

BOROUGH OF EDGEWATER

**Financial Statements With
Supplementary Information**

December 31, 2012

(With Independent Auditors' Reports Thereon)

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BOROUGH OF EDGEWATER

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Edgewater in the County of Bergen, as of December 31, 2012 and 2011, 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, 2012, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



The Honorable Mayor and
Members of the Borough Council
Page 2.

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.

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.

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, 2012 and 2011, or changes in financial position for the years then ended.



Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above, with the exception of the Length of Service Award Program, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, 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, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Edgewater's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of federal financial awards and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are 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, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

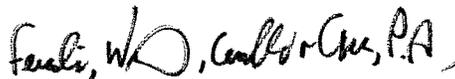
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013 on our consideration of the Borough of Edgewater's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Edgewater's internal control over financial reporting and compliance.



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



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

June 24, 2013

BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>Dec. 31,</u> <u>2012</u>	<u>Dec. 31,</u> <u>2011</u>
Regular Fund:			
Cash	A-4	\$ 5,186,332	3,571,163
Petty cash		250	250
Change funds		200	200
Due from State of New Jersey:			
Senior citizens' and veterans' deductions	A-8	35,838	33,818
		<u>5,222,620</u>	<u>3,605,431</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-5	1,000,299	795,539
Property acquired for taxes - assessed valuation	A-17	3,844,775	3,844,775
Tax title liens	A-6	48,046	42,777
Revenue accounts receivable	A-7	17,049	18,491
Sewer charges receivable	A-7	102,824	106,949
Interfunds receivable:			
Escrow trust fund	A-19	14	21
General capital fund	A-19		1,169
		<u>5,013,007</u>	<u>4,809,721</u>
Deferred charges:			
Emergency authorizations	A-23	300,000	65,000
Special emergency authorizations	A-24	145,000	204,000
		<u>445,000</u>	<u>269,000</u>
		<u>10,680,627</u>	<u>8,684,152</u>
State and Federal Grant Fund:			
Due from Current Fund	A-22	144,318	125,392
		<u>144,318</u>	<u>125,392</u>
		<u>\$ 10,824,945</u>	<u>8,809,544</u>

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>Dec. 31,</u> <u>2012</u>	<u>Dec. 31,</u> <u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Appropriation reserves	A-3,A-12	\$ 789,896	761,275
Local school district tax payable	A-9	739,769	
Encumbrances payable	A-13	202,653	209,014
County added and omitted taxes payable	A-11	3,575	3,883
Tax overpayments	A-14	83,727	54,309
Prepaid taxes	A-15	280,913	172,396
Marriage license fees payable	A-16	175	450
Reserve for tax title lien premium	A-18	339,800	62,100
Interfund Payables:			
General capital fund	A-19	147,452	
Fire prevention dedicated penalties trust fund	A-19	9,183	
Various miscellaneous reserves	A-20	234,694	180,756
Special emergency note payable	A-21	93,000	124,000
Emergency note payable	A-21	300,000	
Due to state and federal grant fund	A-22	144,318	125,392
		<u>3,369,155</u>	<u>1,693,575</u>
Reserve for receivables and other assets	A	5,013,007	4,809,721
Fund balance	A-1	2,298,465	2,180,856
		<u>10,680,627</u>	<u>8,684,152</u>
State and Federal Grant Fund:			
Appropriated reserves	A-26	121,334	16,124
Encumbrances payable	A-26	1,160	500
Unappropriated reserves	A-27	21,824	108,768
		<u>144,318</u>	<u>125,392</u>
		<u>\$ 10,824,945</u>	<u>8,809,544</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, 2012

	Dec. 31, <u>2012</u>	Dec. 31, <u>2011</u>
Revenue and other income realized:		
Fund balance utilized	\$ 1,600,000	1,585,000
Miscellaneous revenue anticipated	3,374,943	3,881,829
Receipts from delinquent taxes	790,670	705,501
Receipts from current taxes	39,680,168	37,632,330
Nonbudget revenues	648,058	706,943
Other credits to income:		
Unexpended balance of appropriation reserves	382,341	581,348
Tax overpayments cancelled	28,854	
Liabilities cancelled		8,200
Prior year interfunds returned	1,190	
	<u>46,506,224</u>	<u>45,101,151</u>
Total revenue		
Expenditures:		
Budget and emergency appropriations:		
Appropriation within "CAPS":		
Operations:		
Salaries and wages	8,229,362	8,153,475
Other expenses	7,230,588	6,477,834
Deferred charges and statutory expenditures	1,711,673	1,749,475
Appropriations excluded from "CAPS":		
Operations:		
Other expenses	3,657,208	4,369,438
Capital improvements	225,000	75,000
Municipal debt service	2,052,958	1,802,704
Deferred charges and statutory expenditures	124,000	143,000
County taxes	6,681,724	5,679,250
Due county for added taxes	3,575	3,883
Local district school taxes	14,997,187	14,570,680
Tax appeal refunds	167,270	
Refund prior year revenue	8,070	64,432
	<u>45,088,615</u>	<u>43,089,171</u>
Total expenditures		
Excess in revenue	1,417,609	2,011,980
Adjustments to income before Surplus:		
Expenditures included above which are by statute		
deferred charges to budget of succeeding year	300,000	65,000
Statutory Excess to Surplus	<u>1,717,609</u>	<u>2,076,980</u>
Fund balance - January 1,	<u>2,180,856</u>	<u>1,688,876</u>
	3,898,465	3,765,856
Decreased by utilization as anticipated revenue	<u>1,600,000</u>	<u>1,585,000</u>
Fund balance - December 31,	<u>\$ 2,298,465</u>	<u>2,180,856</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus anticipated	\$ 1,600,000	1,600,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	21,000	24,318	3,318
Other	15,000	48,938	33,938
Fees and permits:			
Construction	350,000	553,466	203,466
Other	120,000	143,428	23,428
Fines and costs municipal court	247,000	282,344	35,344
Interest and costs on taxes	135,000	195,688	60,688
Interest on investments and deposits	4,500	6,095	1,595
Consolidated Municipal Property Tax Relief Aid	203,177	203,177	
Energy Receipts Tax	547,554	547,554	
Clean Communities Program	24,756	24,756	
Body Armor	6,052	6,052	
Alcohol Education and Rehabilitation	3,788	3,788	
Municipal Alliance	9,692	9,692	
Department of Justice - COPS Grant	8,225	8,225	
Recycling Tonnage Grant	64,480	64,480	
Uniform Fire Safety Act	23,000	21,959	(1,041)
Commercial Sewer Fees	150,000	409,989	259,989
General Capital Fund Balance	108,328	108,329	1
Hotal Tax	220,000	235,651	15,651
PILOT Payments - Waterford Towers	340,000	477,014	137,014
Total miscellaneous revenues	<u>2,601,552</u>	<u>3,374,943</u>	<u>773,391</u>
Receipts from delinquent taxes	<u>750,000</u>	<u>790,670</u>	<u>40,670</u>
Amount to be raised by taxes for support of municipal budget	<u>19,032,943</u>	<u>18,818,982</u>	<u>(213,961)</u>
Budget total	<u>\$ 23,984,495</u>	<u>24,584,595</u>	<u>600,100</u>
Nonbudget revenue		<u>648,058</u>	
		<u>\$ 25,232,653</u>	

BOROUGH OF EDGEWATER
Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2012

Analysis of Realized Revenue

Allocation of current tax collections;	
Revenue from collections	\$ <u>39,680,168</u>
Allocated to:	
Local district school tax	14,997,187
County taxes	<u>6,685,299</u>
	<u>21,682,486</u>
Balance for support of municipal budget appropriations	17,997,682
Reserve for uncollected taxes	<u>821,300</u>
	<u>\$ 18,818,982</u>
Receipts from:	
Delinquent tax collections	\$ <u>790,670</u>
	<u>\$ 790,670</u>

Analysis of Miscellaneous Revenue Not Anticipated

Polling Place	80
Police Fees	2,473
Ambulance Fees	237,754
Senior Citizen Deductions Refunds	250
Parking Permits	5,200
Parking Meters	2,899
Advertising Fees	5,572
Sewer Connection Fees	185,000
Cable TV	71,509
Sale of Assets	24,875
Miscellaneous	<u>112,446</u>
	<u>\$ 648,058</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2012

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Expended</u>	
			<u>Paid or charged</u>	<u>Reserved</u>
Operations-within "CAPS"				
Administrative and executive:				
Salaries and wages	\$ 464,000	444,000	437,375	6,625
Other expenses:				
Miscellaneous other expenses	202,510	202,510	180,050	22,460
Mayor and Council- salaries and wages	60,000	60,000	58,142	1,858
Elections:				
Salaries and wages	4,840	4,840	2,574	2,266
Other expenses	8,350	8,350	7,334	1,016
Financial administration:				
Annual audit	25,000	30,407	30,407	
Other expenses	35,000	48,000	48,000	
Assessment of taxes:				
Salaries and wages	53,100	53,100	52,051	1,049
Other expenses:				
Consultant and legal fees-tax appeals	35,000	66,239	66,238	1
Miscellaneous other expenses	13,900	13,900	11,058	2,842
Collection of taxes:				
Salaries and wages	97,600	97,600	95,109	2,491
Other expenses	19,000	27,806	27,805	1
Legal services and costs:				
Other expenses	140,000	151,133	151,033	100
Engineering service and cost:				
Miscellaneous other expenses	75,000	84,882	84,882	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2012

Description	Budget	Budget after modifications	Expended		Cancelled
			Paid or charged	Reserved	
Insurance:					
Hospitalization	2,941,703	2,941,703	2,851,038	90,665	
Other Insurance	600,198	589,198	589,161	37	
Public building and grounds:					
Other expenses	117,500	117,500	98,850	18,650	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and wages	7,022	7,022	6,884	138	
Other expenses	18,850	54,068	54,068		
Zoning Board:					
Salaries and wages	7,022	7,022	6,884	138	
Other expenses	10,000	10,000	9,390	610	
Rent Leveling Board:					
Salaries and wages	7,022	7,022	6,884	138	
Other expenses	7,300	7,300	5,202	2,098	
Housing Inspector:					
Other expenses	575	575		575	
PUBLIC SAFETY:					
Fire:					
Salaries and wages	291,526	296,726	295,635	1,091	
Other expenses	180,000	180,000	174,537	5,463	
Fire hydrant services	146,632	146,632	142,943	3,689	
Volunteer First Aid:					
Salaries and wages	250,300	230,300	219,501	10,799	
Other expenses	71,300	76,808	76,647	161	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2012

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Expended</u>		
			<u>Paid or charged</u>	<u>Reserved</u>	
<u>Cancelled</u>					
Fire Prevention:					
Other expenses	27,490	27,490	18,650	8,840	
Police:					
Salaries and wages	4,286,700	4,376,099	4,364,586	11,513	
Other expenses:					
Miscellaneous other expenses	153,300	153,300	141,461	11,839	
Automobiles	48,500	48,500	48,463	37	
Emergency management services:					
Other expenses	300	300	265	35	
Streets and Roads:					
Road repairs and maintenance:					
Salaries and wages	1,862,381	1,751,381	1,738,316	13,065	
Other expenses	182,540	182,540	133,108	49,432	
Snow removal - other expenses	8,000	8,000	6,833	1,167	
Health and welfare:					
Board of Health:					
Salaries and wages	107,000	113,703	109,051	4,652	
Other expenses	140,100	140,100	125,827	14,273	
Dog regulation - other expenses	4,900	4,900	656	4,244	
Administration of Public Assistance:					
Salaries and wages	33,040	33,040	32,944	96	
Other expenses:					
Operating	1,900	1,900	1,146	754	
Emergency assistance	1,000	1,000		1,000	
Recreation and Education:					
Parks and playgrounds - other expenses	20,000	20,000	2,494	17,506	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2012

Description	Budget	Budget after modifications	Expended		Cancelled
			Paid or charged	Reserved	
Recreation:					
Salaries and wages	258,700	266,405	266,405		
Other expenses	98,260	46,093	18,539	27,554	
Celebration of public event, anniversary or holiday - other expenses	10,000	10,000	5,747	4,253	
Senior Citizens Committee:					
Other expenses	3,700	4,919	4,919		
Sanitation:					
Garbage and Trash removal:					
Other expenses	632,000	632,000	550,684	81,316	
Recycling Program:					
Salaries and wages	43,203	43,203	42,355	848	
Municipal Court:					
Salaries and wages	181,000	189,899	189,898	1	
Other expenses	8,500	8,500	8,466	34	
Occupational Safety Health Act					
Board of Health - Other Expenses	2,000	2,000	1,020	980	
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
State uniform construction code official:					
Salaries and wages	287,000	248,000	247,755	245	
Other expenses	66,250	78,435	78,434	1	
UNCLASSIFIED:					
Utilities:					
Gas & Electric	270,000	270,000	245,565	24,435	
Street Lighting	200,000	200,000	181,692	18,308	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2012

<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>
Water	40,000	40,600	40,577	23	
Fuel	125,000	125,000	120,175	4,825	
Telephone	150,000	163,000	162,754	246	
Salary and Wage adjustment	25,000				
Hurricane Sandy		300,000	237,941	62,059	
Total Operations within "CAPS"	15,168,014	15,454,950	14,916,408	538,542	
Contingent	5,000	5,000		5,000	
Total Operations Including Contingent-within "CAPS"	15,173,014	15,459,950	14,916,408	543,542	
Detail:					
Salaries & Wages	8,326,456	8,229,362	8,172,349	57,013	
Other Expenses (Including Contingent)	6,846,558	7,230,588	6,744,059	486,529	
Deferred Charges and Statutory Expenditures-	15,173,014	15,459,950	14,916,408	543,542	
Municipal within "CAPS"					
DEFERRED CHARGES:					
Prior Years Bills					
Florio, Perrucci, Steinhardt & Fader- Legal 2009	820	820	820		
Fort Lee Bridgemen-Recreation OE	4,950	4,950	4,950		
Gregory Associates-Zoning Board OE	4,405	4,405	2,329		2,076

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2012

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	410,607	410,607	410,607		
Social Security System (O.A.S.I.)	425,000	425,000	420,611	4,389	
Consolidated Police and Firemen's Pension Fund	34,303	40,467	40,467		
Police and Firemen's Retirement System	822,500	822,500	822,487	13	
Unemployment insurance	5,000	5,000	14	4,986	
	<u>1,707,585</u>	<u>1,713,749</u>	<u>1,702,285</u>	<u>9,388</u>	<u>2,076</u>
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	<u>16,880,599</u>	<u>17,173,699</u>	<u>16,618,693</u>	<u>552,930</u>	<u>2,076</u>
Total General Appropriations for Municipal Purposes within "CAPS"					
Operations-Excluded from "CAPS"					
Maintenance of free public library	993,125	993,125	772,452	220,673	
LOSAP	77,050	83,950	83,950		
2012 CAP Exclusions:					
Insurance - Hospitalization	156,052	156,052			156,052
Bergen County Utilities Authority-Share of Costs	2,460,717	2,460,717	2,444,424	16,293	
	<u>3,686,944</u>	<u>3,693,844</u>	<u>3,300,826</u>	<u>236,966</u>	<u>156,052</u>

BOROUGH OF EDGEWATER
Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2012

<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>
Public and Private Programs Offset with Revenues:					
Clean Community Program					
Recycling-Other Expenses	24,756	24,756	24,756		
Municipal Alliance:					
Other Expenses	9,692	9,692	9,692		
Matching Funds	2,423	2,423	2,423		
Department of Justice-COPS Grant - Police O&E	8,225	8,225	8,225		
Recycling Tonnage Grant	64,480	64,480	64,480		
Body Armor	6,052	6,052	6,052		
Alcohol Education Rehabilitation fund	3,788	3,788	3,788		
Total Public and Private Programs Offset with Revenue	119,416	119,416	119,416		
Total Operations-Excluded from "CAPS"	3,806,360	3,813,260	3,420,242	236,966	156,052
Detail:					
Salaries and Wages	3,806,360	3,813,260	3,420,242	236,966	156,052
Other Expenses	3,806,360	3,813,260	3,420,242	236,966	156,052
Capital Improvements-Excluded from "CAPS"					
Capital Improvement Fund	225,000	225,000	225,000		
Total Capital Improvements Excluded from "CAPS"	225,000	225,000	225,000		

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2012

<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>	
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	855,000	855,000	855,000		
Payment of Bond anticipation Note Principal	156,711	156,711	156,711		
Interest on Bonds	507,000	507,000	443,482		63,518
Interest on Notes	190,000	190,000	184,995		5,005
Green Trust Loan Program	24,874	24,874	24,873		1
BCIA					
Principal	20,000	20,000	19,999		1
Interest	19,651	19,651	19,651		
New Jersey Infrastructure Trust Loan					
Principal	278,000	278,000	272,247		5,753
Interest	76,000	76,000	76,000		
Total Municipal Debt Service-Excluded from "CAPS"	2,127,236	2,127,236	2,052,958		74,278
Deferred Charges:					
Emergency Authorization	65,000	65,000	65,000		
Special Emergency Authorization - 5 Years	59,000	59,000	59,000		
Total Deferred Charges - Municipal -Excluded from "CAPS"	124,000	124,000	124,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	6,282,596	6,289,496	5,822,200		236,966
					230,330

BOROUGH OF EDGEWATER
Statement of Expenditures - Regulatory Basis
Current Fund
Year ended December 31, 2012

<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>
Subtotal General Appropriations	23,163,195	23,463,195	22,440,893	789,896	232,406
Reserve for Uncollected Taxes	821,300	821,300	821,300		
Total General Appropriations	\$ 23,984,495	24,284,495	23,262,193	789,896	232,406
Adopted Budget	23,976,270				
Added by N.J.S.A. 40A: 4-87	8,225				
Emergency Authorization	300,000				
	\$ 24,284,495				
<u>Analysis of Paid or Charged</u>					
			Federal and State Grant Fund	116,993	
			Special Emergency Authorization	59,000	
			Emergency Authorization	65,000	
			Due to General Capital Fund	156,711	
			Reserve for Uncollected Taxes	821,300	
			Reserve for Encumbrances	202,653	
			Cash	21,840,536	
			\$	23,262,193	

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Animal License Fund:			
Cash	B-1	\$ <u>69</u>	<u>68</u>
Escrow Trust Fund:			
Cash	B-1	<u>104,437</u>	<u>86,485</u>
Other Trust Funds:			
Cash	B-1	1,274,096	1,958,365
Due from Current Fund	B-5	<u>9,183</u>	<u></u>
		<u>1,283,279</u>	<u>1,958,365</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	773,205	666,706
Contributions Receivable	B-7	<u>82,800</u>	<u>83,950</u>
		<u>856,005</u>	<u>750,656</u>
		<u>\$ 2,243,790</u>	<u>2,795,574</u>

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-2	32	31
Due to State of New Jersey	B-3	37	37
		<u>69</u>	<u>68</u>
Escrow Trust Fund:			
Escrow Deposits	B-4	104,423	86,464
Due to Current Fund	B-5	14	21
		<u>104,437</u>	<u>86,485</u>
Other Trust Funds:			
Reserve for:			
Cemetery Bequests	B-6	31,919	31,994
Bullet Proof Vests	B-6	13,346	8,869
Ferry Performance Security	B-6	195,242	195,035
Fire Prevention	B-6	29,564	17,669
Edgewater Cares	B-6	2,442	2,435
Cultural and Historical Society	B-6	1,145	1,142
Regional Contribution Agreement	B-6	332,197	332,197
Council on Affordable Housing	B-6	511,071	1,033,500
Open Space Trust	B-6	367	203,335
Recycling Fees	B-6	146,605	110,833
Bergen County CDA Trust	B-6	100	100
Flexible Spending Trust	B-6	1,500	
Municipal Alliance Trust	B-6	17,781	21,256
		<u>1,283,279</u>	<u>1,958,365</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-8	856,005	750,656
		<u>\$ 2,243,790</u>	<u>2,795,574</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash:			
Checking	C-2,C-3	\$ 8,753,420	4,774,623
Deferred charges to future taxation:			
Funded	C-4	17,182,093	18,741,676
Unfunded	C-5	24,517,195	22,501,250
New Jersey Infrastructure Loans Receivable	C-6	269,657	1,072,273
Grants Receivable:			
New Jersey Green Acres Program	C-7	382,445	382,445
New Jersey Historic Preservation Trust	C-8	406,000	406,000
New Jersey Livable Communities-Library Grant	C-9	5,375	5,375
New Jersey Department of Transportation	C-10	246,375	194,383
Bergen County Open Space Trust Fund	C-11	547,141	41,250
Bergen County Historic Preservation Trust	C-12	424,000	424,000
Federal Emergency Management Agency	C-13	217,808	
Community Development Block Grant	C-14	410,404	319,404
NJ Department of Justice - COPS Technology Grant			
Due from Marina Utility Capital Fund	C-15	400,000	
Due from Current Fund	C-16	147,452	
		<u>\$ 53,909,365</u>	<u>48,862,679</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Due to Current Fund	C-16		1,169
New Jersey Environmental Infrastructure Trust			
Loans Payable	C-17	3,658,132	4,197,534
Green Trust Loan Payable	C-18	320,961	339,142
Serial bonds	C-19	12,794,000	13,809,000
Capital Leases Payable	C-20	409,000	396,000
Bond Anticipation Notes	C-21	20,000,000	12,250,000
Reserve for Payment of Debt	C-22	1,199,270	1,317,364
Reserve for Green Acres	C-23	10,326	9,889
Capital Improvement Fund	C-24	44,143	327,143
Improvement authorizations:			
Funded	C-25	3,007,000	3,933,396
Unfunded	C-25	11,528,494	11,905,725
Unappropriated State Grant	C-26	79,408	79,408
Reserve for Grants Receivable	C-27	694,471	188,580
Fund Balance	C-1	164,160	108,329
		<u>\$ 53,909,365</u>	<u>48,862,679</u>

There were \$4,517,195 and \$10,251,250 of Bonds and Notes Authorized But Not Issued December 31, 2012 and 2011 (Exhibit C-28).

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Schedule of Fund Balance - Regulatory Basis

General Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$ 108,329
Increased by receipts:	
Premium received on sale of Bond Anticipation Notes	<u>164,160</u>
	272,489
Decreased by disbursements:	
Budget Revenue Realized	<u>108,329</u>
Balance - December 31, 2012	<u><u>\$ 164,160</u></u>

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Marina Utility Fund

For the Year ended December 31, 2012 and
With Comparative Analysis for Year ended December 31, 2010

<u>Assets</u>	<u>Ref.</u>	Dec 31, <u>2012</u>	Dec 31, <u>2011</u>
Operating Fund:			
Cash	D-5	167,352	277,067
Due from Marina Utility Capital Fund	D-7	640	
Deferred Charges:			
Deficit in Operations	D-1	3,940	
Overexpenditure of Appropriation Reserves	D-15	3,655	
Total Operating Fund		<u>175,587</u>	<u>277,067</u>
Capital Fund:			
Due from the Federal Emergency Management Agency	D-8	742,996	
Fixed Capital Authorized and Uncompleted	D-10	1,192,996	450,000
Total Capital Fund		<u>1,935,992</u>	<u>450,000</u>
		<u>\$ 2,111,579</u>	<u>727,067</u>

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Marina Utility Fund

For the Year ended December 31, 2012 and
With Comparative Analysis for Year ended December 31, 2010

	<u>Ref.</u>	<u>Dec 31,</u> <u>2012</u>	<u>Dec 31,</u> <u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4, D-15	10,129	15,552
Reserve for Encumbrances	D-11	6,000	2,057
Fund Balance	D-1	<u>159,458</u>	<u>259,458</u>
Total Operating Fund		<u>175,587</u>	<u>277,067</u>
Capital Fund:			
Cash Deficit	D-6	54,223	
Interfund Payables:			
Marina Utility Operating	D-9	640	
General Capital Fund	D-9	400,000	
Improvement Authorizations:			
Funded	D-12	245,420	
Unfunded	D-12	39,511	450,000
Deferred Reserve for Amortization	D-13	742,996	
Bond Anticipation Notes Payable	D-14	450,000	
Fund Balance	D-2	<u>3,202</u>	
Total Capital Fund		<u>1,935,992</u>	<u>450,000</u>
		<u>\$ 2,111,579</u>	<u>727,067</u>

There were \$0 and \$450,000 of Bonds and Notes Authorized But Not Issued on December 31, 2012, and December 31, 2011 (Exhibit D-16).

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

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

Marina Utility Operating Fund

Year ended December 31, 2012

With Comparative Analysis for Year ended December 31, 2011

	<u>2012</u>	<u>2011</u>
Revenue and other income realized:		
Fund balance utilized	\$ 100,000	100,000
Operating revenues	141,690	230,942
Other credits to income:		
Unexpended balance of appropriation reserves	<u>14,370</u>	<u>45,994</u>
Total income	<u>256,060</u>	<u>376,936</u>
Expenditures:		
Operations:		
Salaries and Wages	125,000	145,000
Other expenses	135,000	155,000
Refund		<u>45</u>
Total expenditures	<u>260,000</u>	<u>300,045</u>
Excess/(Deficit) in Operations	<u>(3,940)</u>	76,891
Fund balance, January 1	<u>259,458</u>	<u>282,567</u>
		359,458
Decreased by utilization as anticipated revenue	<u>100,000</u>	<u>100,000</u>
Fund balance, December 31,	<u>\$ 159,458</u>	<u>259,458</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Schedule of Fund Balance - Regulatory Basis

Marina Utility Capital Fund

Year ended December 31, 2012

Increased by:	
Cash Receipts - Premium on Note Sale	\$ <u>3,202</u>
Balance - December 31, 2012	\$ <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, 2012

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (deficit)</u>
Surplus Anticipated	\$ 100,000	100,000	
Operating Revenues:			
Membership Fees/Slip Rentals	225,000	140,847	(84,153)
Miscellaneous		843	843
Total Operating Revenues	<u>225,000</u>	<u>141,690</u>	<u>(83,310)</u>
Total Revenues	<u>\$ 325,000</u>	<u>241,690</u>	<u>(83,310)</u>

<u>Analysis of Operating Revenues</u>	
Cash Receipts	141,050
Due from Marina Utility Capital Fund	640
	<u>\$ 141,690</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Marina Utility Operating Fund

Year ended December 31, 2012

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	Budget after modifi- cation	Paid or charged	<u>Reserved</u>	Unexpended Balance Cancelled
Operating:					
Salaries and Wages	\$ 150,000	150,000	125,000		25,000
Other expenses	<u>175,000</u>	<u>175,000</u>	<u>124,871</u>	<u>10,129</u>	<u>40,000</u>
	<u>\$ 325,000</u>	<u>325,000</u>	<u>249,871</u>	<u>10,129</u>	<u>65,000</u>
		Reserve for encumbrances	6,000		
		Cash Disbursed	<u>243,871</u>		
			<u>\$ 249,871</u>		

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash	E-1	\$ <u>96,461</u>	<u>52,576</u>
		\$ <u>96,461</u>	<u>52,576</u>
<u>Reserve</u>			
Reserve for Public Assistance		\$ <u>96,461</u>	<u>52,576</u>
		\$ <u>96,461</u>	<u>52,576</u>

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Sewer Facilities Grant Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Grants receivable	F-1	\$ <u>74,501</u>	<u>74,501</u>
		\$ <u><u>74,501</u></u>	<u><u>74,501</u></u>
<u>Reserves</u>			
Reserves for grant expenditures	F-2	\$ <u>74,501</u>	<u>74,501</u>
		\$ <u><u>74,501</u></u>	<u><u>74,501</u></u>

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER

Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Land	\$ 38,383,837	38,382,180
Buildings	10,344,302	10,310,658
Vehicles and equipment	<u>10,197,828</u>	<u>8,828,127</u>
	<u>\$ 58,925,967</u>	<u>57,520,965</u>
Investment in Fixed Assets	<u>\$ 58,925,967</u>	<u>57,520,965</u>

See accompanying notes to financial statements.

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BOROUGH OF EDGEWATER

Notes to Financial Statements Years Ended December 31, 2012 and 2011

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, 2012 and 2011
(continued)

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

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

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

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

Basis of Accounting

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

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(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 2012, the Mayor and Council approved additional revenues and appropriations of \$8,225 in accordance with N.J.S.A. 40A:4-87 and approved an emergency authorization of \$300,000 for expenditures incurred as a result of Hurricane Sandy. In addition, several budget transfers were approved by the governing body.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

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

Basis of Accounting, (continued)

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

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

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

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

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

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

Basis of Accounting, (continued)

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

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

Basis of Accounting, (continued)

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

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

Use of Estimates

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

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

C. Basic Financial Statements

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(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 Firemen's 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 Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

Public Employees' Retirement System (PERS)

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

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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

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

Police and Firemens' Retirement System (PFRS)

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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

Significant Legislation

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

The Borough of Edgewater did not opt for this deferral.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 2. PENSION PLANS, (continued)

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
December 31, 2012	\$410,607	\$822,487
December 31, 2011	358,054	930,164
December 31, 2010	300,845	737,829

Defined Contribution Retirement Program

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

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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

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

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

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

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

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

The Borough currently has no employees enrolled in the DCRP.

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2012 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2011</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	\$13,809,000	\$7,395,000	\$8,410,000	\$12,794,000	\$475,000
Other Liabilities - New Jersey Wastewater Loans	4,197,534		539,402	3,658,132	274,239
Green Acres Trust - Loan	<u>339,142</u>		<u>18,181</u>	<u>320,961</u>	<u>18,546</u>
	<u>\$18,345,676</u>	<u>\$7,395,000</u>	<u>\$8,967,583</u>	<u>\$16,773,093</u>	<u>\$767,785</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Issued-general-bonds and notes	\$33,244,000	\$26,059,000	\$21,880,000
Loans payable	<u>3,979,093</u>	<u>4,536,676</u>	<u>4,139,792</u>
	37,223,093	30,595,676	26,019,792
Authorized but not Issued:			
General - bonds and notes	4,517,195	10,251,250	7,449,483
Marina Utility bonds and notes		<u>450,000</u>	
	<u>41,740,288</u>	<u>41,296,926</u>	<u>33,469,275</u>
Less:			
Funds on hand to pay debt	1,199,270	1,317,364	3,143,579
Refunding bonds issued in 2009 and 2012	<u>81,000</u>		
	<u>1,280,270</u>	<u>1,317,364</u>	<u>3,143,579</u>
Net bonds and notes issued and authorized but not issued	<u>\$40,460,018</u>	<u>\$39,979,562</u>	<u>\$30,325,696</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 1.38%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$32,793,000	\$32,793,000	\$0
General Debt	41,290,288	1,280,270	40,010,018
Marina Utility Debt	<u>450,000</u>		<u>450,000</u>
	<u>\$74,533,288</u>	<u>\$34,073,270</u>	<u>\$40,460,018</u>

Net debt of \$40,460,018 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$2,933,373,979 equals 1.38%.

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

3 ½% of equalized valuation basis (municipal)	\$102,668,089
Net Debt	<u>40,460,018</u>
Remaining borrowing power	<u>\$62,208,071</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

Cash receipts from fees, rents or other charges for year		\$241,690
Deductions:		
Operating and Maintenance Cost	<u>\$260,000</u>	
Total Deductions		<u>260,000</u>
Excess/(Deficit) in Revenue - Not Self-Liquidating		<u>(\$18,310)</u>

The Borough's long-term debt consisted of the following at December 31, 2012.

Paid by Current Fund:

New Jersey Environmental Infrastructure Loans Payable Wastewater Improvements issued 2000, 2001, 2007 and 2010, due through 2030	\$3,658,132
\$2,460,000 general obligation refunding bonds with interest rates of 1.50 - 4.00% issued June 30, 2009, due through August 15, 2015	340,000
\$4,884,000 general obligation bonds with interest rates of 3.00 - 5.00% issued June 30, 2009, due through August 15, 2024	4,834,000
\$9,190,000 general obligation bonds with interest rates of 4.00-4.30% issued June 1, 2004, due through June 1, 2013	300,000
\$7,395,000 general obligation refunding bonds with interest rates 2.00 - 4.00%, issued January 25, 2012, due through June 1, 2021	7,320,000
Green Acres Loan issued 2008, due through 2027	<u>320,961</u>
	<u>\$16,773,093</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

Year	<u>Serial Bonds</u>		<u>New Jersey Environmental Infrastructure Trust Loans</u>		<u>Green Acres Trust Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$475,000	\$466,135	\$274,239	\$72,568	\$18,546	\$6,327	\$1,312,815
2014	1,360,000	435,835	270,948	65,969	18,919	5,954	2,157,625
2015	1,490,000	386,810	284,017	61,569	19,300	5,574	2,247,270
2016	1,015,000	341,247	306,752	56,252	19,687	5,186	1,744,124
2017	1,050,000	313,660	301,823	50,175	20,083	4,790	1,740,531
2018-2022	5,460,000	1,003,587	1,286,393	159,949	106,635	17,732	8,034,296
2023-2027	1,944,000	83,040	800,952	64,838	117,791	6,575	3,017,196
2028-2030			133,008	7,350			140,358
	<u>\$12,794,000</u>	<u>\$3,030,314</u>	<u>\$3,658,132</u>	<u>\$538,670</u>	<u>\$320,961</u>	<u>\$52,138</u>	<u>\$20,394,215</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, 2012 the Borough had authorized but not issued debt as follows:

General Capital Fund	\$4,517,195
Marina Utility Capital Fund	-0-

NOTE 4. BOND ANTICIPATION NOTES

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

On December 31, 2012, the Borough had \$20,450,000 of Bond Anticipation Notes outstanding consisting of \$20,000,000 of General Capital Fund Notes due July 26, 2013 at an interest rate of 1.50% and \$450,000 of Marina Utility Capital Fund Notes due July 26, 2013 at an interest rate of 1.50%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2012.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Securities (USA) LLC	\$5,000,000	\$20,450,000	\$5,000,000	\$20,450,000
Jeffries and Company	<u>7,250,000</u>		<u>7,250,000</u>	<u>0</u>
	<u>\$12,250,000</u>	<u>\$20,450,000</u>	<u>\$12,250,000</u>	<u>\$20,450,000</u>

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance Dec.31, 2012</u>	<u>2013 Budget Appropriation</u>	<u>Balance Succeeding Year's budget</u>
Current Fund:			
Emergency Authorization - Hurricane Sandy	\$300,000	\$300,000	\$-0-
Special Emergency Authorizations:			
Reassessment of Real Property	52,000	28,000	24,000
Termination Pay	<u>93,000</u>	<u>31,000</u>	<u>62,000</u>
Total Current Fund	<u>\$445,000</u>	<u>\$359,000</u>	<u>\$86,000</u>
Marina Utility Fund:			
Deficit in Operations	3,940	3,940	-0-
Overexpenditure of Appropriation Reserves	<u>3,655</u>	<u>3,655</u>	<u>-0-</u>
Total Marina Utility Fund	<u>\$7,595</u>	<u>\$7,595</u>	<u>\$ -0-</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 6. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2012 which has been appropriated as revenue in the 2013 budget is as follows:

Current Fund	\$1,730,000
Marina Utility	151,795

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, 2012 the Borough estimated the current cost of such unpaid compensation to approximate \$1,287,842.

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, 2012, \$-0- of the Borough's bank balance of \$16,120,219 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 December 31, 2012 and 2011
(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 for the years ended December 31, 2012 and 2011 amounted to \$773,205 and \$666,706, respectively.

The following investments represent 5% or more of the total invested with Valic for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Fixed Account Plus	\$523,863	\$470,031
Money Market I Fund	71,429	56,388
Stock Index Fund	126,884	102,837
All Others	<u>51,029</u>	<u>37,450</u>
Total	<u>\$773,205</u>	<u>\$666,706</u>

NOTE 9. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2012.

	Balance <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2012</u>
Land and Improvements	\$38,382,180	\$1,657	\$	\$38,383,837
Buildings and Building	10,310,658	33,644		10,344,302
Machinery and Equipment	<u>8,828,127</u>	<u>1,477,412</u>	<u>107,711</u>	<u>10,197,828</u>
	<u>\$57,520,965</u>	<u>\$1,512,713</u>	<u>\$107,711</u>	<u>\$58,925,967</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2012 consist of the following:

\$640	Due to the Marina Utility Fund from the Marina Utility Capital Fund for interest earned.
400,000	Due to the General Capital Fund from the Marina Utility Capital Fund for interfund advanced.
9,183	Due to the Fire Prevention Dedicated Penalties Trust Fund from the Current Fund for Dedicated Penalties deposited in error.
147,452	Due to the General Capital Fund from the Current Fund for the principal on notes budget appropriation less interest earned on investments and grant receipts transferred in error.
144,318	Due to the Federal and State Grant Fund from the Current Fund for grant revenue collected less expenditures made.
<u>14</u>	Due to Current Fund from Escrow Fund for interest earned.
<u>\$701,607</u>	

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

NOTE 11. CAPITAL LEASES PAYABLE

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$32,000	\$8,641	\$40,641
2014	35,000	7,255	42,255
2015	37,000	6,991	43,991
2016	41,000	6,583	47,583
2017	44,000	5,970	49,970
2018-2021	<u>220,000</u>	<u>12,565</u>	<u>232,565</u>
	<u>\$409,000</u>	<u>\$48,005</u>	<u>\$457,005</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(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 2012, 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:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Prepaid Taxes	<u>\$280,913</u>	<u>\$172,396</u>
Cash Liability for Taxes Collected in Advance	<u>\$280,913</u>	<u>\$172,396</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 14. LITIGATION

Various tax appeal cases were pending at December 31, 2012. The Borough is defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. Funding of any ultimate liability would be provided for in succeeding years' budgets or through a refunding bond ordinance, which would allow the Borough to fund these liabilities over a number of years.

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

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

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

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS

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

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

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

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

January 1, 2011 - Net OPEB Obligation (Initial) (NOO)	\$7,677,785
Annual Required Costs (ARC)	2,019,187
Contribution from employer and other contributing entities	<u>(936,060)</u>
December 31, 2011 - Net OPEB Obligation (NOO)	<u>\$8,760,912</u>

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

<u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
	(Dollars in Thousands)		
2012	\$2,019,187	46.35%	\$8,760,912
2011	\$2,019,187	12.54%	\$7,677,785
2010	\$2,300,200	10.57%	\$5,911,907
2009	\$2,300,200	14.99%	\$3,854,943

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS, (continued)

Demographic Assumptions

Data was provided by the Borough of Edgewater as of December 31, 2012. Demographic assumptions used to project the data are the same as those used to value the SHBP PERS pension liabilities. There is no assumption for future new hires.

Economic Assumptions

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

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

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

NOTE 17. SUBSEQUENT EVENT

The Borough has evaluated subsequent events through June 24, 2013, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

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BOROUGH OF EDGEWATER

Supplementary Data

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>
James F. Delaney	Mayor		
Neda Rose	Council President (from 1/1/2012 - 6/30/12)		
Luis Vidal	Council President (from 7/2/2012 - 12/31/2012)		
Anthony Bartolomeo	Councilman		
Kevin Doran	Councilman		
Michael Henwood	Councilman		
David Jordan	Councilman		
Vincent Monte	Councilman		
Joseph Iannaconi, Jr.	Chief Financial Officer/ Collector/Tax Searcher	\$ 1,000,000	(A)
Gregory Franz	Administrator		
Neglia Engineering	Engineer		
John Candelmo	Construction Code Official/Zoning Officer		
Robert Cohan	Magistrate	\$ 1,000,000	(A)
Karen Christiano	Court Clerk	\$ 1,000,000	(A)
Joseph Klimszewski	Chief of Police (from January to September)		
William Skidmore	Chief of Police (from September)		
Philip Boggia	Borough Attorney		
Laura Martin	Welfare Director		
Anna Marie O'Connor	Secretary Planning Board		
Jennifer Henry	Secretary Board of Adjustment		
Barbara Rae	Borough Clerk		

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

BOROUGH OF EDGEWATER

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax rate	1.566	1.480	1.225
Apportionment of tax rate:			
Local school	0.577	0.561	0.455
County	0.257	0.219	0.189
Municipal	0.694	0.664	0.581
Library	0.038	0.036	

Assessed valuation:

2012	\$ 2,600,801,086
2011	2,599,668,773
2010	2,962,069,601

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>
2012	\$ 40,750,330	39,680,168	97.37%
2011	38,501,051	37,632,330	97.74%
2010	36,501,290	35,071,630	96.08%

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>
2012	\$ 48,046	1,000,299	1,048,345	2.57%
2011	42,777	795,539	838,316	2.18%
2010	34,166	734,624	768,790	2.11%

BOROUGH OF EDGEWATER

Supplementary Data

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2012 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, 2012, 2011 and 2010 on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 3,844,775
2011	3,844,775
2010	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, 2012	\$ 2,298,465	1,730,000
	Dec. 31, 2011	2,180,856	1,600,000
	Dec. 31, 2010	1,688,876	1,585,000
	Dec. 31, 2009	1,811,252	1,500,000
	June 30, 2009	2,481,978	808,824
Marina Utility:	Dec. 31, 2012	159,458	151,795
	Dec. 31, 2011	259,458	100,000
	Dec. 31, 2010	282,567	100,000
	Dec. 31, 2009	259,681	100,000
	June 30, 2009	308,152	100,000

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BOROUGH OF EDGEWATER

Schedule of Cash - Collector/Treasurer

Current Fund

Year ended December 31, 2012

		Current <u>Fund</u>
Balance - December 31, 2011		\$ 3,571,163
Increased by receipts:		
Revenue accounts receivable	\$ 3,256,916	
Miscellaneous revenues not anticipated	648,058	
Taxes receivable	40,274,442	
Prepaid taxes	280,913	
Due to federal and state grant fund	30,049	
Tax overpayments	204,036	
Senior citizens and veterans	21,980	
Tax title lien premiums	307,200	
Various reserves	942	
Interfunds	227,373	
Special emergency note	93,000	
Emergency note	300,000	
Marriage license fees payable	1,150	
		<u>45,646,059</u>
		49,217,222
Decreased by disbursements:		
2012 budget appropriations	21,840,536	
2011 appropriation reserves	534,952	
Tax overpayment refunds	145,764	
Local district school tax	14,257,418	
County taxes	6,681,724	
County added/omitted	3,883	
Marriage license fees payable	1,425	
Tax title lien premiums redeemed	29,500	
Interfunds	225,225	
Special emergency note	124,000	
Due from grant fund	11,123	
Tax appeal refunds	167,270	
Refund prior year revenue	8,070	
		<u>44,030,890</u>
Balance - December 31, 2012		<u>\$ 5,186,332</u>

BOROUGH OF EDGEWATER

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2012

Year	Balance, Dec. 31, 2011	2012 levy	Added/ Omitted	Collected 2011	Collected 2012	Transferred to tax title liens Cancelled	Balance, Dec. 31, 2012
2010	1,298				790,670	1,298	
2011	794,241				790,670	3,552	
	795,539				790,670	4,850	
2012		40,728,545	21,785	172,396	39,507,772	64,637	1,000,299
	\$ 795,539	40,728,545	21,785	172,396	40,298,442	69,487	1,000,299
				Senior citizens' and veterans' deductions allowed	24,000		
				Cash receipts	40,274,442		
				\$	40,298,442		

Analysis of 2012 Tax Levy	
Tax yield:	
General property tax	40,728,545
Added tax (R.S.54:4-63.1 et seq.)	21,785
	\$ 40,750,330
Tax levy:	
Local district school tax (abstract)	14,997,187
County tax (abstract)	6,681,724
Added taxes (R.S. 54:4-63.1 et seq.)	3,575
Local tax for municipal purpose (abstract)	19,032,943
Additional tax levies	34,901
	\$ 40,750,330

BOROUGH OF EDGEWATER

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2012

Balance - December 31, 2011		\$	42,777
Increased by:			
Transferred from 2011 Taxes	\$	19	
Transferred from 2012 Taxes		5,226	
Interest and Costs		<u>24</u>	
			<u>5,269</u>
Balance - December 31, 2012		\$	<u><u>48,046</u></u>

BOROUGH OF EDGEWATER

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Accrued in <u>2012</u>	<u>Collected</u>	Balance, Dec. 31, <u>2012</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	24,318	24,318	
Other		48,938	48,938	
Fees and permits		143,428	143,428	
Construction Code Official-fees and permits		553,466	553,466	
Municipal Court fines and costs	18,491	280,902	282,344	17,049
Interest and cost on taxes		195,688	195,688	
Interest on Investments		6,095	6,095	
Consolidated Municipal Property Tax Relief		175,621	175,621	
Energy Receipts Tax		575,110	575,110	
Uniform Fire Safety		21,959	21,959	
Commercial Sewer Fees	106,949	405,864	409,989	102,824
General Capital Fund Balance		108,329	108,329	
Hotel Tax		235,651	235,651	
Pilot Payments - Waterford Towers		477,014	477,014	
	<u>\$ 125,440</u>	<u>3,252,383</u>	<u>3,257,950</u>	<u>119,873</u>
		Cash	3,256,916	
		Interest on Investments	1,034	
			<u>\$ 3,257,950</u>	

BOROUGH OF EDGEWATER

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

Current Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$ 33,818
Increased by:	
Senior citizens' and veterans' deductions per tax billings	<u>24,000</u>
	57,818
Decreased by:	
Cash received	<u>21,980</u>
Balance - December 31, 2012	<u>\$ 35,838</u>

Schedule of Local District School Tax Payable

Current Fund

Year ended December 31, 2012

Increased by:	
2012 Tax Levy	\$ 14,997,187
Decreased by:	
Cash Disbursements	<u>14,257,418</u>
Balance - December 31, 2012	<u>\$ 739,769</u>

BOROUGH OF EDGEWATER
Schedule of County Taxes Payable
Current Fund

Year ended December 31, 2012

Increased by:	
County tax levy	\$ <u>6,681,724</u>
Decreased by:	
Cash Disbursements	\$ <u><u>6,681,724</u></u>

**Schedule of Due County for Added
and Omitted Taxes**
Current Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$ 3,883
Increased by:	
County tax levy-Added	<u>3,575</u>
	7,458
Decreased by:	
Cash Disbursements	<u>3,883</u>
Balance - December 31, 2012	\$ <u><u>3,575</u></u>

BOROUGH OF EDGEWATER

Schedule of Appropriation Reserves

Current Fund

For the Year Ending December 31, 2012

	Balance, December 31, <u>2011</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 632	632		632
Mayor and Council	206	206		206
Elections	4,840	4,840		4,840
Assessment of Taxes	10,759	759		759
Municipal Court	11,244	11,244		11,244
Collection of Taxes	712	712		712
Legal Services	713	713		713
Planning Board	3,982	3,982		3,982
Zoning Board	1	1		1
Rent Leveling	1	1		1
Housing Inspector	1,340	1,340		1,340
Fire	19	19		19
Volunteer Fire	3,240	3,240		3,240
Police	44,353	21,353		21,353
Road Repairs and Maintenance	29,875	29,875		29,875
Board of Health	18,327	18,327		18,327
Public Assistance	2,047	2,047		2,047
Recycling Program	206	206		206
Uniform Construction Code	12,748	12,748		12,748
Total Salaries and Wages Within "CAPS"	<u>145,245</u>	<u>112,245</u>		<u>112,245</u>
Other Expenses Within "CAPS":				
Administrative and Executive	37,988	14,974	14,385	589
Elections	3,402	3,402	(73)	3,475
Financial Administration	4,914	5,351	437	4,914
Collection of Taxes	67	166	165	1
Assessment of Taxes	1	427	(3,150)	3,577
Consultant and Legal Fees-Tax Appeal	65	6,226	6,226	
Municipal Court	92	261	169	92
Legal Services	19,689	19,764	14,720	5,044
Public Buildings and Grounds	13,089	22,421	14,938	7,483
Engineering	23,612	23,612	3,741	19,871
Planning Board	14,224	14,374	2,803	11,571
Zoning Board	12,828	12,828	4,206	8,622
Rent Leveling	340	340	138	202
Housing Inspector	575	575		575
Group Insurance for Employees	22,521	22,521	2,012	20,509
Police	11,730	36,146	36,061	85
Police- Automobiles	16,595	36,968	20,373	16,595
Emergency Management	3,000	3,000		3,000
Fire	37,778	38,270	6,637	31,633
Volunteer First Aid	20,034	25,345	9,654	15,691
Fire Prevention	11,484	12,223	2,171	10,052
Road Repairs and Maintenance	4,037	22,841	22,754	87
Snow Removal	720	720	640	80
Board of Health	303	1,149	809	340
Occupational Safety Health Act	1,254	1,254		1,254

BOROUGH OF EDGEWATER

Schedule of Appropriation Reserves

Current Fund

For the Year Ending December 31, 2012

	Balance, December 31, 2011	Balance after Transfers	Paid or Charged	Balance Lapsed
Public Assistance	399	410	53	357
Public Assistance- Emergency Assistance	1,000	1,000		1,000
Parks and Playgrounds	335	2,329	2,328	1
Recreation	50,342	53,937	15,328	38,609
Celebration of Public Events	1,404	2,282		2,282
Senior Citizens Committee	1,249	3,199	1,798	1,401
Garbage and Trash Removal	89,586	205,788	189,583	16,205
Uniform Construction Code	11,135	11,629	640	10,989
Fuel	18,847	18,850	13,006	5,844
Street Lighting	76,444	76,444	75,025	1,419
Telephone	1,741	21,317	14,534	6,783
Water	41	3,033	3,033	
Fire Hydrant Service	25,520	30,052	30,051	1
Gasoline	2,181	25,577	25,577	
Contingent	5,000	5,000		5,000
Total Other expenses Within "CAPS"	<u>545,566</u>	<u>786,005</u>	<u>530,772</u>	<u>255,233</u>
Total Reserves Within "CAPS"	<u>690,811</u>	<u>898,250</u>	<u>530,772</u>	<u>367,478</u>
Other Expenses Excluded From "CAPS":				
Public Employees Retirement System	985	985		985
Social Security System	1	1		1
Consolidated Police & Fire Pension Fund	1	1		1
Unemployment Insurance	3,391	3,391	1,655	1,736
Municipal Alliance	5,090	6,665	2,525	4,140
Bergen County Utilities Authority-Share of Costs	8,000	8,000		8,000
Maintenance of Free Public Library	52,996	52,996	52,996	
Total Other Expenses Excluded from "CAPS"	<u>70,464</u>	<u>72,039</u>	<u>57,176</u>	<u>14,863</u>
Total Reserves Excluded from "CAPS"	<u>70,464</u>	<u>72,039</u>	<u>57,176</u>	<u>14,863</u>
Total Reserves	\$ <u>761,275</u>	<u>970,289</u>	<u>587,948</u>	<u>382,341</u>
Appropriation reserves		761,275		
Encumbrances		<u>209,014</u>		
		\$ <u>970,289</u>		
		Cash Disbursements	534,952	
		Transferred to Amount due to Library	<u>52,996</u>	
			\$ <u>587,948</u>	

BOROUGH OF EDGEWATER
Schedule of Reserve for Encumbrances

Current Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$	209,014
Increased by:		
Encumbrances		202,653
		411,667
Decreased by:		
Transferred to appropriation reserves		209,014
Balance - December 31, 2012	\$	202,653

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$	54,309
Increased by:		
Overpayments received		204,036
		258,345
Decreased by:		
Overpayments refunded	\$	145,764
Cancelled to Operations		28,854
		174,618
Balance - December 31, 2012	\$	83,727

Exhibit A-15

BOROUGH OF EDGEWATER

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$	172,396
Increased by:		
2013 prepaid taxes collected		<u>280,913</u>
		453,309
Decreased by:		
Taxes realized as revenue		<u>172,396</u>
Balance - December 31, 2012	\$	<u><u>280,913</u></u>

Exhibit A-16

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

Current Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$	450
Increased by:		
Cash Receipts		<u>1,150</u>
		1,600
Decreased by:		
Disbursements		<u>1,425</u>
Balance - December 31, 2012	\$	<u><u>175</u></u>

BOROUGH OF EDGEWATER

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

Current Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$ <u>3,844,775</u>
Balance - December 31, 2012	\$ <u><u>3,844,775</u></u>

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

Current Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$ 62,100
Increased by:	
Premiums collected	<u>307,200</u>
	369,300
Decreased by:	
Refunded	<u>29,500</u>
Balance - December 31, 2012	\$ <u><u>339,800</u></u>

BOROUGH OF EDGEWATER

Schedule of Interfunds

Current Fund

Year ended December 31, 2012

<u>Fund</u>	Due from/(to) Balance Dec. 31, 2011	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, 2012
Escrow Trust Fund	\$ 21	14	21	14
Fire Prevention Dedicated Penalties Trust Fund			9,183	(9,183)
General Capital Fund	<u>1,169</u>	<u>226,259</u>	<u>374,880</u>	<u>(147,452)</u>
	<u>\$ 1,190</u>	<u>226,273</u>	<u>384,084</u>	<u>(156,621)</u>
<u>Analysis</u>				
Due to Current Fund	\$ 1,190	14	1,190	14
Due From Current Fund		<u>226,259</u>	<u>382,894</u>	<u>(156,635)</u>
	<u>\$ 1,190</u>			<u>(156,621)</u>
		Interest on Investments \$ 1,048		
		Disbursements 225,225		
Budget Appropriation - Principal on Notes			156,711	
Interfunds Returned - Cash Receipts			1,190	
Receipts			<u>226,183</u>	
		<u>\$ 226,273</u>	<u>384,084</u>	

BOROUGH OF EDGEWATER

Schedule of Various Reserves

Current Fund

Year ended December 31, 2012

	Balance Dec. 31, <u>2011</u>	<u>Increased</u>	Balance Dec. 31, <u>2012</u>
Reserve for:			
Playgrounds	\$ 2,481		2,481
Due to Library		52,996	52,996
Library Aid	12,383		12,383
Parking Offenses Adjudication Account	6,810	942	7,752
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>\$ 180,756</u>	<u>53,938</u>	<u>234,694</u>

Cash Receipts	942
Balance of 2011 Budget Appropriation	<u>52,996</u>
	<u>\$ 53,938</u>

BOROUGH OF EDGEWATER

Schedule of Special Emergency and Emergency Notes Payable

Current Fund

Year ended December 31, 2012

<u>Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	Balance, Dec. 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2012</u>
SEN-1	Aug. 12, 2011	Aug. 10, 2012	1.50%	\$ 124,000		124,000	
SEN-1	Jul. 27, 2012	Jul. 26, 2013	1.50%		93,000		93,000
EN-1	Dec. 21, 2012	Dec. 20, 2013	1.54%		300,000		300,000
				\$ 124,000	393,000	124,000	393,000

BOROUGH OF EDGEWATER

Schedule of Due to Federal and State Grant Fund

Current Fund

Year ended December 31, 2012

Balance - December 31, 2011		\$	125,392
Increased by:			
Grants Receivable	\$	8,225	
Grants Received - Unappropriated		<u>21,824</u>	
			<u>30,049</u>
			155,441
Decreased by:			
Prior Year Encumbrances Paid	\$	500	
Cash Disbursements		<u>10,623</u>	
			<u>11,123</u>
Balance - December 31, 2012		\$	<u><u>144,318</u></u>

BOROUGH OF EDGEWATER

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2012

	Added in <u>2012</u>	Authorized in <u>2012</u>	Raised in 2012 Budget	Balance, Dec. 31, <u>2012</u>
Emergency Authorizations:				
Payment to Residential Associations - Kelly Bill	\$ 65,000		65,000	
Hurricane Sandy		300,000		300,000
	<u>\$ 65,000</u>	<u>300,000</u>	<u>65,000</u>	<u>300,000</u>

BOROUGH OF EDGEWATER

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

Current Fund

Year ended December 31, 2012

<u>Date</u>	<u>Purpose</u>	<u>Net</u>	<u>1/5 of</u>	<u>Balance</u>	<u>Balance,</u>
<u>Authorized</u>		<u>Amount</u>	<u>Net Amount</u>	<u>Dec. 31,</u>	<u>Dec. 31,</u>
		<u>Authorized</u>	<u>Authorized</u>	<u>2011</u>	<u>2012</u>
2010	Reassessment of Real Property	\$ 80,000	16,000	80,000	52,000
2010	Termination Pay	155,000	31,000	124,000	93,000
		<u>\$ 235,000</u>	<u>47,000</u>	<u>204,000</u>	<u>145,000</u>
				<u>28,000</u>	<u>59,000</u>
				<u>31,000</u>	<u>93,000</u>

BOROUGH OF EDGEWATER

Schedule of Grants Receivable

State and Federal Grant Fund

Year ended December 31, 2012

<u>Purpose</u>	<u>Budget Revenue Realized</u>	<u>Received</u>
Clean Communities	\$ 24,756	24,756
Municipal Alliance	9,692	9,692
Alcohol Education and Rehabilitation	3,788	3,788
Body Armor	6,052	6,052
Department of Justice - COPS grant	8,225	8,225
Recycling Grant	<u>64,480</u>	<u>64,480</u>
	<u>\$ 116,993</u>	<u>116,993</u>
		Cash Receipts 8,225
		Unappropriated Grant Reserves <u>108,768</u>
		\$ <u><u>116,993</u></u>

BOROUGH OF EDGEWATER

Schedule of Appropriated Grant Reserves

State and Federal Grant Fund

Year ended December 31, 2012

<u>Purpose</u>	Balance, Dec. 31, 2011	Transferred from Budget <u>Appropriations</u>	<u>Expended</u>	Balance, Dec. 31, 2012
Clean Communities	\$ 16,124			16,124
Clean Communities		24,756	7,670	17,086
Municipal Alliance		9,692	4,113	5,579
Alcohol Education and Rehabilitation		3,788		3,788
Body Armor Grant		6,052		6,052
Department of Justice - COPS grant		8,225		8,225
Recycling Tonnage Grant		64,480		64,480
	<u>\$ 16,124</u>	<u>116,993</u>	<u>11,783</u>	<u>121,334</u>
		Encumbrances	1,160	
		Cash Disbursements	10,623	
			<u>\$ 11,783</u>	

BOROUGH OF EDGEWATER

Schedule of Unappropriated Grant Reserves

State and Federal Grant Fund

Year ended December 31, 2012

<u>Purpose</u>	Balance, Dec. 31, <u>2011</u>	<u>Received</u>	Appropriated in 2012 <u>Budget</u>	Balance, Dec. 31, <u>2012</u>
Clean Communities	\$ 24,756	16,377	24,756	16,377
Municipal Alliance	9,692	3,828	9,692	3,828
Body Armor Grant	6,052		6,052	
Recycling Tonnage Grant	64,480		64,480	
Alcohol Education Rehabilitation Fund	<u>3,788</u>	<u>1,619</u>	<u>3,788</u>	<u>1,619</u>
	<u>\$ 108,768</u>	<u>21,824</u>	<u>108,768</u>	<u>21,824</u>

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2012

	Animal License Fund	Escrow Trust Fund	Other Trust Funds	Emergency Services LOSAP
Balance - December 31, 2011	\$ <u>68</u>	<u>86,485</u>	<u>1,958,365</u>	<u>666,706</u>
Increased by:				
Animal License Fees	2,601			
Due to State of New Jersey - Dog License Fees	429			
Various Reserves			112,174	
Escrow Deposits		140,542		
Borough Contributions				83,950
Investment Income		14		36,655
	<u>3,030</u>	<u>140,556</u>	<u>112,174</u>	<u>120,605</u>
	<u>3,098</u>	<u>227,041</u>	<u>2,070,539</u>	<u>787,311</u>
Decreased by:				
Animal License Expenditures	2,600			
Due to State of New Jersey	429			
Escrow Expenditures		122,583		
Interfunds		21		
Various Reserves			796,443	
Distributions				14,106
	<u>3,029</u>	<u>122,604</u>	<u>796,443</u>	<u>14,106</u>
Balance -December 31, 2012	\$ <u><u>69</u></u>	<u><u>104,437</u></u>	<u><u>1,274,096</u></u>	<u><u>773,205</u></u>

BOROUGH OF EDGEWATER

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

Trust Funds

Year ended December 31, 2012

Balance - December 31, 2011		\$	31
Increased by:			
Dog license fees	\$	1,870	
Cat license fees		591	
Miscellaneous fees		<u>140</u>	
			<u>2,601</u>
			2,632
Decreased by:			
Paid to Current Fund			<u>2,600</u>
Balance - December 31, 2012		\$	<u><u>32</u></u>

License Fees Collected

2010	2,928
2011	<u>2,682</u>
\$	<u><u>5,610</u></u>

BOROUGH OF EDGEWATER

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

Trust Funds

Year ended December 31, 2012

Balance - December 31, 2011	\$ 37
Increased by:	
2012 Fees Collected	<u>429</u>
	466
Decreased by:	
Payments to State of New Jersey	<u>429</u>
Balance - December 31, 2012	<u><u>\$ 37</u></u>

Schedule of Reserve Escrow Deposits

Trust Funds

Year ended December 31, 2012

Balance - December 31, 2011	\$ 86,464
Increased by:	
Escrow Deposits	<u>140,542</u>
	227,006
Decreased by:	
Escrow Deposits Refunded	<u>122,583</u>
Balance - December 31, 2012	<u><u>\$ 104,423</u></u>

BOROUGH OF EDGEWATER

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

Year ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2012</u>
Other Trust Funds (Fire Prevention Dedicated Penalties):				
Current Fund			9,183	(9,183)
Escrow Trust Fund:				
Current Fund	<u>21</u>	<u>14</u>	<u>21</u>	<u>14</u>
	<u>\$ 21</u>	<u>14</u>	<u>9,204</u>	<u>(9,169)</u>

Interest on Investments	14		
Dedicated Penalties deposited in Current Cash Disbursements		9,183	<u>21</u>
	<u>\$ 14</u>	<u>9,204</u>	

BOROUGH OF EDGEWATER

Schedule of Miscellaneous Reserves

Trust Funds

Year ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2012</u>
Reserve for:				
Cemetery Bequests	\$ 31,994		75	31,919
Bullet Proof Vests	8,869	13,277	8,800	13,346
Ferry Performance Security	195,035	207		195,242
Fire Prevention	17,669	11,895		29,564
Edgewater Cares	2,435	7		2,442
Cultural and Historical Society	1,142	3		1,145
Regional Contribution Assistance	332,197			332,197
Council on Affordable Housing	1,033,500	393	522,822	511,071
Open Space Trust	203,335	367	203,335	367
Recycling Fees	110,833	92,747	56,975	146,605
Bergen County CDA Trust	100			100
Flexible Spending Trust		1,500		1,500
Municipal Alliance Trust	21,256	961	4,436	17,781
	<u>\$ 1,958,365</u>	<u>121,357</u>	<u>796,443</u>	<u>1,283,279</u>
		Cash Receipts		
		112,174		
			Cash Disbursements	
			296,443	
Winterburn Gardens Affordable Housing Contribution			500,000	
		Due from Current Fund		
		9,183		
		<u>\$ 121,357</u>	<u>796,443</u>	

BOROUGH OF EDGEWATER

Statement of Service Award Contributions Receivable

Emergency Services Length of Service Award Program

Year ended December 31, 2012

Balance - December 31, 2011	\$ 83,950
Increased by:	
2012 Borough Contribution	<u>82,800</u>
	166,750
Decreased by:	
2011 Borough Contribution received	<u>83,950</u>
Balance -December 31, 2012	<u><u>\$ 82,800</u></u>

Statement of Net Assets Available for Benefits

Emergency Services Length of Service Award Program

Year ended December 31, 2012

Balance - December 31, 2011	\$ 750,656
Increased by:	
Borough Contributions	\$ 82,800
Investment Income	<u>36,655</u>
	<u>119,455</u>
	870,111
Decreased by:	
Distributions	<u>14,106</u>
Balance -December 31, 2012	<u><u>\$ 856,005</u></u>

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011		\$ 4,774,623
Increased by receipts:		
Capital Improvement Fund	\$ 225,000	
Bond Anticipation Notes	8,098,555	
NJ EIT Loan	540,700	
Reserve for Payment of Debt	73,750	
Reserve for Green Acres	437	
Due from Current Fund	226,259	
Premium on Sale of Notes	164,160	
		<u>9,328,861</u>
		14,103,484
Decreased by disbursements:		
Improvement Authorizations	4,275,011	
Fund Balance - Due to Current	108,329	
Bond Anticipation Notes	156,711	
Reserve for Payment of Debt	191,844	
Due from Marina Utility Capital Fund	400,000	
Due from Current Fund	218,169	
		<u>5,350,064</u>
Balance - December 31, 2012		\$ <u>8,753,420</u>

BOROUGH OF EDGEWATER

Schedule of General Capital Fund Cash

General Capital Fund

Year ended December 31, 2012

Grants Receivable -	
Community Development Block Grant	\$ (410,404)
New Jersey Department of Transportation	(246,375)
Bergen County Open Space Trust Fund	(547,141)
Bergen County Historic Preservation Trust	(424,000)
Green Acres Program	(382,445)
Livable Communities	(5,375)
New Jersey Historic Preservation Trust	(406,000)
Due from the Federal Emergency Management Agency	(217,808)
Wasterwater Trust Fund Receivable	(269,657)
Due from Current Fund	(147,452)
Capital Improvement Fund	44,143
Reserve for Green Acres	10,326
Reserve for Payment of Debt	1,199,270
Due from Marina Utility Capital Fund	(400,000)
Unappropriated State Grant	79,408
Reserve for Grants Receivable	694,471
Fund Balance	164,160

Improvement authorizations:

<u>Ordinance</u>	<u>Improvement description</u>	
<u>number</u>		
967	Various improvements	(164)
1262	Pension Refunding	(2,681)
1299	Various Capital Improvements	44,745
1325	Various Capital Improvements	(709)
1326	Various Capital Improvements	929,553
1357	Acquisition of Municipal Complex/Police Station	(94,114)

BOROUGH OF EDGEWATER

Schedule of General Capital Fund Cash

General Capital Fund

Year ended December 31, 2012

1359	Dissolution of Edgewater MUA	(2,172)
1366	Separation of Combined Sewers	160,152
1372/1382	Dredging of Edgewater Marina	(700)
1381/1387	Various Capital Improvements	586,878
1398	Acq./Installation of Marina Clock	40,192
1401	Undercliff Ave. Streetscape	91,080
1407	Barrier Free Improvements-River Road	65,421
1413	Refunding Bond Ordinance	(56,570)
1418	Sewer Repairs	136,633
1420	Sanitary Sewer Repairs	38,347
1423	Improvements to Undercliff Avenue	116,637
1426	Acquisition of various equipment for new municipal complex	140,547
1438	Drainage Improvements, Old River Road	50,761
1443	Reconstruction of Roads (Lasher Lane/Oldwood Rd)	804
1446	Various Acquisitions and Improvements	145,422
1450	Borough Hall Phase II Improvements	888,009
1457	Imps. To Beverly Place Retaining Wall	(45,588)
1460	Imps. to the DPW and Community Center Parking Lots	6,097
1463	Refunding Bond Ordinance	(1,316)
1464	Improvements to the Municipal Pool	2,581
1474	Improvements to Veteran's Field	6,129,217
1477	Repairs to Fire Company No. 1	100,000
1482	Various Improvements	258,921
1484	Bulkhead Repairs at Edgewater Marina	290,316
		<u>\$ 8,753,420</u>

BOROUGH OF EDGEWATER

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011		\$ 18,741,676
Increased by:		
Refunding Bonds	7,395,000	
Capital Leases Issued	<u>385,000</u>	
		<u>7,780,000</u>
		26,521,676
Decreased by:		
Infrastructure Loan Payments	\$ 277,486	
Infrastructure Fund Loans Deobligated	261,916	
Serial Bonds Refunded	7,355,000	
Capital Leases Refunded	352,000	
Green Trust Loan Payments	18,181	
Capital Lease Payments	20,000	
Budget Appropriation to Pay Serial Bonds	<u>1,055,000</u>	
		<u>9,339,583</u>
Balance - December 31, 2012		\$ <u><u>17,182,093</u></u>

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2012

Ordinance number	Improvement description	Balance, Dec. 31, 2011	2012 Authorizations	Decreased	Balance, Dec. 31, 2012	Analysis of balance		
						Bond anticipation notes	Expenditures	Unexpended improvement authorization
		\$						
967	Various improvements	164			164		164	
1262	Pension Refunding	2,681			2,681		2,681	
1325	Various Capital Improvements	709			709		709	
1357	Acquisition of Municipal Complex/Police Station	5,400,000			5,400,000	5,000,000	94,114	305,886
1359	Dissolution of the Edgewater Municipal Utilities Authority	2,172			2,172		2,172	
1365	Various Capital Improvements	748,519			748,519			748,519
1366	Separation of Combined Sewers	4,547,405		252,595	4,294,810	4,294,110	700	
1372/1382	Dredging of Marina	1,942,750		89,460	1,853,290	1,853,040		250
1381/1387	Various Capital Improvements	123,500		6,500	117,000	117,000		
1407	Barrier Free Improvements-River Road	340,000			340,000		56,570	283,430
1413	Refunding Bond Ordinance	33,750			33,750			33,750
1418	Sewer Repairs	45,000			45,000			45,000
1420	Sanitary Sewer Repairs	42,750			42,750	42,500		250
1423	Improvements to Undercliff Avenue	237,500			237,500	237,500		
1426	Acquisition of various equipment for new municipal complex	107,350			107,350	107,350		
1443	Reconstruction of Roads (Lasher Lane/Oldwood Rd)	251,750			251,750	249,945		1,805
1450	Borough Hall Phase II Improvements	152,000			152,000		45,588	106,412
1457	Imps. to Beverly Place Retaining Wall	161,500			161,500			161,500
1460	Imps. to DPW and Community Center Parking Lots							

BOROUGH OF EDGEWATER

Schedule of Deferred Charges to
Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2012

Ordinance number	Improvement description	Balance, Dec. 31, 2011	2012 Authorizations	Decreased	Balance, Dec. 31, 2012	Analysis of balance		
						Bond anticipation notes	Expenditures	Unexpended improvement authorization
1463	Refunding Bond Ordinance	8,300,000		7,395,000	905,000		1,316	903,684
1464	Improvements to Municipal Pool	61,750			61,750			61,750
1466	Refunding Bond Ordinance		385,000	385,000				
1474	Improvements to Veteran's Field		9,215,000		9,215,000	8,098,555		1,116,445
1482	Various improvements		544,500		544,500			544,500
		<u>\$ 22,501,250</u>	<u>10,144,500</u>	<u>8,128,555</u>	<u>24,517,195</u>	<u>20,000,000</u>	<u>204,014</u>	<u>4,313,181</u>

2012 Improvement Authorizations 10,144,500

\$ 10,144,500

Reserve for Payment of Debt 191,844
Transferred to Deferred Charges-Funded 7,780,000
Budget Appropriation 156,711

\$ 8,128,555

Improvement authorizations - unfunded \$ 11,528,494

Less: Unexpended proceeds of
Bond Anticipation Notes

Ord. 1381/1387	586,879
Ord. 1407	65,421
Ord. 1423	42,500
Ord. 1426	140,547
Ord. 1443	804
Ord. 1450	249,945
Ord. 1474	<u>6,129,217</u>

7,215,313

\$ 4,313,181

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

General Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011		\$	1,072,273
Decreased by:			
Cash Receipts	\$		540,700
Deobligated			261,916
			802,616
Balance - December 31, 2012		\$	269,657

<u>Analysis of Balance</u>			
Prior Years			53,732
Trust Loan (2007)			75,209
Trust Loan (2010B)			135,261
Fund Loan (2010B)			5,455
			\$ 269,657

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

General Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011		\$	382,445
Balance - December 31, 2012		\$	382,445
<u>Analysis of Balance</u>			
Ord. 1326 - Imps. To Veteran's Field		\$	382,445

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$ <u>406,000</u>
Balance - December 31, 2012	\$ <u><u>406,000</u></u>

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

General Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$ <u>5,375</u>
Balance - December 31, 2012	\$ <u><u>5,375</u></u>

BOROUGH OF EDGEWATER
Schedule of Grants Receivable -
New Jersey Department of Transportation
General Capital Fund
Year ended December 31, 2012

Balance - December 31, 2011	\$	194,383
Increased by:		
Grant Awards		146,500
		340,883
Decreased by:		
Cancelled		94,508
Balance - December 31, 2012	\$	246,375
<u>Analysis of Balance</u>		
Ord. 1438 - Drainage Imps. Old River Road		99,875
Ord. 1482 - Old River Road Imps, Phase II		146,500
	\$	246,375

Schedule of Grants Receivable -
Bergen County Open Space Trust Fund
General Capital Fund
Year ended December 31, 2012

Balance - December 31, 2011	\$	41,250
Increased by:		
Grant Awards		505,891
Balance - December 31, 2012	\$	547,141
<u>Analysis of Balance</u>		
Improvements to Veteran's Field		505,891
Ord. 1398 - Installation of Marina Clock		41,250
	\$	547,141

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

General Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011		\$ <u>424,000</u>
Balance - December 31, 2012		\$ <u><u>424,000</u></u>
	<u>Analysis of Balance</u>	
Ord. 1450 - Borough Hall Phase II Improvements		329,000
Ord. 1381/1387 - Rehabilitation of Borough Hall, Phase I		<u>95,000</u>
		\$ <u><u>424,000</u></u>

Schedule of Amount Due from the
Federal Emergency Management Agency - Ord. 1484

General Capital Fund

Year ended December 31, 2012

Increased by:		
Grant Awards		\$ <u>217,808</u>
Balance - December 31, 2012		\$ <u><u>217,808</u></u>

BOROUGH OF EDGEWATER

Schedule of Community Development Block Grant Receivables

General Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$ 319,404
Increased by:	
Grant Awards	<u>91,000</u>
Balance - December 31, 2012	<u>\$ 410,404</u>

Analysis of Balance

Ord. 1423 Reconstruction of Undercliff Ave.	30,824
Ord. 1423 Undercliff Ave. Streetscape	88,580
Road Resurfacing: Undercliff/Lasher Lane/Oldwood Road	100,000
Road Resurfacing: Edgewater Place/Hilliard Avenue	100,000
Ord. 1482 - Old Wood Road Sanitary Sewer & Rdway Imps.	<u>91,000</u>
	<u>\$ 410,404</u>

Schedule of amount due from Marina Utility Capital Fund

General Capital Fund

Year ended December 31, 2012

Increased by:	
Cash Disbursements	<u>\$ 400,000</u>
Balance - December 31, 2012	<u>\$ 400,000</u>

BOROUGH OF EDGEWATER

Schedule of Due from/(to) Current Fund

General Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011		\$	(1,169)
Decreased by:			
Budget Appropriation - Principal on	\$		
Bond Anticipation Notes		156,711	
Cash Disbursements		<u>218,169</u>	
			<u>374,880</u>
			373,711
Increased by:			
Interest Earned on Investements		1,034	
Cash Receipts		<u>225,225</u>	
			<u>226,259</u>
Balance - December 31, 2012		\$	<u><u>147,452</u></u>

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2011	Decreased	Balance, Dec. 31, 2012	
			Date	Amount					
Wastewater Improvements (Edgewater Municipal Utilities Authority)	Nov. 9, 2000	890,000	Aug. 1, 2013	50,000	5.00%	525,000	50,000	475,000	
			Aug. 1, 2014	50,000	5.00%				
			Aug. 1, 2015	55,000	5.13%				
			Aug. 1, 2016	60,000	5.13%				
			Aug. 1, 2017	60,000	5.35%				
			Aug. 1, 2018	65,000	5.25%				
			Aug. 1, 2019	65,000	5.35%				
			Aug. 1, 2020	70,000	5.35%				
Wastewater Improvements (Edgewater Municipal Utilities Authority)	Nov. 9, 2000	881,496	Feb. 1, 2013	7,445		406,355	46,740	359,615	
			Aug. 1, 2013	37,778					
			Feb. 1, 2014	6,687					
			Aug. 1, 2014	37,020					
			Feb. 1, 2015	5,938					
			Aug. 1, 2015	39,395					
			Feb. 1, 2016	5,073					
			Aug. 1, 2016	41,473					
			Feb. 1, 2017	4,141					
			Aug. 1, 2017	40,541					
		Feb. 1, 2018	3,185						
		Aug. 1, 2018	42,619						
		Feb. 1, 2019	2,150						
		Aug. 1, 2019	41,583						
		Feb. 1, 2020	1,115						
		Aug. 1, 2020	43,582						

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2011	Balance, Dec. 31, 2012
			Date	Amount			
Wastewater Improvements	Nov. 8, 2001	125,000	Aug. 1, 2013	5,000	5.50%	80,000	75,000
			Aug. 1, 2014	5,000	5.00%		
			Aug. 1, 2015	10,000	5.000%		
			Aug. 1, 2016	10,000	5.00%		
			Aug. 1, 2017	10,000	5.00%		
			Aug. 1, 2018	10,000	5.00%		
			Aug. 1, 2019	10,000	5.00%		
			Aug. 1, 2020	10,000	4.75%		
			Aug. 1, 2021	5,000	4.75%		
							5,000
Wastewater Improvements	Nov. 8, 2001	131,010	Feb. 1, 2013	1,214		67,070	61,215
			Aug. 1, 2013	4,463			
			Feb. 1, 2014	1,125			
			Aug. 1, 2014	4,374			
			Feb. 1, 2015	1,044			
			Aug. 1, 2015	7,541			
			Feb. 1, 2016	881			
			Aug. 1, 2016	7,379			
			Feb. 1, 2017	719			
			Aug. 1, 2017	7,216			
		Feb. 1, 2018	556				
		Aug. 1, 2018	7,054				
		Feb. 1, 2019	394				
		Aug. 1, 2019	6,981				
						5,855	

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2011	Balance, Dec. 31, 2012
			Date	Amount			
Wastewater Improvements, (cont.)			Feb. 1, 2020	231			
			Aug. 1, 2020	6,729			
			Feb. 1, 2021	77			
			Aug. 1, 2021	3,326			
Separation of Combined Sewers	Nov. 8, 2007	615,000	Aug. 1, 2013	25,000	3.50%	550,000	525,000
			Aug. 1, 2014	25,000	3.60%		25,000
			Aug. 1, 2015	25,000	5.00%		
			Aug. 1, 2016	30,000	5.00%		
			Aug. 1, 2017	30,000	5.00%		
			Aug. 1, 2018	30,000	5.00%		
			Aug. 1, 2019	35,000	4.00%		
			Aug. 1, 2020	35,000	4.00%		
			Aug. 1, 2021	35,000	5.00%		
			Aug. 1, 2022	40,000	5.00%		
			Aug. 1, 2023	40,000	4.25%		
			Aug. 1, 2024	40,000	4.50%		
			Aug. 1, 2025	45,000	4.50%		
Aug. 1, 2026	45,000	4.50%					
Aug. 1, 2027	45,000	4.25%					
Separation of Combined Sewers	Nov. 8, 2007	1,736,481	Feb. 1, 2013	21,486		1,430,847	1,223,570
			Aug. 1, 2013	67,129			207,277
			Feb. 1, 2014	20,687			
			Aug. 1, 2014	66,330			

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2011	Balance, Dec. 31, 2012
			Date	Amount			
Separation of Combined Sewers, (cont.)	Feb. 1, 2015			19,866			
	Aug. 1, 2015			65,508			
	Feb. 1, 2016			18,725			
	Aug. 1, 2016			73,496			
	Feb. 1, 2017			17,357			
	Aug. 1, 2017			72,127			
	Feb. 1, 2018			15,986			
	Aug. 1, 2018			70,757			
	Feb. 1, 2019			14,617			
	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			54,289				

Separation of Combined Sewers, (cont.)

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2011	Decreased	Balance, Dec. 31, 2012
			Date	Amount				
Sewer Repairs (Ord. 1418)	Mar. 10, 2010	170,000	Aug. 1, 2013	5,000	5.00%	165,000	5,000	160,000
			Aug. 1, 2014	5,000	5.00%			
			Aug. 1, 2015	5,000	5.00%			
			Aug. 1, 2016	10,000	5.00%			
			Aug. 1, 2017	10,000	5.00%			
			Aug. 1, 2018	10,000	5.00%			
			Aug. 1, 2019	10,000	4.00%			
			Aug. 1, 2020	10,000	5.00%			
			Aug. 1, 2021	10,000	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	10,000	4.00%			
			Aug. 1, 2026	10,000	3.50%			
			Aug. 1, 2027	10,000	4.00%			
Aug. 1, 2028	10,000	4.00%						
Aug. 1, 2029	15,000	4.00%						
Sewer Repairs (Ord. 1418)	Mar. 10, 2010	521,250	Feb. 1, 2013	8,835		477,076	26,504	450,572
			Aug. 1, 2013	17,669				
			Feb. 1, 2014	8,835				
			Aug. 1, 2014	17,669				
			Feb. 1, 2015	8,835				
			Aug. 1, 2015	17,669				
Feb. 1, 2016	8,835							

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2011	Balance, Dec. 31, 2012
			Date	Amount			
Sewer Repairs (Ord. 1418), (cont.)	Aug. 1, 2016			17,669			
	Feb. 1, 2017			8,835			
	Aug. 1, 2017			17,669			
	Feb. 1, 2018			8,835			
	Aug. 1, 2018			17,669			
	Feb. 1, 2019			8,835			
	Aug. 1, 2019			17,669			
	Feb. 1, 2020			8,835			
	Aug. 1, 2020			17,669			
	Feb. 1, 2021			8,835			
	Aug. 1, 2021			17,669			
	Feb. 1, 2022			8,835			
	Aug. 1, 2022			17,669			
	Feb. 1, 2023			8,835			
	Aug. 1, 2023			17,669			
	Feb. 1, 2024			8,835			
	Aug. 1, 2024			17,669			
	Feb. 1, 2025			8,835			
	Aug. 1, 2025			17,669			
	Feb. 1, 2026			8,835			
	Aug. 1, 2026			17,669			
	Feb. 1, 2027			8,835			
	Aug. 1, 2027			17,669			
	Feb. 1, 2028			8,835			
Aug. 1, 2028			17,669				

Decreased

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2011	Balance, Dec. 31, 2012
			Date	Amount			
Sewer Repairs (Ord. 1418), (cont.)			Feb. 1, 2029	8,835			
			Aug. 1, 2029	17,670			
Sanitary Sewer Repairs (Ord. 1420)	Dec. 2, 2010	245,000	Aug. 1, 2013	10,000	5.00%	245,000	235,000
			Aug. 1, 2014	10,000	5.00%		
			Aug. 1, 2015	10,000	5.00%		
			Aug. 1, 2016	10,000	5.00%		
			Aug. 1, 2017	10,000	5.00%		
			Aug. 1, 2018	10,000	5.00%		
			Aug. 1, 2019	10,000	5.00%		
			Aug. 1, 2020	10,000	5.00%		
			Aug. 1, 2021	10,000	5.00%		
			Aug. 1, 2022	15,000	5.00%		
			Aug. 1, 2023	15,000	5.00%		
			Aug. 1, 2024	15,000	5.00%		
			Aug. 1, 2025	15,000	5.00%		
			Aug. 1, 2026	15,000	5.00%		
Aug. 1, 2027	15,000	5.00%					
Aug. 1, 2028	15,000	5.00%					
Aug. 1, 2029	20,000	5.00%					
Aug. 1, 2030	20,000	5.00%					
Sanitary Sewer Repairs (Ord. 1420)	Dec. 1, 2010	260,000	Feb. 1, 2013	4,407		251,186	158,026
			Aug. 1, 2013	8,813			
			Feb. 1, 2014	4,407			

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2011	Balance, Dec. 31, 2012
			Date	Amount			
Sanitary Sewer Repairs (Ord. 1420), (cont.)	Aug. 1, 2014		Aug. 1, 2014	8,813			
	Feb. 1, 2015		Feb. 1, 2015	4,407			
	Aug. 1, 2015		Aug. 1, 2015	8,813			
	Feb. 1, 2016		Feb. 1, 2016	4,407			
	Aug. 1, 2016		Aug. 1, 2016	8,814			
	Feb. 1, 2017		Feb. 1, 2017	4,407			
	Aug. 1, 2017		Aug. 1, 2017	8,813			
	Feb. 1, 2018		Feb. 1, 2018	4,407			
	Aug. 1, 2018		Aug. 1, 2018	8,814			
	Feb. 1, 2019		Feb. 1, 2019	4,407			
Aug. 1, 2019		Aug. 1, 2019	8,813				
Feb. 1, 2020		Feb. 1, 2020	618				
						\$ 4,197,534	\$ 3,658,132

Paid via Budget Appropriation 277,486
 Deobligated 261,916
 \$ 539,402

BOROUGH OF EDGEWATER
Schedule of Green Trust Loan Payable
General Capital Fund
Year ended December 31, 2012

Balance - December 31, 2011	\$ 339,142
Decreased by:	
Paid via Budget Appropriation	<u>18,181</u>
Balance - December 31, 2012	<u><u>\$ 320,961</u></u>

BOROUGH OF EDGEWATER

Schedule of Serial Bonds

General Capital Fund

Year ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec. 31, 2011	Increased	Decreased	Balance, Dec. 31, 2012
			Date	Amount					
General obligation bonds	Jun. 1, 2004	9,190,000	Jun. 1, 2013	300,000	4.25%	7,940,000		7,640,000	300,000
	Jun. 30, 2009	2,460,000	Aug. 15, 2013	50,000	3.00%	1,010,000		670,000	340,000
			Aug. 15, 2014	125,000	4.00%				
Refunding Bonds	Jun. 30, 2009	4,884,000	Aug. 15, 2015	165,000	4.00%				
			Aug. 15, 2013	90,000	4.00%	4,859,000		25,000	4,834,000
General Obligation Bonds	Jun. 30, 2009	4,884,000	Aug. 15, 2014	380,000	4.00%				
			Aug. 15, 2015	450,000	4.00%				
			Aug. 15, 2016	100,000	4.00%				
			Aug. 15, 2017	125,000	5.00%				
			Aug. 15, 2018	150,000	5.00%				
			Aug. 15, 2019	175,000	4.50%				
			Aug. 15, 2020	225,000	4.50%				
			Aug. 15, 2021	235,000	4.00%				
			Aug. 15, 2022	960,000	5.00%				
			Aug. 15, 2023	960,000	5.00%				
Aug. 15, 2024	984,000	4.00%							

BOROUGH OF EDGEWATER

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2012

Ordinance number	Improvement description	Date of original issue	Date of issue	Date of maturity	Interest rate	Balance, Dec. 31, 2011	Increased by:	Decreased by:	Balance, Dec. 31, 2012
1372	Dredging of the Edgewater Marina	Aug. 22, 2008	Jul. 27, 2012	Jul. 26, 2013	1.50%	2,572,713	2,345,426	2,572,713	2,345,426
1382	Dredging of the Edgewater Marina	Aug. 22, 2008	Jul. 27, 2012	Jul. 26, 2013	1.50%	1,973,992	1,948,684	1,973,992	1,948,684
1381	Various Capital Improvements	Aug. 21, 2009	Jul. 27, 2012	Jul. 26, 2013	1.50%	1,795,500	1,712,811	1,795,500	1,712,811
1387	Amend 1381: Various Capital Improvements	Aug. 21, 2009	Jul. 27, 2012	Jul. 26, 2013	1.50%	147,000	140,229	147,000	140,229
1407	Barrier Free Ramp Improvements (River Road)	Aug. 21, 2009	Jul. 27, 2012	Jul. 26, 2013	1.50%	123,500	117,000	123,500	117,000
1423	Improvements to Undercliff Avenue	Aug. 13, 2010	Jul. 27, 2012	Jul. 26, 2013	1.50%	42,500	42,500	42,500	42,500
1426	Acq. Of Various Equipment for New Municipal Complex	Aug. 13, 2010	Jul. 27, 2012	Jul. 26, 2013	1.50%	237,500	237,500	237,500	237,500
1443	Reconst. of Roads (Lasher Lane/Oldwood Rd)	Aug. 12, 2011	Jul. 27, 2012	Jul. 26, 2013	1.50%	107,350	107,350	107,350	107,350
1450	Borough Hall Phase II Improvements	Aug. 12, 2011	Jul. 27, 2012	Jul. 26, 2013	1.50%	249,945	249,945	249,945	249,945
1357	Acq. of a new Municipal Complex/Police Station	Dec. 6, 2011	Jul. 27, 2012	Jul. 26, 2013	1.50%	5,000,000	5,000,000	5,000,000	5,000,000
1474	Improvements to Veteran's Field	Jul. 27, 2012	Jul. 27, 2012	Jul. 26, 2013	1.50%		8,098,555		8,098,555
						\$ 12,250,000	20,000,000	12,250,000	20,000,000
							11,901,445	11,901,445	
							8,098,555		
									156,711
									22,901
									168,943
									\$ 20,000,000
									12,250,000

Renewed Cash
 Budget Appropriation
 Reserve for Payment of Notes - Ord. 1372/1400
 Reserve for Payment of Notes - Grand Cove Marina

BOROUGH OF EDGEWATER

Schedule of Reserve for Payment of Debt

General Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$ 1,317,364
Increased by:	
Cash Receipts	<u>73,750</u>
	1,391,114
Decreased by:	
Utilized as Paydown on Note Renewal	<u>191,844</u>
Balance - December 31, 2012	<u><u>\$ 1,199,270</u></u>

Analysis of Balance

Ord. 1381/1387	467,474
Ord. 1366	88,120
Ord. 1418	3,750
Ord. 1407	61,411
Ord. 1443	11,420
Ord. 1226, 1272, 1327	<u>567,095</u>
	<u><u>\$ 1,199,270</u></u>

BOROUGH OF EDGEWATER
Schedule of Reserve for Green Acres
General Capital Fund
Year ended December 31, 2012

Balance - December 31, 2011	\$	9,889
Increased by:		
Interest Earned on Investments		437
Balance - December 31, 2012	\$	10,326

Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2012

Balance - December 31, 2011	\$	327,143
Increased by:		
2012 Budget Appropriations		225,000
		552,143
Decreased by:		
Appropriated to Finance Improvement Authorizations		508,000
Balance - December 31, 2012	\$	44,143

BOROUGH OF EDGEWATER
Schedule of Unappropriated Grant
General Capital Fund
Year ended December 31, 2012

Balance - December 31, 2011	\$	<u>79,408</u>
Balance - December 31, 2012	\$	<u><u>79,408</u></u>

Schedule of Reserve for Receivables
General Capital Fund
Year ended December 31, 2012

Balance - December 31, 2011	\$	188,580
Increased by:		
Grant Awards		<u>505,891</u>
Balance - December 31, 2012	\$	<u><u>694,471</u></u>

<u>Analysis of Balance</u>		
CDBG - Undercliff Avenue/Lasher Lane/Oldwood Road		88,580
CDBG - Edgewater Place/Hilliard Avenue		100,000
Bergen County Open Space - Veteran's Field Imps.		<u>505,891</u>
	\$	<u><u>694,471</u></u>

BOROUGH OF EDGEWATER

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2012

Ordinance number	Improvement description	Balance, Dec. 31, 2011	2012 Authorizations	Decreased by:	Balance, Dec. 31, 2012
967	Various improvements	\$ 164			164
1262	Pension Refunding	2,681			2,681
1325	Various Capital Improvements	709			709
1357	Acquisition of Municipal Complex/Police Station	400,000			400,000
1359	Dissolution of the Edgewater Municipal Utilities Authority	2,172			2,172
1366	Separation of Combined Sewers	748,519			748,519
1372/1382	Dredging of Edgewater Marina	700			700
1381/1387	Various Capital Improvements	250			250
1413	Refunding Bond Ordinance	340,000			340,000
1418	Sewer Repairs	33,750			33,750
1420	Sanitary Sewer Repairs	45,000			45,000
1423	Improvements to Undercliff Avenue	250			250
1443	Reconstruction of Roads (Lasher Lane/Oldwood Rd)	-			-
1450	Borough Hall Phase II Improvements	1,805			1,805
1457	Imps. to Beverly Place Retaining Wall	152,000			152,000
1460	Imps. to DPW and Community Center Parking Lots	161,500			161,500
1463	Refunding Bond Ordinance	8,300,000		7,395,000	905,000
1464	Improvements to Municipal Pool	61,750			61,750
1466	Refunding Bond Ordinance		385,000	385,000	
1474	Improvements to Veteran's Field		9,215,000	8,098,555	1,116,445
1482	Various Improvements		544,500		544,500
		<u>\$ 10,251,250</u>	<u>10,144,500</u>	<u>15,878,555</u>	<u>4,517,195</u>
			2012 Improvement Authorizations		
			<u>10,144,500</u>		
			<u>\$ 10,144,500</u>		
			Sale of Bond Anticipation Notes	8,098,555	
			Refunding Bonds Issued	7,395,000	
			Capital Lease Refunding	<u>385,000</u>	
				<u>\$ 15,878,555</u>	

BOROUGH OF EDGEWATER

Schedule of Cash - Collector-Treasurer

Marina Utility Operating Fund

Year ended December 31, 2012

Balance - December 31, 2011		\$	277,067
Cash Receipts:			
Membership/Slip Rentals	\$	140,847	
Miscellaneous		<u>203</u>	
			<u>141,050</u>
			418,117
Cash Disbursements:			
2012 Appropriations	\$	243,871	
2011 Appropriation Reserves		<u>6,894</u>	
			<u>250,765</u>
Balance - December 31, 2012		\$	<u><u>167,352</u></u>

BOROUGH OF EDGEWATER

Schedule of Marina Utility Capital Fund Cash

General Capital Fund

Year ended December 31, 2012

Due from Federal Emergency Management Agency	(742,996)
Due to Marina Utility Operating Fund	640
Due to General Capital Fund	400,000
Fund Balance	3,202

Improvement authorizations:

Ordinance

number

Improvement description

1465	Acquisition of Marina Dredging Equipment	39,511
1467	Dredging of the Marina	<u>245,420</u>
		\$ <u><u>(54,223)</u></u>

BOROUGH OF EDGEWATER

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

Year ended December 31, 2012

	<u>Decreased</u>	Balance, Dec. 31, <u>2012</u>
Marina Utility Capital Fund	\$ <u>640</u>	<u>(640)</u>
	\$ <u>640</u>	<u>(640)</u>
Interest on Investments	\$ <u>640</u>	

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2012

Increased by:	
Funding Awarded	\$ <u>742,996</u>
Balance - December 31, 2012	\$ <u><u>742,996</u></u>

BOROUGH OF EDGEWATER

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

Year ended December 31, 2012

	<u>Increased</u>	Balance, Dec. 31, <u>2012</u>
Marina Utility Operating	\$ 640	640
General Capital Fund	<u>400,000</u>	<u>400,000</u>
	<u>\$ 400,640</u>	<u>400,640</u>
Interest on Investments	640	
Cash Receipts	<u>400,000</u>	
	<u>\$ 400,640</u>	

BOROUGH OF EDGEWATER

**Schedule of Fixed Capital Authorized
and Uncompleted**

Marina Utility Capital Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$ 450,000
Increased by:	
Fixed Capital Authorized	<u>742,996</u>
Balance - December 31, 2012	<u>\$ 1,192,996</u>

<u>Analysis of Balance</u>	
Ord. 1465	450,000
Ord. 1467	<u>742,996</u>
	<u>\$ 1,192,996</u>

BOROUGH OF EDGEWATER
Schedule of Encumbrances Payable
Marina Utility Operating Fund
Year ended December 31, 2012

Balance - December 31, 2011	\$	2,057
Increased by:		
Transferred from Budget		6,000
		8,057
Decreased by:		
Transferred to Appropriation Reserves		2,057
Balance - December 31, 2012	\$	6,000

BOROUGH OF EDGEWATER

Schedule of Improvement Authorizations

Marina Utility Capital Fund

Year ended December 31, 2012

Ordinance number	Improvement description	Date	Ordinance Amount	Balance Dec. 31, 2011		2012 Authorizations	Paid or Charged	Balance Dec. 31, 2012	
				Unfunded	Funded			Funded	Unfunded
1465	Acquisition of Marina Dredging Equipment	Dec. 19, 2011	450,000 \$	450,000			410,489		39,511
1467	Dredging of the Marina	Mar. 5, 2012	742,996		742,996	742,996	497,576	245,420	
			\$	450,000		742,996	908,065	245,420	39,511
						Cash Disbursements	908,065		

BOROUGH OF EDGEWATER

Schedule of Deferred Reserve for Amoritization

Marina Utility Capital Fund

Year ended December 31, 2012

<u>Ordinance number</u>	<u>Improvement description</u>	Increased by: 2012 <u>Authorizations</u>	Balance Dec. 31, <u>2012</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, 2012

<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>Increased by:</u>	<u>Balance, Dec. 31, 2012</u>
1465	Acquisition of a Dredging Boat	Jul. 27, 2012	Jul. 27, 2012	Jul. 26, 2013	1.50%	\$ 450,000	450,000
						\$ 450,000	450,000
						Cash Receipts	450,000
						450,000	450,000

BOROUGH OF EDGEWATER

Schedule of 2011 Reserves - Operating Fund

Marina Utility Operating Fund

Year ended December 31, 2012

	Balance, December 31, <u>2011</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>charged</u>	Balance <u>lapsed</u>	Over- <u>Expenditures</u>
Salaries and Wages	\$ 14,370	14,370		14,370	
Other expenses	<u>1,182</u>	<u>3,239</u>	<u>6,894</u>		<u>3,655</u>
	<u>\$ 15,552</u>	<u>17,609</u>	<u>6,894</u>	<u>14,370</u>	<u>3,655</u>
Appropriation Reserves		15,552			
Encumbrances		<u>2,057</u>			
		<u>\$ 17,609</u>			

BOROUGH OF EDGEWATER

Schedule of Bonds and Notes Authorized but not Issued

Marina Utility Capital Fund

Year ended December 31, 2012

<u>Ordinance number</u>	<u>Improvement description</u>	Balance Dec. 31, <u>2011</u>	Decreased <u>in 2012</u>
1465	Acquisition of Marina Dredging Equipment	\$ <u>450,000</u>	<u>450,000</u>
		\$ <u><u>450,000</u></u>	<u><u>450,000</u></u>
			<u><u>450,000</u></u>

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

Public Assistance Fund

Year ended December 31, 2012

	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
Balance - December 31, 2011	\$ <u>772</u>	<u>51,804</u>	<u>52,576</u>
Increased by:			
State Aid for Public Assistance		121,400	121,400
Interest Earned	<u>1</u>		<u>1</u>
	<u>1</u>	<u>121,400</u>	<u>121,401</u>
	773	173,204	173,977
Decreased by:			
Public Assistance	<u>50</u>	<u>77,466</u>	<u>77,516</u>
Balance - December 31, 2012	\$ <u><u>723</u></u>	<u><u>95,738</u></u>	<u><u>96,461</u></u>

BOROUGH OF EDGEWATER

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

Public Assistance Fund

Period ended December 31, 2012

Balance - December 31, 2012	\$	96,461
Increased by receipts:		
Interest Earned		1
		96,462
Decreased by:		
General Assistance		8,677
Balance - March 31, 2013	\$	87,785

<u>Reconciliation - March 31, 2013</u>	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
Balance on Deposit per Statement of:			
Bank of America			
a/c no. 0469000414	\$	88,926	88,926
Mariner's Bank			
a/c no. 1400000756	725		725
	725	88,926	89,651
Less: Outstanding Checks		1,866	1,866
Balance - March 31, 2013	\$ 725	87,060	87,785

BOROUGH OF EDGEWATER

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Period ended December 31, 2012

Balance - December 31, 2011		\$	52,576
Increased by receipts:			
State aid	\$	121,400	
Interest Earned		<u>1</u>	
			<u>121,401</u>
			173,977
Decreased by:			
General Assistance			<u>77,516</u>
Balance - December 31, 2012		\$	<u><u>96,461</u></u>

<u>Reconciliation - December 31, 2012</u>	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
Balance on Deposit per Statement of:			
Mariner's Bank			
a/c no. 1400000756	\$	724	724
Bank of America			
a/c no. 0469000414		<u>97,813</u>	<u>97,813</u>
		<u>724</u>	<u>98,537</u>
Less: Outstanding Checks		<u>2,076</u>	<u>2,076</u>
Balance - December 31, 2012	\$	<u><u>724</u></u>	<u><u>96,461</u></u>

BOROUGH OF EDGEWATER
Statement of Public Assistance Revenues

Public Assistance Fund

Year ended December 31, 2012

	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
State Aid Payments	\$	121,400	121,400
Less: Refunds to the State			
Net State Aid Payments	<u> </u>	<u>121,400</u>	<u>121,400</u>
Interest Earned	<u>1</u>	<u> </u>	<u>1</u>
Total revenues (PATF)	<u>\$ 1</u>	<u>121,400</u>	<u>121,401</u>

Statement of Public Assistance Expenditures

Public Assistance Fund

Period ended December 31, 2012

	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
Payments for Current Year Assistance (Reported):			
Maintenance payments	\$	38,420	38,420
Temporary Rent Assistance		36,225	36,225
Transportation		40	40
Emergency Assistance	<u>50</u>	<u>2,781</u>	<u>2,831</u>
Total Payments Reported	<u>50</u>	<u>77,466</u>	<u>77,516</u>
Total Disbursements	<u>\$ 50</u>	<u>77,466</u>	<u>77,516</u>

BOROUGH OF EDGEWATER

Schedule of Grants Receivable

Sewer Facilities Grant Fund

Year ended December 31, 2012

Balance - December 31, 2011	\$ <u>74,501</u>
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Balance - December 31, 2012	\$ <u><u>74,501</u></u>
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Analysis of Balance

Federal Sewer Facilities Step I Grant - EPA	70,161
Federal Sewer Facilities Step II Grant - EPA	<u>4,340</u>
	\$ <u><u>74,501</u></u>

Schedule of Reserve for Grant Expenditures

Sewer Facilities Grant Fund

Year ended December 31, 2012

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

Balance - December 31, 2012	\$ <u><u>74,501</u></u>
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Analysis of Balance

Federal Sewer Facilities Step I Grant - EPA	70,161
Federal Sewer Facilities Step II Grant - EPA	<u>4,340</u>
	\$ <u><u>74,501</u></u>

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BOROUGH OF EDGEWATER

LETTERS ON INTERNAL CONTROL AND ON COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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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, 2012 and the related notes to the financial statements, and have issued our report thereon dated June 24, 2013, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the Borough of Edgewater in the County of Bergen compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The Borough of Edgewater's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Edgewater's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of Edgewater's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Borough of Edgewater's compliance.

Opinion on Each Major Federal Program

In our opinion, the Borough of Edgewater complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Borough of Edgewater is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Edgewater's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Edgewater's internal control over compliance.

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

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

Honorable Mayor and
Members of the Borough Council
Page 3.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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



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

June 24, 2013



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BOROUGH OF EDGEWATER

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2012

Federal grantor	Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2011	Cash Receipts	Budgetary Expenditures	Adjustments	Balance at Dec. 31, 2012	Menno Cumulative Expenditures
Current Funds:										
U.S. Department of Homeland Security (1)										
Disaster Grants - Public Assistance (Presidentially Declared Disasters)										
	4021 Public Assistance - Hurricane Irene	97.036	8/26/2011	14,074		14,074	14,074			14,074
	4048 Public Assistance - Snowstorm	97.036	10/29/2011	2,770		2,770	2,770			2,770
						16,844	16,844			16,844
		16.710	2012			8,225			8,225	
	Community Oriented Policing Services - 2010CKWX0670					25,069	16,844		8,225	16,844
U.S. Department of Justice										
<i>Total Federal Assistance - Current Fund</i>										
General Capital Funds:										
Department of Housing and Urban Development (passed through County of Bergen):										
	Community Development Block Grant:									
	Reconst. of Undercliff Avenue - Ord. 1423	14.219	2009	158,408			27,627	(3,197)	(30,824)	164,685
	Undercliff Avenue Streetscape - Ord. 1423	14.219	2009	100,000			6,277		(6,277)	6,277
	Reconst. Of Roads (Lasher Lane/Oldwood Rd Undercliff Avenue Streetscape)	14.219	2011	100,000						11,420
	Road Resurfacing (Edgewater Pl/Hillard Ave)	14.219	2012	100,000						
	Old Wood Road Sanitary Sewer/Rdway Imp. - Ord. 1482	14.219	2013	91,000						
							33,904	(3,197)	(37,101)	182,382
U.S. Department of Homeland Security (1)										
Disaster Grants - Public Assistance (Presidentially Declared Disasters)										
	4021 Public Assistance - Hurricane Irene									
	PA-02-NJ-4021-PW-01332 - Ord. 1484	97.036	8/26/2011	217,808						
U.S. Department of Transportation - Federal Highway Administration										
	Highway Planning and Construction									
	Drainage Improvements, Old River Road - Ord. 1438	20.205	2011	200,000	(28,822)		2,632		(31,454)	131,579
	Safe Streets to Transit Program	20.205	2008	70,000		70,000	70,000			70,000
	Old River Road Improvements, Phase II - Ord. 1482	20.205	2012	146,500	(28,822)	70,000	72,632		(31,454)	201,579
					(28,822)	70,000	106,536	(3,197)	(68,555)	383,961
<i>Total Federal Assistance - General Capital Fund</i>										

BOROUGH OF EDGEWATER

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

Federal grantor Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2011	Cash Receipts	Budgetary Expenditures	Adjustments	Balance at Dec. 31, 2012	Memo Cumulative Expenditures
Marina Utility Capital Fund; U.S. Department of Homeland Security (1)	97.036	3/12/2010	742,996			497,577			497,577
Disaster Grants - Public Assistance (Presidentially Declared Disasters) PA-02-NJ-1897-PW-01289 - Ord. 1467									
<i>Total Federal Assistance - Marina Utility Capital Fund</i>									
Trust Funds: Department of Justice Federal Bulletproof Vest Partnership Program	16.607	2012	10,200		10,200	10,200			10,200
				\$ (28,822)	105,269	631,157	(3,197)	(60,330)	908,582

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

BOROUGH OF EDGEWATER

Schedule of State Financial Assistance
For the Year Ended December 31, 2012

State grantor	Program	Grant number	Grant period	Award Amount	Balance Dec. 31, 2011	Cash Received	Budgetary Expenditures	Adjustments	Balance Dec. 31, 2012	Memo Cumulative Expenditures
<u>Current Fund:</u> Department of Environmental Protection	Clean Communities Program	4900-765-042-4900-004-V42Y	2012	16,377		16,377			16,377	
		4900-765-042-4900-004-V42Y	2011	16,624	16,124				16,124	3,025
		4900-765-042-4900-004-V42Y	2008-09	12,136	24,756		7,670		17,086	
	Solid Waste Administration Recycling Tonnage Grant	4900-752-042-4900-001-V42Y	2011	12,464	12,464				12,464	
		4900-752-042-4900-001-V42Y	2010	37,800	37,800				37,800	
		4900-752-042-4900-001-V42Y	2009	7,876	7,876				7,876	
		4900-752-042-4900-001-V42Y	2008-09	6,340	6,340				6,340	
				105,360	16,377	7,670		114,067	3,025	
Administrative Office of the Courts	Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001-X100	2012	1,619		1,619			1,619	
		9735-760-098-Y900-001-X100	2011	1,564	1,564				1,564	
		9735-760-098-Y900-001-X100	2008-09	1,067	2,224				2,224	
				3,788	1,619			5,407		
Division of Criminal Justice	Body Armor Grant	1020-718-066-1020-001-YCJS	2008-09	3,108	6,052				6,052	
					6,052				6,052	
County of Bergen (1)	Municipal Alliance on Alcoholism and Drug Abuse		2011	9,692		9,692	4,113		5,579	4,113
			2012			3,743			3,743	
						13,435	4,113		9,322	4,113
				\$	115,200	31,431	11,783		134,848	7,138
<u>Total State Assistance - Current Fund</u>										
<u>General Capital Fund:</u>										
Department of Community Affairs	Borough Hall Preservation & Renovation Project - Ord. 1326		2004-05	100,000	31,868				31,868	
			2005-06	32,000	(5,375)				(5,375)	
New Jersey Livable Communities Grant	Various Library Imps - Ord. 1326									
Garden State Historic Preservation Trust Fund	Edgewater Borough Hall	2008.2084		406,000						
Department of Environmental Protection	New Jersey Environmental Infrastructure Trust Fund	Sewer Repairs - 1418	2010	521,250		152,353	152,353			521,250
		Trust Loan (2010A)	2010	170,000	170,000	50,785	47,035	3,750		170,000
		Sewer Repairs - 1420	2010	260,000	(117,937)	54,485	25,457	(83,454)	(5,455)	115,194
		Trust Loan (2010B)	2010	260,000	(62,683)	109,739	52,511		(5,455)	115,194
		Sewer Repairs - 1420	2010	260,000						

BOROUGH OF EDGEWATER

Schedule of State Financial Assistance

For the Year Ended December 31, 2012

State grantor	Program	Grant number	Grant period	Award Amount	Balance Dec. 31, 2011	Cash Received	Budgetary Expenditures	Adjustments	Balance Dec. 31, 2012	Memo Cumulative Expenditures	
Dept. of Environmental Protection, (cont.)	Green Acres Improvements to Veterans Field Ord. 1326 (Grant) Improvements to Veterans Field Ord. 1326 (Loan)		2006-07	600,000	(245,615)		18,181		(245,615)	324,882	
			2006-07	400,000	339,142		295,537	(79,704)	320,961	1,246,520	
	<i>Total State Assistance - General Capital Fund</i>			\$	(60,600)	367,362	295,537	(79,704)	90,929	1,346,652	
Trust Funds:											
Division of Criminal Justice	Body Armor Grant		2012	2,777	2,886	2,777	2,886		2,777	2,886	
			2011	2,886	2,886	2,777	2,886		2,777	2,886	
Department of Environmental Protection	Solid Waste Administration Recycling Tonnage Grant		2012		2,886	12,765	12,765			12,765	
					2,886	15,542	15,651		2,777	15,651	
<i>Total State Assistance - Trust Funds</i>											
Public Assistance Fund:											
Department of Health and Human Services	Public assistance		2011	63,346	51,804		51,804			51,804	
			2012	121,400	121,400	121,400			95,738	25,662	
<i>Total State Assistance - Public Assistance Trust Fund</i>											
Other Financial Assistance:											
County of Bergen (Passed through)	Bergen County Open Space/Historic Preservation Trust Acq/Installation of clock at Grand Cove Marina - Ord. 1398		2008-09	41,250							
			2005	50,091							
			2008	245,800							
			2009	210,000							
			2007-08	145,000	(95,000)					(95,000)	95,000
			2011	329,000	(95,000)					(95,000)	95,000
					(95,000)					(95,000)	95,000
						14,290	535,735	400,437	(79,704)	229,292	1,541,907
						\$					
		<i>Total Other Financial Assistance</i>									
<i>Total State and Other Financial Assistance</i>											

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

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

**BOROUGH OF EDGEWATER
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$16,844	\$11,783	\$28,627
Trust Funds	10,200	15,651	25,851
General Capital Fund	106,536	295,537	402,073
Marina Utility Capital Fund	497,577		497,577
Public Assistance Trust Fund		<u>77,466</u>	<u>77,466</u>
	<u>\$631,157</u>	<u>\$400,437</u>	<u>\$1,031,594</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. ADJUSTMENTS

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

**BOROUGH OF EDGEWATER
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)**

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2012, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

<u>Loan Program</u>	<u>Total</u>
State of New Jersey Environmental Infrastructure Trust Loan Program - Capital Fund	\$3,658,132
State of New Jersey Green Acres Bond Act	<u>320,961</u>
	<u>\$3,979,093</u>

**BOROUGH OF EDGEWATER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified - regulatory basis

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? yes X no

Federal Awards Section

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>97.036</u>	<u>U.S. Department of Homeland Security - Disaster Grants - Public Assistance (Presidentially Declared Disasters)</u>

**BOROUGH OF EDGEWATER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(continued)**

Section II - Schedule of Financial Statement Findings

None

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

None

STATUS OF PRIOR YEAR FINDINGS

None

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 approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

BOROUGH OF EDGEWATER

GENERAL COMMENTS, (continued)

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

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

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

- Improvements to Public Works and Community Center Parking Lots
- Beverly Place Retaining Wall Replacement
- Barge Services and Sediment Disposal of Spoils for the Edgewater Marina Project
- Phase II of the Old Borough Hall Restoration Project
- Marina Dredge Project
- Veteran's Field Improvements

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

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

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

BOROUGH OF EDGEWATER

GENERAL COMMENTS, (continued)

Collection of Interest on Delinquent Taxes and Assessments

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

The following resolution authorizing interest to be charged on delinquent taxes was adopted at the reorganization meeting held on January 3, 2012.

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

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

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

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

Delinquent Taxes and Tax Title Liens

A tax sale was held on November 28, 2012 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, 2012	6
December 31, 2011	5
December 31, 2010	2

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

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BOROUGH OF EDGEWATER

COMMENTS

Finance/Accounts Payable/Payroll:

- 1.* Inter-fund transfers were made between the Current Fund and the Council on Affordable Housing Trust fund in violation of the Fair Housing Act substantive rule 5:94-6.12
- 2.* Tax payments are not being validated upon receipt.
- 3.* There are unfunded ordinances over five years old for which expenditures have been made that have not been funded.
- 4.* There were instances in which slip rental payments were being charged and received prior to the execution of a contractual agreement between the borough and renter.
5. There are various trust fund reserves for which there is not an approved dedication by rider:
 - Developer's Escrow
 - Cemetery Bequest
 - Bullet Proof Vests
 - Council on Affordable Housing Trust
 - Regional Contribution Agreement Trust
6. There are two current fund reserves that would be more appropriately classified in the Trust Funds.
7. There is a cash deficit of \$54,223 in the Marina Utility Capital Fund at December 31, 2012.
8. The Marina Utility 2011 budget appropriation for other expenses was over-expended by \$3,655.
9. The Marina Utility Operating Fund had an operating deficit of \$3,940 at December 31, 2012.
10. There was an instance in which an incorrect health benefit contribution was deducted from an employee's salary.
11. There was an instance in which health benefit contributions were not deducted from an employees' salary as required.

Municipal Court

- 1.* A review of the December 2012 ATS/ACS Monthly Management Report revealed the following area of concern:
 - There are 230 tickets assigned but not issued that are over 180 days old.
- 2.* Not all deposits are made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.

BOROUGH OF EDGEWATER

COMMENTS, (cont.)

Departments

Police Records Bureau:

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

Recreation Department:

- 1.* Receipts are not being issued in numerical order.

Board of Health:

1. Various departmental licenses are not being entered into the licensing system with the proper date of receipt.
2. Accurate bank reconciliations of the departmental account are not being performed on a monthly basis.

BOROUGH OF EDGEWATER

RECOMMENDATIONS

Finance/Accounts Payable/Payroll:

- 1.* Future inter-fund transfers from the Council on Affordable Housing Trust Fund should not be permitted.
- 2.* Tax payments be validated with the date of receipt.
- 3.* Steps be taken to fund those unfunded ordinances over five years old for which expenditures have been made.
- 4.* Executed rental agreements be completed and on file prior to the levying and collection of slip rental payments.
5. Any unauthorized reserves in the Trust Funds be reviewed and a dedication by rider approval be obtained from the Division of Local Government Services.
6. A dedication by rider be obtained and current fund reserve balances be transferred to a new trust account upon approval for Tax Title Lien Premiums and Parking Offenses Adjudication Account.
7. The finance office monitor cash flows more closely to ensure cash deficits are not incurred.
8. Available budget appropriation balances be verified prior to expenditures being made that result in over-expenditures of appropriation reserves.

BOROUGH OF EDGEWATER

RECOMMENDATIONS, (cont.)

Finance/Tax Collector/Accounts Payable

9. Provisions be made in succeeding years budgets to eliminate the utilities operating deficit.
10. Payroll personnel recalculate and confirm health benefit deductions to ensure accuracy
11. A review of all employees and their health benefit deductions be made on a periodic basis to ensure all eligible deductions are being taken.

Municipal Court

- 1.* Any and all tickets that are assigned but not issued greater than 180 days be recalled and either reassigned or destroyed..
- 2.* Not all deposits are made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.

Departments

Police Records Bureau:

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

Recreation Department:

- 1.* All receipts be issued in numerical order.

Board of Health:

1. All licenses issued and collected be properly recorded in the licensing software system.
2. A bank reconciliation be performed on a monthly basis and a comparison of licenses collected per the licensing system be made to deposits to ensure accuracy of reports.

BOROUGH OF EDGEWATER

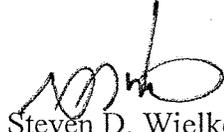
Status of Prior Year Audit Findings/Recommendations

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

Acknowledgment

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

Respectfully submitted,



Steven D. Wielkotz
Registered Municipal Accountant
No. CR00413



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

June 24, 2013