

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, 2019*

Borough of Edgewater School District

Comprehensive Annual
Financial Report and
Report on Internal Control and Compliance

Year Ended June 30, 2019

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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

December 23, 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, 2019, 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 the year under audit. 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 982 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 2019 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 2018-19 fiscal year with Pre-K through Grade 6 enrollment of 982 students and Grade 7-12 enrollment of 481 students in Leonia Public Schools, for an overall total of 1,463 students, which is an increase of 73 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>
2018-2019	982	0.61%
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 2018-19 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 2018-2019 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, 2019.

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, 2019, the District had \$28,045,000 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 12.

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 (*Not applicable for the year under audit*) 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,

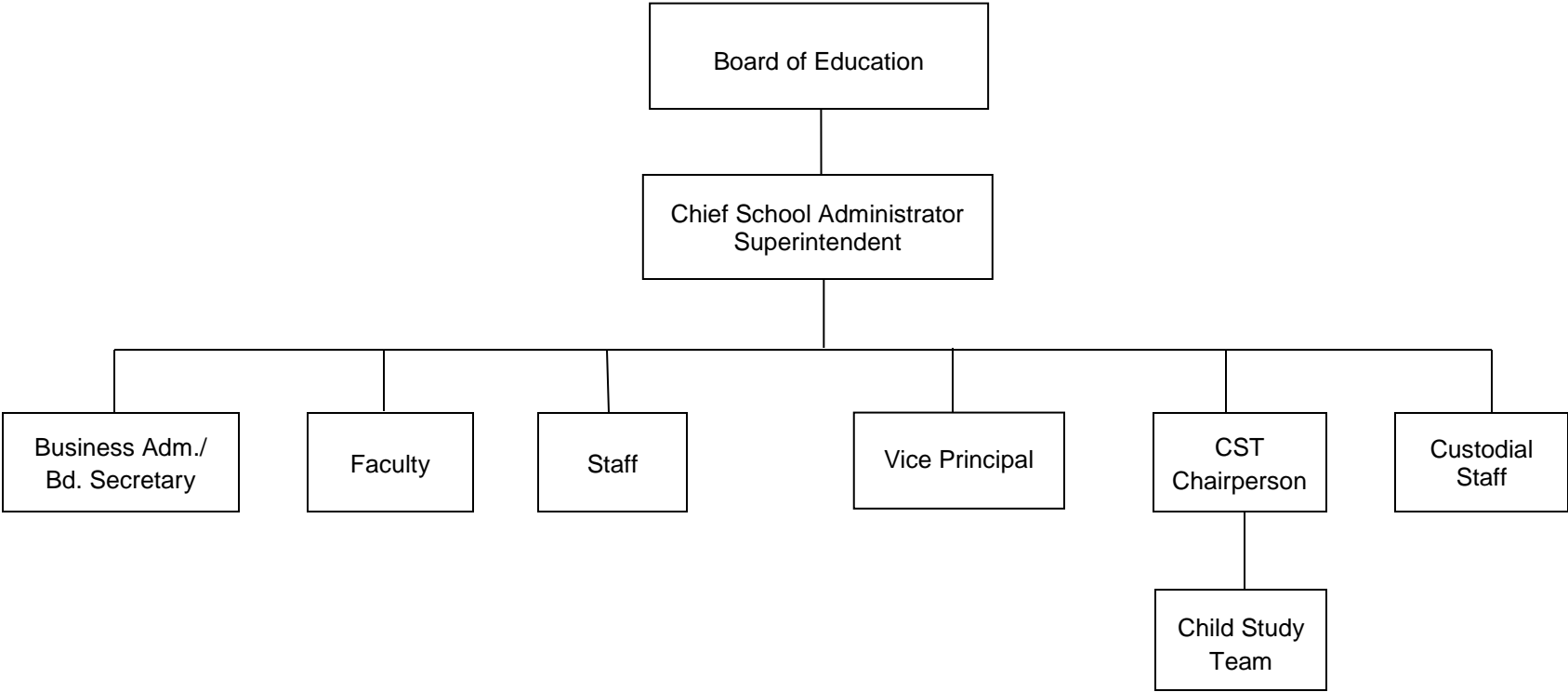


Chief School Administrator



Business Administrator/Board Secretary

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
ORGANIZATIONAL CHART**



**BOROUGH OF EDGEWATER SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2019**

Members of the Board of Education

	<u>Term Expires</u>
Thomas Quinton, President	12/31/2020
Cristina Stefani-Rackow, Vice President	12/31/2021
Barbara Bartolomeo	12/31/2019
Sandy Klein	12/31/2021
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, 2019, and the related notes to 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.

Auditors' 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; 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. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 District'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 District'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, 2019, 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 Honorable President and Members
of the Board of Education
Borough of Edgewater School District**

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The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, 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 December 23, 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

December 23, 2019
Cranford, New Jersey



Michael 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, 2019

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, 2019. 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 (2018 - 2019) and the prior fiscal year (2017 - 2018) 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 19 - 20 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 21 - 23 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 24 - 26 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 27 - 28 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 29 - 65 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 71 - 92 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, 2019 and 2018:

	2019			2018		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Current and other assets	\$ 1,681,037	\$ 82,044	\$ 1,763,081	\$ 1,532,045	\$ 105,036	\$ 1,637,081
Capital assets, net	27,572,797	535	27,573,332	28,457,731	751	28,458,482
Total assets	29,253,834	82,579	29,336,413	29,989,776	105,787	30,095,563
Deferred outflows	758,891		758,891	813,697		813,697
Liabilities						
Current liabilities	1,702,970	12,665	1,715,635	1,479,044	6,127	1,485,171
Net pension liability	2,082,797		2,082,797	2,268,605		2,268,605
Long Term Liabilities	29,139,342		29,139,342	30,105,036		30,105,036
Total liabilities	32,925,109	12,665	32,937,774	33,852,685	6,127	33,858,812
Deferred inflows	1,164,687		1,164,687	1,099,504		1,099,504
Net position						
Net Investment in , Capital Assets		535	535		751	751
Restricted	1,229,329		1,229,329	1,264,330		1,264,330
Unrestricted (deficit)	(5,306,400)	69,379	(5,237,021)	(5,413,046)	98,909	(5,314,137)
Total net position	\$ (4,077,071)	\$ 69,914	\$ (4,007,157)	\$ (4,148,716)	\$ 99,660	\$ (4,049,056)

Key financial highlighted for the 2018-2019 fiscal year include the following:

- Net position increased \$41,899 resulting from a decrease in instructional and interest and long term debt in Governmental Activities. There was also a decrease in Business-type activities expenses resulting from decreased costs of running the food service and Pre-K functions.
- Consistent with the prior year, the State withheld the school district's fiscal 2018-2019 last two state aid payments until July 2019.

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 2019 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, 2018 and rolled forward to June 30, 2019. The net pension liability associated with the District's governmental activities at June 30, 2019 amounted to \$2,082,797, a decrease of \$185,808 resulting from changes in the actuarial calculation. Long-term liabilities decreased by bond principal payments made in the amount of \$815,000, amortization of bond premium in the amount of \$83,144 and a \$24,267 decrease 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 \$35,001 during the year ended June 30, 2019 mostly as a result of the decrease in maintenance reserve of \$35,000.

The remaining deficit balance (\$5,306,400) 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 \$47,947 and correlating pension deferrals. In addition, the District had a (\$29,746) 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, 2019 and 2018 are as follows:

	2019			2018		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Revenues:						
Program revenues:						
Charges for services		\$ 778,874	\$ 778,874		\$ 717,259	\$ 717,259
Operating grants and contributions	\$ 554,863	98,105	652,968	\$ 763,994	95,788	859,782
General revenues:						
Property taxes	21,626,025		21,626,025	20,957,674		20,957,674
State and federal aid not restricted to a specific purpose	4,711,682		4,711,682	5,348,605		5,348,605
Investment Income	29,804	3,349	33,153	293	6,433	6,726
Miscellaneous	216,029		216,029	113,183		113,183
Total revenue	27,138,403	880,328	28,018,731	27,183,749	819,480	28,003,229
Expenses:						
Instructional services	9,865,864		9,865,864	10,325,399		10,325,399
Support services	16,194,390		16,194,390	15,963,329		15,963,329
Interest on long term debt	1,006,504		1,006,504	2,976,417		2,976,417
Business Type Activities		910,074	910,074		1,118,145	1,118,145
Total expenses	27,066,758	910,074	27,976,832	29,265,145	1,118,145	30,383,290
Increase (decrease) in net position	71,645	(29,746)	41,899	(2,081,396)	(298,665)	(2,380,061)
Net position - beginning	(4,148,716)	99,660	(4,049,056)	(2,067,320)	398,325	(1,668,995)
Net position—ending	\$ (4,077,071)	\$ 69,914	\$ (4,007,157)	\$ (4,148,716)	\$ 99,660	\$ (4,049,056)

Property tax revenue increased \$668,351 as a result of the current year tax levy increase.

State and federal aid not restricted to a specific purpose decreased by \$636,923, in large part as a result of the decrease in the amount of OPEB on-behalf amounts and state restricted grants.

Instructional services decreased by \$459,535 in large part as a result of the decrease in the amount of TPAF pension allocation and TPAF medical contribution offset by an increase in unallocated benefits.

Interest on long-term debt decreased by \$1,969,913 in the current year based on the refunding which occurred in the prior year resulting in a premium on bonds received.

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, 2019, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2018</u>	<u>Percent of Increase</u>
Local sources	\$ 21,871,825	85.17%	\$ 800,968	3.80%
State sources	3,294,882	12.83%	105,501	3.31%
Federal sources	514,648	2.00%	30,663	6.34%
Total	<u>\$ 25,681,355</u>	<u>100.00%</u>	<u>\$ 937,132</u>	

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2019 and the increases and (decreases) in relation to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) From 2018	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 5,652,031	21.98%	\$ 117,335	2.12%
Support services	18,120,765	70.47%	823,330	4.76%
Capital Outlay	27,043	0.11%	(159,215)	-85.48%
Debt service:				
Principal	815,000	3.17%	(405,000)	-33.20%
Interest and Other Charges	1,099,313	4.27%	417,239	61.17%
Cost of issuance	-	0.00%	(181,308)	100.00%
Total	<u>\$ 25,714,152</u>	<u>100.00%</u>	<u>\$ 793,689</u>	

Capital outlay decreased by \$159,215 as the District did not have any construction services expended during the 2019 fiscal year. Debt service principal decreased by \$405,000 and interest increased by \$417,239 due to the effect of the prior year debt refunding.

General Fund

Fund balance in the General Fund decreased by \$30,716 mostly due to a decrease in the maintenance reserve. Of the \$1,253,597 fund balance in the General Fund, \$1,022,513 is restricted in the capital reserve account, \$65,010 is restricted in the maintenance reserve, \$6,479 of encumbrances is assigned to other purposes, and \$159,595 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 \$3,641 in the Special Revenue Fund as of June 30, 2019 as a result of the State deferring the payment of the final two state aid payments until July 2019.

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, 2019, and the increases in relation to the prior year:

Revenue	Amount	Percent of Total	Increase (Decrease) from 2018	Percent of Increase (Decrease)
Local sources	\$ 782,223	88.86%	\$ 58,531	8.09%
State sources	4,239	0.48%	(24)	-0.56%
Federal sources	93,866	10.66%	2,341	2.56%
Total	\$ 880,328	100.00%	\$ 60,848	

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, 2019, and the increases in relation to the prior year:

Expenditures	Amount	Percent of Total	(Decrease) Increase From 2018	Percent of (Decrease) Increase
Salaries	\$ 408,899	44.93%	\$ (111,802)	-21.5%
Employee benefits	133,722	14.69%	(48,608)	-26.7%
Supplies and materials	13,446	1.48%	(48,133)	-78.2%
Cost of sales program	129,659	14.25%	(15,896)	-10.9%
Other	224,348	24.65%	16,368	7.9%
	\$ 910,074	100.00%	\$ (208,071)	-18.6%

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 \$33,728 deficit this year. Total revenues from daily food sales decreased from the prior year by \$3,940 as a result of a decrease in students which decreased the meal claims from the prior year. Total operating expenses decreased from the prior year by \$16,186 or 4.25% due to a decrease in cost of sales, supplies and materials and miscellaneous expenses.

The net position of the food service fund, \$65,932 is comprised of net position - investment in capital assets of \$535 and unrestricted net position of \$65,397.

Pre K Education Fund

The Pre K education fund realized operating revenue of \$547,625 for the year ended June 30, 2019. Current year tuition revenues increased from the prior year by \$57,675 as a result of increased participation in our preschool program, while operating expenses decreased from the prior year by \$191,885 as a result of decreased salaries, employee benefits, supplies and materials and miscellaneous expenses offset by an increase in transportation costs. As a result, the fund generated net operating gain of \$3,982. The net position of Pre K education fund is \$3,982.

Capital Assets and Debt Administration

Capital Assets. At June 30, 2019, the District's governmental activities had capital assets of \$27,572,797 (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, 2019 and 2018:

	June 30,	
	2019	2018
Land	\$ 179,988	\$ 179,988
Construction in progress	73,340	73,340
Site improvements, net	340,041	371,347
Buildings and building improvements, net	26,049,575	26,903,681
Machinery, equipment, and vehicles, net	929,853	929,375
Total capital assets, net	<u>\$ 27,572,797</u>	<u>\$ 28,457,731</u>

The decrease in total capital assets is a result of the depreciation exceeding the additions to construction by \$880,680 in the current year.

Debt Administration. During the 2019 fiscal year, the District had outstanding long-term liabilities of \$30,080,769 of which \$941,427 was classified as the current portion.

At June 30, 2019 and 2018, the District's long-term liabilities consisted of:

	June 30	
	2019	2018
Bonds payable	\$ 28,045,000	\$ 28,860,000
Unamortized premium on bonds	1,719,609	1,802,753
Compensated absences payable	316,160	340,427
Total long-term liabilities	<u>\$ 30,080,769</u>	<u>\$ 31,003,180</u>

Long-term liabilities decreased mainly due to the \$815,000 serial bond principal payment. In addition, the decrease in compensated absences payable is due to employees of the district accruing less days at year end than in the previous 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, 2019

A-1

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 116,969	\$ 108,530	\$ 225,499
Accounts receivable	439,138	5,399	444,537
Inventories		5,522	5,522
Internal balances	37,407	(37,407)	-
Restricted assets:			
Cash and cash equivalents	1,087,523		1,087,523
Capital assets, non-depreciable	253,328		253,328
Capital assets, depreciable, net	27,319,469	535	27,320,004
Total Assets	<u>29,253,834</u>	<u>82,579</u>	<u>29,336,413</u>
Deferred outflows of resources			
Pension deferrals	<u>758,891</u>		<u>758,891</u>
Liabilities			
Accounts payable	356,774		356,774
Payable to state government	11,630		11,630
Accrued interest payable	358,497		358,497
Unearned revenue	34,642	12,665	47,307
Net pension liability	2,082,797		2,082,797
Current portion of long-term obligations	941,427		941,427
Noncurrent portion of long-term obligations	29,139,342		29,139,342
Total liabilities	<u>32,925,109</u>	<u>12,665</u>	<u>32,937,774</u>
Deferred inflows of resources			
Pension deferrals	<u>1,164,687</u>		<u>1,164,687</u>
Net position			
Net investment in capital assets		535	535
Restricted for:			
Capital projects	68,337		68,337
Debt service	73,469		73,469
Maintenance reserve	65,010		65,010
Capital reserve	1,022,513		1,022,513
Unrestricted (deficit)	<u>(5,306,400)</u>	<u>69,379</u>	<u>(5,237,021)</u>
Total net position	<u>\$ (4,077,071)</u>	<u>\$ 69,914</u>	<u>\$ (4,007,157)</u>

Borough of Edgewater School District

Statement of Activities
For The Year Ended June 30, 2019

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	\$ 7,450,108		\$ 470,910	\$ (6,979,198)		\$ (6,979,198)
Special education	1,898,447			(1,898,447)		(1,898,447)
Other special instruction	495,992			(495,992)		(495,992)
Other instruction	21,317			(21,317)		(21,317)
Support Services:						
Tuition	8,249,135			(8,249,135)		(8,249,135)
Student & instruction related services	2,393,553		83,953	(2,309,600)		(2,309,600)
General administration	737,194			(737,194)		(737,194)
School administration	628,189			(628,189)		(628,189)
Central admin and inform technology	555,650			(555,650)		(555,650)
Required maintenance of plant services	1,801,560			(1,801,560)		(1,801,560)
Student transportation	1,829,109			(1,829,109)		(1,829,109)
Interest and other charges on long term obligations	1,006,504			(1,006,504)		(1,006,504)
Total Governmental Activities	<u>27,066,758</u>		<u>554,863</u>	<u>(26,511,895)</u>		<u>(26,511,895)</u>
Business-type activities:						
Food Service	364,472	\$ 231,249	98,105		\$ (35,118)	(35,118)
Preschool Education	<u>545,602</u>	<u>547,625</u>			<u>2,023</u>	<u>2,023</u>
Total Business-Type Activities	<u>910,074</u>	<u>778,874</u>	<u>98,105</u>		<u>(33,095)</u>	<u>(33,095)</u>
Total Primary Government	<u>27,976,832</u>	<u>778,874</u>	<u>652,968</u>	<u>(26,511,895)</u>	<u>(33,095)</u>	<u>(26,544,990)</u>
		General revenues				
				19,775,600		19,775,600
				1,850,425		1,850,425
				4,711,682		4,711,682
				245,833	3,349	249,182
				<u>26,583,540</u>	<u>3,349</u>	<u>26,586,889</u>
				71,645	(29,746)	41,899
				(4,148,716)	99,660	(4,049,056)
				<u>\$ (4,077,071)</u>	<u>\$ 69,914</u>	<u>\$ (4,007,157)</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

Borough of Edgewater School District

Balance Sheet
Governmental Funds
June 30, 2019

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	\$ 41,315		\$ 2,185	\$ 73,469	\$ 116,969
Accounts Receivable:					
Federal		\$ 78,177			78,177
State	194,809		166,152		360,961
Interfund	172,953				172,953
Restricted Cash and Cash Equivalents	<u>1,087,523</u>				<u>1,087,523</u>
Total Assets	<u><u>\$ 1,496,600</u></u>	<u><u>\$ 78,177</u></u>	<u><u>\$ 168,337</u></u>	<u><u>\$ 73,469</u></u>	<u><u>\$ 1,816,583</u></u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 185,514				\$ 185,514
Interfunds Payable	57,489	\$ 35,546	\$ 100,000		193,035
Payable to State Government		11,630			11,630
Unearned Revenue		<u>34,642</u>			<u>34,642</u>
Total Liabilities	<u>243,003</u>	<u>81,818</u>	<u>100,000</u>		<u>424,821</u>
FUND BALANCE:					
Restricted for:					
Maintenance reserve	65,010				65,010
Capital reserve	1,022,513				1,022,513
Debt service				\$ 73,469	73,469
Capital projects			68,337		68,337
Assigned to:					
Other purposes	6,479				6,479
Unassigned	<u>159,595</u>	<u>(3,641)</u>			<u>155,954</u>
Total Fund Balance	<u>1,253,597</u>	<u>(3,641)</u>	<u>68,337</u>	<u>73,469</u>	<u>1,391,762</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,496,600</u></u>	<u><u>\$ 78,177</u></u>	<u><u>\$ 168,337</u></u>	<u><u>\$ 73,469</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 \$37,685,062. and the accumulated depreciation is \$10,112,265.	27,572,797
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(405,796)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(2,082,797)
Accrued pension contributions for the June 30, 2019 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.	(113,771)
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.	(358,497)
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 5).	<u>(30,080,769)</u>
Net position of governmental activities	<u><u>\$ (4,077,071)</u></u>

Borough of Edgewater School District

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
June 30, 2019

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>
Revenues					
Local Services:					
Local Tax Levy	\$ 19,775,600			\$ 1,850,425	\$ 21,626,025
Miscellaneous	245,800		\$ 33		245,833
Total - Local Services	<u>20,021,400</u>		<u>33</u>	<u>1,850,425</u>	<u>21,871,858</u>
State Sources	3,190,780	\$ 40,215		63,887	3,294,882
Federal Sources		514,648			514,648
Total Revenues	<u>23,212,180</u>	<u>554,863</u>	<u>33</u>	<u>1,914,312</u>	<u>25,681,388</u>
Expenditures					
Current:					
Instruction	5,179,074	472,957			5,652,031
Support Services-current:					
Instruction	8,249,135				8,249,135
Attendance and Social Work Services	47,057				47,057
Health services	146,656				146,656
Support services	1,184,179	83,953			1,268,132
School library	118,899				118,899
Instructional staff training	82,400				82,400
General administration	475,552				475,552
School administration	354,787				354,787
Central services and information technology	330,142				330,142
Required maintenance of plant services	340,433				340,433
Operation of plant	862,890				862,890
Student transportation	1,599,085				1,599,085
Unallocated benefits	2,413,842				2,413,842
On-behalf pension contributions	1,427,482				1,427,482
Reimbursed TPAF social security contributions	404,273				404,273
Capital outlay	27,043				27,043
Debt Service:					
Principal				815,000	815,000
Interest				1,099,313	1,099,313
Total Expenditures	<u>23,242,929</u>	<u>556,910</u>	<u>-</u>	<u>1,914,313</u>	<u>25,714,152</u>
Deficiency of revenues under expenditures	<u>(30,749)</u>	<u>(2,047)</u>	<u>33</u>	<u>(1)</u>	<u>(32,764)</u>
Other financing sources (uses):					
Transfers in	33				33
Transfers out			(33)		(33)
Total Other Financing Sources (Uses)	<u>33</u>	<u>-</u>	<u>(33)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(30,716)	(2,047)	-	(1)	(32,764)
Fund balances, beginning	1,284,313	(1,594)	68,337	73,470	1,424,526
Fund balances, ending	<u>\$ 1,253,597</u>	<u>\$ (3,641)</u>	<u>\$ 68,337</u>	<u>\$ 73,469</u>	<u>\$ 1,391,762</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, 2019

B-3

Total net change in fund balances - governmental funds (from B-2) \$ (32,764)

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	\$	(956,163)	
Capital Outlays		75,483	
Loss on Disposal of Assets		<u>(4,254)</u>	(884,934)

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		83,144
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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		815,000
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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 (+).

9,665

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		57,267
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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 (+).

24,267

Change in Net Position of Governmental Activities (Exhibit A-2)	\$	<u><u>71,645</u></u>
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PROPRIETARY FUNDS

Borough of Edgewater School District

Proprietary Fund
Statement of Net Position
As of June 30, 2019

B-4

	<u>Food Service</u>	<u>Pre - K</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 104,548	\$ 3,982	\$ 108,530
Accounts receivable:			
Federal	4,899		4,899
State	311		311
Other	189		189
Inventories	<u>5,522</u>		<u>5,522</u>
Total current assets	<u>115,469</u>	<u>3,982</u>	<u>119,451</u>
Capital assets:			
Depreciable buildings and equipment	65,248		65,248
Accumulated depreciation	<u>(64,713)</u>		<u>(64,713)</u>
Total capital assets, net	<u>535</u>		<u>535</u>
Total assets	<u>116,004</u>	<u>3,982</u>	<u>119,986</u>
Liabilities			
Current liabilities:			
Interfunds payable	37,407		37,407
Unearned revenue	<u>12,665</u>		<u>12,665</u>
Total current liabilities	<u>50,072</u>	<u>-</u>	<u>50,072</u>
Total liabilities	<u>50,072</u>	<u>-</u>	<u>50,072</u>
Net position			
Net Investment in capital assets	535		535
Unrestricted	<u>65,397</u>	<u>3,982</u>	<u>69,379</u>
Total net position	<u>\$ 65,932</u>	<u>\$ 3,982</u>	<u>\$ 69,914</u>

Borough of Edgewater School District

Proprietary Fund
Statement of Revenues, Expenses
and Changes in Fund Net Position
For The Year Ended June 30, 2019

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	<u>Food Service</u>	<u>Pre - K</u>	<u>Total</u>
Operating revenues:			
Local sources:			
Daily sales - reimbursable programs	\$ 214,290		\$ 214,290
Daily sales - non-reimbursable programs	16,959		16,959
Tuition		\$ 547,625	547,625
Total operating revenues	<u>231,249</u>	<u>547,625</u>	<u>778,874</u>
Operating expenses:			
Cost of sales - reimbursable programs	123,912		123,912
Cost of sales - non-reimbursable programs	5,747		5,747
Salaries	131,557	277,342	408,899
Employee benefits	24,232	109,490	133,722
General supplies	13,446		13,446
Transportation		158,770	158,770
Miscellaneous	56,442		56,442
Depreciation	216		216
Management fee	8,920		8,920
Total operating expenses	<u>364,472</u>	<u>545,602</u>	<u>910,074</u>
Operating (loss) income	<u>(133,223)</u>	<u>2,023</u>	<u>(131,200)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	4,239		4,239
Federal sources:			
National school lunch program	59,963		59,963
PB lunch - HHFKA	5,016		5,016
School breakfast program	2,374		2,374
Food distribution program	26,513		26,513
Interest and investment revenue	1,390	1,959	3,349
Total nonoperating revenues	<u>99,495</u>	<u>1,959</u>	<u>101,454</u>
Change in net position	(33,728)	3,982	(29,746)
Total net position, beginning of year	99,660	-	99,660
Total net position, end of year	<u>\$ 65,932</u>	<u>\$ 3,982</u>	<u>\$ 69,914</u>

Borough of Edgewater School District

Proprietary Fund
Statement of Cash Flows
For The Year Ended June 30, 2019

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	<u>Food Service</u>	<u>Pre - K</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from customers	\$ 237,746	\$ 547,625	\$ 785,371
Payments to operating personnel	(140,477)	(277,342)	(417,819)
Payments for operating personnel benefits	(24,232)	(109,490)	(133,722)
Payments to suppliers	<u>(153,379)</u>	<u>(207,020)</u>	<u>(360,399)</u>
Net cash used in operating activities	<u>(80,342)</u>	<u>(46,227)</u>	<u>(126,569)</u>
Cash flows from noncapital financing activities			
Cash received from state and federal reimbursements	<u>98,795</u>		<u>98,795</u>
Net cash provided by noncapital financing activities	<u>98,795</u>		<u>98,795</u>
Cash flows from investing activities			
Interest revenue	<u>1,390</u>	<u>1,959</u>	<u>3,349</u>
Net cash provided by investing activities	<u>1,390</u>	<u>1,959</u>	<u>3,349</u>
Net decrease in cash and cash equivalents	<u>19,843</u>	<u>(44,268)</u>	<u>(24,425)</u>
Cash and cash equivalents, beginning of year	<u>84,705</u>	<u>48,250</u>	<u>132,955</u>
Cash and cash equivalents, end of year	<u>\$ 104,548</u>	<u>\$ 3,982</u>	<u>\$ 108,530</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating (loss)	\$ (133,223)	\$ 2,023	\$ (131,200)
Adjustments to reconcile operating (loss) to net cash used in operating activities:			
Depreciation	216		216
Changes in assets and liabilities:			
Decrease in accounts receivable	(41)		(41)
Decrease in inventories	(849)		(849)
Increase in interfund payable	37,407	50,404	87,811
(Increase) in interfund receivable	9,610	(98,654)	(89,044)
Increase in unearned revenue	<u>6,538</u>		<u>6,538</u>
Net cash used in operating activities	<u>\$ (80,342)</u>	<u>\$ (46,227)</u>	<u>\$ (126,569)</u>

Noncash capital financing activities

The District received \$26,513 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2019.

FIDUCIARY FUNDS

Borough of Edgewater School District

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

B-7

Agency Fund

Assets

Cash and cash equivalents
Interfund receivable
Total assets

\$	278,258
	57,489
<u>\$</u>	<u>335,747</u>

Liabilities

Accounts payable
Payroll deductions and withholdings payable
Due to student groups
Total liabilities

\$	2,940
	315,459
	17,348
<u>\$</u>	<u>335,747</u>

Borough of Edgewater School District

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended June 30, 2019

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NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

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 Borough of Edgewater, 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 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.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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, 2019

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, 2019

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, 2019

1. Summary of Significant Accounting Policies (continued)

The County Board of Taxation is responsible for the assessment of properties and the Borough 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, 2019 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, 2019

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.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, a liability existed for compensated absences in the government-wide financial statements in the amount of \$316,160 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, 2019

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, 2019

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 \$1,253,597 of fund balances in the General Fund, \$6,479 of encumbrances are assigned to other purposes, \$1,087,523 has been classified as restricted for maintenance reserve and capital reserve in the amounts of \$65,010 and \$1,022,513, respectively, and \$159,595 is classified as unassigned. All of the fund balance in the Special Revenue Fund in the amount of \$(3,641) 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 \$73,469 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, 2019.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

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. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2019 through December 23, 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.

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.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

2. Reconciliation of Government-Wide and Fund Financial Statements (continued)

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

The details of this \$30,080,769 difference are as follows:

Bonds payable	\$28,045,000
Compensated absences	316,160
Unamortized Bond Premium	<u>1,719,609</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position - governmental activities	<u>\$30,080,769</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.

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.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

3. Cash and Equivalents (continued)

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, 2019 the carrying amount of the District's deposits was \$1,591,280 and the bank balance was \$3,447,991. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2019 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$2,909,870. \$288,121 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, 2019

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, 2019

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2019:

	<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	<u>253,328</u>			<u>253,328</u>
Site improvements	624,434			624,434
Buildings and building improvements	34,025,825			34,025,825
Machinery, equipment and vehicles	2,773,297	\$ 75,483	\$ 67,305	2,781,475
Total capital assets being depreciated	<u>37,423,556</u>	<u>75,483</u>	<u>67,305</u>	<u>37,431,734</u>
Less accumulated depreciation for:				
Site improvements	253,087	31,306		284,393
Buildings and building improvements	7,122,144	854,106		7,976,250
Machinery, equipment and vehicles	1,843,922	70,751	63,051	1,851,622
Total accumulated depreciation	<u>9,219,153</u>	<u>956,163</u>	<u>63,051</u>	<u>10,112,265</u>
Total capital assets being depreciated, net	<u>28,204,403</u>	<u>(880,680)</u>		<u>27,319,469</u>
Governmental activities capital assets, net	<u>\$ 28,457,731</u>	<u>\$ (880,680)</u>	<u>\$ 4,254</u>	<u>\$ 27,572,797</u>

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2019 as follows:

Regular instruction	\$ 542,545
General administration	60,006
Required maintenance of plant services	151,837
Student transportation	<u>201,775</u>
Total depreciation expense - governmental activities	<u><u>\$ 956,163</u></u>

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

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, 2019:

	Beginning Balance	Increases	Ending Balance
Business-type Activities:			
Capital assets, being depreciated:			
Machinery and Equipment	\$ 65,248		\$ 65,248
Less accumulated depreciation for:			
Machinery and Equipment	64,497	\$ 216	64,713
Total business-type activities capital assets, net	<u>\$ 751</u>	<u>\$ (216)</u>	<u>\$ 535</u>

5. Long-Term Liabilities

During the fiscal year ended June 30, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 340,427		\$ 24,267	\$ 316,160	\$ 13,055
Unamortized bond premium	1,802,753		83,144	1,719,609	83,372
Bonds payable	28,860,000		815,000	28,045,000	845,000
Subtotal	31,003,180	-	922,411	30,080,769	941,427
Net pension liability	2,268,605		185,808	2,082,797	
Governmental activity long-term liabilities	<u>\$ 33,271,785</u>	<u>\$ -</u>	<u>\$ 1,108,219</u>	<u>\$ 32,163,566</u>	<u>\$ 941,427</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, 2019

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.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
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	1,020,000	936,088	1,956,088
2025-2029	5,845,000	4,028,438	9,873,438
2030-2034	7,140,000	2,812,838	9,952,838
2035-2039	8,550,000	1,419,488	9,969,488
2040	1,910,000	76,400	1,986,400
	<u>\$ 28,045,000</u>	<u>13,350,604</u>	<u>\$ 41,395,604</u>

Bonds payable at June 30, 2019 are comprised of the following issues:

\$465,000, 2010 school bonds, due in an annual installment of \$465,000 on March 1, 2020 at an interest rate of 4.00%.

\$1,480,000, 2013 refunding bonds, due in annual installments ranging from \$360,000 to \$375,000 through September 1, 2022, at interest rates ranging from 3.00 to 4.00%.

\$26,100,000, 2017 refunding bonds, due in annual installments ranging from \$20,000 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, 2019

6. Pension Plans

Description of Systems

Substantially all of the District'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, 2019

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, 2019, the State of New Jersey contributed \$1,427,482 to the TPAF for normal costs of pension and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$404,273 during the year ended June 30, 2019 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 fund financial statements.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2019, 2018, and 2017 was \$113,771, \$105,219, and \$90,282, respectively, equal to the required contributions for each year.

Public Employee's Retirement System (PERS)

At June 30, 2019, the District reported a liability of \$2,082,797 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 01, 2017, which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.0105782087 percent, which was an increase of 0.0008326709 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized full accrual pension expense of \$47,952 in the government-wide financial statements. At June 30, 2019, 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	\$ 343,210	\$ 665,968
Net difference between projected and actual earnings on pension plan investments		30,277
Changes in proportion	262,191	468,442
Difference between expected and actual experience	39,719	
District contributions subsequent to the measurement date	113,771	
	<u>\$ 758,891</u>	<u>\$ 1,164,687</u>

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

The \$113,771 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 in pension expense as follows:

Year ended June 30:	
2020	\$ (59,876)
2021	(126,376)
2022	(172,181)
2023	(142,124)
2024	(19,010)
	<u>\$ (519,567)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 01, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2018</u>
Inflation rate	2.25%
Salary increases	
Through - 2026	1.65 - 4.15% Based on age
Thereafter	2.65 - 5.15% Based on age
Investment rate of return	7.00%

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 service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and is using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disability Mortality Table (setback 3 years for males and set forward 1 year for females).

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables provide for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Tables (set back 3 years for males and set forward 1 year for females).

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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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, 2019

6. Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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:

	At 1% Decrease (4.66%)	At Current Discount Rate (5.66%)	At 1% Increase (6.66%)
District's proportionate share of the net pension liability	\$ 2,618,877	\$ 2,082,797	\$ 1,633,060

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

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 financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the local group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 4,684,852,302
Deferred inflows of resources	\$ 7,646,736,226
Net pension liability	\$ 19,689,501,539
District's Proportion	0.0105782087%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,099,708,157.

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, 2018, 2017, 2016, 2015 and 2014 is 5.63, 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 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.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2018 was \$30,963,346. The District's proportionate share was \$0. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the State's proportionate share of the TPAF net pension liability associated with the District was 0.0486708443 percent, which was an increase of 0.0031677954 from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$1,805,055 for contributions incurred by the State.

Actuarial assumptions

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

	<u>June 30, 2018</u>
Inflation rate	2.25%
Salary increases	
2011-2026	1.55% - 5.55%
Thereafter	2.00% - 5.45%
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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, 2019

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, 2018) 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 real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 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, 2019

6. Pension Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 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.

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, 2018 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
District's proportionate share of the net pension liability	\$ 36,598,087	\$ 30,963,346	\$ 26,292,283

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

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, 2018 are as follows:

Deferred outflows of resources	\$	12,675,037,111
Deferred inflows of resources	\$	16,381,811,884
Net pension liability	\$	63,806,350,446
District's Proportion		0.0486708443%

Collective pension expense for the plan for the measurement period ended June 30, 2018 is \$3,720,032,991.

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, 2018, 2017, 2016 2015 and 2014 is 8.3, 8.3, 8.3, 8.3 and 8.5 years, respectively.

7. Post-Retirement Benefits

Plan Description

The District participates in the New Jersey State Health Benefits Program (the "SHBP"), a multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State 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 SHBP. 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, 2019

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 nonemployer OPEB liability from New Jersey's plan is \$46,110,832,982.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

The following members were covered by the benefit terms:

Local Education	June 30, 2018
Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
Total Plan Members	362,181

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, 2018 was \$15,412,014 or 0.03%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. 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%	
	TPAF/ABP	PERS
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

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality tables were based on the RP-2006 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. 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.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

Changes in the Total Nonemployer OPEB Liability

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

Balance at June 30,2017		\$ 17,673,546
Increased by:		
Service cost	\$ 982,776	
Interest cost	660,837	
Member contributions	<u>14,243</u>	
		<u>1,657,856</u>
Decrease by		
Changes of assumptions	1,768,606	
Differences between expected and actual experiences	1,738,670	
Gross benefit payment	<u>412,112</u>	
		<u>3,919,388</u>
Balance at June 30,2018		<u>\$ 15,412,014</u>

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2018 is \$378,911 and \$4,950,762.

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:

	1% Decrease (2.87%)	At current discount rate (3.87%)	1% Increase (4.87%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$18,220,138	\$ 15,412,014	\$13,179,845

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

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)	\$12,738,927	\$ 15,412,014	\$18,947,274

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

For the year ended June 30, 2019, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$1,077,643 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 1,377,313,892
Deferred inflows of resources	\$ 16,189,378,926
Collective OPEB expense	\$ 2,129,660,368

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2019 amounted to \$230,442 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 172,953	\$ 57,489
Special Revenue Fund		35,546
Capital Projects Fund		100,000
Food Service Fund		37,407
Payroll Agency Fund	57,489	
	\$ 230,442	\$ 230,442

The interfund between the Capital Projects Fund and the General Fund represents a short-term loan between the funds. The interfund between the General Fund and the Special Revenue Fund represents a short-term loan between the funds. The interfund between the General Fund and the Payroll Agency Fund represents the transfer of funds for the payment of bills in the Payroll Agency Fund. The Food Service Fund owes the General Fund for amounts received and posted for reimbursement of cost paid on its behalf.

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	\$ 33	
Capital Projects Fund		33
	\$ 33	\$ 33

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.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

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, 2019 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, 2019

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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$	100,010
Budgeted withdrawal		(35,000)
Withdrawal per June resolution		(65,010)
Transfer back of unused funds		65,010
Ending balance, June 30, 2019	\$	<u>65,010</u>

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

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, 2019.

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, 2019 and 2018 was \$1,022,513. The June 30, 2019 LRFP balance of local support costs of uncompleted projects exceeds the amount set aside in capital reserve.

17. Deficit Fund Balance

The District has a deficit fund balance of (\$3,641) in the Special Revenue Fund as of June 30, 2019 as reported in the fund statements (modified accrual basis). P.L. 2003, c. 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e. if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund deficit balance does not alone indicate that the district is facing financial difficulties. Pursuant to P.L. 2003, c.97 any negative unassigned fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

Borough of Edgewater School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

18. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the following budgetary accounts in the Operating Fund 11 component of the General Fund:

- Undistributed exp. – unallocated benefits – health benefits - \$253,195

The over-expenditure identified above was generated by an unanticipated increase in health benefits that was not able to be provided for in the General Fund budget of the District.

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>	<u>2019</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>	<u>0.0105782087%</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>	<u>\$ 2,082,797</u>
School District's covered-employee payroll	<u>\$ 907,290</u>	<u>\$ 1,004,832</u>	<u>\$ 737,906</u>	<u>\$ 746,127</u>	<u>\$ 820,083</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>	<u>253.97%</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>	<u>53.60%</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>	<u>2019</u>
Contractually required contribution	<u>\$ 119,870</u>	<u>\$ 105,938</u>	<u>\$ 106,298</u>	<u>\$ 90,282</u>	<u>\$ 105,219</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>	<u>\$ (105,219)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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>	<u>\$ 890,087</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>	<u>11.82%</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	2019
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>	<u>0.0486708443%</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>	<u>\$ 30,963,346</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>	<u>\$ 5,699,662</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>	<u>543.25%</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>	<u>26.49%</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	Year Ended June 30, 2019
State's proportion of the OPEB Liability associated with the District -	0.03%	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	15,412,014
Total proportionate share of the OPEB liability associated with the District	\$ 17,673,546	\$ 15,412,014
Balance, beginning of year	\$ 18,877,298	\$ 17,673,546
Increased by:		
Service cost	1,190,596	982,776
Interest cost	566,356	660,837
Member contributions	15,074	14,243
	20,649,324	19,331,402
Decrease by		
Changes of assumptions	2,566,421	1,768,606
Differences between expected and actual experiences		1,738,670
Gross benefit payment	409,357	412,112
Balance, end of year	\$ 17,673,546	\$ 15,412,014
Covered by employees payroll	\$ 6,280,005	\$ 6,589,749
Total OPEB liability as a percentage of covered employee payroll.	281.43%	233.88%

* 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, 2019

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018.

**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 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018

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

Borough of Edgewater School District

Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2019

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	\$ 19,775,600		\$ 19,775,600	\$ 19,775,600	
Miscellaneous	44,000		44,000	245,800	\$ 201,800
Total Local Sources	<u>19,819,600</u>		<u>19,819,600</u>	<u>20,021,400</u>	<u>201,800</u>
State Sources:					
Special Education Categorical Aid	535,423		535,423	535,423	
Security Aid	45,596		45,596	45,596	
Transportation Aid	505,177	\$ 112,845	618,022	618,022	
Extraordinary Special Education Costs Aid	100,000	53,539	153,539	153,539	
Additional Nonpublic School Transportation Reimbursement Aid				38,983	38,983
TPAF Post Retirement Medical Benefits (On-Behalf Non-Budgeted)				444,887	444,887
TPAF Long-term Disability Insurance				1,799	1,799
TPAF Pension Benefits (On-Behalf-Non-Budgeted)				980,796	980,796
TPAF Social Security Reimbursed (Non-Budgeted)				404,273	404,273
Total - State Sources	<u>1,186,196</u>	<u>166,384</u>	<u>1,352,580</u>	<u>3,223,318</u>	<u>1,870,738</u>
Total Revenues	<u>21,005,796</u>	<u>166,384</u>	<u>21,172,180</u>	<u>23,244,718</u>	<u>2,072,538</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	497,098	(93,680)	403,418	403,418	
Grades 1 - 5 Salaries of Teachers	2,438,429	183,285	2,621,714	2,621,714	
Grades 6 - 8 Salaries of Teachers	256,128	(11,000)	245,128	245,128	
	<u>3,191,655</u>	<u>78,605</u>	<u>3,270,260</u>	<u>3,270,260</u>	
Regular Programs - Home Instruction					
Salaries of Teachers		3,720	3,720	3,720	
		<u>3,720</u>	<u>3,720</u>	<u>3,720</u>	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	67,671	30,707	98,378	60,969	37,409
Purchased Technical Services	125,750	34,903	160,653	149,265	11,388
General Supplies	267,403	257	267,660	267,453	207
Textbooks	95,000	(21,983)	73,017	73,016	1
Other Objects	4,500	(2,261)	2,239	2,087	152
	<u>560,324</u>	<u>41,623</u>	<u>601,947</u>	<u>552,790</u>	<u>49,157</u>
Total Regular Programs - Instruction	<u>3,751,979</u>	<u>123,948</u>	<u>3,875,927</u>	<u>3,826,770</u>	<u>49,157</u>
Special Education - Instruction:					
Cognitive Mild:					
Salaries of Teachers		300	300	300	
Other Salaries for Instruction		35,598	35,598	35,598	
Total Cognitive Mild		<u>35,898</u>	<u>35,898</u>	<u>35,898</u>	
Learning/Language:					
Salaries of Teachers	786,489	(122,805)	663,684	663,682	2
Other Salaries for Instruction		363,143	363,143	363,142	1
General Supplies	750	(750)			
Total Learning/Language	<u>787,239</u>	<u>239,588</u>	<u>1,026,827</u>	<u>1,026,824</u>	<u>3</u>

Borough of Edgewater School District

Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2019

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:					
Total Special Education Instruction	\$ 787,239	\$ 275,486	\$ 1,062,725	\$ 1,062,722	\$ 3
Basic Skill/Remedial - Instruction:					
Salaries of Teachers	65,410	(65,410)			
Total Basic Skills/Remedial - Instruction	<u>65,410</u>	<u>(65,410)</u>			
Bilingual Education - Instruction:					
Salaries of Teachers	283,679	(6,030)	277,649	277,649	
Total Bilingual Education - Instruction	<u>283,679</u>	<u>(6,030)</u>	<u>277,649</u>	<u>277,649</u>	
Total Other Special Instruction	<u>349,089</u>	<u>(71,440)</u>	<u>277,649</u>	<u>277,649</u>	
School Sponsored Co curricular Activities - Instruction:					
Salaries	10,131	1,802	11,933	11,933	
Supplies and Materials	195	(195)			
Total School Sponsored Co curricular Activities - Instruction:	<u>10,326</u>	<u>1,607</u>	<u>11,933</u>	<u>11,933</u>	
Total Instruction	<u>4,898,633</u>	<u>329,601</u>	<u>5,228,234</u>	<u>5,179,074</u>	<u>49,160</u>
Undistributed Expenditures :					
Instruction:					
Tuition to Other LEAs Within the State-Regular	5,748,419	(107,919)	5,640,500	5,640,500	
Tuition to Other LEAs Within the State-Special	1,001,510	662,702	1,664,212	1,664,212	
Tuition to County Special Services Schools & Regional Day Schools	410,432	426,798	837,230	837,229	1
Tuition to Priv. Sch. For the Disabled W/ State	779,108	(672,814)	106,294	106,294	
Tuition - Other		900	900	900	
Total Undistributed Expenditures - Instruction	<u>7,939,469</u>	<u>309,667</u>	<u>8,249,136</u>	<u>8,249,135</u>	<u>1</u>
Attendance and Social Work Services:					
Salaries	7,828	27,076	34,904	34,904	
Other Purchased Services	12,000	153	12,153	12,153	
Total Attendance and Social Work Services	<u>19,828</u>	<u>27,229</u>	<u>47,057</u>	<u>47,057</u>	
Health Services:					
Salaries	153,900	(47,558)	106,342	106,341	1
Salaries Other Professional Staff		32,493	32,493	32,493	
Purchased Professional and Technical Services	2,950	828	3,778	3,778	
Other Purchased Services (400-500 series)	4,080	(211)	3,869	3,869	
Supplies and Materials	1,100	(924)	176	175	1
Total Health Services	<u>162,030</u>	<u>(15,372)</u>	<u>146,658</u>	<u>146,656</u>	<u>2</u>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	90,119	(1,284)	88,835	88,834	1
Purchased Professional - Educational Services	360,000	78,961	438,961	438,958	3
Total Other Support Services - Speech, OT, PT and Related Services	<u>450,119</u>	<u>77,677</u>	<u>527,796</u>	<u>527,792</u>	<u>4</u>
Other Support Services- Students - Extraordinary Services:					
Salaries		2,150	2,150	2,150	
Purchased Professional - Educational Services	90,000	14,133	104,133	104,133	
Supplies and Materials	5,050	133	5,183	5,183	
Total Other Support Services- Students - Extraordinary Services	<u>95,050</u>	<u>16,416</u>	<u>111,466</u>	<u>111,466</u>	
Other Support Services - Students - Guidance:					
Salaries - Other Professional Staff	60,278	(4,000)	56,278	56,278	
Total Other Support Services - Students - Guidance	<u>60,278</u>	<u>(4,000)</u>	<u>56,278</u>	<u>56,278</u>	

Borough of Edgewater School District

Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2019

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	\$ 362,170	\$ 1,247	\$ 363,417	\$ 363,416	\$ 1
Salaries of Secretarial and Clerical Assistants	43,237		43,237	43,237	
Purchased Professional and Technical Services	48,000	29,054	77,054	77,054	
Miscellaneous Purchased Services	600	485	1,085	1,083	2
Supplies and Materials	7,400	(3,546)	3,854	3,853	1
Total Other Support Services - Child Study Teams	<u>461,407</u>	<u>27,240</u>	<u>488,647</u>	<u>488,643</u>	<u>4</u>
Educational Media Serv./Sch. Library					
Salaries	118,732	15	118,747	118,747	
Supplies and Materials	1,100	(948)	152	152	
Total Educational Media Serv./Sch. Library	<u>119,832</u>	<u>(933)</u>	<u>118,899</u>	<u>118,899</u>	
Total Student and Instruction Related Services	<u>1,368,544</u>	<u>128,257</u>	<u>1,496,801</u>	<u>1,496,791</u>	<u>10</u>
Current Expense:					
Salaries - Supervisors of Instruction	82,400		82,400	82,400	
Total Instructional Staff Training Services	<u>82,400</u>		<u>82,400</u>	<u>82,400</u>	
Support Services - General Administration:					
Salaries of Other Professional Staff	250,332	6,073	256,405	256,404	1
Legal Services	32,000	69,102	101,102	101,101	1
Audit Fees	25,000	10,000	35,000	35,000	
Architect/Engineer Services		1,920	1,920	1,920	
Purchased Technical Services	500	1,678	2,178	2,178	
Communications/Telephone	55,000	(7,001)	47,999	47,999	
BOE Conferences and Travel	1,051	(951)	100	100	
General Supplies	3,000	3,893	6,893	6,893	
BOE In-House Training/Meeting Supplies	14,800	(11,601)	3,199	3,199	
Miscellaneous Expenditures	11,000	2,180	13,180	13,180	
BOE Membership Dues and Fees	7,900	(321)	7,579	7,578	1
Total Support Services - General Administration	<u>400,583</u>	<u>74,972</u>	<u>475,555</u>	<u>475,552</u>	<u>3</u>
Support Services-School Administration:					
Salaries of Principals/Assistant Principals	284,658	(20,037)	264,621	264,620	1
Salaries of Secretarial and Clerical Assistants	117,178	(34,135)	83,043	83,042	1
Supplies and Materials	3,000	2,826	5,826	5,825	1
Other Objects	1,050	250	1,300	1,300	
Total Support Services-School Administration	<u>405,886</u>	<u>(51,096)</u>	<u>354,790</u>	<u>354,787</u>	<u>3</u>
Central Services:					
Salaries - Business Administrator	143,281	4,298	147,579	147,579	
Salaries - Clerical	145,259	(6,077)	139,182	139,181	1
Purchased Professional Services	26,000	948	26,948	26,948	
Supplies and Materials	850	(31)	819	818	1
Miscellaneous Expenditures	4,000	5,419	9,419	9,418	1
Total Central Services	<u>319,390</u>	<u>4,557</u>	<u>323,947</u>	<u>323,944</u>	<u>3</u>
Administrative Information Technology:					
Other Purchased Services (400-500 series)		1,250	1,250	1,250	
Supplies and Materials	4,400	549	4,949	4,948	1
Other Objects	2,100	(2,100)			
Total Administrative Information Technology	<u>6,500</u>	<u>(301)</u>	<u>6,199</u>	<u>6,198</u>	<u>1</u>
Required Maint for School Facilities:					
Salaries	203,414	(2,759)	200,655	200,654	1
Cleaning, Repair, and Maintenance Services	110,313	44,096	154,409	89,399	65,010
General Supplies	12,000	5,752	17,752	17,752	
Other Objects	35,798	(3,170)	32,628	32,628	
Total Required Maint for School Facilities	<u>361,525</u>	<u>43,919</u>	<u>405,444</u>	<u>340,433</u>	<u>65,011</u>

Borough of Edgewater School District

Budgetary Comparison Schedule
 General Fund
 For The Year Ended June 30, 2019

C-1
 Sheet #4

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Custodial Services:					
Salaries	\$ 371,319	\$ (4,320)	\$ 366,999	\$ 366,996	\$ 3
Cleaning, Repair, and Maintenance Services	81,500	(35,319)	46,181	46,179	2
Other Purchased Property Services	24,000	21,121	45,121	45,120	1
Insurance	120,019	(6,523)	113,496	113,495	1
General Supplies	40,000	(6,864)	33,136	33,135	1
Energy (Electricity)	206,066	42,863	248,929	248,929	
Other Objects	3,800	(558)	3,242	3,242	
Total Custodial Services	846,704	10,400	857,104	857,096	8
Security:					
Purchased Professional and Technical Services		5,795	5,795	5,794	1
Total Security		5,795	5,795	5,794	1
Total Operations and Maintenance of Plant Services	1,208,229	60,114	1,268,343	1,203,323	65,020
Student Transportation Services:					
Salaries for Pupil Transportation:					
Other Salaries for Instruction	62,719	(26,796)	35,923	35,922	1
Between Home & School - Regular	23,312	80,490	103,802	103,801	1
Health Benefits	3,500	5,405	8,905	8,904	1
Purchased Technical Services	50,000	5,517	55,517	55,516	1
Contracted Services:					
Aid in Lieu of Payment for Non-public School Students	120,640	12,331	132,971	132,971	
Special Education Students - Joint Agreements	256,189	(26,008)	230,181	230,181	
Special Education Students - ESC's and CSTAs	1,034,336	(34,638)	999,698	999,698	
Misc. Purchased Services	25,000	(1,557)	23,443	23,443	
General Supplies	2	8,647	8,649	8,649	
Total Student Transportation Expenses	1,575,698	23,391	1,599,089	1,599,085	4
Unallocated Benefits:					
Social Security Contributions	153,030	1,382	154,412	154,411	1
Other Retirement Contributions - PERS	123,391	(66,260)	57,131	57,127	4
Unemployment Compensation	46,200	(7,200)	39,000	39,000	
Workmen's Compensation	71,200	(15,601)	55,599	55,598	1
Health Benefits	2,363,200	(614,972)	1,748,228	2,001,423	(253,195)
Tuition Reimbursement	18,000	1,225	19,225	19,225	
Other Employee Benefits	33,400	53,658	87,058	87,058	
Total Unallocated Benefits	2,808,421	(647,768)	2,160,653	2,413,842	(253,189)
On-Behalf Contributions:					
TPAF Post Retirement Medical Benefits (non-budgeted)				444,887	(444,887)
TPAF Long-term Disability Insurance				1,799	(1,799)
TPAF Pension Contributions (non-budgeted)				980,796	(980,796)
Reimbursed TPAF Social Security Contributions (non-budgeted)				404,273	(404,273)
Total On-Behalf Contributions				1,831,755	(1,831,755)
Total Personal Services - Employee Benefits	2,808,421	(647,768)	2,160,653	4,245,597	(2,084,944)
Total Undistributed Expenses	16,115,120	(98,207)	16,016,913	18,036,812	(2,019,899)
TOTAL GENERAL CURRENT EXPENSE	21,013,753	231,394	21,245,147	23,215,886	(1,970,739)
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	27,043		27,043	27,043	
Total Facilities Acquisition and Construction Services	27,043		27,043	27,043	
TOTAL CAPITAL OUTLAY	27,043		27,043	27,043	
Total Expenditures	21,040,796	231,394	21,272,190	23,242,929	(1,970,739)
Deficiency of Revenues Under Expenditures	(35,000)	(65,010)	(100,010)	1,789	(101,799)

Borough of Edgewater School District

Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2019

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:					
Transfers In				\$ 33	\$ (33)
Total Other Financing Sources (Uses)				<u>33</u>	<u>(33)</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	\$ (35,000)	\$ (65,010)	\$ (100,010)	1,822	(101,832)
Fund Balances, Beginning of Year	<u>1,321,815</u>		<u>1,321,815</u>	<u>1,321,815</u>	
Fund Balances, End of Year	<u>\$ 1,286,815</u>	<u>\$ (65,010)</u>	<u>\$ 1,221,805</u>	<u>\$ 1,323,637</u>	<u>\$ (101,832)</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance				\$ 36,822	\$ (36,822)
Withdrawal from Maintenance Reserve	\$ (35,000)	\$ (65,010)	\$ (100,010)	(35,000)	(65,010)
Total	<u>\$ (35,000)</u>	<u>\$ (65,010)</u>	<u>\$ (100,010)</u>	<u>\$ 1,822</u>	<u>\$ (101,832)</u>
Recapitulation of fund balance:					
Restricted Fund Balance:					
Capital reserve				\$ 1,022,513	
Maintenance reserve				65,010	
Assigned to:					
Year end encumbrances				6,479	
Unassigned fund balance				<u>229,635</u>	
				1,323,637	
Reconciliation to Governmental Fund Statement (GAAP):					
Last state aid payments not recognized on GAAP basis				(70,040)	
Fund balance per Governmental Funds (GAAP)				<u>\$ 1,253,597</u>	

Borough of Edgewater School District

Budgetary Comparison Schedule
Special Revenue Fund
For The Year Ended June 30, 2019

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	\$ 39,706	\$ 4,624	\$ 44,330	\$ 42,262	\$ (2,068)
Federal Sources	359,177	157,114	516,291	514,648	(1,643)
Total Revenues	<u>398,883</u>	<u>161,738</u>	<u>560,621</u>	<u>556,910</u>	<u>(3,711)</u>
<u>Expenditures</u>					
Instruction:					
Salaries of teachers	\$ 203,849	\$ (27,404)	\$ 176,445	\$ 176,445	
Other purchased services		5,123	5,123	4,563	\$ 560
Tuition	137,626	74,605	212,231	211,566	665
Supplies and Materials	34,454	47,362	81,816	80,083	1,733
Other objects		300	300	300	
Total Instruction	<u>375,929</u>	<u>99,986</u>	<u>475,915</u>	<u>472,957</u>	<u>2,958</u>
Support Services:					
Employee Benefits		44,836	44,836	44,835	1
Purchased professional and technical services		7,417	7,417	7,417	
Purchased professional and educational services	21,312	7,104	28,416	28,416	
Other purchased services		1,000	1,000	1,000	
Other objects	1,642	1,395	3,037	2,285	752
Total Support Services	<u>22,954</u>	<u>61,752</u>	<u>84,706</u>	<u>83,953</u>	<u>753</u>
Total Expenditures	<u>398,883</u>	<u>161,738</u>	<u>560,621</u>	<u>556,910</u>	<u>3,711</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, 2019

C-3
1 of 2

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)	\$ 23,244,718	\$ 556,910
Differences - Budgetary to GAAP:		
State Aid Payment Recognized for:		
GAAP statements, not recognized for budgetary purposes (prior year)	37,502	1,594
budgetary purposes, not recognized for GAAP statements (current year)	<u>(70,040)</u>	<u>(3,641)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 23,212,180</u>	<u>\$ 554,863</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 23,242,929</u>	<u>\$ 556,910</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 23,242,929</u>	<u>\$ 556,910</u>

Borough of Edgewater School District

Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For The Year Ended June 30, 2019

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, 2019

E-1
p. 1

	I.D.E.A.					
	<u>Title I</u>	<u>Title IIA</u>	<u>Title III Other</u>	<u>Title IV</u>	<u>Part B</u>	<u>Preschool</u>
<u>Revenues</u>						
State Sources						
Federal Sources	\$ 218,616	\$ 29,183	\$ 33,738	\$ 13,128	\$ 212,566	\$ 7,417
Total Revenues	\$ 218,616	\$ 29,183	\$ 33,738	\$ 13,128	\$ 212,566	\$ 7,417
<u>Expenditures</u>						
Instruction:						
Salaries of teachers	\$ 144,631					
Other purchased services						
Tuition					\$ 211,566	
Supplies and Materials	29,150	\$ 767	\$ 32,438	\$ 13,128		
Other objects			300			
Total instruction	173,781	767	32,738	13,128	211,566	
Support services:						
Employee Benefits	44,835					
Purchased professional and technical services						\$ 7,417
Purchased professional and educational services		28,416				
Other purchased services			1,000			
Supplies and Materials						
Other objects					1,000	
Total support services	44,835	28,416	1,000	-	1,000	7,417
Total Expenditures	\$ 218,616	\$ 29,183	\$ 33,738	\$ 13,128	\$ 212,566	\$ 7,417

Borough of Edgewater School District
Special Revenue Fund

Combining Schedule of Revenues and Expenditures - Budgetary Basis

Year ended June 30, 2019

E-1
p.2
(continued)

	Preschool Education Aid	New Jersey Non - Public Aid			English as a Second Language	Total
		Corrective Speech	Nursing	Technology Initiative		
Revenues						
State Sources	\$ 36,414	\$ 893	\$ 1,285	\$ 2,590	\$ 1,080	\$ 42,262
Federal Sources						514,648
Total Revenues	\$ 36,414	\$ 893	\$ 1,285	\$ 2,590	\$ 1,080	\$ 556,910
Expenditures						
Instruction:						
Salaries of teachers	\$ 31,814					\$ 176,445
Other purchased services		\$ 893		\$ 2,590	\$ 1,080	4,563
Tuition						211,566
Supplies and Materials	4,600					80,083
Textbooks						300
Total instruction	36,414	893		2,590	1,080	472,957
Support services:						
Employee Benefits						44,835
Purchased professional and technical services						7,417
Purchased professional and educational services						28,416
Other purchased services						1,000
Other objects			\$ 1,285			2,285
Total support services			1,285			83,953
Total Expenditures	\$ 36,414	\$ 893	\$ 1,285	\$ 2,590	\$ 1,080	\$ 556,910

Borough of Edgewater School District

Special Revenue Fund
Pre-school Education Schedule of Expenditures
Budgetary Basis
For The Year Ended June 30, 2019

E-2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	\$ 36,414	\$ (4,600)	\$ 31,814	\$ 31,814	
Supplies and Materials		4,600	4,600	4,600	
	<u>36,414</u>	<u>-</u>	<u>36,414</u>	<u>36,414</u>	
Total Instruction					
	<u>36,414</u>	<u>-</u>	<u>36,414</u>	<u>36,414</u>	
Total Expenditures	<u>\$ 36,414</u>	<u>\$ -</u>	<u>\$ 36,414</u>	<u>\$ 36,414</u>	

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2018-19 Preschool Education Aid Allocation	\$ 36,414
Actual Preschool Education Aid Carryover (June 30, 2018)	-
Total Preschool Education Aid Funds Available for 2018-19 Budget	<u>36,414</u>
Less: 2017-18 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>36,414</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	-
Add: 2018-19 Unexpended Preschool Education Aid	<u>-</u>
2018-19 Actual Carryover - Preschool Education Aid	<u>\$ -</u>
2018-19 Preschool Education Aid Carryover Budgeted for 2019-20	<u>\$ -</u>

CAPITAL PROJECTS FUND

Borough of Edgewater School District

Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Year Ended June 30, 2019

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, 2019</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> </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, 2019

F-2

Revenues and Other Financing Sources:	
Interest Revenue	\$ 33
Total Revenue and Other Financing Sources	<u>33</u>
Expenditures and Other Financing Uses:	
Construction Services	
Total Expenditures	<u>-</u>
Excess (Deficit) of Revenue over (under) Expenditures	<u>33</u>
Other Financing Sources (Uses):	
Transfer to General Fund	(33)
	<u>(33)</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, 2019 - budgetary basis	\$ 78,683
Less difference in grant revenue recognized	(10,346)
Fund balance, June 30, 2019 - 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, 2019

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, 2019

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
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
Excess (Deficiency) of Revenue Over (Under) Expenditures				
	<u>\$ 26,119</u>	<u>\$ -</u>	<u>\$ 26,119</u>	<u>\$</u>
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

H-1

Fiduciary Fund
 Combining Statement of Net Position
 June 30, 2019

	Agency		
	Student Activity	Payroll	Total
Assets			
Cash and cash equivalents	\$ 17,348	\$ 260,910	\$ 278,258
Interfund receivable		57,489	57,489
Total assets	<u>\$ 17,348</u>	<u>\$ 318,399</u>	<u>\$ 335,747</u>
Liabilities			
Accounts payable		2,940	2,940
Payroll deductions and withholdings payable		315,459	315,459
Due to student groups	17,348		17,348
Total liabilities	<u>\$ 17,348</u>	<u>\$ 318,399</u>	<u>\$ 335,747</u>

Borough of Edgewater School District

Combining Statement of Changes in Net Position
Fiduciary Fund
For The Year Ended June 30, 2019

H-2

NOT APPLICABLE

Borough of Edgewater School District

Student Activity Agency Fund
Statement of Activity
For Year Ended June 30, 2019

H-3

	<u>Balance, June 30, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2019</u>
Elementary Schools:				
Eleanor Van Gelder	\$ 22,205	\$ 37,049	\$ 48,742	\$ 10,512
George Washington	<u>2,465</u>	<u>18,993</u>	<u>14,622</u>	<u>6,836</u>
Total All Schools	<u>\$ 24,670</u>	<u>\$ 56,042</u>	<u>\$ 63,364</u>	<u>\$ 17,348</u>

Borough of Edgewater School District

Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For The Year Ended June 30, 2019

H-4

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS				
Cash and cash equivalents	\$ 51,861	\$ 9,098,866	\$ 8,889,817	\$ 260,910
		57,489		57,489
Total Assets	<u>\$ 51,861</u>	<u>\$ 9,156,355</u>	<u>\$ 8,889,817</u>	<u>\$ 318,399</u>
 LIABILITIES				
Accounts payable	\$ 5,394	\$ 2,940	\$ 5,394	\$ 2,940
Payroll deductions and withholdings payable	43,967	9,153,415	8,881,923	315,459
Interfund payable	2,500		2,500	
Total Liabilities	<u>\$ 51,861</u>	<u>\$ 9,156,355</u>	<u>\$ 8,889,817</u>	<u>\$ 318,399</u>

LONG-TERM DEBT

Borough of Edgewater School District

Long-Term Debt
Schedule of Serial Bonds
For the Year Ended June 30, 2019

I-1

Purpose	Date of Issue	Original Issue	Annual Maturities of Bonds Outstanding June 30, 2019		Interest Rate	Balance July 1, 2018	Retired or Matured	Balance June 30, 2019
			Date	Amount				
Construction of a New Elementary School and Installation of Solar Panels at the Eleanor Van Gelder School	05/20/2010	\$ 28,728,000	03/01/20	\$ 465,000	4.000%	\$ 920,000	\$ 455,000	\$ 465,000
Refunding 2003 Series General Improvement Bonds	03/01/2013	3,080,000	09/01/19	360,000	3.000%	1,825,000	345,000	1,480,000
			09/01/20	370,000	4.000%			
			09/01/21	375,000	4.000%			
			09/01/22	375,000	4.000%			
Refunding 2010 Series General Improvement Bonds	8/10/2017	26,565,000	03/01/20	20,000	3.000%	26,115,000	15,000	26,100,000
			03/01/21	510,000	3.000%			
			03/01/22	535,000	4.000%			
			03/01/23	570,000	4.000%			
			03/01/24	1,020,000	4.000%			
			03/01/25	1,070,000	4.000%			
			03/01/26	1,120,000	4.000%			
			03/01/27	1,170,000	4.000%			
			03/01/28	1,220,000	4.000%			
			03/01/29	1,265,000	4.000%			
			03/01/30	1,325,000	4.000%			
			03/01/31	1,380,000	3.000%			
			03/01/32	1,425,000	4.000%			
			03/01/33	1,480,000	3.000%			
			03/01/34	1,530,000	4.000%			
			03/01/35	1,590,000	3.125%			
			03/01/36	1,640,000	3.000%			
			03/01/37	1,705,000	3.000%			
			03/01/38	1,775,000	3.000%			
			03/01/39	1,840,000	3.000%			
03/01/40	1,910,000	3.000%						
						26,115,000	15,000	26,100,000
						\$ 28,860,000	\$ 815,000	\$ 28,045,000

Borough of Edgewater School District

Long-Term Debt
Schedule of Obligations Under Capital Leases
For The Year Ended June 30, 2019

I-2

NOT APPLICABLE

Borough of Edgewater School District

Budgetary Comparison Schedule
Debt Service Fund
For The Year Ended June 30, 2019

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	\$ 1,850,425	\$ 1,850,425	\$ 1,850,425	
State Sources:				
Debt Service Aid Type II	<u>63,887</u>	<u>63,887</u>	<u>63,887</u>	
Total Revenues	<u>1,914,312</u>	<u>1,914,312</u>	<u>1,914,312</u>	<u>-</u>
<u>Expenditures</u>				
Regular Debt Service:				
Interest Payment	1,099,313	1,099,313	1,099,313	
Principal payment	<u>815,000</u>	<u>815,000</u>	<u>815,000</u>	
Total Regular Debt Service	<u>1,914,313</u>	<u>1,914,313</u>	<u>1,914,313</u>	<u>-</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>73,470</u>	<u>73,470</u>	<u>73,470</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 73,469</u></u>	<u><u>\$ 73,469</u></u>	<u><u>\$ 73,469</u></u>	<u><u>\$ -</u></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
(Modified Accrual Basis of Accounting)
Unaudited

J-1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net investment in capital assets	\$ 5,188,665	\$ 5,518,375	\$ 5,857,262	\$ 5,585,748	\$ 5,201,403	\$ 776,791	\$ 17,074			
Restricted	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	1,229,329
Unrestricted	<u>28,300</u>	<u>(22,537,284)</u>	<u>(4,029,920)</u>	<u>(313,469)</u>	<u>(173,383)</u>	<u>(2,030,229)</u>	<u>(2,753,138)</u>	<u>(3,457,669)</u>	<u>(5,413,046)</u>	<u>(5,306,400)</u>
Total Governmental Activities Net Position	<u>\$ 8,705,811</u>	<u>\$ 8,993,571</u>	<u>\$ 8,816,087</u>	<u>\$ 8,216,652</u>	<u>\$ 7,790,582</u>	<u>\$ 600,505</u>	<u>\$ (1,249,313)</u>	<u>\$ (2,067,320)</u>	<u>\$ (4,148,716)</u>	<u>\$ (4,077,071)</u>
Business-Type Activities										
Net investment in capital assets	\$ 2,479	\$ 2,263	\$ 2,047	\$ 1,831	\$ 1,615	\$ 1,399	\$ 1,183	\$ 967	\$ 751	\$ 535
Unrestricted	<u>49,169</u>	<u>60,851</u>	<u>81,162</u>	<u>322,601</u>	<u>390,106</u>	<u>577,270</u>	<u>544,044</u>	<u>397,358</u>	<u>98,909</u>	<u>69,379</u>
Total Business-Type Activities Net Position	<u>\$ 51,648</u>	<u>\$ 63,114</u>	<u>\$ 83,209</u>	<u>\$ 324,432</u>	<u>\$ 391,721</u>	<u>\$ 578,669</u>	<u>\$ 545,227</u>	<u>\$ 398,325</u>	<u>\$ 99,660</u>	<u>\$ 69,914</u>
Government-Wide:										
Net investment in capital assets	\$ 5,191,144	\$ 5,520,638	\$ 5,859,309	\$ 5,587,579	\$ 5,203,018	\$ 778,190	\$ 18,257	\$ 967	\$ 751	\$ 535
Restricted	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	1,229,329
Unrestricted	<u>77,469</u>	<u>(22,476,433)</u>	<u>(3,948,759)</u>	<u>9,132</u>	<u>216,723</u>	<u>(1,452,959)</u>	<u>(2,209,093)</u>	<u>(3,060,311)</u>	<u>(5,314,137)</u>	<u>(5,237,021)</u>
Total District Net Position	<u>\$ 8,757,459</u>	<u>\$ 9,056,685</u>	<u>\$ 8,899,296</u>	<u>\$ 8,541,084</u>	<u>\$ 8,182,303</u>	<u>\$ 1,179,174</u>	<u>\$ (704,085)</u>	<u>\$ (1,668,995)</u>	<u>\$ (4,049,056)</u>	<u>\$ (4,007,157)</u>

Source: CAFR Schedule A-1 and District Reports

Borough of Edgewater School District

Changes in Net Position
LAST TEN YEARS
(Modified Accrual Basis of Accounting)
Unaudited

J-2
Sheet 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Government Activities Instruction:										
Regular	\$ 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	\$ 7,450,108
Special Education	575,935	440,727	558,763	718,988	1,282,620	1,103,161	1,613,187	1,265,663	1,848,632	1,898,447
Other Special Instruction	537,482	502,098	432,766	412,523	371,600	498,542	348,981	310,137	512,939	495,992
Other Instruction	25,141	51,608	40,843		2,277	22,176	29,214	27,552	26,806	21,317
Support Services:										
Tuition	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	8,249,135
Student & Instruction Related Services	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	2,393,553
General Administration Services	327,550	306,579	210,194	259,404	439,263	448,325	607,331	521,285	636,341	737,194
School Administrative Services	261,572	203,485	180,058	272,105	542,323	561,341	497,295	507,355	659,510	628,189
Central Services	248,647	283,399	313,520	379,909	385,104	378,193	363,084	406,665	590,283	555,650
Administrative Information Technology	72,743	98,598	89,455	112,826	12,778	12,698	6,050			
Plant Operations and Maintenance	758,260	695,498	625,558	1,113,816	1,134,938	1,367,696	1,253,568	1,585,199	1,618,067	1,801,560
Pupil Transportation	925,277	929,443	989,317	1,048,643	1,351,962	1,448,681	1,506,819	1,692,283	1,934,947	1,829,109
Special Schools	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	27,043	25,912	27,043	-	-	-
Interest on Long-Term Debt	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	1,006,504
Unallocated Depreciation	244,055	257,290	271,113	1,011,514	1,044,345	5,257,189	1,032,360	-	-	-
Total Governmental Activities Expenses	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	27,066,758
Business-Type Activities:										
Food Service	172,402	176,593	207,522	254,786	264,873	280,095	276,209	568,781	380,658	364,472
Pre-K				395,312	529,723	352,633	435,235	309,392	737,487	545,602
Total Business-Type Activities Expenses	172,402	176,593	207,522	650,098	794,597	632,728	711,444	878,173	1,118,145	910,074
Total District-wide Expenses	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	27,976,832
Program Revenues										
Governmental Activities:										
Charges for Services	66,649									
Operating Grants and Contributions	1,788,783	791,842	846,298	948,260	879,193	1,101,691	881,472	1,049,682	763,994	554,863
Capital Grants and Contributions							264,517	29,336		
Total Governmental Activities	1,855,432	791,842	846,298	948,260	879,193	1,101,691	1,145,989	1,079,018	763,994	554,863
Business Type Activities:										
Charges for Services:										
Food Service	130,764	130,444	147,321	156,168	188,117	202,868	202,651	433,800	227,309	231,249
Pre-K				654,072	579,600	493,177	361,600	202,969	489,950	547,625
Capital Grants and Contributions - Food Service & Preschool	54,833	57,760	80,225	81,006	93,789	123,045	112,773	94,502	95,788	98,105
Total Business Type Activities	185,597	188,204	227,545	891,246	861,506	819,090	677,023	731,271	813,047	876,979
Total District-wide Program Revenues	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	1,431,842
Net (Expense) Revenue										
Governmental Activities	(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)	(26,511,895)
Business-Type Activities	13,195	11,611	20,024	241,148	66,909	186,361	(34,421)	(146,902)	(305,098)	(33,095)
Total District-Wide Net (Expense)	\$ (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)	\$ (26,544,990)

Borough of Edgewater School District

Changes in Net Position
LAST TEN YEARS
(Modified Accrual Basis of Accounting)
Unaudited

J-2
Sheet 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenue and Other Changes in Net Positions										
Governmental Activities										
Property Taxes - General Purpose, Net	\$ 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	\$ 19,775,600
Taxes Levied for Debt Service	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	1,850,425
Unrestricted Grants and Contributions	112,011	508,663	898,850	1,249,592	1,064,077	1,156,921	1,118,630	2,513,303	5,348,605	4,711,682
Interest and Miscellaneous Income	154,402	227,054	72,433	202,444	166,140	134,915	359,665	46,800	113,476	245,833
Unrecorded Prior Year Expenditures			(45,959)							
Cancellation of Grants Receivable		(75,275)								
Transfers			(20,240)							
Total Governmental Activities General Revenues and Other Changes	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	26,583,540
Business-Type Activities;										
Investment Earnings	94	70	71	75	380	587	979	-	6,433	3,349
Transfers										
Total Business-type Activities General Revenues and Other Changes	94	70	71	75	380	587	979	-	6,433	3,349
Total District-Wide General Revenues and Other Changes in Net Position	12,833,697	15,207,530	15,499,497	16,773,850	18,594,408	19,753,307	21,511,276	23,143,579	26,426,188	26,586,889
Change in Net Positions										
Governmental Activities	(83,155)	287,760	(177,483)	(599,435)	(426,071)	(4,892,949)	(127,242)	(818,007)	(2,081,396)	71,645
Business-type Activities	13,289	11,681	20,095	241,223	67,289	186,948	(33,442)	(146,902)	(298,665)	(29,746)
Total District-wide Change in Net Position	\$ (69,866)	\$ 299,441	\$ (157,388)	\$ (358,212)	\$ (358,781)	\$ (4,706,001)	\$ (160,684)	\$ (964,909)	\$ (2,380,061)	\$ 41,899

Source: CAF Schedule A-2 and District records

Borough of Edgewater School District

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

J-3

	<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>2019</u>
General Fund										
Reserved	\$ 3,299,978									
Unreserved	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	\$ 1,087,523
Assigned							7,768	12,104	6,479	6,479
Unassigned		451,141	513,081	421,614	291,136	326,673	408,806	200,271	155,311	159,595
Total General Fund	<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>	<u>\$ 1,253,597</u>
All Other Governmental Funds:										
Reserved	\$ 41,006									
Restricted for:										
Capital Projects Funds	28,455,235	\$ 23,807,614	\$ 4,229,338	\$ 725,563	\$ 339,108	\$ 52,566	\$ 152,025	\$ 68,337	\$ 68,337	\$ 68,337
Debit Service Fund	2,450	753,681	890,931	137,249			1	1	73,470	73,469
Unassigned (Deficit), reported in:										
Special Revenue Fund	(8,005)	(1,328)	(5,561)					(2,251)	(1,594)	(3,641)
Total All Other Governmental Funds	<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>	<u>\$ 138,165</u>
Total Governmental Funds	<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>	<u>\$ 1,391,762</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 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	\$ 21,626,025
Tuition Charges	66,649									
Interest Earnings	16,398	2,107	1,162	983	638	3,363	4,035	88	16,140	29,804
Miscellaneous	137,808	224,947	71,271	91,461	167,145	131,552	355,630	46,712	97,336	216,029
State Sources	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	3,294,882
Federal Sources	407,443	229,764	256,548	198,699	169,579	245,772	517,562	475,211	483,985	514,648
Total Revenues	14,526,848	16,074,577	16,411,922	17,612,034	19,473,222	20,854,411	22,656,286	24,220,346	24,744,516	25,681,388
Expenditures										
Instruction:										
Regular	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	4,299,727
Special	462,953	319,472	390,467	494,014	925,445	760,330	1,237,052	825,386	944,580	1,062,722
Other Special	392,477	362,812	301,240	283,047	257,317	343,610	253,286	202,252	262,092	277,649
Other Instruction	19,181	37,238	28,613		1,575	15,285	21,287	18,034	13,697	11,933
Support Services:										
Tuition	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	8,249,135
Student and Instruction Related Services	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	1,663,144
General Administrative Services	306,046	272,296	176,329	222,763	375,538	381,498	524,946	365,651	379,775	475,552
School Administrative Services	197,829	148,041	126,250	187,786	376,710	388,199	362,218	322,933	340,354	354,787
Central Services	202,034	211,917	223,365	267,408	275,941	276,972	282,140	278,403	316,722	323,944
Administrative Information Technology	59,223	77,318	66,052	108,061	12,778	11,219	6,050	4,555	6,436	6,198
Plant Operations and Maintenance	708,888	617,579	527,239	912,007	961,416	1,146,169	1,064,200	1,065,448	1,012,835	1,203,323
Pupil Transportation	904,391	896,193	955,617	1,020,663	1,298,761	1,431,702	1,494,738	1,466,841	1,659,064	1,599,085
Unallocated Benefits	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	4,245,597
Special Schools	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	426,182	4,816,356	19,487,006	3,631,813	519,289	601,272	621,339	100,383	186,258	27,043
Cost of issuance									181,308	
Debt Service:										
Principal	500,000	587,000	610,000	630,000	660,000	700,000	720,000	750,000	1,220,000	815,000
Interest and Other Charges	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	1,099,313
Total Expenditures	15,183,536	20,707,560	36,335,187	21,524,304	20,009,082	21,727,493	22,941,345	24,475,746	25,101,771	25,714,152
Excess (Deficiency) of Revenue Over (Under) Expenditures	(656,688)	(4,632,983)	(19,923,265)	(3,912,269)	(535,859)	(873,081)	(285,059)	(255,401)	(357,255)	(32,764)
Other Financial Sources (Uses)										
Transfers In	9,605	49,147		2,980	637	117	265,057	88	293	33
Transfers Out	(9,605)	(49,147)	(20,240)	(2,980)	(637)	(117)	(265,057)	(88)	(293)	(33)
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)	28,728,196	(75,275)	(66,199)					(39,684)	181,308	-
Net Change in Fund Balances	\$ 28,071,508	\$ (4,708,258)	\$ (19,989,463)	\$ (3,912,269)	\$ (535,859)	\$ (873,081)	\$ (285,059)	\$ (295,085)	\$ (175,947)	\$ (32,764)
Debt Service as Percentage of Noncapital Expenditures	4.9%	10.8%	11.8%	10.8%	10.0%	9.3%	8.7%	8.8%	8.3%	8.0%

Source: Borough of Edgewater School District Financial Reports.

Borough of Edgewater School District

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

J-5

Fiscal Year Ending June 30.	Tuition	Interest on Investments	Rental - Use of Facilities	Parking Fees	FEMA	Summer Program	Lynx Technologies	E-Rate	Medical Contributions	Prior Year Reimbursements	Prior Year Voids	Club Fees	Other	Total
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
2019		29,804	20,000	\$ 48,000	\$ 80,431	\$ 10,520	\$ 10,000	\$ 1,018			9,185		36,875	245,833

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	<u>Land Vacant</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total Assessed Value</u>	<u>Add Public Utilities^a</u>	<u>Net Valuation Taxable</u>	<u>Tax-Exempt Property</u>	<u>Total Direct School Tax Rate^b</u>	<u>Estimated Actual (County Equalized Value)</u>
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	2,657,513,100	1,409,977	2,658,923,077	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	2,744,136,567	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	2,813,841,394	217,864,300	0.772	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	2,898,029,689	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
2019	79,549,500	1,836,264,700	566,157,500	22,422,400	462,130,400	2,966,524,500	1,387,817	2,967,912,317	217,313,900	0.750	4,168,444,661

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	
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	1.566
2013	0.543	0.073	0.62	0.740	0.27	1.623
2014	0.595	0.075	0.67	0.766	0.26	1.698
2015	0.624	0.087	0.71	0.771	0.28	1.760
2016	0.662	0.060	0.77	0.766	0.29	1.826
2017	0.665	0.067	0.72	0.774	0.31	1.800
2018	0.658	0.068	0.73	0.787	0.32	1.837
2019	0.689	0.061	0.75	0.815	0.33	1.895

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

2019

Taxpayer	Taxable Assessed Valuation	% of Total District's Net Assessed Value
EDWTR Ret. Partners LLC	\$ 100,000,000	3.37%
Edgewater Financing LLC	77,196,000	2.60%
Windsor at Mariner's Tower, LLC	57,500,000	1.94%
RREEF Amer REIT II	55,000,100	1.85%
WAC St Moritz Venture LLC	54,873,500	1.85%
100 Alexander Way	47,477,700	1.60%
AIMCO River Club LLC	46,000,000	1.55%
YNJ LLC c/o Mitsuwa	31,640,600	1.07%
WGI Edgewater Owner LLC	29,080,000	0.98%
The Edgewater Colony, Inc	28,900,000	0.97%
Total	<u>\$ 527,667,900</u>	<u>17.79%</u>

Source: Borough of Edgewater Tax Assessor.

Borough of Edgewater School District

Property Tax Levies and Collections
LAST TEN YEARS
Unaudited

J-9

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	<u>Collected Within the Fiscal Year of the Levy^a</u>		
		Amount	Percentage of Levy	Collections in Subsequent Years
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%	-
2019	21,626,025	21,626,025	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>			
2010	\$ 34,320,000	\$ 1,000,000	\$ 35,320,000	5.42%	3,669.99
2011	33,733,000		33,733,000	4.21%	2,929.99
2012	33,123,000		33,123,000	3.96%	2,857.89
2013	32,383,000		32,383,000	3.83%	2,704.89
2014	31,723,000		31,723,000	3.51%	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	2.99%	2,427.95
2018	28,860,000		28,860,000	2.79%	2,268.87
2019	28,045,000		28,045,000	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			
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%	2,573.07
2017	29,553,000		29,553,000	0.71%	2,427.95
2018	28,860,000		28,860,000	0.76%	2,268.87
2019	28,045,000		28,045,000	0.77%	Not available

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	\$ 54,519,880	100.00%	\$ 54,519,880
Bergen County General Obligation Debt	21,338,580	1.99%	424,211
			54,944,091
Total Overlapping Debt			54,944,091
Borough of Edgewater School District Direct Debt			28,045,000
Total Direct and Overlapping Debt			\$ 82,989,091

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.

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 2019

<u>Year</u>	<u>Equalized Valuation Basis</u>
2019	\$ 4,168,444,661
2018	3,821,748,979
2017	<u>3,621,299,388</u>
	<u>\$ 11,611,493,028</u>
Average Equalized Valuation of Taxable Property	<u>\$ 3,870,497,676</u>
Debt Limit (2.5% of Average Equalization Value) ^a	\$ 96,762,442
Net Bonded School Debt as of December 31, 2019	<u>28,045,000</u>
Legal Debt Margin	<u>\$ 68,717,442</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>2019</u>
Debt Limit	\$ 70,463,535	\$ 71,937,878	\$ 72,459,504	\$ 73,467,075	\$ 75,136,086	\$ 76,485,828	\$ 79,294,532	\$ 84,292,970	\$ 89,961,981	\$ 96,762,442
Total Net Debt Applicable to Limit	<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>	<u>28,045,000</u>
Legal Debt Margin	<u>\$ 36,143,535</u>	<u>\$ 38,204,878</u>	<u>\$ 39,336,504</u>	<u>\$ 41,084,075</u>	<u>\$ 43,413,086</u>	<u>\$ 45,462,828</u>	<u>\$ 48,991,532</u>	<u>\$ 54,739,970</u>	<u>\$ 61,101,981</u>	<u>\$ 68,717,442</u>
Total Net Debt applicable to the Limit as a Percentage of Debt Limit	48.71%	46.89%	45.71%	44.08%	42.22%	40.56%	38.22%	35.06%	32.08%	28.98%

^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

Year	Borough Population ^a	Bergen County Per Capita Personal Income ^b	Borough Personal Income ^c	Borough Unemployment Rate ^d
2010	11,530	\$ 65,992	\$ 760,887,760	8.60%
2011	11,623	68,865	800,417,895	8.40%
2012	11,659	71,789	836,987,951	8.60%
2013	11,882	71,100	844,810,200	7.70%
2014	12,259	73,637	902,715,983	6.40%
2015	11,889	76,821	913,324,869	6.00%
2016	11,913	77,901	928,034,613	5.60%
2017	12,172	81,203	988,402,916	7.70%
2018	12,720	81,203	1,032,902,160	2.60%
2019	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

2019			2010		
<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>J-16</u>									
<u>Function/Program</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>2019</u>
Instruction										
Regular	36.0	44.5	46.5	47.0	48.0	52.7	54.2	56.4	58.4	61.7
Special Education	4.0	6.0	6.0	8.0	8.0	8.6	8.6	9.6	9.6	9.6
Other Special Education	4.0	5.0	5.0	5.0	5.0				7.0	7.0
Other Instruction	1.0	1.0	1.0	1.0	1.0	4.0	6.0	8.0		
Support Services:										
Student & Instruction Related Services	5.5	6.5	6.5	6.5	7.0	29.1	28.0	27.0	27.2	27.8
General Administration Services	1.5	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administration Services	2.0	2.0	2.0	2.0	2.0	5.6	5.6	5.6	5.6	5.6
Central Services	3.0	3.5	3.5	4.0	5.0	3.8	3.0	3.0	3.0	4.0
Administration Information Technology	1.0	1.5	1.5	2.0	2.0	0.0	0.0	0.0	0.0	0.0
Plant Operations and Maintenance	5.0	5.0	5.0	12.5	14.0	14.0	12.5	12.5	12.5	13.5
Total	<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>	<u>131.2</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>
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%
2019	982	496	23,772,796	16,084	-2.08%	61	16.1:1	986.3	935.2	3.09%	94.81%

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>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>2019</u>
<u>District Building</u>										
<u>Elementary</u>										
George Washington School (2012):										
Square Feet	23,155	N/A	N/A	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capacity (students)	350	N/A	N/A	925	925	925	925	925	925	925
Enrollment	N/A	N/A	N/A	423	460	525	508	488	488	533
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	597	628	656	332	348	382	398	418	418	429

Number of Schools at June 30, 2019

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>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>2019</u>
George Washington				\$ 96,842	\$ 139,583	\$ 193,588	\$ 199,672	\$ 204,665	\$ 193,685	\$ 206,507
Eleanor Van Gelder	\$ 247,936	\$ 187,657	\$ 178,050	118,775	149,585	82,966	86,266	89,403	89,635	133,926
	<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>	<u>\$ 340,433</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, 2019
Unaudited

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ Schools Insurance Group:		
Property:		
Blanket Real and Personal Property Per Occurrence	\$ 500,000,000	\$ 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	
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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, 2019-001. 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.

**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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

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

December 23, 2019
Cranford, New Jersey



Michael Andriola, CPA
Licensed Public School Accountant No. 2429

**Report on Compliance For Each Major 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, 2019. 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, 2019.

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

December 23, 2019
Cranford, New Jersey



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, 2019

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Award Amount	Grant Period	Balance, June 30, 2018			Cash Received	Budgetary Expenditures	Repayment of Prior Year Balance	Balance, June 30, 2019		
					(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	\$ 213,231	7/1/18-6/30/19			\$ 149,689	\$ (212,566)		\$ (62,877)			
IDEA Part B	84.027	S027A170100	176,430	7/1/17-6/30/18	\$ (10,980)		10,980						
IDEA Preschool	84.173	S173A180114	7,417	7/1/18-6/30/19			2,464	(256)			\$ 2,208		
IDEA Preschool	84.173	S173A170114	7,161	7/1/17-6/30/18			7,161	(7,161)					
IDEA Preschool	84.173	S173A160114	7,225	7/1/16-6/30/17	(453)		453						
Subtotal of Special Education Cluster					(11,433)		170,747	(219,983)		(62,877)	2,208		
Title I, Part A	84.010	S010A180030	218,618	7/1/18-6/30/19			207,102	(209,468)		(2,366)			
Title I, Part A	84.010	S010A170030	216,902	7/1/17-6/30/18		\$ 9,148		(9,148)					
Title I, Part A	84.010	S010A160030	214,556	7/1/16-6/30/17	(11,516)		11,516						
Title II, Part A	84.367	S367B180029	28,416	7/1/18-6/30/19			14,848	(22,305)		(7,457)			
Title II, Part A	84.367	S367B170029	24,587	7/1/17-6/30/18		6,878		(6,878)					
Title II, Part A	84.367	S367B160029	17,093	7/1/16-6/30/17	(6,690)		6,690						
Title III	84.365	S365A180030	33,335	7/1/18-6/30/19			22,203	(27,680)		(5,477)			
Title III	84.365	S365A170030	33,335	7/1/17-6/30/18		6,058		(6,058)					
Title III	84.365	S365A160030	14,493	7/1/16-6/30/17	(5,478)		5,478						
Title III, Immigrant	84.365	S365A170030	9,454	7/1/17-6/30/18	(2,730)		2,730						
Title IV, Part A	84.424A	S424A180031	11,112	7/1/18-6/30/19			11,112	(5,610)			5,502		
Title IV, Part A	84.424A	S424A180031	10,000	7/1/17-6/30/18			7,518	(7,518)					
Total Special Revenue Fund					(37,847)	22,084	459,944	(514,648)		(78,177)	7,710		
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	191NJ304N109	26,513	7/1/18-6/30/19			26,513	(26,513)					
School Breakfast Program	10.553	191NJ304N109	2,374	7/1/18-6/30/19			2,023	(2,374)		(351)			
School Breakfast Program	10.553	181NJ304N109	1,113	7/1/17-6/30/18	(59)		59						
National School Lunch Program	10.555	191NJ304N109	59,963	7/1/18-6/30/19			55,783	(59,963)		(4,180)			
National School Lunch Program	10.555	181NJ304N109	59,311	7/1/17-6/30/18	(5,012)		5,012						
Subtotal Child Nutrition Cluster					(5,071)		89,390	(88,850)		(4,531)			
Federal PB Lunch - Healthy Hunger-Free Kids Act of 2010	10.555	191NJ304N1099	5,016	7/1/18-6/30/19			4,648	(5,016)		(368)			
Federal PB Lunch - Healthy Hunger-Free Kids Act of 2010	10.555	181NJ304N1099	5,044	7/1/17-6/30/18	(449)		449						
Total Enterprise Fund					(5,520)		94,487	(93,866)		(4,899)			
Total Federal Financial Awards					\$ (43,367)	\$ 22,084	\$ -	\$ 554,431	\$ (608,514)	\$ -	\$ (83,076)	\$ 7,710	\$ -

NC - Non-cash expenditures

Borough of Edgewater School District
 Schedule of Expenditures of State Awards
 For The Year Ended June 30, 2019

K-4
 Schedule B

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance, June 30, 2018			Budgetary Expenditures	Repayment of Prior Year Balance	Balance, June 30, 2019			MEMO	
				(Accounts Receivable)		Cash Received			(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	7/1/18-6/30/19			\$ 504,147	\$ (535,423)					\$ (31,276)	\$ (535,423)
Transportation Aid	495-034-5120-014	618,022	7/1/18-6/30/19			581,921	(618,022)					(36,101)	(618,022)
Security Aid	495-034-5120-057	45,596	7/1/18-6/30/19			42,933	(45,596)					(2,663)	(45,596)
Homeless Tuition Reimbursement	N/A	11,354	7/1/17-6/30/18	\$ (11,354)		11,354							
Non-Public School Transportation	495-034-5095-014	38,983	7/1/18-6/30/19				(38,983)		\$ (38,983)				(38,983)
Extraordinary Aid	495-034-5120-044	153,539	7/1/18-6/30/19				(153,539)		(153,539)				(153,539)
Special Education Categorical Aid	495-034-5120-089	535,423	7/1/17-6/30/18	(19,411)		19,411							
Transportation Aid	495-034-5120-014	136,664	7/1/17-6/30/18			4,954							
Security Aid	495-034-5120-057	45,596	7/1/17-6/30/18			1,653							
Supplemental Enrichment Growth Aid	495-034-5120-085	255,143	7/1/17-6/30/18			9,249							
Under Adequacy Aid	495-034-5120-000	21,476	7/1/17-6/30/18			779							
PARCC Readiness Aid	495-034-5120-044	13,300	7/1/17-6/30/18			482							
Per Pupil Growth Aid	495-034-5120-044	13,300	7/1/17-6/30/18			482							
Professional Learning Community Aid	495-034-5120-101	13,570	7/1/17-6/30/18			492							
Non-Public School Transportation	495-034-5095-014	40,256	7/1/17-6/30/18	(40,256)		40,256							
Extraordinary Aid	495-034-5120-044	119,112	7/1/17-6/30/18	(119,112)		119,112							
TPAF Social Security Aid	495-034-5095-002 X	404,273	7/1/18-6/30/19			401,986	(404,273)		(2,287)				(404,273)
On-Behalf TPAF Contributions:													
Pension Benefit Contributions	495-034-5095-006	980,796	7/1/18-6/30/19			980,796	(980,796)						(980,796)
Post Retirement Medical Contributions	495-034-5095-001	444,887	7/1/18-6/30/19			444,887	(444,887)						(444,887)
Long-term Disability Insurance	495-034-5095-001	1,799	7/1/18-6/30/19			1,799	(1,799)						(1,799)
Total General Funds				<u>(208,224)</u>		<u>3,166,693</u>	<u>(3,223,318)</u>		<u>(194,809)</u>			<u>(70,040)</u>	<u>(3,223,318)</u>
Special Revenue Funds:													
Preschool Education Aid	495-034-5120-085	36,414	7/1/18 - 6/30/19			32,773	(36,414)					(3,641)	(36,414)
Preschool Education Aid	495-034-5120-085	15,944	7/1/17 - 6/30/18	(1,594)		1,594							
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	2,037	7/1/18 - 6/30/19			2,037	(1,285)			\$ 752			(1,285)
Nursing Aid	100-034-5120-070	2,134	7/1/17 - 6/30/18		\$ 332			\$ (332)					
Textbook Aid	100-034-5120-064	1,121	7/1/18 - 6/30/19			1,121				1,121			
Textbook Aid	100-034-5120-064	1,205	7/1/17 - 6/30/18		1,205			(1,205)					
Technology Initiative	100-034-5120-373	756	7/1/18 - 6/30/19			756				756			
Technology Initiative	100-034-5120-373	814	7/1/17 - 6/30/18		814			(814)					
Security Aid	100-034-5120-509	3,150	7/1/18 - 6/30/19			3,150	(2,590)			560			(2,590)
Non Public Auxiliary Services (Ch. 192):													
English as a Second Language	100-034-5120-067	8,628	7/1/18 - 6/30/19			8,628	(1,080)			7,548			(1,080)
English as a Second Language	100-034-5120-067	6,504	7/1/17 - 6/30/18		1,806			(1,806)					
Non Public Handicapped Services (Ch. 193):													
Corrective Speech	100-034-5120-066	1,786	7/1/18 - 6/30/19			1,786	(893)			893			(893)
Total Special Revenue Funds				<u>1,827</u>	<u>4,157</u>	<u>51,845</u>	<u>(42,262)</u>	<u>(4,157)</u>		<u>3,421</u>	<u>11,630</u>	<u>(3,641)</u>	<u>(42,262)</u>
Debt Service Fund:													
Debt Service Aid	495-034-5120-125	63,887	7/1/18-6/30/19			63,887	(63,887)						(63,887)
						63,887	(63,887)						(63,887)
New Jersey State Department of Education:													
Capital Projects Fund:													
NJ Schools Development Authority	Not available	176,500	7/1/14-Completion	(166,152)					(166,152)				(166,152)
				(166,152)					(166,152)				(166,152)
New Jersey State Department of Agriculture:													
Enterprise Fund:													
State School Lunch Program (state share)	100-010-3350-023	4,239	7/1/18-6/30/19			3,928	(4,239)		(311)				(4,239)
State School Lunch Program (state share)	100-010-3350-023	4,263	7/1/17-6/30/18	(380)		380							
Total Enterprise Funds				<u>(380)</u>		<u>4,308</u>	<u>(4,239)</u>		<u>(311)</u>				<u>(4,239)</u>
Total State Awards				<u>\$ (372,929)</u>	<u>\$ 4,157</u>	<u>\$ 3,286,733</u>	<u>\$ (3,333,706)</u>	<u>\$ (4,157)</u>	<u>\$ (361,272)</u>	<u>\$ 3,421</u>	<u>\$ 11,630</u>	<u>\$ (73,681)</u>	<u>\$ (3,499,858)</u>
State Financial Assistance Not Subject to Single Audit Determination													
On-Behalf TPAF Contributions:													
Pension Benefit Contributions	495-034-5095-006	980,796	7/1/18-6/30/19			980,796	(980,796)						(980,796)
Post Retirement Medical Contributions	495-034-5095-001	444,887	7/1/18-6/30/19			444,887	(444,887)						(444,887)
Long-term Disability Insurance	495-034-5095-001	1,799	7/1/18-6/30/19			1,799	(1,799)						(1,799)
				<u>\$ (372,929)</u>	<u>\$ 4,157</u>	<u>\$ 1,859,251</u>	<u>\$ (1,906,224)</u>	<u>\$ (4,157)</u>	<u>\$ (361,272)</u>	<u>\$ 3,421</u>	<u>\$ 11,630</u>	<u>\$ (73,681)</u>	<u>\$ (2,072,376)</u>

See accompanying Notes to the Schedule of Expenditures of Federal and State Awards and Financial Assistance.

Borough of Edgewater School District

Notes to Schedules of Expenditures of
State Financial Assistance

Year ended June 30, 2019

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, 2019

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 \$(32,538) for the general fund and \$(2,047) 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		\$ 3,190,780	\$ 3,190,780
Special Revenue Fund	\$ 514,649	40,214	554,863
Debt Service Fund		63,887	63,887
Food Service Fund	93,866	4,239	98,105
	<u>\$ 608,515</u>	<u>\$ 3,299,120</u>	<u>\$ 3,907,635</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, 2019

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, 2019.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2019 amounted to \$1,427,482. 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, 2019

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? X **Yes** _____ No

Are any significant deficiencies identified? _____ Yes X 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, 2019

Part I - Summary of Auditors' Results

State Awards Section (continued)

Identification of major state programs:

GMS/Program Number	Name of State Program or Cluster
	State Aid Cluster:
495-034-5120-089	Special Education Categorical Aid
495-034-5120-057	Security 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, 2019

Part II – Schedule of Financial Statement FindingsMaterial Weakness in Internal Control**2019-001***Criteria:*

A properly functioning financial statement close process includes adequate internal controls to ensure that financial statements are produced on a timely basis and are materially accurate.

Condition:

The District's business office personnel perform certain financial statement close process procedures on a monthly basis and at year end which include the posting of journal entries and the performance of various reconciliations. We noted that during the period under audit that this financial statement close process was incomplete.

Context:

There was a lack of communication between departments which prevented journal entries from properly being posted and account balances from being properly reconciled to subsidiary ledgers.

The following are specific items that warrant consideration related to the financial statement close process:

- The District had an over expenditure of \$253,195 in the appropriation for undistributed expenditures – unallocated benefits – health benefits.
- The District did not transfer \$57,489 to the payroll agency fund to fund the June liabilities which were subsequently paid in July.
- The District did not record an accrued liability for a tuition bill received prior to year-end in the amount of \$86,693.
- The District did not record an accrued liability for a reimbursement due to the State of New Jersey in accordance with NJSA 18A:66-90 in the amount of \$50,838.

Borough of Edgewater School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2019

Part II – Schedule of Financial Statement Findings

Cause and Effect:

An appropriately designed financial statement close process reduces the risk of errors in the financial statements.

Recommendation:

In order to improve the monthly and year end close process, we suggest the District improve its communication between departments to ensure that the finance department has the information necessary to perform an accurate reconciliation and closeout of the District's financial 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, 2019

**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, 2019

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



No prior year findings were noted.