

**EDGEWATER PARK SEWERAGE AUTHORITY  
FINANCIAL STATEMENTS, SUPPLEMENTAL  
SCHEDULES AND AUDITOR'S OPINIONS  
FOR THE FISCAL YEAR ENDED  
NOVEMBER 30, 2015**



# EDGEWATER PARK SEWERAGE AUTHORITY

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EDGEWATER PARK SEWERAGE AUTHORITY

BOARD OF COMMISSIONERS

AT NOVEMBER 30, 2015

Kevin Johnson  
Chairman

Lester Holley  
Vice Chairman

John Alexander  
Board Member

James Hall  
Board Member  
(12/1/14 through 7/19/15)

Judith Hall  
Board Member  
(effective 8/18/15)

Geraldine Wing  
Board Member  
(12/1/14 through 4/21/15)

Joseph T. Pullion  
Board Member  
(Effective 5/13/15)

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**EDGEWATER PARK SEWERAGE AUTHORITY  
(A Component Unit of the Township of Edgewater Park)**

**INDEPENDENT AUDITOR'S REPORTS  
FOR THE YEAR ENDED NOVEMBER 30, 2015**





**BRENT W. LEE & CO., LLC**  
**Certified Public Accounting Firm**

## **INDEPENDENT AUDITOR'S REPORT**

To the Chairman and Members of the  
Edgewater Park Sewerage Authority  
County of Burlington  
Edgewater Park, New Jersey 08010

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of the Edgewater Park Sewerage Authority, a component unit of Edgewater Park Township, in the County of Burlington, State of New Jersey, as of and for the fiscal years ended November 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority'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 accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the aggregate remaining fund information of the Edgewater Park Sewerage Authority as of November 30, 2015, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the year ended December 31, 2015 the Authority implemented the adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. My opinion on the financial statements is not modified relating to this change in accounting principle.

### **Other Matters**

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Edgewater Park Sewerage Authority's basic financial statements. The Introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In my opinion the combining and individual non-major financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued a report dated February 19, 2016 on my consideration of the Edgewater Park Sewerage Authority's internal control over financial reporting and on my 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 my 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 Authority's internal control over financial reporting and compliance.

Respectfully submitted,



Brent W. Lee  
Certified Public Accountant

Cinnaminson, New Jersey  
February 19, 2016

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BRENT W. LEE & CO., LLC  
Certified Public Accounting Firm

**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**

To the Chairman and Members of the  
Edgewater Park Sewerage Authority  
County of Burlington  
Edgewater Park, New Jersey 08010

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, business-type activities and the aggregate remaining fund information of the Edgewater Park Sewerage Authority, County of Burlington, State of New Jersey, as of and for the fiscal year ended November 30, 2015, and related notes to the financial statements, which collectively comprise the Edgewater Park Sewerage Authority's basic financial statements, and have issued my report thereon dated February 19, 2016.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Edgewater Park Sewerage Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Edgewater Park Sewerage Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Edgewater Park Sewerage Authority'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.

My 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 my audit I did not identify deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edgewater Park Sewerage Authority statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Brent W. Lee  
Certified Public Accountant

Cinnaminson, New Jersey  
February 19, 2016

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**Management's Discussion and Analysis**



**EDWATER PARK SEWERAGE AUTHORITY**  
**(A Component Unit of the Township of Edgewater Park)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended November 30, 2015**

As management of the Edgewater Park Sewerage Authority, (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the Authority for the fiscal year ended November 30, 2015.

**Basic Financial Statements**

Our basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. The Authority operates one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used.

The statement of net position presents information about all of the Authority's assets, deferred outflow of resources, liabilities and deferred inflow of resources. The residual of all the other elements is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenue, expenses and changes in net position presents information showing how the net position of the Authority changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities and investing activities. The net result of these activities added to the beginning of the year cash balance total to the cash and cash equivalent balance at the end of the current fiscal year.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Edgewater Park Sewerage Authority**  
**(A component unit of the Township of Edgewater Park)**  
**Statement of Net Position**  
**For the Fiscal Year Ended November 30, 2015 and 2014**

|  | 2015                        | 2014               |
|--|-----------------------------|--------------------|
| Asset:   |                             |                    |
| Unrestricted Assets                                  | \$1,371,226                 | \$1,403,391        |
| Restricted Assets                                    | 42,278                      | 46,970             |
| Capital Assets                                       | <u>2,809,625</u>            | <u>2,968,166</u>   |
| Total Assets   | <u>4,223,129</u>            | <u>4,418,527</u>   |
| Deferred Outflows of Resources:                      |                             |                    |
| Pension Deferred Outflows                            | 124,117                     |                    |
| Loss on Refunding of Debt                            | <u>                    </u> | <u>88,866</u>      |
| Total Deferred Outflows of Resources                 | <u>124,117</u>              | <u>88,866</u>      |
| Liabilities:   |                             |                    |
| Current Liabilities Payable from Unrestricted Assets | 279,111                     | 242,818            |
| Current Liabilities Payable from Restrict Assets     | 107,485                     | 187,514            |
| Noncurrent Liabilities                               | <u>1,596,937</u>            | <u>2,137,405</u>   |
| Total Liabilities                                    | <u>1,983,533</u>            | <u>2,567,737</u>   |
| Deferred Inflow of Resources:                        |                             |                    |
| Pension Deferred Inflows                             | <u>74,679</u>               |                    |
| Total Deferred Inflows of Resources                  | <u>74,679</u>               |                    |
| Net Position:  |                             |                    |
| Net Investment in Capital Assets                     | 1,262,516                   | 677,257            |
| Unrestricted:  |                             |                    |
| Designated for Subsequent year's Expenditures        | 401,228                     | 336,637            |
| Unrestricted   | <u>625,290</u>              | <u>925,762</u>     |
| Total Net Position                                   | <u>\$2,289,034</u>          | <u>\$1,939,656</u> |

**Financial Highlights**

- The position of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$2,289,034 (*net position*).
- The total net position of the Authority increased by \$349,378, or a 18.01% increase from the prior fiscal year-end balance. The majority of the increase is attributable to the lower debt obligation than in 2014.

**Edgewater Park Sewerage Authority**  
**(A Component Unit of the Township of Edgewater Park)**  
**Statement of Changes in Net Position**  
**For the Fiscal Year Ended November 30, 2015 and 2014**

|                                       | 2015               | 2014               |
|---------------------------------------|--------------------|--------------------|
| Revenues:                             |                    |                    |
| Program Revenues:                     |                    |                    |
| Charges for Services                  | \$1,393,645        | \$1,390,886        |
| Other Revenue                         | 38,194             | 28,381             |
| Nonoperating Revenues:                |                    |                    |
| Interest Revenue                      | <u>6,390</u>       | <u>6,025</u>       |
| Total Revenues                        | <u>1,438,229</u>   | <u>1,425,292</u>   |
| Expenses:                             |                    |                    |
| Administration:                       |                    |                    |
| Salaries                              | 56,608             | 61,086             |
| Employee Benefits                     | 28,368             | 12,440             |
| Other Expenses                        | 145,285            | 142,910            |
| Cost of Providing Service:            |                    |                    |
| Operating & Maintenance               | 1,099,724          | 983,881            |
| Depreciation                          | 158,541            | 159,107            |
| Nonoperating Expenses:                |                    |                    |
| Amortization of Loss on Refunding     |                    | 5,924              |
| Interest on Debt                      | <u>44,380</u>      | <u>46,601</u>      |
| Total Expenses                        | <u>1,532,906</u>   | <u>1,411,949</u>   |
| Increase/(Decrease) in Net Position   | (94,677)           | 13,343             |
| Net Position, October 1 (As Restated) | <u>2,383,711</u>   | <u>1,926,313</u>   |
| Net Position, November 30             | <u>\$2,289,034</u> | <u>\$1,939,656</u> |

Total revenues increased by .91% due to a commercial customer usage increase in 2015.

Total expenditures increased by 8.57% primarily due to increases in treatment fees, repair and maintenance and engineering services.

A restatement of the beginning Net Position for \$444,055 was due to complying with GASB No. 68 and an adjustment to the Authority's loan payable.

**Edgewater Park Sewerage Authority**  
**(A Component Unit of the Township of Edgewater Park)**  
**Capital Assets (Net of Accumulated Depreciation)**  
**For the Fiscal Year Ended November 30, 2015 and 2014**

|                          | 2015                   | 2014                   |
|--------------------------|------------------------|------------------------|
| Land                     | \$ 58,850              | \$ 58,850              |
| Buildings & Improvements |                        |                        |
| Machinery & Equipment    | 9,981                  | 12,242                 |
| Infrastructure           | <u>2,740,794</u>       | <u>2,897,074</u>       |
| <br>Net Capital Assets   | <br><u>\$2,809,625</u> | <br><u>\$2,968,166</u> |

The Authority's capital assets as of November 30, 2015, totaled \$2,809,625 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure. The total decrease in the Authority's investment in capital assets for the current fiscal year was \$158,541, or a 5.34% decrease. This decrease is mainly due to current year depreciation expense exceeding the additions in capital assets.

**Debt**

The Authority has entered a 2004 New Jersey Environmental Infrastructure Trust and Fund Loan Agreement for the modernization of Sanitary Sewer Pump Station No. 6 in the amount of \$311,957. During fiscal year ending November 30, 2011 the Authority did not utilize the entire funding portion of the 2044 loan and the New Jersey Environmental Infrastructure Trust forgave \$3,942 of the Authority's Fund Loan Agreement. The Trust Loan portion of \$155,000 is payable over a twenty year period and bears interest rates ranging from 3.00% to 5.00%. The Fund Loan portion of \$156,957 is a no interest loan payable over a twenty-year period. The outstanding balances of the Trust Loan and Fund Loan are \$90,000 and \$67,857, respectively, as of November 30, 2015.

The Authority has also entered a 2010 New Jersey Environmental Infrastructure Trust and Fund Loan Agreement for upgrades and improvements to certain pump stations and replacement of certain sewer mains of the Authority in the amount of \$2,930,420. During fiscal years ending November 30, 2012 and 2013 the Authority did not utilize the entire funding portion of the 2010 loan and the New Jersey Environmental Infrastructure Trust forgave \$518,256 and \$36,534 respectively for a total of \$554,790 of the Fund Loan Agreement. During fiscal year ending November 30, 2013 the Authority refunded the 2010 Bonds. The Trust Loan portion of \$995,000 is payable over a fifteen year period and bears an interest rate of 5.00%. The Fund Loan portion of \$1,475,420 is a no interest loan payable over a twenty year period. The outstanding balances of the Trust Loan and Fund Loan are \$790,000 and \$630,816, respectively, as of November 30, 2015.

**For the Future**

The Edgewater Park Sewerage Authority is currently in satisfactory financial condition. However, a major concern is the continuation of quality service at an affordable cost to the Authority's consumers. The Authority authorized a sewer service fee increase from \$325 to \$360 in the fiscal year 2013. It is anticipated that service fees will continue to remain flat for 2016. However, the Authority will conduct a

rate study in 2016 to insure the current service charges are adequate to provide the continuation of quality service to its consumers.

In conclusion, the Edgewater Park Sewerage Authority has committed itself to providing excellent service to their consumers. The Authority plans to continue its sound fiscal management to meet the challenges of the future.

### **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority. Questions concerning any of the information provided in this report may be directed to the Executive Director of the Authority.

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**FINANCIAL SECTION**



BASIC FINANCIAL STATEMENTS



**EDGEWATER PARK SEWERAGE AUTHORITY**  
**(A Component Unit of the Township of Edgewater Park)**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**AS OF NOVEMBER 30, 2015 AND 2014**

| ASSETS  | 2015        | 2014      |
|---|-------------|-----------|
| Current Assets:                                 |             |           |
| Unrestricted Assets:                            |             |           |
| Cash & Cash Equivalents                         | \$1,237,504 | 1,267,247 |
| Consumer Accounts Receivable                    | 133,722     | 135,718   |
| Other Accounts Receivable                       |             | 426       |
|   |             | 426       |
| Total Unrestricted Current Assets               | 1,371,226   | 1,403,391 |
| Restricted Assets:                              |             |           |
| Cash & Cash Equivalents                         | 42,278      | 46,970    |
|   | 42,278      | 46,970    |
| Total Restricted Current Assets                 | 42,278      | 46,970    |
| Property, Plant & Equipment (Note 6):           |             |           |
| Property, Plant & Equipment                     | 4,905,151   | 4,905,151 |
| Less: Accumulated Depreciation                  | 2,095,526   | 1,936,985 |
|   | 2,809,625   | 2,968,166 |
| Net Property, Plant & Equipment                 | 2,809,625   | 2,968,166 |
| Total Assets                                    | 4,223,129   | 4,418,527 |
| DEFERRED OUTFLOWS OF RESOURCES                  |             |           |
| Pension Deferred Outflows                       | 124,117     |           |
| Loss on Refunding of Debt                       |             | 88,866    |
|   | 124,117     | 88,866    |
| Total Deferred Outflows of Resources            | 124,117     | 88,866    |
| Total Assets and Deferred Outflows of Resources | \$4,347,246 | 4,507,393 |

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**EDGEWATER PARK SEWERAGE AUTHORITY**  
**(A Component Unit of the Township of Edgewater Park)**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**AS OF NOVEMBER 30, 2015 AND 2014**

|  | 2015               | 2014             |
|--|--------------------|------------------|
| <b>LIABILITIES</b>   |                    |                  |
| Current Liabilities Payable From Unrestricted Assets:              |                    |                  |
| Accounts Payable   | 247,640            | 216,062          |
| Unearned Revenue   | 20,530             | 17,179           |
| Sewer Rent Overpayments  | 10,941             | 9,577            |
|  | <u>279,111</u>     | <u>242,818</u>   |
| Total Current Liabilities Payable From Unrestricted Assets         |                    |                  |
| Current Liabilities Payable From Restricted Assets:                |                    |                  |
| Customer Escrow Deposits   | 10,714             | 15,408           |
| Reserve for Unemployment Claims                                    | 3,218              | 3,218            |
| Accrued Interest   | 14,347             | 15,384           |
| Loan Payable   | 79,206             | 153,504          |
|  | <u>107,485</u>     | <u>187,514</u>   |
| Total Current Liabilities Payable From Restricted Assets           |                    |                  |
| Noncurrent Liabilities:  |                    |                  |
| Net Pension Payable  | 97,470             |                  |
| Loan Payable   | 1,499,467          | 2,137,405        |
|  | <u>1,596,937</u>   | <u>2,137,405</u> |
| Total Noncurrent Liabilities                                       |                    |                  |
| Total Liabilities  | <u>1,983,533</u>   | <u>2,567,737</u> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                    |                  |
| Pension Deferred Inflows   | <u>74,679</u>      |                  |
| Total Deferred Inflows of Resources                                | <u>74,679</u>      |                  |
| <b>NET POSITION</b>  |                    |                  |
| Net Investment in Capital Assets                                   | 1,262,516          | 677,257          |
| Unrestricted:  |                    |                  |
| Designated for Subsequent Year's Expenditures                      | 401,228            | 336,637          |
| Unrestricted   | 625,290            | 925,762          |
|  | <u>\$2,289,034</u> | <u>1,939,656</u> |
| Total Net Position   |                    |                  |
| Total Liabilities, Deferred Intflows of Resources and Net Position | <u>\$4,347,246</u> | <u>4,507,393</u> |

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**EDGEWATER PARK SEWERAGE AUTHORITY**  
**(A Component Unit of the Township of Edgewater Park)**  
**COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2015 AND 2014**

|   | 2015        | 2014        |
|---|-------------|-------------|
| Operating Revenues:                                     |             |             |
| Charges for Sewer Service                               | \$1,393,645 | 1,390,886   |
| Other Revenue   | 38,194      | 28,381      |
|   | <hr/>       | <hr/>       |
| Total Operating Revenues                                | 1,431,839   | 1,419,267   |
|   | <hr/>       | <hr/>       |
| Operating Expenses:                                     |             |             |
| Administration:   |             |             |
| Salaries  | 56,608      | 61,086      |
| Employee Benefits                                       | 28,368      | 12,440      |
| Other Expenses  | 145,285     | 142,910     |
| Cost of Providing Services:                             |             |             |
| Other Expenses  | 1,099,724   | 983,882     |
| Depreciation  | 158,541     | 159,107     |
|   | <hr/>       | <hr/>       |
| Total Operating Expenses                                | 1,488,526   | 1,359,425   |
|   | <hr/>       | <hr/>       |
| Operating Income/(Loss)                                 | (56,687)    | 59,842      |
|   | <hr/>       | <hr/>       |
| Nonoperating Revenue/(Expenses):                        |             |             |
| Interest on Debt  | (44,380)    | (46,600)    |
| Amortization on Loss from Refunding                     |             | (5,924)     |
| Interest Revenue  | 6,390       | 6,025       |
|   | <hr/>       | <hr/>       |
| Total Nonoperating Revenue/(Expense)                    | (37,990)    | (46,499)    |
|   | <hr/>       | <hr/>       |
| Change in Net Position                                  | (94,677)    | 13,343      |
| Net Position - Beginning of Year, As Restated (Note 13) | 2,383,711   | 1,926,313   |
|   | <hr/>       | <hr/>       |
| Net Position - End of Year                              | \$2,289,034 | 1,939,656   |
|   | <hr/> <hr/> | <hr/> <hr/> |

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**EDGEWATER PARK SEWERAGE AUTHORITY**  
**(A Component Unit of the Township of Edgewater Park)**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2015 AND 2014**

|  | 2015               | 2014             |
|--|--------------------|------------------|
| Cash Flows from Operating Activities:                        |                    |                  |
| Receipts from Customers                                      | \$1,400,782        | 1,402,820        |
| Receipts from Other Operating Revenue                        | 38,194             | 28,381           |
| Payments to Employees  | (56,608)           | (61,086)         |
| Payments for Employee Benefits                               | (28,368)           | (12,440)         |
| Payments to Suppliers  | (1,191,210)        | (1,102,455)      |
|  | <u>162,790</u>     | <u>255,220</u>   |
| Net Cash Provided by Operating Activities                    |                    |                  |
| Cash Flows from Noncapital Financing Activities:             |                    |                  |
| Escrow Deposit Activity                                      | (4,694)            | 4,180            |
|  | <u>(4,694)</u>     | <u>4,180</u>     |
| Net Cash Provided for Noncapital Financing Activities        |                    |                  |
| Cash Flows from Capital & Related Financing Activities:      |                    |                  |
| Capital Acquisitions   |                    | (11,301)         |
| Debt Service:  |                    |                  |
| Principal  | (153,504)          | (148,762)        |
| Interest   | (45,417)           | (46,027)         |
|  | <u>(198,921)</u>   | <u>(206,090)</u> |
| Net Cash Provided for Capital & Related Financing Activities |                    |                  |
| Cash Flows from Investing Activities:                        |                    |                  |
| Interest & Dividends   | 6,390              | 6,025            |
|  | <u>6,390</u>       | <u>6,025</u>     |
| Net Cash Provided by Investing Activities                    |                    |                  |
| Net Increase in Cash & Cash Equivalents                      | (34,435)           | 59,335           |
| Cash & Cash Equivalents - Beginning of Year                  | 1,314,217          | 1,254,882        |
|  | <u>\$1,279,782</u> | <u>1,314,217</u> |
| Cash & Cash Equivalents - End of Year                        |                    |                  |

**Reconciliation on Net Income to Cash Provided/(Used) by Operating Activities:**

|   |                  |                |
|---|------------------|----------------|
| Operating Income/(Loss)   | (\$56,687)       | 59,842         |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities: |                  |                |
| Operating Activities:   |                  |                |
| Depreciation  | 158,541          | 159,107        |
| Working Capital Changes Which Provided/(Used) by Cash:  |                  |                |
| Accounts Receivable   | 2,422            | 7,577          |
| Accounts Payable  | 53,799           | 24,337         |
| Prepaid Sewer Rents   | 3,351            | 5,893          |
| Sewer Overpayments  | 1,364            | (1,536)        |
|   | <u>\$162,790</u> | <u>255,220</u> |
| Net Cash Provided/(Used) by Operating Activities  |                  |                |

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED NOVEMBER 30, 2015**



**THE EDGEWATER PARK SEWERAGE AUTHORITY**  
**(A Component Unit of the Township of Edgewater Park)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2015**

**Note 1. Summary of Significant Accounting Policies**

The accompanying financial statements of the Edgewater Park Sewerage Authority have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The Authority has implemented these standards for the fiscal year-ending November 30, 2003 and thereafter. With the implementation of GASB Statement 34, the Authority has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the Authority has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 - *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures*, Statement 44 – *Economic Condition Reporting* and Statement 45 – *Post Employment Benefits Other than Pensions* and Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; Statement 65- *Items Previously Reported as Assets and Liabilities* and Statement 68 – *Accounting and Financial Reporting for Pensions*.

The accompanying financial statements have been prepared on an accrual basis and in conformity with generally accepted accounting principles applicable to Enterprise Funds of State and local governments.

The accompanying financial statements present the financial position of the Authority, the results of operations of the Authority and the cash flows of the proprietary fund. The financial statements are presented as of November 30, 2015.

**A. Reporting Entity**

The Township of Edgewater Park incorporated in 1945 is located in western Burlington County, New Jersey along the Delaware River approximately fifteen miles from the City of Philadelphia and covers an area of approximately 2.86 square miles. The present population according to the 2010 census is 8,881.

The Township, by ordinance in 1945 created the Edgewater Park Sewerage Authority (“Authority”). The Authority is organized under the provisions P.L. 1957 Chapter 138 (the Act). The Act grants power to every municipality of the State to acquire, construct, maintain, operate or improve works for the collection, treatment, purification or disposal of sewerage or other wastes through establishment of a municipal utilities. The Authority is governed by a five-member board. Members of the Board are

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 1. Summary of Significant Accounting Policies (continued):**

appointed by the Township Committee for five-year terms on a staggered basis. The members of the Board oversee the Authority's operation.

The Authority was created to construct and operate a wastewater collection system within the municipal boundaries of the Township. The Authority has also entered into a service agreement with the Township of Willingboro for the collection and treatment of a portion of sewer discharged from the Authority's system.

The Authority bills and collects for its services from all customers and is entitled to a connection fee for new hook-ups.

The Edgewater Park Sewerage Authority is a component unit of the Township of Edgewater Park as described in Governmental Accounting Standards Board Statement No. 14 due to the existence of a service agreement between the Authority and the Township. These financial statements would be either blended or discreetly present as part of the Township's financial statements if the Township reported using generally accepted accounting principles applicable to governmental entities.

**B. Basis of Presentation – Fund Accounting**

The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. The financial statements of the Authority are maintained in accordance with the principles of fund accounting applicable to Proprietary Funds, except for the accounting of operating inventory as stated below. A proprietary fund is used to account for governmental activities that are similar to activities that may be performed by a commercial enterprise. The Authority accounts for its operations in an enterprise fund.

Enterprise funds are used to account for operations, the measurement of which is a determination of net profit from operations, which includes an accounting for all cost allocations, including depreciation, associated with the fund. The costs of services rendered by the fund are financed primarily through user charges. The accrual method as used by business enterprises is the basis of accounting for proprietary funds.

Proprietary funds are reported in accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting". This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, be applied to proprietary activities unless they (FASB) Statements and Interpretations, APB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that proprietary activities may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict

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**NOVEMBER 30, 2015**

**Note 1. Summary of Significant Accounting Policies (continued):**

GASB pronouncements. The Authority has not elected to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets was renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Whereas the provisions of this Statement are effective for financial statements for the periods beginning after December 15, 2011, the Authority has implemented this Statement for the fiscal year ended November 30, 2013 and retroactively for the fiscal year ended November 30, 2012.

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statements elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial presentations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012, the Authority has implemented this Statement for the fiscal year ended November 30, 2013.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. The implementation of these Statements effect net position balances as previously reported for the fiscal year ended November 30, 2015 as noted in Note 4.

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resource measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Fund equity is segregated into net investment in capital assets and retained earnings components.

**THE EDGEWATER PARK SEWERAGE AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2015**

**Note 1. Summary of Significant Accounting Policies (continued):**

Operating statements for enterprise funds present increases (revenues) and decreases (expenses) in changes in net position.

Enterprise funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

**D. Budgetary Data**

The Edgewater Park Sewerage Authority must adopt an annual budget in accordance with *N.J.A.C.5:31-2*. *N.J.A.C.5:31-2* requires the governing body to introduce the annual authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year.

The legal level of budgetary control is established at the detail shown on the Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected.

**E. Contributed Capital**

Contributed Capital consists primarily of sewer lines and pumping stations constructed by local developers and donated to the Authority. These items are recorded at estimated fair market value. The sewer lines and pumping stations are recorded as contributed capital in the period received.

**F. Property, Plant and Equipment**

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

|                          |             |
|--------------------------|-------------|
| Buildings & Improvements | 30 years    |
| Infrastructure           | 10-75 years |
| Machinery & Equipment    | 5-15 years  |

Property, Plant and Equipment owned by the Authority are recorded at cost. Repairs and maintenance are recorded as expenses.

**G. Statement of Cash Flows**

For purpose of the statement of cash flows, the Authority considers investments with maturities of three months or less to be cash equivalents.

**THE EDGEWATER PARK SEWERAGE AUTHORITY  
(A Component Unit of the Township of Edgewater Park)  
NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2015**

**Note 1. Summary of Significant Accounting Policies (continued):**

**H. Investment Securities**

State laws authorize the Authority to invest in obligations of the U.S. Treasury and other instruments allowed under *N.J.S.40A:5-14*. Cash and Investments include bank balances and investments that at the balance sheet date were entirely insured. Investments are shown at market value.

**I. Use of Estimates**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events of the date of the financial statements. Accordingly, upon settlement, actual results may differ.

**J. Escrow Funds**

Escrow funds represent engineer review fee deposits held in trust from developers in order to pay engineering, legal and administrative expenses.

**K. Net Position**

Net Position is distributed into the following two categories:

**Restricted** – represents net assets that are set aside as required by the Authority’s bond resolution. Other reserved retained earnings include amounts set aside as net investment in capital assets, renewals and reserves and debt service requirements.

**Unrestricted** – represents cumulative earnings that are currently available and may be appropriated for any lawful purpose.

**Note 2. Cash and Cash Equivalents and Investments**

The Authority is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at November 30, 2015 and reported at fair value are as follows:

| Type            | Carrying<br>Value  |
|-----------------|--------------------|
| Deposits:       |                    |
| Demand Deposits | <u>\$1,279,782</u> |
| Total Deposits  | <u>\$1,279,782</u> |

**THE EDGEWATER PARK SEWERAGE AUTHORITY**  
**(A Component Unit of the Township of Edgewater Park)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2015**

**Note 2. Cash and Cash Equivalents and Investments (continued):**

**Reconciliation of Comparative Statement of Net Position:**

|  |                        |
|--|------------------------|
| Unrestricted Assets:   |                        |
| Cash & Cash Equivalents  | \$1,237,504            |
| Restricted Assets:   |                        |
| Cash & Cash Equivalents  | <u>42,278</u>          |
| <br>Total Reconciliation of Comparative Statement Net Position | <br><u>\$1,279,782</u> |

**Custodial Credit Risk** – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$1,279,972 at November 30, 2015. Of the bank balance \$287,691 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$992,281 was secured by a collateral pool held by the bank, but not in the Authority’s name, as required by New Jersey’s Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

**Investment Interest Rate Risk** – The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at November 30, 2015, are provided in the above schedule.

**Investment Credit Risk** – The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Authority or bonds or other obligations of the local unit or units within which the Authority is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Authority;
- Local Governments investment pools;

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**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2015**

**Note 2. Cash and Cash Equivalents and Investments (continued):**

- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities with certain limitations.

**Concentration of Investment Credit Risk** – The Authority places no limit on the amount it may invest in any one issuer.

**Note 3. Governmental Unit Deposit Protection Act (GUDPA)**

The Authority has deposited cash in 2015 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the Authority invests monies in certificates of deposits from time to time.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the

**THE EDGEWATER PARK SEWERAGE AUTHORITY**  
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**NOVEMBER 30, 2015**

**Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):**

Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository.

The Authority requests copies of these approval forms semiannually to assure that all depositories are complying with requirements.

**Note 4. Pension Plan**

**A. Plan Description**

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. It provides retirement, disability, medical and death benefits to plan members and beneficiaries. The State of New Jersey P.E.R.S. program was established as of January 1, 1955.

The program was established under the provisions of *N.J.S.A.43:15A*, which assigns authority to establish and amend, benefit provisions to the plan's board of trustees. P.E.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625, or calling (609) 984-1684.

**B. Funding Policy**

The System's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the System is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction. The System's Board of Trustees is primarily responsible for the administration of the System.

According to the State of New Jersey administrative code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

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**Note 4. Pension Plan (continued):**

Plan members are required to contribute 6.92% of their annual covered salary for P.E.R.S through June 30, 2015 and 7.06% thereafter, and the Authority is required to contribute at an actuarially determined rate. The current rate represents approximately 1.25% for P.E.R.S. of annual covered payroll. The contribution requirements of plan members and the Authority are established and may be amended by the plan's board of trustees. The Authority's contributions to P.E.R.S. for the years ending November 30, 2015, 2014 and 2013 were \$304, \$671 and \$674, respectively, equal to the required contributions for each year.

Public Employees Retirement System (PERS)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended November 30, 2015, the Authority recognized pension expense of \$22,525, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred<br>Inflows of<br>Resources |
|--|-----------------------------------|-------------------------------------|
|  | <u>                    </u>       | <u>                    </u>         |
| Difference Between Expected & Actual Experience  | \$ 2,325                          |                                     |
| Changes of assumptions   | 10,468                            |                                     |
| Net difference between projected and actual earnings on pension plan investments                               |                                   | 1,567                               |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 111,324                           | 73,112                              |
| Authority contributions subsequent to the measurement date   |                                   |                                     |
| Total  | <u>\$ 124,117</u>                 | <u>74,679</u>                       |

**Additional Information**

Collective balances at November 30, 2015 and 2014 as follows:

|   | 2015                        | 2014                        |
|---|-----------------------------|-----------------------------|
|   | <u>                    </u> | <u>                    </u> |
| Collective deferred outflows of resources | \$ 124,117                  | \$ 141,661                  |
| Collective deferred inflows of resources  | 74,679                      | 9,980                       |
| Collective net pension liability          | \$ 97,470                   | \$ 167,472                  |
| District's Proportion                     | .0004342052%                | .0008944844%                |

**THE EDGEWATER PARK SEWERAGE AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2015**

**Note 4. Pension Plan (continued):**

\$3,733 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended November 30, 2015. 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 November 30: |                  |
|-------------------------|------------------|
| 2016                    | \$ 6,763         |
| 2017                    | 6,763            |
| 2018                    | 6,763            |
| 2019                    | 6,763            |
| 2020                    | 6,764            |
| Thereafter              | <u>15,622</u>    |
| Total                   | <u>\$ 49,438</u> |

Additional detailed information about the pension plan is available in the separately issued State of New Jersey Public Employees' Retirement System – Schedules of Employer Allocations and Schedules of Pension Amounts by Employer at <http://www.nj.gov/treasury/pensions/gasb-68-rpts.shtml>

**Note 5. Other Agreements**

The Authority has entered into an agreement with the Township of Willingboro Sewerage Authority, which provides for the treatment and disposal of sewerage and other waste collected in Edgewater Park by the Willingboro Sewerage Authority at various rates based upon water consumption. This agreement expires December 2, 2045.

**Note 6. Schedule of Capital Assets at November 30, 2015**

|                                     | Balance<br>November 30,<br>2014 | Additions          | Balance<br>November 30,<br>2015 |
|-------------------------------------|---------------------------------|--------------------|---------------------------------|
| Land                                | \$ 58,850                       |                    | \$ 58,850                       |
| Building & Building<br>Improvements | 43,393                          |                    | 43,393                          |
| Machinery & Equipment               | 253,862                         |                    | 253,862                         |
| Infrastructure                      | <u>4,549,046</u>                |                    | <u>4,549,046</u>                |
| Subtotal                            | <u>4,905,151</u>                |                    | <u>4,905,151</u>                |
| Less: Accumulated Depreciation      | <u>(1,936,985)</u>              | <u>(158,541)</u>   | <u>(2,095,526)</u>              |
| Total                               | <u>\$2,968,166</u>              | <u>\$(158,541)</u> | <u>\$ 2,809,625</u>             |

**THE EDGEWATER PARK SEWERAGE AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2015**

**Note 7. Receivables**

All receivables are considered to be collectible in full due to the statutory provisions provided to authorities. Receivables as of year-end for the Authority are as follows:

|                           |                  |
|---------------------------|------------------|
| Consumer                  | <u>\$133,722</u> |
| Total Accounts Receivable | <u>\$133,722</u> |

**Note 8. Long-Term Debt**

**A. NJEIT Loans Dated February 1, 2004**

The Authority has entered into a New Jersey Environmental Infrastructure Trust and Fund Loan Agreement for the modernization of Sanitary Sewer Pump Station No. 6 in the amount of \$311,957. During fiscal year ending November 30, 2011 the Authority did not utilize the entire funding portion of the 2004 loan and the New Jersey Environmental Infrastructure Trust forgave \$3,942 of the Authority's Fund Loan Agreement. The Trust Loan portion of \$155,000 is payable over a twenty year period and bears interest rates ranging from 3.00% to 5.00%. The Fund Loan portion of \$156,957 is a no interest loan payable over a twenty year period. As of November 30, 2015 is as follows:

|                    | Balance<br>November 30,<br>2014 | Retired          | Adjustment     | Balance<br>November 30,<br>2015 | Due<br>Within One<br>Year |
|--------------------|---------------------------------|------------------|----------------|---------------------------------|---------------------------|
| Trust Loan Payable | \$100,000                       | \$ 10,000        |                | 90,000                          | \$ 10,000                 |
| Fund Loan Payable  | <u>81,263</u>                   | <u>9,464</u>     | <u>(3,942)</u> | <u>67,857</u>                   | <u>9,206</u>              |
| <b>Total</b>       | <u>\$181,263</u>                | <u>\$ 19,464</u> | <u>(3,942)</u> | <u>157,857</u>                  | <u>\$ 19,206</u>          |

Future principal and interest payments are as follows:

| Fiscal Year<br>Ending<br>November 30 | Principal        | Interest        | Total            |
|--------------------------------------|------------------|-----------------|------------------|
| 2016                                 | \$ 19,206        | 4,262           | \$ 23,468        |
| 2017                                 | 18,948           | 3,862           | 22,810           |
| 2018                                 | 18,625           | 3,363           | 21,988           |
| 2019                                 | 18,302           | 2,863           | 21,165           |
| 2020                                 | 17,979           | 2,363           | 20,342           |
| 2021-2024                            | <u>64,797</u>    | <u>4,525</u>    | <u>69,322</u>    |
| <b>Total</b>                         | <u>\$157,857</u> | <u>\$21,238</u> | <u>\$179,095</u> |

**THE EDGEWATER PARK SEWERAGE AUTHORITY**  
**(A Component Unit of the Township of Edgewater Park)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2015**

**Note 8. Long-Term Debt (continued):**

**B. NJEIT Loans Dated October 7, 2010**

The Authority entered into a New Jersey Environmental Infrastructure Trust and Fund Loan Agreement for the upgrades and improvements to certain pump stations and replacement of certain sewer mains of the Authority in the amount of \$2,930,420. During fiscal years ending November 30, 2011 and 2013 the Authority did not utilize the entire funding portion of the 2010 loan and the New Jersey Environmental Infrastructure Trust forgave \$518,256 and \$36,534 respectively for a total of \$554,790 of the Authority's Fund Loan Agreement. Also, during the fiscal year ending November 30, 2013 the Authority refunded its loan agreement. The Trust Loan portion of \$1,455,000 was refunded to become \$995,000 and is payable over a fifteen year period that bears an interest rate of 5.00%. The Fund Loan portion of \$957,164 is no interest loan payable over a twenty year period. As of November 30, 2015 the loan payable is as follows:

|                    | <b>Balance<br/>November 30,<br/>2014</b> | <b>Retired</b>   | <b>Adjustment</b> | <b>Balance<br/>November 30,<br/>2015</b> | <b>Due<br/>Within One<br/>Year</b> |
|--------------------|--|------------------|-------------------|--|------------------------------------|
| Trust Loan Payable | \$ 845,000                               | \$ 55,000        |                   | \$ 790,000                               | \$ 60,000                          |
| Fund Loan Payable  | 1,264,646                                | 79,040           | (554,790)         | 630,816                                  | 79,040                             |
| <b>Total</b>       | <b>\$2,109,646</b>                       | <b>\$134,040</b> | <b>(554,790)</b>  | <b>\$1,420,816</b>                       | <b>\$139,040</b>                   |

Future principal and interest payments are as follows:

| <b>Fiscal Year<br/>Ending<br/>November 30</b> | <b>Principal</b>   | <b>Interest</b>  | <b>Total</b>       |
|---|--------------------|------------------|--------------------|
| 2016  | \$ 139,041         | 39,500           | \$ 178,541         |
| 2017  | 139,040            | 36,500           | 175,540            |
| 2018  | 144,040            | 33,500           | 177,540            |
| 2019  | 144,041            | 30,250           | 174,291            |
| 2020  | 149,040            | 27,000           | 176,040            |
| 2021-2025                                     | 640,614            | 79,000           | 719,614            |
| 2026  | 65,000             | 3,250            | 68,250             |
| <b>Total</b>                                  | <b>\$1,420,816</b> | <b>\$249,000</b> | <b>\$1,698,816</b> |

**THE EDGEWATER PARK SEWERAGE AUTHORITY**  
**(A Component Unit of the Township of Edgewater Park)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2015**

**Note 9. Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission; employee health and accident claims, and natural disasters. The Authority has chosen to purchase insurance to transfer risk to outside parties.

Property and Liability Insurance – The Authority maintains commercial insurance for all risks of loss, including property, liability, employee health, accident insurance and public official surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 10. Service Fees**

The following is a five year comparison of service fee billings and the related collections:

| <b>Fiscal Year</b>  | <b>Ending</b>     | <b>Balance</b> | <b>Service</b> | <b>Total</b> | <b>Cash</b>        | <b>Percentage</b> |
|---------------------|-------------------|----------------|----------------|--------------|--------------------|-------------------|
| <b>November 30,</b> | <b>December 1</b> | <b>Fees</b>    |                |              | <b>Collections</b> |                   |
| 2015                | \$135,718         | 1,393,645      | 1,529,363      | 1,400,429    | 91.57%             |                   |
| 2014                | 143,721           | 1,390,886      | 1,534,607      | 1,398,889    | 91.16%             |                   |
| 2013                | 115,012           | 1,404,516      | 1,519,528      | 1,375,807    | 90.54%             |                   |
| 2012                | 123,434           | 1,302,416      | 1,425,850      | 1,310,838    | 91.93%             |                   |
| 2011                | 101,799           | 1,294,068      | 1,395,867      | 1,272,434    | 91.16%             |                   |

**Note 11. Service Organization’s SAS 70 and 88 Requirement**

The Authority utilizes NJ American Water Company, Inc. to provide consumption data of the Authority’s customers’ water usage. This data is used to bill the commercial customers of the Authority, as sewer charges are based on the amount of water consumed. Statement of Auditing Standards (SAS) 70 and 88 requires the Authority to receive an internal control report from service organizations providing such services mentioned above. The Authority has requested an internal control report from NJ American Water Company, Inc. and they have refused to accommodate the Authority’s request.

**THE EDGEWATER PARK SEWERAGE AUTHORITY**  
**(A Component Unit of the Township of Edgewater Park)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2015**

**Note 12. Unrestricted Net Position Appropriated**

The following schedule details the amount of unrestricted net position balance available at the end of the current year and five previous years and the amounts utilized in the subsequent year's budget:

| Fiscal Year<br>Ending<br>November 30, | Balance<br>November 30, | Utilized in<br>Budget of<br>Succeeding<br>Year | Percentage |
|---------------------------------------|-------------------------|--|------------|
| 2015                                  | \$1,026,518             | 401,228  | 38.63%     |
| 2014                                  | 1,262,399               | 336,637  | 26.67%     |
| 2013                                  | 1,155,223               | 342,220  | 29.62%     |
| 2012                                  | 1,133,891               | 387,302  | 34.17%     |
| 2011                                  | 754,107                 | 396,672  | 52.60%     |

**Note 13. Retroactive Restatement of Net Position**

The Authority adopted GASB No. 68 – Accounting and Financial Reporting for Pensions – An amendment of GASB No. 27 during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the Authority to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of November 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the Authority was adjusted to reflect the beginning balance of the net position liability. Since the measurement date of the net pension liability is November 30, 2015, the restatement adjustments to Net Position relate to the beginning net pension liability measured as of November 30, 2014. Also, in accordance with GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, the Authority restated its Net Position for pension contributions made after the beginning net pension liability measurement date of November 30, 2013 (Deferred Outflows).

Included in the restatement of Net Position is an adjustment made to record a change in estimate to loan payable for \$558,732 and Loss on Refunding of Debt of (\$88,886) for both the 2004 and 2010 New Jersey Infrastructure Loans.

|  |                     |
|--|---------------------|
| Net Position (Per Exhibit A, November 30, 2014)                  | \$ 1,939,656        |
| Restatement of:  |                     |
| Net Pension Liability  | (167,472)           |
| Pension Deferred Outflows  | 141,661             |
| Loan Payable   | 558,732             |
| Loss on Refunding of Debt  | <u>(88,866)</u>     |
| Net Position - Per Exhibit A, November 30, 2014<br>(As Restated) | <u>\$ 2,383,711</u> |



**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**EDGEWATER PARK SEWERAGE AUTHORITY**  
**SCHEDULE OF ANTICIPATED REVENUES, OPERATING APPROPRIATIONS, PRINCIPAL**  
**PAYMENTS AND NONOPERATING APPROPRIATIONS COMPARED TO BUDGET**  
**FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2015 AND 2014**

|  | 2015               |                              |           | 2014               |                              |           |
|--|--------------------|------------------------------|-----------|--------------------|------------------------------|-----------|
|  | ORIGINAL<br>BUDGET | BUDGET<br>AFTER<br>TRANSFERS | ACTUAL    | ORIGINAL<br>BUDGET | BUDGET<br>AFTER<br>TRANSFERS | ACTUAL    |
| Revenues:                              |                    |                              |           |                    |                              |           |
| Operating Revenues:                    |                    |                              |           |                    |                              |           |
| Service Fees                           | \$1,343,510        | 1,343,510                    | 1,393,645 | \$1,343,510        | 1,343,510                    | 1,390,886 |
| Other                                  | 5,000              | 5,000                        | 27,000    | 5,000              | 5,000                        | 26,464    |
| Total Operating Revenues               | 1,348,510          | 1,348,510                    | 1,420,645 | 1,348,510          | 1,348,510                    | 1,417,350 |
| Nonoperating Revenues:                 |                    |                              |           |                    |                              |           |
| Miscellaneous                          |                    |                              | 11,194    |                    |                              | 1,917     |
| Interest on Investments &<br>Deposits  | 4,500              | 4,500                        | 6,390     | 2,500              | 2,500                        | 6,025     |
| Total Nonoperating Revenues            | 4,500              | 4,500                        | 17,584    | 2,500              | 2,500                        | 7,942     |
| Total Revenues                         | 1,353,010          | 1,353,010                    | 1,438,229 | 1,351,010          | 1,351,010                    | 1,425,292 |
| Expenses:                              |                    |                              |           |                    |                              |           |
| Administration:                        |                    |                              |           |                    |                              |           |
| Salaries & Wages:                      |                    |                              |           |                    |                              |           |
| Authority Members                      | 9,428              | 9,428                        | 8,605     | 9,428              | 9,428                        | 8,605     |
| Secretary/Treasurer                    | 35,000             | 35,000                       | 30,271    | 33,000             | 33,000                       | 29,052    |
| Assistant Secretary                    | 24,500             | 24,500                       | 17,732    | 23,000             | 23,000                       | 23,429    |
| Total Salaries & Wages                 | 68,928             | 68,928                       | 56,608    | 65,428             | 65,428                       | 61,086    |
| Employee Benefits:                     |                    |                              |           |                    |                              |           |
| Public Employees Retirement<br>System  | 6,000              | 6,000                        | 22,525    | 4,000              | 4,000                        | 8,046     |
| Social Security                        | 6,000              | 6,000                        | 4,520     | 6,000              | 6,000                        | 3,991     |
| Unemployment Compensation<br>Insurance | 1,000              | 1,000                        | 453       | 2,000              | 2,000                        | 403       |
| Workers' Compensation<br>Insurance     | 1,500              | 1,500                        | 870       | 1,625              | 1,625                        |           |
| Total Employee Benefits                | 14,500             | 14,500                       | 28,368    | 13,625             | 13,625                       | 12,440    |
| Other Expenses:                        |                    |                              |           |                    |                              |           |
| Legal Services & Costs                 | 30,000             | 30,000                       | 20,000    | 30,000             | 30,000                       | 20,000    |
| Auditing Fees                          | 20,000             | 20,000                       | 14,020    | 20,000             | 20,000                       | 13,650    |
| Contracted Services                    | 40,000             | 40,000                       | 39,957    | 45,000             | 45,000                       | 41,420    |
| Computer Services                      | 8,000              | 8,000                        | 6,629     |                    |                              |           |
| Office Expenses                        | 20,000             | 20,000                       | 8,937     | 30,000             | 30,000                       | 12,522    |
| Miscellaneous Expenses                 | 7,000              | 7,000                        | 8,914     | 28,000             | 28,000                       | 18,849    |
| Administrative Fees                    | 10,000             | 10,000                       | 8,519     |                    |                              |           |
| Travel, Conference & Training          | 10,000             | 10,000                       | 980       |                    |                              |           |
| Small Office Equipment                 | 15,000             | 15,000                       |           |                    |                              |           |
| Rent Expense                           | 13,800             | 13,800                       | 13,700    | 12,600             | 12,600                       | 12,600    |
| Other Insurance Premiums               | 33,000             | 33,000                       | 23,629    | 30,000             | 30,000                       | 23,869    |
| Total Other Expenses                   | 206,800            | 206,800                      | 145,285   | 195,600            | 195,600                      | 142,910   |
| Total Administration                   | 290,228            | 290,228                      | 230,261   | 274,653            | 274,653                      | 216,436   |

**EDGEWATER PARK SEWERAGE AUTHORITY**  
**SCHEDULE OF ANTICIPATED REVENUES, OPERATING APPROPRIATIONS, PRINCIPAL**  
**PAYMENTS AND NONOPERATING APPROPRIATIONS COMPARED TO BUDGET**  
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

|   | 2015               |                              |                  | 2014               |                              |                  |
|---|--------------------|------------------------------|------------------|--------------------|------------------------------|------------------|
|   | ORIGINAL<br>BUDGET | BUDGET<br>AFTER<br>TRANSFERS | ACTUAL           | ORIGINAL<br>BUDGET | BUDGET<br>AFTER<br>TRANSFERS | ACTUAL           |
| Operating & Maintenance Expenses:                                   |                    |                              |                  |                    |                              |                  |
| Contracted Services   | 15,000             | 15,000                       | 15,112           | 11,000             | 11,000                       | 11,000           |
| Electric Power  | 40,000             | 40,000                       | 28,258           | 36,000             | 36,000                       | 28,706           |
| Water   | 4,000              | 4,000                        | 3,297            |                    |                              |                  |
| Treatment Fees  | 900,000            | 900,000                      | 780,605          | 900,000            | 900,000                      | 741,597          |
| Repair & Maintenance  | 185,000            | 185,000                      | 193,757          | 185,000            | 185,000                      | 174,504          |
| Telephone   | 25,000             | 25,000                       | 14,596           | 25,000             | 25,000                       | 12,843           |
| Engineer Services   | 20,000             | 20,000                       | 62,603           | 30,000             | 30,000                       | 7,083            |
| Other Expenses  | 10,000             | 10,000                       | 1,496            | 10,000             | 10,000                       | 8,149            |
| <b>Total Operating &amp; Maintenance Expenses</b>                   | <b>1,199,000</b>   | <b>1,199,000</b>             | <b>1,099,724</b> | <b>1,197,000</b>   | <b>1,197,000</b>             | <b>983,882</b>   |
| <b>Total Cost of Providing Service</b>                              | <b>1,199,000</b>   | <b>1,199,000</b>             | <b>1,099,724</b> | <b>1,197,000</b>   | <b>1,197,000</b>             | <b>983,882</b>   |
| Debt Service:   |                    |                              |                  |                    |                              |                  |
| Principal on Loans  | 153,506            | 153,506                      | 153,504          | 148,764            | 148,764                      | 148,763          |
| Interest on Loans   | 46,913             | 46,913                       | 44,380           | 72,813             | 72,813                       | 46,600           |
| <b>Total Debt Service</b>   | <b>200,419</b>     | <b>200,419</b>               | <b>197,884</b>   | <b>221,577</b>     | <b>221,577</b>               | <b>195,363</b>   |
| <b>Total Operating Expenses &amp; Debt Service</b>                  | <b>1,689,647</b>   | <b>1,689,647</b>             | <b>1,527,869</b> | <b>1,693,230</b>   | <b>1,693,230</b>             | <b>1,395,681</b> |
| <b>Total Expenses &amp; Other Cost Funded by Operating Revenues</b> | <b>(\$336,637)</b> | <b>(336,637)</b>             | <b>(89,640)</b>  | <b>(\$342,220)</b> | <b>(342,220)</b>             | <b>29,611</b>    |

**RECONCILIATION TO CHANGE IN NET POSITION**

|  |         |            |         |
|--|---------|------------|---------|
| Excess Anticipated Revenues Over Operating Expenses & Debt Service |         | (\$89,640) | 29,611  |
| Increased by:  |         |            |         |
| Loan Principal   |         | 153,504    | 148,763 |
| Subtotal   |         | 63,864     | 178,374 |
| Decreased by:  |         |            |         |
| Depreciation   | 158,541 |            | 159,107 |
| Amortization on Loss from Refunding                                |         | 158,541    | 5,924   |
| Change in Net Position (Exhibit B)                                 |         | (\$94,677) | 13,343  |

EDGEWATER PARK SEWERAGE AUTHORITY  
SCHEDULE OF LOANS PAYABLE  
FOR THE YEAR ENDED NOVEMBER 30, 2015

| PURPOSE   | ORIGINAL |         | INTEREST RATE | MATURITIES    |        | BALANCE           |        |          |           |
|---|----------|---------|---------------|---------------|--------|-------------------|--------|----------|-----------|
|   | DATE     | AMOUNT  |               | DATE          | AMOUNT | NOVEMBER 31, 2014 | ISSUED | REFUNDED | DECREASED |
| 2004 New Jersey Environmental Infrastructure Trust Loan | 10/13/04 | 155,000 | 4.000%        | 8/1/16        | 10,000 |                   |        |          |           |
|   |          |         | 5.000%        | 8/1/17        | 10,000 |                   |        |          |           |
|   |          |         | 5.000%        | 8/1/18        | 10,000 |                   |        |          |           |
|   |          |         | 5.000%        | 8/1/19        | 10,000 |                   |        |          |           |
|   |          |         | 5.000%        | 8/1/20        | 10,000 |                   |        |          |           |
|   |          |         | 5.000%        | 8/1/21        | 10,000 |                   |        |          |           |
|   |          |         | 5.000%        | 8/1/22        | 10,000 |                   |        |          |           |
|   |          |         | 4.250%        | 8/1/23        | 10,000 |                   |        |          |           |
|   |          | 4.375%  | 8/1/24        | 10,000        |        |                   |        |          |           |
|   |          |         |               | <u>90,000</u> |        |                   |        |          | 10,000    |
|   |          |         |               |               |        |                   |        |          | 90,000    |
| 2004 New Jersey Environmental Infrastructure Fund Loan  | 10/13/04 | 156,957 | N/A           | 2/1/16        | 1,376  |                   |        |          |           |
|   |          |         |               | 8/1/16        | 7,830  |                   |        |          |           |
|   |          |         |               | 2/1/17        | 1,247  |                   |        |          |           |
|   |          |         |               | 8/1/17        | 7,701  |                   |        |          |           |
|   |          |         |               | 2/1/18        | 1,085  |                   |        |          |           |
|   |          |         |               | 8/1/18        | 7,540  |                   |        |          |           |
|   |          |         |               | 2/1/19        | 924    |                   |        |          |           |
|   |          |         |               | 8/1/19        | 7,379  |                   |        |          |           |
|   |          |         |               | 2/1/20        | 762    |                   |        |          |           |
|   |          |         |               | 8/1/20        | 7,217  |                   |        |          |           |
|   |          |         |               | 2/1/21        | 601    |                   |        |          |           |
|   |          |         | 8/1/21        | 7,056         |        |                   |        |          |           |

EDGEWATER PARK SEWERAGE AUTHORITY  
SCHEDULE OF LOANS PAYABLE  
FOR THE YEAR ENDED NOVEMBER 30, 2015

| PURPOSE   | ORIGINAL |           | INTEREST RATE | MATURITIES     |         | BALANCE           |                   |
|---|----------|-----------|---------------|----------------|---------|-------------------|-------------------|
|   | DATE     | AMOUNT    |               | DATE           | AMOUNT  | NOVEMBER 31, 2014 | NOVEMBER 31, 2015 |
| 2004 New Jersey Environmental Infrastructure Fund Loan (continued): | 10/13/04 | 156,957   | N/A           | 2/1/22         | 440     |                   |                   |
|   |          |           |               | 8/1/22         | 6,894   |                   |                   |
|   |          |           |               | 2/1/23         | 278     |                   |                   |
|   |          |           |               | 8/1/23         | 6,733   |                   |                   |
|   |          |           |               | 2/1/24         | 141     |                   |                   |
|   |          |           | 8/1/24        | 2,653          |         |                   |                   |
|   |          |           |               | <u>67,857</u>  |         |                   |                   |
|   |          |           |               |                | 81,263  | (3,942)           | 9,464             |
|   |          |           |               |                |         |                   | 67,857            |
| 2010 New Jersey Environmental Infrastructure Trust Loan             | 12/2/10  | 1,455,000 | 5.000%        | 8/1/16         | 60,000  |                   |                   |
|   |          |           | 5.000%        | 8/1/17         | 60,000  |                   |                   |
|   |          |           | 5.000%        | 8/1/18         | 65,000  |                   |                   |
|   |          |           | 5.000%        | 8/1/19         | 65,000  |                   |                   |
|   |          |           | 5.000%        | 8/1/20         | 70,000  |                   |                   |
|   |          |           | 5.000%        | 8/1/21         | 75,000  |                   |                   |
|   |          |           | 5.000%        | 8/1/22         | 75,000  |                   |                   |
|   |          |           | 5.000%        | 8/1/23         | 80,000  |                   |                   |
|   |          |           | 5.000%        | 8/1/24         | 85,000  |                   |                   |
|   |          |           | 5.000%        | 8/1/25         | 90,000  |                   |                   |
|   |          | 5.000%    | 8/1/26        | 65,000         |         |                   |                   |
|   |          |           |               | <u>790,000</u> |         |                   |                   |
|   |          |           |               |                | 845,000 | 55,000            | 790,000           |

EDGEWATER PARK SEWERAGE AUTHORITY  
SCHEDULE OF LOANS PAYABLE  
FOR THE YEAR ENDED NOVEMBER 30, 2015

| PURPOSE  | ORIGINAL |         | INTEREST RATE | MATURITIES |        | BALANCE           | ISSUED | ADJUSTMENT DECREASED | BALANCE           |             |
|--|----------|---------|---------------|------------|--------|-------------------|--------|----------------------|-------------------|-------------|
|  | DATE     | AMOUNT  |               | DATE       | AMOUNT | NOVEMBER 31, 2014 |        |                      | NOVEMBER 31, 2015 |             |
| 2010 New Jersey Environmental Infrastructure Fund Loan | 12/2/10  | 957,164 | N/A           | 2/1/16     | 26,347 |                   |        |                      |                   |             |
|  |          |         |               | 8/1/16     | 52,693 |                   |        |                      |                   |             |
|  |          |         |               | 2/1/17     | 26,347 |                   |        |                      |                   |             |
|  |          |         |               | 8/1/17     | 52,693 |                   |        |                      |                   |             |
|  |          |         |               | 2/1/18     | 26,347 |                   |        |                      |                   |             |
|  |          |         |               | 8/1/18     | 52,694 |                   |        |                      |                   |             |
|  |          |         |               | 2/1/19     | 26,347 |                   |        |                      |                   |             |
|  |          |         |               | 8/1/19     | 52,693 |                   |        |                      |                   |             |
|  |          |         |               | 2/1/20     | 26,347 |                   |        |                      |                   |             |
|  |          |         |               | 8/1/20     | 52,694 |                   |        |                      |                   |             |
|  |          |         |               | 2/1/21     | 26,347 |                   |        |                      |                   |             |
|  |          |         |               | 8/1/21     | 52,693 |                   |        |                      |                   |             |
|  |          |         |               | 2/1/22     | 26,347 |                   |        |                      |                   |             |
|  |          |         | 8/1/22        | 52,694     |        |                   |        |                      |                   |             |
|  |          |         | 2/1/23        | 26,347     |        |                   |        |                      |                   |             |
|  |          |         | 8/1/23        | 51,186     |        |                   |        |                      |                   |             |
|  |          |         |               | 630,816    |        | 1,264,646         |        | (554,790)            | 79,040            |             |
|  |          |         |               |            |        |                   |        |                      | 630,816           |             |
| Total  |          |         |               |            |        | \$2,290,909       | -      | (558,732)            | 153,504           | \$1,578,673 |

**EDGEWATER PARK SEWERAGE AUTHORITY  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY - PERS \***

|  | <u>2015</u>   | <u>2014</u>  | <u>2013</u>  |
|--|---------------|--------------|--------------|
| State's Proportion of the Net Pension Liability (Asset)          | 0.00021%      | 0.00043%     | 0.00002%     |
| State's Proportionate Share of the Net Pension Liability (Asset) | \$97,470      | \$167,472    | 9,487        |
| Authority's covered employee payroll                             | \$48,003      | \$52,481     | 39,067       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension | 0.0004342052% | 0.000894484% | 0.000496364% |

## SCHEDULE 4

**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PERS  
SCHEDULE OF CONTRIBUTIONS \***

|   | <u>2015</u>    | <u>2014</u>    | <u>2013</u>   |
|---|----------------|----------------|---------------|
| Actuarially Determined Contribution                                   | \$3,733        | \$7,374        | \$374         |
| Contributions in relation to the Actuarially Determined Contributions | 304            | 671            | 674           |
|   | <u>\$3,429</u> | <u>\$6,703</u> | <u>-\$300</u> |
| Covered-Employee Payroll  | \$56,608       | \$61,086       | \$47,672      |
| Contributions as a Percentage of Covered - Employee Payroll           | 6.594%         | 12.072%        | 0.785%        |

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.



NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EDGEWATER PARK SEWERAGE AUTHORITY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
NOVEMBER 30, 2015

**Public Employees' Retirement System (PERS)**

*Changes of benefit terms.* 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.

*Changes of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Additional detailed information about the pension plans is available in the separately issued State of New Jersey Public Employees' Retirement System – Schedules of Employer Allocations and Schedules of Pension Amounts by Employer at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>

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**EDGEWATER PARK SEWERAGE AUTHORITY**

**COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED NOVEMBER 30, 2015**



BRENT W. LEE & CO., LLC  
Certified Public Accounting Firm

To the Chairman and Members of the  
Edgewater Park Sewerage Authority  
Edgewater Park, New Jersey 08010

I have audited the financial accounts and transactions of the Edgewater Park Sewerage Authority in the County of Burlington for the year ended November 30, 2015. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

#### GENERAL COMMENTS

##### *Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)*

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.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 materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The Minutes indicate that no bids were requested by public advertising for the year.

##### *Contracts and Agreements Requiring Solicitation of Quotations*

The examination of expenditures did not reveal any instances where individual payments, contracts or agreements in excess of \$2,625 "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 provision of (*N.J.S.A.40A:11-6.1*).

### **Collection of Service Revenue**

It appears from an examination of the billing records that service revenue was collected in accordance with the Authority's policy.

### **Collection of Interest on Delinquent Service Fees**

Sewer usage is billed in four cycles on a quarterly basis, with one cycle billed monthly. Bills not paid within four weeks of the billing date are considered delinquent. Delinquent accounts are charged interest of eighteen percent (18%) per annum on the total amount due.

It appears from the examination of the billing records that interest was collected in accordance with the Authority's policy.

### **Examination of Bills**

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

### **Payroll Fund**

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies.

### **Property, Plant and Equipment**

The property, plant and equipment subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

### **Follow-up on Prior Years' Findings**

In accordance with government auditing standards, my procedures included a review of all prior year findings. The previous year audit finding has been corrected.

### **Acknowledgment**

I received the complete cooperation of all officials and employees of the Authority and I greatly appreciate the courtesies extended to the members of the audit team.



Brent W. Lee  
Certified Public Accountant

February 19, 2016