124,370	3,695,277
2024-2027				111,919	111,919
	<u>\$11,999,000</u>	<u>\$3,717,222</u>	<u>\$1,759,536</u>	<u>\$485,029</u>	<u>\$17,960,787</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 June 30, 2008 the Borough had authorized but not issued debt as follows:

General Capital Fund	<u>\$15,194,270</u>
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**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

**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.

On June 30, 2008, the Borough had \$6,644,450 of Bond Anticipation Notes outstanding at rates of 3.80%, 3.69% and 2.25% due on August 22, 2008 and October 3, 2008, respectively. The Borough paid down \$109,342 of notes on August 22, 2008 and \$175,000 on October 3, 2008 and renewed the balance of the notes.

The following activity related to bond anticipation notes occurred during the calendar year ended June 30, 2008.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Bank of America	\$2,966,927	\$2,915,000	\$2,966,927	\$2,915,000
Valley National Bank	1,854,450	1,854,450	1,854,450	1,854,450
J.P. Morgan-Chase	1,700,000	1,700,000	1,700,000	1,700,000
Commerce Capital Markets, Inc.		<u>175,000</u>		<u>175,000</u>
	<u>\$6,521,377</u>	<u>\$6,644,450</u>	<u>\$6,521,377</u>	<u>\$6,644,450</u>

**NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance June 30, 2008</u>	<u>2009 Budget Appropriation</u>	<u>Balance succeeding year's budget</u>
Special Emergency	<u>148,000</u>	<u>62,000</u>	<u>86,000</u>
	<u>\$148,000</u>	<u>\$62,000</u>	<u>\$86,000</u>

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

**NOTE 6. FUND BALANCE APPROPRIATED**

The fund balance at June 30, 2008 which has been appropriated as revenue in the 2009 budget is as follows:

Current Fund	\$3,000,000
Marina Utility	65,000

**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 June 30, 2008 the Borough estimated the current cost of such unpaid compensation to approximate \$1,541,339.

**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 June 30, 2008, \$-0- of the Borough's bank balance of \$10,925,422 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

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

**Credit Risk**

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

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

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

**Concentration of Credit Risk**

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

**Unaudited Investments**

As more fully described in Note 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Benefit Life, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on June 30, 2008 and 2007 amounted to \$343,298 and \$282,973, respectively.

The following investments represent 5% or more of the total invested with Valic on June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Money Market Funds	\$34,981	\$22,984
Fixed Income	244,944	199,913
All Others	<u>63,373</u>	<u>60,076</u>
Total	<u>\$343,298</u>	<u>\$282,973</u>

**NOTE 9. FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group as of June 30, 2008.

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Land and Improvements	\$37,767,300			\$37,767,300
Buildings and Building	5,825,185	\$39,451	\$-0-	5,864,636
Machinery and Equipment	<u>5,633,819</u>	<u>383,607</u>	<u>75,000</u>	<u>5,942,426</u>
	<u>\$49,226,304</u>	<u>\$423,058</u>	<u>\$75,000</u>	<u>\$49,574,362</u>

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

**NOTE 10. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at June 30, 2008 consist of the following:

- \$27,245 Due to the Capital Fund from the Current Fund for deposits in error.
- 13,069 Due to the Current Fund from the Escrow Trust fund for interest earned on deposits.
- 11,941 Due to the Open Space Trust Fund from the Current Fund for tax collections.
- 2,500 Due to the Dedicated Fire Penalty Trust from the Current Fund for fines collected.
- 404,115 Due to the Federal and State Grant Fund from the Current Fund for grant revenue collected less expenditures made.

\$458,870

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

**NOTE 11. CAPITAL LEASES PAYABLE**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	12,000	22,245	34,245
2010	14,000	21,676	35,676
2011	17,000	20,976	37,976
2012	20,000	20,125	40,125
2013	24,000	19,124	43,124
2014-2018	134,000	120,438	254,438
2019-2021	<u>218,000</u>	<u>83,767</u>	<u>301,767</u>
	<u>\$439,000</u>	<u>\$308,351</u>	<u>\$747,351</u>

**NOTE 12. RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2008 fiscal year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

**NOTE 12. RISK MANAGEMENT, (continued)**

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>June 30, 2008</u>	Balance <u>June 30, 2007</u>
Prepaid Taxes	<u>\$35,926</u>	<u>\$33,173</u>
Cash Liability for Taxes Collected in Advance	<u>\$35,926</u>	<u>\$33,173</u>

**BOROUGH OF EDGEWATER**  
**Notes to Financial Statements**  
**Years Ended June 30, 2008 and 2007**  
**(continued)**

**NOTE 14. LITIGATION**

Various tax appeal cases were pending at June 30, 2008. The Borough is defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. Funding of any ultimate liability would be provided for in succeeding years' budgets or through a refunding bond ordinance, which would allow the Borough to fund these liabilities over a number of years.

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

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

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

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

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

**SUPPLEMENTARY DATA**

**BOROUGH OF EDGEWATER**

**Supplementary Data**

Comparative Schedule of Tax Rate Information

	<u>2008 *</u>	<u>2007</u>	<u>2006</u>
Tax rate	1.093	2.96	2.84
Apportionment of tax rate:			
Local school	0.400	1.087	1.026
County	0.176	0.426	0.341
Municipal	0.505	1.417	1.443
Municipal Open Space	0.012	0.030	0.030
Assessed valuation:			
2008 *		\$ 3,021,624,313	
2007		\$ 1,116,344,757	
2006		\$ 1,096,410,818	

\* Revaluation

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>
2008	\$ 34,296,707	33,575,846	97.90%
2007	30,903,699	30,590,205	98.99%
2006	31,024,548	30,504,051	98.32%

**BOROUGH OF EDGEWATER**

**Supplementary Data**

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>
2008	\$	28,125	469,510	497,635	1.45%
2007		26,563	285,774	312,337	1.01%
2006		24,224	450,130	474,354	1.53%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2007 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 June 30, 2006, 2005, and 2004, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>		<u>Amount</u>
2008	\$	3,844,775
2007		3,844,775
2006		3,844,775

Comparative Schedule of Fund Balances

	<u>Year</u>		<u>Year ended</u>	<u>Utilized in budget of succeeding year</u>
Current Fund:	2008	\$	3,855,482	3,000,000
	2007		3,139,361	2,750,000
	2006		3,258,160	2,750,000
	2005		2,641,964	2,345,197
	2004		2,385,219	2,100,000
Marina Utility	2008		218,665	65,000
	2007		137,019	125,000
	2006		389,687	325,000
	2005		402,400	100,000
	2004		119,675	100,000

# BOROUGH OF EDGEWATER

## Supplementary Data

### Official in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Name of corporate surety</u>
Nancy Merse	Mayor		
David Jordan	Council President		
Neda Rose	Councilwoman		
Denis Gallagher	Councilman		
David Weschler	Councilman		
James F. Delaney	Councilman		
Beatrice Robbio	Councilwoman		
Joseph Iannaconi, Jr.	Chief Financial Officer/ Collector/Tax Searcher	\$ 125,000	(A)
Gregory Franz	Administrator		
Neglia Engineering	Engineer		
John Candelmo	Construction Code Official/Zoning Officer		
Robert Cohan	Magistrate	\$ 25,000	(A)
Karen Christiano	Court Clerk	\$ 25,000	(A)
Donald Martin	Chief of Police		
Philip Boggia	Borough Attorney		
Jeffrey Clemente	Housing Inspector		
Laura Martin	Welfare Director		
Anna Marie O'Connor	Secretary Planning Board		
Jennifer Henry	Secretary Board of Adjustment		
Barbara Rae	Borough Clerk		

(A) The Western Surety Co.

## BOROUGH OF EDGEWATER

## Schedule of Cash - Collector/Treasurer

## Current Fund

Year ended June 30, 2008

		Current Fund
Balance - June 30, 2007	\$	6,880,564
Increased by receipts:		
Revenue accounts receivable	\$ 3,173,495	
Miscellaneous revenues not anticipated	1,458,342	
Taxes receivable	33,789,270	
Prepaid taxes	35,926	
Due to Grant Fund	26,831	
Tax overpayments	70,809	
Senior citizens and veterans	28,305	
Various Reserves	267,682	
Interfunds	33,866	
Marriage license fees	1,525	
		<u>38,886,051</u>
		45,766,615
Decreased by disbursements:		
2008 budget appropriations	19,113,183	
2007 appropriation reserves	565,308	
Tax overpayment refunds	14,231	
Local district school tax	12,137,797	
Open Space Tax	337,695	
County taxes	5,479,540	
Special Emergency Note	50,000	
Marriage license fees	1,525	
Interfunds	212,191	
Tax Title Lien Premiums	13,700	
Due from Grant Fund	24,446	
Refunds	12,893	
Various Reserves	67,508	
		<u>38,030,017</u>
Balance-June 30, 2008	\$	<u><u>7,736,598</u></u>

**BOROUGH OF EDGEWATER**

**Schedule of Taxes Receivable and Analysis of Property Tax Levy**

**Current Fund**

**Year ended June 30, 2008**

<u>Year</u>	<u>Balance, June 30, 2007</u>	<u>2008 levy</u>	<u>Collected</u>		<u>Transferred to tax title liens</u>	<u>Cancelled</u>	<u>Balance, June 30, 2008</u>
			<u>2007</u>	<u>2008</u>			
2006	2,334					2,334	
2007	283,440			277,857		5,583	
	<u>285,774</u>			<u>277,857</u>		<u>7,917</u>	
2008		34,296,707	33,173	33,542,674	2,562	248,788	469,510
	<u>\$ 285,774</u>	<u>34,296,707</u>	<u>33,173</u>	<u>33,820,531</u>	<u>2,562</u>	<u>256,705</u>	<u>469,510</u>

Senior citizens' and veterans'  
deductions allowed 31,261  
Cash receipts 33,789,270  
\$ 33,820,531

Analysis of 2008 Tax Levy

Tax yield:  
General property tax 34,113,229  
Added tax (R.S.54:4-63.1 et seq.) 183,478  
\$ 34,296,707

Tax levy:  
Local district school tax (abstract) 12,137,797  
County tax (abstract) 5,453,268  
Added taxes (R.S. 54:4-63.1 et seq.) 26,272  
Local tax for municipal purpose (abstract) 15,332,141  
Open Space Tax 339,557  
Additional tax levies 1,007,672  
\$ 34,296,707

**BOROUGH OF EDGEWATER**

**Schedule of Tax Title Liens**

**Current Fund**

**Year ended June 30, 2008**

Balance - June 30, 2007	\$ 25,563
Increased by:	
Transferred from taxes receivable	<u>2,562</u>
Balance - June 30, 2008	\$ <u>28,125</u>

**BOROUGH OF EDGEWATER**  
**Schedule of Revenue Accounts Receivable**

**Current Fund**

**Year ended June 30, 2008**

	Balance, June 30, <u>2007</u>	Accrued in 2008	<u>Collected</u>	Balance, June 30, <u>2008</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	18,202	18,202	
Other		21,250	21,250	
Fees and permits		148,500	148,500	
Construction Code Official-fees and permits		382,384	382,384	
Municipal Court fines and costs	28,290	339,196	338,401	29,085
Sewer privileges - Cliffside Park		445,377	445,377	
Interest on investments		219,240	219,240	
Interest and cost on taxes		89,102	89,102	
Consolidated Municipal Property Tax Relief		782,784	782,784	
Legislative Initiative Municipal Block Grant		30,102	30,102	
Energy Receipts Tax		398,888	398,888	
Supplemental Energy Receipts Tax		18,227		18,227
Municipal Property Tax Relief		24,088	24,088	
Municipal Homeland Security		50,000	50,000	
Uniform Fire Safety		26,177	26,177	
Sewer Connection Fees		199,000	199,000	
	<u>\$ 28,290</u>	<u>3,192,517</u>	<u>3,173,495</u>	<u>47,312</u>

**BOROUGH OF EDGEWATER**

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

**Current Fund**

**Year ended June 30, 2008**

Balance - June 30, 2007		\$ <u>9,632</u>
Increased by:		
Senior citizens' and veterans' deductions per tax billings	27,500	
Allowed by Tax Collector	<u>3,761</u>	
		<u>31,261</u>
		40,893
Decreased by:		
Cash received	<u>28,305</u>	<u>28,305</u>
Balance - June 30, 2008		\$ <u><u>12,588</u></u>

**Schedule of Local District School Tax Payable**

**Current Fund**

**Year ended June 30, 2008**

Increased by:		
2007 Tax Levy		<u>12,137,797</u>
Decreased by:		
Cash Disbursements		\$ <u><u>12,137,797</u></u>

**Exhibit A-10**

**BOROUGH OF EDGEWATER**  
**Schedule of County Taxes Payable**  
**Current Fund**  
**Year ended June 30, 2008**

Increased by:		
County tax levy		\$ <u>5,453,268</u>
Decreased by:		
Cash Disbursements		\$ <u><u>5,453,268</u></u>

**Exhibit A-11**

**Schedule of Due County for Added  
and Omitted Taxes**  
**Current Fund**  
**Year ended June 30, 2008**

Increased by:		
County tax levy-Added		\$ <u>26,272</u>
Decreased by:		
Cash Disbursements		\$ <u><u>26,272</u></u>

**BOROUGH OF EDGEWATER**  
**Schedule of 2007 Appropriation Reserves**

**Current Fund**

**Year Ended June 30, 2008**

<u>Description</u>	<u>Balance June 30, 2007</u>	<u>Balance after Encumbrances and Transfers</u>	<u>Paid or charged</u>	<u>Balance lapsed</u>
Salaries and wages				
Legal	\$ 1	1		1
Mayor and Council	1	1		1
Elections	694	694		694
Collection of taxes	83	83		83
Planning Board	4,061	4,061		4,061
Rent Leveling Board	54	54		54
Fire	10,975	10,975		10,975
Volunteer First Aid Corps	79	79		79
Police	11,289	111,539		111,539
Housing Inspections	115	115		115
Road repairs and maintenance	43,175	43,175		43,175
Board of Health	2,120	2,120		2,120
Administration of Public Assistance	1	1		1
Recreation	37,300	37,300		37,300
Municipal Court	1,285	1,285		1,285
State uniform construction code official	28,535	28,535		28,535
Salary and Wage Adjustment	3,477	3,477		3,477
Other expenses:				
Administrative and Executive	57,117	65,164	18,618	46,546
Elections	1,292	1,292		1,292
Annual Audit	5,000	5,000	5,000	
Financial Administration	16,650	16,650		16,650
Collection of Taxes	5,829	5,829		5,829
Assessment of Taxes	86	90	90	
Consultant and legal fees- tax appeals	8,678	8,678	3,174	5,504
Legal services	3,536	38,536	37,905	631
Engineering service and cost	31,431	31,431	14,486	16,945
Public building and grounds	16,709	33,724	31,047	2,677
Zoning Board	4	132	131	1
Planning Board	23,919	23,919	17,850	6,069
Rent Leveling Board		5,463	5,463	
Housing Inspections	575	575	180	395
Fire	12,547	28,348	28,347	1
Fire hydrant services	23,656	23,656	23,656	
Fire Prevention	14,905	14,905		14,905
Volunteer First Aid Corps	39,813	40,131	789	39,342
Police	9,719	14,659	6,277	8,382
Automobiles	1	1		1
Emergency management services	3,000	3,000		3,000
Road repairs and maintenance	20,575	44,855	33,906	10,949
Snow removal	10,396	10,396		10,396
Board of Health	37,642	43,630	43,130	500
Dog Regulation	8,627	8,627		8,627
Administration of Public Assistance	1,104	1,249	145	1,104
Emergency Assistance	1,000	1,000		1,000
Parks and Playgrounds	5,692	8,883	8,883	
Recreation	12,273	15,220	14,477	743

**BOROUGH OF EDGEWATER**  
**Schedule of 2007 Appropriation Reserves**

**Current Fund**

**Year Ended June 30, 2008**

<u>Description</u>	Balance June 30, <u>2007</u>	Balance after Encumbrances and <u>Transfers</u>	Paid or <u>charged</u>	Balance <u>lapsed</u>
Celebration of public events	4,591	4,591	516	4,075
Senior Citizens Committee	5,372	5,372		5,372
Garbage and Trash removal	173,627	98,254	56,661	41,593
Municipal Court	178	374	374	
Occupational Safety-Health	3,998	4,605	788	3,817
State uniform construction code official	14,315	17,177	9,903	7,274
Gas and Electric	9,172	28,081	28,080	1
Street Lighting	6,778	11,919	11,918	1
Water	9,073	9,073	3,121	5,952
Fuel	1,299	3,895	3,894	1
Contingent	5,000	5,000		5,000
Telephone	23,398	23,398	7,372	16,026
Unemployment Compensation Insurance	5,000	5,000		5,000
Social Security	9,672	9,672		9,672
Maintenance of free public library	133,610	133,610	133,610	
Hospitalization	118,558	18,839	2,989	15,850
Other Insurance Premiums	56,149	56,149		56,149
Contribution to Borough of Edgewater - Municipal Utilities Authority	68,442	68,442	12,528	55,914
Public Employees Retirement System	10	10		10
Matching Funds for Grants	2,128	2,128		2,128
LOSAP	118,928	118,928		118,928
<b>TOTAL</b>	<b>\$ 1,284,319</b>	<b>1,363,055</b>	<b>565,308</b>	<b>797,747</b>
		Encumbrances \$ 78,736		
		Appropriation Reserves <u>1,284,319</u>		
		<u>\$ 1,363,055</u>		