

BOROUGH OF EDGEWATER SCHOOL DISTRICT

Borough of Edgewater
Board of Education
County of Bergen
New Jersey

*Comprehensive Annual Financial Report
For the Year Ended
June 30, 2018*

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Borough of Edgewater School District

Comprehensive Annual
Financial Report and
Report on Internal Control and Compliance

Year Ended June 30, 2018

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INTRODUCTORY SECTION

EDGEWATER BOARD OF EDUCATION

Gary J. Grembowiec
Business Administrator/Board Secretary

251 Undercliff Avenue
Edgewater, New Jersey 07020
Tel. (201) 945-4106 Fax (201) 840-9732

March 15, 2019

The Honorable President and Members of
the Board of Education
Borough of Edgewater School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Borough of Edgewater School District (the "District") for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi- year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements Costs Principles and Audit Requirements for federal award, and New Jersey OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. It is noted that a federal single audit was not required for their audit year. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** The Borough of Edgewater School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Edgewater Public School System, including the Eleanor Van Gelder Elementary School and the George Washington School, constitute the District's reporting entity.

2) **EDUCATIONAL PROGRAM:** The Edgewater Public School System is comprised of two elementary schools (Special Education Pre-K to Grade 6), serving approximately 976 students. The public schools are accredited by the New Jersey State Department of Education. The District is served by 68.8 (FTE) teachers and 4 (FTE) administrators. Approximately 61% of the faculty has earned Masters' degrees.

The District provides a full range of educational services appropriate to levels Pre-K through Grade 6. These include reading, language arts, social studies, mathematics, science, computer education, remedial instruction, special education, resource room instruction, family life, physical and health education, career education, world languages and enrichment. The curriculum is aligned with the New Jersey Core Curriculum Content Standards, the Common Core Standards as required and that of the Leonia Public School System where Edgewater students attend Grades 7-12.

The District's Spring 2018 results for Language Arts Literacy (LAL) and Mathematics are as follows:

	<u>Language Arts Literacy (LAL)</u>			<u>Mathematics</u>		
	Advanced Proficient	Proficient	Partially Proficient	Advanced Proficient	Proficient	Partially Proficient
Grade 3	11.0%	53.0%	36.0%	18.0%	41.0%	41.0%
Grade 4	14.0%	38.0%	48.0%	9.0%	44.0%	48.0%
Grade 5	16.0%	46.0%	38.0%	12.0%	31.0%	57.0%
Grade 6	20.0%	34.0%	40.0%	16.0%	36.0%	48.0%

The District completed the 2017-18 fiscal year with Pre-K through Grade 6 enrollment of 976 students and Grade 7-12 enrollment of 414 students in Leonia Public Schools, for an overall total of 1,390 students, which is an increase of students from the previous year's enrollment.

The following table details the changes in the District's average daily enrollment for grade levels Pre-K through 6 as of October 15 over the last five years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Pre K-6 Enrollment</u>	<u>Percent Change</u>
2017-2018	976	8.08 %
2016-2017	903	<0.33>%
2015-2016	906	0.11 %
2014-2015	905	12.00 %

3) ECONOMIC CONDITIONS AND OUTLOOK: The District's primary funding source is property tax revenue. Overall tax revenue for the General Fund was increased for the 2017-18 school year, but the projected increase in expenditures from inflationary pressures and the enrollment growth has outpaced the additional revenue. As a result, the District, along with many other public school systems in the State, faces some difficult economic situations in the future. The District's administration continues to closely monitor the cost of operations and continues to look for innovative ways to cut costs in addition to finding new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

4) MAJOR INITIATIVES: Specific initiatives for the 2017-2018 school year include the following accomplishments:

- Curriculum articulation continued between Edgewater and Leonia Schools
- Continuation of music classes after school
- Continuation of after school clubs to include scholarships for economically disadvantaged
- Continued to expand our technology program by purchasing additional hardware and software
- Continued partnership with Teachers College Reading and Writing Project to strengthen literacy instruction in Grades K-6
- Launched Pearson Interactive Science curriculum in Grades K-6
- Launched Grade 5 & Grade 6 Chromebook Initiative

5) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

6) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

7) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in the "Notes to Financial Statements", Note 1.

8) DEBT ADMINISTRATION: At June 30, 2018, the District had \$28,860,000 in outstanding statutory debt, comprised entirely of school bonds to improve District facilities.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in the "Notes to Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA" or the "Act"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

The Board is a member of the New Jersey School Boards Association Insurance Group (the "Group"). The Group is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Group is included in the "Notes to Financial Statements", Note 10.

11) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of PKF O'Connor Davies was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Uniform Guidance Act and New Jersey OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

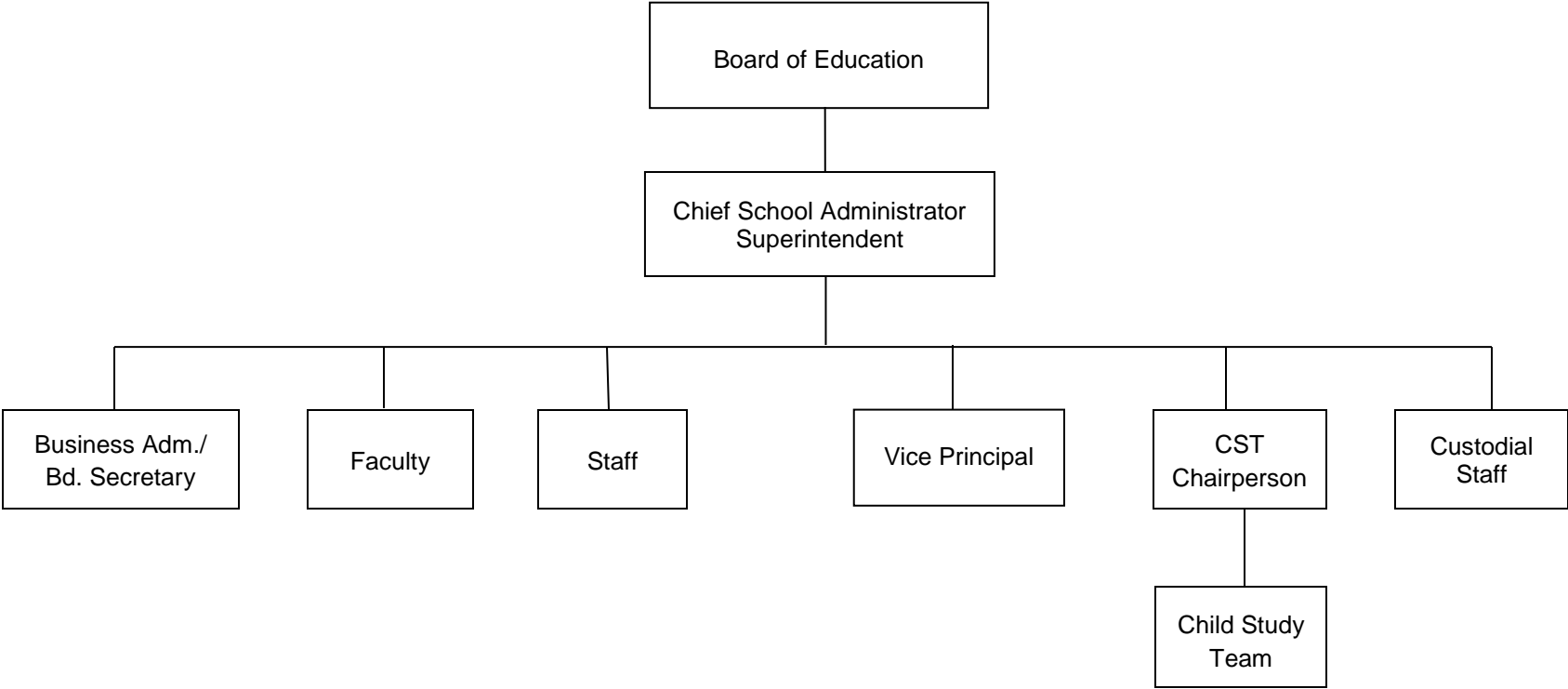
12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Borough of Edgewater School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,


Chief School Administrator


Business Administrator/Board Secretary

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
ORGANIZATIONAL CHART**



**BOROUGH OF EDGEWATER SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2018**

Members of the Board of Education

	<u>Term Expires</u>
Thomas Quinton, President	12/31/2020
Cristina Stefani-Rackow, Vice President	12/31/2018
Barbara Bartolomeo	12/31/2019
Sandy Klein	12/31/2018
Christina Ling	12/31/2020

Other Officials

	<u>Title</u>
Kerry Postma	Chief School Administrator
Gary J. Grembowiec	School Business Administrator/Board Secretary
Dennis McKeever	Board Attorney

BOROUGH OF EDGEWATER SCHOOL DISTRICT
Consultants and Advisors

Attorney

Dennis McKeever
Counselor at Law
53 Cardinal Drive
P.O. Box 2369
Westfield, NJ 07091-2369

Audit Firm

PKF O'Connor Davies, LLP
20 Commerce Drive, Suite 301
Cranford, NJ 07016

Official Depositories

TD Bank
1400 Palisade Avenue
Fort Lee, NJ 07024

FINANCIAL SECTION

Independent Auditors' Report

**The Honorable President and Members
of the Board of Education
Borough of Edgewater School District
County of Bergen
Edgewater, New Jersey**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Edgewater School District, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2018, and the related notes the financial statements, which collectively comprise the District'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; 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Office of School Finance, Department of Education, State of New Jersey. Those standards and requirements require that we 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, we express no such opinion. An audit also includes

**The Honorable President and Members
of the Board of Education
Borough of Edgewater School District**

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evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our 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, each major fund and the aggregate remaining fund information of the District as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of State's proportionate share of the OPEB liability associated with the District and budgetary comparison information as presented in 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by the Office of School

**The Honorable President and Members
of the Board of Education
Borough of Edgewater School District**

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Finance, Department of Education, State of New Jersey and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, and are also not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance 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, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

March 15, 2019
Cranford, New Jersey



Michael J. Andriola, CPA
Licensed Public School Accountant
No. 2429

REQUIRED SUPPLEMENTARY INFORMATION – PART I
MANAGEMENT’S DISCUSSION AND ANALYSIS

Borough of Edgewater School District
Management's Discussion and Analysis
Year Ended June 30, 2018

As management of the Borough of Edgewater School District, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year (2017 - 2018) and the prior fiscal year (2016 - 2017) is presented in the MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 20 - 21 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget and supplementary information for the debt service fund.

The basic governmental fund financial statements can be found on pages 22 - 24 of this report.

Proprietary funds. The District maintains two proprietary fund types. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service and Pre-K Education programs, both of which are considered major funds of the District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 25 - 27 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The basic fiduciary fund financial statements can be found on pages 28 - 29 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 30 - 64 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds, enterprise funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 70 - 91 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2018 and 2017:

	2018			2017		
	Governmental Activities	Business Type-Activities	Total	Governmental Activities	Business Type-Activities	Total
Current and other assets	\$ 1,532,045	\$ 105,036	\$ 1,637,081	\$ 2,496,098	\$ 405,090	\$ 2,901,188
Capital assets, net	28,457,731	751	28,458,482	29,246,113	967	29,247,080
Total assets	29,989,776	105,787	30,095,563	31,742,211	406,057	32,148,268
Deferred outflows	813,697		813,697	1,282,783		1,282,783
Liabilities						
Current liabilities	1,479,044	6,127	1,485,171	2,609,479	7,732	2,617,211
Net pension liability	2,268,605		2,268,605	3,543,778		3,543,778
Long Term Liabilities	30,105,036		30,105,036	28,603,181		28,603,181
Total liabilities	33,852,685	6,127	33,858,812	34,756,438	7,732	34,764,170
Deferred inflows	1,099,504		1,099,504	335,876		335,876
Net position						
Net Investment in ,						
Capital Assets		751	751		967	967
Restricted	1,264,330		1,264,330	1,390,349		1,390,349
Unrestricted (deficit)	(5,413,046)	98,909	(5,314,137)	(3,457,669)	397,358	(3,060,311)
Total net position	\$ (4,148,716)	\$ 99,660	\$ (4,049,056)	\$ (2,067,320)	\$ 398,325	\$ (1,668,995)

Key financial highlighted for the 2017-2018 fiscal year include the following:

- Net position decreased \$2,380,061 resulting from an increase in instructional and support service expenses in Governmental Activities. There was also an increase in Business-type activities expenses resulting from increased costs of running the food service and Pre-K functions.
- Consistent with the prior year, the State withheld the school district's fiscal 2017-2018 last two state aid payments until July 2018.

Significant changes to deferred outflows and deferred inflows of resources pertain primarily to the impact of the changes in the GASB 68 net pension liability calculation performed in the schedule of employer allocations and schedule of pension amounts by employer. The changes in 2018 from the prior year resulted from changes in assumptions calculated by the actuary in conjunction with the net pension liability calculation for the measurement date of June 30, 2017 and rolled forward to June 30, 2018. The net pension liability associated with the District's governmental activities at June 30, 2018 amounted to \$2,268,605, a decrease of \$1,275,173 resulting from changes in the actuarial calculation. Long-term liabilities decreased by bond principal payments made in the amount of \$1,220,000 partially offset by the \$70,246 increase in compensated absences payable.

A portion of the District's net position (restricted) represents resources that are subject to external restrictions on how they may be used, including funds reserved for future maintenance service, capital reserve, excess surplus – prior year – designated for subsequent years' expenditures and capital projects. Restricted net position decreased by \$126,019 during the year ended June 30, 2018 mostly as a result of the decrease in excess surplus – prior year – designated for subsequent year's expenditures of \$199,498 offset by an increase of the maintenance reserve of \$10 and increase of restricted for debt service of \$73,469.

The remaining deficit balance (\$5,413,046) of unrestricted net position reflects long-term obligations, such as compensated absences and the net pension liability. Unrestricted net position decreased mainly due to pension expense of \$63,612 and correlating pension deferrals. In addition, the District had a (\$298,665) change in net position relative to the enterprise funds of the District.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2018 and 2017 are as follows:

	2018			2017		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Revenues:						
Program revenues:						
Charges for services		\$ 717,259	\$ 717,259	\$ 636,769		\$ 636,769
Operating grants and contributions	\$ 763,994	95,788	859,782	\$ 1,049,682	94,502	1,144,184
Capital grants and contributions				29,336		29,336
General revenues:						
Property taxes	20,957,674		20,957,674	20,583,476		20,583,476
State and federal aid not restricted to a specific purpose	5,348,605		5,348,605	2,513,303		2,513,303
Investment Income	293	6,433	6,726	88		88
Miscellaneous	113,183		113,183	46,712		46,712
Total revenue	27,183,749	819,480	28,003,229	24,222,597	731,271	24,953,868
Expenses:						
Instructional services	10,325,399		10,325,399	8,131,111		8,131,111
Support services	15,963,329		15,963,329	15,689,339		15,689,339
Interest on long term debt	2,976,417		2,976,417	1,220,154		1,220,154
Business Type Activities		1,118,145	1,118,145		878,173	878,173
Total expenses	29,265,145	1,118,145	30,383,290	25,040,604	878,173	25,918,777
Increase (decrease) in net position	(2,081,396)	(298,665)	(2,380,061)	(818,007)	(146,902)	(964,909)
Net position - beginning	(2,067,320)	398,325	(1,668,995)	(1,249,313)	545,227	(704,086)
Net position—ending	\$ (4,148,716)	\$ 99,660	\$ (4,049,056)	\$ (2,067,320)	\$ 398,325	\$ (1,668,995)

Property tax revenue increased \$374,198 as a result of the current year tax levy increase.

State and federal aid not restricted to a specific purpose increased by \$2,835,302, in large part as a result of the increase in the reported amount of TPAF on-behalf amounts.

Instructional services increased by \$2,194,288 due to an increase in regular programs and special education instruction.

Interest on long-term debt increased by \$1,756,263 in the current year based on additional payment made in conjunction with the debt refunding.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The District's fund balance amounts are classified as either restricted, committed, assigned or unassigned.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special

Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2018, and the increases in relation to the prior year:

Revenue	Amount	Percent of Total	Increase from 2017	Percent of Increase
Local sources	\$ 21,070,857	85.15%	\$ 440,669	2.14%
State sources	3,189,381	12.89%	103,858	3.37%
Federal sources	483,985	1.96%	8,774	1.85%
Total	\$ 24,744,223	100.00%	\$ 553,301	

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2018 and the increases and (decreases) in relation to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) From 2017	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 5,534,696	22.05%	\$ 231,107	4.36%
Support services	17,297,435	68.91%	202,003	1.18%
Capital Outlay	186,258	0.74%	159,215	588.75%
Debt service:				
Principal	1,220,000	4.86%	470,000	62.67%
Interest and Other Charges	682,074	2.72%	(544,268)	-44.38%
Cost of issuance	181,308	0.72%	181,308	100.00%
Total	\$ 25,101,771	100.00%	\$ 518,057	

Capital outlay increase by \$159,215 due to purchases related to new school building construction. Debt services principal increased by \$395,000 and interest decreased by \$469,268 due to the effect of the current year debt refunding.

General Fund

Fund balance in the General Fund decreased by \$250,073 mostly due to a decrease in unassigned compared to prior year. Of the \$1,284,313 fund balance in the General Fund, \$1,022,523 is restricted in the capital reserve account, \$100,010 is restricted in the maintenance reserve, \$6,479 of encumbrances is assigned to other purposes, and \$155,311 is unassigned.

Special Revenue Fund

Expenditures in the Special Revenue Fund decreased as a result of a decrease in instruction and support services. The District has an undesignated deficit fund balance of \$1,594 in the Special Revenue Fund as of June 30, 2018 as a result of the State deferring the payment of the final two state aid payments until July 2018.

For intergovernmental transactions, GASB Statement No. 33 requires that recognition

(revenue, expenditures, asset, and liability) should be in symmetry, i.e. if one government recognizes an asset, the other government recognizes a liability.

Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The fund balance in the Capital Projects Fund of \$68,337 is the result of the unspent proceeds from transfers from capital reserve and state grant money that is being used for ongoing capital projects throughout the District.

Business Type Activities. The focus of the District’s business type activities is to provide information on near-term inflows, outflows, and balances of spendable resources related to the operations of its food service and adult and child care programs.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The following schedule presents a summary of the Enterprise funds revenues for the fiscal year ended June 30, 2018, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2017</u>	<u>Percent of Increase (Decrease)</u>
Local sources	\$ 723,692	88.31%	\$ 85,137	13.33%
State sources	4,263	0.52%	761	21.73%
Federal sources	91,525	11.17%	(7,388)	-7.47%
Total	<u>\$ 819,480</u>	<u>100.00%</u>	<u>\$ 78,510</u>	

The increase in local sources is mainly attributable to an increase in the participation in the Pre K education programs as well as an increase in daily sales revenue for the food service program. The decrease in federal sources is mainly attributable to the decrease in the federal school lunch program reimbursements.

The following schedule presents a summary of the Enterprise fund operating expenses for the fiscal year ended June 30, 2018, and the increases in relation to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) From 2017	Percent of Increase (Decrease)
Salaries	\$ 520,701	46.56%	\$ 210,571	67.9%
Employee benefits	182,330	16.31%	(88,109)	-32.6%
Supplies and materials	61,579	5.51%	22,844	59.0%
Cost of sales program	145,555	13.02%	15,385	11.8%
Other	207,980	18.60%	69,582	50.3%
	<u>\$ 1,118,145</u>	<u>100.00%</u>	<u>\$ 230,273</u>	<u>25.9%</u>

The increase in salaries is mainly attributable to the increase in salaries attributable to the Pre-K Fund. The increase in supplies and materials, employee benefits and other expenses is attributable to the as a result of increased staffing (salaries and ancillary benefits) related to the expanded Pre-K programs.

Food Service Fund

The food service enterprise fund operated at a \$55,411 deficit this year. Total revenues from daily food sales increased from the prior year by \$24,340 as a result of increase in students which increase the meal claims from the prior year. Total operating expenses increased from the prior year by \$61,567 or 19.3% due to an increase in cost of sales – nonreimbursable programs, supplies and materials and miscellaneous expenses.

The net position of the food service fund, \$99,660 is comprised of net position - investment in capital assets of \$751 and unrestricted net position of \$98,909.

Pre K Education Fund

The Pre K education fund realized operating revenue of \$489,950 for the year ended June 30, 2018. Current year tuition revenues increased from the prior year by \$56,150 as a result of increased participation in our preschool program, while operating expenses increased from the prior year by \$168,706 as a result of increased staffing (salaries and ancillary benefits) related to the expanded programs. As a result, the fund generated net operating loss of \$243,254. The net position of Pre K education fund is \$0.

Capital Assets and Debt Administration

Capital Assets. At June 30, 2018, the District’s governmental activities had capital assets of \$28,457,731 (net of accumulated depreciation), including land, construction in progress, school buildings, machinery, equipment and vehicles.

The District's governmental funds' capital assets, net of depreciation consisted of the following at June 30, 2018 and 2017:

	June 30,	
	2018	2017
Land	\$ 179,988	\$ 179,988
Construction in progress	73,340	73,340
Site improvements, net	371,347	402,651
Buildings and building improvements, net	26,903,681	27,757,784
Machinery, equipment, and vehicles, net	929,375	832,350
Total capital assets, net	<u>\$ 28,457,731</u>	<u>\$ 29,246,113</u>

The decrease in total capital assets is a result of the depreciation exceeding the additions to construction by \$788,382 in the current year.

Debt Administration. During the 2018 fiscal year, the District had outstanding long-term liabilities of \$31,003,180 of which \$898,144 was classified as the current portion.

At June 30, 2018 and 2017, the District's long-term liabilities consisted of:

	June 30	
	2018	2017
Bonds payable	\$ 28,860,000	\$ 29,553,000
Unamortized premium on bonds	1,802,753	
Compensated absences payable	340,427	270,181
Total long-term liabilities	<u>\$ 31,003,180</u>	<u>\$ 29,823,181</u>

Long-term liabilities increased mainly due to the bond premium on refunding which was recorded during the year of \$1,876,786. In addition, the increase in compensated absences payable is due to employees of the district accruing more days at year end than in the previous year. In addition, the District did not have any payouts during the year. More detailed information about the District's long-term liabilities and outstanding debt can be found in Note 5 to the basic financial statements.

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described below are explanations for variations in realized revenues and expenditures for those lines where the final budgeted amounts differ from the actual amounts by more than

\$300,000 and 5%. All other fluctuations less than \$300,000 and 5% are considered immaterial.

- On-behalf TPAF pension and reimbursed social security contributions are unbudgeted revenue sources. Consequently, actual revenues as well as the related expenditures exceeded the final budgeted amount by 100.0%.

Requests for Information

This financial report is designed to provide a general overview of the Borough of Edgewater District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the School Business Administrator, 251 Undercliff Avenue, Edgewater, New Jersey 07020.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Borough of Edgewater School District

Statement of Net Position
June 30, 2018

A-1

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 149,016	\$ 132,955	\$ 281,971
Accounts receivable	377,229	6,048	383,277
Inventories		4,673	4,673
Internal balances	38,640	(38,640)	-
Restricted assets:			
Cash and cash equivalents	967,160		967,160
Capital assets, non-depreciable	253,328		253,328
Capital assets, depreciable, net	28,204,403	751	28,205,154
Total Assets	<u>29,989,776</u>	<u>105,787</u>	<u>30,095,563</u>
Deferred outflows of resources			
Pension deferrals	<u>813,697</u>		<u>813,697</u>
Liabilities			
Accounts payable	180,431		180,431
Payable to state government	4,157		4,157
Accrued interest payable	368,162		368,162
Unearned revenue	28,150	6,127	34,277
Net pension liability	2,268,605		2,268,605
Current portion of long-term obligations	898,144		898,144
Noncurrent portion of long-term obligations	30,105,036		30,105,036
Total liabilities	<u>33,852,685</u>	<u>6,127</u>	<u>33,858,812</u>
Deferred inflows of resources			
Pension deferrals	<u>1,099,504</u>		<u>1,099,504</u>
Net position			
Net investment in capital assets		751	751
Restricted for:			
Capital projects	68,337		68,337
Debt service	73,470		73,470
Excess Surplus - prior year - designated for subsequent year's expenditures			
Maintenance reserve	100,010		100,010
Capital reserve	1,022,513		1,022,513
Unrestricted (deficit)	<u>(5,413,046)</u>	<u>98,909</u>	<u>(5,314,137)</u>
Total net position	<u>\$ (4,148,716)</u>	<u>\$ 99,660</u>	<u>\$ (4,049,056)</u>

See Accompanying Notes to Financial Statements

Borough of Edgewater School District

Statement of Activities
For The Year Ended June 30, 2018

A-2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 7,937,022		\$ 668,349	\$ (7,268,673)		\$ (7,268,673)
Special education	1,848,632			(1,848,632)		(1,848,632)
Other special instruction	512,939			(512,939)		(512,939)
Other instruction	26,806			(26,806)		(26,806)
Support Services:						
Tuition	8,169,206			(8,169,206)		(8,169,206)
Student & instruction related services	2,354,975		95,645	(2,259,330)		(2,259,330)
General administration	636,341			(636,341)		(636,341)
School administration	659,510			(659,510)		(659,510)
Central admin and inform technology	590,283			(590,283)		(590,283)
Required maintenance of plant services	1,618,067			(1,618,067)		(1,618,067)
Student transportation	1,934,947			(1,934,947)		(1,934,947)
Interest and other charges on long term obligations	2,976,417			(2,976,417)		(2,976,417)
Total Governmental Activities	<u>29,265,145</u>		<u>763,994</u>	<u>(28,501,151)</u>		<u>(28,501,151)</u>
Business-type activities:						
Food Service	380,658	\$ 227,309	95,788		\$ (57,561)	(57,561)
Preschool Education	<u>737,487</u>	<u>489,950</u>			<u>(247,537)</u>	<u>(247,537)</u>
Total Business-Type Activities	<u>1,118,145</u>	<u>717,259</u>	<u>95,788</u>		<u>(305,098)</u>	<u>(305,098)</u>
Total Primary Government	<u>30,383,290</u>	<u>717,259</u>	<u>859,782</u>	<u>(28,501,151)</u>	<u>(305,098)</u>	<u>(28,806,249)</u>
General revenues						
				19,069,096		19,069,096
				1,888,578		1,888,578
				5,348,605		5,348,605
				113,476	6,433	119,909
				<u>26,419,755</u>	<u>6,433</u>	<u>26,426,188</u>
				(2,081,396)	(298,665)	(2,380,061)
				<u>(2,067,320)</u>	<u>398,325</u>	<u>(1,668,995)</u>
				<u>\$ (4,148,716)</u>	<u>\$ 99,660</u>	<u>\$ (4,049,056)</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

Borough of Edgewater School District

Balance Sheet
Governmental Funds
June 30, 2018

B-1

<u>ASSETS</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
Cash and Cash Equivalents		\$ 72,418	\$ 3,128	\$ 73,470	\$ 149,016
Accounts Receivable:					
Federal		37,847			37,847
State	\$ 170,722		166,152		336,874
Other	8				8
Interfund	231,245				231,245
Restricted Cash and Cash Equivalents	<u>967,160</u>				<u>967,160</u>
Total Assets	<u><u>\$ 1,369,135</u></u>	<u><u>\$ 110,265</u></u>	<u><u>\$ 169,280</u></u>	<u><u>\$ 73,470</u></u>	<u><u>\$ 1,722,150</u></u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 75,212				\$ 75,212
Interfunds Payable	9,610	\$ 79,552	\$ 100,943		190,105
Payable to State Government		4,157			4,157
Unearned Revenue		<u>28,150</u>			<u>28,150</u>
Total Liabilities	<u><u>84,822</u></u>	<u><u>111,859</u></u>	<u><u>100,943</u></u>		<u><u>297,624</u></u>
FUND BALANCE:					
Restricted for:					
Maintenance reserve	100,010				100,010
Capital reserve	1,022,513				1,022,513
Debt service				\$ 73,470	73,470
Capital projects			68,337		68,337
Assigned to:					
Other purposes	6,479				6,479
Unassigned	<u>155,311</u>	<u>(1,594)</u>			<u>153,717</u>
Total Fund Balance	<u><u>1,284,313</u></u>	<u><u>(1,594)</u></u>	<u><u>68,337</u></u>	<u><u>73,470</u></u>	<u><u>1,424,526</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 1,369,135</u></u>	<u><u>\$ 110,265</u></u>	<u><u>\$ 169,280</u></u>	<u><u>\$ 73,470</u></u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the Capital assets are \$37,676,884. and the accumulated depreciation is \$9,219,153.	28,457,731
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(285,807)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(2,268,605)
Accrued pension contributions for the June 30, 2018 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(105,219)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(368,162)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 7).	<u>(31,003,180)</u>
Net position of governmental activities	<u><u>\$ (4,148,716)</u></u>

Borough of Edgewater School District

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
June 30, 2018

B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
<u>Revenues</u>					
Local Services:					
Local Tax Levy	\$ 19,069,096			\$ 1,888,578	\$ 20,957,674
Miscellaneous	113,183		\$ 293		113,476
Total - Local Services	<u>19,182,279</u>		<u>293</u>	<u>1,888,578</u>	<u>21,071,150</u>
State Sources	2,822,407	\$ 280,009		86,965	3,189,381
Federal Sources		483,985			483,985
Total Revenues	<u>22,004,686</u>	<u>763,994</u>	<u>293</u>	<u>1,975,543</u>	<u>24,744,516</u>
<u>Expenditures</u>					
Current:					
Instruction	4,867,004	667,692			5,534,696
Support Services-current:					
Instruction	8,169,206				8,169,206
Attendance and Social Work Services	31,298				31,298
Health services	138,700				138,700
Support services	1,147,459	95,645			1,243,104
School library	105,361				105,361
Instructional staff training	65,711				65,711
General administration	379,775				379,775
School administration	340,354				340,354
Central services and information technology	323,158				323,158
Required maintenance of plant services	283,320				283,320
Operation of plant	729,515				729,515
Student transportation	1,659,064				1,659,064
Unallocated benefits	2,224,237				2,224,237
On-behalf pension contributions	1,210,365				1,210,365
Reimbursed TPAF social security contributions	394,267				394,267
Capital outlay	186,258				186,258
Debt Service:					
Principal				1,220,000	1,220,000
Interest				682,074	682,074
Cost of issuance				181,308	181,308
Total Expenditures	<u>22,255,052</u>	<u>763,337</u>	<u>-</u>	<u>2,083,382</u>	<u>25,101,771</u>
Deficiency of revenues under expenditures	<u>(250,366)</u>	<u>657</u>	<u>293</u>	<u>(107,839)</u>	<u>(357,255)</u>
Other financing sources (uses):					
Refunding bonds issued				26,565,000	26,565,000
Transfers in	293				293
Transfers out			(293)		(293)
Premium on bonds issued				1,876,786	1,876,786
Payment to refunding bond escrow agent				(28,260,478)	(28,260,478)
Total Other Financing Sources (Uses)	<u>293</u>	<u>-</u>	<u>(293)</u>	<u>181,308</u>	<u>181,308</u>
Net change in fund balances	(250,073)	657	-	73,469	(175,947)
Fund balances, beginning	1,534,386	(2,251)	68,337	1	1,600,473
Fund balances, ending	<u>\$ 1,284,313</u>	<u>\$ (1,594)</u>	<u>\$ 68,337</u>	<u>\$ 73,470</u>	<u>\$ 1,424,526</u>

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

Borough of Edgewater School District

Reconciliation of Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To The Statement of Activities
For The Year Ended June 30, 2018

B-3

Total net change in fund balances - governmental funds (from B-2) \$ (175,947)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation Expense	\$ (944,459)	
Capital Outlays	<u>156,077</u>	(788,382)

Governmental fund report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.

Amortization on Premium on Bonds	74,033	
Premium on Bonds Received	<u>(1,876,786)</u>	(1,802,753)

The issuance of long-term debt for general and refunding purposes provides current financial resources to governmental funds, however has no effect on net position.

Refunding Bonds Issued	(26,565,000)	
Bonds refunded	<u>26,038,000</u>	(527,000)

Repayments of bond principal are expenditure in the governmental funds, but the repayment reduces long-term liabilities in statement of net position and is not reported in the statement of activities.

Serial bonds payable		1,220,000
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In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

35,410

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds

Pension expense		27,522
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In the statement of activities, certain operating expenses, e.g. compensated absences (vacations), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).

(70,246)

Change in Net Position of Governmental Activities (Exhibit A-2)	\$	<u><u>(2,081,396)</u></u>
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PROPRIETARY FUNDS

Borough of Edgewater School District

Proprietary Fund
Statement of Net Position
As of June 30, 2018

B-4

	<u>Food Service</u>	<u>Pre - K</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 84,705	\$ 48,250	\$ 132,955
Accounts receivable:			
Federal	5,520		5,520
State	380		380
Other	148		148
Interfunds receivable	9,610	50,404	60,014
Inventories	4,673		4,673
Total current assets	<u>105,036</u>	<u>98,654</u>	<u>203,690</u>
Capital assets:			
Depreciable buildings and equipment	65,248		65,248
Accumulated depreciation	<u>(64,497)</u>		<u>(64,497)</u>
Total capital assets, net	751		751
Total assets	<u>105,787</u>	<u>98,654</u>	<u>204,441</u>
Liabilities			
Current liabilities:			
Interfunds payable		98,654	98,654
Unearned revenue	6,127		6,127
Total current liabilities	<u>6,127</u>	<u>98,654</u>	<u>104,781</u>
Total liabilities	<u>6,127</u>	<u>98,654</u>	<u>104,781</u>
Net position			
Net Investment in capital assets	751		751
Unrestricted	98,909		98,909
Total net position	<u>\$ 99,660</u>	<u>\$ -</u>	<u>\$ 99,660</u>

Borough of Edgewater School District

Proprietary Fund
Statement of Revenues, Expenses
and Changes in Fund Net Position
For The Year Ended June 30, 2018

B-5

	<u>Food Service</u>	<u>Pre - K</u>	<u>Total</u>
Operating revenues:			
Local sources:			
Daily sales - reimbursable programs	\$ 208,915		\$ 208,915
Daily sales - non-reimbursable programs	18,394		18,394
Tuition		\$ 489,950	489,950
Total operating revenues	<u>227,309</u>	<u>489,950</u>	<u>717,259</u>
Operating expenses:			
Cost of sales - reimbursable programs	135,744		135,744
Cost of sales - non-reimbursable programs	9,811		9,811
Salaries	104,187	416,514	520,701
Employee benefits	23,988	158,342	182,330
General supplies	17,134	44,445	61,579
Transportation		36,826	36,826
Miscellaneous	80,917	81,360	162,277
Depreciation	216		216
Management fee	8,661		8,661
Total operating expenses	<u>380,658</u>	<u>737,487</u>	<u>1,118,145</u>
Operating (loss) income	<u>(153,349)</u>	<u>(247,537)</u>	<u>(400,886)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	4,263		4,263
Federal sources:			
National school lunch program	59,311		59,311
PB lunch - HHFKA	5,044		5,044
School breakfast program	1,113		1,113
Food distribution program	26,057		26,057
Interest and investment revenue	2,150	4,283	6,433
Total nonoperating revenues	<u>97,938</u>	<u>4,283</u>	<u>102,221</u>
Change in net position	(55,411)	(243,254)	(298,665)
Total net position, beginning of year	155,071	243,254	398,325
Total net position, end of year	<u>\$ 99,660</u>	<u>\$ -</u>	<u>\$ 99,660</u>

Borough of Edgewater School District

Proprietary Fund
Statement of Cash Flows
For The Year Ended June 30, 2018

B-6

	<u>Food Service</u>	<u>Pre - K</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from customers	\$ 226,033	\$ 489,950	\$ 715,983
Payments to operating personnel	(112,848)	(416,514)	(529,362)
Payments for operating personnel benefits	(23,988)	(158,342)	(182,330)
Payments to suppliers	<u>(472,832)</u>	<u>(659,051)</u>	<u>(1,131,883)</u>
Net cash used in operating activities	<u>(383,635)</u>	<u>(743,957)</u>	<u>(1,127,592)</u>
Cash flows from noncapital financing activities			
Cash received from state and federal reimbursements	<u>94,956</u>		<u>94,956</u>
Net cash provided by noncapital financing activities	<u>94,956</u>		<u>94,956</u>
Cash flows from investing activities			
Interest revenue	<u>2,150</u>	<u>4,283</u>	<u>6,433</u>
Net cash provided by investing activities	<u>2,150</u>	<u>4,283</u>	<u>6,433</u>
Net decrease in cash and cash equivalents	<u>(286,529)</u>	<u>(739,674)</u>	<u>(1,026,203)</u>
Cash and cash equivalents, beginning of year	<u>371,234</u>	<u>787,924</u>	<u>1,159,158</u>
Cash and cash equivalents, end of year	<u>\$ 84,705</u>	<u>\$ 48,250</u>	<u>\$ 132,955</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating (loss)	\$ (153,349)	\$ (247,537)	\$ (400,886)
Adjustments to reconcile operating (loss) to net cash used in operating activities:			
Depreciation	216		216
Changes in assets and liabilities:			
Decrease in accounts receivable	329		329
Decrease in inventories	272		272
(Decrease) in interfund payable	(219,888)	(446,016)	(665,904)
(Increase) in interfund receivable	(9,610)	(50,404)	(60,014)
(Decrease) in unearned revenue	<u>(1,605)</u>		<u>(1,605)</u>
Net cash used in operating activities	<u>\$ (383,635)</u>	<u>\$ (743,957)</u>	<u>\$ (1,127,592)</u>

Noncash capital financing activities

The District received \$26,057 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2018.

FIDUCIARY FUNDS

Borough of Edgewater School District

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

B-7

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 76,531
Total assets	<u>\$ 76,531</u>
Liabilities	
Accounts payable	\$ 5,394
Payroll deductions and withholdings payable	43,967
Interfund payable	2,500
Due to student groups	24,670
Total liabilities	<u>\$ 76,531</u>

Borough of Edgewater School District

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended June 30, 2018

B-8

NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies

The financial statements of the Borough of Edgewater School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are disclosed below:

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Borough of Edgewater School District in Manchester Township, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education ("DOE") requires all funds be reported as major to promote consistency among school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period, except for reimbursement grants. The District considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, the net pension liability and capital leases, are recorded only when payment is due.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the District receives cash.

The District has reported the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds:

Food Service Enterprise Fund: The food service fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Pre-Kindergarten Enterprise Fund: The Pre-K fund was established by the District for Fiscal Year 2013. The stated intent is that the costs of maintaining a Pre-K program (including both direct and indirect costs) of providing those services to the students are financed through tuition payments.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

Additionally, the District reports the following fund types:

Fiduciary funds of the District include the Student Activities Agency Fund, Payroll Agency Fund and Private Purpose Scholarship Trust Fund. The trust fund is reported using the economic resources measurement focus. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Amounts reported as program revenues include (1) charged to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for sales of food and tuition. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its statement of net position and balance sheet. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

The County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

D. Budgets/Budgetary Control

In accordance with P.L. 2011, which became effective January 17, 2012, the District elected to move the annual school board election from April to the date of the annual November general election, thereby eliminating the vote on the annual based budget. Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the Bergen County office of the DOE for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. The overexpenditure in the general fund is due to the inclusion of the non-budgeted on behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures. All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2018 and were not significant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Open encumbrances at year-end are reappropriated in the subsequent year's budget. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

F. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair value on the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Buildings, machinery and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Buildings	50
Building improvements	10-50
Site improvements	20
Machinery and equipment	10-15
Computer and related tech	5
Vehicles	8

H. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service. The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments. The liability for vested compensated absences of the

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, a liability existed for compensated absences in the government-wide financial statements in the amount of \$340,427 and no liability existed for compensated absences in the proprietary fund types.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as either capital projects fund or debt service fund expenditures.

K. Net Position

Net Position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities in the government-wide financial statements. Net position net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

L. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$1,284,313 of fund balances in the General Fund, \$6,479 of encumbrances are assigned to other purposes, \$1,122,523 has been classified as restricted for maintenance reserve and capital reserve in the amounts of \$100,010 and \$1,022,513, respectively, and \$155,311 is classified as unassigned. All of the fund balance in the Special Revenue Fund in the amount of \$(1,594) is classified as unassigned. All of the fund balance in the Capital Projects Fund in the amount of \$68,337 is restricted for capital projects. All of the fund balance in the Debt Service Fund in the amount of \$73,470 is restricted for future debt service payments.

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

O. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement medical and pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

P. Calculation of Excess Surplus

The designation for restricted fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was no excess fund balance at June 30, 2018.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

Q. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements. Furthermore if the county entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth. There have been no tax abatement agreements entered into by the Borough that will materially affect the District.

R. GASB Pronouncements

GASB Pronouncements Implemented in the 2018 fiscal year

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB No. 75"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The Statement became effective for the District in the 2018 fiscal year.

S. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2018 through March 15, 2019, the date that the financial statements are issued and the effects of those that provide additional pertinent information about conditions that existed at the balance sheet date, have been recognized in the accompanying financial statements.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, net of unamortized premiums and discounts and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The details of this \$31,003,180 difference are as follows:

Bonds payable	\$	28,860,000
Compensated absences		340,427
Unamortized Bond Premium		<u>1,802,753</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position - governmental activities	\$	<u>31,003,180</u>

3. Cash and Equivalents

Cash and equivalents – Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Cash and Equivalents (continued)

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Operating cash accounts are held in the District's name by one institution. At June 30, 2018 the carrying amount of the District's deposits was \$1,325,662 and the bank balance was \$2,266,584. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2018 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$1,899,502. \$117,082 held in the District's payroll and agency accounts are not covered by GUDPA.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Cash and Equivalents (continued)

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

New Jersey statutes permit the Board to purchase the following types of investments:

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund, (NJCMF) New Jersey Asset and Rebate Management Fund (NJARM) and MBIA.

Custodial Credit Risk: The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer.

Interest Rate Risk: The District does not have a policy to limit interest rate risk.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assests, not being depreciated:				
Sites and Site Improvements (Land)	\$ 179,988			\$ 179,988
Construction in progress	73,340			73,340
Total capital assets, not being depreciated	253,328			253,328
Site improvements	624,434			624,434
Buildings and building improvements	34,025,825			34,025,825
Machinery, equipment and vehicles	2,617,220	\$ 156,077		2,773,297
Total capital assets being depreciated	37,267,479	156,077		37,423,556
Less accumulated depreciation for:				
Site improvements	221,783	31,304		253,087
Buildings and building improvements	6,268,041	854,103		7,122,144
Machinery, equipment and vehicles	1,784,870	59,052		1,843,922
Total accumulated depreciation	8,274,694	944,459		9,219,153
Total capital assets being depreciated, net	28,992,785	(788,382)		28,204,403
Governmental activities capital assets, net	\$ 29,246,113	\$ (788,382)	\$ -	\$ 28,457,731

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2018 as follows:

Regular instruction	\$ 548,615
General administration	49,182
Required maintenance of plant services	131,165
Student transportation	215,497
Total depreciation expense - governmental activities	<u>\$ 944,459</u>

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

4. Capital Assets (continued)

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Business-type Activities:			
Capital assets, being depreciated:			
Machinery and Equipment	\$ 65,248		\$ 65,248
Less accumulated depreciation for:			
Machinery and Equipment	64,281	\$ 216	64,497
Total business-type activities capital assets, net	<u>\$ 967</u>	<u>\$ (216)</u>	<u>\$ 751</u>

5. Long-Term Liabilities

During the fiscal year ended June 30, 2018, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Compensated absences payable	\$ 270,181	\$ 70,246		\$ 340,427	
Unamortized bond premium		1,876,786	\$ 74,033	1,802,753	\$ 83,144
Bonds payable	29,553,000	26,565,000	27,258,000	28,860,000	815,000
Subtotal	29,823,181	28,512,032	27,332,033	31,003,180	898,144
Net pension liability	3,543,778		1,275,173	2,268,605	
Governmental activity long-term liabilities	<u>\$33,366,959</u>	<u>\$ 28,512,032</u>	<u>\$ 28,607,206</u>	<u>\$ 33,271,785</u>	<u>\$ 898,144</u>

The District expects to liquidate the balance in compensated absences and net pension liability with payments made from the District's general fund. Bonds payable will be liquidated with payments from the debt service fund.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

Bonds Payable

Bonds are authorized in accordance with State law or by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. The principal and interest of these bonds will be paid from the debt service fund as required by New Jersey statutes.

On August 10, 2017 the District issued \$26,565,000 of refunding school bonds, Series 2017. This transaction refunded the District's outstanding series 2010 bonds. As a result, \$26,038,000 of refunded bonds are considered defeased and the liability has been removed from the basic financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 23 years by \$1,480,821 and resulted in a net present value savings of \$1,091,227.

Principal and interest due on all bonds outstanding is as follows:

	Principal	Interest	Total
Year ending June 30:			
2019	\$ 815,000	\$ 1,099,313	\$ 1,914,313
2020	845,000	1,070,088	1,915,088
2021	880,000	1,038,088	1,918,088
2022	910,000	1,002,788	1,912,788
2023	945,000	966,388	1,911,388
2024-2028	5,600,000	4,252,438	9,852,438
2029-2033	6,875,000	3,059,238	9,934,238
2034-2038	8,240,000	1,735,175	9,975,175
2039-2040	3,750,000	226,400	3,976,400
	\$ 28,860,000	14,449,916	\$ 43,309,916

Bonds payable at June 30, 2018 are comprised of the following issues:

\$920,000, 2010 school bonds, due in annual installments ranging from \$455,000 to \$465,000 through March 1, 2020 at an interest rate of 4.00%.

\$1,825,000, 2013 refunding bonds, due in annual installments ranging from \$345,000 to \$375,000 through September 1, 2022, at interest rates ranging from 3.00 to 4.00%.

\$26,115,000, 2017 refunding bonds, due in annual installments ranging from \$15,000 to \$1,910,000, through March 1, 2040, at interest rates ranging from 3.00 to 4.00%.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Public Employee's Retirement System

Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service.

Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next six years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2018, the State of New Jersey contributed \$1,210,365 to the TPAF for post-retirement medical benefits and other pension costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$394,267 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2018, 2017, and 2016 was \$105,219, \$90,282, and \$106,298, respectively, equal to the required contributions for each year.

Funding Policy

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 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.

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

Public Employee's Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$2,268,605 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 01, 2016, which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.0097455378 percent, which was a decrease of 0.0022197604 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized full accrual pension expense of \$62,760 in the government-wide financial statements. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of resources	Deferred Inflows of Resources
Changes of assumptions	\$ 457,046	\$ 455,370
Net difference between projected and actual earnings on pension plan investments	15,448	
Changes in proportion	182,566	644,134
Difference between expected and actual experience	53,418	
District contributions subsequent to the measurement date	105,219	
	<u>\$ 813,697</u>	<u>\$ 1,099,504</u>

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

\$105,219 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the net pension liability as follows:

Year ended June 30:	
2019	\$ 58,440
2020	17,883
2021	84,383
2022	130,188
2023	100,132
	<u>\$ 391,026</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 01, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

	<u>June 30, 2017</u>
Inflation	2.25%
Salary increases	
2021-2026	1.65 - 4.15% Based on age
Thereafter	2.65 - 5.15% Based on age
Investment rate of return	7.00%

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	100.00%	

Discount rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 2,814,358	\$ 2,268,605	\$ 1,813,925

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the local group at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 6,424,455,842
Deferred inflows of resources	\$ 5,700,625,981
Net pension liability	\$ 23,278,401,588
 District's Proportion	 0.009745455378%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 is \$1,694,305,613.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2017, 2016 and 2015, and 2014 is 5.48, 5.57, 5.72 and 6.44 years, respectively.

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2017 was \$30,679,796. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State's proportionate share of the TPAF net pension liability associated with the District was 0.0455030489%. At June 30, 2016, the State's proportionate share of the TPAF net pension liability associated with the District was not determined or made available by the State of New Jersey.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.25%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Mortality Rates

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 01, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigations	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	100.00%	

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
District's proportionate share of the net pension liability	\$ 36,448,560	\$ 30,679,796	\$ 25,927,463

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the local group at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 14,353,461,035
Deferred inflows of resources	\$ 11,992,821,439
Net pension liability	\$ 67,670,209,171
State's proportionate share associated with the District	0.0455030489%

Collective pension expense for the plan for the measurement period ended June 30, 2017 is \$4,688,207,089.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2017, 2016, 2015, and 2014 is 8.3, 8.3, 8.3 and 8.5 years, respectively.

7. Post-Retirement Benefits

Plan Description

The District contributes to the New Jersey School Employee Health Benefits Program (the "SEHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SEHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The School Employee Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

Funding Policy

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The net OPEB liability from New Jersey's plan is \$53,639,841,858.

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2016</u>
Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
Total Plan Members	366,078

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 was \$17,673,546 or .03%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality tables were based on the RP-2014 Headcount-Weighted Healthy Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount liability is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The following represents the change in the State's proportionate share of the OPEB liability associated with the District:

Balance at June 30, 2016		\$ 18,877,298
Increased by:		
Service cost	\$ 1,190,596	
Interest cost	566,356	
Member contributions	<u>15,074</u>	
		<u>1,772,026</u>
Decrease by		
Changes of assumptions	2,566,421	
Gross benefit payment	<u>409,357</u>	
		<u>2,975,778</u>
Balance at June 30, 2017		<u>\$ 17,673,546</u>

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

The State's proportionate share of deferred inflows of resources associated with the District at June 30, 2017 \$2,090,179.

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate:

	<u>1% Decrease (2.58%)</u>	<u>At current discount rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 20,979,774	\$ 17,673,546	\$ 15,051,014

The following presents the State's proportionate share of the net OPEB liability associated with the District calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1%Decrease</u>	<u>Health Cost Trent Rates</u>	<u>1% Increase</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$14,534,783	\$17,673,546	\$ 21,841,786

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

For the year ended June 30, 2018, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$1,522,202 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 99,843,255
Deferred inflows of resources	\$ 6,443,612,287
Collective OPEB expense	\$ 3,348,490,523

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2018 amounted to \$291,259 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 231,245	\$ 9,610
Special Revenue Fund		79,552
Capital Projects Fund		100,943
Food Service Fund	9,610	
Preschool Education Fund	50,404	98,654
Payroll Agency Fund		2,500
	\$ 291,259	\$ 291,259

The interfund between the Capital Projects Fund and the General Fund represents a short-term loan between the funds. The interfund between the Preschool Education Fund and the Special Revenue Fund represents the repayment of program expenditures made in the Preschool Education Fund that were related to a program in the Special Revenue Fund. The interfund between the General Fund and the Special Revenue Fund represents cash loaned to the special revenue fund to cover a pooled cash deficit. The interfund between the General Fund and the Payroll Agency Fund represents the excess funds transferred to the Payroll Agency account which are due back to the General Fund as of June 30, 2018. The interfund between the Food Service Fund and the General Fund represents amounts collected from the state and federal government that were not remitted by year end. The interfund between the General Fund and the Preschool Education Fund represents a short-term loan between the funds.

All interfunds are expected to be liquidated within one year.

9. Transfers

The transfer from the Capital Projects Fund to the General Fund represents interest earned in the Capital Projects Fund due to the General Fund.

Fund	Transfers In	Transfers Out
General Fund	\$ 293	
Capital Projects Fund		293
	\$ 293	\$ 293

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

10. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

11. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

12. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years. A complete schedule of insurance coverage can be found in the statistical section of this report.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

13. Deferred Compensation Plans

The District offers its employees a choice of the following deferred compensation plans (the “Plans”) created in accordance with Internal Revenue Code Section 403(b). The Plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the Plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- Equitable
- First Investors
- Lincoln Investment Planning
- Retirement Annuity Consultants
- Vanguard

14. Restricted Assets

The funds set aside for capital and maintenance reserve are classified as restricted assets (cash and cash equivalents and other accounts receivable) as they are restricted for use for future capital projects and maintenance requirements.

15. Maintenance Reserve Account

A maintenance reserve account was established by the District by way of a Board approved resolution for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the maintenance reserve account are restricted to maintenance projects in the District’s approved Comprehensive Maintenance Plan (CMP). Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. The District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year. The activity of the maintenance reserve for the July 01, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$	100,000
Interest earned		10
Ending balance, June 30, 2018	\$	<u>100,010</u>

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

15. Maintenance Reserve Account (continued)

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2018. The District has budgeted \$35,000 in its 2018-19 budget for maintenance purposes.

16. Capital Reserve Account

A capital reserve account was established by the District by way of a Board resolution, and issued for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The balance at June 30, 2018 and 2017 was \$1,022,513. The June 30, 2018 LRFP balance of local support costs of uncompleted projects exceeds the amount set aside in capital reserve.

17. Commitments

The District has contractual commitments at June 30, 2018 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$6,479.

REQUIRED SUPPLEMENTARY INFORMATION – PART II
SCHEDULES AND NOTES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS AND OPEBS (GASB 68 AND 75)

Borough of Edgewater School District

Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 New Jersey Public Employees' Retirement System (PERS)
 Last Ten Fiscal Years (1)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
School District's proportionate share of the net pension liability	<u>0.014540526%</u>	<u>0.012322215%</u>	<u>0.0119652982%</u>	<u>0.0097455378%</u>
School District's proportionate share of the net pension liability	<u>\$ 2,722,384</u>	<u>\$ 2,766,090</u>	<u>\$ 3,543,778</u>	<u>\$ 2,268,605</u>
School District's covered-employee payroll	<u>\$ 907,290</u>	<u>\$ 1,004,832</u>	<u>\$ 737,906</u>	<u>\$ 746,127</u>
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>300.06%</u>	<u>275.28%</u>	<u>480.25%</u>	<u>304.05%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>48.62%</u>	<u>47.93%</u>	<u>40.14%</u>	<u>48.10%</u>

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date within the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Borough of Edgewater School District

Required Supplementary Information - Schedule of Contributions
New Jersey Public Employees' Retirement System (PERS)
Last Ten Fiscal Years (1)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	<u>\$ 119,870</u>	<u>\$ 105,938</u>	<u>\$ 106,298</u>	<u>\$ 90,282</u>
Contributions in relation to the contractually required contribution	<u>\$ (119,870)</u>	<u>\$ (105,938)</u>	<u>\$ (106,298)</u>	<u>\$ (90,282)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 1,004,832</u>	<u>\$ 737,906</u>	<u>\$ 746,127</u>	<u>\$ 820,083</u>
Contributions as a percentage of covered-employee payroll	<u>11.93%</u>	<u>14.36%</u>	<u>14.25%</u>	<u>11.01%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Borough of Edgewater School District

Required Supplementary Information - Schedule of the
District's Proportionate Share of the Net Pension Liability
New Jersey Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years (1)

	2015	2016	2017	2018
School District's proportion of the net pension liability (asset)	<u>0.034867692%</u>	<u>0.0378879269%</u>	<u>Not available</u>	<u>0.0455030489%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 18,635,646</u>	<u>\$ 23,946,788</u>	<u>Not available</u>	<u>\$ 30,679,796</u>
School District's covered-employee payroll	<u>\$ 5,129,256</u>	<u>\$ 5,058,574</u>	<u>\$ 5,085,378</u>	<u>\$ 5,459,922</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>363.32%</u>	<u>473.39%</u>	<u>Not available</u>	<u>561.91%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>33.64%</u>	<u>28.71%</u>	<u>22.33%</u>	<u>25.41%</u>

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date within the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Borough of Edgewater School District
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

		Year Ended June 30, 2018
State's proportion of the OPEB Liability associated with the District -		0.03%
District's proportionate share of the OPEB liability	\$	-
State's proportionate share of the OPEB liability associated with the District	\$	17,673,546
Total proportionate share of the OPEB liability associated with the District		\$ 17,673,546
Balance at June 30, 2016	\$	18,877,298
Increased by:		
Service cost	\$ 1,190,596	
Interest cost	566,356	
Member contributions	15,074	
		1,772,026
Decrease by		
Changes of assumptions	2,566,421	
Gross benefit payment	409,357	
		2,975,778
Balance at June 30, 2017		\$ 17,673,546
Covered by employees payroll		6,280,005
Total OPEB liability as a percentage of covered employee payroll.		281.24%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

See Note to Required Supplementary Information

Borough of Edgewater School District
Notes to Required Supplementary Information
Year Ended June 30, 2018

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017.

**3. NONEMPLOYER OPEB LIABILITY FOR THE STATE HEALTH BENEFIT LOCAL
EDUCATION RETIRED EMPLOYEES PLAN**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017

**REQUIRED SUPPLEMENTARY INFORMATION –
PART III
BUDGETARY COMPARISON SCHEDULES**

Borough of Edgewater School District

Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2018

C-1
Sheet #1

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 19,069,096		\$ 19,069,096	\$ 19,069,096	
Interest on investments	1,010		1,010	16,140	\$ 15,130
Miscellaneous	<u>39,500</u>		<u>39,500</u>	<u>97,043</u>	<u>57,543</u>
Total Local Sources	<u>19,109,606</u>		<u>19,109,606</u>	<u>19,182,279</u>	<u>72,673</u>
State Sources:					
Special Education Categorical Aid	476,311	\$ 59,112	535,423	535,423	
Security Aid	45,596		45,596	45,596	
Transportation Aid	136,664		136,664	136,664	
Supplemental Enrichment Growth Aid	255,143		255,143	255,143	
Under Adequacy Aid	21,476		21,476	21,476	
Extraordinary Special Education Costs Aid	100,000		100,000	119,112	19,112
PARCC Readiness Aid	13,300		13,300	13,300	
Per Pupil Growth Aid	13,300		13,300	13,300	
Professional Learning Community Aid	13,570		13,570	13,570	
Homeless Tuition Reimbursement				11,354	11,354
Additional Nonpublic School Transportation Reimbursement Aid				40,256	40,256
TPAF Post Retirement Medical Benefits (On-Behalf Non-Budgeted)				474,167	474,167
TPAF Long-term Disability Insurance				2,055	
TPAF Pension Benefits (On-Behalf-Non-Budgeted)				734,143	734,143
TPAF Social Security Reimbursed (Non-Budgeted)				<u>394,267</u>	<u>394,267</u>
Total - State Sources	<u>1,075,360</u>	<u>59,112</u>	<u>1,134,472</u>	<u>2,809,826</u>	<u>1,673,299</u>
Total Revenues	<u>20,184,966</u>	<u>59,112</u>	<u>20,244,078</u>	<u>21,992,105</u>	<u>1,745,972</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	8,725	(8,725)			
Kindergarten - Salaries of Teachers	435,508	(61,450)	374,058	374,058	
Grades 1 - 5 Salaries of Teachers	2,392,341	157,680	2,550,021	2,550,018	3
Grades 6 - 8 Salaries of Teachers	<u>245,905</u>	<u>(12,462)</u>	<u>233,443</u>	<u>233,443</u>	
	<u>3,082,479</u>	<u>75,043</u>	<u>3,157,522</u>	<u>3,157,519</u>	<u>3</u>
Regular Programs - Home Instruction					
Salaries of Teachers		1,500	1,500	1,500	
		<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	38,700	9,392	48,092	48,091	1
Purchased Technical Services	114,747	14,095	128,842	128,085	757
General Supplies	255,994	(38,308)	217,686	216,936	750
Textbooks	31,317	62,886	94,203	94,203	
Other Objects	4,765	(4,445)	320	301	19
	<u>445,523</u>	<u>43,620</u>	<u>489,143</u>	<u>487,616</u>	<u>1,527</u>
Total Regular Programs - Instruction	<u>3,528,002</u>	<u>120,163</u>	<u>3,648,165</u>	<u>3,646,635</u>	<u>1,530</u>
Special Education - Instruction:					
Cognitive Mild:					
Salaries of Teachers	161,482	(161,482)			
Other Salaries for Instruction	123,502	(117,268)	6,234	6,234	
Total Cognitive Mild	<u>284,984</u>	<u>(278,750)</u>	<u>6,234</u>	<u>6,234</u>	
Learning/Language:					
Salaries of Teachers		602,123	602,123	602,119	4
Other Salaries for Instruction		336,230	336,230	336,227	3
General Supplies		440	440		440
Total Learning/Language		<u>938,793</u>	<u>938,793</u>	<u>938,346</u>	<u>447</u>
Multiple Disabilities:					
Salaries of Teachers	61,229	(61,229)			
General Supplies	734	(734)			
Total Multiple Disabilities	<u>61,963</u>	<u>(61,963)</u>			

Borough of Edgewater School District

Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2018

C-1
Sheet #2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 450,524	\$ (450,524)			
Total Resource Room/Resource Center	<u>450,524</u>	<u>(450,524)</u>			
Preschool Disabilities - Full Time:					
Other Salaries for Instruction	53,059	(53,059)			
	<u>53,059</u>	<u>(53,059)</u>			
Total Special Education Instruction	<u>850,530</u>	<u>94,497</u>	\$ 945,027	\$ 944,580	\$ 447
Bilingual Education - Instruction:					
Salaries of Teachers	212,916	49,176	262,092	262,092	
Total Bilingual Education - Instruction	<u>212,916</u>	<u>49,176</u>	<u>262,092</u>	<u>262,092</u>	
Total Other Special Instruction	<u>212,916</u>	<u>49,176</u>	<u>262,092</u>	<u>262,092</u>	
School Sponsored Co curricular Activities - Instruction:					
Salaries	32,050	(18,353)	13,697	13,697	
Supplies and Materials	192	(192)			
Total School Sponsored Co curricular Activities - Instruction:	<u>32,242</u>	<u>(18,545)</u>	<u>13,697</u>	<u>13,697</u>	
Total Instruction	<u>4,623,690</u>	<u>245,291</u>	<u>4,868,981</u>	<u>4,867,004</u>	<u>1,977</u>
Undistributed Expenditures :					
Instruction:					
Tuition to Other LEAs Within the State-Regular	5,908,064	(330,221)	5,577,843	5,577,843	
Tuition to Other LEAs Within the State-Special	1,561,505	(64,469)	1,497,036	1,497,036	
Tuition to County Special Services Schools & Regional Day Schools	717,964	(4,481)	713,483	713,482	1
Tuition to Priv. Sch. For the Disabled W/I State	55,849	293,440	349,289	349,289	
Tuition - State Facilities	21,445	(21,445)			
Tuition - Other	21,600	9,956	31,556	31,556	
Total Undistributed Expenditures - Instruction	<u>8,286,427</u>	<u>(117,220)</u>	<u>8,169,207</u>	<u>8,169,206</u>	<u>1</u>
Attendance and Social Work Services:					
Salaries	10,561	8,795	19,356	19,356	
Other Purchased Services	11,856	86	11,942	11,942	
Total Attendance and Social Work Services	<u>22,417</u>	<u>8,881</u>	<u>31,298</u>	<u>31,298</u>	
Health Services:					
Salaries	141,111	(46,593)	94,518	94,517	1
Salaries Other Professional Staff		30,338	30,338	30,338	
Purchased Professional and Technical Services	11,763	(4,587)	7,176	7,176	
Other Purchased Services (400-500 series)		5,561	5,561	5,560	1
Supplies and Materials	700	410	1,110	1,109	1
Total Health Services	<u>153,574</u>	<u>(14,871)</u>	<u>138,703</u>	<u>138,700</u>	<u>3</u>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	83,954	(120)	83,834	83,834	
Purchased Professional - Educational Services	404,995	43,776	448,771	448,771	
Total Other Support Services - Speech, OT, PT and Related Services	<u>488,949</u>	<u>43,656</u>	<u>532,605</u>	<u>532,605</u>	
Other Support Services- Students - Extraordinary Services:					
Purchased Professional - Educational Services	40,555	64,017	104,572	104,572	
Supplies and Materials	831	4,201	5,032	5,032	
Total Other Support Services- Students - Extraordinary Services	<u>41,386</u>	<u>68,218</u>	<u>109,604</u>	<u>109,604</u>	
Other Support Services - Students - Guidance:					
Salaries - Other Professional Staff	56,728	(1,450)	55,278	55,278	
Total Other Support Services - Students - Guidance	<u>56,728</u>	<u>(1,450)</u>	<u>55,278</u>	<u>55,278</u>	

Borough of Edgewater School District

Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2018

C-1
Sheet #3

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Other Support Services - Child Study Teams:					
Salaries and Other Professional Staff	\$ 351,921	\$ (40,905)	\$ 311,016	\$ 311,015	\$ 1
Salaries of Secretarial and Clerical Assistants	39,906	1,037	40,943	40,943	
Purchased Professional and Technical Services	45,485	42,670	88,155	88,155	
Miscellaneous Purchased Services	1,050	(415)	635	634	1
Supplies and Materials	5,232	3,993	9,225	9,225	
Total Other Support Services - Child Study Teams	<u>443,594</u>	<u>6,380</u>	<u>449,974</u>	<u>449,972</u>	<u>2</u>
Educational Media Serv./Sch. Library					
Salaries	112,006	(7,645)	104,361	104,361	
Supplies and Materials	1,000		1,000	1,000	
Total Educational Media Serv./Sch. Library	<u>113,006</u>	<u>(7,645)</u>	<u>105,361</u>	<u>105,361</u>	
Total Student and Instruction Related Services	<u>1,319,654</u>	<u>103,169</u>	<u>1,422,823</u>	<u>1,422,818</u>	<u>5</u>
Current Expense:					
Salaries - Supervisors of Instruction	92,700	(26,989)	65,711	65,711	
Purchased Professional - Educational Services	4,572	(4,572)			
Other Purchased Professional Services	4,485	(4,485)			
Total Instructional Staff Training Services	<u>101,757</u>	<u>(36,046)</u>	<u>65,711</u>	<u>65,711</u>	
Support Services - General Administration:					
Salaries of Other Professional Staff	239,673	(22,483)	217,190	217,190	
Legal Services	15,900	29,506	45,406	45,406	
Audit Fees	30,000	750	30,750	30,750	
Other Purchased Professional Services	550	(550)			
Purchased Technical Services	338	1,249	1,587	1,225	362
Communications/Telephone	44,780	3,017	47,797	47,797	
BOE Conferences and Travel	1,051	(751)	300	300	
General Supplies	2,716	(381)	2,335	2,334	1
BOE In-House Training/Meeting Supplies	675	14,095	14,770	14,770	
Miscellaneous Expenditures	14,006	(1,297)	12,709	12,709	
BOE Membership Dues and Fees	8,160	(865)	7,295	7,294	1
Total Support Services - General Administration	<u>357,849</u>	<u>22,290</u>	<u>380,139</u>	<u>379,775</u>	<u>364</u>
Support Services-School Administration:					
Salaries of Principals/Assistant Principals	271,416	(23,247)	248,169	248,167	2
Salaries of Secretarial and Clerical Assistants	116,661	(31,363)	85,298	85,296	2
Supplies and Materials	3,002	2,874	5,876	5,876	
Other Objects	1,010	5	1,015	1,015	
Total Support Services-School Administration	<u>392,089</u>	<u>(51,731)</u>	<u>340,358</u>	<u>340,354</u>	<u>4</u>
Central Services:					
Salaries - Business Administrator	142,596	685	143,281	143,281	
Salaries - Clerical	125,662	10,156	135,818	135,818	
Purchased Professional Services	19,318	11,086	30,404	30,404	
Supplies and Materials	3,546	(1,352)	2,194	2,194	
Miscellaneous Expenditures	2,600	2,485	5,085	5,025	60
Total Central Services	<u>293,722</u>	<u>23,060</u>	<u>316,782</u>	<u>316,722</u>	<u>60</u>
Administrative Information Technology:					
Other Purchased Services (400-500 series)	3,627	749	4,376	4,376	
Supplies and Materials	5,624	(3,536)	2,088	2,060	28
Total Administrative Information Technology	<u>9,251</u>	<u>(2,787)</u>	<u>6,464</u>	<u>6,436</u>	<u>28</u>
Required Maint for School Facilities:					
Salaries	183,621	6,939	190,560	190,542	18
Cleaning, Repair, and Maintenance Services	97,095	(17,576)	79,519	79,519	
General Supplies	15,790	(3,329)	12,461	12,461	
Other Objects	378	420	798	798	
Total Required Maint for School Facilities	<u>296,884</u>	<u>(13,546)</u>	<u>283,338</u>	<u>283,320</u>	<u>18</u>

Borough of Edgewater School District

Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2018

C-1
Sheet #4

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Custodial Services:					
Salaries	\$ 265,879	\$ 8,723	\$ 274,602	\$ 274,601	\$ 1
Cleaning, Repair, and Maintenance Services	46,080	20,634	66,714	66,713	1
Other Purchased Property Services	20,500	25,202	45,702	45,701	1
Insurance	134,226	(29,696)	104,530	104,530	
General Supplies	31,015	7,576	38,591	38,590	1
Energy (Electricity)	362,107	(178,894)	183,213	183,213	
Other Objects	2,000	1,384	3,384	3,384	
Total Custodial Services	<u>861,807</u>	<u>(145,071)</u>	<u>716,736</u>	<u>716,732</u>	<u>4</u>
Security:					
Purchased Professional and Technical Services		7,380	7,380	7,380	
General Supplies		5,403	5,403	5,403	
Total Security		<u>12,783</u>	<u>12,783</u>	<u>12,783</u>	
Total Operations and Maintenance of Plant Services	<u>1,158,691</u>	<u>(145,834)</u>	<u>1,012,857</u>	<u>1,012,835</u>	<u>22</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Other Salaries for Instruction	22,124	17,213	39,337	39,337	
Between Home & School - Regular		26,655	26,655	26,654	1
Between Home & School - Nonpublic Schools	250	(250)			
Health Benefits		1	1		1
Purchased Technical Services	2,142	119	2,261	2,260	1
Contracted Services:					
Aid in Lieu of Payment for Non-public School Students	90,640	29,232	119,872	119,872	
Special Education Students - Joint Agreements	274,268	91,628	365,896	365,896	
Special Education Students - ESC's and CSTAs	1,084,582	(13,024)	1,071,558	1,071,557	1
Misc. Purchased Services	26,272	2,889	29,161	29,161	
General Supplies		4,327	4,327	4,327	
Total Student Transportation Expenses	<u>1,500,278</u>	<u>158,790</u>	<u>1,659,068</u>	<u>1,659,064</u>	<u>4</u>
Unallocated Benefits:					
Social Security Contributions	150,030	(15,278)	134,752	134,752	
Other Retirement Contributions - PERS	130,391	(2,307)	128,084	128,084	
Unemployment Compensation	45,180	(45,180)			
Workmen's Compensation	68,200	2,819	71,019	71,019	
Health Benefits	1,800,449	(43,522)	1,756,927	1,829,133	(72,206)
Tuition Reimbursement	15,000	5,000	20,000	20,000	
Other Employee Benefits	36,400	4,850	41,250	41,249	1
Total Unallocated Benefits	<u>2,245,650</u>	<u>(93,618)</u>	<u>2,152,032</u>	<u>2,224,237</u>	<u>(72,205)</u>
On-Behalf Contributions:					
TPAF Post Retirement Medical Benefits (non-budgeted)				474,167	(474,167)
TPAF Long-term Disability Insurance				2,055	(2,055)
TPAF Pension Contributions (non-budgeted)				734,143	(734,143)
Reimbursed TPAF Social Security Contributions (non-budgeted)				394,267	(394,267)
Total On-Behalf Contributions				<u>1,604,632</u>	<u>(1,604,632)</u>
Total Personal Services - Employee Benefits	<u>2,245,650</u>	<u>(93,618)</u>	<u>2,152,032</u>	<u>3,828,869</u>	<u>(1,676,837)</u>
Total Undistributed Expenses	<u>15,665,368</u>	<u>(139,927)</u>	<u>15,525,441</u>	<u>17,201,790</u>	<u>(1,676,349)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>20,289,058</u>	<u>105,364</u>	<u>20,394,422</u>	<u>22,068,794</u>	<u>(1,674,372)</u>
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Required maintenance for school facilities		154,879	159,215	159,215	
Total Equipment		<u>154,879</u>	<u>159,215</u>	<u>159,215</u>	
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	27,043		27,043	27,043	
Total Facilities Acquisition and Construction Services	<u>27,043</u>		<u>27,043</u>	<u>27,043</u>	
TOTAL CAPITAL OUTLAY	<u>27,043</u>	<u>154,879</u>	<u>186,258</u>	<u>186,258</u>	
Total Expenditures	<u>20,316,101</u>	<u>264,579</u>	<u>20,580,680</u>	<u>22,255,052</u>	<u>(1,674,372)</u>
Deficiency of Revenues Under Expenditures	<u>(131,135)</u>	<u>(205,467)</u>	<u>(336,602)</u>	<u>(262,947)</u>	<u>(73,655)</u>

Borough of Edgewater School District

Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2018

C-1
Sheet #5

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Other Financing Sources :					
Operating Transfers (Out):					
Transfers In				\$ 293	\$ 293
Total Other Financing Sources (Uses)				<u>293</u>	<u>293</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	\$ (131,135)	\$ (205,467)	\$ (336,602)	(262,654)	(73,948)
Fund Balances, Beginning of Year	<u>1,584,469</u>		<u>1,584,469</u>	<u>1,584,469</u>	
Fund Balances, End of Year	<u>\$ 1,453,334</u>	<u>\$ (205,467)</u>	<u>\$ 1,247,867</u>	<u>\$ 1,321,815</u>	<u>\$ (73,948)</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (199,498)	\$ (125,000)	\$ (324,498)	\$ (250,550)	(73,948)
Interest Earned on Maintenance Reserve	10	(10)			-
Increase in Capital Reserve	67,353	(67,353)			-
Interest Deposit to Capital Reserve	1,000	(1,000)			-
Adjustment for prior year encumbrances		(12,104)	(12,104)	(12,104)	-
Total	<u>\$ (131,135)</u>	<u>\$ (205,467)</u>	<u>\$ (336,602)</u>	<u>\$ (262,654)</u>	<u>\$ (73,948)</u>
Recapitulation of fund balance:					
Restricted Fund Balance:					
Capital reserve				\$ 1,022,513	
Maintenance reserve				100,010	
Assigned to:					
Year end encumbrances				6,479	
Unassigned fund balance				<u>192,813</u>	
				1,321,815	
Reconciliation to Governmental Fund Statement (GAAP):					
Last state aid payments not recognized on GAAP basis				<u>(37,502)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 1,284,313</u>	

Borough of Edgewater School District

Budgetary Comparison Schedule
Special Revenue Fund
For The Year Ended June 30, 2018

C-2

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Revenues</u>					
State Sources	\$ 404,174	\$ (91,024)	\$ 313,150	\$ 279,352	\$ (33,798)
Federal Sources	363,098	120,887	483,985	483,985	-
Total Revenues	<u>767,272</u>	<u>29,863</u>	<u>797,135</u>	<u>763,337</u>	<u>(33,798)</u>
<u>Expenditures</u>					
Instruction:					
Salaries of teachers	\$ 303,109	\$ 76,060	\$ 379,169	\$ 379,169	
Salaries of supervisors of instruction	43,846		43,846	31,797	12,049
Other purchased services	11,567	(1,465)	10,102	8,134	1,968
Tuition	158,552	(3,521)	155,031	155,031	
Supplies and Materials	41,959	50,102	92,061	92,061	
Textbooks	922	283	1,205		1,205
Other objects		1,895	1,895	1,500	395
Total Instruction	<u>559,955</u>	<u>123,354</u>	<u>683,309</u>	<u>667,692</u>	<u>15,617</u>
Support Services:					
Salaries of family/parent liaison and community parent involvement specialists	68,000	(68,000)			
Employee Benefits	122,255	(76,277)	45,978	39,634	6,344
Purchased professional and technical services			32,300	25,732	6,568
Purchased professional and educational services	15,622	13,091	28,713	25,127	3,586
Other purchased services		3,940	3,940	3,350	590
Supplies and Materials		361	361		361
Other objects	1,440	1,094	2,534	1,802	732
Total Support Services	<u>207,317</u>	<u>(93,491)</u>	<u>113,826</u>	<u>95,645</u>	<u>18,181</u>
Total Expenditures	<u>767,272</u>	<u>29,863</u>	<u>797,135</u>	<u>763,337</u>	<u>33,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Borough of Edgewater School District

Required Supplementary Information
Budget-To-GAAP Reconciliation
Note to Required Supplementary Information
For The Year Ended June 30, 2018

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Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 21,992,105	\$ 763,337
Differences - Budgetary to GAAP:		
State Aid Payment Recognized for:		
GAAP statements, not recognized for budgetary purposes (prior year)	50,083	2,251
budgetary purposes, not recognized for GAAP statements (current year)	<u>(37,502)</u>	<u>(1,594)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 22,004,686</u>	<u>\$ 763,994</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 22,255,052</u>	<u>\$ 763,337</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 22,255,052</u>	<u>\$ 763,337</u>

Borough of Edgewater School District

Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For The Year Ended June 30, 2018

C-3
2 of 2

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the County office. Budgets are prepared using the modified accrual basis of accounting, The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest most specific level, of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year, All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget, which have been adjusted for legally authorized revisions of the annual budgets during the year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and GAAP, with the exception of the Special Revenue Fund, as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General and Special Revenue Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June State aid payments for the current year. Since the State is recording the June State aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

Borough of Edgewater School District
Special Revenue Fund

Combining Schedule of Revenues and Expenditures - Budgetary Basis

Year ended June 30, 2018

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	I.D.E.A.						
	<u>Title I</u>	<u>Title IIA</u>	<u>Title III Other</u>	<u>Title III Immigrant</u>	<u>Title IV</u>	<u>Part B</u>	<u>Preschool</u>
Revenues							
State Sources							
Federal Sources	\$ 214,098	\$ 25,127	\$ 32,562	\$ 36,878	\$ 2,482	\$ 172,088	\$ 750
Total Revenues	<u>\$ 214,098</u>	<u>\$ 25,127</u>	<u>\$ 32,562</u>	<u>\$ 36,878</u>	<u>\$ 2,482</u>	<u>\$ 172,088</u>	<u>\$ 750</u>
Expenditures							
Instruction:							
Salaries of teachers	\$ 141,550						
Tuition						\$ 155,031	
Supplies and Materials	8,914		\$ 29,212	\$ 36,878		17,057	
Other objects					\$ 1,500		
Total instruction	<u>150,464</u>		<u>29,212</u>	<u>36,878</u>	<u>1,500</u>	<u>172,088</u>	
Support services:							
Employee Benefits	39,634						
Purchased professional and technical services	24,000				982		\$ 750
Purchased professional and educational services		\$ 25,127					
Other purchased services			3,350				
Total support services	<u>63,634</u>	<u>25,127</u>	<u>3,350</u>		<u>982</u>		<u>750</u>
Total Expenditures	<u>\$ 214,098</u>	<u>\$ 25,127</u>	<u>\$ 32,562</u>	<u>\$ 36,878</u>	<u>\$ 2,482</u>	<u>\$ 172,088</u>	<u>\$ 750</u>

Borough of Edgewater School District
Special Revenue Fund

Combining Schedule of Revenues and Expenditures - Budgetary Basis

Year ended June 30, 2018

E-1
p.2
(continued)

	Preschool Education Aid	New Jersey Non - Public Aid			Total	
		Corrective Speech	Nursing	Technology Initiative		English as a Second Language
Revenues						
State Sources	\$ 269,416	\$ 1,786	\$ 1,802	\$ 1,650	\$ 4,698	\$ 279,352
Federal Sources						483,985
Total Revenues	<u>\$ 269,416</u>	<u>\$ 1,786</u>	<u>\$ 1,802</u>	<u>\$ 1,650</u>	<u>\$ 4,698</u>	<u>\$ 763,337</u>
Expenditures						
Instruction:						
Salaries of teachers	\$ 237,619					\$ 379,169
Salaries of supervisors of instruction	31,797					31,797
Other purchased services		\$ 1,786		\$ 1,650	\$ 4,698	8,134
Tuition						155,031
Supplies and Materials						92,061
Textbooks						1,500
Total instruction	<u>269,416</u>	<u>1,786</u>		<u>1,650</u>	<u>4,698</u>	<u>667,692</u>
Support services:						
Employee Benefits						39,634
Purchased professional and technical services						25,732
Purchased professional and educational services						25,127
Other purchased services						3,350
Other objects			\$ 1,802			1,802
Total support services			<u>1,802</u>			<u>95,645</u>
Total Expenditures	<u>\$ 269,416</u>	<u>\$ 1,786</u>	<u>\$ 1,802</u>	<u>\$ 1,650</u>	<u>\$ 4,698</u>	<u>\$ 763,337</u>

Borough of Edgewater School District
Special Revenue Fund
Pre-school Education Schedule of Expenditures
Budgetary Basis
For The Year Ended June 30, 2018

E-2

	Original Budget	Budget Transfers	Final Budgeted	Actual	Variance
EXPENDITURES					
Instruction:					
Salaries of teachers	\$ 177,983	\$ 59,636	\$ 237,619	\$ 237,619	
Salaries of supervisors of instruction	43,846	(12,049)	31,797	31,797	
Total Instruction	221,829	47,587	269,416	269,416	
Undistributed Expenditures:					
Salaries of family/parent liaison and community parent involvement specialists	68,000	(68,000)			
Employee Benefits	100,000	(100,000)	_____	_____	
Total Undistributed Expenditures	168,000	(168,000)	_____	_____	
Total Expenditures	\$ 389,829	\$ (120,413)	\$ 269,416	\$ 269,416	

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2017-18 Preschool Education Aid Allocation	\$ 15,944
Actual Preschool Education Aid Carryover (June 30, 2017)	253,472
Total Preschool Education Aid Funds Available for 2017-18 Budget	269,416
Less: 2016-17 Budgeted Preschool Education Aid (including prior year budgeted carryover)	269,416
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	-
Add: 2017-18 Unexpended Preschool Education Aid	-
2017-18 Actual Carryover - Preschool Education Aid	\$ -
2017-18 Preschool Education Aid Carryover Budgeted for 2018-19	\$ -

CAPITAL PROJECTS FUND

Borough of Edgewater School District

Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Year Ended June 30, 2018

F-1

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures Current Year</u>	<u>Expenditures Prior Year</u>	<u>Unexpended Balance June 30, 2018</u>
Construction of New George Washington School	12/08/2009	\$ 28,728,000		\$ 28,675,436	\$ 52,564
Emergency Generator at Eleanor Van Gelder School	01/06/2014	<u>441,500</u>		<u>415,381</u>	<u>26,119</u>
		<u>\$ 29,169,500</u>	<u>\$ -</u>	<u>\$ 29,090,817</u>	<u>\$ 78,683</u>

Borough of Edgewater School District

Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2018

F-2

Revenues and Other Financing Sources:	
Interest Revenue	\$ 293
Total Revenue and Other Financing Sources	<u>293</u>
Expenditures and Other Financing Uses:	
Construction Services	
Total Expenditures	<u>-</u>
Excess (Deficit) of Revenue over (under) Expenditures	<u>293</u>
Other Financing Sources (Uses):	
Transfer to General Fund	(293)
	<u>(293)</u>
Excess (Deficit) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-
Fund Balance - Beginning of Year	<u>78,683</u>
Fund Balance - Ending of Year	<u>\$ 78,683</u>
<u>Reconciliation to Fund Financial Statements</u>	
Fund balance, June 30, 2018 - budgetary basis	\$ 78,683
Less difference in grant revenue recognized	<u>(10,346)</u>
Fund balance, June 30, 2018 - GAAP basis	<u>\$ 68,337</u>

Borough of Edgewater School District

Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Status and Project Balance
 Budgetary Basis

Construction of a New Elementary School and Installation of
 Solar Panels at the Eleanor Van Gelder School
 From Inception Through June 30, 2018

F-2a

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources:				
Bond Proceeds and Transfers	\$ 28,728,000	\$	\$ 28,728,000	\$ 28,728,400
Total Revenue and Other Financing Sources	<u>28,728,000</u>	<u></u>	<u>28,728,000</u>	<u>28,728,400</u>
Expenditures:				
Salaries	88,260		88,260	100,000
Solar	48,543		48,543	68,000
New School	2,043,362		2,043,362	1,945,000
Legal Services:				
Solar	5,600		5,600	5,600
New School	53,665		53,665	150,000
Purchased Professional and Technical Services	297,368		297,368	270,800
Construction Services:				
Solar	289,000		289,000	368,000
New School	22,748,187		22,748,187	22,500,000
New School - Generator	677,066		677,066	
Other Purchased Services:				
Solar	1,039		1,039	36,800
New School	2,423,346		2,423,346	3,284,200
Total Expenditures	<u>28,675,436</u>	<u>-</u>	<u>28,675,436</u>	<u>28,728,400</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ 52,564</u>	<u>\$</u>	<u>\$ 52,564</u>	<u>\$</u>
Additional Project Information:				
Project Number - New School	1270-N01-09-1000			
Project Number - Solar	1270-050-09-1000			
Grant Date	N/A			
Bond Authorization Date	December 8, 2009			
Bonds Authorized	\$ 28,728,400			
Bonds Issued	\$ 28,728,000			
Original Authorized Cost	\$ 28,725,400			
Change Orders				
Revised Authorized Cost	\$ 28,728,400			
Change Order Percentage				
Percentage Completion	99.82%			
Original Target Completion Date	Not Readily Available			
Revised Target Completion Date	Not Readily Available			

Borough of Edgewater School District

Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Status and Project Balance
 Budgetary Basis
 Installation of Generator at the Eleanor Van Gelder School
 From Inception Through June 30, 2018

F-2b

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Project</u> <u>Authorization</u>
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ 176,500		\$ 176,500	\$ 176,500
Transfer from Capital Reserves	265,000		265,000	265,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue and Other Financing Sources	441,500	-	441,500	441,500
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Architect/Design	15,190		15,190	30,000
Legal Services	4,223		4,223	10,000
Construction Services	395,968		395,968	401,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	415,381	-	415,381	441,500
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ 26,119	\$ -	\$ 26,119	\$
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Additional Project Information:				
Project Number	1270-050-14-1008-G04			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 441,500			
Change Orders				
Revised Authorized Cost	\$ 441,500			
Change Order Percentage	N/A			
Percentage Completion	77.47%			
Original Target Completion Date	6/30/2016			
Revised Target Completion Date	Not Readily Available			

FIDUCIARY FUNDS

Borough of Edgewater School District

Fiduciary Fund
 Combining Statement of Net Position
 June 30, 2018

H-1

	Agency		
	Student Activity	Payroll	Total
Assets			
Cash and cash equivalents	\$ 24,670	\$ 51,861	\$ 76,531
Total assets	<u>\$ 24,670</u>	<u>\$ 51,861</u>	<u>\$ 76,531</u>
Liabilities			
Accounts payable		\$ 5,394	\$ 5,394
Payroll deductions and withholdings payable		43,967	43,967
Interfund payable		2,500	2,500
Due to student groups	\$ 24,670		24,670
Total liabilities	<u>\$ 24,670</u>	<u>\$ 51,861</u>	<u>\$ 76,531</u>

Borough of Edgewater School District

Combining Statement of Changes in Net Position
Fiduciary Fund
For The Year Ended June 30, 2018

H-2

NOT APPLICABLE

Borough of Edgewater School District

Student Activity Agency Fund
Statement of Activity
For Year Ended June 30, 2018

H-3

	<u>Balance, June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
Elementary Schools:				
Eleanor Van Gelder	\$ 22,083	\$ 46,388	\$ 46,266	\$ 22,205
George Washington	<u>1,735</u>	<u>7,753</u>	<u>7,023</u>	<u>2,465</u>
Total All Schools	<u>\$ 23,818</u>	<u>\$ 54,141</u>	<u>\$ 53,289</u>	<u>\$ 24,670</u>

See Independent Auditors' Report

Borough of Edgewater School District

Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For The Year Ended June 30, 2018

H-4

	Balance			Balance
	June 30, 2017	Additions	Deletions	June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 57,875	\$ 8,802,586	\$ 8,808,600	\$ 51,861
Total Assets	<u>\$ 57,875</u>	<u>\$ 8,802,586</u>	<u>\$ 8,808,600</u>	<u>\$ 51,861</u>
LIABILITIES				
Accounts payable	\$ 5,829	\$ 5,167,050	\$ 5,167,485	\$ 5,394
Payroll deductions and withholdings payable	45,294	3,635,536	3,636,863	43,967
Interfund payable	6,752		4,252	2,500
Total Liabilities	<u>\$ 57,875</u>	<u>\$ 8,802,586</u>	<u>\$ 8,808,600</u>	<u>\$ 51,861</u>

LONG-TERM DEBT

Borough of Edgewater School District

Long-Term Debt
Schedule of Serial Bonds
For the Year Ended June 30, 2018

I-1

Purpose	Date of Issue	Original Issue	Annual Maturities of Bonds Outstanding June 30, 2018		Interest Rate	Balance July 1, 2017	Issued	Retired or Matured	Balance June 30, 2018
			Date	Amount					
Eleanor Van Gelder School Roof Replacement	08/08/2007	\$ 665,000				\$ 75,000		\$ 75,000	
Construction of a New Elementary School and Installation of Solar Panels at the Eleanor Van Gelder School	05/20/2010	28,728,000	03/01/19 03/01/20	\$ 455,000 465,000	4.000% 4.000%	27,323,000		26,403,000	\$ 920,000
Refunding 2003 Series General Improvement Bonds	03/01/2013	3,080,000	09/01/18 09/01/19 09/01/20 09/01/21 09/01/22	345,000 360,000 370,000 375,000 375,000	3.000% 3.000% 4.000% 4.000% 4.000%	2,155,000		330,000	1,825,000
Refunding 2010 Series General Improvement Bonds	8/10/2017	26,565,000	03/01/19 03/01/20 03/01/21 03/01/22 03/01/23 03/01/24 03/01/25 03/01/26 03/01/27 03/01/28 03/01/29 03/01/30 03/01/31 03/01/32 03/01/33 03/01/34 03/01/35 03/01/36 03/01/37 03/01/38 03/01/39 03/01/40	15,000 20,000 510,000 535,000 570,000 1,020,000 1,070,000 1,120,000 1,170,000 1,220,000 1,265,000 1,325,000 1,380,000 1,425,000 1,480,000 1,530,000 1,590,000 1,640,000 1,705,000 1,775,000 1,840,000 1,910,000	3.000% 3.000% 3.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 3.000% 4.000% 3.000% 4.000% 3.125% 3.000% 3.000% 3.000% 3.000%				
							\$ 26,565,000	450,000	26,115,000
						\$ 29,553,000	\$ 26,565,000	\$ 27,258,000	\$ 28,860,000

Borough of Edgewater School District

Long-Term Debt
Schedule of Obligations Under Capital Leases
For The Year Ended June 30, 2018

I-2

NOT APPLICABLE

Borough of Edgewater School District

Budgetary Comparison Schedule
Debt Service Fund
For The Year Ended June 30, 2018

I-3

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Revenues</u>				
Local Sources:				
Local Tax Levy	\$ 1,888,577	\$ 1,888,577	\$ 1,888,578	\$ 1
State Sources:				
Debt Service Aid Type II	86,965	86,965	86,965	-
Total Revenues	<u>1,975,542</u>	<u>1,975,542</u>	<u>1,975,543</u>	<u>1</u>
<u>Expenditures</u>				
Regular Debt Service:				
Interest Payment	1,205,542	1,205,542	682,074	523,468
Redemption of Principal	770,000	770,000	1,220,000	(450,000)
Cost of Issuance			181,308	(181,308)
Total Regular Debt Service	<u>1,975,542</u>	<u>1,975,542</u>	<u>2,083,382</u>	<u>(107,840)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(107,839)</u>	<u>107,839</u>
Other Financing Sources (Uses)				
Refunding bonds issued			26,565,000	(26,565,000)
Premium on bonds issued			1,876,786	(1,876,786)
Payment to refunding bond escrow agent			(28,260,478)	28,260,478
Total other financing sources (uses)			<u>181,308</u>	<u>(181,308)</u>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)			<u>73,469</u>	<u>73,469</u>
Fund Balance, Beginning of Year	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 73,470</u>	<u>\$ 73,469</u>

INTRODUCTION TO THE STATISTICAL SECTION

STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2006.

FINANCIAL TRENDS

Borough of Edgewater School District

Net Position By Component
LAST TEN YEARS
(Accrual Basis of Accounting)
Unaudited

J-1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net investment in capital assets	\$ 4,942,981	\$ 5,188,665	\$ 5,518,375	\$ 5,857,262	\$ 5,585,748	\$ 5,201,403	\$ 776,791	\$ 17,074		
Restricted	3,552,692	3,488,846	26,012,480	6,988,746	2,944,373	2,762,562	1,853,943	1,486,751	\$ 1,390,349	\$ 1,264,330
Unrestricted	293,293	28,300	(22,537,284)	(4,029,920)	(313,469)	(173,383)	(2,030,229)	(2,753,138)	(3,457,669)	(5,413,046)
Total Governmental Activities Net Position	\$ 8,788,966	\$ 8,705,811	\$ 8,993,571	\$ 8,816,087	\$ 8,216,652	\$ 7,790,582	\$ 600,505	\$ (1,249,313)	\$ (2,067,320)	\$ (4,148,716)
Business-Type Activities										
Net investment in capital assets	\$ 2,695	\$ 2,479	\$ 2,263	\$ 2,047	\$ 1,831	\$ 1,615	\$ 1,399	\$ 1,183	\$ 967	\$ 751
Unrestricted	35,664	49,169	60,851	81,162	322,601	390,106	577,270	544,044	397,358	98,909
Total Business-Type Activities Net Position	\$ 38,359	\$ 51,648	\$ 63,114	\$ 83,209	\$ 324,432	\$ 391,721	\$ 578,669	\$ 545,227	\$ 398,325	\$ 99,660
Government-Wide:										
Net investment in capital assets	\$ 4,945,676	\$ 5,191,144	\$ 5,520,638	\$ 5,859,309	\$ 5,587,579	\$ 5,203,018	\$ 778,190	\$ 18,257	\$ 967	\$ 751
Restricted	3,552,692	3,488,846	26,012,480	6,988,746	2,944,373	2,762,562	1,853,943	1,486,751	1,390,349	1,264,330
Unrestricted	328,957	77,469	(22,476,433)	(3,948,759)	9,132	216,723	(1,452,959)	(2,209,093)	(3,060,311)	(5,314,137)
Total District Net Position	\$ 8,827,325	\$ 8,757,459	\$ 9,056,685	\$ 8,899,296	\$ 8,541,084	\$ 8,182,303	\$ 1,179,174	\$ (704,085)	\$ (1,668,995)	\$ (4,049,056)

Source: CAFR Schedule A-1 and District Reports

Borough of Edgewater School District

Net Position By Component
LAST TEN YEARS
(Accrual Basis of Accounting)
Unaudited

J-2
Sheet 1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Government Activities Instruction:										
Regular	\$ 3,122,285	\$ 3,303,923	\$ 3,422,408	\$ 3,575,466	\$ 3,892,617	\$ 4,006,589	\$ 4,723,302	\$ 4,871,840	\$ 6,527,759	\$ 7,937,022
Special Education	647,845	575,935	440,727	558,763	718,988	1,282,620	1,103,161	1,613,187	1,265,663	1,848,632
Other Special Instruction	341,887	537,482	502,098	432,766	412,523	371,600	498,542	348,981	310,137	512,939
Other Instruction	35,864	25,141	51,608	40,843		2,277	22,176	29,214	27,552	26,806
Support Services:										
Tuition	5,289,052	5,466,774	5,804,159	6,395,141	6,472,243	6,824,783	6,956,574	7,721,550	8,628,019	8,169,206
Student & Instruction Related Services	1,308,713	1,411,433	1,372,698	1,403,583	1,294,741	1,161,145	1,498,292	1,665,152	2,348,533	2,354,975
General Administration Services	255,315	327,550	306,579	210,194	259,404	439,263	448,325	607,331	521,285	636,341
School Administrative Services	162,069	261,572	203,485	180,058	272,105	542,323	561,341	497,295	507,355	659,510
Central Services	220,859	248,647	283,399	313,520	379,909	385,104	378,193	363,084	406,665	590,283
Administrative Information Technology	68,140	72,743	98,598	89,455	112,826	12,778	12,698	6,050		
Plant Operations and Maintenance	817,827	758,260	695,498	625,558	1,113,816	1,134,938	1,367,696	1,253,568	1,585,199	1,618,067
Pupil Transportation	896,694	925,277	929,443	989,317	1,048,643	1,351,962	1,448,681	1,506,819	1,692,283	1,934,947
Special Schools	3,486	18,838	18,135	20,466		17,467	5,333	-	-	-
Transfer of Funds to Charter Schools		72,114	78,454	38,042	22,431	8,867	-	-	-	-
State Assessment on EDA Grants		21,974	12,779	17,538	17,538	27,043	25,912	27,043	-	-
Interest on Long-Term Debt	244,732	360,455	1,224,989	1,366,140	1,292,172	1,286,190	1,439,937	1,240,054	1,220,154	2,976,417
Unallocated Depreciation	241,035	244,055	257,290	271,113	1,011,514	1,044,345	5,257,189	1,032,360	-	-
Total Governmental Activities Expenses	13,655,803	14,610,199	15,711,542	16,523,206	18,321,469	19,899,292	25,747,351	22,783,528	25,040,604	29,265,145
Business-Type Activities:										
Food Service	145,114	172,402	176,593	207,522	254,786	264,873	280,095	276,209	568,781	380,658
Pre-K					395,312	529,723	352,633	435,235	309,392	737,487
Total Business-Type Activities Expenses	145,114	172,402	176,593	207,522	650,098	794,597	632,728	711,444	878,173	1,118,145
Total District-wide Expenses	13,800,917	14,782,601	15,888,135	16,730,728	18,971,567	20,693,889	26,380,079	23,494,973	25,918,777	30,383,290
Program Revenues										
Governmental Activities:										
Charges for Services	47,695	66,649								
Operating Grants and Contributions	1,733,382	1,788,783	791,842	846,298	948,260	879,193	1,101,691	881,472	1,049,682	763,994
Capital Grants and Contributions								264,517	29,336	
Total Governmental Activities	1,781,077	1,855,432	791,842	846,298	948,260	879,193	1,101,691	1,145,989	1,079,018	763,994
Business Type Activities:										
Charges for Services:										
Food Service	110,611	130,764	130,444	147,321	156,168	188,117	202,868	202,651	433,800	227,309
Pre-K					654,072	579,600	493,177	361,600	202,969	489,950
Capital Grants and Contributions - Food Service & Preschool	46,546	54,833	57,760	80,225	81,006	93,789	123,045	112,773	94,502	95,788
Total Business Type Activities	157,157	185,597	188,204	227,545	891,246	861,506	819,090	677,023	731,271	813,047
Total District-wide Program Revenues	1,938,234	2,041,029	980,046	1,073,843	1,839,506	1,740,700	1,920,781	1,823,013	1,810,289	1,577,041
Net (Expense) Revenue										
Governmental Activities	(11,874,726)	(12,754,767)	(14,919,701)	(15,676,909)	(17,373,209)	(19,020,099)	(24,645,660)	(21,637,539)	(23,961,586)	(28,501,151)
Business-Type Activities	12,043	13,195	11,611	20,024	241,148	66,909	186,361	(34,421)	(146,902)	(305,098)
Total District-Wide Net (Expense)	\$ (11,862,683)	\$ (12,741,572)	\$ (14,908,089)	\$ (15,656,885)	\$ (17,132,062)	\$ (18,953,190)	\$ (24,459,299)	\$ (21,671,960)	\$ (24,108,488)	\$ (28,806,249)

Borough of Edgewater School District

Net Position By Component
LAST TEN YEARS
(Accrual Basis of Accounting)
Unaudited

J-2
Sheet 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>General Revenue and Other Changes in Net Positions</u>										
Governmental Activities										
Property Taxes - General Purpose, Net	\$ 11,666,842	\$ 11,741,879	\$ 12,154,377	\$ 12,739,891	\$ 14,254,469	\$ 15,632,668	\$ 16,582,328	\$ 18,153,303	\$ 18,695,192	\$ 19,069,096
Taxes Levied for Debt Service	730,728	663,320	2,392,641	1,854,451	1,067,270	1,731,143	1,878,556	1,878,700	1,888,284	1,888,578
Unrestricted Grants and Contributions	243,058	112,011	508,663	898,850	1,249,592	1,064,077	1,156,921	1,118,630	2,513,303	5,348,605
Interest and Miscellaneous Income	193,069	154,402	227,054	72,433	202,444	166,140	134,915	359,665	46,800	113,476
Unrecorded Prior Year Expenditures				(45,959)						
Cancelation of Grants Receivable			(75,275)							
Transfers				(20,240)						
Total Governmental Activities General Revenues and Other Changes	12,833,697	12,671,612	15,207,460	15,499,426	16,773,775	18,594,028	19,752,720	21,510,297	23,143,579	26,419,755
Business-Type Activities:										
Investment Earnings		94	70	71	75	380	587	979	-	6,433
Transfers										
Total Business-type Activities General Revenues and Other Changes			70	71	75	380	587	979	-	6,433
Total District-Wide General Revenues and Other Changes in Net Position	12,482,053	12,833,697	15,207,530	15,499,497	16,773,850	18,594,408	19,753,307	21,511,276	23,143,579	26,419,755
<u>Change in Net Positions</u>										
Governmental Activities	958,971	(83,155)	287,760	(177,483)	(599,435)	(426,071)	(4,892,949)	(127,242)	(818,007)	(2,081,396)
Business-type Activities	12,043	13,289	11,681	20,095	241,223	67,289	186,948	(33,442)	(146,902)	(298,665)
Total District-wide Change in Net Position	\$ 971,014	\$ (69,866)	\$ 299,441	\$ (157,388)	\$ (358,212)	\$ (358,781)	\$ (4,706,001)	\$ (160,684)	\$ (964,909)	\$ (2,380,061)

Source: CAF Schedule A-2 and District records

Borough of Edgewater School District

Net Position By Component
LAST TEN YEARS
(Accrual Basis of Accounting)
Unaudited

J-3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 3,327,262	\$ 3,299,978								
Unreserved	575,348	408,884								
Restricted			\$ 2,480,182	\$ 1,874,038	\$ 2,305,131	\$ 2,423,454	\$ 1,801,377	\$ 1,326,957	\$ 1,322,011	\$ 1,122,523
Assigned								7,768	12,104	6,479
Unassigned			451,141	513,081	421,614	291,136	326,673	408,806	200,271	155,311
Total General Fund	<u>\$ 3,902,610</u>	<u>\$ 3,708,862</u>	<u>\$ 2,931,323</u>	<u>\$ 2,387,119</u>	<u>\$ 2,726,745</u>	<u>\$ 2,714,589</u>	<u>\$ 2,128,050</u>	<u>\$ 1,743,531</u>	<u>\$ 1,534,386</u>	<u>\$ 1,284,313</u>
All Other Governmental Funds:										
Reserved		\$ 41,006								
Restricted for:										
Capital Projects Funds	\$ 194,423	28,455,235	\$ 23,807,614	\$ 4,229,338	\$ 725,563	\$ 339,108	\$ 52,566	\$ 152,025	\$ 68,337	\$ 68,337
Debit Service Fund	35,091	2,450	753,681	890,931	137,249			1	1	73,470
Unassigned (Deficit), reported in:										
Special Revenue Fund	(4,084)	(8,005)	(1,328)	(5,561)					(2,251)	(1,594)
Total All Other Governmental Funds	<u>\$ 225,430</u>	<u>\$ 28,490,686</u>	<u>\$ 24,559,967</u>	<u>\$ 5,114,708</u>	<u>\$ 862,812</u>	<u>\$ 339,108</u>	<u>\$ 52,566</u>	<u>\$ 152,026</u>	<u>\$ 66,087</u>	<u>\$ 140,213</u>
Total Governmental Funds	<u>\$ 4,128,040</u>	<u>\$ 32,199,548</u>	<u>\$ 27,491,290</u>	<u>\$ 7,501,827</u>	<u>\$ 3,589,557</u>	<u>\$ 3,053,698</u>	<u>\$ 2,180,616</u>	<u>\$ 1,895,557</u>	<u>\$ 1,600,473</u>	<u>\$ 1,424,526</u>

Source: CAFR Schedule B-1 and District records.

GASB #54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years. Prior years have not been restated above.

Borough of Edgewater School District

Change in Fund Balances-Governmental Funds
LAST TEN YEARS
(Modified Accrual Basis of Accounting)
Unaudited

J-4

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Tax Levy	\$ 12,397,570	\$ 12,405,199	\$ 14,547,018	\$ 14,594,342	\$ 15,321,739	\$ 17,363,811	\$ 18,460,884	\$ 20,032,003	\$ 20,583,476	\$ 20,957,674
Tuition Charges	47,695	66,649								
Interest Earnings	36,225	16,398	2,107	1,162	983	638	3,363	4,035	88	16,140
Miscellaneous	156,844	137,808	224,947	71,271	91,461	167,145	131,552	355,630	46,712	97,336
State Sources	1,764,271	1,493,351	1,070,741	1,488,599	1,999,152	1,772,050	2,012,841	1,747,057	3,114,859	3,189,381
Federal Sources	212,169	407,443	229,764	256,548	198,699	169,579	245,772	517,562	475,211	483,985
Total Revenues	<u>14,614,774</u>	<u>14,526,848</u>	<u>16,074,577</u>	<u>16,411,922</u>	<u>17,612,034</u>	<u>19,473,222</u>	<u>20,854,411</u>	<u>22,656,286</u>	<u>24,220,346</u>	<u>24,744,516</u>
Expenditures										
Instruction:										
Regular	2,284,748	2,476,753	2,554,507	2,568,775	2,785,103	2,869,575	3,455,434	3,715,804	4,257,917	4,314,327
Special	540,709	462,953	319,472	390,467	494,014	925,445	760,330	1,237,052	825,386	944,580
Other Special	247,679	392,477	362,812	301,240	283,047	257,317	343,610	253,286	202,252	262,092
Other Instruction	26,276	19,181	37,238	28,613		1,575	15,285	21,287	18,034	13,697
Support Services:										
Tuition	5,289,052	5,466,774	5,804,159	6,395,141	6,472,243	6,824,783	6,956,574	7,721,550	8,628,019	8,169,206
Student and Instruction Related Services	1,081,518	1,095,363	1,146,240	1,095,584	1,048,576	960,578	1,190,105	1,368,861	1,898,686	1,584,174
General Administrative Services	227,339	306,046	272,296	176,329	222,763	375,538	381,498	524,946	365,651	379,775
School Administrative Services	121,833	197,829	148,041	126,250	187,786	376,710	388,199	362,218	322,933	340,354
Central Services	181,043	202,034	211,917	223,365	267,408	275,941	276,972	282,140	278,403	316,722
Administrative Information Technology	54,984	59,223	77,318	66,052	108,061	12,778	11,219	6,050	4,555	6,436
Plant Operations and Maintenance	595,124	708,888	617,579	527,239	912,007	961,416	1,146,169	1,064,200	1,065,448	1,012,835
Pupil Transportation	866,775	904,391	896,193	955,617	1,020,663	1,298,761	1,431,702	1,494,738	1,466,841	1,659,064
Unallocated Benefits	1,471,438	1,653,241	1,635,813	1,956,309	2,141,430	2,380,351	2,799,533	2,301,158	3,064,896	3,828,869
Special Schools	2,501	13,676	13,050	14,231		12,080	3,675			
Transfer Funds to Charter Schools		72,114	78,454	38,042	22,431	8,867				
Capital Outlay	369,987	426,182	4,816,356	19,487,006	3,631,813	519,289	601,272	621,339	100,383	186,258
Cost of issuance										181,308
Debt Service:										
Principal	540,000	500,000	587,000	610,000	630,000	660,000	700,000	720,000	750,000	1,220,000
Interest and Other Charges	244,481	226,411	1,129,117	1,374,926	1,296,958	1,288,079	1,265,917	1,246,717	1,226,342	682,074
Total Expenditures	<u>14,145,487</u>	<u>15,183,536</u>	<u>20,707,560</u>	<u>36,335,187</u>	<u>21,524,304</u>	<u>20,009,082</u>	<u>21,727,493</u>	<u>22,941,345</u>	<u>24,475,746</u>	<u>25,101,771</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>469,287</u>	<u>(656,688)</u>	<u>(4,632,983)</u>	<u>(19,923,265)</u>	<u>(3,912,269)</u>	<u>(535,859)</u>	<u>(873,081)</u>	<u>(285,059)</u>	<u>(255,401)</u>	<u>(357,255)</u>
Other Financial Sources (Uses)										
Transfers In	13,172	9,605	49,147		2,980	637	117	265,057	88	293
Transfers Out	(13,172)	(9,605)	(49,147)	(20,240)	(2,980)	(637)	(117)	(265,057)	(88)	(293)
Cancellation of Grant Receivable and Payables			(75,275)						(39,684)	
Unrecorded Prior Year Expenditures				(45,959)						
Payment to Refunding Bond Escrow Agent										(28,260,478)
Premium on Sale of Bonds		196								1,876,786
Bond Proceeds		28,728,000								26,565,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>28,728,196</u>	<u>(75,275)</u>	<u>(66,199)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,684)</u>	<u>181,308</u>
Net Change in Fund Balances	<u>\$ 469,287</u>	<u>\$ 28,071,508</u>	<u>\$ (4,708,258)</u>	<u>\$ (19,989,463)</u>	<u>\$ (3,912,269)</u>	<u>\$ (535,859)</u>	<u>\$ (873,081)</u>	<u>\$ (285,059)</u>	<u>\$ (295,085)</u>	<u>\$ (175,947)</u>
Debt Service as Percentage of Noncapital Expenditures	6.0%	4.9%	10.8%	11.8%	10.8%	10.0%	9.3%	8.7%	8.8%	8.3%

Source: Borough of Edgewater School District Financial Reports.

See Independent Auditors' Report

Borough of Edgewater School District

General Fund - Other Local Revenue by Source
 LAST TEN YEARS
 (Modified Accrual Basis of Accounting)
 Unaudited

J-5

<u>Fiscal Year</u> <u>Ending June 30.</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Rental - Use</u> <u>of Facilities</u>	<u>Medical</u> <u>Contributions</u>	<u>Prior Year</u> <u>Reimbursements</u>	<u>Prior Year</u> <u>Voides</u>	<u>Club</u> <u>Fees</u>	<u>Other</u>	<u>Total</u>
2009	\$ 47,695	\$ 23,053	\$ 30,000					\$ 126,844	\$ 144,589
2010	66,649	6,989	30,000					107,808	227,592
2011		68,934	10,000	\$ 53,625	\$ 18,206			74,182	211,446
2012		2,200			22,500			15,921	40,621
2013		5,136	15,000					22,356	42,492
2014		3,580		3,766				160,436	167,782
2015		3,363						131,426	134,789
2016		4,035	24,000		85,381	\$ 211,541	\$ 13,820	20,888	359,665
2017		88			1,056			45,568	46,712
2018		16,140						97,043	113,183

Source: Borough of Edgewater School District records

REVENUE CAPACITY

Borough of Edgewater School District

Assessed Value and Estimated Actual Value of Taxable Property
LAST TEN YEARS
Unaudited

J-6

Year Ended June 30	Land Vacant	Residential	Commercial	Industrial	Apartments	Total Assessed Value	Add Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2009	\$ 49,105,400	\$ 1,786,728,700	\$ 618,395,300	\$ 42,425,700	\$ 511,108,800	\$ 3,007,763,900	\$ 1,150,145	\$ 3,008,914,045	\$ 221,474,700	\$ 0.41	\$ 2,908,422,685
2010	47,424,500	1,771,314,100	611,067,900	42,049,000	488,763,400	2,960,618,900	1,450,701	2,962,069,601	222,611,000	0.455	2,894,436,437
2011	45,227,200	1,463,121,400	581,383,500	30,204,400	478,473,100	2,598,409,600	1,259,173	2,599,668,773	211,990,500	0.561	2,821,205,491
2012	45,227,200	1,466,104,500	578,261,800	30,204,400	479,814,600	2,599,612,500	1,188,586	2,600,801,086	215,832,700	0.577	2,979,498,567
2013	53,129,100	1,483,198,300	572,208,300	25,614,400	489,200,000	2,623,350,100	1,342,815	2,624,692,915	215,825,000	0.616	3,015,344,943
2014	42,707,100	1,509,306,200	590,875,500	25,614,400	489,009,900	2,657,513,000	1,409,977	2,658,922,977	215,825,200	0.670	3,021,486,850
2015	60,858,500	1,570,040,600	605,247,900	25,614,400	480,777,600	2,742,539,000	1,597,567	2,744,136,607	217,951,600	0.711	3,141,467,580
2016	89,097,900	1,644,915,900	592,568,500	25,614,400	460,069,100	2,812,265,800	1,575,594	2,812,265,800	217,864,300	0.722	3,352,389,394
2017	49,981,100	1,665,841,800	620,284,700	25,614,400	534,740,200	2,896,462,200	1,567,489	2,896,462,200	217,928,400	0.717	3,621,299,388
2018	76,150,100	1,800,727,000	587,567,400	25,614,400	457,899,700	2,947,958,600	Not available	2,947,968,000	Not available	0.726	3,821,748,979

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

^a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

^b - Tax rates are per \$100 of assessed value.

* - Revaluation effective in this year.

N/A - Not Provided

Source: Borough of Edgewater Tax Assessor.

Borough of Edgewater School District

Direct and Overlapping Tax Rates
LAST TEN YEARS
Unaudited
(Rate per \$100 of Assessed Value)

J-7

Year Ended June 30,	Borough of Edgewater School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Edgewater	Bergen County	
2009	\$ 0.386	\$ 0.024	\$ 0.410	\$ 0.560	\$ 0.180	\$ 1.150
2010	0.431	0.024	0.46	0.581	0.19	1.225
2011	0.469	0.092	0.56	0.700 **	0.22	1.480 *
2012	0.490	0.087	0.58	0.732	0.26	1.556
2013	0.543	0.073	0.62	0.740	0.27	1.626
2014	0.595	0.075	0.67	0.766	0.26	1.701
2015	0.624	0.087	0.71	0.771	0.28	1.755
2016	0.662	0.060	0.77	0.766	0.29	1.779
2017	0.665	0.067	0.72	0.774	0.31	1.800
2018	0.658	0.068	0.73	0.787	0.32	1.833

Note: N.J.S.A. 18A:7F-5D limits the amount that the District can submit for a General Fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the pre-budget year net budget by more than the spending growth limitation calculation.

^a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

^b - Rates for debt service are based on each year's requirements.

* - Reflects revaluation of real property.

** Includes Library

Source: Borough of Edgewater Tax Collector and School Business Administrator

Borough of Edgewater School District

Principal Property Taxpayers
CURRENT YEAR
Unaudited

J-8

<u>2018</u>		
Taxpayer	<u>Taxable Assessed Valuation</u>	<u>% of Total District's Net Assessed Value</u>
Not available	Not available	Not available
Not available	Not available	Not available
Not available	Not available	Not available
Not available	Not available	Not available
Not available	Not available	Not available
Not available	Not available	Not available
Not available	Not available	Not available
Not available	Not available	Not available
Not available	Not available	Not available
Not available	Not available	Not available
Total	<u>\$ -</u>	<u>0.00%</u>

Source: Borough of Edgewater Tax Assessor.

Borough of Edgewater School District

Property Tax Levies and Collections
LAST TEN YEARS
Unaudited

J-9

Collected Within the Fiscal Year of the Levy^a

<u>Fiscal Year Ended June 30</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>
2009	\$ 12,397,570	\$ 12,397,570	100.00%	\$ -
2010	12,405,199	12,405,199	100.00%	-
2011	14,547,018	14,547,018	100.00%	-
2012	14,594,342	14,594,342	100.00%	-
2013	15,321,739	15,321,739	100.00%	-
2014	17,363,811	17,363,811	100.00%	-
2015	18,460,884	18,460,884	100.00%	-
2016	20,282,952	20,282,952	100.00%	-
2017	20,583,476	20,583,476	100.00%	-
2018	20,957,674	20,957,674	100.00%	-

^a - School taxes are collected by the Municipal Tax Collector. Under New Jersey State statute, a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: Borough of Edgewater School District records, including the Certificate and Report of Report of School Taxes (A4F form).

DEBT CAPACITY

Borough of Edgewater School District

Ratios of Outstanding Debt by Type
LAST TEN YEARS
Unaudited

J-10

<u>Fiscal Year Ended June 30,</u>	<u>Governmental Activities</u>		<u>Total District</u>	<u>Percentage of Personal Income^a</u>	<u>Per Capita^b</u>
	<u>General Obligation Bonds</u>	<u>Bond Anticipation Notes (BANs)</u>			
2009	\$ 6,092,000		\$ 6,092,000	0.94%	\$ 636.04
2010	34,320,000	\$ 1,000,000	35,320,000	5.42%	3,669.99
2011	33,733,000		33,733,000	4.44%	2,929.99
2012	33,123,000		33,123,000	4.19%	2,857.89
2013	32,383,000		32,383,000	4.03%	2,704.89
2014	31,723,000		31,723,000	3.70%	2,645.35
2015	31,023,000		31,023,000	3.44%	2,513.41
2016	30,653,000		30,653,000	3.30%	2,547.20
2017	29,553,000		29,553,000	2.94%	2,389.47
2018	28,860,000		28,860,000	Not available	Not available

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements

^a - See J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: Borough of Edgewater School District Financial Reports.

Borough of Edgewater School District

Ratios of General Bonded Debt Outstanding
LAST TEN YEARS
Unaudited

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	\$ 6,092,000		\$ 6,092,000	0.202%	\$ 636.04
2010	34,320,000		34,320,000	1.141%	3,566.08
2011	33,733,000		33,733,000	1.30%	2,929.99
2012	33,123,000		33,123,000	1.27%	2,857.89
2013	32,383,000		32,383,000	1.23%	2,704.89
2014	31,723,000		31,723,000	1.19%	2,645.35
2015	31,023,000		31,023,000	1.13%	2,513.41
2016	30,653,000		30,653,000	1.12%	2,547.20
2017	29,553,000		29,553,000	0.73%	2,389.47
2018	28,860,000		28,860,000	N/A	N/A

Note: Details regarding the District's outstanding debt can be found in the Notes to Financial Statements.

^a - See J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

^b - See J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Borough of Edgewater School District Financial Reports.

Borough of Edgewater School District

Ratios of Overlapping Governmental Activities Debt
As of June 30, 2018

Unaudited

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Edgewater	Not available	Not available	Not available
Bergen County General Obligation Debt			Not available
Total Overlapping Debt			Not available
Borough of Edgewater School District Direct Debt			Not available
Total Direct and Overlapping Debt			Not available
 N/A			

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that are borne by residents and businesses of the Borough of Edgewater. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

^a - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the District's boundaries and dividing it by each unit's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Bergen County Board of Taxation; debt outstanding data provided by each governmental unit.

Borough of Edgewater School District

Legal Debt Margin Information
LAST TEN YEARS
Unaudited

J-13

Legal Debt Margin Calculation for Fiscal Year 2018

<u>Year</u>	<u>Equalized Valuation Basis</u>
2018	\$ 4,064,819,927
2017	3,678,678,857
2016	<u>3,432,841,821</u>
	<u>\$ 11,176,340,605</u>
Average Equalized Valuation of Taxable Property	<u>\$ 3,725,446,868</u>
Debt Limit (2.5% of Average Equalization Value) ^a	\$ 93,136,172
Net Bonded School Debt as of December 31, 2018	<u>28,860,000</u>
Legal Debt Margin	<u>\$ 64,276,172</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 69,785,664	\$ 70,463,535	\$ 71,937,878	\$ 73,334,349	\$ 73,871,578	\$ 73,809,045	\$ 75,526,865	\$ 74,822,133	\$ 81,830,530	\$ 93,136,172
Total Net Debt Applicable to Limit	<u>34,320,000</u>	<u>34,320,000</u>	<u>33,733,000</u>	<u>33,123,000</u>	<u>32,383,000</u>	<u>31,723,000</u>	<u>31,023,000</u>	<u>30,303,000</u>	<u>29,553,000</u>	<u>28,860,000</u>
Legal Debt Margin	<u>\$ 35,465,664</u>	<u>\$ 36,143,535</u>	<u>\$ 38,204,878</u>	<u>\$ 40,211,349</u>	<u>\$ 41,488,578</u>	<u>\$ 42,086,045</u>	<u>\$ 44,503,865</u>	<u>\$ 44,519,133</u>	<u>\$ 52,277,530</u>	<u>\$ 64,276,172</u>
Total Net Debt applicable to the Limit as a Percentage of Debt Limit	12.12%	10.97%	8.98%	49.18%	44.16%	42.94%	42.03%	40.59%	39.97%	30.99%

^a - Limit set by N.J.S.A. 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts.

Source: Equalized valuation bases were provided by the Annual Report of the State of New Jersey. Department of Treasury, Division of Taxation.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Borough of Edgewater School District

Demographic and Economic Statistics
LAST TEN YEARS
Unaudited

J-14

<u>Year</u>	<u>Borough Population^a</u>	<u>Bergen County Per Capita Personal Income^b</u>	<u>Borough Personal Income^c</u>	<u>Borough Unemployment Rate^d</u>
2009	9,624	64,388	651,506,304	8.40%
2010	11,526	63,198	728,420,148	8.60%
2011	11,590	65,486	758,982,740	8.40%
2012	11,972	66,096	791,301,312	8.60%
2013	11,992	66,985	803,284,120	7.70%
2014	12,343	69,495	857,776,785	6.40%
2015	12,034	70,498	847,372,932	6.00%
2016	12,044	73,536	885,667,584	5.60%
2017	12,368	81,203	1,004,318,704	7.70%
2018	Not available	Not available	Not available	Not available

* - Latest Bergen County per capita personal income available (2017) was used for calculation purposes.

Source:

^a - Population information provided by the US Department of Census - Population Division.

^b - Per Capita Personal Income provided by the US Department of Commerce - Bureau of Economic Analysis

^c - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

^d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

Borough of Edgewater School District

Principal Employers
CURRENT YEAR AND
TEN YEARS AGO
Unaudited

J-15

2018			2009		
<u>Employer</u>	<u>Employees</u>	<u>% of Total Municipal Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>% of Total Municipal Employment</u>
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*

NOTE:

The District was unsuccessful in its attempts to obtain information regarding the principal employers of the Borough of Edgewater.

*Information not available

Borough of Edgewater School District

Full-Time Equivalent District Employees by Function/Program
LAST TEN YEARS
Unaudited

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>J-16</u>
<u>Function/Program</u>											
Instruction											
Regular	36.0	36.0	44.5	46.5	47.0	48.0	52.7	54.2	56.4	58.4	
Special Education	4.0	4.0	6.0	6.0	8.0	8.0	8.6	8.6	9.6	9.6	
Other Special Education	4.0	4.0	5.0	5.0	5.0	5.0				7.0	
Other Instruction	1.0	1.0	1.0	1.0	1.0	1.0	4.0	6.0	8.0		
Support Services:											
Student & Instruction Related Services	5.5	5.5	6.5	6.5	6.5	7.0	29.1	28.0	27.0	27.2	
General Administration Services	1.5	1.5	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	
School Administration Services	2.0	2.0	2.0	2.0	2.0	2.0	5.6	5.6	5.6	5.6	
Central Services	3.0	3.0	3.5	3.5	4.0	5.0	3.8	3.0	3.0	3.0	
Administration Information Technology	1.0	1.0	1.5	1.5	2.0	2.0	0.0	0.0	0.0	0.0	
Plant Operations and Maintenance	5.0	5.0	5.0	5.0	12.5	14.0	14.0	12.5	12.5	12.5	
Career Life Skills											
Total	<u>58.2</u>	<u>63.0</u>	<u>63.0</u>	<u>78.0</u>	<u>89.0</u>	<u>94.0</u>	<u>119.8</u>	<u>119.9</u>	<u>124.1</u>	<u>125.3</u>	

Source: Borough of Edgewater District Personnel Records

OPERATING INFORMATION

Borough of Edgewater School District

Operating Statistics
LAST TEN YEARS
Unaudited

J-17

Enrollment - Grades

Fiscal Year	<u>Pre-K-6</u>	<u>7-12</u>	<u>Operating Expenditures^a</u>	<u>Cost per Pupil^b</u>	<u>Percentage Change</u>	<u>Teaching Staff^c</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)^d</u>	<u>Average Daily Attendance (ADA)^d</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2009	488	269	\$ 12,991,019	\$ 17,161	-4.32%	36	13.56:1	486	463	9.21%	95.27%
2010	597	295	14,030,943	15,730	-8.34%	36	16.50:1	594	566	22.22%	95.29%
2011	628	325	14,197,062	14,897	-5.30%	44.5	14.11:1	618.8	590.8	4.42%	95.57%
2012	656	337	14,614,975	14,718	-1.20%	46.5	14.11:7	663.7	634.2	7.00%	95.50%
2013	780	343	15,717,584	13,996	-4.90%	47	16.3:1	764.8	731.3	15.00%	95.60%
2014	808	381	17,339,394	14,583	10.31%	48	16.8:1	865	826.5	13.07%	95.97%
2015	905	379	18,901,616	14,721	0.90%	53	17.1:1	907.4	867.1	4.90%	95.55%
2016	906	381	19,462,818	15,122	2.72%	54	16.8:1	905.9	870.2	0.00%	96.06%
2017	903	372	22,398,661	17,568	16.17%	56	16.1:1	906.4	862.3	0.00%	95.14%
2018	976	414	22,832,131	16,426	-6.50%	58	16.8:1	956.7	907.2	5.55%	94.84%

Note: Enrollment based on annual October District count.

^a - Operating expenditures equal total expenditures less debt service and capital outlay.

^b - Cost per pupil represents operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

^c - Teaching staff includes only full-time equivalents of certificated staff.

^d - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Borough of Edgewater School District Records

Borough of Edgewater School District

School Building Information
LAST TEN YEARS
Unaudited

J-18

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>										
<u>Elementary</u>										
George Washington School (2012):										
Square Feet	23,155	23,155	N/A	N/A	100,000	100,000	100,000	100,000	100,000	100,000
Capacity (students)	350	350	N/A	N/A	925	925	925	925	925	925
Enrollment	N/A	N/A	N/A	N/A	423	460	525	508	488	488
Eleanor Van Gelder School (1914):										
Square Feet	63,941	63,941	63,941	63,941	63,941	63,941	63,941	63,941	63,941	63,941
Capacity (students)	565	565	565	565	565	565	565	565	565	565
Enrollment	488	597	628	656	332	348	382	398	418	418

Number of Schools at June 30, 2018

Elementary = 2

Other = N/A - Not Applicable.

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Borough of Edgewater School District Board office.

Borough of Edgewater School District

Schedule of Required Maintenance for School Facilities
LAST TEN YEARS
Unaudited

J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

<u>School Facilities*</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
George Washington	\$	\$	\$	\$	\$ 96,842	\$ 139,583	\$ 193,588	\$ 199,672	\$ 204,665	\$ 193,685
Eleanor Van Gelder	<u>132,590</u>	<u>247,936</u>	<u>187,657</u>	<u>178,050</u>	<u>118,775</u>	<u>149,585</u>	<u>82,966</u>	<u>86,266</u>	<u>89,403</u>	<u>89,635</u>
	<u>\$ 132,590</u>	<u>\$ 247,936</u>	<u>\$ 187,657</u>	<u>\$ 178,050</u>	<u>\$ 215,617</u>	<u>\$ 289,168</u>	<u>\$ 276,554</u>	<u>\$ 285,938</u>	<u>\$ 294,068</u>	<u>\$ 283,320</u>

* - School facilities as defined under EFCFA (N.J.A.C. 6A:26-1-2 and N.J.A.C. 6:26-1.3).

Source: Borough of Edgewater School District Records

Borough of Edgewater School District

Insurance Schedule
June 30, 2018
Unaudited

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ Schools Insurance Group:		
Property:		
Blanket Real and Personal Property Per Occurrence	\$ 50,000,000	\$ 5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Papers	10,000,000	5,000
Flood Insurance:		
Zones A and V	25,000,000	500,000
All Other Zones	75,000,000	10,000
Earthquake Insurance	50,000,000	5,000
Demolition and Increased Cost of Construction	25,000,000	5,000
Electronic Data Processing:		
Blanket Hardware	250,000	1,000
Blanket Extra Expense	Included	1,000
Boiler and Machinery:		
Property Damage	100,000,000	5,000
Crime:		
Public Employee Dishonesty with Faithful Performance	500,000	1,000
Theft, Disappearance and Destruction:		
Loss of Money and Securities	25,000	500
Money Orders and Counterfeit Paper Currency	25,000	500
Forgery or Alteration	500,000	1,000
Computer Fraud	500,000	1,000
Comprehensive General Liability:		
Bodily Injury and Property Damage	16,000,000	1,000
Employee Benefit Liability	16,000,000	1,000
Automobile:		
Liability	16,000,000	
School Board Legal Liability - NJ Schools Insurance Group		
Group:		
School Leaders Errors and Omissions:		
Coverage A	16,000,000	5,000
Coverage B	100,000/300,000	5,000
Workers' Compensation and Employers' Liability - NJ Schools Insurance Group		
Association Insurance Group:		
Workers' Compensation	Statutory	
Employers' Liability	2,000,000	
Public Employees' Faithful Performance Blanket Position Bond- NJSBAIG		
Board Secretary	230,000	1,000
Treasurer	230,000	1,000

Source: Borough of Edgewater School District records.

SINGLE AUDIT SECTION

**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***

Independent Auditors' Report

**The Honorable President and Members
of the Board of Education
Borough of Edgewater School District
County of Bergen
Edgewater, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Edgewater School District's, in the County of Bergen, New Jersey (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency, 2018-001.

**The Honorable President and Members
of the Board of Education
Borough of Edgewater School District**

Page 2

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

PKF O'Connor Davies, LLP

March 15, 2019
Cranford, New Jersey



Michael Andriola, CPA
Licensed Public School Accountant No. 2429

**Report on Compliance For Each Major Federal and State Program and
on Internal Control Over Compliance Required by the
New Jersey OMB Circular 15-08**

Independent Auditors' Report

**The Honorable President and Members
of the Board of Education
Borough of Edgewater School District
County of Bergen
Edgewater, New Jersey**

Report on Compliance for Each Major State Program

We have audited the Borough of Edgewater School District's, in the County of Bergen, New Jersey (the "District") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2018. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of State Grants and State Aid*. Those standards and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**The Honorable President and Members
of the Board of Education
Borough of Edgewater School District**

Page 2

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

**The Honorable President and Members
of the Board of Education
Borough of Edgewater School District**

Page 3

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.

PKF O'Connor Davies, LLP

March 15, 2019
Cranford, New Jersey

A handwritten signature in black ink, appearing to read "Michael Andriola". The signature is fluid and cursive, with a prominent initial "M" and a long, sweeping underline.

Michael Andriola, CPA
Licensed Public School Accountant No. 2429

Borough of Edgewater School District

K-3
Schedule A

Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Award Amount	Grant Period	Balance, June 30, 2017			Cash Received	Budgetary Expenditures	Repayment of Prior Year Balance	Balance, June 30, 2018		
					(Accounts Receivable)	Unearned Revenue	Due To Grantor				(Accounts Receivable)	Unearned Revenue	Due To Grantor
U.S. Department of Education													
Passed - Through State of New Jersey													
Department of Education:													
Special Revenue Fund:													
Special Education Cluster:													
IDEA Part B	84.027	S027A180100	\$ 176,430	7/1/17-6/30/18			\$ 161,108	\$ (172,088)		\$ (10,980)			
IDEA Part B	84.027	S027A170100	226,004	7/1/16-6/30/17	\$ (9,809)		9,809						
IDEA Preschool	84.173	S173A180114	1,053	7/1/17-6/30/18									
IDEA Preschool	84.173	S173A170114	7,225	7/1/16-6/30/17	(1,236)		1,045	(262)		(453)			
IDEA Preschool	84.173	S173A160114	9,150	7/1/15-6/30/16		\$ 488		(488)					
Subtotal of Special Education Cluster					(11,045)	488	171,962	(172,838)	-	(11,433)		-	
Title I, Part A	84.010	S010A180030	216,902	7/1/17-6/30/18			223,246	(214,098)			\$ 9,148		
Title I, Part A	84.010	S010A170030	214,556	7/1/16-6/30/17	(216,854)		205,338			(11,516)			
Title II, Part A	84.367	S367B180029	24,587	7/1/17-6/30/18			28,416	(21,538)				6,878	
Title II, Part A	84.367	S367B170029	17,093	7/1/16-6/30/17	(17,000)		13,264	(2,954)		(6,690)			
Title II, Part A	84.367	S367B160029	17,093	7/1/15-6/30/16	(3,736)		3,736						
Title II, Part A	84.367	S367B150029	24,855	9/1/14-8/31/15		635		(635)					
Title III	84.365	S365A180030	33,335	7/1/17-6/30/18			33,739	(27,681)				6,058	
Title III	84.365	S365A170030	14,493	7/1/16-6/30/17	(5,686)		5,089	(4,881)		(5,478)			
Title III, Immigrant	84.365	S365A180030	9,454	7/1/17-6/30/18			5,000	(7,730)		(2,730)			
Title III, Immigrant	84.365	S365A170030	40,373	7/1/16-6/30/17		17,923	11,225	(29,148)				-	
Title IV, Part A	84.424A	S424A180031	2,482	7/1/17-6/30/18			2,482	(2,482)					
Total Special Revenue Fund					(254,321)	19,046	703,497	(483,985)	-	(37,847)		22,084	
U.S. Department of Agriculture													
Passed-through State of New Jersey Department													
of Education:													
Enterprise Fund:													
Child Nutrition Cluster:													
Food Donation Program (NC)	10.555	181NJ304N109	26,057	7/1/17-6/30/18			26,057	(26,057)					
School Breakfast Program	10.553	181NJ304N109	1,113	7/1/17-6/30/18			1,054	(1,113)		(59)			
School Breakfast Program	10.553	171NJ304N109	1,875	7/1/16-6/30/17	(122)		122						
National School Lunch Program	10.555	181NJ304N109	59,311	7/1/17-6/30/18			54,299	(59,311)		(5,012)			
National School Lunch Program	10.555	171NJ304N109	65,264	7/1/16-6/30/17	(4,358)		4,358						
Subtotal Child Nutrition Cluster					(4,480)		85,890	(86,481)		(5,071)			
Federal PB Lunch - Healthy Hunger-Free Kids Act of 2010	10.555	181NJ304N1099	5,044	7/1/17-6/30/18			4,595	(5,044)		(449)			
Federal PB Lunch - Healthy Hunger-Free Kids Act of 2010	10.555	171NJ304N1099	4,922	7/1/16-6/30/17	(344)		344						
Total Enterprise Fund					(4,824)		90,829	(91,525)		(5,520)			
Total Federal Financial Awards					\$ (259,145)	\$ 19,046	\$ -	\$ 794,326	\$ (575,510)	\$ -	\$ (43,367)	\$ 22,084	\$ -

NC - Non-cash expenditures

Borough of Edgewater School District

Schedule of Expenditures of State Awards
For The Year Ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance, June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Year Balance	Balance, June 30, 2018			MEMO			
				(Accounts Receivable)					Unearned Revenue	Due To Grantor	Budgetary Receivable	Cumulative Expenditures			
				Unearned Revenue	Due To Grantor										
New Jersey State Department of Education:															
General Funds:															
Special Education Categorical Aid	495-034-5120-089	\$ 535,423	7/1/17-6/30/18			\$ 516,012	\$ (535,423)					\$ (19,411)	\$ (535,423)		
Transportation Aid	495-034-5120-014	136,664	7/1/17-6/30/18			131,710	(136,664)					(4,954)	(136,664)		
Security Aid	495-034-5120-057	45,596	7/1/17-6/30/18			43,943	(45,596)					(1,653)	(45,596)		
Supplemental Enrichment Growth Aid	495-034-5120-085	255,143	7/1/17-6/30/18			245,894	(255,143)					(9,249)	(255,143)		
Under Adequacy Aid	495-034-5120-000	21,476	7/1/17-6/30/18			20,697	(21,476)					(779)	(21,476)		
PARCC Readiness Aid	495-034-5120-044	13,300	7/1/17-6/30/18			12,818	(13,300)					(482)	(13,300)		
Per Pupil Growth Aid	495-034-5120-044	13,300	7/1/17-6/30/18			12,818	(13,300)					(482)	(13,300)		
Professional Learning Community Aid	495-034-5120-101	13,570	7/1/17-6/30/18			13,078	(13,570)					(492)	(13,570)		
Homeless Tuition Reimbursement	N/A	11,354	7/1/17-6/30/18				(11,354)			\$ (11,354)			(11,354)		
Non-Public School Transportation	495-034-5095-014	40,256	7/1/17-6/30/18				(40,256)			(40,256)			(40,256)		
Extraordinary Aid	495-034-5120-044	119,112	7/1/17-6/30/18				(119,112)			(119,112)			(119,112)		
Special Education Categorical Aid	495-034-5120-089	476,311	7/1/16-6/30/17	\$ (24,458)		24,458									
Transportation Aid	495-034-5120-014	136,664	7/1/16-6/30/17	(7,017)		7,017									
Security Aid	495-034-5120-057	45,595	7/1/16-6/30/17	(2,341)		2,341									
Supplemental Enrichment Growth Aid	495-034-5120-085	255,143	7/1/16-6/30/17	(13,101)		13,101									
Under Adequacy Aid	495-034-5120-000	21,476	7/1/16-6/30/17	(1,103)		1,103									
PARCC Readiness Aid	495-034-5120-044	13,300	7/1/16-6/30/17	(683)		683									
Per Pupil Growth Aid	495-034-5120-044	13,300	7/1/16-6/30/17	(683)		683									
Professional Learning Community Aid	495-034-5120-101	13,570	7/1/16-6/30/17	(697)		697									
Non-Public School Transportation	495-034-5095-014	20,358	7/1/16-6/30/17	(20,358)		20,358									
Extraordinary Aid	495-034-5120-044	112,947	7/1/16-6/30/17	(112,947)		112,947									
TPAF Social Security Aid	495-034-5095-002	394,267	7/1/17-6/30/18			394,267	(394,267)						(394,267)		
On-Behalf TPAF Contributions:															
Pension Benefit Contributions	495-034-5095-006	734,143	7/1/17-6/30/18			734,143	(734,143)						(734,143)		
Post Retirement Medical Contributions	495-034-5095-001	474,167	7/1/17-6/30/18			474,167	(474,167)						(474,167)		
Long-term Disability Insurance	495-034-5095-001	2,055	7/1/17-6/30/18			2,055	(2,055)						(2,055)		
Total General Funds						<u>2,784,990</u>	<u>(2,809,826)</u>			<u>(170,722)</u>		<u>(37,502)</u>	<u>(2,809,826)</u>		
Special Revenue Funds:															
Preschool Education Aid	495-034-5120-085	15,944	7/1/17 - 6/30/18			14,350	(15,944)					(1,594)	(15,944)		
Preschool Education Aid	495-034-5120-085	43,846	7/1/16 - 6/30/17	41,595		2,251	(43,846)						(43,846)		
Preschool Education Aid	495-034-5120-085	366,712	7/1/15 - 6/30/16	209,626			(209,626)						(366,712)		
Safety Grant	Not available	3,421	7/1/16 - 6/30/17	3,421						\$ 3,421					
New Jersey Non-Public Aid:															
Nursing Aid	100-034-5120-070	2,134	7/1/17 - 6/30/18			2,134	(1,802)				\$ 332		(1,802)		
Nursing Aid	100-034-5120-070	1,800	7/1/16 - 6/30/17	\$ 1,683				\$ (1,683)							
Textbook Aid	100-034-5120-064	1,205	7/1/17 - 6/30/18			1,205					1,205				
Textbook Aid	100-034-5120-064	1,153	7/1/16 - 6/30/17								814				
Technology Initiative	100-034-5120-373	814	7/1/17 - 6/30/18			814									
Technology Initiative	100-034-5120-373	520	7/1/16 - 6/30/17												
Security Aid	100-034-5120-509	1,650	7/1/17 - 6/30/18			1,650	(1,650)						(1,650)		
Security Aid	100-034-5120-509	1,000	7/1/16 - 6/30/17		1,000			(1,000)							
Non Public Auxiliary Services (Ch. 192):															
Compensatory Education	100-034-5120-067	6,271	7/1/16 - 6/30/17		6,271			(6,271)							
English as a Second Language	100-034-5120-067	6,504	7/1/17 - 6/30/18			6,504	(4,698)				1,806		(4,698)		
English as a Second Language	100-034-5120-067	3,654	7/1/16 - 6/30/17		2,558			(2,558)							
Non Public Handicapped Services (Ch. 193):															
Corrective Speech	100-034-5120-066	1,786	7/1/17 - 6/30/18					(1,786)					(1,786)		
Corrective Speech	100-034-5120-066	3,534	7/1/16 - 6/30/17		2,562	1,786	(1,786)	(2,562)							
Total Special Revenue Funds					<u>254,642</u>	<u>14,074</u>	<u>30,694</u>	<u>(279,352)</u>		<u>(14,074)</u>		<u>3,421</u>	<u>4,157</u>	<u>(1,594)</u>	<u>(436,438)</u>
Debt Service Fund:															
Debt Service Aid	495-034-5120-125	86,965	7/1/17-6/30/18			<u>86,965</u>	<u>(86,965)</u>						<u>(86,965)</u>		
New Jersey State Department of Education:															
Capital Projects Fund:															
NJ Schools Development Authority	Not available	176,500	7/1/14-Completion	<u>(166,152)</u>						<u>(166,152)</u>			<u>(166,152)</u>		
New Jersey State Department of Agriculture:															
Enterprise Fund:															
State School Lunch Program (state share)	100-010-3350-023	4,263	7/1/17-6/30/18			3,883	(4,263)			(380)			(4,263)		
State School Lunch Program (state share)	100-010-3350-023	3,502	7/1/17-6/30/18	<u>(244)</u>		<u>244</u>									
Total Enterprise Funds				<u>(244)</u>		<u>4,127</u>	<u>(4,263)</u>			<u>(380)</u>			<u>(4,263)</u>		
Total State Awards				<u>\$ (95,142)</u>	<u>\$ 14,074</u>	<u>\$ 2,906,776</u>	<u>\$ (3,180,406)</u>	<u>\$ (14,074)</u>	<u>\$ (337,254)</u>	<u>\$ 3,421</u>	<u>\$ 4,157</u>	<u>\$ (39,096)</u>	<u>\$ (3,503,644)</u>		
State Financial Assistance Not Subject to Single Audit Determination															
On-Behalf TPAF Contributions:															
Pension Benefit Contributions	495-034-5095-006	734,143	7/1/17-6/30/18			734,143	(734,143)						(734,143)		
Post Retirement Medical Contributions	495-034-5095-001	474,167	7/1/17-6/30/18			474,167	(474,167)						(474,167)		
Long-term Disability Insurance	495-034-5095-001	2,055	7/1/17-6/30/18			2,055	(2,055)						(2,055)		
				<u>\$ (95,142)</u>	<u>\$ 14,074</u>	<u>\$ 1,696,411</u>	<u>\$ (1,970,041)</u>	<u>\$ (14,074)</u>	<u>\$ (337,254)</u>	<u>\$ 3,421</u>	<u>\$ 4,157</u>	<u>\$ (39,096)</u>	<u>\$ (2,293,279)</u>		

Borough of Edgewater School District

Notes to Schedules of Expenditures of
State Financial Assistance

Year ended June 30, 2018

1. General

The accompanying schedules of expenditures of state financial assistance present the activity of all of all state financial assistance programs of the District. The Board of Education is defined in Note 1 to the board's basic financial statements. All state financial assistance received directly from state agencies, as well as state financial assistance passed through other government agencies, are included on the schedules of expenditures of state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise funds, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These basis of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

Borough of Edgewater School District

Notes to Schedules of Expenditures of
State Financial Assistance

Year ended June 30, 2018

3. Relationship to Basic Financial Statements (Continued)

The general fund is presented in the accompanying schedules on the modified accrual basis of accounting with the exception of the revenue recognition of the last two state aid payments in the current year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$12,581 for the general fund and \$657 for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,822,407	\$ 2,822,407
Special Revenue Fund	\$ 483,985	280,009	763,994
Debt Service Fund		86,965	86,965
Food Service Fund	91,525	4,263	95,788
	<u>\$ 575,510</u>	<u>\$ 3,193,644</u>	<u>\$ 3,769,154</u>

4. Relationship to State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

Borough of Edgewater School District

Notes to Schedules of Expenditures of
State Financial Assistance

Year ended June 30, 2018

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2018.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2018 amounted to \$1,210,365. Since on-behalf post retirement, medical and disability insurance benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Indirect Costs

The District did not use the 10% de minimis indirect cost rate.

Borough of Edgewater School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

Part I – Summary of Auditors’ Results

Financial Statements Section

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? X Yes None Reported

Is any noncompliance material to financial statements noted? Yes X No

State Awards Section

Internal control over major state programs:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? Yes X None reported

Type of auditors’ report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? Yes X No

Borough of Edgewater School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

Part I - Summary of Auditors' Results

State Awards Section (continued)

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
	State Aid Cluster:
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-083	Educational Adequacy Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-101	Professional Learning Community Aid

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Borough of Edgewater School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

Part II – Schedule of Financial Statement Findings

Significant Deficiency in Internal Control

2018-001

Criteria:

Timely and accurate financial reporting is an important element of the District's control environment. Financial reporting provides the foundation for financial analysis, a critical component needed to be able to respond timely to financial related issues.

Condition:

The District did not maintain a general ledger that was in agreement with the District's subsidiary records nor were entries made in a timely manner. Balances in the general ledger were not examined or reconciled to detailed analyses on an ongoing basis. In addition to internal controls over financial reporting, the District did not maintain budgetary controls resulting in noncompliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality.

Context:

Management's preparation and review of the financial statements and related supporting schedules in regard to accounts receivable, accounts payable and interfunds were not performed timely and consistently. The District did not expend funds in accordance with appropriations established by the approved budget resulting in over-expenditures being identified despite the Board Secretary's monthly certification to the contrary (N.J.A.C. 6A:23A-16.10). In addition, the District did not allocate expenditures to the correct fund in a timely manner in certain instances.

Cause and Effect:

As a result, the District's financial records for the year ending June 30, 2018 were not finalized until months after fiscal year end and financial information provided throughout the year may not have accurately reflected the financial activity of the District. A large number of adjusting journal entries were needed to ensure the completeness and accuracy of the financial statements at year end.

Borough of Edgewater School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

Part II – Schedule of Financial Statement Findings

Recommendation:

That the District maintain a general ledger accounting record that is reconciled monthly to other subsidiary records. The District should also strengthen controls to ensure accurate and timely posting of the financial activity for the fiscal period so that actions can be taken and informed decisions can be made in a timely manner. Approved budgetary line accounts should not be over-expended. The Board Secretary should not approve the issuance of purchase orders that would cause over-expenditure in the line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders. The Board Secretary should file monthly certifications of the budgetary line item status which are consistent with the actual budgetary records.

View of Responsible Officials and Planned Corrective Action:

District management concurs with the finding and will develop a corrective action plan in response to the recommendation above.

Borough of Edgewater School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2018

**Part III - Schedule of State Financial Assistance Findings
and Questioned Costs**

No state financial assistance program compliance findings or questioned costs were noted that are required to be reported in accordance with New Jersey OMB Circular Letter 15-08.

Borough of Edgewater School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

Part III – Schedule of Federal and State Award Findings and Questioned Costs

No prior year findings were noted.