

**EDGEWATER BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Edgewater, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
Edgewater Board of Education  
Edgewater, New Jersey  
For The Fiscal Year Ended June 30, 2021**

**Prepared by  
Business Office**

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## **INTRODUCTORY SECTION**

# Edgewater School District

251 Undercliff Avenue  
Edgewater, New Jersey 07020  
(201) 945-4106 x2200

Kathleen Marano  
Interim Business Administrator  
Kmarano@edgewaterschools.org

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February 10, 2022

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, 2021, 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 current fiscal year. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

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

The Honorable President and Members of  
the Board of Education  
Borough of Edgewater School District  
February 10, 2022

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2) EDUCATIONAL PROGRAM: The Edgewater Public School System is comprised of two elementary schools (Special Education Pre-K to Grade 6), serving approximately 603 students. The public schools are accredited by the New Jersey State Department of Education. The District is served by 80.4 (FTE) teachers and 4 (FTE) administrators. Approximately 57% 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 as required. Due to COVID-19 school closures and the cancellation of the NJ Student Learning Assessment, there is no data for student achievement in the NJSLA.

The District completed the 2020-2021 fiscal year with Pre-K through Grade 6 enrollment of 603 students and Grade 7-12 enrollment of 500 students in Leonia Public Schools, for an overall total of 1,103 students.

The following table details the changes in the District's average daily enrollment for grade levels Pre-K through 6 as of October 15 of each respective year:

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Pre K-6 Enrollment</u>	<u>Percent Change</u>
2020-2021	681	<22.1%>
2019-2020	874	<12.4%>
2018-2019	982	0.61%
2017-2018	976	8.08%
2016-2017	903	<0.33%>
2015-2016	906	0.11%

3) ECONOMIC CONDITIONS AND OUTLOOK: In January 2020, it was projected that the school district would incur a \$1.8 million budget deficit. The district reported this projection to the Bergen County Executive County Superintendent, as required by statute and code. In response to this disclosure, the Department of Education provided the district with an advance of \$1.8 million against future state aid with a repayment provision of ten years and appointed a State Fiscal Monitor to oversee the financial operations of the school district.

The Honorable President and Members of  
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Borough of Edgewater School District  
February 10, 2022

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The district commissioned a forensic audit to determine the root cause(s) of the deficit. In short, the audit determined that inadequate accounting practices, poor budgeting, and lack of administrative oversight were the causes of the budget deficit. The district has posted the Executive Summary and the complete forensic audit on the district web site.

To prepare a balanced 2021 Budget, the district implemented a significant reduction in force impacting administrative, clerical, custodial, and teaching staff. It also discontinued courtesy busing. In addition to the regular budget process, the district proposed to the Edgewater voters an additional budget question of \$5.8 million to restore most of the eliminated positions and courtesy busing. The voters easily passed that question which resulted in an implementation plan that allowed the district to hire/restore enough teaching staff to bring class sizes into the range of 18-21 students per class; to restore music, physical education, and nursing positions to pre-deficit levels; to establish two new special education classes for autistic and multiply disabled students in order to avoid out of district placements and additional tuitions; to restore courtesy busing; to restore the Van Gelder principal position; to restore a guidance position; to restore the supervisor of curriculum; and to restore custodial and maintenance positions.

The passage and implementation of the additional budget question, the implementation of appropriate accounting practices, the tightening of budget procedures, and the inclusion of the district administration and board of education in the review, acceptance, and approval of monthly financial reports and the annual budget are all factors contributing to the significant improvement in the financial stability of the district.

4) MAJOR INITIATIVES: Specific initiatives for the 2020-2021 school year include the following accomplishments:

- Providing live instruction for all students.
- Navigating the pandemic in order to keep our students and staff safe and participating in live instruction.
- Curriculum articulation continued between Edgewater and Leonia Schools.
- Continuation of after school clubs to include scholarships for economically disadvantaged (until COVID-19 closures).
- Continued one-to-one Chromebook Initiative in Grades 3-6.

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.

The Honorable President and Members of  
the Board of Education  
Borough of Edgewater School District  
February 10, 2022

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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, 2021.

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, 2021, the District had \$26,320,000 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 Honorable President and Members of  
the Board of Education  
Borough of Edgewater School District  
February 10, 2022

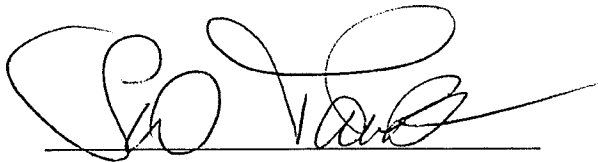
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The Board is a member of the New Jersey School Boards Association Insurance Group (the "Group"). The Group is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Group is included in the "Notes to Financial Statements", Note 12.

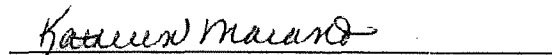
11) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, Higgins was selected by the Board of Education. In addition to meeting the requirements set forth in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

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

Respectfully submitted,



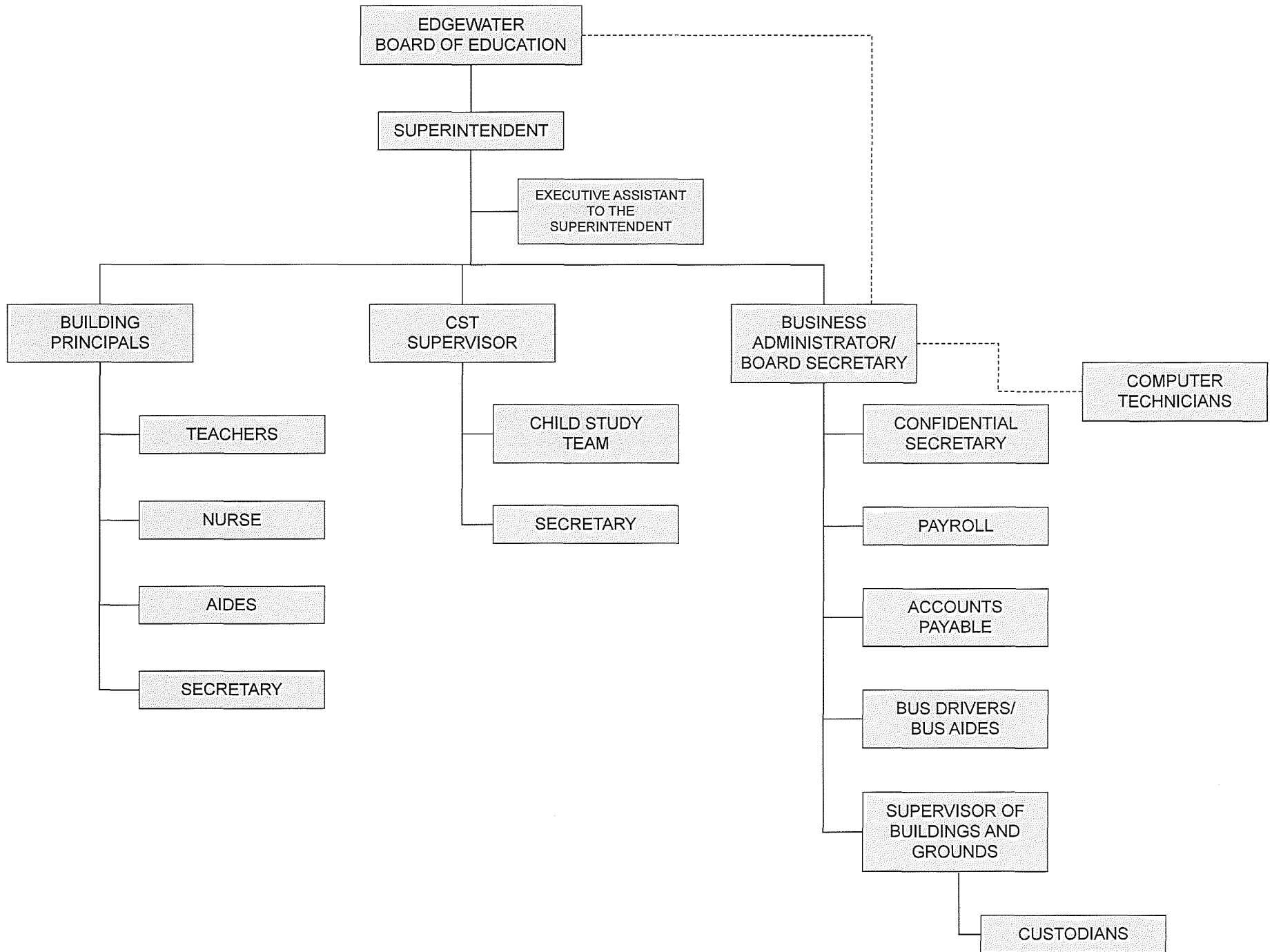
Superintendent of Schools



Interim Business Administrator/Board Secretary



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**BOROUGH OF EDGEWATER SCHOOL DISTRICT**

**ROSTER OF OFFICIALS**

**JUNE 30, 2021**

Members of the Board of Education

Term

Expires

Sandy Klein, President

12/31/2021

Cristina Stefani-Rackow, Vice President

12/31/2021

Monica Zamora

12/31/2022

Dr. Tamara Cella

12/31/2023

Khali Harris

12/31/2023

Other Officials

Title

Siobhan Tauchert

Chief School Administrator

Kathleen Marano

Interim School Business Administrator/Board Secretary

Jeff Merlino

Board Attorney

Angelo DeSimone

State Fiscal Monitor

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**Consultants and Advisors**

**Attorney**

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

**Audit Firm**

Lerch Vinci Higgins, LLP  
17-17 State RT 208 Ste 190  
Fair Lawn, NJ 07410

**Official Depositories**

TD Bank  
1400 Palisade Avenue  
Fort Lee, NJ 07024

## **FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Edgewater Board of Education  
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 Edgewater Board of Education, as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *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 Edgewater Board of Education as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the Edgewater Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information 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 Edgewater Board of Education's basic financial statements. The introductory section, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Edgewater Board of Education.

The schedule of expenditures of federal awards and schedule of expenditures of 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 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 section, financial schedules and statistical section 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 February 10, 2022 on our consideration of the Edgewater Board of Education'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 solely 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 Edgewater Board of Education'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 Edgewater Board of Education's internal control over financial reporting and compliance.

*LERCH, VINCI & HIGGINS, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
February 10, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# EDGEWATER BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2021

As management of the Edgewater Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Edgewater Board of Education for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, which can be found in the introductory section of this report and the District's financial statements and related notes to the financial statement which immediately follows this discussion and analysis.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year include the following:

- The assets and deferred outflows of resources of the Edgewater Board of Education were more than its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,527,264 (Net Position Deficit)
- The District's total net position increased by \$8,415,102 or 216%.
- Overall District revenues were \$36,903,102. General revenues accounted for \$29,684,239 or 80% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,218,863 or 20% of total revenues.
- The school district had \$28,358,473 in expenses for governmental activities; only \$7,099,282 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$29,684,037 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$10,222,099. Of this amount, \$3,553,801 is restricted for capital projects, \$639,432 is restricted for required maintenance of District facilities, \$4,669,878 is legally restricted for unspent additional spending proposal funds, \$1,000,000 is for future tuition adjustments and \$42,739 is for other purposes, \$50,426 is assigned for year end encumbrances and the remaining amount is the unassigned fund balance of \$265,823.
- The General Fund fund balance at June 30, 2021 was \$10,106,774, an increase of \$8,078,785 compared to the ending fund balance at June 30, 2020 was \$2,027,989.
- The General Fund unassigned budgetary fund balance at June 30, 2021 was \$788,279, which represents an increase of \$294,246 when compared to the ending unassigned budgetary fund balance at June 30, 2020 of \$494,033.
- The District's total outstanding long-term liabilities decreased by \$1,200,862 during the current fiscal year.

# EDGEWATER BOARD OF EDUCATION

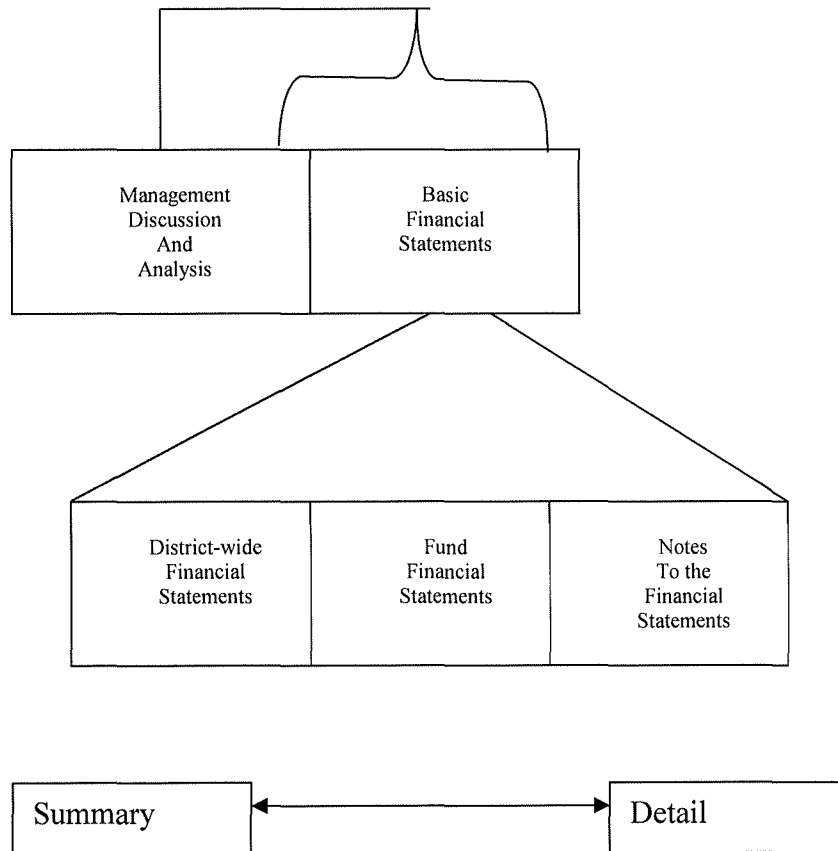
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2021

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following shows how the various parts of this Annual Report are arranged and related to one another.



# EDGEWATER BOARD OF EDUCATION

## Management’s Discussion and Analysis Fiscal Year Ended June 30, 2021

The table below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds
Required financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net position Statement of Revenue, Expenses, and Changes in Fund Net Position, Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset, liability and deferred inflows/outflows information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and Long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, and short-term and long-term
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

### District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District’s *net position* and how it has changed. Net position – the difference between the District’s assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District’s financial health or *position*.

- Over time, increases or decreases in the District’s net position is an indicator of whether its financial condition is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

# EDGEWATER BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2021

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finance most of these activities.
- *Business type activities* – These are activities for operations that are financed and operated in a manner similar to private business enterprises. The District's food services (cafeteria) and preschool programs are included under this category.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial resources* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
  - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds, for its food service (cafeteria) program and preschool program.

EDGEWATER BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net Position.** The District's *combined* net position was \$4,527,264 and \$(3,887,838) on June 30, 2021 and 2020, respectively as follows:

**Net Position  
As of June 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>						
Current and Other Assets	\$ 10,987,981	\$ 3,404,966	\$ 140,742	\$ 130,053	\$ 11,128,723	\$ 3,535,019
Capital Assets, Net	25,064,462	25,856,915	52,679	61,306	25,117,141	25,918,221
<b>Total Assets</b>	<u>36,052,443</u>	<u>29,261,881</u>	<u>193,421</u>	<u>191,359</u>	<u>36,245,864</u>	<u>29,453,240</u>
<b>Deferred Outflows of Resources</b>	<u>2,327,216</u>	<u>2,447,045</u>	<u>-</u>	<u>-</u>	<u>2,327,216</u>	<u>2,447,045</u>
<b>Liabilities</b>						
Current Liabilities	1,104,522	1,614,511	35,544	23,142	1,140,066	1,637,653
Long-Term Liabilities	31,879,847	33,080,709	-	-	31,879,847	33,080,709
<b>Total Liabilities</b>	<u>32,984,369</u>	<u>34,695,220</u>	<u>35,544</u>	<u>23,142</u>	<u>33,019,913</u>	<u>34,718,362</u>
<b>Deferred Inflows of Resources</b>	<u>1,024,573</u>	<u>1,066,835</u>	<u>1,330</u>	<u>2,926</u>	<u>1,025,903</u>	<u>1,069,761</u>
<b>Net Position</b>						
Net Investment in Capital Assets	(1,099,004)	(1,129,607)	52,679	61,306	(1,046,325)	(1,068,301)
Restricted	5,183,408	1,356,746	-	-	5,183,408	1,356,746
Unrestricted (Deficit)	286,313	(4,280,268)	103,868	103,985	390,181	(4,176,283)
<b>Total Net Position</b>	<u>\$ 4,370,717</u>	<u>\$ (4,053,129)</u>	<u>\$ 156,547</u>	<u>\$ 165,291</u>	<u>\$ 4,527,264</u>	<u>\$ (3,887,838)</u>

The District's investment in its capital assets is reported net of related debt, which results in a negative net investment in capital assets because the undepreciated book value of capital assets is less than the outstanding balance of the capital related debt. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represents amounts reserved for specific purposes by outside parties or state laws and regulations. Unrestricted net position represents amounts available to the government that are neither restricted nor invested in capital assets.

The District's total net position of \$4,527,264 at June 30, 2021 represents a \$8,415,102 or 216%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2021 and 2020.

EDGEWATER BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2021

Changes in Net Position  
For the Fiscal Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 8,721		\$ 6,226	\$ 606,054	\$ 14,947	\$ 606,054
Operating Grants and Contributions	7,069,631	\$ 4,852,445	113,355	72,083	7,182,986	4,924,528
Capital Grants and Contributions	20,930				20,930	
General Revenues						
Property Taxes	29,506,853	23,047,741			29,506,853	23,047,741
Unrestricted State Aid	28,117	24,566			28,117	24,566
Investment Income	15,910	23,118	202	1,675	16,112	24,793
Miscellaneous Income	133,157	132,340	-	-	133,157	132,340
<b>Total Revenues</b>	<b>36,783,319</b>	<b>28,080,210</b>	<b>119,783</b>	<b>679,812</b>	<b>36,903,102</b>	<b>28,760,022</b>
<b>Expenses</b>						
Instruction						
Regular	15,677,966	13,522,613			15,677,966	13,522,613
Special Education	4,744,979	6,085,907			4,744,979	6,085,907
Other Instruction	322,554	600,927			322,554	600,927
School Sponsored Activities and Athletics	12,656	39,804				39,804
Support Services						
Student and Instruction Related Services	1,859,551	2,552,812			1,859,551	2,552,812
General Administrative Services	840,128	887,928			840,128	887,928
School Administrative Services	616,229	672,686			616,229	672,686
Central Administrative Services	589,405	585,120			589,405	585,120
Plant Operations and Maintenance	1,459,225	1,581,195			1,459,225	1,581,195
Pupil Transportation	1,180,730	1,585,252			1,180,730	1,585,252
Interest on Long-Term Debt	1,055,050	1,092,038			1,055,050	1,092,038
Food Services			129,527	199,778	129,527	199,778
Preschool Program	-	-	-	376,063	-	376,063
<b>Total Expenses</b>	<b>28,358,473</b>	<b>29,206,282</b>	<b>129,527</b>	<b>575,841</b>	<b>28,488,000</b>	<b>29,782,123</b>
<b>Increase (Decrease) in Net Position Before Transfers</b>	<b>8,424,846</b>	<b>(1,126,072)</b>	<b>(9,744)</b>	<b>103,971</b>	<b>8,415,102</b>	<b>(1,022,101)</b>
<b>Transfers</b>	<b>(1,000)</b>	<b>(2,885)</b>	<b>1,000</b>	<b>2,885</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>8,423,846</b>	<b>(1,128,957)</b>	<b>(8,744)</b>	<b>106,856</b>	<b>8,415,102</b>	<b>(1,022,101)</b>
<b>Net Position, Beginning of Year</b>	<b>(4,053,129)</b>	<b>(2,966,872)</b>	<b>165,291</b>	<b>58,435</b>	<b>(3,887,838)</b>	<b>(2,908,437)</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>42,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,700</b>
<b>Net Position, End of Year</b>	<b>\$ 4,370,717</b>	<b>\$ (4,053,129)</b>	<b>\$ 156,547</b>	<b>\$ 165,291</b>	<b>\$ 4,527,264</b>	<b>\$ (3,887,838)</b>

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$36,783,319 for the fiscal year ended June 30, 2021, property taxes of \$29,506,853 represented 80% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$7,118,678 and represented 19% of revenues. In addition, charges for services and general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 1% of revenues.

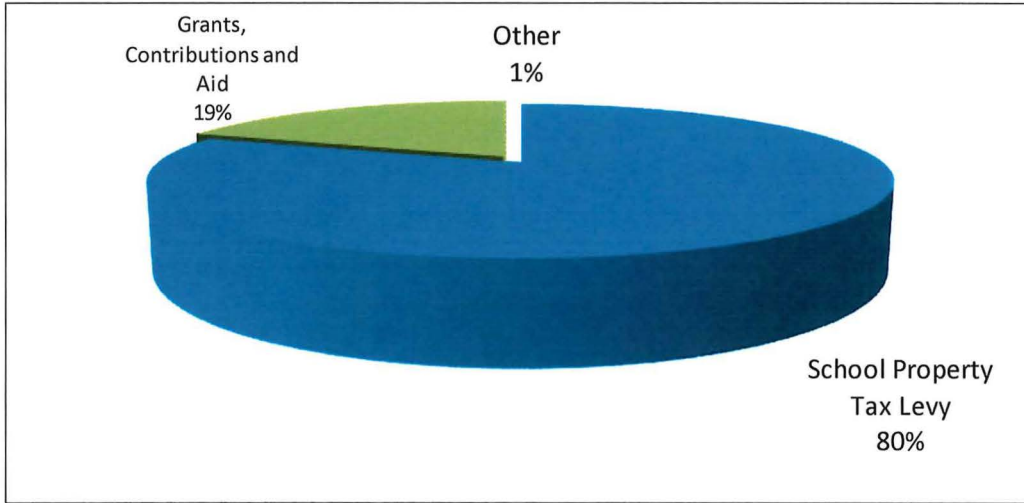
The total cost of all governmental activities programs and services was \$28,358,473 for the fiscal year ended June 30, 2021. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$20,758,155 (73%) of total expenses. Support services costs were \$6,545,268 (23%) of total expenses and interest on debt totaled \$1,055,050 (4%) of total expenses.

EDGEWATER BOARD OF EDUCATION

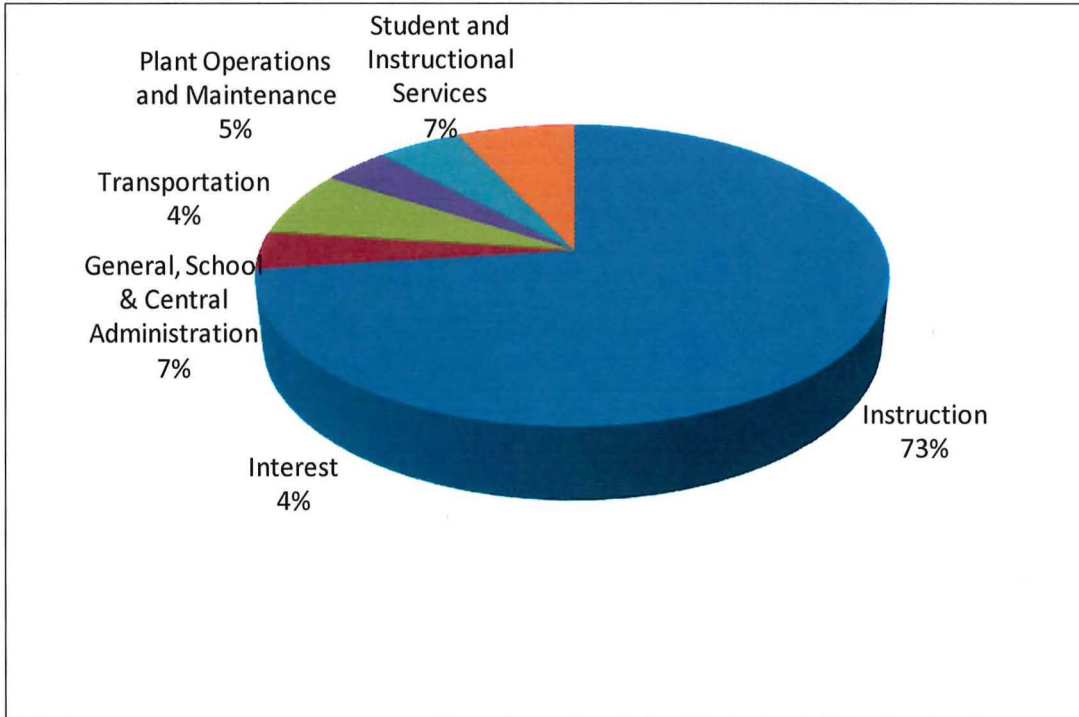
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2021

For fiscal year 2021, total governmental activities revenues exceeded expenses and transfers increasing net position for governmental activities by \$8,423,846 from the previous year.

**Revenues by Sources – Governmental Activities  
For Fiscal Year 2021**



**Expenses by Use – Governmental Activities  
For Fiscal Year 2021**



EDGEWATER BOARD OF EDUCATION

Management’s Discussion and Analysis  
Fiscal Year Ended June 30, 2021

**Total and Net Cost of Governmental Activities.** The District’s total cost of services was \$28,358,473. After applying program revenues, derived from charges for services of \$8,721, operating and capital grants and contributions of \$7,090,561 the net cost of services of the District is \$21,259,191 for the fiscal year ended June 30, 2021.

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2021 and 2020**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction:				
Regular	\$ 15,677,966	\$ 13,522,613	\$ 12,264,312	\$ 11,514,422
Special Education	4,744,979	6,085,907	3,037,285	4,879,239
Other Instruction	322,554	600,927	185,750	426,041
School Sponsored Activities and Athletics	12,656	39,804	3,935	38,601
Support Services:				
Student & Instruction Related Services	1,859,551	2,552,812	1,304,800	2,075,040
General Administrative Services	840,128	887,928	730,888	794,768
School Administrative Services	616,229	672,686	412,665	535,044
Central Administrative Services	589,405	585,120	514,546	534,577
Plant Operations and Maintenance	1,459,225	1,581,195	1,288,127	1,509,688
Pupil Transportation	1,180,730	1,585,252	495,001	985,488
Interest on Long Term Debt	<u>1,055,050</u>	<u>1,092,038</u>	<u>1,021,882</u>	<u>1,060,929</u>
<b>Total</b>	<b><u>\$ 28,358,473</u></b>	<b><u>\$ 29,206,282</u></b>	<b><u>\$ 21,259,191</u></b>	<b><u>\$ 24,353,837</u></b>

**Business-Type Activities** – The District’s total business-type activities revenues were \$119,783 for the fiscal year ended June 30, 2021. Charges for services of \$6,226 accounted for 5% of total revenues and operating grants and contributions of \$113,355 accounted for 95% of total revenues. In addition, interest income of \$202 was earned for the current fiscal year.

Total cost of all business-type activities programs and services was \$129,527 for the fiscal year ended June 30, 2021. Food service expenses represented 100% of total expense for the current year. Due to the situation with the public health emergency related to COVID-19 the preschool program did not operate during the current year.

For fiscal year 2021, total business-type activities revenues and transfers were less than expenses decreasing net position by \$8,744 or 5% from the previous year.



EDGEWATER BOARD OF EDUCATION

Management’s Discussion and Analysis  
Fiscal Year Ended June 30, 2021

**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$10,222,099 at June 30, 2021, an increase of \$8,080,059 from last year’s fund balance of \$2,142,040. The District’s restricted fund balances increased \$8,496,540 and assigned fund balances decreased \$535,759 while the unassigned fund balance of the governmental funds increased \$119,278 at June 30, 2021.

Revenues for the District’s governmental funds were \$34,926,882 while total expenditures were \$26,940,941 for the fiscal year ended June 30, 2021. Other financing sources, net, were \$94,118 and were mainly attributable to capital lease proceeds of \$95,118 in the current fiscal year.

**GENERAL FUND**

The General Fund includes the primary operations of the District in providing educational services to students from grades K through 12 including tuition, pupil transportation, extra-curricular activities and plant operation and maintenance costs.

The following schedule presents a summary of General Fund Revenues.

	<b>Fiscal Year Ended <u>June 30, 2021</u></b>	<b>Fiscal Year Ended <u>June 30, 2020</u></b>	<b>Amount of Increase <u>(Decrease)</u></b>	<b>Percent Change</b>
Local Sources				
Property Tax Levy	\$ 27,650,050	\$ 21,261,797	\$ 6,388,253	30%
Other	149,058	155,440	(6,382)	-4%
State Sources	<u>4,039,301</u>	<u>3,310,798</u>	<u>728,503</u>	22%
Total General Fund Revenues	<u>\$ 31,838,409</u>	<u>\$ 24,728,035</u>	<u>\$ 7,110,374</u>	29%

For fiscal year 2021, total General Fund revenues increased \$7,110,374 or 29% from the previous year. Property taxes increased \$6,388,253 or 30% over the previous year primarily as a result of an additional spending proposal approved by the voters in the amount of \$5,855,000. As indicated, State aid increased \$728,503 or 22% mainly due to increases in special education formula aid and on behalf TPAF pension contributions made by the State for the District’s teaching professionals.

The following schedule presents a summary of General Fund expenditures.

	<b>Fiscal Year Ended <u>June 30, 2021</u></b>	<b>Fiscal Year Ended <u>June 30, 2020</u></b>	<b>Amount of Increase <u>(Decrease)</u></b>	<b>Percent Change</b>
Instruction	\$ 17,842,694	\$ 18,452,875	\$ (610,181)	-3%
Support Services	5,645,841	7,242,380	(1,596,539)	-22%
Debt Service				
Principal	241,338	49,850	191,488	384%
Interest and Other Charges	6,743	5,666	1,077	19%
Capital Outlay	<u>117,131</u>	<u>-</u>	<u>117,131</u>	100%
Total Expenditures	<u>\$ 23,853,747</u>	<u>\$ 25,750,771</u>	<u>\$ (1,897,024)</u>	-7%

**EDGEWATER BOARD OF EDUCATION**

**Management’s Discussion and Analysis  
Fiscal Year Ended June 30, 2021**

**GENERAL FUND (Continued)**

For fiscal year 2021, total General Fund expenditures decreased \$1,897,024 or 7% from the previous year. Increases in regular education instructional costs were offset by decreases in special education and other instructional costs. For the current year other notable decreases for the year occurred in student and instruction related services support costs and pupil transportation support costs. Debt service increased significant due to the repayment of the first installment of the state aid advance loan received in the prior year. The increase in capital outlay resulted from the acquisition of equipment under capital leases.

In fiscal year 2021 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$8,078,785. Therefore, the total fund balance at June 30, 2020 of \$2,027,989 increased to a fund balance of \$10,106,774 at June 30, 2021. After deducting restricted and assigned fund balances, the unassigned fund balance increased from \$147,776 at June 30, 2020 to \$265,823 at June 30, 2021. In addition, restricted fund balances for capital reserve, maintenance reserve and tuition adjustment reserve increased \$3,826,619 at June 30, 2021 and assigned fund balance for year end encumbrances decreased \$535,759 at June 30, 2021. Also, the District was required to establish a restricted fund balance in the amount of \$4,669,878 for the unexpended appropriation balances from the additional spending proposal approved by the voters in November 2020.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal year 2021, the District had \$25,064,462 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$52,679 for business type activity. The following is a comparison of the June 30, 2021 and 2020 balances:

<b>Capital Assets</b>						
<b>(Net of Accumulated Depreciation)</b>						
<b>at June 30, 2021 and 2020</b>						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$ 179,988	\$ 179,988			\$ 179,988	\$ 179,988
Construction in Progress					-	-
Site Improvements	310,338	345,720			310,338	345,720
Buildings and Buildings Improvements	24,360,203	25,195,470			24,360,203	25,195,470
Machinery, Equipment and Vehicles	213,933	135,737	\$ 52,679	\$ 61,306	266,612	197,043
<b>Total Capital Assets, Net</b>	<b>\$ 25,064,462</b>	<b>\$ 25,856,915</b>	<b>\$ 52,679</b>	<b>\$ 61,306</b>	<b>\$ 25,117,141</b>	<b>\$ 25,918,221</b>

Additional information on the District’s capital assets is presented in Note 3 of this report.

**LONG TERM LIABILITIES**

At June 30, 2021 the District had \$31,879,847 of total outstanding long term liabilities. For fiscal year 2020/2021 total outstanding long-term liabilities decreased by \$1,200,862. The following is a comparison of the June 30, 2021 and 2020 balances:

<b>Outstanding Long-Term Liabilities</b>			
<b>as of June 30, 2021 and 2020</b>			
		<b>Governmental Activities</b>	
		<b>2021</b>	<b>2020</b>
Bonds Payable (including unamortized premium)	\$	27,748,131	\$ 28,753,889
State Aid Advance Loan Payable		1,620,000	1,800,000
Capital Leases Payable		159,081	125,301
Compensated Absences		252,880	294,015
Net Pension Liability		2,099,755	2,107,504
<b>Total</b>	<b>\$</b>	<b>31,879,847</b>	<b>\$ 33,080,709</b>

# EDGEWATER BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2021

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made through budget transfers to prevent over expenditures in specific line item accounts and the appropriation of restricted fund balance and the appropriation of the additional spending proposal approved by the voters during the year.

For fiscal year 2021 General Fund budgetary revenues and other financing sources exceeded budgetary expenditures other financing uses increasing budgetary fund balance \$8,254,984. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$294,246 from an unassigned fund balance of \$494,033 at June 30, 2020 to \$788,279 at June 30, 2021. In addition, the District increased its capital reserve by \$2,296,197 to a balance of \$3,481,215 at June 30, 2021. Also, the District increased its maintenance reserve by \$574,422 to a balance of \$639,432 and its tuition adjustment reserve by \$956,000 to a balance of \$1,000,000 at June 30, 2021. As previously noted the District was required to establish a legal reserve in the amount of \$4,669,878 at June 30, 2021 for the unexpended additional spending proposal appropriations. The District assigned fund balance for year end encumbrances decreased \$535,759 to a balance of \$50,426 at June 30, 2021.

### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

While many factors influence the district's future, the availability of funding for increased enrollment, staffing needs special education costs and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2021-2022 budget. The primary factors were the District's projected student population, anticipated state and federal aid tuition costs as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2021-2022. Budgeted expenditures in the adopted General Fund budget (inclusive of the approved additional spending proposal) increased approximately 2% to \$29,884,892 for fiscal year 2021-2022.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, Edgewater Board of Education, 251 Undercliff Avenue, Edgewater, NJ 07020.

**FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**EDGEWATER BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,649,179	\$ 72,720	\$ 10,721,899
Receivables, Net	350,557	43,533	394,090
Internal Balances	(16,004)	16,004	
Inventory		8,485	8,485
Restricted Assets - Cash with Fiscal Agent	4,249		4,249
Capital Assets, Not Being Depreciated	179,988		179,988
Capital Assets, Being Depreciated, Net	24,884,474	52,679	24,937,153
Total Assets	36,052,443	193,421	36,245,864
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding of Debt	1,691,182		1,691,182
Deferred Amounts on Net Pension Liability	636,034	-	636,034
Total Deferred Outflows of Resources	2,327,216	-	2,327,216
Total Assets and Deferred Outflows of Resources	38,379,659	193,421	38,573,080
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	593,724		593,724
Payable to Other Governments	7,281		7,281
Accrued Interest Payable	338,640		338,640
Unearned Revenue	164,877	35,544	200,421
Noncurrent Liabilities			
Due Within One Year	1,210,729		1,210,729
Due Beyond One Year	30,669,118	-	30,669,118
Total Liabilities	32,984,369	35,544	33,019,913
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	1,024,573	-	1,024,573
Deferred Commodities Revenue	-	1,330	1,330
Total Deferred Inflows of Resources	1,024,573	1,330	1,025,903
Total Liabilities and Deferred Inflows of Resources	34,008,942	36,874	34,045,816
<b>NET POSITION</b>			
Net Investment in Capital Assets	(1,099,004)	52,679	(1,046,325)
Restricted for:			
Capital Projects	3,501,237		3,501,237
Plant Maintenance	639,432		639,432
Tuition Adjustments	1,000,000		1,000,000
Student Activities	42,739		42,739
Unrestricted	286,313	103,868	390,181
Total Net Position	\$ 4,370,717	\$ 156,547	\$ 4,527,264

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

**EDGEWATER BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction:							
Regular	\$ 15,677,966		\$ 3,413,654		\$ (12,264,312)		\$ (12,264,312)
Special Education	4,744,979		1,707,694		(3,037,285)		(3,037,285)
Other Instruction	322,554		136,804		(185,750)		(185,750)
School Sponsored Activities and Athletics	12,656	\$ 8,721	-		(3,935)		(3,935)
Support Services:							
Student & Instruction Related Services	1,859,551		554,751		(1,304,800)		(1,304,800)
General Administrative Services	840,128		109,240		(730,888)		(730,888)
School Administrative Services	616,229		203,564		(412,665)		(412,665)
Central Administrative Services	589,405		74,859		(514,546)		(514,546)
Plant Operations and Maintenance	1,459,225		150,168	\$ 20,930	(1,288,127)		(1,288,127)
Pupil Transportation	1,180,730		685,729		(495,001)		(495,001)
Interest on Long Term Debt	1,055,050	-	33,168	-	(1,021,882)	-	(1,021,882)
<b>Total Governmental Activities</b>	<b>28,358,473</b>	<b>8,721</b>	<b>7,069,631</b>	<b>20,930</b>	<b>(21,259,191)</b>	<b>-</b>	<b>(21,259,191)</b>
Business-Type Activities:							
Food Service	129,527	\$ 6,226	113,355			\$ (9,946)	(9,946)
Preschool Program	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>129,527</b>	<b>6,226</b>	<b>113,355</b>	<b>-</b>	<b>-</b>	<b>(9,946)</b>	<b>(9,946)</b>
<b>Total Primary Government</b>	<b>\$ 28,488,000</b>	<b>\$ 14,947</b>	<b>\$ 7,182,986</b>	<b>\$ 20,930</b>	<b>(21,259,191)</b>	<b>(9,946)</b>	<b>(21,269,137)</b>

**EDGEWATER BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General Revenues:			
Property Taxes:			
Levied for General Purposes	\$ 27,650,050		\$ 27,650,050
Levied for Debt Service	1,856,803		1,856,803
State Aid for Debt Service Principal	28,117		28,117
Interest Earnings	15,910	\$ 202	16,112
Miscellaneous Income	133,157		133,157
Transfers	(1,000)	1,000	-
Total General Revenues and Transfers	29,683,037	1,202	29,684,239
Change in Net Position	8,423,846	(8,744)	8,415,102
Net Position, Beginning of Year (Restated)	(4,053,129)	165,291	(3,887,838)
Net Position, End of Year	\$ 4,370,717	\$ 156,547	\$ 4,527,264



**FUND FINANCIAL STATEMENTS**

**EDGEWATER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 10,507,788	\$ 139,188	\$ 2,203		\$ 10,649,179
Receivables From Other Governments	56,814	106,661	187,082		350,557
Due from Other Funds	120,948				120,948
Restricted Assets					
Cash with Fiscal Agent	-	-	4,249	-	4,249
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 10,685,550</u>	<u>\$ 245,849</u>	<u>\$ 193,534</u>	<u>\$ -</u>	<u>\$ 11,124,933</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 378,851	\$ 30,952			\$ 409,803
Accrued Salaries and Wages	20,002				20,002
Compensated Absences Payable	34,480				34,480
Payroll Deductions and Withdrawals Payable	129,439				129,439
Payable to State Government		7,152			7,152
Payable to Federal Government		129			129
Due to Other Funds	16,004		\$ 120,948		136,952
Unearned Revenue	-	164,877	-	-	164,877
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>578,776</u>	<u>203,110</u>	<u>120,948</u>	<u>-</u>	<u>902,834</u>
Fund Balances:					
Restricted					
Capital Reserve	3,481,215				3,481,215
Maintenance Reserve	639,432				639,432
Tuition Adjustment Reserve	956,000				956,000
Tuition Adjustment Reserve - Designated for Subsequent Year's Expenditures	44,000				44,000
Legally Restricted - Unexpended Additional Spending Proposal	4,669,878				4,669,878
Student Activities		42,739			42,739
Capital Projects			72,586		72,586
Assigned					
Year End Encumbrances	50,426				50,426
Unassigned	265,823	-	-	-	265,823
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>10,106,774</u>	<u>42,739</u>	<u>72,586</u>	<u>-</u>	<u>10,222,099</u>
Total Liabilities and Fund Balances	<u>\$ 10,685,550</u>	<u>\$ 245,849</u>	<u>\$ 193,534</u>	<u>\$ -</u>	<u>\$ 11,124,933</u>

**EDGEWATER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2021**

<b>Total Fund Balances (Exhibit B-1)</b>		<b>\$ 10,222,099</b>
 Amounts reported for <i>governmental activities</i> 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 assets is \$36,643,612 and the accumulated depreciation is \$11,579,150.		25,064,462
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.		1,691,182
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and amortized over future years.		
Deferred Outflows of Resources	\$ 636,034	
Deferred Inflows of Resources	<u>(1,024,573)</u>	(388,539)
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(338,640)
Long-term liabilities, are not due payable in the current period and therefore are not reported as liabilities in the funds		
Serial Bonds (including unamortized premium)	27,748,131	
State Aid Advance Loan	1,620,000	
Capital Leases	159,081	
Compensated Absences	252,880	
Net Pension Liability	<u>2,099,755</u>	<u>(31,879,847)</u>
<b>Total Net Assets of Governmental Activities (Exhibit A-1)</b>		<b>\$ <u>4,370,717</u></b>

**EDGEWATER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Property Tax Levy	\$ 27,650,050			\$ 1,856,803	\$ 29,506,853
Interest Earnings	15,901		\$ 9		15,910
Miscellaneous	133,157	\$ 466,130	-	-	599,287
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total - Local Sources	27,799,108	466,130	9	1,856,803	30,122,050
State Sources	4,039,301	12,219	20,930	61,285	4,133,735
Federal Sources	-	671,097	-	-	671,097
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>31,838,409</u>	<u>1,149,446</u>	<u>20,939</u>	<u>1,918,088</u>	<u>34,926,882</u>
<b>EXPENDITURES</b>					
Current Expenditures					
Instruction					
Regular	13,388,095	814,034			14,202,129
Special Education	4,235,835	200,872			4,436,707
Other Instruction	217,764	22,510			240,274
School Sponsored Activities and Athletics	1,000	8,682			9,682
Support Services					
Student and Instruction Related Services	1,453,064	102,078			1,555,142
General Administrative Services	732,310				732,310
School Administrative Services	484,043				484,043
Central Administrative Services	497,342				497,342
Plant Operations and Maintenance	1,318,512				1,318,512
Pupil Transportation	1,160,570				1,160,570
Debt Service					
Principal	241,338			880,000	1,121,338
Interest	6,743		-	1,038,088	1,044,831
Capital Outlay	117,131	-	20,930	-	138,061
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>23,853,747</u>	<u>1,148,176</u>	<u>20,930</u>	<u>1,918,088</u>	<u>26,940,941</u>
Excess (Deficiencies) of Revenues					
Over/(Under) Expenditures	<u>7,984,662</u>	<u>1,270</u>	<u>9</u>	<u>-</u>	<u>7,985,941</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Lease Proceeds	95,118				95,118
Transfers In	5				5
Transfers Out	(1,000)	-	(5)	-	(1,005)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	<u>94,123</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>94,118</u>
Net Change in Fund Balances	8,078,785	1,270	4	-	8,080,059
Fund Balance, Beginning of Year (Restated)	<u>2,027,989</u>	<u>41,469</u>	<u>72,582</u>	<u>-</u>	<u>2,142,040</u>
Fund Balance, End of Year	<u>\$ 10,106,774</u>	<u>\$ 42,739</u>	<u>\$ 72,586</u>	<u>\$ -</u>	<u>\$ 10,222,099</u>

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

**EDGEWATER BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ 8,080,059

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlays	\$	138,061	
Depreciation Expense		(930,514)	
		(792,453)	(792,453)

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Debt Issued or Incurred:			
Capital Lease Proceeds		(95,118)	
Principal Repayments:			
General Obligations Bonds		880,000	
Capital Leases		61,338	
State Aid Advance Loan Payable		180,000	
			1,026,220

In the statement of activities, certain amounts related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, these amounts either provide or use current resources. These amounts represent the current year amortization of the costs related to the issuance of long term debt.

Deferred Amounts on Refunding of Debt		(148,922)	
Original Issue Premium		125,758	
			(23,164)

In the statement of activities, certain operating expenses - compensated absences and pension expense - are measured by the amounts earned or incurred during the year. In the governmental funds however, expenditures for these items are measured by the amount of financial resources used (paid): When the earned or incurred 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.

Decrease in Compensated Absences		41,135	
Decrease in Pension Expense		79,104	
			120,239

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation.

12,945

**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ 8,423,846**

**EDGEWATER BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2021**

	<b>Business-Type Activities Enterprise Funds</b>		
	<u>Food Service</u>	<u>Non-Major Preschool Program</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 48,352	\$ 24,368	\$ 72,720
Intergovernmental Receivable	43,408		43,408
Other Accounts Receivable, Net	125		125
Due from Other Funds	16,004		16,004
Inventories	8,485	-	8,485
Total Current Assets	<u>116,374</u>	<u>24,368</u>	<u>140,742</u>
Capital Assets			
Machinery and Equipment	187,409		187,409
Accumulated Depreciation	<u>(134,730)</u>	<u>-</u>	<u>(134,730)</u>
Total Capital Assets, Net	<u>52,679</u>	<u>-</u>	<u>52,679</u>
Total Assets	<u>169,053</u>	<u>24,368</u>	<u>193,421</u>
<b>LIABILITIES</b>			
Current Liabilities			
Unearned Revenue	<u>11,244</u>	<u>24,300</u>	<u>35,544</u>
Total Current Liabilities	<u>11,244</u>	<u>24,300</u>	<u>35,544</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Commodities Revenue	<u>1,330</u>	<u>-</u>	<u>1,330</u>
Total Liabilities and Deferred Inflow of Resources	<u>1,330</u>	<u>24,300</u>	<u>36,874</u>
<b>NET POSITION</b>			
Investment in Capital Assets	52,679		52,679
Unrestricted	<u>103,800</u>	<u>68</u>	<u>103,868</u>
Total Net Position	<u>\$ 156,479</u>	<u>\$ 68</u>	<u>\$ 156,547</u>

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

**EDGEWATER BOARD OF EDUCATION  
 PROPRIETARY FUND  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Non-Major Preschool Program</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Local Sources			
Daily Sales - Reimbursable Programs	\$ 6,226		\$ 6,226
Daily Sales - Non-Reimbursable Programs			-
Program Fees	-	-	-
Total Operating Revenues	<u>6,226</u>	<u>-</u>	<u>6,226</u>
<b>OPERATING EXPENSES</b>			
Cost of Sales - Reimbursable Programs	33,840		33,840
Salaries and Benefits	14,345		14,345
Repairs and Maintenance	55,509		55,509
Purchased Management Services	9,266		9,266
Other Purchased Services	4,925		4,925
Supplies and Materials	1,232		1,232
Miscellaneous Expense	1,783		1,783
Depreciation	8,627	-	8,627
Total Operating Expenses	<u>129,527</u>	<u>-</u>	<u>129,527</u>
Operating (Loss)	<u>(123,301)</u>	<u>-</u>	<u>(123,301)</u>
<b>Nonoperating Revenues</b>			
State Sources			
State School Lunch Program	4,871		4,871
Federal Sources			
School Breakfast Program	33,474		33,474
National School Lunch Program	63,405		63,405
Emergency Operational Cost Program	8,981		8,981
Administrative Cost Program	614		614
Food Distribution Program	2,010	-	2,010
Interest Earnings	190	\$ 12	202
Total Nonoperating Revenues	<u>113,545</u>	<u>12</u>	<u>113,557</u>
Income Before Transfers	(9,756)	12	(9,744)
Transfers In	-	1,000	1,000
Change in Net Position	(9,756)	1,012	(8,744)
Total Net Position, Beginning of Year	<u>166,235</u>	<u>(944)</u>	<u>165,291</u>
Total Net Position, End of Year	<u>\$ 156,479</u>	<u>\$ 68</u>	<u>\$ 156,547</u>

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

**EDGEWATER BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Food Service</b>	<b>Non-Major Preschool Program</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers		\$ 29,100	\$ 29,100
Cash Payments for Employees Salaries and Benefits	\$ (14,345)		(14,345)
Cash Payments to Suppliers for Goods and Services	(104,585)		(104,585)
Cash Payments to Customers - Refunds	(1,564)	(8,800)	(10,364)
Net Cash (Used for) Operating Activities	(120,494)	20,300	(100,194)
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from Other Funds		1,000	1,000
Cash Payments to Other Funds	(6,293)		(6,293)
Cash Received from State and Federal Subsidy Reimbursements	74,397	-	74,397
Net Cash Provided by Noncapital Financing Activities	68,104	1,000	69,104
<b>Cash Flows from Investing Activities</b>			
Interest Earnings Received	190	12	202
Net Cash Provided by Investing Activities	190	12	202
Net Increase (Decrease) in Cash and Cash Equivalents	(52,200)	21,312	(30,888)
Cash and Cash Equivalents, Beginning of Year	100,552	3,056	103,608
Cash and Cash Equivalents, End of Year	\$ 48,352	\$ 24,368	\$ 72,720
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>			
<b>(Used for) Operating Activities</b>			
Operating Income (Loss)	\$ (123,301)	\$ -	(123,301)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used for) Operating Activities</b>			
Depreciation	8,627		8,627
Non-Cash Federal Assistance-Food Distribution Program	2,010		2,010
<b>Change in Assets, Liabilities and Deferred Inflows</b>			
(Increase)/Decrease in Accounts Receivable	108		108
(Increase)/Decrease in Inventory	1,556		1,556
Increase/(Decrease) in Deposits Payable		20,300	20,300
Increase/(Decrease) in Unearned Revenue	(7,898)		(7,898)
Increase/(Decrease) in Deferred Commodities Revenue	(1,596)	-	(1,596)
Total Adjustments	2,807	20,300	23,107
Net Cash (Used For) Operating Activities	\$ (120,494)	\$ 20,300	\$ (100,194)
<b>Non-Cash Investing, Capital and Financing Activities:</b>			
Value Received - Food Distribution Program	\$ 414		

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



**NOTES TO THE FINANCIAL STATEMENTS**

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Edgewater Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade six (6) school district in two elementary schools and sends its grade seven (7) to twelve (12) students to Leonia Public Schools under a send/receive tuition agreement.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Edgewater Board of Education this includes general operations, food service, preschool program and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2021, the District adopted the following GASB statement:

- GASB No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements**

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District has no fiduciary funds.

**District-Wide Financial Statements**

The district-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 Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and food service enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for administrators, teachers and special events.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *preschool program fund* accounts for the activities of the District's pre-kindergarten program which provides a learning environment and educational programs to resident children between the ages of 3 and 4 years old.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

**Reclassifications**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

The district-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. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are 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 when susceptible to accrual (i.e. when 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 Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, unrestricted state aid and interest 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 period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. *Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

**2. *Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**3. *Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

**EDGEWATER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**4. Restricted Assets**

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by capital lease agreement for capital projects.

**5. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15-30
Buildings	40
Building Improvements	20
Machinery, Equipment and Vehicles	8-15
Office Equipment and Furniture	5-15
Computer Equipment	5

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the difference on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**6. *Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial 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 Board has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

**7. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**8. *Pensions***

In the district-wide financial statements and proprietary fund types in the fund financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

**9. *Long-Term Obligations***

In the district-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. Differences resulting from debt refundings are reported as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Differences resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2C).

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2D).

Tuition Adjustment Reserve – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2020/2021 contract year and is required to be liquidated in the second year following the contract year with any remaining balance related to that contract year to be reserved and budgeted for property tax relief.

Tuition Adjustment Reserve – Designated for Subsequent Year's Expenditures – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2019/2020 contract year that is appropriated in the 2021/2022 original budget certified for taxes.

Legally Restricted – Unexpended Additional Spending Proposal – This restriction was created in accordance with NJAC 6A:23A-12.13(a)11 to represent the unexpended proceeds of separate spending proposals approved by the voters in the 2020/2021 District budget that is required to be appropriated in the 2022/2023 original budget certified for taxes.

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***10. Net Position/Fund Balance (Continued)***

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (special revenue, capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

***11. Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, 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 property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

***2. Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

***3. Tuition Revenues and Expenditures***

**Tuition Revenues** - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

**Tuition Expenditures** - Tuition charges for the fiscal years 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses (Continued)**

**4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

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 food service and preschool program enterprise funds, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. 6:20-2A.2(m)1. The Board approved several budget transfers during 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$7,396,608. The increase was funded by the appropriation of additional property taxes levied, maintenance reserve, grant awards, student activity revenue and the reappropriation of prior year general fund encumbrances. In addition the Board approved the appropriation of capital reserve to replace the reduction in budgeted state aid.

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 of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Regular Programs – Instruction			
Salaries of Teachers			
Pre-K	-	\$8,350	\$(8,350)

The above variance was offset with other available resources.

**C. Capital Reserve**

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve 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 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. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	\$ 1,185,018
Increased by	
Deposits Approved by Board Resolution	1,500,000
Deposits Approved by State Monitor	959,063
Total Increases	<u>2,459,063</u>
	3,644,081
Decreased by:	
Withdrawals Approved by Board Resolution to Replace Reduction in State Aid	<u>162,866</u>
Balance, June 30, 2021	<u>\$ 3,481,215</u>

The withdrawal from capital reserve to replace the reduction of budgeted state aid was approved by the State Monitor in accordance with the State Department of Education’s directive.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve 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 fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020		\$	65,010
Increased by			
Return of Unencumbered Budget Appropriations	\$	17,813	
Deposits Approved by Board Resolution		100,000	
Deposits Approved by State Monitor		520,947	
Total Increases			<u>638,760</u>
			703,770
Decreased by:			
Withdrawals Approved by Board Resolution			<u>64,338</u>
Balance, June 30, 2021		\$	<u>639,432</u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,038,374. The withdrawals from maintenance reserve were used in required maintenance activities for school facilities.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$10,726,148 and bank and brokerage firm balances of the Board's deposits amounted to \$12,000,806. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "cash with fiscal agent" are categorized as:

**Depository Account**

Insured	\$ <u>12,000,806</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2021, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board's investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

Interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2021 for the district’s individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental-					
Federal		\$ 106,661	-	\$ 42,428	\$ 149,089
State	\$ 56,814	-	\$ 187,082	980	244,876
Other	-	-	-	125	125
	<u>56,814</u>	<u>106,661</u>	<u>187,082</u>	<u>43,533</u>	<u>394,090</u>
Gross Receivables					-
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 56,814</u>	<u>\$ 106,661</u>	<u>\$ 187,082</u>	<u>\$ 43,533</u>	<u>\$ 394,090</u>

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 85,209
Grant Draw Downs Reserved for Encumbrances	<u>79,668</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 164,877</u>

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance, <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2021</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 179,988	-	-	\$ 179,988
Total Capital Assets, Not Being Depreciated	<u>179,988</u>	<u>-</u>	<u>-</u>	<u>179,988</u>
Capital Assets, Being Depreciated:				
Land Improvements	688,548	-	-	688,548
Buildings and Building Improvements	34,025,825	20,930	-	34,046,755
Machinery, Equipment and Vehicles	1,611,190	117,131	-	1,728,321
Total Capital Assets Being Depreciated	<u>36,325,563</u>	<u>138,061</u>	<u>-</u>	<u>36,463,624</u>
Less Accumulated Depreciation for:				
Site Improvements	(342,828)	\$ (35,382)	-	(378,210)
Buildings and Building Improvements	(8,830,355)	(856,197)	-	(9,686,552)
Machinery, Equipment and Vehicles	(1,475,453)	(38,935)	-	(1,514,388)
Total Accumulated Depreciation	<u>(10,648,636)</u>	<u>(930,514)</u>	<u>-</u>	<u>(11,579,150)</u>
Total Capital Assets, Being Depreciated, Net	<u>25,676,927</u>	<u>(792,453)</u>	<u>-</u>	<u>24,884,474</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,856,915</u>	<u>\$ (792,453)</u>	<u>\$ -</u>	<u>\$ 25,064,462</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 187,409	-	-	\$ 187,409
Total Capital Assets Being Depreciated	<u>187,409</u>	<u>-</u>	<u>-</u>	<u>187,409</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(126,103)	\$ (8,627)	-	(134,730)
Total Accumulated Depreciation	<u>(126,103)</u>	<u>(8,627)</u>	<u>-</u>	<u>(134,730)</u>
Total Capital Assets, Being Depreciated, Net	<u>61,306</u>	<u>(8,627)</u>	<u>-</u>	<u>52,679</u>
Business-Type Activities Capital Assets, Net	<u>\$ 61,306</u>	<u>\$ (8,627)</u>	<u>\$ -</u>	<u>\$ 52,679</u>



**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental Activities:**

Instruction

Regular	\$ 452,484
Special Education	103,184
Other Instruction	37,266
School-Sponsored Activities and Athletics	<u>2,974</u>

Total Instruction	<u>595,908</u>
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Support Services

Student and Instruction Related Services	123,283
General Administrative Services	42,153
School Administrative Services	45,079
Central Administrative Services	39,818
Plant Operations and Maintenance	68,742
Pupil Transportation	<u>15,531</u>

Total Support Services	<u>334,606</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 930,514</u>
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**Business-Type Activities:**

Food Service Fund	<u>\$ 8,627</u>
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Total Depreciation Expense-Business-Type Activities	<u>\$ 8,627</u>
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**EDGEWATER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2021, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 120,948
Food Services Enterprise Fund	General Fund	<u>16,004</u>
Total		<u>\$ 136,952</u>

The above balances are the result of revenues earned or deposited in one fund which are due to another fund or expenditures paid by one fund on behalf of another fund.

The District expects all interfund balances to be liquidated within one year except the interfund between General Fund and Capital Projects Fund.

**Interfund Transfers**

	<u>Transfer In:</u>		
	<u>General</u>	<u>Enterprise Preschool Program</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 1,000	\$ 1,000
Capital Projects Fund	<u>\$ 5</u>	<u>-</u>	<u>5</u>
Total Transfers	<u>\$ 5</u>	<u>\$ 1,000</u>	<u>\$ 1,005</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

**F. Leases**

**Operating Leases**

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2021 were \$35,214. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	<u>\$ 11,440</u>
Total	<u>\$ 11,440</u>

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases (Continued)**

**Capital Leases**

The District is leasing school buses and copiers totaling \$355,118 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Machinery and Equipment	\$ 95,118
Vehicles	<u>260,000</u>
	<u>\$ 355,118</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2022	\$ 77,056
2023	43,127
2024	21,540
2025	21,540
2026	<u>8,975</u>
Total minimum lease payments	172,238
Less: amount representing interest	<u>(13,157)</u>
Present value of minimum lease payments	<u>\$ 159,081</u>

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2021 are comprised of the following issues:

\$3,080,000, 2013 Refunding Bonds, due in annual installments of \$375,000 through September 1, 2022, interest at 4.00%	\$750,000
\$26,565,000, 2017 Refunding Bonds, due in annual installments of \$535,000 to \$1,910,000 through September 1, 2040, interest at 3.00% to 4.00%	<u>25,570,000</u>
Total	<u>\$26,320,000</u>

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

**State Aid Advance Loan Payable**

In fiscal year 2019/2020, the Board entered into a loan agreement with the State of New Jersey in the amount of \$1,800,000 pursuant to N.J.S.A. 18A:7A-56 in the form of an advancement of state aid to provide funds to eliminate a projected unassigned budgetary fund deficit in the General Fund. The State aid advance loan will be repaid by the school district through automatic reductions in the State aid provided to the school district in each year. The term of the loan repayment is ten (10) years which began in the 2020/2021 school year at a minimum amount of \$180,000 per year, but may be for a shorter term as determined by the State Treasurer. At any time during the term of the repayment the State Treasurer, in consultation with the Commissioner of Education, may determine to impose interest on the unpaid balance. The State Treasurer has not imposed interest during the 2020/2021 school year.

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>State Aid Advance Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 910,000	\$ 1,002,788	\$ 180,000	-	\$ 2,092,788
2023	945,000	966,388	180,000	-	2,091,388
2024	1,020,000	936,088	180,000	-	2,136,088
2025	1,070,000	895,288	180,000	-	2,145,288
2026	1,120,000	852,488	180,000	-	2,152,488
2027-2031	6,360,000	3,550,638	720,000	-	10,630,638
2032-2036	7,665,000	2,302,150	-	-	9,967,150
2037-2041	7,230,000	736,600	-	-	7,966,600
Total	<u>\$ 26,320,000</u>	<u>\$ 11,242,428</u>	<u>\$ 1,620,000</u>	<u>\$ -</u>	<u>\$ 39,182,428</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2021 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 97,218,866
Less: Net Debt	<u>26,320,000</u>
Remaining Borrowing Power	<u>\$ 70,898,866</u>

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	Balance, <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2021</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Serial Bonds	\$ 27,200,000	-	\$ 880,000	\$ 26,320,000	\$ 910,000
Add: Premium	1,553,889	-	125,758	1,428,131	-
Total Bonds Payable	28,753,889	-	1,005,758	27,748,131	910,000
State Aid Advance Loan	1,800,000		180,000	1,620,000	180,000
Capital Leases	125,301	\$ 95,118	61,338	159,081	70,729
Compensated Absences	294,015		41,135	252,880	50,000
Net Pension Liability	2,107,504	-	7,749	2,099,755	-
Governmental Activity Long-Term Liabilities	<u>\$ 33,080,709</u>	<u>\$ 95,118</u>	<u>\$ 1,295,980</u>	<u>\$ 31,879,847</u>	<u>\$ 1,210,729</u>

For the governmental activities, the liabilities for the state aid advance loan, capital leases, compensated absences and net pension liability are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The District is a member of the North Jersey Schools Insurance Group – North Jersey Educational Insurance Fund (NJSIG or Group). The NJSIG provides insurance coverages to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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

NJSIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance fund is on file with the School Business Administrator.

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

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2021, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

**EDGEWATER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

The following represents the membership tiers for PERS:

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

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

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

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

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).



**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

**Actuarial Methods and Assumptions**

In the July 1, 2019 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2021.

PERS employers' and TPAF State's nonemployee contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2021 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2021	\$ 140,858	\$ 1,553,178	\$ 1,757
2020	113,771	1,158,049	27,378
2019	105,219	980,796	57,127

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions (Continued)**

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$0, \$623 and \$648, respectively for PERS and the State contributed \$1,557, \$1,718 and \$1,799, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$284,348 during the fiscal year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2020 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$2,099,755 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2020. At June 30, 2020, the District's proportionate share was .01288 percent, which was an increase of .00118 percent from its proportionate share measured as of June 30, 2019 of .01170 percent.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$61,754 for PERS. The pension contribution made by the District during the current 2020/2021 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 38,233	\$ 7,426
Changes of Assumptions	68,118	879,187
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	71,771	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>457,912</u>	<u>137,960</u>
Total	<u>\$ 636,034</u>	<u>\$ 1,024,573</u>

At June 30, 2021, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2022	\$ (219,685)
2023	(141,026)
2024	(16,708)
2025	(5,761)
2026	<u>(5,359)</u>
	<u>\$ (388,539)</u>

**EDGEWATER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans 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 the PERS's target asset allocation as of June 30, 2020 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	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	7.00%
2020	June 30, 2019	6.28%

**EDGEWATER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

***Discount Rate (Continued)***

There was no crossover period for the PERS defined benefit plan. Therefore the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>2,643,241</u>	\$ <u>2,099,755</u>	\$ <u>1,638,592</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2020. A sensitivity analysis specific to the District's net pension liability at June 30, 2020 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2019 through June 30, 2020. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2020, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,123,859 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the net pension liability attributable to the District is \$34,154,280. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was .05187 percent, which was an increase of .00302 percent from its proportionate share measured as of June 30, 2019 of .04885 percent.



**EDGEWATER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the TPAF’s target asset allocation as of June 30, 2020 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	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

*Discount Rate*

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2062 and Thereafter

\* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. 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.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.40%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	<b>1% Decrease (4.40%)</b>	<b>Current Discount Rate (5.40%)</b>	<b>1% Increase (6.40%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 40,118,202</u>	<u>\$ 34,154,280</u>	<u>\$ 29,202,244</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2020 was not provided by the pension system.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**EDGEWATER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but not yet Receiving Benefits	_____ -
Total	<u>366,108</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2019 which were rolled forward to June 30, 2020.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2021, 2020 and 2019 were \$486,742, \$429,615 and \$444,887, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2019 through June 30, 2020. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,772,499. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$24,599,618. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was .03628 percent, which was an increase of .00011 percent from its proportionate share measured as of June 30, 2019 of .03518 percent.

**EDGEWATER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions**

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.45%
Rate Thereafter	1.55% to 4.45%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

**Discount Rate**

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

The discount rate 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.



**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>14,681,470</u>
Changes Recognized for the Fiscal Year:	
Service Cost	978,114
Interest on the Total OPEB Liability	540,881
Differences Between Expected and Actual Experience	4,320,926
Changes of Assumptions	4,493,505
Gross Benefit Payments	(428,259)
Contributions from the Member	<u>12,981</u>
<b>Net Changes</b>	<b>\$ <u>9,918,148</u></b>
Balance, June 30, 2020 Measurement Date	\$ <u>24,599,618</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2020.

**EDGEWATER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.21%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	<b>1% Decrease <u>(1.21%)</u></b>	<b>Current Discount Rate <u>(2.21%)</u></b>	<b>1% Increase <u>(3.21%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>29,656,109</u>	\$ <u>24,599,618</u>	\$ <u>20,645,929</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ <u>19,857,641</u>	\$ <u>24,599,618</u>	\$ <u>30,246,258</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

**F. 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, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality 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 Edgewater Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 5 RESTATEMENT**

On July 1, 2020, the Edgewater Board of Education implemented GASB Statement No. 84 “Fiduciary Activities”. The Edgewater Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

**Governmental Activities**

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to student activities and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$42,700 from \$(4,095,829) as previously reported to \$(4,053,129) as of June 30, 2020.

**Governmental Funds**

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to student activities and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$42,700 from \$2,099,340 as previously reported to \$2,142,040 as of June 30, 2020. Special Revenue Fund fund balance increased \$42,700 from \$(1,231) as previously reported to \$41,469 as of June 30, 2020.

**NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measure, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School District. It is too early to predict if the legislation will have its intended affect.

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)**

The largest portion of the School District's revenues is derived from local tax revenues levied by the Borough. In that regard, under applicable State statutes, the Borough annually is required to pay 100% of the amount levied for operations and debt service to the School District regardless of delinquencies in applicable property tax collections. The ability of the Borough to fully collect property taxes on a timely basis may be affected by the economic impact of the Pandemic; however, the District does not anticipate an interruption in the timely collection of property taxes from the Borough.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

**NOTE 7 SUBSEQUENT EVENTS**

On February 10, 2022 the Board approved the appropriation of \$425,302 of General Fund unassigned fund balance to the 2021/2022 budget to fund various operating appropriations.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**  
**BUDGETARY COMPARISON SCHEDULES**

**EDGEWATER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 21,795,050	\$ 5,855,000	\$ 27,650,050	\$ 27,650,050	
Interest Earned in Maintenance Reserve	50		50		\$ (50)
Interest Earned in Capital Reserve Funds	500		500		(500)
Interest				15,901	15,901
Unrestricted Miscellaneous	48,000	-	48,000	133,157	85,157
<b>Total Local Revenues</b>	<u>21,843,600</u>	<u>5,855,000</u>	<u>27,698,600</u>	<u>27,799,108</u>	<u>100,508</u>
State Sources					
Special Education Aid	922,151	(162,866)	759,285	759,285	-
Security Aid	45,596	-	45,596	45,596	-
Transportation Aid	618,022	-	618,022	618,022	-
Extraordinary Special Education Costs Aid				425,302	425,302
Nonpublic School Transportation Costs				41,470	41,470
On-Behalf TPAF Contributions (Non-Budgeted)					
Pension Benefit Contribution				1,524,178	1,524,178
Pension - NCGI Premium				29,000	29,000
Post Retirement Medical Benefit Contribution				486,742	486,742
Long Term Disability Insurance				1,557	1,557
Reimbursed Social Security Contribution	-	-	-	284,348	284,348
<b>Total State Revenues</b>	<u>1,585,769</u>	<u>(162,866)</u>	<u>1,422,903</u>	<u>4,215,500</u>	<u>2,792,597</u>
<b>Total Revenues</b>	<u>23,429,369</u>	<u>5,692,134</u>	<u>29,121,503</u>	<u>32,014,608</u>	<u>2,893,105</u>
<b>CURRENT EXPENDITURES</b>					
Regular Programs - Instruction					
Salaries of Teachers					
Pre-K				8,350	(8,350)
Kindergarten	265,676	283,622	549,298	197,298	352,000
Grades 1-5	1,857,833	1,329,927	3,187,760	1,971,778	1,215,982
Grades 6-8	208,270	140,000	348,270	228,809	119,461
Regular Programs - Home Instruction					
Salaries of Teachers	4,000	-	4,000		4,000
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	54,664	475,000	529,664		529,664
Purchased Technical Services	151,650	150,000	301,650	257,829	43,821
Other Purchased Services	1,500	-	1,500		1,500
General Supplies	273,700	301,255	574,955	420,323	154,632
Textbooks	72,893	-	72,893	66,640	6,253
Other Objects	600	1,000	1,600	1,170	430
<b>Total Regular Programs</b>	<u>2,890,786</u>	<u>2,680,804</u>	<u>5,571,590</u>	<u>3,152,197</u>	<u>2,419,393</u>
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	505,309	295,073	800,382	486,593	313,789
Other Salaries for Instruction	99,487	-	99,487	6,651	92,836
General Supplies	750	-	750	508	242
<b>Total Learning / Language Disabilities</b>	<u>605,546</u>	<u>295,073</u>	<u>900,619</u>	<u>493,752</u>	<u>406,867</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	-	56,378	56,378	56,328	50
<b>Total Preschool Disabilities - Full - Time</b>	<u>-</u>	<u>56,378</u>	<u>56,378</u>	<u>56,328</u>	<u>50</u>
<b>Total Special Education</b>	<u>605,546</u>	<u>351,451</u>	<u>956,997</u>	<u>550,080</u>	<u>406,917</u>
Bilingual Education					
Salaries of Teachers	107,054	139,000	246,054	119,824	126,230
General Supplies	-	1,000	1,000	-	1,000
<b>Total Bilingual Education</b>	<u>107,054</u>	<u>140,000</u>	<u>247,054</u>	<u>119,824</u>	<u>127,230</u>

EDGEWATER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
School Sponsored Co-Curricular Activities					
Salaries	\$ 9,725	-	\$ 9,725	\$ 1,000	\$ 8,725
Total School Sponsored Co-Curricular Activities	9,725	-	9,725	1,000	8,725
Total - Instruction	3,613,111	\$ 3,172,255	6,785,366	3,823,101	2,962,265
Undistributed Expenditures					
Instruction (Tuition)					
Tuition - Other LEA's Within State - Regular	7,361,494	453,140	7,814,634	7,804,634	10,000
Tuition - Other LEA's Within State - Special	2,528,804	50,745	2,579,549	2,302,385	277,164
Tuition to County Vocational School District-Reg.	222,525	(17,551)	204,974	184,181	20,793
Tuition to CSSD and Regional Day Schools	348,230	(50,745)	297,485	265,653	31,832
Tuition to APSSD Within the State	1,157,761	10,462	1,168,223	670,970	497,253
Total Undistributed - Instruction (Tuition)	11,618,814	446,051	12,064,865	11,227,823	837,042
Attendance and Social Work Services					
Other Purchased Services	12,588	540	13,128	13,127	1
Total Attendance and Social Work Services	12,588	540	13,128	13,127	1
Health Services					
Salaries	58,928	68,000	126,928	80,479	46,449
Purchased Professional and Technical Services		2,100	2,100	2,100	-
Other Purchases Services	4,250	(640)	3,610	3,610	3,610
Supplies and Materials	1,000	-	1,000	482	518
Total Health Services	64,178	69,460	133,638	83,061	50,577
Speech, OT, PT and Related Services					
Salaries	110,238	100,000	210,238	144,367	65,871
Purchased Professional - Educational Services	638,161	(70,000)	568,161	417,449	150,712
Total Speech, OT, PT and Related Services	748,399	30,000	778,399	561,816	216,583
Other Support Services-Students-Extra Services					
Salaries		3,000	3,000	3,000	-
Purchased Professional-Educational Services	231,495	(12,797)	218,698	91,424	127,274
Supplies and Materials	4,000	-	4,000	1,256	2,744
Total Other Support Services-Extra Services	235,495	(9,797)	225,698	95,680	130,018
Guidance					
Salaries of Other Professional Staff	-	70,000	70,000	-	70,000
Total Guidance	-	70,000	70,000	-	70,000
Child Study Team					
Salaries of Other Professional Staff	235,305	188,425	423,730	238,920	184,810
Salaries of Secretarial and Clerical Assistants		55,000	55,000	34,817	20,183
Other Purchased Professional and Technical Services	80,320	-	80,320	5,200	75,120
Other Purchased Services	1,750	-	1,750		1,750
Supplies and Materials	6,400	(465)	5,935	4,792	1,143
Other Objects	-	465	465	423	42
Total Child Study Team	323,775	243,425	567,200	284,152	283,048

**EDGEWATER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Educational Media Services/School Library					
Salaries	\$ 32,940	-	\$ 32,940		\$ 32,940
Supplies and Materials	1,100	-	1,100	-	1,100
<b>Total Educational Media Services/School Library</b>	<u>34,040</u>	<u>-</u>	<u>34,040</u>	<u>-</u>	<u>34,040</u>
Instructional Staff Training Services					
Salaries		\$ 600	600	\$ 600	-
Unused Vacation Payment to Terminated/Retired Staff	2,694	(2,694)	-		-
Purchased Professional-Educational Services	6,000	11,891	17,891	17,516	375
<b>Total Instructional Staff Training Services</b>	<u>8,694</u>	<u>9,797</u>	<u>18,491</u>	<u>18,116</u>	<u>375</u>
Support Services General Administration					
Salaries	181,443	85,534	266,977	266,977	-
Salaries of State Fiscal Monitors	147,000	(20,699)	126,301	75,286	51,015
Repayment of Principal - NJDOE Loan	180,000	-	180,000	180,000	-
Legal Services	10,000	68,978	78,978	63,592	15,386
Audit Fees	37,000	62,974	99,974	69,374	30,600
Purchased Technical Services		4,106	4,106	3,106	1,000
Communications/Telephone	48,000	-	48,000	45,961	2,039
BOE Other Purchased Services	1,000	(100)	900		900
General Supplies	3,000	-	3,000	1,133	1,867
Miscellaneous Expenditures	2,800	4,378	7,178	6,178	1,000
BOE Membership Dues and Fees	9,000	(1,712)	7,288	6,719	569
<b>Total Support Services General Administration</b>	<u>619,243</u>	<u>203,459</u>	<u>822,702</u>	<u>718,326</u>	<u>104,376</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	226,280	56,797	283,077	189,500	93,577
Salaries of Secretarial and Clerical Assistants	98,611	72	98,683	93,668	5,015
Unused Vacation Payment to Terminated/Retired Staff	9,355	(8,106)	1,249		1,249
Supplies and Materials	3,000	-	3,000	2,288	712
Other Objects	3,300	-	3,300	1,690	1,610
<b>Total Support Services School Administration</b>	<u>340,546</u>	<u>48,763</u>	<u>389,309</u>	<u>287,146</u>	<u>102,163</u>
Central Services					
Salaries	299,438	7,991	307,429	307,428	1
Unused Vacation Payment to Terminated/Retired Staff		19,480	19,480	19,480	-
Purchased Professional Services	38,600	(12,345)	26,255	26,255	-
Miscellaneous Purchased Services	1,200	(318)	882	882	-
Supplies and Materials	1,200	2,121	3,321	3,212	109
Miscellaneous Expenditures	3,290	(2,783)	507	507	-
<b>Total Central Services</b>	<u>343,728</u>	<u>14,146</u>	<u>357,874</u>	<u>357,764</u>	<u>110</u>
Administration Information Technology					
Other Purchased Services	2,400	-	2,400	1,495	905
Supplies and Materials	400	-	400		400
Other Objects	1,250	-	1,250	214	1,036
<b>Total Administration Information Technology</b>	<u>4,050</u>	<u>-</u>	<u>4,050</u>	<u>1,709</u>	<u>2,341</u>
Required Maintenance for School Facilities					
Salaries	105,053	10,358	115,411	105,055	10,356
Unused Vacation Payment to Terminated/Retired Staff	2,057	(1,787)	270		270
Cleaning, Repair & Maintenance Services	104,566	49,095	153,661	150,090	3,571
General Supplies	30,600	(7,338)	23,262	12,325	10,937
Other Objects	-	200	200	200	-
<b>Total Required Maintenance for School Facilities</b>	<u>242,276</u>	<u>50,528</u>	<u>292,804</u>	<u>267,670</u>	<u>25,134</u>



**EDGEWATER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Custodial Services					
Salaries	\$ 209,096	\$ 305,690	\$ 514,786	\$ 318,455	\$ 196,331
Unused Vacation Payment to Terminated/Retired Staff	3,324	(3,324)			-
Purchased Professional-Technical Services	2,000	-	2,000		2,000
Cleaning, Repair and Maintenance Services	70,000	(8,692)	61,308	37,716	23,592
Other Purchased Property Services	34,000	-	34,000	33,581	419
Insurance	110,982	7,904	118,886	118,886	-
General Supplies	40,000	101,331	141,331	95,776	45,555
Energy (Natural Gas)	170,000	-	170,000	151,442	18,558
Energy (Electricity)	128,000	(600)	127,400	103,885	23,515
Other Objects	4,400	(3,225)	1,175	1,175	-
<b>Total Custodial Services</b>	<b>771,802</b>	<b>399,084</b>	<b>1,170,886</b>	<b>860,916</b>	<b>309,970</b>
Student Transportation Services					
Salaries of Non-Instructional Aides	34,047	-	34,047	5,439	28,608
Salaries for Pupil Transportation					
(Between Home and School) - Regular	140,605	-	140,605	21,802	118,803
Other Purchased Prof. and Technical Serv	10,000	3,615	13,615	13,615	-
Lease Purchase Payments - School Buses	58,516	(158)	58,358	55,516	2,842
Contracted Serv. - Aid in Lieu Pymts NonPub School	147,000	-	147,000	47,907	99,093
Contracted Serv (Bet Home an School) Joint Agreements	802,327	-	802,327	711,646	90,681
Contracted Serv (Sp Ed. Students) ESCs & CTSAs	674,682	400,000	1,074,682	324,917	749,765
Miscellaneous Purchased Services - Transportation	69,000	-	69,000	20,863	48,137
General Supplies	9,200	(9,200)			-
Transportation Supplies		5,743	5,743	2,015	3,728
Other Objects	200	-	200	150	50
<b>Total Student Transportation Services</b>	<b>1,945,577</b>	<b>400,000</b>	<b>2,345,577</b>	<b>1,203,870</b>	<b>1,141,707</b>
Unallocated Benefits					
Social Security Contributions	165,000	-	165,000	99,718	65,282
Other Retirement Contributions - PERS	176,000	(1,757)	174,243	140,858	33,385
Other Retirement Contributions - DCRP		1,757	1,757	1,757	-
Unemployment Compensation	48,972	-	48,972	307	48,665
Workmen's Compensation	81,000	(7,904)	73,096	52,548	20,548
Health Benefits	1,902,025	1,338,885	3,240,910	1,204,908	2,036,002
Tuition Reimbursement	21,500	-	21,500	5,236	16,264
Other Employee Benefits	35,450	(3,672)	31,778	23,660	8,118
Unused Sick Payment to Terminated/Retired Staff	30,000	-	30,000	17,415	12,585
<b>Total Unallocated Benefits</b>	<b>2,459,947</b>	<b>1,327,309</b>	<b>3,787,256</b>	<b>1,546,407</b>	<b>2,240,849</b>
On Behalf TPAF Contributions (Non Budgeted)					
Pension Benefit Contribution		-		1,524,178	(1,524,178)
Pension -NCGI Premium				29,000	(29,000)
Post Retirement Medical Benefit Contribution		-		486,742	(486,742)
Long Term Disability Insurance				1,557	(1,557)
Reimbursed Social Security Contribution	-	-	-	284,348	(284,348)
<b>Total On-Behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,325,825</b>	<b>(2,325,825)</b>
<b>Total Undistributed Expenditures</b>	<b>19,773,152</b>	<b>3,302,765</b>	<b>23,075,917</b>	<b>19,853,408</b>	<b>3,222,509</b>
Interest on Maintenance Reserve	50	-	50	-	50
<b>Total Expenditures - Current Expenditures</b>	<b>23,386,313</b>	<b>6,475,020</b>	<b>29,861,333</b>	<b>23,676,509</b>	<b>6,184,824</b>

**EDGEWATER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures - Required Maintenance for School Facilities	-	\$ 9,117	\$ 9,117	\$ 9,117	-
Total Equipment	-	9,117	9,117	9,117	-
Facilities Acquisition and Construction Services					
Construction Services	-	12,896	12,896	12,896	-
Assessment for Debt Service on SDA Funding	\$ 27,043	-	27,043	27,043	-
Total Facilities Acquisition and Construction Services	27,043	12,896	39,939	39,939	-
Interest on Capital Reserve	500	-	500	-	\$ 500
Total Assets Acquired Under Capital Leases - (Non-Budgeted)	-	-	-	95,118	(95,118)
Total Capital Outlay	27,543	22,013	49,556	144,174	(94,618)
Transfer of Funds to Charter Schools	15,513	17,551	33,064	33,064	-
Total Expenditures	23,429,369	6,514,584	29,943,953	23,853,747	6,090,206
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(822,450)	(822,450)	8,160,861	8,983,311
Other Financing Sources/(Uses)					
Capital Lease Proceeds				95,118	95,118
Transfers In - Capital Projects Fund				5	5
Transfers Out -Preschool Enterprise Fund	-	-	-	(1,000)	(1,000)
Total Other Financing Sources/(Uses)	-	-	-	94,123	94,123
Net Change in Fund Balances	-	(822,450)	(822,450)	8,254,984	\$ 9,077,434
Fund Balances Beginning of Year	2,374,246	-	2,374,246	2,374,246	-
Fund Balances, End of Year	\$ 2,374,246	\$ (822,450)	\$ 1,551,796	\$ 10,629,230	\$ 9,077,434
<b>Recapitulation of Fund Balances</b>					
<b>Restricted</b>					
Capital Reserve				\$ 3,481,215	
Maintenance Reserve				639,432	
Tuition Adjustment Reserve (2020/2021)				956,000	
Tuition Adjustment Reserve (2019/2020) - Designated for Subsequent Year's Expenditures				44,000	
Legally Restricted - Unexpended Additional Spending Proposal				4,669,878	
<b>Assigned</b>					
Year End Encumbrances				50,426	
Unassigned				788,279	
Fund Balance Per State Budgetary Basis of Accounting				10,629,230	
<b>Reconciliation to Governmental Funds Statements (GAAP)</b>					
Less State Aid Revenue Not Recognized on GAAP Basis				(522,456)	
Fund Balance Per Governmental Funds (GAAP)				\$ 10,106,774	

**EDGEWATER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 23,841	\$ 3,056	26,897	\$ 11,395	\$ (15,502)
Federal	405,854	364,862	770,716	744,642	(26,074)
Local Sources					
Miscellaneous	-	514,106	514,106	466,129	(47,977)
Total Revenues	<u>429,695</u>	<u>882,024</u>	<u>1,311,719</u>	<u>1,222,166</u>	<u>(89,553)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries	111,438	254,441	365,879	317,864	48,015
Other Salaries for Instruction	8,350		8,350		8,350
Purchased Professional & Technical Services	6,484	50,416	56,900	56,900	-
Tuition	162,066	31,292	193,358	193,358	-
Other Purchased Services	12,347	3,010	15,357	8,204	7,153
General Supplies	63,697	216,174	279,871	274,827	5,044
Textbooks	1,107	359	1,466	1,466	-
Co-Curricular/Extra-Curricular Activities	-	8,682	8,682	8,682	-
Total Instruction	<u>365,489</u>	<u>564,374</u>	<u>929,863</u>	<u>861,301</u>	<u>68,562</u>
Support Services					
Purchased Professional & Technical Services		53,993	53,993	32,963	21,030
Purchased Professional & Educational Service	18,216	4,257	22,473	22,473	-
Other Purchased Services		399	399	399	-
Supplies and Materials		45,247	45,247	45,247	-
Other Objects	2,037	411	2,448	2,448	-
Total Support Services	<u>20,253</u>	<u>104,307</u>	<u>124,560</u>	<u>103,530</u>	<u>21,030</u>
Unallocated Employee Benefits	<u>43,953</u>	<u>213,343</u>	<u>257,296</u>	<u>257,296</u>	<u>-</u>
Total Expenditures	<u>429,695</u>	<u>882,024</u>	<u>1,311,719</u>	<u>1,222,127</u>	<u>89,592</u>
Net Change in Fund Balances	-	-	-	39	39
Fund Balance, Beginning of Year (restated)	<u>42,700</u>	<u>-</u>	<u>42,700</u>	<u>42,700</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 42,700</u>	<u>-</u>	<u>42,700</u>	<u>\$ 42,739</u>	<u>\$ 39</u>
<b>Recapitulation of Fund Balance:</b>					
<b>Restricted</b>					
Student Activities				<u>\$ 42,739</u>	

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**EDGEWATER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 32,014,608	\$ 1,222,166
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2020-2021)	(522,456)	
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2019-2020)	346,257	1,231
State Aid Advance Loan recognized for budgetary purposes, not recognized as revenues for GAAP Statements		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2021		(79,668)
Encumbrances, June 30, 2020	-	5,717
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 31,838,409</u>	<u>\$ 1,149,446</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 23,853,747	\$ 1,222,127
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Encumbrances, June 30, 2021		(79,668)
Encumbrances, June 30, 2020	-	5,717
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 23,853,747</u>	<u>\$ 1,148,176</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**AND**

**OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

**EDGEWATER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Public Employees Retirement System**

**Last Eight Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	.01288%	.01170%	.01058%	.00975%	.01197%	.01232%	.01454%	.01202%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,099,755	\$ 2,107,504	\$ 2,082,797	\$ 2,268,505	\$ 3,543,778	\$ 2,766,090	\$ 2,722,384	\$ 2,797,128
District's Covered-Employee Payroll	\$ 861,326	\$ 890,087	\$ 820,083	\$ 746,127	\$ 737,906	\$ 1,004,832	\$ 907,290	\$ 880,864
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	243.78%	236.78%	253.97%	304.04%	480.25%	275.28%	300.06%	317.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

\* 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 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**EDGEWATER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Eight Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 140,858	\$ 113,771	\$ 105,219	\$ 90,282	\$ 106,298	\$ 105,938	\$ 119,870	\$ 90,563
Contributions in Relation to the Contractually Required Contribution	<u>140,858</u>	<u>113,771</u>	<u>105,219</u>	<u>90,282</u>	<u>106,298</u>	<u>105,938</u>	<u>119,870</u>	<u>90,563</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 750,798	\$ 861,326	\$ 890,087	\$ 820,083	\$ 746,127	\$ 737,906	\$ 1,004,832	\$ 907,290
Contributions as a Percentage of Covered-Employee Payroll	18.76%	13.21%	11.82%	11.01%	14.25%	14.36%	11.93%	9.98%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.



**EDGEWATER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Eight Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 34,154,280</u>	<u>\$ 29,977,352</u>	<u>\$ 30,963,346</u>	<u>\$ 30,679,796</u>	<u>Not Available</u>	<u>\$ 23,946,788</u>	<u>\$ 18,635,646</u>	<u>\$ 16,625,166</u>
<b>Total</b>	<u>\$ 34,154,280</u>	<u>\$ 29,977,352</u>	<u>\$ 30,963,346</u>	<u>\$ 30,679,796</u>	<u>\$ -</u>	<u>\$ 23,946,788</u>	<u>\$ 18,635,646</u>	<u>\$ 16,625,166</u>
Covered Payroll	\$ 5,749,218	\$ 5,669,662	\$ 5,459,922	\$ 5,085,378	\$ 5,058,574	\$ 5,129,256	\$ 4,979,860	\$ 4,979,860
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

\* 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 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**EDGEWATER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Change of Benefit Terms:**

None.

**Change of Assumptions:**

Assumptions used in calculating the net pension liability and  
statutorily required employer contribution are presented in Note 4D.

**EDGEWATER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last Four Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 978,114	\$ 897,167	\$ 982,776	\$ 1,190,596
Interest on Total OPEB Liability	540,881	622,784	660,837	566,356
Differences Between Expected and Actual Experience	4,320,926	(2,032,079)	(1,738,670)	-
Changes of Assumptions	4,493,505	218,902	(1,768,606)	(2,566,421)
Gross Benefit Payments	(428,259)	(450,677)	(412,112)	(409,357)
Contribution from the Member	<u>12,981</u>	<u>13,359</u>	<u>14,243</u>	<u>15,074</u>
<b>Net Change in Total OPEB Liability</b>	9,918,148	(730,544)	(2,261,532)	(1,203,752)
<b>Total OPEB Liability - Beginning</b>	<u>\$ 14,681,470</u>	<u>\$ 15,412,014</u>	<u>\$ 17,673,546</u>	<u>18,877,298</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 24,599,618</u>	<u>\$ 14,681,470</u>	<u>\$ 15,412,014</u>	<u>\$ 17,673,546</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>24,599,618</u>	<u>14,681,470</u>	<u>15,412,014</u>	<u>17,673,546</u>
Total OPEB Liability - Ending	<u>\$ 24,599,618</u>	<u>\$ 14,681,470</u>	<u>\$ 15,412,014</u>	<u>\$ 17,673,546</u>
Covered Payroll	\$ 6,610,544	\$ 6,559,749	\$ 6,280,005	\$ 5,831,505
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\*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 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**EDGEWATER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 4E.

**SCHOOL LEVELS SCHEDULES**

**GENERAL FUND**

NOT APPLICABLE

**SPECIAL REVENUE FUND**

EDGEWATER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>ESEA Title I</u>	<u>ESEA Title IIA</u>	<u>ESEA Title III</u>	<u>ESEA Title III Immigrant</u>	<u>ESEA Title IV</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>CARES</u>	<u>(Exhibit E-1a)</u>	<u>Total 2021</u>
<b>REVENUES</b>										
Intergovernmental										
State									\$ 11,395	\$ 11,395
Federal	\$ 200,846	\$ 22,473	\$ 25,080	\$ 9,573	\$ 15,375	\$ 193,358	\$ 7,514	\$ 157,999	112,424	744,642
Other Sources	-	-	-	-	-	-	-	-	466,129	466,129
<b>Total Revenues</b>	<b>\$ 200,846</b>	<b>\$ 22,473</b>	<b>\$ 25,080</b>	<b>\$ 9,573</b>	<b>\$ 15,375</b>	<b>\$ 193,358</b>	<b>\$ 7,514</b>	<b>\$ 157,999</b>	<b>\$ 589,948</b>	<b>\$ 1,222,166</b>
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers	\$ 65,879								\$ 251,985	\$ 317,864
Purchased Professional and Technical Services							\$ 7,514		49,386	56,900
Tuition						\$ 193,358				193,358
Other Purchased Services									8,204	8,204
General Supplies	77,671		\$ 22,181	\$ 8,298	\$ 15,375			\$ 83,564	67,738	274,827
Textbooks									1,466	1,466
Co-Curricular/Extra-Curricular Activities									8,682	8,682
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>143,550</b>	<b>-</b>	<b>22,181</b>	<b>8,298</b>	<b>15,375</b>	<b>193,358</b>	<b>7,514</b>	<b>83,564</b>	<b>387,461</b>	<b>861,301</b>
Support Services										
Personnel Services - Employee Benefits	57,296								200,000	257,296
Purchased Professional/Technical Services			2,500	1,275				29,188	-	32,963
Purchased Professional and Educational Svc		\$ 22,473								22,473
Other Purchased Services			399							399
Supplies and Materials								45,247	-	45,247
Other Objects	-	-	-	-	-	-	-	-	2,448	2,448
<b>Total Support Services</b>	<b>57,296</b>	<b>22,473</b>	<b>2,899</b>	<b>1,275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,435</b>	<b>202,448</b>	<b>360,826</b>
<b>Total Expenditures</b>	<b>\$ 200,846</b>	<b>\$ 22,473</b>	<b>\$ 25,080</b>	<b>\$ 9,573</b>	<b>\$ 15,375</b>	<b>\$ 193,358</b>	<b>\$ 7,514</b>	<b>\$ 157,999</b>	<b>\$ 589,909</b>	<b>\$ 1,222,127</b>
Net Change in Fund Balances	-	-	-	-	-	-	-	-	39	39
Fund Balance, Beginning of Year (Restated)	-	-	-	-	-	-	-	-	42,700	42,700
Fund Balance, End of Year	-	-	-	-	-	-	-	-	42,739	42,739

EDGEWATER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Bergen County</u> <u>CARES</u>	<u>Digital</u> <u>Divide</u>	<u>Coronavirus</u> <u>Relief Fund</u>	<u>Corrective</u> <u>Speech</u>	<u>Nonpublic</u> <u>Nursing</u>	<u>Nonpublic</u> <u>Textbooks</u>	<u>Nonpublic</u> <u>Security</u>	<u>Local</u> <u>Grants</u>	<u>Student</u> <u>Activities</u>	<u>Total</u> <u>Exhibit</u> <u>E-1a</u>
<b>REVENUES</b>										
Intergovernmental										
State				\$ 3,281	\$ 2,448	\$ 1,466	\$ 4,200			\$ 11,395
Federal	\$ 49,386	\$ 7,845	\$ 55,193							112,424
Other Sources	-	-	-	-	-	-	-	\$ 457,408	\$ 8,721	466,129
Total Revenues	<u>\$ 49,386</u>	<u>\$ 7,845</u>	<u>\$ 55,193</u>	<u>\$ 3,281</u>	<u>\$ 2,448</u>	<u>\$ 1,466</u>	<u>\$ 4,200</u>	<u>\$ 457,408</u>	<u>\$ 8,721</u>	<u>\$ 589,948</u>
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers								\$ 251,985		\$ 251,985
Purchased Professional and Technical Services	\$ 49,386									49,386
Tuition										-
Other Purchased Services				\$ 3,281				4,923		8,204
General Supplies		\$ 7,845	\$ 55,193				\$ 4,200	500		67,738
Textbooks						\$ 1,466				1,466
Co-Curricular/Extra-Curricular Activities									\$ 8,682	8,682
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>49,386</u>	<u>7,845</u>	<u>55,193</u>	<u>3,281</u>	<u>-</u>	<u>1,466</u>	<u>4,200</u>	<u>257,408</u>	<u>8,682</u>	<u>387,461</u>
Support Services										
Salaries										-
Personnel Services - Employee Benefits								200,000		200,000
Purchased Professional / Technical Services										-
Purchased Professional and Educational Services										-
Other Purchased Services										-
Supplies and Materials										-
Other Objects	-	-	-	-	\$ 2,448	-	-	-	-	2,448
	-	-	-	-	2,448	-	-	200,000	-	202,448
Total Expenditures	<u>\$ 49,386</u>	<u>\$ 7,845</u>	<u>\$ 55,193</u>	<u>\$ 3,281</u>	<u>\$ 2,448</u>	<u>\$ 1,466</u>	<u>\$ 4,200</u>	<u>457,408</u>	<u>\$ 8,682</u>	<u>\$ 589,909</u>
Net Change in Fund Balances	-	-	-	-	-	-	-	-	39	39
Fund Balance, Beginning of Year (Restated)	-	-	-	-	-	-	-	-	42,700	42,700
Fund Balance, End of Year	-	-	-	-	-	-	-	-	42,739	\$ 42,739



**EDGEWATER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
PRESCHOOL - ALL PROGRAMS  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES					
Instruction					
Other Salaries for Instruction	\$ 8,350	(8,350)	\$ -	\$ -	\$ -
Total Instruction	<u>8,350</u>	<u>(8,350)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 8,350</u>	<u>\$ (8,350)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Calculation of Budget Carryover**

Total revised 2020-2021 Preschool Education Aid Allocation	
Actual Preschool Education Aid Carryover (June 30, 2020)	<u>-</u>
Total Preschool Ed. Aid Funds Available for 2020-2021 Budget	-
Less: 2020-2021 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>-</u>
Available & Unbudgeted Preschool Education Aid Funds as of 'June 30, 2021	-
Add: June 30, 2021 Unexpended Preschool Education Aid	<u>-</u>
2020-2021 C/O - Preschool Education Aid Programs	<u>\$ -</u>
2020-21 Preschool Education Aid C/O Budgeted in 2021-2022	<u>\$ -</u>

**CAPITAL PROJECTS FUND**

**EDGEWATER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance June 30, 2021</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Construction of New George Washington School	\$ 28,728,000	\$ 28,675,436			\$ 52,564
Emergency Generator at Eleanor Van Gelder School	441,500	415,379			26,121
Acquisition of Equipment (Capital Lease)	4,249				4,249
Alyssa's Law Compliance - Panic Buttons	<u>49,227</u>	<u>\$ -</u>	<u>\$ 20,930</u>	<u>-</u>	<u>28,297</u>
	<u>\$ 29,222,976</u>	<u>\$ 29,090,815</u>	<u>\$ 20,930</u>	<u>\$ -</u>	<u>\$ 111,231</u>
<b><u>Recapitulation to GAAP</u></b>					
					\$ 111,231
					(10,348)
					<u>(28,297)</u>
					<u>\$ 72,586</u>

**EDGEWATER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Revenues and Other Financing Sources**

Revenues:	
Grant Revenue - Alyssa's Law	\$ 49,227
Interest on Investments	9
	9
Total Revenues and Other Financing sources	49,236

**Expenditures and Other Financing Uses**

Construction Services	20,930
Other Financing Uses:	
Transfer to General Fund	5
	5
Total Expenditures and Other Financing Uses	20,935

Excess of Revenues and Other Financing Sources	
Over Expenditures and Other Financing Uses	28,301
Fund Balance, Beginning of Year	82,930
Fund Balance, End of Year	\$ 111,231

**Reconciliation to GAAP**

Fund Balance, June 30, 2021 - Budgetary Basis	\$ 111,231
Less: Difference in Grants Revenue Recognized	(38,645)
Fund Balance, June 30, 2021 - GAAP Basis	\$ 72,586

**EDGEWATER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
BUDGETARY BASIS  
CONSTRUCTION OF A NEW ELEMENTARY SCHOOL AND INSTALLATION OF  
SOLAR PANELS AT THE ELEANOR VAN GELDER SCHOOL  
FROM INCEPTION THROUGH JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 28,728,000	-	\$ 28,728,000	\$ 28,728,400
Total Revenues and Other Financing Sources	<u>28,728,000</u>	<u>-</u>	<u>28,728,000</u>	<u>28,728,400</u>
<b>Expenditures</b>				
Salaries	88,260		88,260	100,000
Architectural / Engineering Services	2,091,905		2,091,905	2,013,000
Legal Services	59,265		59,265	155,600
Purchased Professional and Technical Services	297,368		297,368	270,800
Construction Services	23,714,253		23,714,253	22,868,000
Other Purchased Services	2,424,385	-	2,424,385	3,321,000
Total Expenditures	<u>28,675,436</u>	<u>-</u>	<u>28,675,436</u>	<u>28,728,400</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<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	\$ 28,728,400
Original Authorized Cost	\$ 28,725,400
Revised Authorized Cost	\$ 28,728,400
Percentage Increase(Decrease) Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	Not Readily Available
Revised Target Completion Date	Not Readily Available

**EDGEWATER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
BUDGETARY BASIS  
INSTALLATION OF GENERATOR AT THE ELEANOR VAN GELDER SCHOOL  
FROM INCEPTION THROUGH JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 176,500		\$ 176,500	\$ 176,500
From Capital Reserve Transfers	265,000	-	265,000	265,000
	<u>441,500</u>	<u>-</u>	<u>441,500</u>	<u>441,500</u>
<b>Expenditures</b>				
Architectural / Engineering Services	15,190		15,190	30,000
Legal Services	4,223		4,223	10,000
Construction Services	395,966	-	395,966	401,500
	<u>415,379</u>	<u>-</u>	<u>415,379</u>	<u>441,500</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 26,121</u>	<u>\$ -</u>	<u>\$ 26,121</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
Revised Authorized Cost	\$ 441,500
Percentage Increase(Decrease) Over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	6/30/2016
Revised Target Completion Date	6/30/2019

**EDGEWATER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
BUDGETARY BASIS  
INSTALLATION OF PANIC ALARMS FOR COMPLIANCE UNDER ALYSSA'S LAW  
FROM INCEPTION THROUGH JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - Alyssa's Law	\$ -	\$ 49,227	\$ 49,227	\$ 49,227
Total Revenues and Other Financing Sources	-	49,227	49,227	49,227
<b>Expenditures</b>				
Construction Services	-	20,930	20,930	49,227
Total Expenditures	-	20,930	20,930	49,227
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 28,297	\$ 28,297	\$ -

**Additional project information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 49,227
Revised Authorized Cost	\$ 49,227
Percentage Increase(Decrease) Over Original Authorized Cost	N/A
Percentage Completion	42.52%
Original Target Completion Date	8/31/2021
Revised Target Completion Date	N/A

**PROPRIETARY FUNDS**



**EDGEWATER BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**NOT APPLICABLE**

## **LONG-TERM DEBT**

**EDGEWATER BOARD OF EDUCATION  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Schools Bonds	3/1/2013	\$ 3,080,000	9/1/2021	\$ 375,000	4.000	%			
			9/1/2022	375,000	4.000	\$ 1,120,000		\$ 370,000	\$ 750,000
Refunding Schools Bonds	8/1/2017	26,565,000	3/1/2022	535,000	4.000	%			
			3/1/2023	570,000	4.000				
			3/1/2024	1,020,000	4.000				
			3/1/2025	1,070,000	4.000				
			3/1/2026	1,120,000	4.000				
			3/1/2027	1,170,000	4.000				
			3/1/2028	1,220,000	4.000				
			3/1/2029	1,265,000	4.000				
			3/1/2030	1,325,000	4.000				
			3/1/2031	1,380,000	3.000				
			3/1/2032	1,425,000	4.000				
			3/1/2033	1,480,000	3.000				
			3/1/2034	1,530,000	4.000				
			3/1/2035	1,590,000	3.125				
			3/1/2036	1,640,000	4.000				
			3/1/2037	1,705,000	4.000				
			3/1/2038	1,775,000	4.000				
			3/1/2039	1,840,000	4.000				
			3/1/2040	1,910,000	4.000				
						<u>26,080,000</u>	<u>-</u>	<u>510,000</u>	<u>25,570,000</u>
						<u>\$ 27,200,000</u>	<u>\$ -</u>	<u>\$ 880,000</u>	<u>\$ 26,320,000</u>
							Paid by Budget	<u>\$ 880,000</u>	

**EDGEWATER BOARD OF EDUCATION  
SCHEDULE OF CAPITAL LEASES PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Capital Leases</u>	Amount of Original Issue	Interest Rate	Balance, July 1, 2020	Issued	Retired	Balance, June 30, 2021
2017 School Bus Lease	\$ 160,000	2.740%	\$ 65,136		\$ 32,122	\$ 33,014
2018 School Bus Lease	100,000	3.800%	60,165		19,302	40,863
2021 Acquisition of Copiers	95,118	4.950%	<u>          -</u>	<u>\$ 95,118</u>	<u>          9,914</u>	<u>          85,204</u>
 Total			 <u>\$ 125,301</u>	 <u>\$ 95,118</u>	 <u>\$ 61,338</u>	 <u>\$ 159,081</u>
				Paid by Budget Appropriation	<u>\$ 61,338</u>	

**EDGEWATER BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 1,856,803		\$ 1,856,803	\$ 1,856,803	
State Sources					
Debt Service State Aid	<u>61,285</u>	<u>-</u>	<u>61,285</u>	<u>61,285</u>	<u>-</u>
Total Revenues	<u>1,918,088</u>	<u>-</u>	<u>1,918,088</u>	<u>1,918,088</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	880,000		880,000	880,000	-
Interest	<u>1,038,088</u>	<u>-</u>	<u>1,038,088</u>	<u>1,038,088</u>	<u>-</u>
Total Expenditures	<u>1,918,088</u>	<u>-</u>	<u>1,918,088</u>	<u>1,918,088</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

This part of the Edgewater Board of Education'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 government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

		As of June 30,									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>											
Net Investment in Capital Assets		\$ 5,857,262	\$ 5,585,748	\$ 5,201,403	\$ 776,791	\$ 17,074			\$ (1,033,289)	\$ (1,129,607)	\$ (1,099,004)
Restricted		6,988,746	2,944,373	2,762,562	1,853,943	1,486,751	\$ 1,390,349	\$ 1,264,330	1,191,351	1,356,746	5,183,408
Unrestricted		(4,029,921)	(313,469)	(173,383)	(2,030,229)	(2,753,138)	(3,457,669)	(5,413,046)	(3,124,934)	(4,280,268)	286,313
<b>Total governmental activities net position</b>		<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>\$ (2,966,872)</u>	<u>\$ (4,053,129)</u>	<u>\$ 4,370,717</u>
<b>Business-type activities</b>											
Net Investment in Capital Assets		\$ 2,047	\$ 1,831	\$ 1,615	\$ 1,399	\$ 1,183	\$ 967	\$ 751	\$ 69,931	\$ 61,306	\$ 52,679
Unrestricted		81,162	322,601	390,106	577,270	544,044	397,358	98,909	(11,496)	103,985	103,868
<b>Total business-type activities net position</b>		<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>\$ 58,435</u>	<u>\$ 165,291</u>	<u>\$ 156,547</u>
<b>District-wide</b>											
Net Investment in Capital Assets		\$ 5,859,309	\$ 5,587,579	\$ 5,203,018	\$ 778,190	\$ 18,257	\$ 967	\$ 751	\$ (963,358)	\$ (1,068,301)	\$ (1,046,325)
Restricted		6,988,746	2,944,373	2,762,562	1,853,943	1,486,751	1,390,349	1,264,330	1,191,351	1,356,746	5,183,408
Unrestricted		(3,948,759)	9,132	216,723	(1,452,959)	(2,209,094)	(3,060,311)	(5,314,137)	(3,136,430)	(4,176,283)	390,181
<b>Total district net position</b>		<u>\$ 8,899,296</u>	<u>\$ 8,541,084</u>	<u>\$ 8,182,303</u>	<u>\$ 1,179,174</u>	<u>\$ (704,086)</u>	<u>\$ (1,668,995)</u>	<u>\$ (4,049,056)</u>	<u>\$ (2,908,437)</u>	<u>\$ (3,887,838)</u>	<u>\$ 4,527,264</u>

Note 1 - Net Position as of June 30, 2020 was restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities"



**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	For the Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 3,575,466	\$ 3,892,617	\$ 4,006,589	\$ 4,723,302	\$ 4,871,840	\$ 6,527,759	\$ 7,937,022	\$ 13,091,508	\$ 13,522,613	\$ 15,677,966
Special Education	558,763	718,988	1,282,620	1,103,161	1,613,187	1,265,663	1,848,632	4,506,182	6,085,907	4,744,979
Other Instruction	432,766	412,523	371,600	498,542	348,981	310,137	512,939	495,992	600,927	322,554
School Sponsored Activities and Athletics	40,843		2,277	22,176	29,214	27,552	26,806	21,317	39,804	12,656
Support Services:										
Tuition	6,395,141	6,472,243	6,824,783	6,956,574	7,721,550	8,628,019	8,169,206	-	-	
Student & Instruction Related Services	1,403,583	1,294,741	1,161,145	1,498,292	1,665,152	2,348,533	2,354,975	2,393,553	2,552,812	1,859,551
General Administrative Services	210,194	259,404	439,263	448,325	607,331	521,285	636,341	737,194	887,928	840,128
School Administrative Services	180,058	272,105	542,323	561,341	497,295	507,355	659,510	628,189	672,686	616,229
Central Administrative Services	313,520	379,909	385,104	378,193	363,084	406,665	590,283	555,650	585,120	589,405
Administrative Information Technology	89,455	112,826	12,778	12,698	6,050			-	-	
Plant Operations and Maintenance	625,558	1,113,816	1,134,938	1,367,696	1,253,568	1,585,199	1,618,067	1,801,560	1,581,195	1,459,225
Pupil Transportation	989,317	1,048,643	1,351,962	1,448,681	1,506,819	1,692,283	1,934,947	1,829,109	1,585,252	1,180,730
Special Schools	20,466		17,467	5,333						
Transfer of Funds to Charter Schools	38,042	22,431	8,867							
State Assessment on EDA Grants	12,779	17,538	27,043	25,912	27,043					
Interest on Long Term Debt	1,366,140	1,292,172	1,286,190	1,439,937	1,240,054	1,220,154	2,976,417	1,006,504	1,092,038	1,055,050
Unallocated Depreciation	271,113	1,011,514	1,044,345	5,257,189	1,032,360				-	
<b>Total Governmental Activities Expenses</b>	<u>16,523,204</u>	<u>18,321,470</u>	<u>19,899,294</u>	<u>25,747,352</u>	<u>22,783,528</u>	<u>25,040,604</u>	<u>29,265,145</u>	<u>27,066,758</u>	<u>29,206,282</u>	<u>28,358,473</u>
<b>Business-Type Activities:</b>										
Food Service	207,522	254,786	264,873	280,095	276,209	568,781	380,658	364,472	199,778	129,527
Preschool Program		395,312	529,723	352,633	435,235	309,392	737,487	545,602	376,063	-
<b>Total Business-Type Activities Expense</b>	<u>207,522</u>	<u>650,098</u>	<u>794,596</u>	<u>632,728</u>	<u>711,444</u>	<u>878,173</u>	<u>1,118,145</u>	<u>910,074</u>	<u>575,841</u>	<u>129,527</u>
<b>Total District Expenses</b>	<u>\$ 16,730,726</u>	<u>\$ 18,971,568</u>	<u>\$ 20,693,890</u>	<u>\$ 26,380,080</u>	<u>\$ 23,494,972</u>	<u>\$ 25,918,777</u>	<u>\$ 30,383,290</u>	<u>\$ 27,976,832</u>	<u>\$ 29,782,123</u>	<u>\$ 28,488,000</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services										8,721
Operating Grants and Contributions	846,298	948,260	879,193	1,101,691	881,472	1,049,682	763,994	554,863	4,852,445	7,069,631
Capital Grants and Contributions					264,517	29,336			-	20,930
<b>Total Governmental Activities Program Revenues</b>	<u>846,298</u>	<u>948,260</u>	<u>879,193</u>	<u>1,101,691</u>	<u>1,145,989</u>	<u>1,079,018</u>	<u>763,994</u>	<u>554,863</u>	<u>4,852,445</u>	<u>7,099,282</u>

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	For the Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Business-Type Activities:</b>										
Charges for Services										
Food Service	\$ 147,321	\$ 156,168	\$ 188,117	\$ 202,868	\$ 202,651	\$ 433,800	\$ 227,309	\$ 231,249	\$ 157,751	\$ 6,226
Preschool Program		654,072	579,600	493,177	361,600	202,969	489,950	547,625	448,303	-
Operating Grants and Contributions	80,225	81,006	93,789	123,045	112,773	94,502	95,788	98,105	72,083	113,355
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	227,546	891,246	861,506	819,090	677,024	731,271	813,047	876,979	678,137	119,581
Total District Program Revenues	<u>\$ 1,073,844</u>	<u>\$ 1,839,506</u>	<u>\$ 1,740,699</u>	<u>\$ 1,920,781</u>	<u>\$ 1,823,013</u>	<u>\$ 1,810,289</u>	<u>\$ 1,577,041</u>	<u>\$ 1,431,842</u>	<u>\$ 5,530,582</u>	<u>\$ 7,218,863</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (15,676,906)	\$ (17,373,210)	\$ (19,020,101)	\$ (24,645,661)	\$ (21,637,539)	\$ (23,961,586)	\$ (28,501,151)	\$ (26,511,895)	\$ (24,353,837)	\$ (21,259,191)
Business-Type Activities	20,024	241,148	66,910	186,362	(34,420)	(146,902)	(305,098)	(33,095)	102,296	(9,946)
Total District-Wide Net Expense	<u>\$ (15,656,882)</u>	<u>\$ (17,132,062)</u>	<u>\$ (18,953,191)</u>	<u>\$ (24,459,299)</u>	<u>\$ (21,671,959)</u>	<u>\$ (24,108,488)</u>	<u>\$ (28,806,249)</u>	<u>\$ (26,544,990)</u>	<u>\$ (24,251,541)</u>	<u>\$ (21,269,137)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 12,739,891	\$ 14,254,469	\$ 15,632,668	\$ 16,582,328	\$ 18,153,303	\$ 18,695,192	\$ 19,069,096	\$ 19,775,600	\$ 21,261,797	\$ 27,650,050
Property Taxes Levied for Debt Service	1,854,451	1,067,270	1,731,143	1,878,556	1,878,700	1,888,284	1,888,578	1,850,425	1,785,944	1,856,803
Unrestricted Federal and State Aid	898,850	1,249,592	1,064,077	1,156,921	1,118,630	2,513,303	5,348,605	4,711,682	24,566	28,117
Interest and Miscellaneous Income	72,433	202,444	166,140	134,915	359,665	46,800	113,476	245,833	155,458	149,067
Unrecorded Prior Year Expenditures	(45,959)									
Cancellation of Grants Receivable										
Transfers	(20,240)								(2,885)	(1,000)
Total Governmental Activities	<u>15,499,426</u>	<u>16,773,775</u>	<u>18,594,028</u>	<u>19,752,720</u>	<u>21,510,298</u>	<u>23,143,579</u>	<u>26,419,755</u>	<u>26,583,540</u>	<u>23,224,880</u>	<u>29,683,037</u>
Business-Type Activities:										
Investment Earnings	71	75	380	587	979		6,433	3,349	1,675	202
Transfers									2,885	1,000
Total Business-Type Activities	<u>71</u>	<u>75</u>	<u>380</u>	<u>587</u>	<u>979</u>	<u>-</u>	<u>6,433</u>	<u>3,349</u>	<u>4,560</u>	<u>1,202</u>
Total District-Wide General Revenues and Other Changes in Net Position	<u>\$ 15,499,497</u>	<u>\$ 16,773,850</u>	<u>\$ 18,594,408</u>	<u>\$ 19,753,307</u>	<u>\$ 21,511,277</u>	<u>\$ 23,143,579</u>	<u>\$ 26,426,188</u>	<u>\$ 26,586,889</u>	<u>\$ 23,229,440</u>	<u>\$ 29,684,239</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ (177,480)	\$ (599,435)	\$ (426,073)	\$ (4,892,941)	\$ (127,241)	\$ (818,007)	\$ (2,081,396)	\$ 71,645	\$ (1,128,957)	\$ 8,423,846
Business-Type Activities	20,095	241,223	67,290	186,949	(33,441)	(146,902)	(298,665)	(29,746)	106,856	(8,744)
Total District Change in Net Position	<u>\$ (157,385)</u>	<u>\$ (358,212)</u>	<u>\$ (358,783)</u>	<u>\$ (4,705,992)</u>	<u>\$ (160,682)</u>	<u>\$ (964,909)</u>	<u>\$ (2,380,061)</u>	<u>\$ 41,899</u>	<u>\$ (1,022,101)</u>	<u>\$ 8,415,102</u>

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	As of June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ 1,874,038	\$ 2,305,131	\$ 2,423,454	\$ 1,801,377	\$ 1,326,957	\$ 1,322,011	\$ 1,122,523	\$ 1,087,523	\$ 1,294,028	\$ 9,790,525
Assigned					7,768	12,104	6,479	6,479	586,185	50,426
Unassigned	513,081	421,614	291,136	326,673	408,806	200,271	155,311	159,395	147,776	265,823
<b>Total General Fund</b>	<b>\$ 2,387,119</b>	<b>\$ 2,726,745</b>	<b>\$ 2,714,590</b>	<b>\$ 2,128,050</b>	<b>\$ 1,743,531</b>	<b>\$ 1,534,386</b>	<b>\$ 1,284,313</b>	<b>\$ 1,253,397</b>	<b>\$ 2,027,989</b>	<b>\$ 10,106,774</b>
All Other Governmental Funds										
Restricted for:										
Special Revenue Fund									\$ 42,700	\$ 42,739
Capital Projects Fund	\$ 4,229,338	\$ 725,563	\$ 339,108	\$ 52,566	\$ 152,025	\$ 68,337	\$ 68,337	\$ 72,577	72,582	72,586
Debt Service Fund	890,931	137,249			1	1	73,470	73,469	-	-
Unassigned (Deficit), Reported in:										
Special Revenue Fund	(5,561)				#	(2,251)	# (1,594)	(3,641)	(1,231)	-
<b>Total all other governmental funds</b>	<b>\$ 5,114,708</b>	<b>\$ 862,812</b>	<b>\$ 339,108</b>	<b>\$ 52,566</b>	<b>\$ 152,026</b>	<b>\$ 66,087</b>	<b>\$ 140,213</b>	<b>\$ 142,405</b>	<b>\$ 114,051</b>	<b>\$ 115,325</b>

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Note 1 - Fund Balances as of June 30, 2020 was restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities"

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Unaudited)  
(modified accrual basis of accounting)**

	For the Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax Levy	\$ 14,594,342	\$ 15,321,739	\$ 17,363,811	\$ 18,460,884	\$ 20,032,003	\$ 20,583,476	\$ 20,957,674	\$ 21,626,025	\$ 23,047,741	\$ 29,506,853
Interest Earnings	1,162	983	638	3,363	4,035	88	16,140	29,804	23,118	15,910
Miscellaneous	71,271	91,461	167,145	131,552	355,630	46,712	97,336	216,029	153,842	599,287
State Sources	1,488,599	1,999,152	1,772,050	2,012,841	1,747,057	3,114,859	3,189,381	3,294,882	3,387,793	4,133,735
Federal Sources	256,548	198,699	169,579	245,772	517,562	475,211	483,985	514,648	481,194	671,097
<b>Total revenue</b>	<b>16,411,922</b>	<b>17,612,034</b>	<b>19,473,223</b>	<b>20,854,412</b>	<b>22,656,287</b>	<b>24,220,346</b>	<b>24,744,516</b>	<b>25,681,388</b>	<b>27,093,688</b>	<b>34,926,882</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	2,568,775	2,785,103	2,869,575	3,455,434	3,715,804	4,257,917	4,314,327	4,299,727	12,513,364	14,202,129
Special Education Instruction	390,467	494,014	925,445	760,330	1,237,052	825,386	944,580	1,062,722	5,879,904	4,436,707
Other Instruction	301,240	283,047	257,317	343,610	253,286	202,252	262,092	277,649	516,994	240,274
School Sponsored Activities and Athletics	28,613		1,575	15,285	21,287	18,034	13,697	11,933	36,107	9,682
<b>Support Services:</b>										
Instruction - Tuition	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 & Inst. Related Services	1,095,584	1,048,576	960,578	1,190,105	1,368,861	1,898,686	1,584,174	1,663,144	2,286,208	1,555,142
General Administrative Services	176,329	222,763	375,538	381,498	524,946	365,651	379,775	475,552	813,948	732,310
School Administrative Services	126,250	187,786	376,710	388,199	362,218	322,933	340,354	354,787	582,793	484,043
Central Administrative Services	223,365	267,408	275,941	276,972	282,140	278,403	316,722	323,944	525,858	497,342
Administrative Information Technology	66,052	108,061	12,778	11,219	6,050	4,555	6,436	6,198	-	-
Plant Operations and Maintenance	527,239	912,007	961,416	1,146,169	1,064,200	1,065,448	1,012,835	1,203,323	1,495,740	1,318,512
Pupil Transportation	955,617	1,020,663	1,298,761	1,431,702	1,494,738	1,466,841	1,659,064	1,599,085	1,565,945	1,160,570
Unallocated Benefits	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	14,231		12,080	3,675						
Transfer to Charter Schools	38,042	22,431	8,867							
Capital Outlay	19,487,006	3,631,813	519,289	601,272	621,339	100,383	186,258	27,043	-	138,061
Cost of Issuance							181,308			
<b>Debt Service</b>										
Principal	610,000	630,000	660,000	700,000	720,000	750,000	1,220,000	815,000	894,850	1,121,338
Interest	1,374,926	1,296,958	1,288,079	1,265,917	1,246,717	1,226,342	682,074	1,099,313	1,075,754	1,044,831
<b>Total Governmental Fund Expenditures</b>	<b>36,335,186</b>	<b>21,524,303</b>	<b>20,009,083</b>	<b>21,727,494</b>	<b>22,941,346</b>	<b>24,475,746</b>	<b>25,101,771</b>	<b>25,714,152</b>	<b>28,187,465</b>	<b>26,940,941</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(19,923,264)</b>	<b>(3,912,269)</b>	<b>(535,860)</b>	<b>(873,082)</b>	<b>(285,059)</b>	<b>(255,400)</b>	<b>(357,255)</b>	<b>(32,764)</b>	<b>(1,093,777)</b>	<b>7,985,941</b>

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	For the Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Other Financing sources (uses)</b>										
Transfers In		2,980	637	117	265,057	88	293	33	13	5
Transfers Out	(20,240)	(2,980)	(637)	(117)	(265,057)	(88)	(293)	(33)	(2,898)	(1,005)
State Aid Advance Loan									1,800,000	
Capital Lease Proceeds										95,118
Cancellation of Grant Receivables and Payables						(39,684)				
Unrecorded Prior Year Expenditures	(45,959)									
Payment to Refunding Bond Escrow Agent							(28,260,478)			
Premium on Sale of Bonds							1,876,786			
Bond Proceeds							26,565,000			
<b>Total other financing sources (uses)</b>	<u>(66,199)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,684)</u>	<u>181,308</u>	<u>-</u>	<u>1,797,115</u>	<u>94,118</u>
<b>Net change in fund balances</b>	<u>\$ (19,989,463)</u>	<u>\$ (3,912,269)</u>	<u>\$ (535,860)</u>	<u>\$ (873,082)</u>	<u>\$ (285,059)</u>	<u>\$ (295,084)</u>	<u>\$ (175,947)</u>	<u>\$ (32,764)</u>	<u>\$ 703,338</u>	<u>\$ 8,080,059</u>
<b>Debt service as a percentage of noncapital expenditures</b>	11.78%	10.77%	10.00%	9.31%	8.81%	8.11%	7.63%	7.45%	6.99%	8.08%

\* Noncapital expenditures are total expenditures less capital outlay.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30.</u>	<u>Interest on Investments</u>	<u>Rental - Use of Facilities</u>	<u>Parking Fees</u>	<u>FEMA</u>	<u>Summer Program</u>	<u>Lynx Technologies</u>	<u>E-Rate</u>	<u>Medical Contributions</u>	<u>Prior Year Reimbursements</u>	<u>Prior Year Voids</u>	<u>Club Fees</u>	<u>Other</u>	<u>Total</u>
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
2020	23,100	15,000	36,000				2,650			28,316		50,374	155,440
2021	15,901		48,000						\$ 64,355			20,802	149,058

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
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	\$ 2,979,498,567	\$ 0.577
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	3,015,344,943	0.616
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	3,021,486,850	0.670
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	3,141,467,580	0.711
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	3,352,389,394	0.722
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	3,621,299,388	0.717
2018	76,160,100	1,800,727,000		587,567,400	25,614,400	457,899,700	2,947,968,600	1,458,659	2,949,427,259	3,821,748,979	0.722
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	4,168,444,661	0.754
2020	120,962,000	1,846,569,600		526,490,600	6,422,400	462,130,400	2,962,575,000	1,437,792	2,964,012,792	4,080,524,372	0.789
2021	118,379,400	1,860,048,300		529,874,400	9,814,000	465,789,800	2,983,905,900	1,641,460	2,985,547,360	3,937,766,308	1.095

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
**(Unaudited)**  
*(rate per \$100 of assessed value)*

Calendar Year	Total Direct School Tax Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Edgewater Local School District	Municipality of Edgewater	County of Bergen		
2012	\$ 0.577	\$ 0.732	\$ 0.257	\$	1.566
2013	0.616	0.740	0.270		1.626
2014	0.670	0.766	0.265		1.701
2015	0.711	0.771	0.273		1.755
2016	0.722	0.766	0.291		1.779
2017	0.717	0.774	0.309		1.800
2018	0.722	0.787	0.324		1.833
2019	0.754	0.805	0.337		1.896
2020	0.789	0.816	0.340		1.945
2021	1.095	0.827	0.331		2.253

Source: Municipal Tax Collector

\* Includes Library



**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS,  
LAST YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2021		2012	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Edgewater Retirement Partners LLC	\$ 124,500,500	4.17%	\$ 124,500,500	4.79%
Avalonbay Com	100,000,000	3.35%	100,000,000	3.84%
Park Edgewater, LLC	83,182,100	2.79%	83,182,100	3.20%
The Edgewater Colony, Inc.	72,724,100	2.44%	72,724,100	2.80%
Windsor at Mariner's Tower , LLC	69,935,000	2.34%	69,935,000	2.69%
Portside Gorge Associates, LLC	54,873,500	1.84%	54,873,500	2.11%
AIMCO River Club LLC	51,343,700	1.72%	51,343,700	1.97%
California State Teachers' Retirement System	31,984,900	1.07%	31,984,900	1.23%
YNJ LLC c/o Mitsuwa	31,640,000	1.06%	31,640,000	1.22%
RREEF Amer REIT II	30,425,600	1.02%	30,425,600	1.17%
	<u>\$ 650,609,400</u>	<u>21.79%</u>	<u>\$ 650,609,400</u>	<u>25.02%</u>

Source: Municipal Tax Assessor

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 14,594,342.0	\$ 14,594,342.0	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%	
2020	23,047,741	23,047,741	100.00%	
2021	29,506,853	29,506,853	100.00%	

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>  General Obligation Bonds	<u>Capital Lease</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
2012	\$ 33,123,000		\$ 33,123,000	11,624	\$ 2,850
2013	32,383,000		32,383,000	11,658	2,778
2014	31,723,000		31,723,000	11,881	2,670
2015	31,023,000		31,023,000	12,256	2,531
2016	30,653,000		30,653,000	11,884	2,579
2017	29,553,000		29,553,000	11,906	2,482
2018	28,860,000		28,860,000	12,158	2,374
2019	28,045,000	\$ 175,151	28,220,151	12,669	2,227
2020	27,200,000	125,301	27,325,301	13,365	2,045
2021	26,320,000	159,081	26,479,081	14,396	1,839

\* Estimate

Source: District records

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 33,123,000		\$ 33,123,000	1.27%	\$ 2,850
2013	32,383,000		32,383,000	1.23%	\$ 2,778
2014	31,723,000		31,723,000	1.19%	\$ 2,670
2015	31,023,000		31,023,000	1.13%	\$ 2,531
2016	30,653,000		30,653,000	1.09%	\$ 2,579
2017	29,553,000		29,553,000	1.02%	\$ 2,482
2018	28,860,000		28,860,000	0.98%	\$ 2,374
2019	28,045,000		28,045,000	0.94%	\$ 2,214
2020	27,200,000		27,200,000	0.92%	\$ 2,035
2021	26,320,000		26,320,000	0.88%	\$ 1,828

Source: District records

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2020  
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Edgewater School District (as of June 30, 2021)	\$ 26,320,000
Borough of Edgewater	<u>46,070,412</u>
	<u>72,390,412</u>
 Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	33,309,819
Bergen County Utilities Authority (B)	<u>2,092,988</u>
Total Overlapping Debt	<u>35,402,807</u>
Total Direct and Overlapping Debt	<u>\$ 107,793,219</u>

Source:

(1) Township's 2020 Annual Debt Statement

(A) The debt for this entity was apportioned to the municipality by dividing the municipality's 2020 equalized value by the total 2020 equalized value for Bergen County.

(B) The debt was computed based upon municipal flow to the Authority.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2021**

	Equalized valuation basis
	2020 \$ 3,598,414,916
	2019 4,004,487,716
	2018 <u>4,063,361,268</u>
	<u>\$ 11,666,263,900</u>
Average equalized valuation of taxable property	<u>\$ 3,888,754,633</u>
Debt limit (2.5 % of average equalization value)	\$ 97,218,866
Total Net Debt Applicable to Limit	<u>26,320,000</u>
Legal debt margin	<u>\$ 70,898,866</u>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 72,459,504	\$ 73,467,075	\$ 75,136,086	\$ 76,485,828	\$ 79,294,532	\$ 84,292,970	\$ 89,961,981	\$ 96,762,442	\$ 97,874,686	\$ 97,218,866
Total net debt applicable to limit	<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>	<u>27,200,000</u>	<u>26,320,000</u>
Legal debt margin	<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>	<u>\$ 70,674,686</u>	<u>\$ 70,898,866</u>
Total net debt applicable to the limit as a percentage of debt limit	45.71%	44.08%	42.22%	40.56%	38.22%	35.06%	32.08%	28.98%	27.79%	27.07%

Source: Annual Debt Statements

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Borough Unemployment Rate</u>
2012	11,624	\$ 66,068	8.40%
2013	11,658	69,056	8.60%
2014	11,881	72,164	7.70%
2015	12,256	71,699	6.40%
2016	11,884	74,480	6.00%
2017	11,906	77,767	5.60%
2018	12,158	79,407	7.70%
2019	12,669	81,676	2.60%
2020	13,365	86,404	2.30%
2021	14,396	89,456	7.10%

Source: New Jersey State Department of Education

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
 PRINCIPAL EMPLOYERS,  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)**

	2021		2012	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
<b>Employer</b>				

INFORMATION IS NOT AVAILABLE



**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<u>Function/Program</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>2020</u>	<u>2021</u>
Instruction										
Regular	46.5	47.0	48.0	52.7	54.2	56.4	58.4	61.7	60.4	42.0
Special Education	6.0	8.0	8.0	8.6	8.6	9.6	9.6	9.6	11.0	6.0
Other Special Education	5.0	5.0	5.0				7.0	7.0	14.9	5.5
Other Instruction	1.0	1.0	1.0	4.0	6.0	8.0				
Support Services:										
Student and Instruction Related Services	6.5	6.5	7.0	29.1	28.0	27.0	27.2	27.8	12.6	10.0
General Administrative Services	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	2.0	2.0	2.0	5.6	5.6	5.6	5.6	5.6	5.6	4.0
Central Services	3.5	4.0	5.0	3.8	3.0	3.0	3.0	4.0	4.0	4.0
Administrative Information Technology	1.5	2.0	2.0	-	-	-	-	-		
Plant Operations and Maintenance	5.0	12.5	14.0	14.0	12.5	12.5	12.5	13.5	13.5	11.0
Pupil Transportation			-							2.0
<b>Total</b>	<b>78.0</b>	<b>89.0</b>	<b>94.0</b>	<b>119.8</b>	<b>119.9</b>	<b>124.1</b>	<b>125.3</b>	<b>131.2</b>	<b>124.0</b>	<b>86.5</b>

Source: District Personnel Records

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	Enrollment-Grades <sup>a</sup>		Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teacher/ Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
	Pre-K-6	7-12				Teaching Staff	Elementary				
2012	656	337	\$ 14,614,975	\$ 14,718	-1.20%	46.5	14.11:7	663.7	634.2	7.26%	95.56%
2013	780	343	15,717,584	13,996	-4.91%	47.0	16.3:1	764.8	731.3	15.23%	95.62%
2014	808	381	17,339,394	14,583	4.19%	48.0	16.8:1	865.0	826.5	13.10%	95.55%
2015	905	379	18,901,616	14,721	0.94%	53.0	17.1:1	907.4	867.1	4.90%	95.56%
2016	906	381	19,462,818	15,123	2.73%	54.0	16.8:1	905.9	870.2	-0.17%	96.06%
2017	903	372	22,398,661	17,568	16.17%	56.0	16.1:1	906.4	862.3	0.06%	95.13%
2018	976	414	22,832,131	16,426	-6.50%	58.0	16.8:1	956.7	907.2	5.55%	94.83%
2019	982	496	23,772,796	16,084	-2.08%	61.0	16.1:1	986.3	935.2	3.09%	94.82%
2020	874	471	26,216,861	19,492	21.19%	60.0	14.6:1	924.1	887.2	-6.30%	96.01%
2021	681	535	24,636,711	20,260	3.94%	48.0	12.9:1	642.3	612.3	-30.50%	95.33%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
  - b Operating expenditures equal total expenditures less debt service and capital outlay.
  - c Cost per pupil represents operating expenditures divided by enrollment.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
George Washington School (2012):										
Square Feet	N/A	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capacity Students	N/A	925	925	925	925	925	925	925	925	925
Enrollment	N/A	423	460	525	508	488	488	533	481	321
Eleanor Van Gelder School (1914):										
Enrollment	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	656	332	348	382	398	418	418	429	393	358

Number of Schools at June 30, 2021  
Elementary - 2

N/A - Not Applicable

Source: District Records

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN YEARS  
(Unaudited)**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-XXX**

	<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>2020</u>	<u>2021</u>
<b>School Facilities</b>										
George Washington		\$ 96,842	\$ 139,583	\$ 193,588	\$ 199,672	\$ 204,665	\$ 193,685	\$ 206,507	\$ 257,415	\$ 162,369
Eleanor Van Gelder	\$ 178,050	118,775	149,585	82,966	86,266	89,403	89,635	133,926	166,941	105,301
Grand Total	<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>	<u>\$ 424,356</u>	<u>\$ 267,670</u>

Source: District Records

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2021**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - N.J. 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:		
Special Hazard Area Zones	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
Combined Single Limit Per Accident Property Damage	100,000,000	25,000
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
Terrorism	1,000,000	
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
Cyber Security Coverage - AXIS Insurance Company		
Aggregate First Party Coverages	1,000,000	7,500
System Disruption	1,000,000	-
Data Recovery Expenses	1,000,000	7,500
Ransom Loss	1,000,000	7,500
Workers Compensation and Employers' Liability - NJ School Insurance Group		
Association Insurance Group:		
Workers' Compensation	Statutory	
Employers' Liability	3,000,000	
Public Employees' Faithful Performance Blanket Position Bond - NJSBAIG		
Board Secretary	230,000	1,000
Treasurer	230,000	1,000

Source: School District's records

**SINGLE AUDIT**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA

## 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 AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Edgewater Board of Education  
Edgewater, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edgewater Board of Education as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Edgewater Board of Education's basic financial statements and have issued our report thereon dated February 10, 2022.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Edgewater Board of Education's internal control over financial reporting (internal control) as a basis for designing 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 Edgewater Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Edgewater Board of Education'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Edgewater Board of Education’s financial statements are free from 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Edgewater Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated February 10, 2022.

### **Edgewater Board of Education’s Responses to Findings**

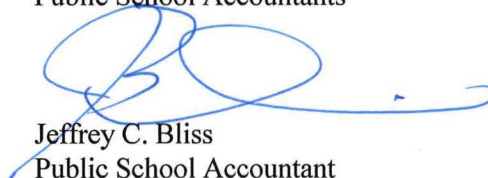
The Edgewater Board of Education’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Edgewater Board of Education’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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 Edgewater Board of Education’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 Edgewater Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*LERCH, VINCI & HIGGINS, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
February 10, 2022





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE  
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS  
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Edgewater Board of Education  
Edgewater, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Edgewater Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Edgewater Board of Education's major federal and state programs for the fiscal year ended June 30, 2021. The Edgewater Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Edgewater Board of Education's major federal and 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Edgewater Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Edgewater Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2021-003. Our opinion on each major federal and state program is not modified with respect to this matters.

The Edgewater Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Edgewater Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Edgewater Board of Education 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 Edgewater Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and 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 Edgewater Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 federal or 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 federal or 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 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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edgewater Board of Education, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated February 10, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Lerch, Vinci & Higgins, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Jeffrey C. Bliss  
Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey  
February 10, 2022

EDGEWATER BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020			Carryover/ (Walkover)	Carryover/ (Walkover)	Cash Received	Budgetary Expenditures	Refund of Prior Years Balances	Balance, June 30, 2021			Memo GAAP Receivable
						(Account Receivable)	Deferred Revenue	Due to Grantor	Amount Def. Rev.	Amount A/R				(Account Receivable)	Deferred Revenue	Due to Grantor	
<b>U.S. Department of Education</b>																	
<b>Passed-through State Department of Education</b>																	
<b>Enterprise Fund</b>																	
School Breakfast Program	10.553	211NJ304N1099	N/A	7/1/20-6/30/21	\$ 33,474						\$ 27,953	\$ 33,474		\$ (5,521)		\$ (5,521)	
School Breakfast Program	10.553	201NJ304N1099	N/A	7/1/19-6/30/20	4,713	\$ (1,150)					1,150						
National School Lunch Program	10.555	211NJ304N1099															
Cash Assistance			N/A	7/1/20-6/30/21	63,405						36,093	63,405		(27,312)		(27,312)	
Cash Assistance			N/A	7/1/19-6/30/20	43,863	(5,078)					5,078						
Non-Cash Assistance (Food Distribution)			N/A	7/1/20-6/30/21	414						414			\$ 414			
Non-Cash Assistance (Food Distribution)			N/A	7/1/19-6/30/20	23,802	-	\$ 2,926					2,010			916		
Emergency Operational Cost Program	10.555	202121HI70341	N/A	7/1/20-6/30/21	8,981							8,981		(8,981)		(8,981)	
P-EBT Administrative Costs	10.649	2021215900941	N/A	7/1/20-6/30/21	614	-	-	-	-	-	-	614	-	(614)	-	(614)	
<b>Total Child Nutrition Cluster/Enterprise Fund</b>						<b>(6,228)</b>	<b>2,926</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,688</b>	<b>108,484</b>	<b>-</b>	<b>(42,428)</b>	<b>1,330</b>	<b>(42,428)</b>	
<b>Special Revenue Fund</b>																	
<b>ESEA</b>																	
Title I	84.010	S010A210030	ESEA031270-20	7/1/20-9/30/21	205,887						205,887	200,846		-	5,041		
Title I	84.010	S010A200030	ESEA031270-19	7/1/19-9/30/20	204,743		60									60	
Title I	84.010	S010A190030	ESEA031270-18	7/1/18-6/30/19	218,618	(2,366)	-	-	-	-	-	-	-	(2,366)	-	(2,366)	
<b>Total ESEA Title I</b>						<b>(2,366)</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205,887</b>	<b>200,846</b>	<b>-</b>	<b>(2,366)</b>	<b>5,041</b>	<b>60</b>	
Title II, Part A	84.367A	S367A210029	ESEA031270-20	7/1/20-9/30/21	22,040			\$ 433			22,040	22,473		-	-		
Title II, Part A	84.367A	S367A200029	ESEA031270-19	7/1/19-9/30/20	21,431		433		(433)								
Title II, Part A	84.367A	S367A190029	ESEA031270-18	7/1/18-6/30/19	28,416	(7,457)	-	-	-	-	-	-	-	(7,457)	-	(7,457)	
<b>Total ESEA Title II, Part A</b>						<b>(7,457)</b>	<b>433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,040</b>	<b>22,473</b>	<b>-</b>	<b>(7,457)</b>	<b>-</b>	<b>(7,457)</b>	
Title III	84.365	S365A210030	ESEA031270-20	7/1/20-9/30/21	25,080						24,195	25,080		(885)	-	(885)	
Title III	84.365	S365A180030	ESEA031270-18	7/1/18-6/30/19	33,335	(5,477)								(5,477)		(5,477)	
Title III, Immigrant	84.365	S365A210030	ESEA031270-20	7/1/20-9/30/21	9,573							9,573		(9,573)		(9,573)	
Title III, Immigrant	84.365	S365A190030	ESEA031270-18	7/1/18-6/30/19	-	-	-	\$ 767			-	-	\$ 767	-	-	-	
						<b>(5,477)</b>	<b>-</b>	<b>767</b>	<b>-</b>	<b>-</b>	<b>24,195</b>	<b>34,653</b>	<b>767</b>	<b>(15,935)</b>	<b>-</b>	<b>(15,935)</b>	
ESEA Title IV	84.424	S424A210031	ESEA031270-20	7/1/20-9/30/21	15,120				258		15,120	15,375		-	3		
ESEA Title IV	84.424	S424A200031	ESEA031270-19	7/1/19-9/30/20	12,758		327		(258)							69	
ESEA Title IV	84.424	S424A190031	ESEA031270-18	7/1/18-6/30/19	12,758			7,518						7,518			
						<b>-</b>	<b>327</b>	<b>7,518</b>	<b>-</b>	<b>-</b>	<b>15,120</b>	<b>15,375</b>	<b>7,518</b>	<b>-</b>	<b>3</b>	<b>69</b>	
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	IDEA-1270-19	7/1/19-9/30/20	193,358				1,444		191,914	193,358		(1,444)	1,444		
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	IDEA-1270-19	7/1/19-9/30/20	190,667		1,444		(1,444)								
I.D.E.A. Part B, Basic Regular	84.027	H027A180100	IDEA-1270-18	7/1/18-6/30/19	213,231	(80,903)								(80,903)		(80,903)	
I.D.E.A. Part B, Preschool	84.173	H173A200114	IDEA-1270-20	7/1/19-9/30/20	7,514				218		7,514	7,514		-	218		
I.D.E.A. Part B, Preschool	84.173	H173A190114	IDEA-1270-19	7/1/19-9/30/20	7,629		218		(218)								
I.D.E.A. Part B, Preschool	84.173	H173A180114	IDEA-1270-18	7/1/18-6/30/19	7,417			1,991					1,991				
<b>Total Special Education Cluster IDEA</b>						<b>(80,903)</b>	<b>1,662</b>	<b>1,991</b>	<b>-</b>	<b>-</b>	<b>199,428</b>	<b>200,872</b>	<b>1,991</b>	<b>(82,347)</b>	<b>1,662</b>	<b>(80,903)</b>	

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**EDGEWATER BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020			Carryover/ (Walkover) Amount Def. Rev.	Carryover/ (Walkover) Amount A/R	Cash Received	Budgetary Expenditures	Refund of Prior Years Balances	Balance, June 30, 2021			Memo GAAP Receivable
						(Account Receivable)	Deferred Revenue	Due to Grantor						(Account Receivable)	Deferred Revenue	Due to Grantor	
Elementary and Secondary School Emergency Relief (ESSER)																	
CARES Act	84.425D	S425D200027	N/A	3/3/20-9/30/22	\$ 178,811	\$ (178,811)	\$ 178,811	-	-	\$ 162,999	\$ 157,999	-	\$ (15,812)	\$ 20,812	-		
Digital Divide	84.425D	S425D200027	N/A	7/16/20-10/31/20	7,845					7,845	7,845						
Elementary and Secondary School Emergency Relief (ESSER II)																	
ESSER II	84.425D	S425D210027		3/13/20-9/20/23	674,856								(674,856)	674,856			
Learning Acceleration	84.425D	S425D210027		3/13/20-9/20/23	43,309								(43,309)	43,309			
Mental Health	84.425D	S425D210027		3/13/20-9/20/23	45,000								(45,000)	45,000			
Total ESSER Cluster						(178,811)	178,811	-	-	170,844	165,844	-	(778,977)	783,977	-		
Coronavirus Relief Fund (CRF)																	
CARES CRF - Bergen County Pass Thru	21.019	N/A	N/A	3/1/20-12/31/21	49,386					49,386	49,386						
Coronavirus Relief Fund	21.019	N/A	N/A	3/1/20-12/31/21	55,193					55,193	55,193						
Total CRF Program Cluster										104,579	104,579						
Total Special Revenue Fund						(275,014)	181,293	\$ 10,276	-	-	742,093	744,642	\$ 10,276	(887,082)	790,683	\$ 129	\$ (106,661)
Total Federal Awards						\$ (281,242)	\$ 184,219	\$ 10,276	\$ -	\$ -	\$ 812,781	\$ 853,126	\$ 10,276	\$ (929,510)	\$ 792,013	\$ 129	\$ (149,089)

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance



**EDGEWATER BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2021			GAAP Receivable	Memo Cumulative Total Expenditures
								(Accounts Receivable)	Deferred Revenue	Due to Grantor		
<b>State Department of Education</b>												
General Fund:												
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 759,285		\$ 707,442	\$ 759,285		\$ (51,843)				\$ 759,285
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	683,420	(43,294)	43,294			-				-
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	45,596		42,483	45,596		(3,113)				45,596
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	45,596	(4,560)	4,560			-				-
Total State Aid Public Cluster				(47,854)	797,779	804,881		(54,956)				804,881
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	618,022		575,824	618,022		(42,198)				618,022
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	618,022	(61,802)	61,802			-				-
Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	41,470			41,470		(41,470)		\$ (41,470)		41,470
Nonpublic Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	1,160	(1,160)	1,160			-				-
Extraordinary Aid	21-495-034-5120-473	7/1/20-6/30/21	425,302			425,302		(425,302)				425,302
Extraordinary Aid	20-495-034-5120-473	7/1/19-6/30/20	236,601	(236,601)	236,601			-				-
On Behalf Payments												
TPAF Social Security	20-495-034-5094-003	7/1/20-6/30/21	284,348		269,004	284,348		(15,344)		(15,344)		284,348
TPAF Social Security	19-495-034-5094-003	7/1/18-6/30/19	412,834	(39,606)	39,606			-				-
TPAF Pension and OPEB												
Pension - NCGI Premium	21-495-034-5094-004	7/1/20-6/30/21	29,000		29,000	29,000		-				29,000
Pension Benefit Contribution	21-495-034-5094-002	7/1/20-6/30/21	1,524,178		1,524,178	1,524,178		-				1,524,178
Post Retirement Medical Benefit Contribution	21-495-034-5094-001	7/1/20-6/30/21	486,742		486,742	486,742		-				486,742
Long Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	1,557	-	1,557	1,557		-				1,557
Total General Fund				(387,023)	4,023,253	4,215,500		(579,270)		(56,814)		4,215,500
Special Revenue Fund:												
Preschool Education Aid	20-495-034-5120-065	7/1/19-6/30/20	12,315	(1,231)	1,231			-				-
Safety Grant	Not Available	7/1/16-6/30/17	3,421	3,421	-			-	\$ 3,421			-
Auxiliary Services Chpt 192:												
English as Secondary Language	21-100-034-5120-067	7/1/20-6/30/21	5,329		5,329					\$ 5,329		-
English as Secondary Language	20-100-034-5120-067	7/1/19-6/30/20	6,618	4,686	843		5,529					-
Total Auxiliary Services (Chpt 192) Cluster				4,686	6,172		5,529					5,329
Handicapped Services Chpt 193:												
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	5,104		5,104	3,281						3,281
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	1,823	1,823	-		1,823					-
Total Handicapped Services (Chpt 193) Cluster				1,823	5,104	3,281	1,823					3,281
New Jersey Nonpublic Aid:												
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	1,466		1,466	1,466						1,466
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	1,107	180			180					-
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	2,448		2,448	2,448						2,448
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	2,037	3			3					-
Nonpublic Technology	20-100-034-5120-373	7/1/19-6/30/20	756	457			457					-
Nonpublic Security	21-100-034-5120-084	7/1/20-6/30/21	4,200		4,200	4,200						4,200
Nonpublic Security	20-100-034-5120-084	7/1/19-6/30/20	3,150	904			904					-
Total Special Revenue Fund				10,243	20,621	11,395	8,896		3,421	7,152		11,395

**EDGEWATER BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2021			Memo	
								(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Agriculture</b>												
Food Service:												
National School Lunch Program												
(State Share)	21-100-010-3350-023	7/1/20-6/30/21	\$ 3,955		\$ 2,975	\$ 3,955	-	\$ (980)	-	-	\$ (980)	\$ 3,955
(State Share)	20-100-010-3350-023	7/1/19-6/30/20	8,543	\$ (232)	1,148	916	-	-	-	-	-	916
Total Food Service Fund				(232)	4,123	4,871	-	(980)	-	-	(980)	4,871
Debt Service Fund												
Type II Debt Service Aid	21-495-034-5120-075	7/1/20-6/30/21	61,285	-	61,285	61,285	-	-	-	-	-	61,285
New Jersey Schools Development Authority												
Capital Projects Fund												
Eleanor Van Gelder School Generator	1270-050-14-1008-G04	N/A	176,500	(166,152)	-	-	-	(176,500)	10,348	-	(166,152)	166,152
Alyssa's Law School Security Grant		7/1/20-6/30/21	49,227	-	-	20,930	-	(49,227)	28,297	-	(20,930)	20,930
Total Capital Projects Fund				(166,152)	-	20,930	-	(225,727)	38,645	-	(187,082)	187,082
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (543,164)</b>	<b>\$ 4,109,282</b>	<b>\$ 4,313,981</b>	<b>\$ 8,896</b>	<b>\$ (805,977)</b>	<b>\$ 42,066</b>	<b>\$ 7,152</b>	<b>\$ (244,876)</b>	<b>\$ 4,480,133</b>
<b>State Financial Assistance</b>												
<b>Not Subject to Major Program Determination</b>												
General Fund												
On-Behalf TPAF Pension System												
Contributions-NCGI	21-100-034-5094-004	7/1/20-6/30/21	29,000		(29,000)	(29,000)						(29,000)
On-Behalf TPAF Pension System												
Contributions- Normal	21-100-034-5094-002	7/1/20-6/30/21	1,524,178		(1,524,178)	(1,524,178)						(1,524,178)
On-Behalf TPAF Post-Retirement Medical												
Contribution	21-100-034-5094-001	7/1/20-6/30/21	486,742		(486,742)	(486,742)						(486,742)
On-Behalf TPAF Long Term												
Disability Insurance	21-100-034-5094-004	7/1/20-6/30/21	1,557	-	(1,557)	(1,557)	-	-	-	-	-	(1,557)
<b>Total State Financial Assistance Subject to Major Program Determination</b>				<b>\$ (543,164)</b>	<b>\$ 2,067,805</b>	<b>\$ 2,272,504</b>	<b>\$ 8,896</b>	<b>\$ (805,977)</b>	<b>\$ 42,066</b>	<b>\$ 7,152</b>	<b>\$ (244,876)</b>	<b>\$ 2,438,656</b>

**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

The 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 audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget 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 certain 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed 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 a decrease of \$176,199 for the general fund and a decrease of \$72,720 for the special revenue fund. See the Notes 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. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,039,301	\$ 4,039,301
Special Revenue Fund	\$ 671,097	12,219	683,316
Capital Projects Fund	-	20,930	20,930
Debt Service Fund		61,285	61,285
Food Service Fund	<u>108,484</u>	<u>4,871</u>	<u>113,355</u>
Total Awards and Financial Assistance	<u>\$ 779,581</u>	<u>\$ 4,138,606</u>	<u>\$ 4,918,187</u>



**EDGEWATER BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$284,348 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$1,553,178, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$486,742 and TPAF Long-Term Disability Insurance in the amount of \$1,557 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**EDGEWATER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?        yes   X   no

2) Significant deficiencies identified that are not considered to be material weaknesses?   X   yes       

Noncompliance material to basic financial statements noted?   X   yes       

**Federal Awards Section**

Internal Control over major programs:

1) Material weakness(es) identified?        yes   X   no

2) Significant deficiencies identified not considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?        yes   X   no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	H027A160100	<u>IDEA Part B, Basic</u>
<u>84.173</u>	H173A160114	<u>IDEA Part B, Preschool</u>
<u>84.425D</u>	S425D200027	<u>ESSER - CARES Act</u>
<u>84.425D</u>	S425D200027	<u>ESSER - Digital Divide</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?        yes   X   no



**EDGEWATER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraph 5.18 of *Government Auditing Standards*.

**Finding 2021-001**

Our audit of year end open purchase orders in the General and Special Revenue Funds revealed certain purchase orders were not reviewed at year end for validity and proper classification as accounts payable or reserve for encumbrance.

**Criteria or specific requirement:**

Internal controls over year end closing procedures of open purchase orders.

**Condition**

Certain open purchase orders classified as accounts payable and encumbrances at June 30, 2021 were determined not to be valid and should have been cancelled or reclassified prior to the financial statement close-out at year end.

**Context**

Open purchase orders recorded in the General and Special Revenue Funds at June 30, 2021 totaling \$438,391 were determined to be invalid in the amount of \$73,868 or were not properly classified (accounts payable vs. encumbrance) at year end in the amount of \$364,523.

**Effect**

Financial statements do not properly reflect liabilities and fund balances at year end.

**Cause**

Unknown.

**Recommendation**

Continued efforts be made to ensure open purchase orders are reviewed at year end for validity and proper classification and invalid orders be cancelled accordingly.

**View of Responsible Officials and Planned Corrective Action**

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**EDGEWATER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraph 5.18 of *Government Auditing Standards*.

**Finding 2021-002**

With respect to the quarterly IRS Form 941 filings, we noted the following:

- First quarter 2020 Form 941 was not available for audit.
- Only manually prepared copies of the 2020 Form 941's were available for audit which did not appear to be original copies.
- Federal taxable wages reported on the third and fourth quarter Form 941's provided for audit did not agree to District payroll system records.
- The total of the 2020 quarterly 941 Forms and other documentation provided did not agree to the annual W-3 Report filing for 2020.

**Criteria or specific requirement**

Internal control procedures over payroll tax report.

**Condition**

Original documentation to support quarterly IRS tax filings Form 941 for 2020 were not maintained on file. In addition, documentation to support quarterly IRS Form 941 submissions for 2020 did not agree to the annual W-3 Report with the IRS.

**Context**

The annual IRS Form W-3 amounts reported for 2020 were difference than the supporting documentation provided by the District for the 2020 quarterly Form 941 tax filings. Taxable Federal wages, Social Security taxes withheld and Medicaid taxes withheld difference by approximately \$362,000, \$67,000 and \$16,000, respectively.

**Effect**

Amounts reported to the IRS maybe incorrect, which could result in the assessment of penalties and interest to the District.

**Cause**

Unknown.

**Recommendation**

Internal control procedures be reviewed and revised to ensure original copies of quarterly IRS Forms 941 are maintained on file and they are reconciled to and in agreement with the annual W-3 Report filing with the IRS.

**View of Responsible Officials and Planned Corrective Action**

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**EDGEWATER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**EDGEWATER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

**Finding 2021-003**

Our audit of the Application for State School Aid (ASSA) revealed the following:

- Resident Low Income, Resident LEP Low Income and Resident Not Low Income workpapers were not in agreement with students reported on the ASSA.
- Number of students indicated on the Resident LEP Low Income and Resident Not Low Income workpapers could not be verified to documentation to support students attending Leonia schools.

**State program information:**

Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

**Criteria or specific requirement:**

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions

**Condition:**

Student enrollment counts reported on the ASSA were not in agreement with District workpapers. In addition, documentation to support student count on District workpapers was not on file and available for audit.

**Questioned Costs:**

Unknown.

**Context:**

The District reported 153 students as Resident Low Income on the ASSA. District workpapers reflected 93 students for a variance of 60.

The District reported seven (7) students as Resident LEP Low Income on ASSA. District workpapers reflected five (5) students for a variance of two (2).

The District reported 105 students as Resident Not Low Income on the ASSA. District workpapers reflected 75 students for a variance of 30.

Five (5) Resident LEP Low Income students were selected from workpapers for verification of which three (3) students could not be verified to supporting documentation.

49 Resident LEP Not Low Income students were selected from workpapers for verification of which 11 students could not be verified to supporting documentation.

**Effect:**

Noncompliance with the State Aid Public Compliance Requirements

**EDGEWATER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

**Finding 2021-003 (Continued)**

**Cause:**

Unknown.

**Recommendation:**

Procedures over the preparation of the Application for State School Aid (ASSA) be reviewed and revised to ensure students reported agree with District workpapers and documentation be on file to support students on District workpapers.

**Views of Responsible Officials and Planned Corrective Action Plan:**

Management has reviewed this finding and has indicated it will revise its procedures to ensure corrective action is taken.



**EDGEWATER BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

**Finding 2020-001 and 2020-005**

**Condition**

District's 2019/2020 budget was inadequate to support the costs incurred to operate the District for the fiscal year.

**Current Status**

Corrective action was taken.

**Finding 2020-002**

**Condition**

Proper purchasing and account payable processing procedures were not followed in accordance the Board policy and State regulation.

**Current Status**

Corrective action was taken.

**Finding 2020-003**

**Condition**

Certain open purchase orders classified as encumbrances at June 30, 2020 were determined not to be valid and should have been cancelled or reclassified as account payable prior to the financial statement close-out at year end.

**Current Status**

See Finding 2021-001.

**EDGEWATER BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

**Finding 2020-004**

**Condition**

Formal monthly bank reconciliation were not performed for certain accounts; reconciling items on year end bank account reconciliations were no sufficiently detailed and were not verified to determine validity; bank reconciliation balances were not verified to general ledger account balances at year end; bank reconciliation balances were not verified to cash report balances submitted to Board at year end and monthly cash report did not include all required District accounts.

**Current Status**

Corrective action was taken.

**Finding 2020-006**

**Condition**

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law and State procurement regulations.

**Current Status**

Corrective action was taken.

**Finding 2020-007**

**Condition**

Expenditures incurred and paid in the General Fund and Debt Service Fund were not charged to the proper budget line accounts.

**Current Status**

Corrective action was taken.

**EDGEWATER BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

**Finding 2020-008**

**Condition**

The monthly 10% transfer reports were not submitted to the Executive County Superintendent. Certain transfers which exceeded the maximum allowed were not submitted to the County for prior approval.

**Current Status**

Corrective action was taken.

**Finding 2020-009**

**Condition**

Documentation was not available to support certain students eligibility reported on the October 15, 2019 student counts.

**Current Status**

See Finding 2021-003.