

BOROUGH OF EDGEWATER

**Financial Statements With
Supplementary Information**

December 31, 2016

(With Independent Auditors' Reports Thereon)

BOROUGH OF EDGEWATER

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Edgewater in the County of Bergen, as of December 31, 2016 and 2015, 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, 2016, 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
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Edgewater as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 15 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,008,888 and \$970,160 for 2016 and 2015, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



The Honorable Mayor and
Members of the Borough Council
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Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis of Accounting*” paragraph, the financial statements referred to above, with the exception of the Length of Service Award Program, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2016 and 2015, 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, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

The 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.



The Honorable Mayor and
Members of the Borough Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2017 on our consideration of the Borough of Edgewater's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Edgewater's internal control over financial reporting and compliance.



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Certified Public Accountants
Pompton Lakes, New Jersey

May 16, 2017



BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2016 and 2015

<u>Assets</u>	<u>Ref.</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
Regular Fund:			
Cash	A-4	\$ 9,223,868	8,764,709
Petty cash		250	250
Change funds		200	200
Due from State of New Jersey:			
Senior citizens' and veterans' deductions	A-8	34,783	34,863
		<u>9,259,101</u>	<u>8,800,022</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-5	3,350,678	1,618,729
Property acquired for taxes - assessed valuation	A-17	3,844,775	3,844,775
Tax title liens	A-6	58,277	52,526
Revenue accounts receivable	A-7	248,414	166,667
Interfunds receivable:			
Escrow trust fund	A-19	30	27
Other trust fund	A-19	2,126	1,370
Marina utility operating fund	A-19		4,500
		<u>7,504,300</u>	<u>5,688,594</u>
Deferred charges:			
Over-expenditure of Appropriation Reserves	A-23		44,749
Special emergency authorizations	A-24		46,600
			<u>91,349</u>
		<u>16,763,401</u>	<u>14,579,965</u>
State and Federal Grant Fund:			
Grants receivable	A-25	275,507	9,692
Due from Current Fund	A-22	81,364	170,006
		<u>356,871</u>	<u>179,698</u>
		<u>\$ 17,120,272</u>	<u>14,759,663</u>

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2016 and 2015

	<u>Ref.</u>	Dec. 31, <u>2016</u>	Dec. 31, <u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Appropriation reserves	A-3,A-12	\$ 1,812,060	1,981,981
Local school district tax payable	A-9	3	125,477
Encumbrances payable	A-13	229,592	248,949
County added and omitted taxes payable	A-11	105,807	20,970
Tax overpayments	A-14	225,499	51,855
Prepaid taxes	A-15	375,866	336,198
Marriage license fees payable	A-16	500	650
Reserve for tax title lien premium	A-18	533,900	674,500
Interfund Payables:			
General capital fund	A-19	8,887	10,884
Marina Utility Capital Fund	A-19	28,925	
Fire prevention dedicated penalties trust fund	A-19	3,026	375
Other Trust Fund - POAA	A-19	52	
Various miscellaneous reserves	A-20	684,102	600,464
Special emergency note payable	A-21		54,000
Due to state and federal grant fund	A-22	81,364	170,006
		<u>4,089,583</u>	<u>4,276,309</u>
Reserve for receivables and other assets	A	7,504,300	5,688,594
Fund balance	A-1	<u>5,169,518</u>	<u>4,615,062</u>
		<u>16,763,401</u>	<u>14,579,965</u>
State and Federal Grant Fund:			
Appropriated reserves	A-26	273,945	142,635
Encumbrances payable	A-26	41,339	235
Unappropriated reserves	A-27	41,587	36,828
		<u>356,871</u>	<u>179,698</u>
		<u>\$ 17,120,272</u>	<u>14,759,663</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, 2016

	Dec. 31, <u>2016</u>	Dec. 31, <u>2015</u>
Revenue and other income realized:		
Fund balance utilized	\$ 2,000,000	2,000,000
Miscellaneous revenue anticipated	4,381,936	3,385,141
Receipts from delinquent taxes	1,751,837	841,765
Receipts from current taxes	47,563,583	46,633,912
Nonbudget revenues	511,651	911,955
Other credits to income:		
Unexpended balance of appropriation reserves	1,673,024	1,157,721
Tax overpayments cancelled	30,121	37,077
Prior year interfunds returned	5,896	89,285
	<hr/>	<hr/>
Total revenue	57,918,048	55,056,856
Expenditures:		
Budget and emergency appropriations:		
Appropriation within "CAPS":		
Operations:		
Salaries and wages	9,538,066	9,347,610
Other expenses	7,822,827	7,684,536
Deferred charges and statutory expenditures	1,892,493	1,750,530
Appropriations excluded from "CAPS":		
Operations:		
Other expenses	3,848,105	3,479,504
Capital improvements	300,000	300,000
Municipal debt service	3,042,983	2,540,645
Deferred charges and statutory expenditures	46,600	65,200
County taxes	8,185,665	7,487,638
Due county for added taxes	105,807	20,970
Local district school taxes	20,307,739	19,497,393
Tax appeal refunds	239,570	168,596
County taxes - Long term exemption law	23,269	22,878
Over-expenditure of Appropriation Reserves		44,749
Correct tax sale premiums	4,000	
Refund prior year revenue	6,468	5,930
	<hr/>	<hr/>
Total expenditures	55,363,592	52,416,179
Excess in revenue	2,554,456	2,640,677
Adjustments to income before Surplus:		
Expenditures included above which are by statute deferred charges to budget of succeeding year		44,749
		<hr/>
Statutory Excess to Surplus	2,554,456	2,685,426
Fund balance - January 1,	4,615,062	3,929,636
	<hr/>	<hr/>
	7,169,518	6,615,062
Decreased by utilization as anticipated revenue	2,000,000	2,000,000
	<hr/>	<hr/>
Fund balance - December 31,	\$ 5,169,518	4,615,062

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2016

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus anticipated	\$ 2,000,000	2,000,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	25,000	39,888	14,888
Other	35,000	76,841	41,841
Fees and permits:			
Construction	350,000	632,294	282,294
Other	150,000	287,553	137,553
Fines and costs municipal court	183,000	179,001	(3,999)
Interest and costs on taxes	160,000	274,269	114,269
Interest on investments and deposits	3,500	5,760	2,260
Consolidated Municipal Property Tax Relief Aid	142,630	142,630	
Energy Receipts Tax	608,101	608,101	
Clean Communities	21,924	21,924	
Alcohol Education and Rehabilitation	2,731	2,731	
Body Armor Grant	3,026	3,026	
Port Security Grant 2015	104,813	104,813	
Port Security Grant 2016	61,002	61,002	
Post Sandy Planning Grant	100,000	100,000	
Uniform Fire Safety Act	11,000	27,499	16,499
Commercial Sewer Fees	225,000	531,106	306,106
Sewer Connection Fees		157,800	157,800
General Capital Fund Balance	309,241	309,241	
Hotel Tax	235,000	359,573	124,573
PILOT Payments - Waterview Towers	350,000	456,884	106,884
Total miscellaneous revenues	<u>3,080,968</u>	<u>4,381,936</u>	<u>1,300,968</u>
Receipts from delinquent taxes	<u>1,700,000</u>	<u>1,751,837</u>	<u>51,837</u>
Amount to be raised by taxes for support of municipal budget	<u>21,536,773</u>	<u>20,764,372</u>	<u>(772,401)</u>
Budget total	<u>\$ 28,317,741</u>	<u>28,898,145</u>	<u>580,404</u>
Nonbudget revenue		<u>511,651</u>	
		<u>\$ 29,409,796</u>	

BOROUGH OF EDGEWATER

Statement of Revenues - Regulatory Basis

Current Fund

Year ended December 31, 2016

Analysis of Realized Revenue

Allocation of current tax collections;	
Revenue from collections	\$ 47,563,583
Allocated to:	
Local district school tax	20,307,739
County taxes	8,291,472
	<u>28,599,211</u>
Balance for support of municipal budget appropriations	18,964,372
Reserve for uncollected taxes	<u>1,800,000</u>
	<u>\$ 20,764,372</u>
Receipts from:	
Delinquent tax collections	\$ 1,751,837
	<u>\$ 1,751,837</u>

Analysis of Miscellaneous Revenue Not Anticipated

Polling Place	\$ 80
Police Fees	2,943
Ambulance Fees	198,779
Sewer Connection Fees	40,000
Offsets not applied	12,665
Parking Permits	5,400
Parking Meters	27,860
Advertising Fees	15,862
BCUA	7,542
FEMA	71,651
Cable TV	120,785
Miscellaneous	8,084
	<u>\$ 511,651</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2016

Description	Budget	Budget after modifications	Expended		Cancelled
			Paid or charged	Reserved	
Operations-within "CAPS"					
Administrative and executive:					
Salaries and wages	\$ 476,000	476,000	445,909	30,091	
Other expenses:					
Miscellaneous other expenses	234,361	234,361	205,988	28,373	
Mayor and Council- salaries and wages	72,000	72,001	72,001		
Elections:					
Salaries and wages	5,014	5,014	2,961	2,053	
Other expenses	8,400	10,697	10,697		
Financial administration:					
Annual audit	25,000	25,000	14,169	10,831	
Other expenses	60,000	88,500	88,500		
Collection of taxes:					
Salaries and wages	90,000	90,000	65,912	24,088	
Other expenses	23,000	36,580	36,579	1	
Assessment of taxes:					
Salaries and wages	57,470	58,060	58,060		
Other expenses:					
Consultant and legal fees-tax appeals	56,000	56,000	54,387	1,613	
Miscellaneous other expenses	20,690	20,690	5,062	15,628	
Legal services and costs:					
Other expenses	140,000	204,009	204,009		
Engineering service and cost:					
Miscellaneous other expenses	80,000	118,773	118,773		

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2016

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
Insurance:					
Hospitalization	3,103,603	2,903,603	2,589,267	314,336	
Other Insurance	731,500	731,500	636,258	95,242	
Public building and grounds:					
Other expenses	161,400	161,400	160,870	530	
Municipal Land Use Law (NJSA 40:53D-1):					
Planning Board:					
Salaries and wages	7,307	7,307	6,884	423	
Other expenses	24,410	24,410	21,489	2,921	
Zoning Board:					
Salaries and wages	7,307	7,307	6,884	423	
Other expenses	11,500	29,618	29,618		
Rent Leveling Board:					
Salaries and wages	7,307	7,307	6,884	423	
Other expenses	11,700	11,700	2,637	9,063	
Housing Inspector:					
Other expenses	575	575		575	
PUBLIC SAFETY:					
Fire:					
Salaries and wages	419,076	419,076	390,336	28,740	
Other expenses	207,000	207,000	184,489	22,511	
Fire hydrant services	162,632	176,762	176,761	1	
Volunteer First Aid:					
Salaries and wages	273,300	297,741	297,740	1	
Other expenses	78,330	93,677	93,677		

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2016

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Expended</u>		<u>Cancelled</u>
			<u>Paid or charged</u>	<u>Reserved</u>	
Fire Prevention:					
Other expenses	36,600	36,600	36,141	459	
Police:					
Salaries and wages	5,048,001	5,048,001	4,832,069	215,932	
Other expenses:					
Miscellaneous other expenses	256,520	265,441	240,804	24,637	
Automobiles	60,350	60,350	48,716	11,634	
Emergency management services:					
Salaries and wages	5,000	5,001	5,000	1	
Other expenses	4,050	4,050	342	3,708	
Streets and Roads:					
Road repairs and maintenance:					
Salaries and wages	1,921,646	1,921,646	1,618,159	303,487	
Other expenses	202,840	202,840	194,233	8,607	
Snow removal - other expenses	70,500	70,500	56,024	14,476	
Health and welfare:					
Board of Health:					
Salaries and wages	127,500	128,453	128,452	1	
Other expenses	170,800	170,800	97,025	73,775	
Dog regulation - other expenses	4,900	4,900	820	4,080	
Administration of Public Assistance:					
Salaries and wages	35,700	35,875	35,874	1	
Other expenses:					
Operating	2,100	2,100	1,454	646	
Emergency assistance	1,500	1,500		1,500	
Recreation and Education:					
Parks and playgrounds - other expenses	57,000	57,000	43,407	13,593	
Recreation:					
Salaries and wages	348,700	383,230	383,229	1	
Other expenses	153,256	153,256	59,503	93,753	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2016

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
Celebration of public event, anniversary or holiday - other expenses	16,000	16,000	13,458	2,542	
Senior Citizens Committee: Other expenses	12,500	12,500	8,072	4,428	
Sanitation: Garbage and Trash removal: Other expenses	600,000	600,000	544,955	55,045	
Recycling Program: Salaries and wages	46,765	48,992	48,990	2	
Municipal Court: Salaries and wages	201,314	201,314	162,888	38,426	
Other expenses	10,500	10,500	10,484	16	
Occupational Safety Health Act Board of Health - Other Expenses	2,000	2,000	1,354	646	
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
State uniform construction code official: Salaries and wages	290,000	293,896	293,895	1	
Other expenses	83,635	83,635	67,289	16,346	
UNCLASSIFIED: Utilities: Gas & Electric	300,000	300,000	257,170	42,830	
Street Lighting	201,000	201,000	158,903	42,097	
Water	40,000	40,000	37,852	2,148	
Fuel	175,000	175,000	66,638	108,362	
Telephone	213,000	213,000	210,548	2,452	
Salary and Wage adjustment	135,000	31,845		31,845	
Total Operations within "CAPS"	17,388,559	17,355,893	15,650,549	1,705,344	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2016

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
Contingent	5,000	5,000		5,000	
Total Operations Including Contingent-within "CAPS"	17,393,559	17,360,893	15,650,549	1,710,344	
Detail:					
Salaries & Wages	9,574,407	9,538,066	8,862,127	675,939	
Other Expenses (Including Contingent)	7,819,152	7,822,827	6,788,422	1,034,405	
	17,393,559	17,360,893	15,650,549	1,710,344	
Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
DEFERRED CHARGES:					
Overexpenditure of Appropriations	45,089	45,089	44,749		340
Overexpenditure of Ordinances	2,068	2,068	2,068		
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	416,429	416,429	381,897	34,532	
Social Security System (O.A.S.I.)	445,000	472,932	440,276	32,656	
Consolidated Police and Firemen's Pension Fund	30,000	30,000	80	29,920	
Police and Firemen's Retirement System	921,315	921,315	921,315		
Unemployment insurance	5,000	5,000	1,543	3,457	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	1,864,901	1,892,833	1,791,928	100,565	340

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2016

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
Total General Appropriations for Municipal Purposes within "CAPS"	19,258,460	19,253,726	17,442,477	1,810,909	340
Operations-Excluded from "CAPS"					
Maintenance of free public library	1,065,265	1,065,265	1,065,265		
LOSAP	83,950	83,950	82,800	1,150	
Bergen County Utilities Authority-Share of Costs -Sewer Operating	2,405,394	2,405,394	2,405,393	1	
Total Operations-Excluded from "CAPS"	3,554,609	3,554,609	3,553,458	1,151	
Public and Private Programs Offset with Revenues:					
Clean Community Program					
Recycling-Other Expenses	21,924	21,924	21,924		
Port Security Grant 2016	61,002	61,002	61,002		
Port Security Grant 2015	104,813	104,813	104,813		
Post Sandy Assistance Grant	100,000	100,000	100,000		
Body Armor	3,026	3,026	3,026		
Alcohol Education Rehabilitation fund	2,731	2,731	2,731		
Total Public and Private Programs Offset with Revenue	293,496	293,496	293,496		
Total Operations-Excluded from "CAPS"	3,848,105	3,848,105	3,846,954	1,151	

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2016

Description	Budget	Budget after modifications	Expended		
			Paid or charged	Reserved	Cancelled
Detail:					
Salaries and Wages	3,848,105	3,848,105	3,846,954	1,151	
Other Expenses	3,848,105	3,848,105	3,846,954	1,151	
Capital Improvements-Excluded from "CAPS" Capital Improvement Fund	300,000	300,000	300,000		
Total Capital Improvements Excluded from "CAPS"	300,000	300,000	300,000		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	1,400,000	1,400,000	1,400,000		
Payment of Bond anticipation Note Principal	298,024	298,024	298,024		
Interest on Bonds	628,500	629,417	629,417		1,778
Interest on Notes	301,000	301,000	299,222		
Green Trust Loan Program	25,300	29,117	29,117		
BCIA					
Principal	41,000	41,000	41,000		
Interest	7,000	7,000	3,418		3,582
New Jersey Infrastructure Trust Loan					
Principal	306,752	306,752	306,752		
Interest	57,000	57,000	36,033		20,967
Total Municipal Debt Service-Excluded from "CAPS"	3,064,576	3,069,310	3,042,983		26,327

BOROUGH OF EDGEWATER

Statement of Expenditures - Regulatory Basis

Current Fund

Year ended December 31, 2016

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Expended</u>	
			<u>Paid or charged</u>	<u>Reserved</u>
			<u>Cancelled</u>	
Deferred Charges:				
Special Emergency Authorization - 5 Years	<u>46,600</u>	<u>46,600</u>	<u>46,600</u>	
Total Deferred Charges - Municipal -Excluded from "CAPS"	<u>46,600</u>	<u>46,600</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>7,259,281</u>	<u>7,264,015</u>	<u>7,236,537</u>	<u>1,151</u>
Subtotal General Appropriations	<u>26,517,741</u>	<u>26,517,741</u>	<u>24,679,014</u>	<u>1,812,060</u>
Reserve for Uncollected Taxes	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	
Total General Appropriations	<u>\$ 28,317,741</u>	<u>28,317,741</u>	<u>26,479,014</u>	<u>1,812,060</u>
Adopted Budget	28,051,926			
Added by N.J.S.A. 40A: 4-87	265,815			
	<u>\$ 28,317,741</u>			
Analysis of Paid or Charged Federal and State Grant Fund			293,496	
Deferred Charges			91,349	
Reserve for Uncollected Taxes			1,800,000	
Reserve for Encumbrances			229,592	
Cash			24,064,577	
			<u>\$ 26,479,014</u>	

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2016 and 2015

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Animal License Fund:			
Cash	B-1	\$ <u>12</u>	<u>87</u>
Escrow Trust Fund:			
Cash	B-1	<u>209,237</u>	<u>187,111</u>
Other Trust Funds:			
Cash	B-1	785,899	1,252,031
Due from Current Fund:			2,329
Fire Prevention-Dedicated Penalties	B-5	3,025	
POAA	B-5	<u>52</u>	
		<u>788,976</u>	<u>1,254,360</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	926,088	888,510
Contributions Receivable	B-7	<u>82,800</u>	<u>81,650</u>
		<u>1,008,888</u>	<u>970,160</u>
		<u>\$ 2,007,113</u>	<u>2,411,718</u>

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-2	<u>12</u>	<u>87</u>
Escrow Trust Fund:			
Escrow Deposits	B-4	209,207	187,085
Due to Current Fund	B-5	<u>30</u>	<u>26</u>
		<u>209,237</u>	<u>187,111</u>
Other Trust Funds:			
Interfunds Payable	B-5	2,126	
Reserve for:			
Cemetery Bequests	B-6	31,920	31,919
Bullet Proof Vests	B-6	7,062	11,696
Ferry Performance Security	B-6	195,447	195,399
Fire Prevention	B-6	12,664	8,159
POAA	B-6	10,902	9,398
Cultural and Historical Society	B-6	1,152	1,151
Regional Contribution Agreement	B-6	332,197	332,197
Council on Affordable Housing	B-6	83,141	486,200
Recycling Fees	B-6	83,221	167,173
Bergen County CDA Trust	B-6	102	100
Flexible Spending Trust	B-6	8,171	2,903
Avalon Trust	B-6	17,164	
Municipal Alliance Trust	B-6	<u>3,707</u>	<u>8,065</u>
		<u>788,976</u>	<u>1,254,360</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-8	<u>1,008,888</u>	<u>970,160</u>
		<u>\$ 2,007,113</u>	<u>2,411,718</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2016 and 2015

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash:			
Checking	C-2,C-3	\$ 11,516,728	2,756,566
Deferred charges to future taxation:			
Funded	C-4	22,075,926	23,922,365
Unfunded	C-5	33,748,200	24,081,224
New Jersey Infrastructure Loans Receivable	C-6	184,335	184,335
Grants Receivable:			
New Jersey Green Acres Program	C-7	382,445	382,445
New Jersey Livable Communities-Library Grant	C-8	5,375	5,375
Department of Community Affairs	C-9	30,000	30,000
New Jersey Department of Transportation	C-10	210,239	210,239
Bergen County Open Space Trust Fund	C-11	58,222	58,222
Bergen County Historic Preservation Trust	C-12	190,750	190,750
Federal Emergency Management Agency	C-13	174,320	183,833
Community Development Block Grant	C-14	150,894	254,167
Interfunds Receivable	C-15	66,576	495,498
Over-Expenditure of Ordinance Appropriation	C-16		2,068
		<u>\$ 68,794,010</u>	<u>52,757,087</u>
<u>Liabilities, Reserves and Fund Balance</u>			
New Jersey Environmental Infrastructure Trust			
Loans Payable	C-17	2,492,417	2,799,169
Green Trust Loan Payable	C-18	244,509	264,196
Serial bonds	C-19	19,075,000	20,554,000
Capital Leases Payable	C-20	264,000	305,000
Bond Anticipation Notes	C-21	28,972,000	14,950,000
Reserve for Payment of Debt	C-22	1,937,086	1,833,813
Reserve for Green Acres	C-23	11,574	10,926
Capital Improvement Fund	C-24	25,696	225,696
Improvement authorizations:			
Funded	C-25	2,302,470	2,412,451
Unfunded	C-25	12,916,724	8,820,034
Unappropriated State Grant	C-26	79,408	79,408
Reserve for Grants Receivable	C-27	89,879	193,152
Fund Balance	C-1	383,247	309,242
		<u>\$ 68,794,010</u>	<u>52,757,087</u>

There were \$4,821,575 and \$9,176,599 of Bonds and Notes Authorized But Not Issued December 31, 2016 and 2015 (Exhibit C-28).

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

For the Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Balance - January 1,	\$ 309,242	220,353
Increased by receipts:		
Premium received on sale of Bond Anticipation Notes	<u>383,246</u>	<u>288,889</u>
	692,488	509,242
Decreased by disbursements:		
Budget Revenue Realized	<u>309,241</u>	<u>200,000</u>
Balance - December 31,	<u>\$ 383,247</u>	<u>309,242</u>

See accompanying notes to the financial statements

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Marina Utility Fund

For the Year ended December 31, 2016 and
With Comparative Analysis for Year ended December 31, 2015

<u>Assets</u>	<u>Ref.</u>	Dec 31, <u>2016</u>	Dec 31, <u>2015</u>
Operating Fund:			
Cash	D-5	528,976	357,885
Due from Marina Utility Capital Fund	D-10		708
Deferred Charges	D-20	<u>27,752</u>	<u>16,000</u>
Total Operating Fund		<u>556,728</u>	<u>374,593</u>
Capital Fund:			
Cash	D-6,7	39,315	40,023
Due from the Federal Emergency Management Agency	D-11	247,943	276,868
Due from Current Fund	D-12	28,925	
Fixed Capital Authorized and Uncompleted	D-13	<u>1,192,996</u>	<u>1,192,996</u>
Total Capital Fund		<u>1,509,179</u>	<u>1,509,887</u>
		<u>\$ 2,065,907</u>	<u>1,884,480</u>

BOROUGH OF EDGEWATER

Comparative Balance Sheet - Regulatory Basis

Marina Utility Fund

For the Year ended December 31, 2016 and
With Comparative Analysis for Year ended December 31, 2015

	Ref.	Dec 31, 2016	Dec 31, 2015
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4	23,658	15,502
Accrued Interest on Notes	D-9	4,070	2,250
Interfunds Payable:			
Current Fund	D-10		4,500
General Capital Fund	D-10		16,000
Reserve for Encumbrances	D-14	639	2,049
Prepaid Slip Rental Revenue	D-15	27,500	
Fund Balance	D-1	<u>500,861</u>	<u>334,292</u>
 Total Operating Fund		 <u>556,728</u>	 <u>374,593</u>
Capital Fund:			
Interfund Payables:			
Marina Utility Operating	D-12		708
General Capital Fund	D-12	57,688	57,688
Improvement Authorizations:			
Funded	D-15	223,470	223,470
Unfunded	D-15	31,823	31,823
Reserve for Amortization	D-16	32,000	16,000
Deferred Reserve for Amortization	D-17	742,996	742,996
Bond Anticipation Notes Payable	D-18	418,000	434,000
Fund Balance	D-2	<u>3,202</u>	<u>3,202</u>
 Total Capital Fund		 <u>1,509,179</u>	 <u>1,509,887</u>
		 <u>\$ 2,065,907</u>	 <u>1,884,480</u>

There were \$0 and \$0 of Bonds and Notes Authorized But Not Issued on December 31, 2016 and December 31, 2015.

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, 2016

With Comparative Analysis for Year ended December 31, 2015

	<u>2016</u>	<u>2015</u>
Revenue and other income realized:		
Fund balance utilized	\$ 51,500	
Operating revenues	483,391	277,652
Other credits to income:		
Unexpended balance of appropriation reserves	13,390	21,720
	<u>548,281</u>	<u>299,372</u>
Total income		
Expenditures:		
Operations:		
Salaries and wages	160,000	155,000
Other expenses	151,752	135,000
Debt service	26,500	4,072
Refunds	3,712	1,045
	<u>341,964</u>	<u>295,117</u>
Total expenditures		
Excess/(Deficit) in Operations	206,317	4,255
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute		
Deferred Charges to Budget of Succeeding Year	11,752	
	<u>218,069</u>	4,255
Fund balance, January 1	<u>334,292</u>	<u>330,037</u>
	552,361	334,292
Decreased by utilization as anticipated revenue	<u>51,500</u>	
Fund balance, December 31,	<u>\$ 500,861</u>	<u>334,292</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER
Comparative Statement of Changes in Fund Balance - Regulatory Basis
Marina Utility Capital Fund
Year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Balance - January 1,	\$ <u>3,202</u>	<u>3,202</u>
Balance - December 31,	\$ <u><u>3,202</u></u>	<u><u>3,202</u></u>

See accompanying notes to financial statements

BOROUGH OF EDGEWATER

Statement of Revenues - Regulatory Basis

Marina Utility Operating Fund

Year ended December 31, 2016

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (deficit)</u>
Surplus Anticipated	\$ 51,500	51,500	
Operating Revenues:			
Membership Fees/Slip Rentals	275,000	476,664	201,664
Miscellaneous		6,727	6,727
Total Operating Revenues	<u>275,000</u>	<u>483,391</u>	<u>208,391</u>
Total Revenues	<u>\$ 326,500</u>	<u>534,891</u>	<u>208,391</u>

Analysis of Operating Revenues

Cash Receipts	483,391
Surplus Anticipated	51,500
	<u>\$ 534,891</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER
Statement of Expenditures - Regulatory Basis
Marina Utility Operating Fund
Year ended December 31, 2016

	Appropriations		Expended		
	Budget	Budget after modifi- cation	Paid or charged	Reserved	Over- Expenditures
Operating:					
Salaries and Wages	\$ 160,000	160,000	136,342	23,658	
Other Expenses	140,000	140,000	151,752		11,752
Debt Service:					
Payment of Bond Anticipation Notes	16,000	16,000	16,000		
Interest on Notes	10,500	10,500	10,500		
	\$ 326,500	326,500	314,594	23,658	11,752
		Reserve for Encumbrances	639		
		Accrued Interest	10,500		
		Cash Disbursed	303,455		
			\$ 314,594		

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis
Public Assistance Fund
December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Cash	E-1	\$ <u>28,211</u>	<u>34,632</u>
		\$ <u><u>28,211</u></u>	<u><u>33,250</u></u>
<u>Reserve</u>			
Reserve for Public Assistance		\$ <u>28,211</u>	<u>34,632</u>
		\$ <u><u>28,211</u></u>	<u><u>33,250</u></u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER
Comparative Balance Sheet - Regulatory Basis
Sewer Facilities Grant Fund
December 31, 2016 and 2015

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Grants receivable	F-1	\$ <u>74,501</u>	<u>74,501</u>
		\$ <u><u>74,501</u></u>	<u><u>74,501</u></u>
<u>Reserves</u>			
Reserves for grant expenditures	F-2	\$ <u>74,501</u>	<u>74,501</u>
		\$ <u><u>74,501</u></u>	<u><u>74,501</u></u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Land	\$ 38,503,536	38,383,837
Buildings	10,341,852	10,344,302
Vehicles and equipment	<u>10,923,674</u>	<u>10,920,826</u>
	<u>\$ 59,769,062</u>	<u>59,648,965</u>
Investment in Fixed Assets	<u>\$ 59,769,062</u>	<u>59,648,965</u>

See accompanying notes to financial statements.

BOROUGH OF EDGEWATER

Notes to Financial Statements Years Ended December 31, 2016 and 2015

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, 2016 and 2015
(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, 2016 and 2015
(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 the 11th day of the 11th month in the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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, 2016 and 2015
(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 the year ended December 31, 2016, the Mayor and Council approved several budget transfers.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(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, 2016 and 2015
(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, 2016 and 2015
(continued)

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

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

Basis of Accounting, (continued)

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

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

Use of Estimates

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

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

Recent Accounting Pronouncements

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

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

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

Recent Accounting Pronouncements, (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

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

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

Recent Accounting Pronouncements, (continued)

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

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

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

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

Recent Accounting Pronouncements, (continued)

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

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

C. Basic Financial Statements

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

NOTE 2. PENSION PLANS

Description of Plans:

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60^a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

Police and Firemens' Retirement System (PFRS)

Plan Description

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

Benefits Provided

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

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

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

Defined Contribution Retirement Program

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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

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

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2016	\$414,938	\$921,315	\$-0-
2015	416,429	823,932	-0-
2014	383,192	831,216	-0-

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

Contribution Requirements, (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

Public Employees Retirement System (PERS)

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

For the year ended December 31, 2016, the Borough recognized pension expense of \$414,938. At December 31, 2016, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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

Year ended June 30:	
2017	\$826,743
2018	826,743
2019	957,810
2020	804,700
2021	256,118

Changes in Proportion

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

Additional Information

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

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

Mortality Rates

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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

Discount Rate

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate, (continued)

projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

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

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2016, the Borough had a liability of \$21,733,027 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the Borough's proportion was .1137702462 percent, which was an increase of .10243588 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Borough recognized pension expense of \$921,315. At December 31, 2016, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

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

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

Year ended June 30:	
2017	\$1,050,987
2018	1,050,987
2019	1,416,090
2020	837,383
2021	35,083

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Changes in Proportion

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

Additional Information

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Actuarial Assumptions

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

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

Mortality Rates

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

Long-Term Rate of Return

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Long-Term Rate of Return, (continued)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

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

Pension Plan Fiduciary Net Position

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2016 and 2015 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$20,554,000	\$3,285,000	\$4,764,000	\$19,075,000	\$1,470,000
Other Liabilities:					
New Jersey Wastewater Loans	2,799,169		306,752	2,492,417	297,213
Green Acres Trust Loans	264,196		19,687	244,509	20,083
Capital Leases Payable	305,000		41,000	264,000	44,000
Compensated Absences Payable	<u>1,268,289</u>	<u>105,460</u>	<u>2,779</u>	<u>1,370,970</u>	<u> </u>
	<u>\$25,190,654</u>	<u>\$3,390,460</u>	<u>\$5,134,218</u>	<u>\$23,446,896</u>	<u>\$1,831,296</u>
	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$10,794,000	\$11,085,000	\$1,325,000	\$20,554,000	\$1,400,000
Other Liabilities:					
New Jersey Wastewater Loans	3,112,946		313,777	2,799,169	306,752
Green Acres Trust Loans	283,496		19,300	264,196	19,687
Capital Leases Payable	342,000		37,000	305,000	41,000
Compensated Absences Payable	<u>1,236,782</u>	<u>42,336</u>	<u>10,829</u>	<u>1,268,289</u>	<u> </u>
	<u>\$15,769,224</u>	<u>\$11,127,336</u>	<u>\$1,705,906</u>	<u>\$25,190,654</u>	<u>\$1,767,439</u>

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
Issued:			
General Bonds and Notes	\$48,047,000	\$35,504,000	\$32,378,000
Marina Utility Notes	418,000	434,000	450,000
Loans Payable	<u>2,736,923</u>	<u>3,063,365</u>	<u>3,396,442</u>
Net Debt Issued	<u>51,201,923</u>	<u>39,001,365</u>	<u>36,224,442</u>
Authorized But Not Issued:			
General Bonds and Notes	<u>4,821,575</u>	<u>9,176,599</u>	<u>7,437,360</u>
Total Authorized But Not Issued	<u>4,821,575</u>	<u>9,176,599</u>	<u>7,437,360</u>
Less: Funds Temporarily Held to Pay			
Bonds and Notes	<u>1,982,462</u>	<u>1,879,188</u>	<u>1,344,894</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$54,041,036</u>	<u>\$46,298,776</u>	<u>\$42,316,908</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.68% for 2016.

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

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

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 1.52% for 2015.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$30,653,000	\$30,653,000	\$0
General Debt	47,743,964	1,879,188	45,864,776
Marina Utility Debt	<u>434,000</u>	<u>352,560</u>	<u>81,440</u>
	<u>\$78,830,964</u>	<u>\$32,884,748</u>	<u>\$45,946,216</u>

Net debt of \$45,946,216 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$3,021,074,580 equals 1.52%.

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

	<u>2016</u>	<u>2015</u>
3 ½% of equalized valuation basis (municipal)	\$111,954,276	\$105,737,610
Net Debt	<u>53,623,037</u>	<u>45,946,216</u>
Remaining borrowing power	<u>\$58,331,239</u>	<u>\$59,791,394</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

	<u>2016</u>	<u>2015</u>
Cash receipts from fees, rents or other charges for year	\$534,391	\$277,652
Deductions:		
Operating and Maintenance Cost	311,752	290,000
Debt Service Per Marina Utility	<u>26,500</u>	<u>4,072</u>
Total Deductions	<u>338,252</u>	<u>294,072</u>
Excess/(Deficit) in Revenue - Not Self-Liquidating	<u>\$196,139</u>	<u>(\$16,420)</u>

The Borough's long-term debt consisted of the following at December 31, 2016.

Paid by Current Fund:

	<u>2016</u>	<u>2015</u>
New Jersey Environmental Infrastructure Loans Payable Wastewater Improvements issued 2000, 2001, 2007 and 2010, due through 2030	\$2,492,417	\$2,799,169
\$11,085,000 general obligation bonds with interest rates of 2.00 - 3.125% issued July 15, 2015, due through July 15, 2031	10,700,000	11,085,000
\$4,884,000 general obligation bonds with interest rates of 3.00 - 5.00% issued June 30, 2009, due through August 15, 2024	450,000	3,914,000
\$7,395,000 general obligation refunding bonds with interest rates 2.00 - 4.00%, issued January 25, 2012, due through June 1, 2021	4,640,000	5,555,000
Green Acres Loan issued 2008, due through 2027	244,509	264,196
\$3,285,000 Refunding bonds with interest rates of 2.00% to 4.00% issued October 31, 2016, due through August 15, 2024	<u>3,285,000</u>	<u> </u>
	<u>\$21,811,926</u>	<u>\$23,617,365</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(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>	
2017	\$1,470,000	\$545,700	\$297,211	\$50,175	\$20,083	\$4,790	\$2,387,959
2018	1,475,000	534,850	297,272	44,025	20,487	4,387	2,376,021
2019	1,855,000	488,538	306,591	37,611	20,898	3,975	2,712,613
2020	1,900,000	432,112	297,397	31,401	21,318	3,554	2,685,782
2021	1,935,000	375,712	174,526	24,849	21,747	3,126	2,534,960
2022-2036	6,590,000	1,123,412	889,906	80,088	115,470	8,898	8,807,774
2027-2031	<u>3,850,000</u>	<u>351,312</u>	<u>229,514</u>	<u>14,163</u>	<u>24,505</u>	<u>368</u>	<u>4,469,862</u>
	<u>\$19,075,000</u>	<u>\$3,851,636</u>	<u>\$2,492,417</u>	<u>\$282,312</u>	<u>\$244,508</u>	<u>\$29,098</u>	<u>\$25,974,971</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, 2016 and 2015, the Borough had authorized but not issued debt as follows:

	<u>2016</u>	<u>2015</u>
General Capital Fund	\$4,821,575	\$9,176,599
Marina Utility Capital Fund	-0-	-0-

NOTE 4. BOND ANTICIPATION NOTES

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

On December 31, 2016 and 2015, the Borough had \$28,972,000 and \$14,950,000, respectively, in outstanding General Capital Bond anticipation notes. The Borough also had \$418,000 and \$434,000, respectively, in outstanding Water Utility Capital Bond Anticipation Notes.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2016 and 2015.

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
General Capital Notes Payable:				
TD Securities, LLC	\$14,950,000	\$	\$14,950,000	\$0
JP Morgan Securities, LLC		<u>28,972,000</u>		<u>28,972,000</u>
	<u>14,950,000</u>	<u>28,972,000</u>	<u>14,950,000</u>	<u>28,972,000</u>
Marina Utility Capital Notes Payable:				
TD Securities, LLC	434,000		434,000	0
JP Morgan Securities, LLC		<u>418,000</u>		<u>418,000</u>
	<u>434,000</u>	<u>418,000</u>	<u>434,000</u>	<u>418,000</u>
	<u>\$15,384,000</u>	<u>\$29,390,000</u>	<u>\$15,384,000</u>	<u>\$29,390,000</u>
	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
General Capital Notes Payable:				
JP Morgan Securities, LLC	\$21,584,000	\$	\$21,584,000	\$0
TD Securities, LLC		<u>14,950,000</u>		<u>14,950,000</u>
	<u>21,584,000</u>	<u>14,950,000</u>	<u>21,584,000</u>	<u>14,950,000</u>
Marina Utility Capital Notes Payable:				
JP Morgan Securities, LLC	450,000		450,000	0
TD Securities, LLC		<u>434,000</u>		<u>434,000</u>
	<u>450,000</u>	<u>434,000</u>	<u>450,000</u>	<u>434,000</u>
	<u>\$22,034,000</u>	<u>\$15,384,000</u>	<u>\$22,034,000</u>	<u>\$15,384,000</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance <u>Dec.31, 2016</u>	2017 Budget <u>Appropriation</u>	Balance Succeeding <u>Year's budget</u>
Marina Utility Operating Fund:			
Expenditure without Appropriations	\$16,000	\$16,000	\$
Overexpenditure of Appropriation	<u>11,752</u>	<u>11,752</u>	<u> </u>
Total Marina Utility Operating Fund	<u>\$27,752</u>	<u>\$27,752</u>	<u>\$</u>

NOTE 6. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2016 which has been appropriated as revenue in the 2016 budget is as follows:

Current Fund	\$2,750,000
Marina Utility	-0-

NOTE 7. ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. At December 31, 2016 and 2015, the Borough estimated the current cost of such unpaid compensation to approximate \$1,370,970 and \$1,268,289, respectively.

NOTE 8. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2016 and 2015, \$-0- of the Borough's bank balance of \$22,970,928 and \$16,076,098, respectively, were exposed to custodial credit risk.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

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

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Unaudited Investments

As more fully described in Note 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Benefit Life, which is an authorized provider approved by the Division of Local Government Services. The balance in the account for the years ended December 31, 2016 and 2015 amounted to \$926,088 and \$888,510, respectively.

The following investments represent 5% or more of the total invested with Valic for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Fixed Account Plus	\$551,987	\$576,882
Money Market I Fund	93,008	82,073
Stock Index Fund	202,833	175,098
All Others	<u>78,260</u>	<u>54,457</u>
Total	<u>\$926,088</u>	<u>\$888,510</u>

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 9. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2016 and 2015.

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Land and Improvements	\$38,383,837	\$119,699	\$	\$38,503,536
Buildings and Building Improvements	10,344,302		2,450	10,341,852
Vehicles, Machinery and Equipment	<u>10,920,826</u>	<u>393,113</u>	<u>390,265</u>	<u>10,923,674</u>
	<u>\$59,648,965</u>	<u>\$512,812</u>	<u>\$392,715</u>	<u>\$59,769,062</u>
	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Land and Improvements	\$38,383,837	\$	\$	\$38,383,837
Buildings and Building Improvements	10,344,302			10,344,302
Vehicles, Machinery and Equipment	<u>11,031,826</u>	<u>371,230</u>	<u>482,230</u>	<u>10,920,826</u>
	<u>\$59,759,965</u>	<u>\$371,230</u>	<u>\$482,230</u>	<u>\$59,648,965</u>

NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2016 consist of the following:

\$2,074	Due to the Current Fund from the Other Trust Fund for interest earnings and POAA deposits made.
30	Due to the Current Fund from the Escrow Trust Fund for interest earnings.
3,025	Due to the Fire Prevention Trust Fund from the Current Fund for Fire Penalties assessed and collected.
28,925	Due to the Marina Utility Capital Fund from Current Fund for grant proceeds for the Marina dredging project.
8,887	Due to the General Capital Fund from the Current Fund for proceeds from note issuance and interest earnings less deposit errors.
<u>81,365</u>	Due to Federal and State Grant Fund from Current Fund to reimburse for grant expenditures incurred.
<u>\$124,306</u>	

All interfunds have been liquidated during the fiscal year.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 11. CAPITAL LEASES PAYABLE

On May 1, 2012 the Borough entered into a \$385,000 capital lease through the Bergen County Improvement Authority for the retirement of its outstanding unfunded pension liability. Annual lease payment requirements for this capital lease are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$44,000	\$5,970	\$49,970
2018	49,000	5,093	54,093
2019	52,000	3,963	55,963
2020	57,000	2,592	59,592
2021	<u>62,000</u>	<u>917</u>	<u>62,917</u>
	<u>\$264,000</u>	<u>\$18,535</u>	<u>\$282,535</u>

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During 2016, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 12. RISK MANAGEMENT, (continued)

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

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

NOTE 13. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Prepaid Taxes	<u>\$375,866</u>	<u>\$336,198</u>
Cash Liability for Taxes Collected in Advance	<u>\$375,866</u>	<u>\$336,198</u>

NOTE 14. LITIGATION

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

1. Borough of Edgewater vs. Waterside Construction et al

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 14. LITIGATION, (continued)

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

Various tax appeal cases were also pending at December 31, 2016. The Borough is defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. Funding of any ultimate liability would be provided for in succeeding years' budgets or through a refunding bond ordinance, which would allow the Borough to fund these liabilities over a number of years. The Borough's legal counsel estimate such amounts to be immaterial.

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

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

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

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS

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

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

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

The Borough's annual other postemployment benefits ("OPEB") costs for the Plan, which is currently funded on a pay-as-you-go basis and is a non-contributory plan with all plan payments for plan benefits being funded by the Borough, is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and interest on the net OPEB obligation and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Borough's annual OPEB cost for the year ended December 31, 2015, and the related information for the plan, are as follows:

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

*Restated for updated actuarial calculation.

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS, (continued)

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

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

<u>Valuation Date</u>	<u>Actuarial Value of Assets OPEB Cost</u>	<u>Actuarial accrued Liability - Projected Unit Credit</u> (Dollars in Thousands)	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll*</u>	<u>Unfunded Actuarial Liability as a Percentage of Covered Payroll*</u>
12/31/15	\$-0-	\$25,250.0	\$25,250.0	0 %	N/A	N/A

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

The **Actuarial Accrued Liability** is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's Actuarial Accrued Liability (at December 31, 2015) is \$25,249,603 assuming no prefunding of obligations. The majority of this obligation is for current active employees.

Normal Cost is the value of benefits expected to be earned during the current year, again based on certain actuarial methods and assumptions. The 2015 Fiscal Year Normal Cost is \$642,078 assuming no prefunding of obligations. In pension accounting, this is also known as "service cost."

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS, (continued)

Basis of Valuation

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

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

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

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

Key Actuarial Assumptions

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

BOROUGH OF EDGEWATER
Notes to Financial Statements
Years Ended December 31, 2016 and 2015
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS, (continued)

Key Actuarial Assumptions, (continued)

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

NOTE 17. SUBSEQUENT EVENT

The Borough has evaluated subsequent events through May 16, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

BOROUGH OF EDGEWATER

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax rate	1.779	1.755	1.701
Apportionment of tax rate:			
Local school	0.722	0.711	0.670
County	0.291	0.273	0.265
Municipal	0.728	0.735	0.730
Library	0.038	0.036	0.036

Assessed valuation:

2016	\$ 2,813,841,394
2015	2,744,136,567
2014	2,658,922,977

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>
2016	\$ 50,919,639	47,563,583	93.41%
2015	48,159,606	46,633,912	96.83%
2014	45,533,292	44,555,111	97.85%

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>
2016	\$ 58,277	3,350,678	3,408,955	7.08%
2015	52,526	1,618,729	1,671,255	3.47%
2014	47,474	832,290	879,764	1.93%

BOROUGH OF EDGEWATER

Supplementary Data

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2016 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, 2016, 2015 and 2014 on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>		<u>Amount</u>
2016	\$	3,844,775
2015		3,844,775
2014		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, 2016	\$ 5,169,518	2,750,000
	Dec. 31, 2015	4,615,062	2,000,000
	Dec. 31, 2014	3,929,636	2,000,000
	Dec. 31, 2013	2,621,490	1,800,000
	Dec. 31, 2012	2,298,465	1,730,000
Marina Utility:	Dec. 31, 2016	500,862	-
	Dec. 31, 2015	334,292	51,500
	Dec. 31, 2014	330,037	-
	Dec. 31, 2013	196,480	-
	Dec. 31, 2012	159,458	151,795

BOROUGH OF EDGEWATER

Supplementary Data

Official in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Name of corporate surety</u>
Michael McPartland	Mayor		
Vincent Monte	Councilman		
Jose Luis Vidal	Councilman		
Anthony Bartolomeo	Councilman		
Michael Henwood	Councilman		
Dolores Lawlor	Councilwoman		
Duane Fischetti	Councilwoman		
Sercan Zoklu	Chief Financial Officer		
Gregory Franz	Administrator		
CME Engineering	Engineer		
John Candello	Construction Code Official/Zoning Officer		
Robert Cohan	Magistrate	\$ 1,000,000	(A)
Karen Christiano	Court Administrator (retired June 2016)	\$ 1,000,000	(A)
Craig Ferdinand	Court Administrator (6/13/16 to Present)	\$ 1,000,000	(A)
William Skidmore	Chief of Police		
Joseph R. Mariniello, Sr.	Borough Attorney		
Laura Martin	Welfare Director		
Kathleen D'Errico	Secretary Planning Board		
Jennifer Henry	Secretary Board of Adjustment		
Sheryl Biondi	Tax Collector	\$ 1,000,000	(A)
Anna Marie O'Connor	Borough Clerk		

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

BOROUGH OF EDGEWATER

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016**

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	CFDA number	State Agency Account Number	Grant Period		Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
			From	To				
Current Fund:								
U.S. Department of Homeland Security (I) Disaster Grants - Public Assistance (Presidentially Declared Disasters) 4086 Public Assistance - Hurricane Sandy	97.036		N/A	N/A	759,062 \$	2,586 2,586		759,062 759,062
Port Security Grant Program	97.056		1/1/2016	12/31/2016	61,002		42,289	42,289
Port Security Grant Program	97.056		1/1/2015	12/31/2015	104,813		97,764 140,053	97,764 140,053
U.S. Department of Housing and Urban Development Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269		1/1/2016	12/31/2016	100,000			
U.S. Department of Justice Equitable Sharing - Asset Forfeiture Program	16.922		1/1/2013	12/31/2013	5,160			3,221 3,221
Total Federal Assistance - Current Fund						2,586	140,053	902,336
General Capital Fund:								
Department of Housing and Urban Development (passed through County of Bergen): Community Development Block Grant: Undercliff Avenue Imps. (Palisades Terrace to Myrtle Ave) - Ord. 1517	14.218		N/A	N/A	100,000	100,000		100,000
Handicapped Accessible Curb Ramps - Ord. 1517	14.218		N/A	N/A	76,180	3,273	63,904	67,177
Handicapped Accessible Bathroom at Kiddie Pool - Ord. 1464	14.218		N/A	N/A	50,000		35,900	35,900
Handicapped Accessible Doors at Borough Hall	14.218		N/A	N/A	17,000	105,273	99,804	203,077
Department of Housing and Urban Development (Passed Through NJ Dept. of Community Affairs): Hurricane Sandy CDBG-DR	14.269		N/A	N/A	30,000			30,000
U.S. Department of Homeland Security (I) Disaster Grants - Public Assistance (Presidentially Declared Disasters) 4021 Public Assistance - Hurricane Irene PA-02-NJ-4021-FW-01332 - Ord. 1484	97.036		N/A	N/A	217,808	9,513 9,513		217,808 217,808
Total Federal Assistance - General Capital Fund						112,786	99,804	420,885

BOROUGH OF EDGEWATER

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016**

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	CFDA number	State Agency Account Number	Grant Period From To	Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
Marina Utility Capital Fund:							
U.S. Department of Homeland Security (1)							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		N/A N/A	742,996	28,925	2,500	521,622
PA-02-NJ-1897-FW-01289 - Ord. 1467					28,925	2,500	521,622
<i>Total Federal Assistance - Marina Utility Capital Fund</i>							
Trust Funds:							
U.S. Department of Justice							
Bulleproof Vest Partnership Program	16.607		1/1/2015 12/31/2015	2,625		2,625	2,625
<i>Total Federal Assistance - Trust Funds</i>							
Public Assistance Trust Fund:							
Department of Health, Education and Welfare - Supplemental Security Income	96.006		1/1/2016 12/31/2016	7,630	7,630	7,630	7,630
<i>Total Federal Assistance - Public Assistance Trust Fund</i>					7,630	7,630	7,630
<i>Total Federal Assistance - All Funds</i>				\$ 151,927	252,612		1,855,098

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

BOROUGH OF EDGEWATER

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2016

State Funding Department	State Grant Account #	Grant Period		Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
		From	To				
Current Fund:							
Department of Environmental Protection Clean Communities Program	4900-765-042-4900-004-V42Y	1/1/2016	12/31/2016	25,055 \$	25,055	21,924	21,924
	4900-765-042-4900-004-V42Y	1/1/2015	12/31/2015	21,924		209	18,027
	4900-765-042-4900-004-V42Y	1/1/2014	12/31/2014	18,027			16,773
	4900-765-042-4900-004-V42Y	1/1/2013	12/31/2013	19,228			12,636
	4900-765-042-4900-004-V42Y	1/1/2008	12/31/2009	12,136	25,055	22,133	69,360
Solid Waste Administration							
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y	1/1/2016	12/31/2016	17,857	17,857		
	4900-752-042-4900-001-V42Y	1/1/2014	12/31/2014	13,105			
	4900-752-042-4900-001-V42Y	1/1/2011	12/31/2011	14,345			250
	4900-752-042-4900-001-V42Y	1/1/2011	12/31/2011	12,464			
	4900-752-042-4900-001-V42Y	1/1/2010	12/31/2010	37,800			
	4900-752-042-4900-001-V42Y	1/1/2009	12/31/2009	7,876			
	4900-752-042-4900-001-V42Y	1/1/2008	12/31/2008	6,340	17,857		250
Administrative Office of the Courts							
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001-X100	1/1/2016	12/31/2016	1,148	1,148		
	9735-760-098-Y900-001-X100	1/1/2015	12/31/2015	2,180			
	9735-760-098-Y900-001-X100	1/1/2014	12/31/2014	1,950			
	9735-760-098-Y900-001-X100	1/1/2013	12/31/2013	2,533			
	9735-760-098-Y900-001-X100	1/1/2012	12/31/2012	1,619			
	9735-760-098-Y900-001-X100	1/1/2011	12/31/2011	1,564			
	9735-760-098-Y900-001-X100	1/1/2008	12/31/2008	1,067	1,148		
Division of Criminal Justice							
Body Armor Grant	1020-718-066-1020-001-YCJS	1/1/2016	12/31/2016	2,906	2,906		
	1020-718-066-1020-001-YCJS	1/1/2015	12/31/2015	3,026			
	1020-718-066-1020-001-YCJS	1/1/2013	12/31/2013	3,697			
	1020-718-066-1020-001-YCJS	1/1/2008	12/31/2009	3,108	2,906		

BOROUGH OF EDGEWATER

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2016

State Funding Department	State Grant Account #	From	Grant Period	To	Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
Current Fund:								
County of Bergen Municipal Alliance on Alcoholism and Drug Abuse		7/1/2016	6/30/2017		3,331	3,331		
		7/1/2015	6/30/2016		9,876			
		7/1/2014	6/30/2015		9,876			
		1/1/2013	12/31/2013		9,692			1,278
		1/1/2012	12/31/2012		3,828		235	12,067
						3,331	235	13,345
Department of Environmental Protection New Jersey Forestry Services	FY13-100-042-4870-074	9/5/2013	9/5/2017		10,000	6,000	6,000	
						6,000	6,000	
						56,297	28,368	82,955
Total State Assistance - Current Fund								
General Capital Fund:								
Department of Community Affairs Borough Hall Preservation & Renovation Project - Ord. 1326		N/A	N/A	N/A	100,000			70,556
								70,556
New Jersey Livable Communities Grant Various Library Imps - Ord. 1326		N/A	N/A	N/A	32,000			32,000
								32,000
Department of Transportation - State Aid Highway Projects Highway Planning and Construction Drainage Improvements, Old River Road - Ord. 1438 Old River Road Improvements, Phase II - Ord. 1482 Old River Road Improvements, Phase III - 2015 Undercliff Avenue, Section 3 2016					200,000 146,500 149,000 155,500		48,715	131,579 105,231
							48,715	236,810
							48,715	339,366
Total State Assistance - General Capital Fund								

BOROUGH OF EDGEWATER

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2016

State Funding Department	State Grant Account #	Grant Period		Grant Award	Grant Receipts	Grant Expenditures	Cumulative Grant Expenditures
		From	To				
Trust Funds:							
Division of Criminal Justice							
Body Armor Grant	1020-718-066-1020-001-YCJS	1/1/2014	12/31/2014	2,946			2,946
Body Armor Grant	1020-718-066-1020-001-YCJS	1/1/2012	12/31/2012	2,777			2,777
							<u>5,723</u>
<i>Total State Assistance - Trust Funds</i>							
							<u>5,723</u>
Public Assistance Fund:							
Department of Health and Human Services							
Public Assistance	7500-150-158010-60	1/1/2016	12/31/2016	44,000	44,000	38,411	38,411
Public Assistance	7500-150-158010-60	1/1/2015	12/31/2015	50,500	44,000	19,648	50,500
						58,059	88,911
							<u>88,911</u>
<i>Total State Assistance - Public Assistance Trust Fund</i>							
					44,000	58,059	88,911
<i>Total State Assistance</i>							
					100,297	135,142	516,955
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							
Veteran's Field	09-00819	N/A	N/A	41,250			50,091
Veteran's Field	06-02061	N/A	N/A	50,091			245,800
Veteran's Field	08-01619	N/A	N/A	245,800			210,000
Veteran's Field	10-02063	N/A	N/A	210,000			137,506
Rehabilitation of Borough Hall, Phase I - Ord. 1381/1387		N/A	N/A	145,000			329,000
Borough Hall Phase II Improvements - Ord. 1450		N/A	N/A	329,000			
Veteran's Field	Historic Preservation	N/A	N/A	52,474			
	16-00213	N/A	N/A				<u>972,397</u>
<i>Total Other Financial Assistance</i>							
							<u>972,397</u>
Total State and Other Financial Assistance							
					\$ 100,297	135,142	1,489,352

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

BOROUGH OF EDGEWATER

Schedule of Cash - Collector/Treasurer

Current Fund

Year ended December 31, 2016

		Current Fund
Balance - December 31, 2015	\$	8,764,709
Increased by receipts:		
Revenue accounts receivable	\$ 4,087,814	
Miscellaneous revenues not anticipated	511,651	
Taxes receivable	48,962,472	
Prepaid taxes	375,866	
Due to federal and state grant fund	32,440	
Tax overpayments	276,025	
Senior citizens and veterans	16,830	
Tax title lien premiums	78,600	
Interfunds	47,412	
Marriage license fees payable	<u>1,575</u>	
		<u>54,390,685</u>
		63,155,394
Decreased by disbursements:		
2016 budget appropriations	24,064,577	
2015 appropriation reserves	474,268	
Tax overpayment refunds	72,260	
Local district school tax	20,433,213	
County taxes	8,185,665	
County added/omitted	20,970	
Marriage license fees payable	1,725	
Tax title lien premiums redeemed	223,200	
Interfunds	11,259	
Special emergency note	54,000	
Due from federal and state grant fund	121,082	
Various reserves		
County taxes - Long term exemption law	23,269	
Tax appeal refunds	239,570	
Refund prior year revenue	<u>6,468</u>	
		<u>53,931,526</u>
Balance - December 31, 2016	\$	<u><u>9,223,868</u></u>

BOROUGH OF EDGEWATER

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2016

Year	Balance, Dec. 31, 2015	2016 Levy	Added 2016 Levy	Added 2015 Levy	Collected 2015	Collected 2016	Transferred to tax title liens	Cancelled	Balance, Dec. 31, 2016
2015	1,618,729			146,697		1,751,837	253	13,336	
2016	1,618,729	50,058,241	861,398	146,697	336,198	1,751,837	253	13,336	3,350,678
	\$ 1,618,729	50,058,241	861,398	146,697	336,198	47,227,385	5,378	13,336	3,350,678

Senior citizens' and veterans'
deductions allowed 16,750
Cash receipts 48,962,472

\$ 48,979,222

Analysis of 2016 Tax Levy

Tax yield:

General property tax 50,058,241
Added tax (R.S. 54:4-63.1 et seq.) 861,398

\$ 50,919,639

Tax levy:

Local district school tax (abstract) 20,307,739
County tax (abstract) 8,185,665
Added taxes (R.S. 54:4-63.1 et seq.) 105,807
Local tax for municipal purpose (abstract) 21,536,793
Additional tax levies 783,635

\$ 50,919,639

BOROUGH OF EDGEWATER

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$	52,526
Increased by:		
Transferred from 2016 Taxes		5,378
2015 Taxes		253
Interest and Costs		<u>120</u>
		<u>5,751</u>
Balance - December 31, 2016	\$	<u><u>58,277</u></u>

BOROUGH OF EDGEWATER

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Accrued in <u>2016</u>	<u>Collected</u>	Balance, Dec. 31, <u>2016</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	39,888	39,888	
Other		76,841	76,841	
Fees and permits		287,553	287,553	
Construction Code Official-fees and permits	70,886	656,902	632,294	95,494
Municipal Court fines and costs	9,758	184,653	179,001	15,410
Interest and cost on taxes		274,269	274,269	
Interest on Investments		5,760	5,760	
Consolidated Municipal Property Tax Relief		142,630	142,630	
Energy Receipts Tax		608,101	608,101	
Uniform Fire Safety		27,499	27,499	
Commercial Sewer Fees	86,023	582,593	531,106	137,510
Sewer Connection Fees		157,800	157,800	
General Capital Fund Balance		309,241	309,241	
Hotel Tax		359,573	359,573	
Pilot Payments - Waterford Towers		456,884	456,884	
	<u>\$ 166,667</u>	<u>4,170,187</u>	<u>4,088,440</u>	<u>248,414</u>
		Interest on Investments	626	
		Cash	<u>4,087,814</u>	
		\$	<u>4,088,440</u>	

BOROUGH OF EDGEWATER

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

Current Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$	34,863
Increased by:		
Senior citizens' and veterans' deductions per tax billings		<u>16,750</u>
		51,613
Decreased by:		
Cash received		<u>16,830</u>
Balance - December 31, 2016	\$	<u><u>34,783</u></u>

Schedule of Local District School Tax Payable

Current Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$	125,477
Increased by:		
2016 Tax Levy		<u>20,307,739</u>
		20,433,216
Decreased by:		
Cash Disbursements		<u>20,433,213</u>
Balance - December 31, 2016	\$	<u><u>3</u></u>

BOROUGH OF EDGEWATER
Schedule of County Taxes Payable
Current Fund
Year ended December 31, 2016

Increased by:		
County tax levy	\$	8,185,665
Decreased by:		
Cash Disbursements	\$	8,185,665

**Schedule of Due County for Added
and Omitted Taxes**
Current Fund
Year ended December 31, 2016

Balance - December 31, 2015		\$ 20,970
Increased by:		
County tax levy-Added		105,807
126,777		
Decreased by:		
Cash Disbursements		20,970
Balance - December 31, 2016	\$	105,807

BOROUGH OF EDGEWATER

Schedule of Appropriation Reserves

Current Fund

For the Year Ending December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 45,537	45,537	6,852	38,685
Mayor and Council	2,845	2,845		2,845
Elections	3,021	3,021		3,021
Assessment of Taxes	1	1,106	1,105	1
Municipal Court	31,751	31,751	3,028	28,723
Collection of Taxes	35,761	35,761	899	34,862
Planning Board	423	423		423
Zoning Board	423	423		423
Rent Leveling	423	423		423
Fire	64,961	64,961	3,353	61,608
Volunteer First Aid	6,861	6,861		6,861
Police	262,564	262,564	13,713	248,851
Emergency Management Services	192	192		192
Road Repairs and Maintenance	377,142	377,142	47,921	329,221
Board of Health	19,591	19,591	2,476	17,115
Public Assistance	641	693	692	1
Recreation	1	5,028	5,027	1
Recycling Program	137	137		137
Uniform Construction Code	10,437	10,437	5,679	4,758
Salary and Wage Adjustment	30,000	5,000		5,000
Total Salaries and Wages Within "CAPS"	892,712	873,896	90,745	783,151
Other Expenses Within "CAPS":				
Administrative and Executive	297	7,399	6,998	401
Elections	2,435	2,435		2,435
Financial Administration	10	10		10
Financial Administration - Audit		750	750	
Collection of Taxes	1,177	4,074	4,035	39
Assessment of Taxes				
Consultant and legal fees - tax appeals	6,929	7,895	7,745	150
Miscellaneous other expenses	1	9,881	9,500	381
Municipal Court	1,059	1,778	450	1,328
Legal Services	26,511	26,511	2,660	23,851
Insurance - Hospitalization	379,251	401,830	10,128	391,702
Insurance - Other	2,876	2,876		2,876
Public Buildings and Grounds	4	31,118	19,472	11,646
Engineering	2,870	2,870	1,707	1,163
Planning Board	11,189	11,539	2,714	8,825
Zoning Board	3,810	3,810	3,638	172
Rent Leveling	8,257	8,257	37	8,220
Housing Inspector	575	575		575
Police	16	55,645	54,447	1,198
Police- Automobiles	13	32,161	32,148	13
Emergency Management	2,624	2,624	14	2,610
Fire	5	22,767	21,361	1,406
Fire Hydrant Service	9,306	9,306		9,306
Volunteer First Aid	12	1,112	1,111	1

BOROUGH OF EDGEWATER

Schedule of Appropriation Reserves

Current Fund

For the Year Ending December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Fire Prevention		1,461	68	1,393
Road Repairs and Maintenance	37,659	49,032	22,031	27,001
Snow Removal	23,555	25,442	3,211	22,231
Board of Health	69,306	72,325	2,965	69,360
Dog regulation	1,483	1,775	122	1,653
Occupational Safety Health Act	1,068	1,068		1,068
Public Assistance	727	727	45	682
Public Assistance- Emergency Assistance	1,500	1,500		1,500
Parks and Playgrounds	676	16,825	16,358	467
Recreation		18,859	2,027	16,832
Recycling Program		553	552	1
Celebration of Public Events	1	39	39	
Senior Citizens Committee	1,468	2,213	200	2,013
Garbage and Trash Removal	94,380	141,753	78,622	63,131
Uniform Construction Code	35,973	36,315	301	36,014
Gas and Electric	18,138	42,053	36,344	5,709
Street Lighting	50,319	50,319	21,921	28,398
Telephone	46,534	46,534	10,619	35,915
Water	6,733	6,733	2,565	4,168
Fuel	36,789	13,131	6,618	6,513
Contingent	5,000	5,000		5,000
Total Other expenses Within "CAPS"	<u>890,536</u>	<u>1,180,880</u>	<u>383,523</u>	<u>797,357</u>
Total Reserves Within "CAPS"	<u>1,783,248</u>	<u>2,054,776</u>	<u>474,268</u>	<u>1,580,508</u>
Other Expenses Excluded From "CAPS":				
Social Security System	22,169	22,169		22,169
Consolidated Police & Fire Pension Fund	1	1		1
Unemployment Insurance	3,301	3,301		3,301
Public Employees' Retirement System	28,546	28,546		28,546
LOSAP	4,600	4,600		4,600
Hospitalization Insurance	22,579			
Bergen County Utilities Authority - Share of costs	33,899	33,899		33,899
Maintenance of Free Public Library	83,638	83,638	83,638	
Total Other Expenses Excluded from "CAPS"	<u>198,733</u>	<u>176,154</u>	<u>83,638</u>	<u>92,516</u>
Total Reserves Excluded from "CAPS"	<u>198,733</u>	<u>176,154</u>	<u>83,638</u>	<u>92,516</u>
Total Reserves	<u>\$ 1,981,981</u>	<u>2,230,930</u>	<u>557,906</u>	<u>1,673,024</u>
Appropriation reserves		1,981,981		
Encumbrances		<u>248,949</u>		
		<u>\$ 2,230,930</u>		
Cash Disbursements			474,268	
Transferred to Amount due to Library			<u>83,638</u>	
			<u>\$ 557,906</u>	

BOROUGH OF EDGEWATER
Schedule of Reserve for Encumbrances
Current Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	249,949
Increased by:		
Encumbrances		229,592
		479,541
Decreased by:		
Transferred to appropriation reserves		249,949
Balance - December 31, 2016	\$	229,592

Schedule of Tax Overpayments
Current Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	51,855
Increased by:		
Overpayments received		276,025
		327,880
Decreased by:		
Cancelled to Operations	\$	30,121
Overpayments refunded		72,260
		102,381
Balance - December 31, 2016	\$	225,499

BOROUGH OF EDGEWATER

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$	336,198
Increased by:		
2017 prepaid taxes collected		<u>375,866</u>
		712,064
Decreased by:		
Taxes realized as revenue		<u>336,198</u>
Balance - December 31, 2016	\$	<u><u>375,866</u></u>

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

Current Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$	650
Increased by:		
Cash Receipts		<u>1,575</u>
		2,225
Decreased by:		
Disbursements		<u>1,725</u>
Balance - December 31, 2016	\$	<u><u>500</u></u>
		4th Quarter 2016 225
		Prior Year Balance not Paid 275
	\$	<u><u>500</u></u>

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

Current Fund

Year ended December 31, 2016

Balance - December 31, 2015		\$ <u>3,844,775</u>
Balance - December 31, 2016		\$ <u><u>3,844,775</u></u>

Schedule of Reserve for
Tax Title Lien Premium

Current Fund

Year ended December 31, 2016

Balance - December 31, 2015		\$ 674,500
Increased by:		
Correction	\$ 4,000	
Premiums collected	<u>78,600</u>	
		<u>82,600</u>
		757,100
Decreased by:		
Refunded		<u>223,200</u>
Balance - December 31, 2016		\$ <u><u>533,900</u></u>

BOROUGH OF EDGEWATER

Schedule of Interfunds

Current Fund

Year ended December 31, 2016

<u>Fund</u>	Due from/(to) Balance Dec. 31, 2015	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, 2016
Escrow Trust Fund	\$ 27	30	27	30
Other Trust Fund	1,370	2,126	1,370	2,126
Other Trust Fund - POAA			52	(52)
Fire Prevention Dedicated				
Penalties Trust Fund	(375)	375	3,025	(3,025)
Marina Utility Operating Fund	4,500		4,500	
Marina Utility Capital Fund			28,925	(28,925)
General Capital Fund	<u>(10,884)</u>	<u>11,653</u>	<u>9,656</u>	<u>(8,887)</u>
	<u>\$ (5,362)</u>	<u>14,184</u>	<u>47,555</u>	<u>(38,733)</u>
 <u>Analysis</u>				
Due to Current Fund	\$ 5,897	2,156	5,897	2,156
Due From Current Fund	<u>(11,259)</u>	<u>12,028</u>	<u>41,658</u>	<u>(40,889)</u>
	<u>\$ (5,362)</u>	<u>14,184</u>	<u>47,555</u>	<u>(38,733)</u>
Interest on Investments	\$	2,925		
Bank Service Charges			143	
Grant Proceeds deposited in Current			38,438	
Interfunds Returned - Cash Receipts			5,896	
Cash Receipts			3,078	
Cash Disbursements		<u>11,259</u>		
		<u>\$ 14,184</u>	<u>47,555</u>	

BOROUGH OF EDGEWATER

Schedule of Various Reserves

Current Fund

Year ended December 31, 2016

	Balance Dec. 31, <u>2015</u>	<u>Increased</u>	Balance Dec. 31, <u>2016</u>
Reserve for:			
Binghampton Ferryboat Removal	\$ 250,000		250,000
Playgrounds	2,481		2,481
Due to Library	176,518	83,638	260,156
Library Aid	12,383		12,383
Community Center	18,730		18,730
Developer's Contribution	1,825		1,825
Revaluation	80,000		80,000
BCUA Grant	17,608		17,608
Ferry Agreement	20,000		20,000
Donations	17,425		17,425
Sale of Municipal Assets	1,091		1,091
Arts Festival	1,513		1,513
Centennial	890		890
	<u>\$ 600,464</u>	<u>83,638</u>	<u>684,102</u>

Balance of 2015 Budget Appropriation \$ 83,638

BOROUGH OF EDGEWATER
Schedule of Special Emergency Notes Payable

Current Fund

Year ended December 31, 2016

<u>Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2015</u>	<u>Decreased</u>
SEN-1	Jul. 23, 2015	Jul. 22, 2016	2.00%	\$ 54,000	54,000
				\$ 54,000	54,000
					Cash Disbursements \$ 54,000

BOROUGH OF EDGEWATER
Schedule of Due to Federal and State Grant Fund
Current Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$ 170,006
Increased by:	
Grants Received - Unappropriated	<u>32,440</u>
	202,446
Decreased by:	
Cash Disbursements	<u>121,082</u>
Balance - December 31, 2016	<u><u>\$ 81,364</u></u>

BOROUGH OF EDGEWATER

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Raised in 2016 <u>Budget</u>
Over expenditure of Appropriation Reserves	\$ 44,749	<u>44,749</u>
	<u>\$ 44,749</u>	<u>44,749</u>

BOROUGH OF EDGEWATER

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

Current Fund

Year ended December 31, 2016

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2015</u>	<u>Reduced in 2016</u>
11/12/13	Preparation of Tax Maps	91,000	18,200	46,600	46,600
		\$ 91,000	18,200	46,600	46,600

BOROUGH OF EDGEWATER

Schedule of Grants Receivable

State and Federal Grant Fund

Year ended December 31, 2016

<u>Purpose</u>	Balance, Dec. 31, 2015	Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, 2016
Municipal Alliance	\$ 9,692			9,692
Alcohol Education Rehabilitation		2,731	2,731	
Clean Communities		21,924	21,924	
Body Armor Grant		3,026	3,026	
Port Security 2015		104,813		104,813
Port Security 2016		61,002		61,002
Post Sandy Planning		100,000		100,000
	<u>\$ 9,692</u>	<u>293,496</u>	<u>27,681</u>	<u>275,507</u>
			Unappropriated Grant Reserves \$ <u>27,681</u>	

BOROUGH OF EDGEWATER

Schedule of Appropriated Grant Reserves

State and Federal Grant Fund

Year ended December 31, 2016

<u>Purpose</u>	Balance, Dec. 31, 2015	Transferred from Budget <u>Appropriations</u>	<u>Expended</u>	Balance, Dec. 31, 2016
Clean Communities	\$ 14,626			14,626
Municipal Alliance	3,154			3,154
Alcohol Education and Rehabilitation	3,788			3,788
Body Armor Grant	6,052			6,052
Recycling Tonnage Grant	64,480			64,480
Clean Communities	2,974			2,974
Alcohol Education and Rehabilitation	1,619			1,619
Municipal Alliance - 2013	8,414			8,414
U.S. Department of Justice - Equitable Sharing - Asset Forfeiture Proceeds	1,939			1,939
Recycling Tonnage Grant	14,095			14,095
Body Armor Grant	3,697			3,697
Alcohol Education and Rehabilitation	2,533			2,533
Recycling Tonnage Grant - 2014	13,105			13,105
Alcohol Education and Rehabilitation - 2014	1,950			1,950
Clean Communities - 2014	209		209	
Municipal Alliance	235		235	
Alcohol Education Rehabilitation		2,731		2,731
Clean Communities		21,924	21,924	
Body Armor Grant		3,026		3,026
Port Security 2015		104,813	97,764	7,049
Port Security 2016		61,002	42,289	18,713
Post Sandy Planning		100,000		100,000
	<u>\$ 142,870</u>	<u>293,496</u>	<u>162,421</u>	<u>273,945</u>

Encumbrances Payable	41,339
Cash Disbursements	121,082
	<u>\$ 162,421</u>

BOROUGH OF EDGEWATER
Schedule of Unappropriated Grant Reserves
State and Federal Grant Fund
Year ended December 31, 2016

<u>Purpose</u>	Balance, Dec. 31, <u>2015</u>	<u>Received</u>	Appropriated in 2016 <u>Budget</u>	Balance, Dec. 31, <u>2016</u>
Municipal Alliance	\$ 5,647			5,647
Body Armor Grant - 2015	3,026	2,906	3,026	2,906
Alcohol Education Rehabilitation Fund - 2015	2,180	1,148	2,731	597
Municipal Alliance - 2015	4,051	3,331		7,382
Clean Communities - 2015	<u>21,924</u>	<u>25,055</u>	<u>21,924</u>	<u>25,055</u>
	<u>\$ 36,828</u>	<u>32,440</u>	<u>27,681</u>	<u>41,587</u>

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2016

	Animal License Fund	Escrow Trust Fund	Other Trust Funds	Emergency Services LOSAP
Balance - December 31, 2015	\$ 100	227,846	1,428,781	888,510
Increased by:				
Animal License Fees	2,762			
Due to State of New Jersey - Dog License Fees	506			
Various Reserves			58,981	
Escrow Deposits		237,779		
Interfunds		30	2,501	
Borough Contributions				82,800
Investment Income				40,271
	<u>3,268</u>	<u>237,809</u>	<u>61,482</u>	<u>123,071</u>
	<u>3,368</u>	<u>465,655</u>	<u>1,490,263</u>	<u>1,011,581</u>
Decreased by:				
Animal License Expenditures	2,850			
Due to State of New Jersey	506			
Escrow Expenditures		256,391		
Interfunds		27	412,296	
Various Reserves			292,068	
Distributions				85,493
	<u>3,356</u>	<u>256,418</u>	<u>704,364</u>	<u>85,493</u>
Balance -December 31, 2016	\$ <u>12</u>	<u>209,237</u>	<u>785,899</u>	<u>926,088</u>

BOROUGH OF EDGEWATER

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

Trust Funds

Year ended December 31, 2016

Balance - December 31, 2015		\$	100
Increased by:			
Dog license fees	\$	2,054	
Cat license fees		598	
Postage/Late fees		<u>110</u>	
			<u>2,762</u>
			2,862
Decreased by:			
Expenditures			<u>2,850</u>
Balance - December 31, 2016		\$	<u><u>12</u></u>

License Fees Collected

2014	3,489
2015	<u>3,111</u>
\$	<u><u>6,600</u></u>

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

Trust Funds

Year ended December 31, 2016

Increased by:		
2016 Fees Collected	\$	<u>506</u>
Decreased by:		
Payments to State of New Jersey	\$	<u><u>506</u></u>

Schedule of Reserve Escrow Deposits

Trust Funds

Year ended December 31, 2016

Balance - December 31, 2015	\$	227,819
Increased by:		
Escrow Deposits		<u>237,779</u>
		465,598
Decreased by:		
Cash Disbursements		<u>256,391</u>
Balance - December 31, 2016	\$	<u><u>209,207</u></u>

BOROUGH OF EDGEWATER

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

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2016</u>
Other Trust Fund:				
Current Fund				
Fire Prevention Dedicated Penalties	\$ 375	3,025	375	3,025
POAA		52		52
Other Trust Fund	(1,370)	1,370	2,126	(2,126)
General Capital Fund	(410,926)	410,926		
Escrow Trust Fund:				
Current Fund	<u>(27)</u>	<u>27</u>	<u>30</u>	<u>(30)</u>
	<u>\$ (411,948)</u>	<u>415,400</u>	<u>2,531</u>	<u>921</u>

Receipts \$		375
Interest on Investments		2,156
POAA Fees collected in Current	52	
Dedicated Penalties deposited in Current	3,025	
Cash Disbursements	<u>412,323</u>	
	<u>\$ 415,400</u>	<u>2,531</u>

BOROUGH OF EDGEWATER

Schedule of Miscellaneous Reserves

Trust Funds

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2016</u>
Reserve for:				
Cemetary Bequests	\$ 31,919	1		31,920
Bullet Proof Vests	14,321	6,371	13,630	7,062
Ferry Performance Security	195,447			195,447
Fire Prevention	15,901	3,051	6,288	12,664
POAA	10,034	868		10,902
Cultural and Historical Society	1,152			1,152
Regional Contribution Assistance	332,197			332,197
Council on Affordable Housing	223,513	12	140,384	83,141
Recycling Fees	169,571	35,591	121,941	83,221
Bergen County CDA Trust	100	2		102
Flexible Spending Trust	392	13,820	6,041	8,171
Avalon Trust	17,783		619	17,164
Municipal Alliance Trust	4,530	2,342	3,165	3,707
	<u>\$ 1,016,860</u>	<u>62,058</u>	<u>292,068</u>	<u>786,850</u>
		Cash Receipts 58,981		
		Cash Disbursements 292,068		
		Due from Current Fund 3,077		
		<u>\$ 62,058</u>	<u>292,068</u>	

BOROUGH OF EDGEWATER

Statement of Service Award Contributions Receivable

Emergency Services Length of Service Award Program

Year ended December 31, 2016

Balance - December 31, 2015		\$	81,650
Increased by:			
2016 Borough Contribution	\$	82,800	
Prior Year Contribution		<u>1,150</u>	
			<u>83,950</u>
			165,600
Decreased by:			
2015 Borough Contribution Received		<u>82,800</u>	
Balance - December 31, 2016	\$	<u><u>82,800</u></u>	

Statement of Net Assets Available for Benefits

Emergency Services Length of Service Award Program

Year ended December 31, 2016

Balance - December 31, 2015		\$	970,160
Increased by:			
Borough Contributions	\$	82,800	
Prior Year Contribution		1,150	
Investment Income		<u>40,271</u>	
			<u>124,221</u>
			1,094,381
Decreased by:			
Distributions		<u>85,493</u>	
Balance - December 31, 2016	\$	<u><u>1,008,888</u></u>	

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015		\$	2,756,566
Increased by receipts:			
Capital Improvement Fund	\$	300,000	
Bond Anticipation Notes		14,320,024	
Overexpenditure Raised in Budget		2,068	
Grant Receipts		103,273	
Reserve for Green Acres		648	
Interfunds		438,578	
Premium on Sale of Notes		<u>383,246</u>	
			<u>15,547,837</u>
			18,304,403
Decreased by disbursements:			
Improvement Authorizations		6,478,291	
Fund Balance - Budget Revenue Realized		309,241	
Interfunds		<u>143</u>	
			<u>6,787,675</u>
Balance - December 31, 2016		\$	<u><u>11,516,728</u></u>

BOROUGH OF EDGEWATER

Schedule of General Capital Fund Cash

General Capital Fund

Year ended December 31, 2016

Grants Receivable -	
Community Development Block Grant	\$ (150,894)
New Jersey Department of Transportation	(210,239)
Bergen County Open Space Trust Fund	(58,222)
Bergen County Historic Preservation Trust	(190,750)
Green Acres Program	(382,445)
Livable Communities	(5,375)
Department of Community Affairs	(30,000)
Due from the Federal Emergency Management Agency	(174,320)
Wastewater Trust Fund Receivable	(184,335)
Interfunds Receivable	(66,576)
Excess Note Proceeds - Ord. 1482	45,375
Capital Improvement Fund	25,696
Reserve for Green Acres	11,574
Reserve for Payment of Debt	1,937,086
Unappropriated State Grant	79,408
Reserve for Grants Receivable	89,879
Fund Balance	383,247

Improvement authorizations:

Ordinance		
<u>number</u>	<u>Improvement description</u>	
967	Various improvements	(164)
1262	Pension Refunding	(2,681)
1299	Various Capital Improvements	5,407
1325	Various Capital Improvements	(709)
1326	Various Capital Improvements	929,549
1357	Acquisition of Municipal Complex/Police Station	(71,973)

BOROUGH OF EDGEWATER

Schedule of General Capital Fund Cash

General Capital Fund

Year ended December 31, 2016

1359	Dissolution of Edgewater MUA	(2,172)
1366	Separation of Combined Sewers	111,615
1372/1382	Dredging of Edgewater Marina	(700)
1381/1387	Various Capital Improvements	499,929
1398	Acq./Installation of Marina Clock	40,192
1401	Undercliff Ave. Streetscape	85,055
1407	Barrier Free Improvements-River Road	54,858
1413	Refunding Bond Ordinance	(56,570)
1418	Sewer Repairs	136,633
1420	Sanitary Sewer Repairs	74,076
1423	Improvements to Undercliff Avenue	11,590
1426	Acquisition of various equipment for new municipal comple	46,909
1438	Drainage Improvements, Old River Road	50,115
1446	Various Acquisitions and Improvements	104,619
1450	Borough Hall Phase II Improvements	(1,805)
1457	Imps. To Beverly Place Retaining Wall	615
1460	Imps. to the DPW and Community Center Parking Lots	6,097
1463	Refunding Bond Ordinance	(1,316)
1464	Improvements to the Municipal Pool	(45,203)
1474/1514/		
1519/1534	Improvements to Veteran's Field	7,505,184
1477	Repairs to Fire Company No. 1	100,000
1482	Various Improvements	244,268
1488/1497	Acquisition of Rescue Boat for Fire Department	6,856
1489/1496	Repairs to the Edgewater Marina	38,528
1499	Imps. To the Bulkhead at the Edgewater Marina	1,244
1502	Various Acquisitions and Improvements	87,086
1511	Post Sandy Planning Grant	6,000
1517	Improvements to Undercliff Avenue	(157,941)
1525	Acquisition of Fire Truck	543,652
1526	Local Share of Various Port Security Acquisitions	31,350
1538	Historic Borough Hall Improvements, Phase 3	17,426
		<u>\$ 11,516,728</u>

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015		\$	23,922,365
Increased by:			
Transferred from Deferred Charges - Unfunded			<u>3,285,000</u>
			27,207,365
Decreased by:			
Infrastructure Loan Payments	\$	306,752	
General Obligation Bonds Refunded		3,364,000	
Green Trust Loan Payments		19,687	
Capital Lease Payments		41,000	
Budget Appropriation to Pay Serial Bonds		<u>1,400,000</u>	
			<u>5,131,439</u>
Balance - December 31, 2016		\$	<u><u>22,075,926</u></u>

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2016

Ordinance number	Improvement description	Balance, Dec. 31, 2015	2016 Authorizations	Decreased	Balance, Dec. 31, 2016	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	400,635			400,635	120,000	71,973	208,662
1359	Dissolution of the Edgewater Municipal Utilities Authority	2,172			2,172		2,172	
1366	Separation of Combined Sewers	748,519			748,519		700	748,519
1372/1382	Dredging of Marina	700			700		700	
1381/1387	Various Capital Improvements	250			250			250
1413	Refunding Bond Ordinance	340,000			340,000		56,570	283,430
1418	Sewer Repairs	33,750			33,750			33,750
1420	Sanitary Sewer Repairs	45,000			45,000			45,000
1423	Improvements to Undercliff Avenue	250			250			250
1450	Borough Hall Phase II Improvements	1,805			1,805		1,805	
1457	Imps. to Beverly Place Retaining Wall	152,000			152,000	152,000		
1460	Imps. to DPW and Community Center Parking Lots	161,500			161,500			161,500
1463	Refunding Bond Ordinance	905,000			905,000		1,316	903,684
1464	Improvements to Municipal Pool	61,750			61,750		45,203	16,547
1474/1514	Improvements to Veteran's Field	12,735,739		279,261	12,456,478	12,455,968		510
1482	Various improvements	498,750		18,763	479,987	479,987		
1488/1497	Acquisition of a Fire Rescue Boat for Fire Department	121,000			121,000	121,000		
1489/1496	Repairs to the Edgewater Marina	285,000			285,000	285,000		
1498	Acquisition of a Trailer Mounted Generator	61,750			61,750	61,750		
1499	Imps. to the Bulkhead at the Edgewater Marina	118,750			118,750	930,896		118,750
1502	Various Acquisitions and Improvements	933,850			933,850			2,954
1517	Improvements to Undercliff Avenue	213,750			213,750		157,941	55,809
1519	Amend 1474/1514: Veteran's Field Improvements	5,700,000			5,700,000	5,700,000		
1525	Acquisition of Fire Truck	522,500			522,500	522,500		
1526	Local Share of Various Port Security Acquisitions	33,250			33,250	33,250		
1534	Imps. To Veteran's Field - Amend 1474/1514/1519	8,075,000		8,075,000	8,075,000	8,064,274		10,726
1535	Refunding Bond Ordinance	3,750,000		3,285,000	465,000			465,000

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2016

Ordinance number	Improvement description	Balance, Dec. 31, 2015	2016 Authorizations	Decreased	Balance, Dec. 31, 2016	Analysis of balance		
						Bond anticipation notes	Expenditures	Unexpended improvement authorization
1538	Historic Borough Hail Improvements - Phase III		<u>1,425,000</u>		<u>1,425,000</u>			<u>1,425,000</u>
		\$ <u>24,081,224</u>	<u>13,250,000</u>	<u>3,583,024</u>	<u>33,748,200</u>	<u>28,926,625</u>	<u>341,234</u>	<u>4,480,341</u>
	2016 Improvement Authorizations		<u>13,250,000</u>					
			\$ <u>13,250,000</u>					

Bond Anticipation Notes 28,972,000
 Excess Note Proceeds - Ord. 1482 (45,375)
\$ 28,926,625

Budget Appropriation - Paydown on Bond Anticipation Notes 298,024
 Transferred to Deferred Charges to Future Taxation - Funded 3,285,000
\$ 3,583,024

Improvement authorizations - unfunded \$ 12,916,728

Less: Unexpended proceeds of
Bond Anticipation Notes

Ord. 1474/1514/1519/1534 7,505,184
 Ord. 1482 244,268
 Ord. 1457 615
 Ord. 1488/1497 6,856
 Ord. 1489/1496 38,528
 Ord. 1502 87,086
 Ord. 1525 522,500
 Ord. 1526 31,350

8,436,387
\$ 4,480,341

BOROUGH OF EDGEWATER
Schedule of Infrastructure Loans Receivable
New Jersey Department of Environmental Protection
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	<u>184,335</u>
Balance - December 31, 2016	\$	<u><u>184,335</u></u>
<u>Analysis of Balance</u>		
Prior Years		53,732
Trust Loan (2007)		26,672
Trust Loan (2010B)		<u>103,931</u>
	\$	<u><u>184,335</u></u>

Schedule of Grants Receivable -
State of New Jersey Green Acres Program
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	<u>382,445</u>
Balance - December 31, 2016	\$	<u><u>382,445</u></u>
<u>Analysis of Balance</u>		
Ord. 1326 - Imps. To Veteran's Field	\$	<u><u>382,445</u></u>

Exhibit C-8

BOROUGH OF EDGEWATER

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

General Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015 \$ 5,375

Balance - December 31, 2016 \$ 5,375

Exhibit C-9

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

General Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015 \$ 30,000

Balance - December 31, 2016 \$ 30,000

BOROUGH OF EDGEWATER
Schedule of Grants Receivable -
New Jersey Department of Transportation
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015		\$ <u>210,239</u>
Balance - December 31, 2016		\$ <u><u>210,239</u></u>
<u>Analysis of Balance</u>		
Ord. 1438 - Drainage Imps. Old River Road		99,875
Ord. 1482 - Old River Road Imps, Phase II		<u>110,364</u>
		\$ <u><u>210,239</u></u>

Schedule of Grants Receivable -
Bergen County Open Space Trust Fund
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015		\$ <u>58,222</u>
Balance - December 31, 2016		\$ <u><u>58,222</u></u>
<u>Analysis of Balance</u>		
Improvements to Veteran's Field		16,972
Ord. 1398 - Installation of Marina Clock		<u>41,250</u>
		\$ <u><u>58,222</u></u>

BOROUGH OF EDGEWATER
Schedule of Grants Receivable -
Bergen County Historic Preservation Trust
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015		\$ <u>190,750</u>
Balance - December 31, 2016		\$ <u><u>190,750</u></u>
<u>Analysis of Balance</u>		
Ord. 1450 - Borough Hall Phase II Improvements		95,750
Ord. 1381/1387 - Rehabilitation of Borough Hall, Phase I		<u>95,000</u>
		\$ <u><u>190,750</u></u>

Schedule of Amount Due from the
Federal Emergency Management Agency - Ord. 1484
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015		\$ 183,833
Decreased by:		
Due from Current Fund		<u>9,513</u>
Balance - December 31, 2016		\$ <u><u>174,320</u></u>

BOROUGH OF EDGEWATER

Schedule of Community Development Block Grant Receivables

General Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$ 254,167
Decreased by:	
Cash Receipts	<u>103,273</u>
Balance - December 31, 2016	<u><u>\$ 150,894</u></u>

<u>Analysis of Balance</u>	
Ord. 1423 Reconstruction of Undercliff Ave.	30,824
Ord. 1423 Undercliff Ave. Streetscape	47,163
Ord. 1517 - Undercliff Avenue Imps. - (Pal. Terrace to Archer/Myrtle)	<u>72,907</u>
	<u><u>\$ 150,894</u></u>

BOROUGH OF EDGEWATER

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2016

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2016</u>
Marina Utility Capital Fund	\$ 57,688			57,688
Marina Utility Operating Fund	16,000		16,000	
Other Trust Fund	410,926		410,926	
Current Fund	<u>10,884</u>	<u>9,656</u>	<u>11,652</u>	<u>8,888</u>
	<u>\$ 495,498</u>	<u>9,656</u>	<u>438,578</u>	<u>66,576</u>
Grant proceeds deposited in Current in error		\$ 9,513		
Cash Receipts			437,809	
Interest on Investments			769	
Bank Service Charges		<u>143</u>		
		<u>\$ 9,656</u>	<u>438,578</u>	

BOROUGH OF EDGEWATER

Schedule of Overexpenditure of Ordinance Appropriation

General Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$ <u>2,068</u>
Decreased by:	
Overexpenditure raised in 2016 Budget	\$ <u><u>2,068</u></u>

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2016

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2015	Decreased	Balance, Dec. 31, 2016
			Date	Amount				
Wastewater Improvements (Edgewater Municipal Utilities Authority)	Nov. 9, 2000	890,000	Aug. 1, 2017	60,000	5.13%	320,000	60,000	260,000
			Aug. 1, 2018	65,000	5.35%			
			Aug. 1, 2019	65,000	5.25%			
			Aug. 1, 2020	70,000	5.35%			
Wastewater Improvements (Edgewater Municipal Utilities Authority)	Nov. 9, 2000	881,496	Feb. 1, 2017	4,141		225,462	46,546	178,916
			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				
Wastewater Improvements	Nov. 8, 2001	125,000	Aug. 1, 2017	10,000	5.00%	55,000	10,000	45,000
			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%			

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2016

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2015	Decreased	Balance, Dec. 31, 2016
			Date	Amount				
Wastewater Improvements	Nov. 8, 2001	131,010	Feb. 1, 2017	719		11,583	8,260	3,323
			Aug. 1, 2017	2,604				
Separation of Combined Sewers (Ord. 1366)	Nov. 8, 2007	615,000	Aug. 1, 2017	30,000	5.00%	450,000	30,000	420,000
			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 (Ord. 1366)	Nov. 8, 2007	1,736,481	Feb. 1, 2017	17,357		962,564	92,221	870,343
			Aug. 1, 2017	72,127				
			Feb. 1, 2018	15,986				
			Aug. 1, 2018	70,757				
			Feb. 1, 2019	14,617				
Separation of Combined Sewers, (cont.)			Aug. 1, 2019	78,516				
			Feb. 1, 2020	13,339				
			Aug. 1, 2020	77,239				
			Feb. 1, 2021	12,061				

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2016

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2015	Balance, Dec. 31, 2016	
			Date	Amount				
Sewer Repairs (Ord. 1418)			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				
		Mar. 10, 2010	170,000	Aug. 1, 2017	10,000	5.00%	145,000	135,000
				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), (cont.)

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2016

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2015	Balance, Dec. 31, 2016
			Date	Amount			
Sewer Repairs (Ord. 1418)	Mar. 10, 2010	521,250	Feb. 1, 2017	8,835		371,060	344,556
			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				

Sewer Repairs (Ord. 1418), (cont.)

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2016

Purpose	Date of issue	Original issue	Maturities of loans outstanding		Interest rate	Balance, Dec. 31, 2015	Balance, Dec. 31, 2016
			Date	Amount			
			Feb. 1, 2029	8,835			
			Aug. 1, 2029	17,670			
			Aug. 1, 2017	10,000	5.00%	205,000	195,000
		245,000	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. 2, 2010					10,000	

BOROUGH OF EDGEWATER

Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable

General Capital Fund

Year ended December 31, 2016

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of loans outstanding</u>		<u>Interest rate</u>	<u>Balance, Dec. 31, 2015</u>	<u>Balance, Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>			
Sanitary Sewer Repairs (Ord. 1420)	Dec. 1, 2010	260,000	Feb. 1, 2017	4,407		53,500	40,279
			Aug. 1, 2017	8,813			
			Feb. 1, 2018	4,407			
			Aug. 1, 2018	8,814			
			Feb. 1, 2019	4,407			
			Aug. 1, 2019	8,813			
			Feb. 1, 2020	618			
						<u>\$ 2,799,169</u>	<u>2,492,417</u>

Paid via Budget Appropriation \$ 306,752
\$ 306,752

BOROUGH OF EDGEWATER
Schedule of Green Trust Loan Payable
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$ 264,196
Decreased by:	
Paid via Budget Appropriation	<u>19,687</u>
Balance - December 31, 2016	<u><u>\$ 244,509</u></u>

BOROUGH OF EDGEWATER

Schedule of Serial Bonds

General Capital Fund

Year ended December 31, 2016

Purpose	Date of issue	Original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec. 31, 2015	Increased	Decreased	Balance, Dec. 31, 2016
			Date	Amount					
General Obligation Bonds	Jun. 30, 2009	4,884,000	Aug. 15, 2017	125,000	5.00%	3,914,000		3,464,000	450,000
			Aug. 15, 2018	150,000	5.00%				
			Aug. 15, 2019	175,000	4.50%				
General Obligation Refunding Bonds	Jan. 25, 2012	7,395,000	Jun. 1, 2017	925,000	2.00%	5,555,000		915,000	4,640,000
			Jun. 1, 2018	420,000	2.00%				
			Jun. 1, 2018	500,000	3.625%				
			Jun. 1, 2019	230,000	3.00%				
			Jun. 1, 2019	700,000	4.00%				
			Jun. 1, 2020	430,000	4.00%				
			Jun. 1, 2020	500,000	3.00%				
Jun. 1, 2021	935,000	4.00%							

BOROUGH OF EDGEWATER

Schedule of Serial Bonds

General Capital Fund

Year ended December 31, 2016

Purpose	Date of issue	Original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec. 31, 2015	Increased	Decreased	Balance, Dec. 31, 2016
			Date	Amount					
General Obligation Bonds	Jul. 15, 2015	11,085,000	Jul. 15, 2017	390,000	2.00%	11,085,000		385,000	10,700,000
			Jul. 15, 2018	405,000	2.00%				
			Jul. 15, 2019	750,000	2.00%				
			Jul. 15, 2020	750,000	2.00%				
			Jul. 15, 2021	770,000	2.00%				
			Jul. 15, 2022	750,000	2.00%				
			Jul. 15, 2023	750,000	3.00%				
			Jul. 15, 2024	750,000	3.00%				
			Jul. 15, 2025	765,000	3.00%				
			Jul. 15, 2026	770,000	3.00%				
			Jul. 15, 2027	770,000	3.00%				
			Jul. 15, 2028	770,000	3.00%				
			Jul. 15, 2029	770,000	3.00%				
			Jul. 15, 2030	770,000	3.00%				
		Jul. 15, 2031	770,000	3.125%					
General Obligation Refunding Bonds	Oct. 31, 2016	3,285,000	Aug. 15, 2017	30,000	2.00%		3,285,000		3,285,000
			Aug. 15, 2020	220,000	3.00%				
			Aug. 15, 2021	230,000	3.00%				
			Aug. 15, 2022	930,000	4.00%				
			Aug. 15, 2023	920,000	4.00%				
		Aug. 15, 2024	955,000	4.00%					
						\$ 20,554,000	3,285,000	4,764,000	19,075,000

Paid via Budget Appropriation	3,364,000
Refunded	1,400,000
	<u>\$ 4,764,000</u>

BOROUGH OF EDGEWATER

Schedule of Capital Leases Payable

General Capital Fund

Year ended December 31, 2016

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of lease payments outstanding</u>		<u>Interest rate</u>	<u>Balance, Dec. 31, 2015</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
2012 Refunding of 2003 Issuance	May 1, 2012	385,000	Mar. 15, 2017	44,000	1.637%	305,000	41,000	264,000
			Mar. 15, 2018	49,000	2.108%			
			Mar. 15, 2019	52,000	0.236%			
			Mar. 15, 2020	57,000	2.659%			
			Mar. 15, 2021	62,000	2.959%			
						\$ 305,000	41,000	264,000

BOROUGH OF EDGEWATER

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2016

Ordinance number	Improvement description	Date of original issue	Date of issue	Date of maturity	Interest rate	Balance, Dec. 31, 2015	Increased by:	Decreased by:	Balance, Dec. 31, 2016
1357	Acq. of a new Municipal Complex/Police Station	Jul 25, 2014	Jul 21, 2016	Jul 21, 2017	2.00%	120,000	120,000	120,000	120,000
1474	Improvements to Veteran's Field	Jul 27, 2012	Jul 21, 2016	Jul 21, 2017	2.00%	7,819,294	7,540,033	7,819,294	7,540,033
1474	Improvements to Veteran's Field	Jul 25, 2014	Jul 21, 2016	Jul 21, 2017	2.00%	1,115,935	1,115,935	1,115,935	1,115,935
1482	Various Improvements	Jul 26, 2013	Jul 21, 2016	Jul 21, 2017	2.00%	544,125	525,362	544,125	525,362
1457	Imps. To Beverly Place Retaining Wall	Jul 25, 2014	Jul 21, 2016	Jul 21, 2017	2.00%	152,000	152,000	152,000	152,000
1488/1497	Acquisition of Rescue Boat for Fire Department	Jul 25, 2014	Jul 21, 2016	Jul 21, 2017	2.00%	121,000	121,000	121,000	121,000
1489/1496	Repairs to the Edgewater Marina	Jul 25, 2014	Jul 21, 2016	Jul 21, 2017	2.00%	285,000	285,000	285,000	285,000
1498	Acquisition of a Trailer Mounted Generator	Jul 25, 2014	Jul 21, 2016	Jul 21, 2017	2.00%	61,750	61,750	61,750	61,750
1502	Various Acquisitions and Improvements	Jul 23, 2015	Jul 21, 2016	Jul 21, 2017	2.00%	930,896	930,896	930,896	930,896
1514	Improvements to Veteran's Field	Jul 23, 2015	Jul 21, 2016	Jul 21, 2017	2.00%	3,800,000	3,800,000	3,800,000	3,800,000
1519	Improvements to Veteran's Field	Jul 21, 2016	Jul 21, 2016	Jul 21, 2017	2.00%		5,700,000		5,700,000
1525	Acquisition of Fire Truck	Jul 21, 2016	Jul 21, 2016	Jul 21, 2017	2.00%		522,500		522,500
1526	Local Share of Various Port Security Acqs.	Jul 21, 2016	Jul 21, 2016	Jul 21, 2017	2.00%		33,250		33,250
1534	Improvements to Veteran's Field	Jul 21, 2016	Jul 21, 2016	Jul 21, 2017	2.00%		8,064,274		8,064,274
						\$ 14,950,000	28,972,000	14,950,000	28,972,000

Cash
Renewed

14,320,024
14,651,976

Budget Appropriation

14,651,976
298,024

\$

28,972,000

14,950,000

BOROUGH OF EDGEWATER
Schedule of Reserve for Payment of Debt
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	1,833,813
Increased by:		
Transferred from Reserve for Receivables		103,273
Balance - December 31, 2016	\$	1,937,086

Analysis of Balance

Ord. 1381/1387		461,704
Ord. 1366		88,120
Ord. 1418		3,750
Ord. 1426		344,230
Ord. 1407		61,411
Ord. 1443		100,000
Ord. 1482		100,000
Ord. 1464		2,272
Ord. 1226, 1272, 1327		183,407
Ord. 1474 - Veteran's Field		488,919
Ord. 1517 - Undercliff Avenue Imps.		103,273
	\$	1,937,086

BOROUGH OF EDGEWATER
Schedule of Reserve for Green Acres
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	10,926
Increased by:		
Interest Earned on Investments		648
Balance - December 31, 2016	\$	11,574

Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	225,696
Increased by:		
2016 Budget Appropriation		300,000
		525,696
Decreased by:		
Appropriated to Finance Improvement Authorizations		500,000
Balance - December 31, 2016	\$	25,696

BOROUGH OF EDGEWATER
Schedule of Unappropriated Grant
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	<u>79,408</u>
Balance - December 31, 2016	\$	<u><u>79,408</u></u>

Schedule of Reserve for Receivables
General Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	193,152
Decreased by:		
Grant Proceeds Received		<u>103,273</u>
Balance - December 31, 2016	\$	<u><u>89,879</u></u>

<u>Analysis of Balance</u>		
CDBG - Undercliff Avenue Imps. - (Palisades Terr. to Archer)		72,907
Bergen County Open Space - Veteran's Field Imps.		<u>16,972</u>
	\$	<u><u>89,879</u></u>

BOROUGH OF EDGEWATER

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2016

Ordinance number	Improvement description	Balance, Dec. 31, 2015	2016 Authorizations	Decreased by:	Balance, Dec. 31, 2016
967	Various improvements	\$ 164			164
1262	Pension Refunding	2,681			2,681
1325	Various Capital Improvements	709			709
1357	Acquisition of Municipal Complex/Police Station	280,635			280,635
1359	Dissolution of the Edgewater Municipal Utilities Authority	2,172			2,172
1366	Separation of Combined Sewers	748,519			748,519
1372/1382	Dredging of Edgewater Marina	700			700
1381/1387	Various Capital Improvements	250			250
1413	Refunding Bond Ordinance	340,000			340,000
1418	Sewer Repairs	33,750			33,750
1420	Sanitary Sewer Repairs	45,000			45,000
1423	Improvements to Undercliff Avenue	250			250
1450	Borough Hall Phase II Improvements	1,805			1,805
1460	Imps. to DPW and Community Center Parking Lots	161,500			161,500
1463	Refunding Bond Ordinance	905,000			905,000
1464	Improvements to Municipal Pool	61,750			61,750
1474	Improvements to Veteran's Field	510			510
1499	Imps. To the Bulkhead at the Edgewater Marina	118,750			118,750
1502	Various Acquisitions and Improvements	2,954			2,954
1517	Improvements to Undercliff Avenue	213,750			213,750
1519	Amend 1474/1514: Veteran's Field Improvements	5,700,000		5,700,000	
1525	Acquisition of Fire Truck	522,500		522,500	
1526	Local Share of Various Port Security Acquisitions	33,250		33,250	
1534	Improvements to Veteran's Field		8,075,000	8,064,274	10,726
1535	Refunding Bond Ordinance		3,750,000	3,285,000	465,000
1538	Historic Borough Hall Impr. - Phase 3		1,425,000		1,425,000
		<u>\$ 9,176,599</u>	<u>13,250,000</u>	<u>17,605,024</u>	<u>4,821,575</u>
	2016 Improvement Authorizations		<u>13,250,000</u>		
			<u>\$ 13,250,000</u>		
			Refunding Bonds Issued	3,285,000	
			Notes Issued	<u>14,320,024</u>	
				<u>\$ 17,605,024</u>	

BOROUGH OF EDGEWATER
Schedule of Cash - Collector-Treasurer
Marina Utility Operating Fund
Year ended December 31, 2016

Balance - December 31, 2015		\$	357,886
Cash Receipts:			
Membership/Slip Rentals	\$	476,664	
2017 Prepaid Slip Rental Revenue		27,500	
Interfund		708	
Prior Year Void Check		6,139	
Miscellaneous		588	
			511,599
			869,485
Cash Disbursements:			
2016 Appropriations	\$	303,455	
2015 Appropriation Reserves		4,162	
Interfunds		20,500	
Merchant Fees		3,712	
Accrued Interest		8,680	
			340,509
Balance - December 31, 2016		\$	528,976

BOROUGH OF EDGEWATER
Schedule of Cash - Collector-Treasurer
Marina Utility Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	40,023
Cash Disbursements:		
Due to Marina Operating Fund		<u>708</u>
Balance - December 31, 2016	\$	<u><u>39,315</u></u>

BOROUGH OF EDGEWATER

Schedule of Marina Utility Capital Fund Cash

Marina Utility Capital Fund

Year ended December 31, 2016

Due from Federal Emergency Management Agency	(247,943)
Due from Current Fund	(28,925)
Due to General Capital Fund	57,688
Fund Balance	3,202

Improvement authorizations:

Ordinance

number

Improvement description

1465	Acquisition of Marina Dredging Equipment	31,823
1467	Dredging of the Marina	<u>223,470</u>
		\$ <u><u>39,315</u></u>

BOROUGH OF EDGEWATER
Schedule of 2015 Reserves - Operating
Marina Utility Operating Fund
Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>charged</u>	Balance <u>lapsed</u>
Salaries and Wages	\$ 11,997	11,997		11,997
Other Expenses	<u>3,505</u>	<u>5,555</u>	<u>4,162</u>	<u>1,393</u>
	<u>\$ 15,502</u>	<u>17,552</u>	<u>4,162</u>	<u>13,390</u>
Appropriation Reserves		15,502		
Encumbrances		<u>2,050</u>		
		<u>\$ 17,552</u>		

BOROUGH OF EDGEWATER

Schedule of Accrued Interest

Marina Operating Utility Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$ 2,250
Increased by:	
Budget Appropriation	<u>10,500</u>
	12,750
Decreased by:	
Cash Disbursements	<u>8,680</u>
Balance - December 31, 2016	<u><u>\$ 4,070</u></u>

<u>Principal Outstanding</u>	<u>Interest</u>	<u>From</u>	<u>To</u>	<u>Required</u>	<u>Actual</u>
<u>December 31, 2016</u>	<u>Rate</u>				
\$418,000					
Bond Anticipation Note	2.00%	7/22/16	12/31/16	<u>3,692</u>	<u>4,070</u>

BOROUGH OF EDGEWATER

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

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>
Current Fund	\$ 4,500	4,500	
General Capital Fund	16,000	16,000	
Marina Utility Capital Fund	<u>(708)</u>		<u>708</u>
	<u>\$ 19,792</u>	<u>20,500</u>	<u>708</u>
		Receipts	708
Disbursements - Interfunds Returned		<u>20,500</u>	
		<u>\$ 20,500</u>	<u>708</u>

BOROUGH OF EDGEWATER

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

Marina Utility Capital Fund

Year ended December 31, 2016

Balance - December 31, 2015	\$	276,868
Decreased by:		
Due from Current Fund		<u>28,925</u>
Balance - December 31, 2016	\$	<u><u>247,943</u></u>

BOROUGH OF EDGEWATER
Schedule of Interfunds (Receivable)/Payable
Marina Utility Capital Fund
Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2016</u>
Current Fund	\$	28,925	(28,925)
Marina Utility Operating	708	708	
General Capital Fund	<u>57,688</u>		<u>57,688</u>
	<u>\$ 58,396</u>	<u>29,633</u>	<u>28,763</u>

Grant proceeds received in Current	28,925	
Cash Disbursements	<u>708</u>	
	<u>\$ 29,633</u>	

BOROUGH OF EDGEWATER
Schedule of Fixed Capital Authorized
and Uncompleted
Marina Utility Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$ <u>1,192,996</u>
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Balance - December 31, 2016	\$ <u><u>1,192,996</u></u>
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Analysis of Balance

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

Exhibit D-14

BOROUGH OF EDGEWATER
Schedule of Encumbrances Payable
Marina Utility Operating Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	2,049
Increased by:		
Transferred from Budget		<u>639</u>
		2,688
Decreased by:		
Transferred to Appropriation Reserves		<u>2,049</u>
Balance - December 31, 2016	\$	<u><u>639</u></u>

Exhibit D-15

Schedule of Prepaid Slip Revenue
Marina Utility Operating Fund
Year ended December 31, 2016

Increased by:		
2017 Slip Rental Revenue	\$	<u>27,500</u>
Balance - December 31, 2016	\$	<u><u>27,500</u></u>

BOROUGH OF EDGEWATER

Schedule of Improvement Authorizations

Marina Utility Capital Fund

Year ended December 31, 2016

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2015</u>		<u>Balance Dec. 31, 2016</u>	
				<u>Funded</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
1465	Acquisition of Marina Dredging Equipment	Dec. 19, 2011	450,000 \$		31,823		31,823
1467	Dredging of the Marina	Mar. 5, 2012	742,996	223,470		223,470	
			\$	<u>223,470</u>	<u>31,823</u>	<u>223,470</u>	<u>31,823</u>

BOROUGH OF EDGEWATER
Schedule of Reserve for Amortization
Marina Utility Capital Fund
Year ended December 31, 2016

Balance - December 31, 2015	\$	16,000
Increased by:		
Paydown on Bond Anticipation Note		16,000
Balance - December 31, 2016	\$	32,000

Schedule of Deferred Reserve for Amortization
Marina Utility Capital Fund
Year ended December 31, 2016

<u>Ordinance number</u>	<u>Improvement description</u>	Balance Dec. 31, <u>2015</u>	Balance Dec. 31, <u>2016</u>
1467	Dredging of Edgewater Marina	\$ 742,996	742,996
		\$ 742,996	742,996

BOROUGH OF EDGEWATER

Schedule of Bond Anticipation Notes

Marina Utility Capital Fund

Year ended December 31, 2016

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date of original issue</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2015</u>	<u>Increased by:</u>	<u>Decreased by:</u>	<u>Balance, Dec. 31, 2016</u>
1465	Acquisition of a Dredging Boat	Jul. 27, 2012	Jul. 13, 2016	Jul. 21, 2017	2.00%	\$ 434,000	418,000	434,000	418,000
						\$ 434,000	418,000	434,000	418,000
							Renewals 418,000		
							Principal on Notes 16,000		
							\$ 418,000		\$ 418,000

BOROUGH OF EDGEWATER, N.J.

Schedule of Deferred Charges

Marina Utility Operating Fund

Year ended December 31, 2016

	Balance <u>Dec. 31, 2015</u>	Added <u>in 2016</u>	Balance <u>Dec. 31, 2016</u>
Expenditure without Appropriation	\$ 16,000		16,000
Overexpenditure of Appropriations	<u> </u>	<u>11,752</u>	<u>11,752</u>
	<u>\$ 16,000</u>	<u>11,752</u>	<u>27,752</u>

BOROUGH OF EDGEWATER

Schedule of Cash - Treasurer

Public Assistance Fund

Year ended December 31, 2016

	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
Balance - December 31, 2015	\$ <u>3,189</u>	<u>31,443</u>	<u>34,632</u>
Increased by:			
State Aid for Public Assistance		44,000	44,000
Supplemental Security Income			
Municipal Refund		7,630	7,630
Interest Earned	8		8
	<u>8</u>	<u>51,630</u>	<u>51,638</u>
	3,197	83,073	86,270
Decreased by:			
Public Assistance		58,059	58,059
Balance - December 31, 2016	\$ <u><u>3,197</u></u>	<u><u>25,014</u></u>	<u><u>28,211</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, 2016

Balance - December 31, 2016	\$	28,211
Increased by receipts:		
Interest Earned		4
		<u>28,215</u>
Decreased by:		
General Assistance		11,122
		<u>11,122</u>
Balance - March 31, 2017	\$	<u><u>17,093</u></u>

<u>Reconciliation - March 31, 2017</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	\$	24,093	24,093
Mariner's Bank			
a/c no. 1400000756	3,201		3,201
	<u>3,201</u>	<u>24,093</u>	<u>27,294</u>
Less: Outstanding Checks		10,201	10,201
		<u>10,201</u>	<u>10,201</u>
Balance - March 31, 2017	\$	<u><u>13,892</u></u>	<u><u>17,093</u></u>

BOROUGH OF EDGEWATER

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Period ended December 31, 2016

Balance - December 31, 2015		\$	34,632
Increased by receipts:			
State aid	\$	44,000	
Supplemental Security Income:			
Municipal Refund		7,630	
Interest Earned		<u>8</u>	
			<u>51,638</u>
			<u>86,270</u>
Decreased by:			
General Assistance			<u>58,059</u>
Balance - December 31, 2016		\$	<u><u>28,211</u></u>

<u>Reconciliation - December 31, 2016</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	\$	29,215	29,215
Bank of America			
a/c no. 0469000414	<u>3,197</u>	<u>29,215</u>	<u>3,197</u>
	<u>3,197</u>	<u>29,215</u>	<u>32,412</u>
Less: Outstanding Checks		<u>4,201</u>	<u>4,201</u>
Balance - December 31, 2016	\$ <u><u>3,197</u></u>	<u><u>25,014</u></u>	<u><u>28,211</u></u>

BOROUGH OF EDGEWATER

Statement of Public Assistance Revenues

Public Assistance Fund

Year ended December 31, 2016

	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
State Aid Payments	\$	44,000	44,000
Less: Refunds to the State			
Net State Aid Payments	<u> </u>	<u>44,000</u>	<u>44,000</u>
Supplemental Security Income:			
Municipal Refund		7,630	7,630
Interest Earned	<u>8</u>	<u> </u>	<u>8</u>
Total revenues (PATF)	<u>\$ 8</u>	<u>51,630</u>	<u>51,638</u>

Statement of Public Assistance Expenditures

Public Assistance Fund

Period ended December 31, 2016

	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
Payments for Current Year Assistance (Reported):			
Maintenance payments	\$	21,667	21,667
Temporary Rent Assistance		34,666	34,666
Work Related Expenses		72	72
Transportation		288	288
Emergency Assistance		1,150	1,150
Transient Assistance		216	216
Total Payments Reported	<u> </u>	<u>58,059</u>	<u>58,059</u>
Total Disbursements	<u>\$</u>	<u>58,059</u>	<u>58,059</u>

Exhibit F-1

BOROUGH OF EDGEWATER

Schedule of Grants Receivable

Sewer Facilities Grant Fund

Year ended December 31, 2016

Balance - December 31, 2015 \$ 74,501

Balance - December 31, 2016 \$ 74,501

Analysis of Balance

Federal Sewer Facilities Step I Grant - EPA 70,161

Federal Sewer Facilities Step II Grant - EPA 4,340

\$ 74,501

Exhibit F-2

Schedule of Reserve for Grant Expenditures

Sewer Facilities Grant Fund

Year ended December 31, 2016

Balance - December 31, 2015 \$ 74,501

Balance - December 31, 2016 \$ 74,501

Analysis of Balance

Federal Sewer Facilities Step I Grant - EPA 70,161

Federal Sewer Facilities Step II Grant - EPA 4,340

\$ 74,501

BOROUGH OF EDGEWATER

LETTERS ON INTERNAL CONTROL AND ON COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Edgewater in the County of Bergen as of and for the year ended December 31, 2016 and the related notes to the financial statements, and have issued our report thereon dated May 16, 2017, 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
Pompton Lakes, New Jersey

May 16, 2017



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, be resolution

BOROUGH OF EDGEWATER

GENERAL COMMENTS, (continued)

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

Effective July 1, 2015, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$40,000.

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

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

- Collection and Disposal of Solid Waste, Bulky Waste, Designated Recyclables and Vegetative Waste Standby Generator
- Council Chambers and Dais Study
- Livingston Street Phase III (Neglia)
- 2016 Riverside Cooperative Roads Program

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

BOROUGH OF EDGEWATER
GENERAL COMMENTS, (continued)

The following resolution authorizing interest to be charged on delinquent taxes was adopted at the reorganization meeting held on January 3, 2016.

"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 December 14, 2016 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, 2016	5
December 31, 2015	4
December 31, 2014	5

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

**BOROUGH OF EDGEWATER
COMMENTS & RECOMMENDATIONS
DECEMBER 31, 2016**

Comments:

Finance/Payroll

1. *General Ledger is not being utilized for the Public Assistance Trust Fund
2. *Bank reconciliations are not being performed on the Public Assistance Trust Fund Bank Accounts.
3. *There are unfunded ordinances over five years old for which expenditures have been made that have not been funded.
4. *There are numerous grant receivables outstanding in the General Capital Fund.
5. *Improvement authorization balances per the budgetary capital authorization report are, in most instances, not in agreement with audited balances.
6. An overexpenditure of \$11,752 occurred in the 2016 Marina Utility Operating Budget.
7. Stale dated checks are being carried as reconciling items on the following bank reconciliations:
 - a. Council on Affordable Housing Trust Fund
 - b. Avalon Fire Trust Fund
 - c. Public Assistance Trust Fund II
8. The temporary budget calculation was not provided for review at the time of audit as required by N.J.S.A 40A:4-19.

Departments:

Building

1. *Not turning over all permit revenue collections to Treasurer in a timely manner.
2. *The Construction Official Bank Account bank reconciliation is not being performed properly.
3. There were instances in which receipts were not deposited within 48 hours as required by N.J.S.A. 40A:5-15.

Municipal Court

1. *Our review of the December ATS/ACS Monthly Management Reports revealed the following:
 - 1) There are 24 tickets that are not assigned.
 - 2) There are 605 tickets assigned that have not been issued and are over 180 days old.
2. *Cash Receipts are not being deposited within 48 hours of receipt as required by N.J.S.A. 40A:5-15.

Police Records Bureau

1. *Cash Receipts are not being deposited within 48 hours of receipt as required by N.J.S.A. 40A:5-15.

**BOROUGH OF EDGEWATER
COMMENTS & RECOMMENDATIONS, (CONTINUED)
DECEMBER 31, 2016**

Recommendations:

Finance

1. That general ledgers be utilized for all funds.
2. That bank reconciliations be performed for the Public Assistance Trust Fund bank accounts.
3. Steps be taken to fund those unfunded ordinances over five years old for which expenditures have been made.
4. Outstanding receivables be investigated for possible collection.
5. Finance personnel review available improvement authorization balances in the system to those in the audit and adjustment be made to bring the balances into agreement.
6. That more care be taken to ensure that Marina Utility Operating budget accounts are not over-expended.
7. That stale-dated checks on all bank reconciliations be cancelled by resolution.
8. That the temporary budget calculation be provided for review at the time of audit.

Departments:

Building

1. That all permit revenue collections be remitted to Treasurer in a timely manner.
2. The bank reconciliation for the Construction Official Account account for all transactions including deposits in transit and outstanding checks.
3. All deposits be made within 48 hours of receipt as required.

Municipal Court

1. The ATS/ACS Monthly Management Reports be reviewed and the following step be taken:
 - a. All tickets that are not assigned be assigned to an Officer.
 - b. All tickets assigned over six months old not issued should be recalled and either destroyed or reassigned.
2. That deposits be made within 48 hours of receipt as required.

Police Records Bureau

1. That all police cash receipts be deposited in within 48 hours of receipt as required.

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. Wielkocz
Registered Municipal Accountant
No. CR00413



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

May 16, 2017