

EDGEWATER BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Edgewater, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Edgewater Board of Education
Edgewater, New Jersey
For The Fiscal Year Ended June 30, 2020**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

EDGEWATER BOARD OF EDUCATION

Kathleen Marano
Interim Business Administrator/Board Secretary

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

February 10, 2021

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, 2020, 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.

2) EDUCATIONAL PROGRAM: The Edgewater Public School System is comprised of two elementary schools (Special Education Pre-K to Grade 6), serving approximately 874 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, the Common Core Standards as required and that of the Leonia Public School System where Edgewater students attend Grades 7-12.

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 2019 - 2020 fiscal year with Pre-K through Grade 6 enrollment of 874 students and Grade 7-12 enrollment of 471 students in Leonia Public Schools, for an overall total of 1,345 students, which is a decrease of 97 students from the previous year's enrollment.

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

Average Daily Enrollment		
<u>Fiscal Year</u>	<u>Pre K-6 Enrollment</u>	<u>Percent Change</u>
2019-2020	874	0.12%
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 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 and the district is now establishing an implementation plan assuming a March 1, 2021 implementation.

The passage 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 2019-2020 school year include the following accomplishments:

- Curriculum articulation continued between Edgewater and Leonia Schools
- Continuation of music classes after school (until COVID-19 closures).
- Continuation of after school clubs to include scholarships for economically disadvantaged (until COVID-19 closures).
- Continued partnership with Teachers College Reading and Writing Project to strengthen literacy instruction in Grades K-6
- Continued one-to-one Chromebook Initiative in Grades 3-6
- Launched a district mobile app and website to provide timely and relevant information to stake holders
- Established a math committee to evaluate a new math curriculum for future implementation

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

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, 2020, the District had \$27,200,000 in outstanding statutory debt, comprised entirely of school bonds to improve District facilities.

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

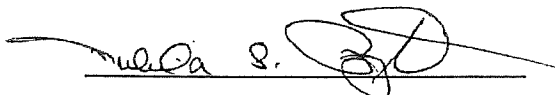
10) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

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

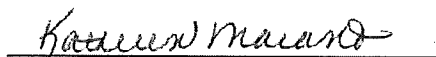
11) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of PFK O'Connor Davies was selected by the Board of Education. In addition to meeting the requirements set forth in state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

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

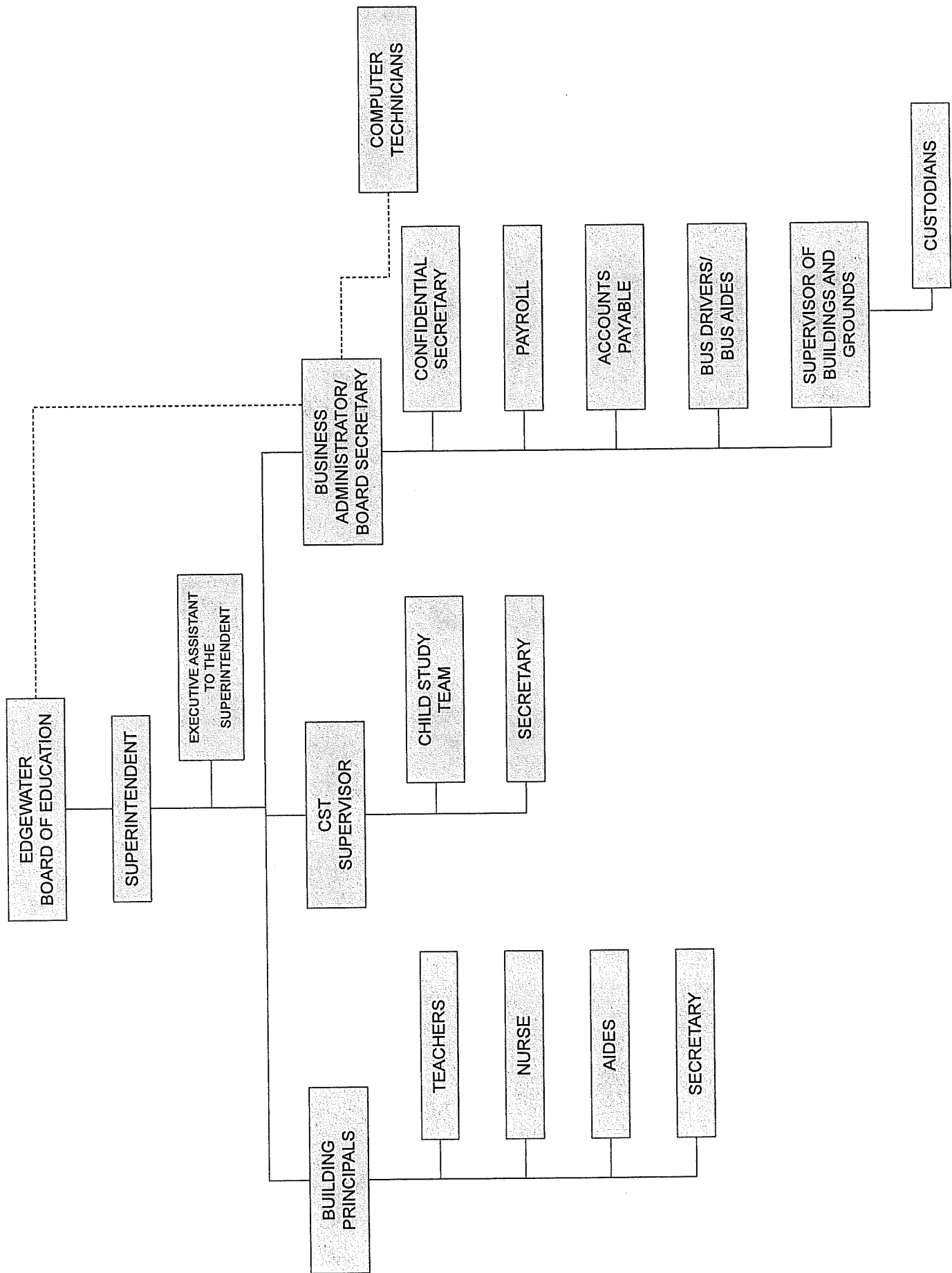
Respectfully submitted,



Interim Superintendent of Schools



Interim Business Administrator/Board Secretary



**BOROUGH OF EDGEWATER SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2020**

Members of the Board of Education

Term
Expires

Thomas Quinton, President	12/31/2020
Cristina Stefani-Rackow, Vice President	12/31/2021
Steven Greenspan	12/31/2022
Sandy Klein	12/31/2021
Christina Ling	12/31/2020

Other Officials

Title

Kerry Postma	Chief School Administrator
Kathleen Marano	Interim School Business Administrator/Board Secretary
Dennis McKeever	Board Attorney

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

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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
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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, 2020 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, 2020, 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.

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, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards 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 combining fund financial statements, 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 combining fund financial statements, 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, 2021 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, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

EDGEWATER BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

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, 2020. 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 2019-2020 fiscal year include the following:

- The assets and deferred outflows of resources of the Edgewater Board of Education were less than its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,930,538 (Net Position Deficit)
- The District's total net position deficit increased by \$1,022,101 or 35%.
- Overall District revenues were \$28,760,022. General revenues accounted for \$23,229,440 or 81% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,530,582 or 19% of total revenues.
- The school district had \$29,206,282 in expenses for governmental activities; only \$4,852,445 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$23,227,765 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 \$2,099,340. Of this amount, \$1,257,600 is restricted for capital projects, \$65,010 is restricted for required maintenance of District facilities, \$44,000 is restricted for other purposes, \$586,185 is assigned for year end encumbrances and the remaining amount is the unassigned fund balance of \$146,545.
- The General Fund fund balance at June 30, 2020 was \$2,027,989, an increase of \$744,392 compared to the ending fund balance at June 30, 2019 of \$1,253,597.
- The General Fund unassigned budgetary fund balance at June 30, 2020 was \$494,033, which represents an increase of \$264,398 when compared to the ending unassigned budgetary fund balance at June 30, 2019 of \$229,635.
- The District's total outstanding long-term liabilities increased by \$781,781 during the current fiscal year.

EDGEWATER BOARD OF EDUCATION

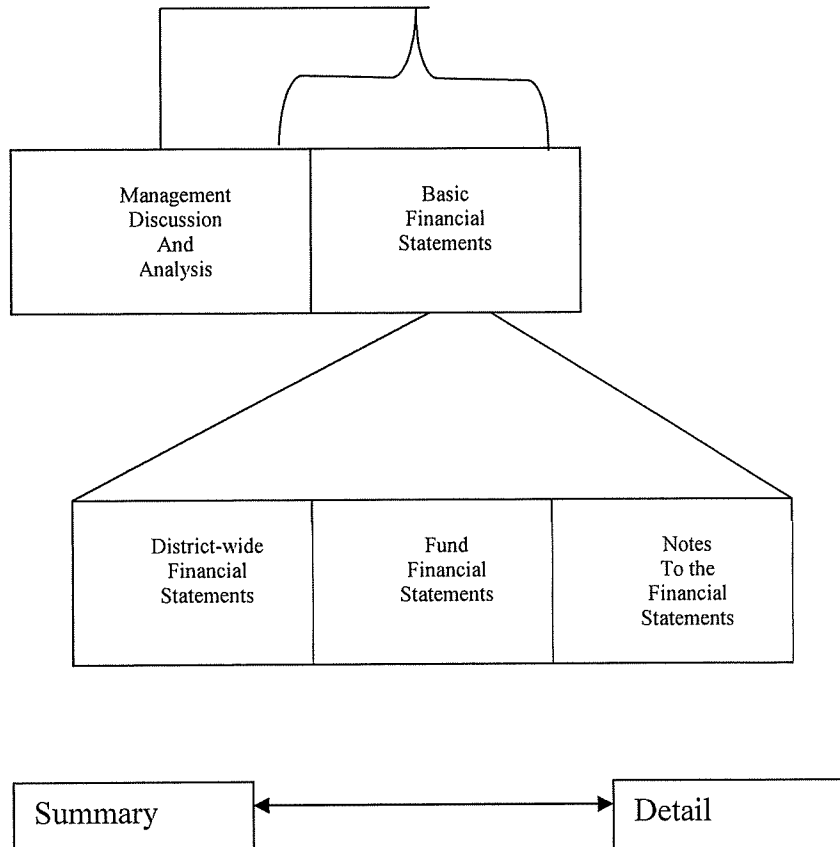
Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

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*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

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, 2020

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	Fiduciary 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	Instances in which the district administers resources on behalf of someone else, such as student activities and payroll activities
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	Statement of Fiduciary Net Position. Statement of Change In Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources 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	All assets and liabilities, both short-term and long term; funds do not currently contain capital assets, although they can
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.	All additions and deductions 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, 2020

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 three 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.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets and other resources that belong to others. The District is responsible for ensuring that the assets and other resources reported in these funds are used only for their intended purposes and by those to whom they belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these resources to finance its operations.

EDGEWATER BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position deficit was \$3,930,538 and \$2,908,437 on June 30, 2020 and 2019, respectively as follows:

Net Position As of June 30, 2020 and 2019

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current and Other Assets	\$ 3,030,941	\$ 1,685,277	\$ 130,053	\$ 82,044	\$ 3,160,994	\$ 1,767,321
Capital Assets, Net	25,856,915	26,824,887	61,306	69,931	25,918,221	26,894,818
Total Assets	<u>28,887,856</u>	<u>28,510,164</u>	<u>191,359</u>	<u>151,975</u>	<u>29,079,215</u>	<u>28,662,139</u>
Deferred Outflows of Resources	<u>2,447,045</u>	<u>2,748,122</u>	<u>-</u>	<u>-</u>	<u>2,447,045</u>	<u>2,748,122</u>
Liabilities						
Current Liabilities	1,283,186	761,543	23,142	12,665	1,306,328	774,208
Long-Term Liabilities	33,080,709	32,298,928	-	-	33,080,709	32,298,928
Total Liabilities	<u>34,363,895</u>	<u>33,060,471</u>	<u>23,142</u>	<u>12,665</u>	<u>34,387,037</u>	<u>33,073,136</u>
Deferred Inflows of Resources	<u>1,066,835</u>	<u>1,164,687</u>	<u>2,926</u>	<u>-</u>	<u>1,069,761</u>	<u>1,164,687</u>
Net Position						
Net Investment in Capital Assets	(1,129,607)	(1,033,289)	61,306	69,931	(1,068,301)	(963,358)
Restricted	1,314,046	1,191,351			1,314,046	1,191,351
Unrestricted (Deficit)	<u>(4,280,268)</u>	<u>(3,124,934)</u>	<u>103,985</u>	<u>(11,496)</u>	<u>(4,176,283)</u>	<u>(3,136,430)</u>
Total Net Position	<u>\$ (4,095,829)</u>	<u>\$ (2,966,872)</u>	<u>\$ 165,291</u>	<u>\$ 58,435</u>	<u>\$ (3,930,538)</u>	<u>\$ (2,908,437)</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 deficit of \$3,930,538 at June 30, 2020 represents a \$1,022,101 or 35%, increase in the deficit from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2020 and 2019.

EDGEWATER BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

Changes in Net Position For the Fiscal Years Ended June 30, 2020 and 2019

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues						
Charges for Services			\$ 606,054	\$ 778,874	\$ 606,054	\$ 778,874
Operating Grants and Contributions	\$ 4,852,445	\$ 554,863	72,083	98,105	4,924,528	652,968
General Revenues						-
Property Taxes	23,047,741	21,626,025			23,047,741	21,626,025
Unrestricted State Aid	24,566	4,711,682			24,566	4,711,682
Investment Income	23,118	29,804	1,675	3,349	24,793	33,153
Miscellaneous Income	132,340	216,029	-	-	132,340	216,029
Total Revenues	28,080,210	27,138,403	679,812	880,328	28,760,022	28,018,731
Expenses						
Instruction						
Regular	13,522,613	13,091,508			13,522,613	13,091,508
Special Education	6,085,907	4,506,182			6,085,907	4,506,182
Other Instruction	600,927	495,992			600,927	495,992
School Sponsored Activities and Athletics	39,804	21,317				21,317
Support Services					39,804	-
Student and Instruction Related Services	2,552,812	2,393,553			2,552,812	2,393,553
General Administrative Services	887,928	737,194			887,928	737,194
School Administrative Services	672,686	628,189			672,686	628,189
Central Administrative Services	585,120	555,650			585,120	555,650
Plant Operations and Maintenance	1,581,195	1,801,560			1,581,195	1,801,560
Pupil Transportation	1,585,252	1,829,109			1,585,252	1,829,109
Interest on Long-Term Debt	1,092,038	1,006,504			1,092,038	1,006,504
Food Services			199,778	364,472	199,778	364,472
Preschool Program	-	-	376,063	545,602	376,063	545,602
Total Expenses	29,206,282	27,066,758	575,841	910,074	29,782,123	27,976,832
Increase (Decrease) in Net Position Before Transfers	(1,126,072)	71,645	103,971	(29,746)	(1,022,101)	41,899
Transfers	(2,885)	-	2,885	-	-	-
Increase (Decrease) in Net Position	(1,128,957)	71,645	106,856	(29,746)	(1,022,101)	41,899
Net Position, Beginning of Year	(2,966,872)	(4,148,716)	58,435	99,660	(2,908,437)	(4,049,056)
Prior Period Adjustment	-	1,110,199	-	(11,479)	-	1,098,720
Net Position, End of Year	\$ (4,095,829)	\$ (2,966,872)	\$ 165,291	\$ 58,435	\$ (3,930,538)	\$ (2,908,437)

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$28,080,210 for the fiscal year ended June 30, 2020, property taxes of \$23,047,741 represented 82% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$4,877,011 and represented 17% of revenues. In addition, 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 \$29,206,282 for the fiscal year ended June 30, 2020. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$20,249,251 (69%) of total expenses. Support services costs were \$7,864,993 (27%) of total expenses and interest on debt totaled \$1,092,038 (4%) of total expenses.

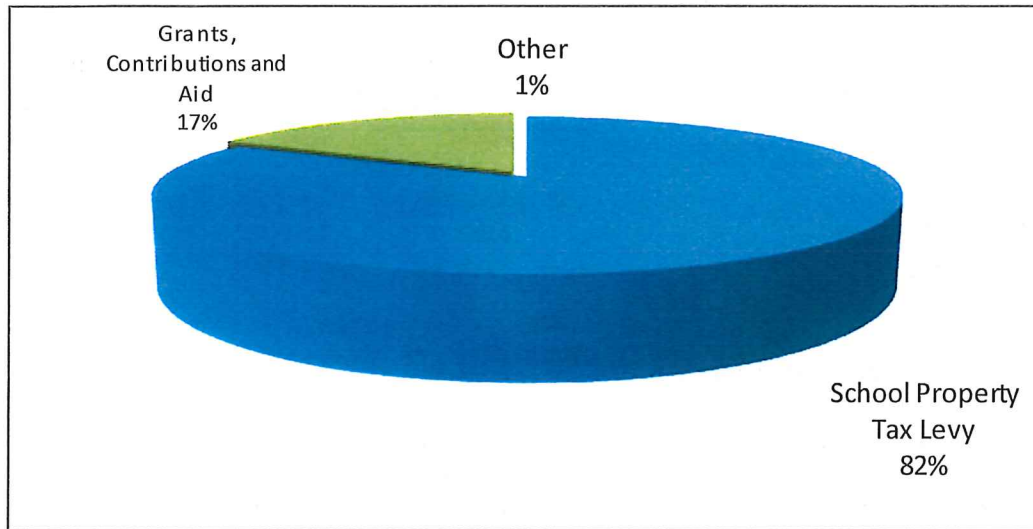
EDGEWATER BOARD OF EDUCATION

Management's Discussion and Analysis

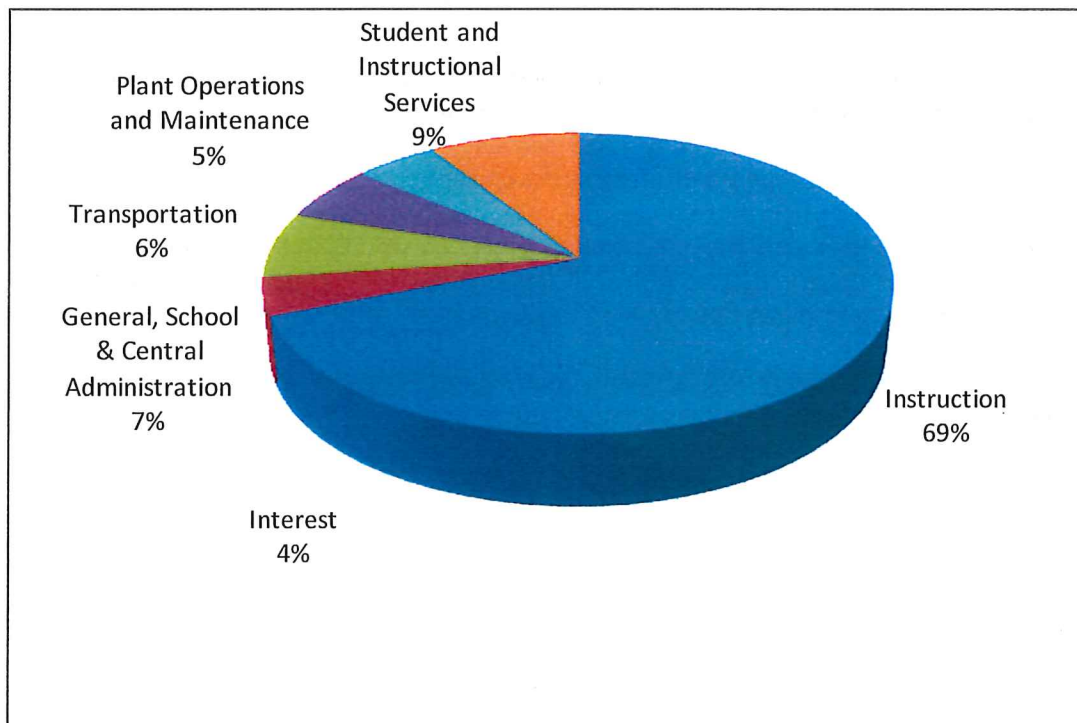
Fiscal Year Ended June 30, 2020

For fiscal year 2020, total governmental activities expenses and transfers exceeded revenues decreasing net position for governmental activities by \$1,128,957 from the previous year.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2020**



**Expenses by Use – Governmental Activities
For Fiscal Year 2020**



EDGEWATER BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

Total and Net Cost of Governmental Activities. The District's total cost of services was \$29,206,282. After applying program revenues, derived from operating grants and contributions of \$4,852,445 the net cost of services of the District is \$24,353,837 for the fiscal year ended June 30, 2020.

Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2020 and 2019

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction:				
Regular	\$ 13,522,613	\$ 13,091,508	\$ 11,514,422	\$ 12,620,598
Special Education	6,085,907	4,506,182	4,879,239	4,506,182
Other Instruction	600,927	495,992	426,041	495,992
School Sponsored Activities and Athletics	39,804	21,317	38,601	21,317
Support Services:				
Student & Instruction Related Services	2,552,812	2,393,553	2,075,040	2,309,600
General Administrative Services	887,928	737,194	794,768	737,194
School Administrative Services	672,686	628,189	535,044	628,189
Central Administrative Services	585,120	555,650	534,577	555,650
Plant Operations and Maintenance	1,581,195	1,801,560	1,509,688	1,801,560
Pupil Transportation	1,585,252	1,829,109	985,488	1,829,109
Interest on Long Term Debt	<u>1,092,038</u>	<u>1,006,504</u>	<u>1,060,929</u>	<u>1,006,504</u>
Total	<u>\$ 29,206,282</u>	<u>\$ 27,066,758</u>	<u>\$ 24,353,837</u>	<u>\$ 26,511,895</u>

Business-Type Activities – The District's total business-type activities revenues were \$679,812 for the fiscal year ended June 30, 2020. Charges for services of \$606,054 accounted for 89% of total revenues and operating grants and contributions of \$72,083 accounted for 11% of total revenues. In addition, interest income of \$1,675 was earned for the current fiscal year.

Total cost of all business-type activities programs and services was \$575,841 for the fiscal year ended June 30, 2020. Food service expenses of \$199,778 represented 35% of total expense and the preschool program expenses of \$376,063 represented 65% of total expenses.

For fiscal year 2020, total business-type activities revenues and transfers exceeded expenses increasing net position by \$106,856 or 183% from the previous year.

EDGEWATER BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

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 \$2,099,340 at June 30, 2020, an increase of \$703,338 from last year's fund balance of \$1,396,002. The District's restricted fund balances increased \$133,041 and assigned fund balances increased \$579,706 while the unassigned fund balance of the governmental funds decreased \$9,409 at June 30, 2020.

Revenues for the District's governmental funds were \$27,093,688 while total expenditures were \$28,187,465 for the fiscal year ended June 30, 2020. Other financing sources, net, were \$1,797,115 and were attributable to the state aid advance loan proceeds of \$1,800,000 received 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.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 21,261,797	\$ 19,775,600	\$ 1,486,197	8%
Other	155,440	245,800	(90,360)	-37%
State Sources	<u>3,310,798</u>	<u>3,190,780</u>	<u>120,018</u>	4%
Total General Fund Revenues	<u>24,728,035</u>	<u>\$ 23,212,180</u>	<u>\$ 1,515,855</u>	7%

For fiscal year 2020, total General Fund revenues increased \$1,515,855 or 7% from the previous year. Property taxes increased \$1,486,197 or 8% over the previous year primarily to cover increases in operating costs. As indicated, State aid increased \$120,018 or 4% 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 which were offset by a change in the availability to realize extraordinary aid in the current fiscal year. Other local revenues decreased \$90,360 due to a nonrecurring reimbursement from FEMA in the prior year.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 18,452,875	\$ 13,428,209	\$ 5,024,666	37%
Support Services	7,242,380	9,787,677	(2,545,297)	-26%
Debt Service				
Principal	49,850	-	49,850	100%
Interest and Other Charges	5,666	-	5,666	100%
Capital Outlay	<u>-</u>	<u>27,043</u>	<u>(27,043)</u>	-100%
Total Expenditures	<u>\$ 25,750,771</u>	<u>\$ 23,242,929</u>	<u>\$ 2,507,842</u>	11%

EDGEWATER BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

GENERAL FUND (Continued)

For fiscal year 2020, total General Fund expenditures increased \$2,507,842 or 11% from the previous year. Employee benefit costs including on-behalf state pension contributions and out of District tuition costs were the major factors for this increase in expenditures for the current fiscal year.

For fiscal year 2020 the District realized other financing sources of \$1,800,000 from proceeds received under a State Aid Advance Loan to assist the District in financing a budget deficit projected for the current fiscal year. As a result a State Fiscal Monitor was appointed by the State to oversee the District's financial operations.

In fiscal year 2020 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$774,392. Therefore, the total fund balance at June 30, 2019 of \$1,253,597 increased to a fund balance of \$2,027,989 at June 30, 2020. After deducting restricted and assigned fund balances, the unassigned fund balance decreased from \$159,595 at June 30, 2019 to \$147,776 at June 30, 2020. However, restricted fund balances for capital reserve, maintenance reserve and tuition reserve increased \$206,505 at June 30, 2020 and assigned fund balance for year end encumbrances increased \$579,706 at June 30, 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2020, the District had \$25,856,915 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$61,306 for business type activity. The following is a comparison of the June 30, 2020 and 2019 balances:

Capital Assets (Net of Accumulated Depreciation) at June 30, 2020 and 2019					
	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	
Land	\$ 179,988	\$ 179,988			\$ 179,988 \$ 179,988
Construction in Progress		-			- -
Site Improvements	345,720	381,100			345,720 381,100
Buildings and Buildings Improvements	25,195,470	26,049,575			25,195,470 26,049,575
Machinery, Equipment and Vehicles	135,737	214,224	\$ 61,306	\$ 69,931	197,043 284,155
Total Capital Assets, Net	\$ 25,856,915	\$ 26,824,887	\$ 61,306	\$ 69,931	\$ 25,918,221 \$ 26,894,818

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

LONG TERM LIABILITIES

At June 30, 2020 the District had \$33,080,709 of total outstanding long term liabilities. For fiscal year 2019/2020 total outstanding long-term liabilities increased by \$781,781. The following is a comparison of the June 30, 2020 and 2019 balances:

Outstanding Long-Term Liabilities as of June 30, 2020 and 2019		
	Governmental Activities	
	2020	2019
Bonds Payable (including unamortized premium)	\$ 28,753,889	\$ 29,724,820
State Aid Advance Loan Payable	1,800,000	-
Capital Leases Payable	125,301	175,151
Compensated Absences	294,015	316,160
Net Pension Liability	2,107,504	2,082,797
Total	\$ 33,080,709	\$ 32,298,928

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

EDGEWATER BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

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 State Aid Advance Loan proceeds.

For fiscal year 2020 General Fund budgetary revenues and other financing sources exceeded budgetary expenditures other financing uses increasing budgetary fund balance \$1,050,609. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$264,398 from an unassigned fund balance of \$229,635 at June 30, 2019 to \$494,033 at June 30, 2020. In addition, the District increased its capital reserve by \$162,505 to a balance of \$1,185,018 at June 30, 2020. Also, the District established a tuition reserve of \$44,000 at June 30, 2020. The District assigned fund balance for year end encumbrances increased \$579,706 to a balance of \$586,185 at June 30, 2020.

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 2020-2021 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2020-2021. Budgeted expenditures in the adopted General Fund budget increased approximately 3% to \$23,429,369 for fiscal year 2020-2021. In addition, the District sought the voters' approval at the November 2020 election to exceed the tax levy cap with an additional spending proposal in the amount of \$5,855,000. The District voters overwhelmingly approved the additional spending proposal for the 2020/2021 school year.

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.

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FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**EDGEWATER BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,700,320	\$ 103,608	\$ 2,803,928
Receivables, Net	336,087	6,693	342,780
Internal Balances	(9,711)	9,711	
Inventory		10,041	10,041
Restricted Assets - Cash with Fiscal Agent	4,245		4,245
Capital Assets, Not Being Depreciated	179,988	-	179,988
Capital Assets, Being Depreciated, Net	<u>25,676,927</u>	<u>61,306</u>	<u>25,738,233</u>
Total Assets	<u>28,887,856</u>	<u>191,359</u>	<u>29,079,215</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	1,840,104		1,840,104
Deferred Amounts on Net Pension Liability	<u>606,941</u>	<u>-</u>	<u>606,941</u>
Total Deferred Outflows of Resources	<u>2,447,045</u>	<u>-</u>	<u>2,447,045</u>
Total Assets and Deferred Outflows of Resources	<u>31,334,901</u>	<u>191,359</u>	<u>31,526,260</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	877,299	4,000	881,299
Payable to Other Governments	19,172		19,172
Accrued Interest Payable	351,585		351,585
Unearned Revenue	35,130	19,142	54,272
Noncurrent Liabilities			
Due Within One Year	1,136,423		1,136,423
Due Beyond One Year	<u>31,944,286</u>	<u>-</u>	<u>31,944,286</u>
Total Liabilities	<u>34,363,895</u>	<u>23,142</u>	<u>34,387,037</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,066,835</u>	<u>-</u>	<u>1,066,835</u>
Total Deferred Inflows of Resources	<u>1,066,835</u>	<u>2,926</u>	<u>1,069,761</u>
Total Liabilities and Deferred Inflows of Resources	<u>35,430,730</u>	<u>26,068</u>	<u>35,456,798</u>
NET POSITION			
Net Investment in Capital Assets	(1,129,607)	61,306	(1,068,301)
Restricted for:			
Capital Projects	1,205,036		1,205,036
Plant Maintenance	65,010		65,010
Other Purposes	44,000		44,000
Unrestricted	<u>(4,280,268)</u>	<u>103,985</u>	<u>(4,176,283)</u>
Total Net Position	<u>\$ (4,095,829)</u>	<u>\$ 165,291</u>	<u>\$ (3,930,538)</u>

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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 13,522,613		\$ 2,008,191		\$ (11,514,422)	\$	\$ (11,514,422)
Special Education	6,085,907		1,206,668		(4,879,239)		(4,879,239)
Other Instruction	600,927		174,886		(426,041)		(426,041)
School Sponsored Activities and Athletics	39,804		1,203		(38,601)		(38,601)
Support Services:							
Student & Instruction Related Services	2,552,812		477,772		(2,075,040)		(2,075,040)
General Administrative Services	887,928		93,160		(794,768)		(794,768)
School Administrative Services	672,686		137,642		(535,044)		(535,044)
Central Administrative Services	585,120		50,543		(534,577)		(534,577)
Plant Operations and Maintenance	1,581,195		71,507		(1,509,688)		(1,509,688)
Pupil Transportation	1,585,252		599,764		(985,488)		(985,488)
Interest on Long Term Debt	1,092,038	-	31,109	-	(1,060,929)	-	(1,060,929)
Total Governmental Activities	29,206,282	-	4,852,445	-	(24,353,837)	-	(24,353,837)
Business-Type Activities:							
Food Service	199,778	\$ 157,751	72,083		\$	30,056	30,056
Preschool Program	376,063	448,303	-	-	-	72,240	72,240
Total Business-Type Activities	575,841	606,054	72,083	-	-	102,296	102,296
Total Primary Government	\$ 29,782,123	\$ 606,054	\$ 4,924,528	\$ -	(24,353,837)	102,296	(24,251,541)

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

(Continued)

**EDGEWATER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Property Taxes:			
Levied for General Purposes	\$ 21,261,797	\$	21,261,797
Levied for Debt Service	1,785,944		1,785,944
State Aid for Debt Service Principal	24,566		24,566
Interest Earnings	23,118	\$ 1,675	24,793
Miscellaneous Income	132,340		132,340
Transfers	(2,885)	2,885	-
Total General Revenues and Transfers	23,224,880	4,560	23,229,440
Change in Net Position	(1,128,957)	106,856	(1,022,101)
Net Position, Beginning of Year (Restated)	(2,966,872)	58,435	(2,908,437)
Net Position, End of Year	\$ (4,095,829)	\$ 165,291	\$ (3,930,538)

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

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FUND FINANCIAL STATEMENTS

**EDGEWATER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,693,125	\$ 4,997	\$ 2,198		\$ 2,700,320
Receivables From Other Governments	72,889	97,046	166,152		336,087
Due from Other Funds	100,013				100,013
Restricted Assets					
Cash with Fiscal Agent	-	-	4,245	-	4,245
Total Assets	\$ 2,866,027	\$ 102,043	\$ 172,595	\$ -	\$ 3,140,665
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 635,196	\$ 48,972			\$ 684,168
Accrued Salaries and Wages	80,024				80,024
Payable to State Government		8,896			8,896
Payable to Federal Government		10,276			10,276
Due to Other Funds	122,818		\$ 100,013		222,831
Unearned Revenue	-	35,130	-	-	35,130
Total Liabilities	838,038	103,274	100,013	-	1,041,325
Fund Balances:					
Restricted					
Capital Reserve	1,185,018				1,185,018
Maintenance Reserve	65,010				65,010
Tuition Reserve	44,000				44,000
Capital Projects			72,582		72,582
Assigned					
Year End Encumbrances	586,185				586,185
Unassigned	147,776	(1,231)	-	-	146,545
Total Fund Balances	2,027,989	(1,231)	72,582	-	2,099,340
Total Liabilities and Fund Balances	\$ 2,866,027	\$ 102,043	\$ 172,595	\$ -	\$ 3,140,665

**EDGEWATER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

Total Fund Balances (Exhibit B-1) **\$ 2,099,340**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$36,505,551 and the accumulated depreciation is \$10,648,636.

25,856,915

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.

1,840,104

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

\$ 606,941

Deferred Inflows of Resources

(1,066,835)

(459,894)

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(351,585)

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)

28,753,889

State Aid Advance Loan

1,800,000

Capital Leases

125,301

Compensated Absences

294,015

Net Pension Liability

2,107,504

(33,080,709)

Total Net Assets of Governmental Activities (Exhibit A-1)

\$ (4,095,829)

**EDGEWATER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Property Tax Levy	\$ 21,261,797			\$ 1,785,944	\$ 23,047,741
Interest Earnings	23,100		\$ 18		23,118
Miscellaneous	132,340	\$ 21,502	-	-	153,842
Total - Local Sources	21,417,237	21,502	18	1,785,944	23,224,701
State Sources	3,310,798	21,320	-	55,675	3,387,793
Federal Sources	-	481,194	-	-	481,194
Total Revenues	24,728,035	524,016	18	1,841,619	27,093,688
EXPENDITURES					
Current Expenditures					
Instruction					
Regular	12,266,390	246,974			12,513,364
Special Education	5,660,549	219,355			5,879,904
Other Instruction	489,829	27,165			516,994
School Sponsored Activities and Athletics	36,107				36,107
Support Services					
Student and Instruction Related Services	2,258,096	28,112			2,286,208
General Administrative Services	813,948				813,948
School Administrative Services	582,793				582,793
Central Administrative Services	525,858				525,858
Plant Operations and Maintenance	1,495,740				1,495,740
Pupil Transportation	1,565,945				1,565,945
Debt Service					
Principal	49,850			845,000	894,850
Interest	5,666	-	-	1,070,088	1,075,754
Total Expenditures	25,750,771	521,606	-	1,915,088	28,187,465
Excess (Deficiencies) of Revenues Over/(Under) Expenditures	(1,022,736)	2,410	18	(73,469)	(1,093,777)
OTHER FINANCING SOURCES (USES)					
State Aid Advance Loan Proceeds	1,800,000				1,800,000
Transfers In	13				13
Transfers Out	(2,885)	-	(13)	-	(2,898)
Total Other Financing Sources (Uses)	1,797,128	-	(13)	-	1,797,115
Net Change in Fund Balances	774,392	2,410	5	(73,469)	703,338
Fund Balance, Beginning of Year (Restated)	1,253,597	(3,641)	72,577	73,469	1,396,002
Fund Balance, End of Year	\$ 2,027,989	\$ (1,231)	\$ 72,582	\$ -	\$ 2,099,340

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, 2020**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 703,338**

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	\$ -	
Depreciation Expense	<u>(967,972)</u>	(967,972)

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:		
State Aid Advance Loan Proceeds	(1,800,000)	
Principal Repayments:		
General Obligations Bonds	845,000	
Capital Leases/ Lease - Purchase Agreements	<u>49,850</u>	(905,150)

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	(149,127)	
Original Issue Premium	<u>125,931</u>	(23,196)

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	22,145	
Decrease in Pension Expense	<u>34,966</u>	57,111

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.

6,912

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (1,128,957)**

**EDGEWATER BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Preschool Program</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 100,552	\$ 3,056	\$ 103,608
Intergovernmental Receivable	6,460		6,460
Other Accounts Receivable, Net	233		233
Due from Other Funds	9,711		9,711
Inventories	<u>10,041</u>	<u>-</u>	<u>10,041</u>
Total Current Assets	<u>126,997</u>	<u>3,056</u>	<u>130,053</u>
Capital Assets			
Machinery and Equipment	187,409		187,409
Accumulated Depreciation	<u>(126,103)</u>	<u>-</u>	<u>(126,103)</u>
Total Capital Assets, Net	<u>61,306</u>	<u>-</u>	<u>61,306</u>
Total Assets	<u>188,303</u>	<u>3,056</u>	<u>191,359</u>
LIABILITIES			
Current Liabilities			
Deposits Payable	-	4,000	4,000
Unearned Revenue	<u>19,142</u>	<u>-</u>	<u>19,142</u>
Total Current Liabilities	<u>19,142</u>	<u>4,000</u>	<u>23,142</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	<u>2,926</u>	<u>-</u>	<u>2,926</u>
Total Liabilities and Deferred Inflow of Resources	<u>2,926</u>	<u>4,000</u>	<u>26,068</u>
NET POSITION			
Investment in Capital Assets	61,306		61,306
Unrestricted	<u>104,929</u>	<u>(944)</u>	<u>103,985</u>
Total Net Position	<u>\$ 166,235</u>	<u>\$ (944)</u>	<u>\$ 165,291</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, 2020**

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Preschool Program</u>	<u>Total</u>
OPERATING REVENUES			
Local Sources			
Daily Sales - Reimbursable Programs	\$ 146,977		\$ 146,977
Daily Sales - Non-Reimbursable Programs	10,774		10,774
Program Fees	-	\$ 448,303	448,303
Total Operating Revenues	157,751	448,303	606,054
OPERATING EXPENSES			
Salaries and Benefits	71,423	358,691	430,114
Cost of Sales - Reimbursable Programs	87,069		87,069
Cost of Sales - Non-Reimbursable Programs	4,825		4,825
Supplies and Materials	3,437		3,437
Other Purchased Services	8,050	17,372	25,422
Repairs and Maintenance	1,634		1,634
Management Fee	9,093		9,093
Miscellaneous Expense	5,622		5,622
Depreciation	8,625	-	8,625
Total Operating Expenses	199,778	376,063	575,841
Operating (Loss)	(42,027)	72,240	30,213
Nonoperating Revenues			
State Sources			
State School Lunch Program	2,631		2,631
Federal Sources			
School Breakfast Program	4,713		4,713
National School Lunch Program	43,863		43,863
Food Distribution Program	20,876	-	20,876
Interest Earnings	851	824	1,675
Total Nonoperating Revenues	72,934	824	73,758
Income Before Transfers	30,907	73,064	103,971
Transfers In	-	2,885	2,885
Change in Net Position	30,907	75,949	106,856
Total Net Position, Beginning of Year (Restated)	135,328	(76,893)	58,435
Total Net Position, End of Year	\$ 166,235	\$ (944)	\$ 165,291

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, 2020**

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Preschool Program</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 165,026	\$ 487,126	\$ 652,152
Cash Payments for Employees Salaries and Benefits	(71,423)	(358,691)	(430,114)
Cash Payments to Suppliers for Goods and Services	(100,447)	(17,372)	(117,819)
Cash Payments to Customers - Refunds	(842)	(115,698)	(116,540)
Net Cash (Used for) Operating Activities	(7,686)	(4,635)	(12,321)
Cash Flows from Noncapital Financing Activities			
Cash Received from Other Funds	14,406	15,200	29,606
Cash Payments to Other Funds	(61,524)	(12,315)	(73,839)
Cash Received from State and Federal Subsidy Reimbursements	49,957	-	49,957
Net Cash Provided by Noncapital Financing Activities	2,839	2,885	5,724
Cash Flows from Investing Activities			
Interest Earnings Received	851	824	1,675
Net Cash Provided by Investing Activities	851	824	1,675
Net Increase (Decrease) in Cash and Cash Equivalents	(3,996)	(926)	(4,922)
Cash and Cash Equivalents, Beginning of Year	104,548	3,982	108,530
Cash and Cash Equivalents, End of Year	\$ 100,552	\$ 3,056	\$ 103,608
Reconciliation of Operating Income (Loss) to Net Cash			
(Used for) Operating Activities			
Operating Income (Loss)	\$ (42,027)	\$ 72,240	30,213
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used for) Operating Activities			
Depreciation	8,625		8,625
Non-Cash Federal Assistance-Food Distribution Program	20,876		20,876
Change in Assets, Liabilities and Deferred Inflows			
(Increase)/Decrease in Accounts Receivable	(44)		(44)
(Increase)/Decrease in Inventory	(4,519)		(4,519)
Increase/(Decrease) in Deposits Payable		4,000	4,000
Increase/(Decrease) in Unearned Revenue	6,477	(80,875)	(74,398)
Increase/(Decrease) in Deferred Commodities Revenue	2,926	-	2,926
Total Adjustments	34,341	(76,875)	(42,534)
Net Cash (Used For) Operating Activities	\$ (7,686)	\$ (4,635)	\$ (12,321)
Non-Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	\$ 23,802		

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

**EDGEWATER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2020**

	<u>Agency Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 374,025
Due from Other Funds	<u>113,107</u>
Total Assets	<u>\$ 487,132</u>
LIABILITIES	
Due to Student Groups	\$ 42,700
Payroll Deductions and Withholdings	200,704
Accrued Salaries and Wages	4,000
Summer Savings Deposits	<u>239,728</u>
Total Liabilities	<u>\$ 487,132</u>

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

**EDGEWATER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

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

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NOTES TO THE FINANCIAL STATEMENTS

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. 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.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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, 2020**

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.

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 and fiduciary 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 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, 2020

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.

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 funds which are 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 *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.

Additionally, the District reports the following fund types:

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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, 2020**

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 with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) 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, 2020

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets 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 the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss 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, 2020**

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. Losses 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. Losses 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, 2020

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 2D).

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 2E).

Tuition Adjustments – 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 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.

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.

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 (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.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 1st 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, 2020**

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 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$2,076,144. The increase was funded by the appropriation of capital reserve, state aid advance loan proceeds, additional grant awards and the reappropriation of prior year general fund encumbrances.

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, 2020**

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			
Required Maintenance of School Facilities			
Cleaning, Repair & Maintenance Services	\$138,543	\$203,342	\$(64,799)
Unallocated Benefits			
Unemployment Compensation	28,972	42,505	(13,533)
Other Employee Benefits	28,487	99,089	(70,602)

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,231 in the Special Revenue Fund as of June 30, 2020 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2019/2020 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the Special Revenue Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general or special revenue fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$1,231 in the Special Revenue Fund is equal to the delayed state aid payments at June 30, 2020.

The Preschool Program Enterprise Fund has a cumulative deficit in net position of \$944 as of June 30, 2020. This deficit will be provided for in the 2020/2021 General Fund budget.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. 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, 2020 is as follows:

Balance, July 1, 2019		\$ 1,022,513
Increased by		
Interest Earnings	\$ 6,503	
Return of Unexpended Budget Withdrawals	51,444	
Deposits Approved by State Monitor	156,002	
Total Increases		<u>213,949</u>
		1,236,462
Decreased by:		
Withdrawals Approved by Board Resolution		<u>51,444</u>
Balance, June 30, 2020		<u><u>\$ 1,185,018</u></u>

E. 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.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019	<u>\$ 65,010</u>
Balance, June 30, 2020	<u><u>\$ 65,010</u></u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,038,374.

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.

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, 2020, the book value of the Board's deposits were \$3,182,198 and bank and brokerage firm balances of the Board's deposits amounted to \$3,938,354. 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>\$ 3,938,354</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, 2020 none of the Board's bank balances were exposed to custodial credit risk.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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, 2020, the Board had no outstanding investments.

Interest Rate Risk – 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 – 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 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.

B. Receivables

Receivables as of June 30, 2020 for the district's individual major funds in the aggregate, 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		\$ 96,203		\$ 6,228	\$ 102,431
State	\$ 40,766	843	\$ 166,152	232	207,993
Local	32,123	-	-	-	32,123
Other	-	-	-	233	233
	72,889	97,046	166,152	6,693	342,780
Gross Receivables					-
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 72,889</u>	<u>\$ 97,046</u>	<u>\$ 166,152</u>	<u>\$ 6,693</u>	<u>\$ 342,780</u>

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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	\$ 29,413
Grant Draw Downs Reserved for Encumbrances	<u>5,717</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 35,130</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance, <u>July 1, 2019</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	<u>\$ 179,988</u>	<u>-</u>	<u>-</u>	<u>\$ 179,988</u>
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	-	-	34,025,825
Machinery, Equipment and Vehicles	<u>1,611,190</u>	<u>-</u>	<u>-</u>	<u>1,611,190</u>
Total Capital Assets Being Depreciated	<u>36,325,563</u>	<u>-</u>	<u>-</u>	<u>36,325,563</u>
Less Accumulated Depreciation for:				
Site Improvements	(307,448)	\$ (35,380)	-	(342,828)
Buildings and Building Improvements	(7,976,250)	(854,105)	-	(8,830,355)
Machinery, Equipment and Vehicles	<u>(1,396,966)</u>	<u>(78,487)</u>	<u>-</u>	<u>(1,475,453)</u>
Total Accumulated Depreciation	<u>(9,680,664)</u>	<u>(967,972)</u>	<u>-</u>	<u>(10,648,636)</u>
Total Capital Assets, Being Depreciated, Net	<u>26,644,899</u>	<u>967,972</u>	<u>-</u>	<u>25,676,927</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,824,887</u>	<u>\$ 967,972</u>	<u>\$ -</u>	<u>\$ 25,856,915</u>

EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2019 (Restated)	Increases	Decreases	Balance, June 30, 2020
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 187,409	-	-	\$ 187,409
Total Capital Assets Being Depreciated	187,409	-	-	187,409
Less Accumulated Depreciation for:				
Machinery and Equipment	(117,478)	\$ (8,625)	-	(126,103)
Total Accumulated Depreciation	(117,478)	(8,625)	-	(126,103)
Total Capital Assets, Being Depreciated, Net	69,931	(8,625)	-	61,306
Business-Type Activities Capital Assets, Net	\$ 69,931	\$ (8,625)	\$ -	\$ 61,306

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	\$ 470,698
Special Education	107,338
Other Instruction	38,766
School-Sponsored Activities and Athletics	<u>3,094</u>

Total Instruction	<u>619,896</u>
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Support Services

Student and Instruction Related Services	128,246
General Administrative Services	43,850
School Administrative Services	46,894
Central Administrative Services	41,421
Plant Operations and Maintenance	71,509
Pupil Transportation	<u>16,156</u>

Total Support Services	<u>348,076</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 967,972</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 8,625</u>
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Total Depreciation Expense-Business-Type Activities	<u>\$ 8,625</u>
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**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 100,013
Food Services Enterprise Fund	General Fund	9,711
Payroll Agency Fund	General Fund	<u>113,107</u>
Total		<u>\$ 222,831</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		\$ 2,885	\$ 2,885
Capital Projects Fund	<u>\$ 13</u>	<u>-</u>	<u>13</u>
Total Transfers	<u>\$ 13</u>	<u>\$ 2,885</u>	<u>\$ 2,898</u>

The above transfers are the result of revenues 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, 2020 were \$36,108. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 35,214
2022	<u>11,440</u>
Total	<u>\$ 46,654</u>

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases

The District is leasing school buses totaling \$260,000 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Vehicles	\$ <u>260,000</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2021	55,516
2022	55,516
2023	<u>21,587</u>
Total minimum lease payments	132,619
Less: amount representing interest	<u>(7,318)</u>
Present value of minimum lease payments	<u>\$ 125,301</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, 2020 are comprised of the following issues:

\$3,080,000, 2013 Refunding Bonds, due in annual installments of \$370,000 to \$375,000 through September 1, 2022, interest at 4.00%	\$1,120,000
\$26,565,000, 2017 Refunding Bonds, due in annual installments of \$510,000 to \$1,910,000 through September 1, 2040, interest at 3.00% to 4.00%	<u>26,080,000</u>
Total	<u>\$27,200,000</u>

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2019/2020 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>	
2021	\$ 880,000	\$ 1,038,088	\$ 180,000	-	\$ 2,098,088
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
2026-2030	6,100,000	3,794,638	900,000	-	10,794,638
2031-2035	7,405,000	2,555,838	-	-	9,960,838
2036-2040	8,870,000	1,091,400	-	-	9,961,400
Total	<u>\$ 27,200,000</u>	<u>\$ 12,280,516</u>	<u>\$ 1,800,000</u>	<u>\$ -</u>	<u>\$ 41,280,516</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 97,874,686
Less: Net Debt	<u>27,200,000</u>
Remaining Borrowing Power	<u>\$ 70,674,686</u>

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020, was as follows:

	Balance, July 1, 2019 (Restated)	Additions	Reductions	Balance, June 30, 2020	Due Within One Year
Governmental Activities:					
Serial Bonds	\$ 28,045,000	-	\$ 845,000	\$ 27,200,000	\$ 880,000
Add: Premium	1,679,820	-	125,931	1,553,889	-
Total Bonds Payable	29,724,820	-	970,931	28,753,889	880,000
State Aid Advance Loan	-	\$ 1,800,000	-	1,800,000	180,000
Capital Leases	175,151	-	49,850	125,301	51,423
Compensated Absences	316,160	30,786	52,931	294,015	25,000
Net Pension Liability	2,082,797	138,478	113,771	2,107,504	-
Governmental Activity Long-Term Liabilities	<u>\$ 32,298,928</u>	<u>\$ 1,969,264</u>	<u>\$ 1,187,483</u>	<u>\$ 33,080,709</u>	<u>\$ 1,136,423</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, 2020**

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, 2020, 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, 2020, 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.

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, 2020**

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 1/55th 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 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching 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.

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, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Service retirement benefits of 1/55th 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 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching 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 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 PERS and new employees who would otherwise be eligible to participate in PERS 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.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 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 2020.

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, 2020 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 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 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 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:

<u>Fiscal</u> <u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2020	\$ 113,771	\$ 1,158,049	\$ 27,378
2019	105,219	980,796	57,127
2018	90,282	734,143	23,901

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$623, \$648 and \$1,950, respectively for PERS and the State contributed \$1,718, \$1,799 and \$2,055, 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 \$412,834 during the fiscal year ended June 30, 2020 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, 2018 through June 30, 2019. 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, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$2,107,504 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. 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, 2019. At June 30, 2019, the District's proportionate share was .01170 percent, which was an increase of .00112 percent from its proportionate share measured as of June 30, 2018 of .01058 percent.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$78,805 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, 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	\$ 37,827	\$ 9,310
Changes of Assumptions	210,442	731,508
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	33,268
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>358,672</u>	<u>292,749</u>
Total	<u>\$ 606,941</u>	<u>\$ 1,066,835</u>

At June 30, 2020, 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:

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ (100,392)
2022	(213,766)
2023	(135,108)
2024	(10,791)
2025	<u>163</u>
	<u>\$ (459,894)</u>

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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-2019.

The actuarial assumptions used in the July 1, 2018 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, 2020**

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, 2019) 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, 2019 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%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2057

Municipal Bond Rate * From July 1, 2057
and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 District's proportionate share of the PERS net pension liability calculated using the discount rate of 6.28%, 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 (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	1% Decrease <u>5.28%</u>	Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 2,662,120</u>	<u>\$ 2,107,504</u>	<u>\$ 1,640,161</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, 2019. A sensitivity analysis specific to the District's net pension liability at June 30, 2019 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.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,768,144 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, 2020 the State's proportionate share of the net pension liability attributable to the District is \$29,977,352. 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, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .04885 percent, which was an increase of .00018 percent from its proportionate share measured as of June 30, 2018 of .04867 percent.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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-2019.

The actuarial assumptions used in the July 1, 2018 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, 2020**

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, 2019) 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, 2019 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%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	<u>1% Decrease (4.60%)</u>	<u>Current Discount Rate (5.60%)</u>	<u>1% Increase (6.60%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 35,349,933</u>	<u>\$ 29,977,352</u>	<u>\$ 25,519,806</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, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

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, 2019. 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 single 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
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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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>364,943</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, 2019 is \$41.7 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, 2018 which were rolled forward to June 30, 2019.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 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 \$1.28 billion to the OPEB plan in fiscal year 2019.

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. over a period not to exceed thirty years. 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, 2020, 2019 and 2018 were \$429,615, \$444,887 and \$474,167, 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, 2018 through June 30, 2019. 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$806,042. 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, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$14,681,470. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .03518 percent, which was an increase of .00371 percent from its proportionate share measured as of June 30, 2018 of .03147 percent.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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 4.55%
Rate Thereafter	2.75% to 5.65%
Mortality:	
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*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, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight 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, 2020

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, 2018 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.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

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, 2020**

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, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability (<u>State Share 100%</u>)
Balance, June 30, 2018 Measurement Date	\$ <u>15,412,014</u>
Changes Recognized for the Fiscal Year:	
Service Cost	897,167
Interest on the Total OPEB Liability	622,784
Differences Between Expected and Actual Experience	(2,032,079)
Changes of Assumptions	218,902
Gross Benefit Payments	(450,677)
Contributions from the Member	<u>13,359</u>
Net Changes	<u>\$ (730,544)</u>
Balance, June 30, 2019 Measurement Date	\$ <u><u>14,681,470</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.

EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 17,356,486	\$ 14,681,470	\$ 12,555,108

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 12,135,090	\$ 14,681,470	\$ 18,049,155

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 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, 2020**

NOTE 5 RESTATEMENTS

The financial statements as of June 30, 2019 have been adjusted to reflect certain corrections related to unrecorded current assets, capital asset transactions, deferred outflow of resources, current liabilities and long-term liabilities from the amounts reported in previously issued financial statements as follows.

Government Activities

The financial statement as of June 30, 2019 of the governmental activities have been restated to reflect the adjustments to record previously unrecorded cash with fiscal agent of \$4,240, capital asset deletions of \$747,910, deferred amounts on refunding of debt unamortized balance of \$1,989,231, outstanding balance of capital leases payable of \$175,151 and reduction in unamortized bond premium of \$39,789. The net effect of this restatement is to increase net position of governmental activities by \$1,110,199 from \$(4,077,071) as previously reported to \$(2,966,872) as of June 30, 2019.

Business-Type Activities and Proprietary Funds

The financial statements as of June 30, 2019 of the business-type activities and proprietary funds were restated to reflect the adjustments to record previously unrecorded food service capital assets and related accumulated depreciation increasing capital assets net by \$69,396 and unrecorded preschool program unearned revenues increasing current liabilities by \$80,875. The net effect of this restatement is to decrease net position of business-type activities and total proprietary funds net position by \$11,479 from \$69,914 as previously reported to \$58,435 as of June 30, 2019. Food Service Enterprise Fund net position increased \$69,396 from \$65,932 as previously reported to \$135,328 and Preschool Program Enterprise Fund net position decreased \$80,825 from \$3,982 as previously reported to \$(76,893) as of June 30, 2019.

Governmental Funds

The financial statements as of June 30, 2019 of the Governmental Funds were restated to reflect the adjustment of unrecorded Capital Projects Fund cash with a fiscal agent by \$4,240. The net effect of this restatement is to increase fund balance of Governmental Funds and specifically Capital Projects Fund by \$4,240 from \$1,391,762 and \$68,337, respectively, as previously reported to \$1,396,002 and \$72,577, respectively, as of June 30, 2019.

NOTE 6 SUBSEQUENT EVENTS

Additional Spending Proposal

At November 2020 election the voters of the Borough of Edgewater approved an additional spending proposal to exceed the tax levy cap by \$5,885,000 for the 2020/2021 school year budget.

NOTE 7 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 is currently 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.

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State's economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

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 it facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**EDGEWATER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 21,261,797	\$ -	\$ 21,261,797	\$ 21,261,797	
Interest Earned in Maintenance Reserve	100		100		\$ (100)
Interest Earned in Capital Reserve Funds	1,000		1,000	6,503	5,503
Interest				16,597	16,597
Unrestricted Miscellaneous	47,896	-	47,896	132,340	84,444
Total Local Revenues	21,310,793	-	21,310,793	21,417,237	106,444
State Sources					
Special Education Aid	683,420	-	683,420	683,420	-
Security Aid	45,596	-	45,596	45,596	-
Transportation Aid	618,022	-	618,022	618,022	-
Extraordinary Special Education Costs Aid	100,000		100,000	236,601	136,601
Nonpublic School Transportation Costs				1,160	1,160
State Aid Advance - Loan				1,800,000	1,800,000
On-Behalf TPAF Contributions (Non-Budgeted)					
Pension Benefit Contribution				1,137,658	1,137,658
Pension - NCGI Premium				20,391	20,391
Post Retirement Medical Benefit Contribution				429,615	429,615
Long Term Disability Insurance				1,718	1,718
Reimbursed Social Security Contribution	-	-	-	412,834	412,834
Total State Revenues	1,447,038	-	1,447,038	5,387,015	3,939,977
Total Revenues	22,757,831	-	22,757,831	26,804,252	4,046,421
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Pre-K		\$ 50	50	50	-
Kindergarten	557,777	(159,984)	397,793	397,295	498
Grades 1-5	2,505,911	182,190	2,688,101	2,675,763	12,338
Grades 6-8	259,128	37,027	296,155	296,154	1
Regular Programs - Home Instruction					
Other Objects	100	-	100	-	100
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	62,572	15,733	78,305	77,604	701
Purchased Professional-Educational Services		154,781	154,781	147,936	6,845
Purchased Technical Services	164,640	(164,640)			-
Other Purchased Services	-	152	152	152	-
General Supplies	265,112	35,791	300,903	297,643	3,260
Textbooks	72,000	8,848	80,848	80,369	479
Other Objects	-	6,330	6,330	6,106	224
Total Regular Programs	3,887,240	116,278	4,003,518	3,979,072	24,446
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	792,289	(143,534)	648,755	611,011	37,744
Other Salaries for Instruction	-	284,318	284,318	207,497	76,821
General Supplies	750	-	750	-	750
Total Learning / Language Disabilities	793,039	140,784	933,823	818,508	115,315
Total Special Education	793,039	140,784	933,823	818,508	115,315
Basic Skills/Remedial					
Salaries of Teachers	65,870	(65,870)	-	-	-
Total Basic Skills/Remedial	65,870	(65,870)	-	-	-
Bilingual Education					
Salaries of Teachers	286,680	8,933	295,613	295,613	-
Total Bilingual Education	286,680	8,933	295,613	295,613	-

**EDGEWATER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
School Sponsored Co-Curricular Activities					
Salaries	\$ 10,131	\$ 13,464	\$ 23,595	\$ 23,595	-
Supplies and Materials	195	(195)	-	-	-
Total School Sponsored Co-Curricular Activities	10,326	13,269	23,595	23,595	-
Total - Instruction	5,043,155	213,394	5,256,549	5,116,788	\$ 139,761
Undistributed Expenditures					
Instruction (Tuition)					
Tuition - Other LEA's Within State - Regular	6,440,808	(527,381)	5,913,427	5,913,426	1
Tuition - Other LEA's Within State - Special	1,958,235	1,180,879	3,139,114	3,118,746	20,368
Tuition to County Special Services School Districts & Regional Day Schools	535,542	(61,262)	474,280	419,107	55,173
Tuition to Private Schools - Disabled Within State	204,108	644,951	849,059	792,725	56,334
Tuition - Other	50,340	(24,780)	25,560	25,560	-
Total Undistributed - Instruction (Tuition)	9,189,033	1,212,407	10,401,440	10,269,564	131,876
Attendance and Social Work Services					
Salaries	15,017	17,661	32,678	32,677	1
Other Purchases Services	4,811	7,557	12,368	12,368	-
Total Attendance and Social Work Services	19,828	25,218	45,046	45,045	1
Health Services					
Salaries	153,900	(29,332)	124,568	124,567	1
Purchased Professional and Technical Services	2,950	(464)	2,486	2,187	299
Other Purchases Services	4,080	-	4,080	1,310	2,770
Supplies and Materials	1,100	-	1,100	880	220
Total Health Services	162,030	(29,796)	132,234	128,944	3,290
Speech, OT, PT and Related Services					
Salaries	90,119	7,660	97,779	97,479	300
Purchased Professional - Educational Services	360,000	(47,059)	312,941	284,565	28,376
Total Speech, OT, PT and Related Services	450,119	(39,399)	410,720	382,044	28,676
Other Support Services-Students-Extra Services					
Salaries	2,150	(2,150)	-	-	-
Purchased Professional-Educational Services	90,000	183,161	273,161	273,161	-
Supplies and Materials	2,900	1,100	4,000	4,000	-
Total Other Support Services-Extra Services	95,050	182,111	277,161	277,161	-
Guidance					
Salaries of Other Professional Staff	60,278	43,060	103,338	95,533	7,805
Total Guidance	60,278	43,060	103,338	95,533	7,805
Child Study Team					
Salaries of Other Professional Staff	362,170	19,470	381,640	381,640	-
Salaries of Secretarial and Clerical Assistants	43,237	1,297	44,534	44,534	-
Accrued Vacation		9,778	9,778	9,778	-
Other Purchased Professional and Technical Services	48,000	26,569	74,569	65,729	8,840
Other Purchased Services	1,751	(1,467)	284	284	-
Supplies and Materials	6,249	(2,219)	4,030	4,030	-
Total Child Study Team	461,407	53,428	514,835	505,995	8,840

**EDGEWATER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 118,732	\$ 905	\$ 119,637	\$ 106,869	\$ 12,768
Supplies and Materials	<u>1,100</u>	<u>(150)</u>	<u>950</u>	<u>-</u>	<u>950</u>
Total Educational Media Services/School Library	<u>119,832</u>	<u>755</u>	<u>120,587</u>	<u>106,869</u>	<u>13,718</u>
Instructional Staff Training Services					
Salaries of Supervisor of Instruction	82,400	2,472	84,872	84,872	-
Purchased Professional-Educational Services	<u>-</u>	<u>225</u>	<u>225</u>	<u>150</u>	<u>75</u>
Total Instructional Staff Training Services	<u>82,400</u>	<u>2,697</u>	<u>85,097</u>	<u>85,022</u>	<u>75</u>
Support Services General Administration					
Salaries of Secretarial and Clerical Assistants	256,404	37,461	293,865	292,617	1,248
Salaries of State Fiscal Monitor	-	42,000	42,000	41,760	240
Legal Services	5,000	127,715	132,715	130,949	1,766
Audit Fees	21,200	68,800	90,000	35,000	55,000
Purchased Technical Services	500	14,428	14,928	6,928	8,000
Communications/Telephone	40,000	21,140	61,140	57,847	3,293
BOE Other Purchased Services	1,051	(225)	826	750	76
General Supplies	1,000	1,849	2,849	2,848	1
BOE In-House Training/Meeting Sup	3,300	(3,300)	-	-	-
Miscellaneous Expenditures	6,500	5,610	12,110	10,841	1,269
BOE Membership Dues and Fees	<u>7,700</u>	<u>860</u>	<u>8,560</u>	<u>8,558</u>	<u>2</u>
Total Support Services General Administration	<u>342,655</u>	<u>316,338</u>	<u>658,993</u>	<u>588,098</u>	<u>70,895</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	258,355	7,751	266,106	266,106	-
Salaries of Secretarial and Clerical Assistants	114,911	(21,264)	93,647	91,488	2,159
Supplies and Materials	3,000	(801)	2,199	973	1,226
Other Objects	<u>1,050</u>	<u>-</u>	<u>1,050</u>	<u>881</u>	<u>169</u>
Total Support Services School Administration	<u>377,316</u>	<u>(14,314)</u>	<u>363,002</u>	<u>359,448</u>	<u>3,554</u>
Central Services					
Salaries	282,237	14,181	296,418	296,378	40
Vacation Day Payout	-	19,481	19,481	19,481	-
Purchased Professional Services	15,000	13,181	28,181	26,736	1,445
Supplies and Materials	850	-	850	820	30
Miscellaneous Expenditures	<u>2,000</u>	<u>1,265</u>	<u>3,265</u>	<u>2,464</u>	<u>801</u>
Total Central Services	<u>300,087</u>	<u>48,108</u>	<u>348,195</u>	<u>345,879</u>	<u>2,316</u>
Administration Information Technology					
Other Purchased Services	4,400	-	4,400	2,245	2,155
Supplies and Materials	2,100	(1,785)	315	300	15
Other Objects	<u>2,000</u>	<u>(750)</u>	<u>1,250</u>	<u>214</u>	<u>1,036</u>
Total Administration Information Technology	<u>8,500</u>	<u>(2,535)</u>	<u>5,965</u>	<u>2,759</u>	<u>3,206</u>
Required Maintenance for School Facilities					
Salaries	203,414	(1,623)	201,791	201,206	585
Cleaning, Repair & Maintenance Services	112,589	25,954	138,543	203,342	(64,799)
General Supplies	44,000	(24,192)	19,808	19,808	-
Other Objects	<u>34,418</u>	<u>(34,418)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Required Maintenance for School Facilities	<u>394,421</u>	<u>(34,279)</u>	<u>360,142</u>	<u>424,356</u>	<u>(64,214)</u>

**EDGEWATER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Custodial Services					
Salaries	\$ 371,319	\$ (24,090)	\$ 347,229	\$ 344,086	\$ 3,143
Cleaning, Repair and Maintenance Services	81,500	(36,819)	44,681	29,148	15,533
Other Purchased Property Services	24,000	(3,670)	20,330	20,330	-
Insurance	124,419	(47,673)	76,746	76,746	-
General Supplies	40,000	63,630	103,630	43,182	60,448
Energy (Natural Gas)	156,066	(4,660)	151,406	151,406	-
Energy (Electricity)	58,242	46,589	104,831	104,006	825
Other Objects	45,800	(44,100)	1,700	1,700	-
Total Custodial Services	901,346	(50,793)	850,553	770,604	79,949
Security					
Purchased Professional and Technical Services	-	3,600	3,600	3,600	-
General Supplies	-	157	157	157	-
Other Objects	-	7,862	7,862	7,861	1
Total Security	-	11,619	11,619	11,618	1
Student Transportation Services					
Salaries of Non-Instructional Aides	37,577	(10,122)	27,455	27,455	-
Salaries for Pupil Transportation (Between Home and School) - Regular	113,415	(13,815)	99,600	95,741	3,859
Other Purchased Prof. and Technical Serv	3,500	2,085	5,585	5,585	-
Lease Purchase Payments - School Buses	50,000	7,213	57,213	57,213	-
Contracted Serv. - Aid in Lieu Pymts NonPub School	120,640	(49,717)	70,923	70,923	-
Contracted Serv (Bet Home an School) Joint Agreements	314,850	528,355	843,205	653,697	189,508
Contracted Serv (Sp Ed. Students) ESCs & CTSAs	1,002,843	(412,839)	590,004	515,924	74,080
Miscellaneous Purchased Services - Transportation	26,354	98,001	124,355	124,355	-
Transportation Supplies	6,310	2,337	8,647	5,239	3,408
Total Student Transportation Services	1,675,489	151,498	1,826,987	1,556,132	270,855
Unallocated Benefits					
Social Security Contributions	162,212	37,968	200,180	196,982	3,198
Other Retirement Contributions - PERS	130,794	(16,400)	114,394	114,394	-
Other Retirement Contributions - DCRP	-	27,378	27,378	27,378	-
Unemployment Compensation	48,972	(20,000)	28,972	42,505	(13,533)
Workmen's Compensation	75,472	21,524	96,996	96,996	-
Health Benefits	2,575,888	(385,314)	2,190,574	2,037,207	153,367
Tuition Reimbursement	18,000	(2,331)	15,669	11,422	4,247
Other Employee Benefits	35,404	(6,917)	28,487	99,089	(70,602)
Unused Sick Payment to Terminated/Retired Staff	-	23,680	23,680	23,680	-
Total Unallocated Benefits	3,046,742	(320,412)	2,726,330	2,649,653	76,677
On Behalf TPAF Contributions (Non Budgeted)					
Pension Benefit Contribution	-	-	-	1,137,658	(1,137,658)
Pension -NCGI Premium	-	-	-	20,391	(20,391)
Post Retirement Medical Benefit Contribution	-	-	-	429,615	(429,615)
Long Term Disability Insurance	-	-	-	1,718	(1,718)
Reimbursed Social Security Contribution	-	-	-	412,834	(412,834)
Total On-Behalf Contributions	-	-	-	2,002,216	(2,002,216)
Total Undistributed Expenditures	17,686,533	1,555,711	19,242,244	20,606,940	(1,364,696)
Interest on Maintenance Reserve	100	-	100	-	100
Total Expenditures - Current Expenditures	22,729,788	1,769,105	24,498,893	25,723,728	(1,224,835)

**EDGEWATER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures - Required Maintenance for School Facilities	-	\$ 67,140	\$ 67,140	-	\$ 67,140
Total Equipment	-	67,140	67,140	-	67,140
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	\$ 27,043	-	27,043	\$ 27,043	-
Total Facilities Acquisition and Construction Services	27,043	-	27,043	27,043	-
Interest on Capital Reserve	1,000	-	1,000	-	1,000
Total Capital Outlay	28,043	67,140	95,183	27,043	68,140
Total Expenditures	22,757,831	1,836,245	24,594,076	25,750,771	(1,156,695)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,836,245)	(1,836,245)	1,053,481	2,889,726
Other Financing Sources/(Uses)					
Transfers In - Capital Projects Fund				13	13
Transfers Out -Preschool Enterprise Fund	-	(15,200)	(15,200)	(2,885)	12,315
Total Other Financing Sources/(Uses)	-	(15,200)	(15,200)	(2,872)	12,328
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	-	(1,851,445)	(1,851,445)	1,050,609	\$ 2,902,054
Fund Balances Beginning of Year	1,323,637	-	1,323,637	1,323,637	-
Fund Balances, End of Year	\$ 1,323,637	\$ (1,851,445)	\$ (527,808)	\$ 2,374,246	\$ 2,902,054
Recapitulation					
Restricted					
Capital Reserve				\$ 1,185,018	
Maintenance Reserve				65,010	
Tuition Reserve				44,000	
Assigned					
Year End Encumbrances				586,185	
Unassigned				494,033	
Fund Balance Per State Budgetary Basis of Accounting				2,374,246	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid Revenue Not Recognized on GAAP Basis				(346,257)	
Fund Balance Per Governmental Funds (GAAP)				\$ 2,027,989	

**EDGEWATER BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 26,660	\$ 1,146	\$ 27,806	\$ 18,910	\$ (8,896)
Federal	287,342	202,051	489,393	486,911	(2,482)
Local Sources					
Miscellaneous	-	21,502	21,502	21,502	-
Total Revenues	<u>314,002</u>	<u>224,699</u>	<u>538,701</u>	<u>527,323</u>	<u>(11,378)</u>
EXPENDITURES					
Instruction					
Salaries	146,263	(3,806)	142,457	142,457	-
Tuition	110,101	101,626	211,727	211,727	-
Purchased Professional / Educational Services		7,628	7,628	7,628	-
Other Purchased Services	11,567	9,584	21,151	12,896	8,255
General Supplies	43,709	23,553	67,262	66,487	775
Textbooks	922	185	1,107	927	180
Miscellaneous	-	11,236	11,236	11,236	-
Total Instruction	<u>312,562</u>	<u>150,006</u>	<u>462,568</u>	<u>453,358</u>	<u>9,210</u>
Support Services					
Purchased Professional / Technical Services	-	23,530	23,530	22,877	653
Other Purchased Services	-	300	300	300	-
Supplies and Materials	1,440	529	1,969	1,901	68
Other Objects	-	4,481	4,481	3,034	1,447
Total Support Services	<u>1,440</u>	<u>28,840</u>	<u>30,280</u>	<u>28,112</u>	<u>2,168</u>
Unallocated Employee Benefits	-	45,853	45,853	45,853	-
Total Expenditures	<u>314,002</u>	<u>224,699</u>	<u>538,701</u>	<u>527,323</u>	<u>11,378</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

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, 2020**

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 26,804,252	\$ 527,323
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2019-2020)	(346,257)	(1,231)
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2018-2019)	70,040	3,641
State Aid Advance Loan recognized for budgetary purposes, not recognized as revenues for GAAP Statements	(1,800,000)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2020	<u>-</u>	<u>(5,717)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 24,728,035</u>	<u>\$ 524,016</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 25,750,771	\$ 527,323
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, 2020	<u>-</u>	<u>(5,717)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 25,750,771</u>	<u>\$ 521,606</u>

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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 Seven Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	.01170%	.01058%	.00975%	.01197%	.01232%	.01454%	.01202%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 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	\$ 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	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	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 Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 113,771	\$ 105,219	\$ 90,282	\$ 106,298	\$ 105,938	\$ 119,870	\$ 90,563
Contributions in Relation to the Contractually Required Contribution	113,771	105,219	90,282	106,298	105,938	119,870	90,563
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 861,326	\$ 890,087	\$ 820,083	\$ 746,127	\$ 737,906	\$ 1,004,832	\$ 907,290
Contributions as a Percentage of Covered-Employee Payroll	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 Seven Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0%		0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ 29,977,352	\$ 30,963,346	\$ 30,679,796	Not Available	\$ 23,946,788	\$ 18,635,646	\$ 16,625,166
Total	\$ 29,977,352	\$ 30,963,346	\$ 30,679,796	\$ -	\$ 23,946,788	\$ 18,635,646	\$ 16,625,166
District's Covered Payroll	\$ 5,749,218	\$ 5,699,662	\$ 5,459,922	\$ 5,085,378	\$ 5,058,574	\$ 5,129,256	\$ 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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2020**

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 Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 897,167	\$ 982,776	\$ 1,190,596
Interest on Total OPEB Liability	622,784	660,837	566,356
Differences Between Expected and Actual Experience	(2,032,079)	(1,738,670)	-
Changes of Assumptions	218,902	(1,768,606)	(2,566,421)
Gross Benefit Payments	(450,677)	(412,112)	(409,357)
Contribution from the Member	<u>13,359</u>	<u>14,243</u>	<u>15,074</u>
Net Change in Total OPEB Liability	(730,544)	(2,261,532)	(1,203,752)
Total OPEB Liability - Beginning	<u>\$ 15,412,014</u>	<u>\$ 17,673,546</u>	<u>18,877,298</u>
Total OPEB Liability - Ending	<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>14,681,470</u>	<u>15,412,014</u>	<u>17,673,546</u>
Total OPEB Liability - Ending	<u>\$ 14,681,470</u>	<u>\$ 15,412,014</u>	<u>\$ 17,673,546</u>
 District's Covered Payroll	 \$ 6,639,305	 \$ 6,519,745	 \$ 6,206,049
 District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	 221.13%	 236.39%	 284.78%

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, 2020**

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

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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, 2020**

	ESEA Title I	ESEA Title IIA	ESEA Title III	ESEA Title IV	IDEA Basic	IDEA Preschool	(Exhibit) E-1a	Total 2020
REVENUES								
Intergovernmental								
State	\$ 204,683	\$ 20,998	\$ 28,444	\$ 12,431	\$ 212,727	\$ 7,628	\$ 18,910	\$ 18,910
Federal	-	-	-	-	-	-	-	486,911
Other Sources	-	-	-	-	-	-	21,502	21,502
Total Revenues	\$ 204,683	\$ 20,998	\$ 28,444	\$ 12,431	\$ 212,727	\$ 7,628	\$ 40,412	\$ 527,323
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 130,142				\$ 211,727	\$ 7,628	\$ 12,315	\$ 142,457
Tuition								211,727
Purchased Professional and Technical Services								7,628
Other Purchased Services								12,896
General Supplies	28,991		\$ 27,165	\$ 9,630			12,896	66,487
Textbooks							701	927
Miscellaneous	-	-	-	-	-	-	11,236	11,236
Total Instruction	159,133	-	27,165	9,630	211,727	7,628	38,075	453,358
Support Services								
Personnel Services - Employee Benefits	45,550						303	45,853
Purchased Professional/Technical Services	\$ 20,998		979	900			-	22,877
Other Purchased Services			300					300
Supplies and Materials	-	-	-	1,901			-	1,901
Other Objects	-	-	-	-	1,000		2,034	3,034
Total Support Services	45,550	20,998	1,279	2,801	1,000	-	2,337	73,965
Total Expenditures	\$ 204,683	\$ 20,998	\$ 28,444	\$ 12,431	\$ 212,727	\$ 7,628	\$ 40,412	\$ 527,323

EDGEWATER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Local Grants	Preschool Education	Compensatory Education	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Security	Nonpublic Technology	Total Exhibit E-1a
REVENUES								
Intergovernmental								
State	\$	12,315	\$	1,089	\$	927	\$	2,246
Federal								
Other Sources	\$	21,502						
Total Revenues	\$	21,502	\$	1,089	\$	927	\$	2,246
EXPENDITURES								
Instruction								
Salaries of Teachers	\$	12,315						
Tuition								
Purchased Professional and Technical Services								
Other Purchased Services	9,561		1,089					
General Supplies	402							
Textbooks						927		
Miscellaneous	11,236							
Total Instruction	21,199	12,315	1,089	927		2,246	299	38,075
Support Services								
Salaries	303							
Personnel Services - Employee Benefits								
Purchased Professional / Technical Services								
Other Purchased Services								
Supplies and Materials								
Other Objects								
Total Expenditures	\$	21,502	\$	1,089	\$	927	\$	2,246

**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, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 12,315	-	\$ 12,315	\$ 12,315	\$ -
Total Instruction	12,315	-	12,315	12,315	-
Total Expenditures	\$ 12,315	\$ -	\$ 12,315	\$ 12,315	\$ -

Calculation of Budget Carryover

Total revised 2019-2020 Preschool Education Aid Allocation	\$ 12,315
Actual Preschool Education Aid Carryover (June 30, 2019)	-
Total Preschool Ed. Aid Funds Available for 2019-2020 Budget	12,315
Less: 2019-2020 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	12,315
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2020	-
Add: June 30, 2020 Unexpended Preschool Education Aid	-
2019-2020 C/O - Preschool Education Aid Programs	\$ -
2019-20 Preschool Education Aid C/O Budgeted in 2020-2021	\$ -

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CAPITAL PROJECTS FUND

**EDGEWATER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance June 30, 2020</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	415,381			26,119
Acquisition of Equipment (Capital Lease)	<u>\$ 4,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,245</u>
	<u>\$ 29,173,745</u>	<u>\$ 29,090,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,928</u>
<u>Recapitulation to GAAP</u>					
Project Balance, June 30, 2020					\$ 82,928
Less: Unearned SDA Grants Revenue					<u>(10,346)</u>
Fund Balance, June 30, 2020 - GAAP Basis					<u>\$ 72,582</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, 2020**

Revenues and Other Financing Sources

Revenues:

Miscellaneous-Interest on Investments	\$ 18
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Total Revenues and Other Financing sources	18
--	----

Expenditures and Other Financing Uses

Other Financing Uses:

Transfer to General Fund	13
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Total Expenditures and Other Financing Uses	13
---	----

Excess of Revenues and Other Financing Sources

Over Expenditures and Other Financing Uses	5
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Fund Balance, Beginning of Year (Restated)	82,923
--	--------

Fund Balance, End of Year	\$ 82,928
---------------------------	-----------

Reconciliation to GAAP

Fund Balance, June 30, 2020 - Budgetary Basis (Restated)	\$ 82,928
--	-----------

Less: Difference in Grants Revenue Recognized	\$ (10,346)
---	-------------

Fund Balance, June 30, 2020 - GAAP Basis	\$ 72,582
--	-----------

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, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 28,728,000	-	\$ 28,728,000	\$ 28,728,400
Total Revenues and Other Financing Sources	28,728,000	-	28,728,000	28,728,400
Expenditures				
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	28,675,436	-	28,675,436	28,728,400
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 52,564	\$ -	\$ 52,564	\$ -

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, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 176,500		\$ 176,500	\$ 176,500
From Capital Reserve Transfers	<u>265,000</u>	<u>-</u>	<u>265,000</u>	<u>265,000</u>
Total Revenues and Other Financing Sources	<u>441,500</u>	<u>-</u>	<u>441,500</u>	<u>441,500</u>
Expenditures				
Architectural / Engineering Services	15,190		15,190	30,000
Legal Services	4,223		4,223	10,000
Construction Services	<u>395,968</u>	<u>-</u>	<u>395,968</u>	<u>401,500</u>
Total Expenditures	<u>415,381</u>	<u>-</u>	<u>415,381</u>	<u>441,500</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 26,119</u>	<u>\$ -</u>	<u>\$ 26,119</u>	<u>\$ -</u>

Additional project information:

Project Number	1270-050-14-1008-G04
Grant Date	1/6/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 441,500
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	Not Readily Available

PROPRIETARY FUNDS

**EDGEWATER BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

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FIDUCIARY FUNDS

AGENCY FUNDS

**EDGEWATER BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2020**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 42,700	\$ 331,325	\$ 374,025
Due from Other Funds	<u>-</u>	<u>113,107</u>	<u>113,107</u>
Total Assets	<u>\$ 42,700</u>	<u>\$ 444,432</u>	<u>\$ 487,132</u>
LIABILITIES			
Due to Student Groups	\$ 42,700		\$ 42,700
Payroll Deductions and Withholdings		\$ 200,704	200,704
Accrued Salaries and Wages		4,000	4,000
Summer Savings Deposits	<u>-</u>	<u>239,728</u>	<u>239,728</u>
Total Liabilities	<u>\$ 42,700</u>	<u>\$ 444,432</u>	<u>\$ 487,132</u>

EDGEWATER BOARD OF EDUCATION
FIDUCIARY FUNDS
NONEXPENDABLE TRUST FUND
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOT APPLICABLE

AGENCY FUNDS
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Balance, July 1, <u>2019</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2020</u>
Elementary Schools:				
Eleanor Van Gelder	\$ 10,512	\$ 37,458	\$ 15,866	\$ 32,104
George Washington	<u>6,836</u>	<u>4,000</u>	<u>240</u>	<u>10,596</u>
	<u>\$ 17,348</u>	<u>\$ 41,458</u>	<u>\$ 16,106</u>	<u>\$ 42,700</u>

**EDGEWATER BOARD OF EDUCATION
AGENCY FUNDS
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Balance, July 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2020</u>
ASSETS				
Cash	\$ 260,910	\$ 8,952,150	\$ 8,881,735	\$ 331,325
Due from Other Funds	<u>57,489</u>	<u>55,618</u>	<u>-</u>	<u>113,107</u>
Total Assets	<u>\$ 318,399</u>	<u>\$ 9,007,768</u>	<u>\$ 8,881,735</u>	<u>\$ 444,432</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 57,489	\$ 3,908,513	\$ 3,765,298	\$ 200,704
Accrued Salaries and Wages	4,000	4,804,336	4,804,336	4,000
Summer Savings Deposits	<u>256,910</u>	<u>239,304</u>	<u>256,486</u>	<u>239,728</u>
Total Liabilities	<u>\$ 318,399</u>	<u>\$ 8,952,153</u>	<u>\$ 8,826,120</u>	<u>\$ 444,432</u>

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LONG-TERM DEBT

EDGEWATER BOARD OF EDUCATION
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
School Improvement Bonds	5/20/2010	\$ 28,728,000				\$ 465,000		\$ 465,000	\$ -
Refunding Schools Bonds	3/1/2013	3,080,000	9/1/2020	\$ 370,000	4.000				
			9/1/2021	375,000	4.000				
			9/1/2022	375,000	4.000	1,480,000		360,000	\$ 1,120,000
Refunding Schools Bonds	8/1/2017	26,565,000	9/1/2021	510,000	4.000				
			9/1/2022	535,000	4.000				
			9/1/2023	570,000	4.000				
			9/1/2024	1,020,000	4.000				
			9/1/2025	1,070,000	4.000				
			9/1/2026	1,120,000	4.000				
			9/1/2027	1,170,000	4.000				
			9/1/2028	1,220,000	4.000				
			9/1/2029	1,265,000	4.000				
			9/1/2030	1,325,000	4.000				
			9/1/2031	1,380,000	3.000				
			9/1/2032	1,425,000	4.000				
			9/1/2033	1,480,000	3.000				
			9/1/2034	1,530,000	4.000				
			9/1/2035	1,590,000	3.125				
			9/1/2036	1,640,000	4.000				
			9/1/2037	1,705,000	4.000				
			9/1/2038	1,775,000	4.000				
			9/1/2039	1,840,000	4.000				
			9/1/2040	1,910,000	4.000				
						26,100,000	-	20,000	26,080,000
						<u>\$ 28,045,000</u>	<u>\$ -</u>	<u>\$ 845,000</u>	<u>\$ 27,200,000</u>
						Paid by Budget		<u>\$ 845,000</u>	

**EDGEWATER BOARD OF EDUCATION
SCHEDULE OF CAPITAL LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Amount of Original Issue	Interest Rate	Balance, July 1, 2019 (Restated)	Issued	Retired	Balance, June 30, 2020
<u>Capital Leases</u>						
2017 School Bus Lease	160,000	2.740%	\$ 96,391	\$	31,255	\$ 65,136
2018 School Bus Lease	100,000	3.800%	78,760	-	18,595	60,165
Total			\$ 175,151	\$ -	\$ 49,850	\$ 125,301
				Paid by Budget Appropriation	\$ 49,850	

**EDGEWATER BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,785,944		\$ 1,785,944	\$ 1,785,944	
State Sources					
Debt Service State Aid	<u>55,675</u>	<u>-</u>	<u>55,675</u>	<u>55,675</u>	<u>-</u>
Total Revenues	<u>1,841,619</u>	<u>-</u>	<u>1,841,619</u>	<u>1,841,619</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	845,000		845,000	845,000	-
Interest	<u>1,070,088</u>	<u>-</u>	<u>1,070,088</u>	<u>1,070,088</u>	<u>-</u>
Total Expenditures	<u>1,915,088</u>	<u>-</u>	<u>1,915,088</u>	<u>1,915,088</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,469)	-	(73,469)	(73,469)	-
Net Change in Fund Balances					-
Fund Balance, Beginning of Year	<u>73,469</u>	<u>-</u>	<u>73,469</u>	<u>73,469</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									(Restated)	
Governmental activities										
Net Investment in Capital Assets	\$ 5,518,375	\$ 5,857,262	\$ 5,585,748	\$ 5,201,403	\$ 776,791	\$ 17,074	\$ 1,390,349	\$ 1,264,330	\$ (1,033,289)	\$ (1,129,607)
Restricted	26,012,480	6,988,746	2,944,373	2,762,562	1,853,943	1,486,751			1,191,351	1,314,046
Unrestricted	(22,537,284)	(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)
Total governmental activities net position	\$ 8,993,571	\$ 8,816,087	\$ 8,216,652	\$ 7,790,582	\$ 600,505	\$ (1,249,313)	\$ (2,067,320)	\$ (4,148,716)	\$ (2,966,872)	\$ (4,095,829)
Business-type activities										
Net Investment in Capital Assets	\$ 2,263	\$ 2,047	\$ 1,831	\$ 1,615	\$ 1,399	\$ 1,183	\$ 967	\$ 751	\$ 69,931	\$ 61,306
Unrestricted	60,851	81,162	322,601	390,106	577,270	544,044	397,358	98,909	(11,496)	103,985
Total business-type activities net position	\$ 63,114	\$ 83,209	\$ 324,432	\$ 391,721	\$ 578,669	\$ 545,227	\$ 398,325	\$ 99,660	\$ 58,435	\$ 165,291
District-wide										
Net Investment in Capital Assets	\$ 5,520,638	\$ 5,859,309	\$ 5,587,579	\$ 5,203,018	\$ 778,190	\$ 18,257	\$ 967	\$ 751	\$ (963,358)	\$ (1,068,301)
Restricted	26,012,480	6,988,746	2,944,373	2,762,562	1,853,943	1,486,751	1,390,349	1,264,330	1,191,351	1,314,046
Unrestricted	(22,476,433)	(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)
Total district net position	\$ 9,056,685	\$ 8,895,296	\$ 8,541,084	\$ 8,182,303	\$ 1,179,174	\$ (704,086)	\$ (1,668,995)	\$ (4,049,056)	\$ (2,908,437)	\$ (3,930,538)

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 3,422,408	\$ 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
Special Education	440,727	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
Other Instruction	502,098	432,766	412,523	371,600	498,542	348,981	310,137	512,939	495,992	600,927
School Sponsored Activities and Athletics	51,608	40,843		2,277	22,176	29,214	27,552	25,806	21,317	39,804
Support Services:										
Tuition	5,804,159	6,395,141	6,472,243	6,824,783	6,956,574	7,721,550	8,628,019	8,169,206	-	-
Student & Instruction Related Services	1,372,698	1,403,583	1,294,741	1,161,145	1,498,292	1,665,152	2,348,533	2,354,975	2,393,553	2,552,812
General Administrative Services	306,579	210,194	259,404	439,263	448,325	607,331	521,285	636,341	737,194	887,928
School Administrative Services	203,485	180,058	272,105	542,323	561,341	497,295	507,355	659,510	628,189	672,686
Central Administrative Services	283,399	313,520	379,909	385,104	378,193	363,084	406,665	590,283	555,650	585,120
Administrative Information Technology	98,598	89,455	112,826	12,778	12,698	6,050	-	-	-	-
Plant Operations and Maintenance	695,498	625,558	1,113,816	1,134,938	1,367,696	1,253,568	1,585,199	1,618,067	1,801,560	1,581,195
Pupil Transportation	929,443	989,317	1,048,643	1,351,962	1,448,681	1,506,819	1,692,283	1,934,947	1,829,109	1,585,252
Special Schools		20,466		17,467	5,333					
Transfer of Funds to Charter Schools	78,454	38,042	22,431	8,867						
State Assessment on EDA Grants	21,974	12,779	17,538	27,043	25,912	27,043				
Interest on Long Term Debt	1224989	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
Unallocated Depreciation	257,290	271,113	1,011,514	1,044,345	5,257,189	1,032,360				
Total Governmental Activities Expenses	15,711,542	16,523,204	18,321,470	19,899,294	25,747,352	22,783,528	25,040,604	29,265,145	27,066,758	29,206,282
Business-Type Activities:										
Food Service	176,593	207,522	254,786	264,873	280,095	276,209	568,781	380,658	364,472	199,778
Preschool Program			395,312	529,723	352,633	435,235	309,392	737,487	545,602	376,063
Total Business-Type Activities Expense	176,593	207,522	650,098	794,596	632,728	711,444	878,173	1,118,145	910,074	575,841
Total District Expenses	\$ 15,888,135	\$ 16,730,726	\$ 18,971,568	\$ 20,693,890	\$ 26,380,080	\$ 23,494,972	\$ 25,918,777	\$ 30,383,290	\$ 27,976,832	\$ 29,782,123
Program Revenues										
Governmental Activities:										
Charges for Services										
Operating Grants and Contributions	791,842	846,298	948,260	879,193	1,101,691	881,472	1,049,682	763,994	554,863	4,852,445
Capital Grants and Contributions						264,517	29,336			
Total Governmental Activities Program Revenues	791,842	846,298	948,260	879,193	1,101,691	1,145,989	1,079,018	763,994	554,863	4,852,445

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-Type Activities:										
Charges for Services										
Food Service	\$ 130,444	\$ 147,321	\$ 156,168	\$ 188,117	\$ 202,868	\$ 202,651	\$ 433,800	\$ 227,309	\$ 231,249	\$ 157,751
Preschool Program			654,072	579,600	493,177	361,600	202,969	489,950	547,625	448,303
Operating Grants and Contributions	57,760	80,225	81,006	93,789	123,045	112,773	94,502	95,788	98,105	72,083
Capital Grants and Contributions										
Total Business-Type Activities Program Revenues	188,204	227,546	891,246	861,506	819,090	677,024	731,271	813,047	876,979	678,137
Total District Program Revenues	\$ 980,046	\$ 1,071,844	\$ 1,839,506	\$ 1,740,699	\$ 1,920,781	\$ 1,823,013	\$ 1,810,289	\$ 1,577,041	\$ 1,431,842	\$ 5,530,582
Net (Expense)/Revenue										
Governmental Activities	\$ (14,919,700)	\$ (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)
Business-Type Activities	11,611	20,024	241,148	66,910	186,362	(34,420)	(146,902)	(305,098)	(33,095)	102,296
Total District-Wide Net Expense	\$ (14,908,089)	\$ (15,656,882)	\$ (17,132,062)	\$ (18,953,191)	\$ (24,459,299)	\$ (21,671,959)	\$ (24,108,488)	\$ (28,806,249)	\$ (26,544,990)	\$ (24,251,541)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 12,154,377	\$ 12,739,891	\$ 14,254,469	\$ 15,632,668	\$ 16,582,328	\$ 18,153,303	\$ 18,695,192	\$ 19,069,096	\$ 19,775,600	\$ 21,261,797
Property Taxes Levied for Debt Service	2,392,641	1,854,451	1,067,270	1,731,143	1,878,556	1,878,700	1,888,284	1,888,578	1,850,425	1,785,944
Unrestricted Federal and State Aid	508,663	898,850	1,249,592	1,064,077	1,156,921	1,118,630	2,513,303	5,348,605	4,711,682	24,566
Interest and Miscellaneous Income	227,054	72,433	202,444	166,140	134,915	359,665	46,800	113,476	245,833	155,458
Unrecorded Prior Year Expenditures		(45,959)								
Cancellation of Grants Receivable	(75,275)									
Transfers		(20,240)								(2,885)
Total Governmental Activities	15,207,460	15,499,426	16,773,775	18,594,028	19,752,720	21,510,298	23,143,579	26,419,755	26,583,540	23,224,880
Business-Type Activities:										
Investment Earnings	70	71	75	380	587	979	-	6,433	3,349	1,675
Transfers										2,885
Total Business-Type Activities	70	71	75	380	587	979	-	6,433	3,349	4,560
Total District-Wide General Revenues and Other Changes in Net Position	\$ 15,207,530	\$ 15,499,497	\$ 16,773,850	\$ 18,594,408	\$ 19,753,307	\$ 21,511,277	\$ 23,143,579	\$ 26,426,188	\$ 26,586,889	\$ 23,229,440
Change in Net Position										
Governmental Activities	\$ 287,760	\$ (177,480)	\$ (599,435)	\$ (426,073)	\$ (4,892,941)	\$ (127,241)	\$ (818,007)	\$ (2,081,396)	\$ 71,645	\$ (1,128,957)
Business-Type Activities	11,681	20,095	241,223	67,290	186,949	(33,441)	(146,902)	(298,665)	(29,746)	106,856
Total District Change in Net Position	\$ 299,441	\$ (157,385)	\$ (358,212)	\$ (358,783)	\$ TaurusTaurusT	\$ (160,682)	\$ (964,909)	\$ (2,380,061)	\$ 41,899	\$ (1,022,101)

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

	As of June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019 (Restated)	2020
General Fund										
Restricted	\$ 2,480,182	\$ 1,874,038	\$ 2,305,131	\$ 2,423,454	\$ 1,801,377	\$ 1,326,957	\$ 1,322,011	\$ 1,122,523	\$ 1,087,523	\$ 1,294,028
Assigned						7,768	12,104	6,479	6,479	586,185
Unassigned	451,141	513,081	421,614	291,136	326,673	408,806	200,271	155,311	159,595	147,776
Total General Fund	\$ 2,931,323	\$ 2,387,119	\$ 2,726,745	\$ 2,714,590	\$ 2,128,050	\$ 1,743,531	\$ 1,534,386	\$ 1,284,313	\$ 1,253,597	\$ 2,027,989
All Other Governmental Funds										
Restricted for:										
Capital Projects Fund	\$ 23,807,614	\$ 4,229,338	\$ 725,563	\$ 339,108	\$ 52,566	\$ 152,025	\$ 68,337	\$ 68,337	\$ 72,577	\$ 72,582
Debt Service Fund	753,681	890,931	137,249			1	1	73,470	73,469	-
Unassigned (Deficit), Reported in:										
Special Revenue Fund	(1,328)	#				#	(2,251)	#	(3,641)	(1,231)
Total all other governmental funds	\$ 24,559,967	\$ 5,114,708	\$ 862,812	\$ 339,108	\$ 52,566	\$ 152,026	\$ 66,087	\$ 140,213	\$ 142,405	\$ 71,351

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 14,547,018	\$ 14,594,342	\$ 15,321,739	\$ 17,363,811	\$ 18,460,884	\$ 20,032,003	\$ 20,583,476	\$ 20,957,674	\$ 21,626,025	\$ 23,047,741
Interest Earnings	2,107	1,162	983	638	3,363	4,035	88	16,140	29,804	23,118
Miscellaneous	224,947	71,271	91,461	167,145	131,552	355,630	46,712	97,336	216,029	153,842
State Sources	1,070,741	1,488,599	1,999,152	1,772,050	2,012,841	1,747,057	3,114,859	3,189,381	3,294,882	3,387,793
Federal Sources	229,764	256,548	198,699	169,579	245,772	517,562	475,211	483,985	514,648	481,194
Total revenue	16,074,577	16,411,922	17,612,034	19,473,223	20,854,412	22,656,287	24,220,346	24,744,516	25,681,388	27,093,688
Expenditures										
Instruction										
Regular Instruction	2,554,507	2,568,775	2,785,103	2,869,575	3,455,434	3,715,804	4,257,917	4,314,327	4,299,727	12,513,364
Special Education Instruction	319,472	390,467	494,014	925,445	760,330	1,237,052	825,386	944,580	1,062,722	5,879,904
Other Instruction	362,812	301,240	283,047	257,317	343,610	253,286	202,252	262,092	277,649	516,994
School Sponsored Activities and Athletics	37,238	28,613		1,575	15,285	21,287	18,034	13,697	11,933	36,107
Support Services:										
Instruction - Tuition	5,804,159	6,395,141	6,472,243	6,824,783	6,956,574	7,721,550	8,628,019	8,169,206	8,249,135	2,286,208
Student & Inst. Related Services	1,146,240	1,095,584	1,048,576	960,578	1,190,105	1,368,861	1,898,686	1,584,174	1,663,144	813,948
General Administrative Services	272,296	176,329	222,763	375,538	381,498	524,946	365,651	379,775	475,552	582,793
School Administrative Services	148,041	126,250	187,786	376,710	388,199	362,218	322,933	340,354	354,787	525,858
Central Administrative Services	211,917	223,365	267,408	275,941	276,972	282,140	278,403	316,722	323,944	-
Administrative Information Technology	77,318	66,052	108,061	12,778	11,219	6,050	4,555	6,436	6,198	1,495,740
Plant Operations and Maintenance	617,579	527,239	912,007	961,416	1,146,169	1,064,200	1,065,448	1,012,835	1,203,323	1,565,945
Pupil Transportation	896,193	955,617	1,020,663	1,298,761	1,431,702	1,494,738	1,466,841	1,659,064	1,599,085	-
Unallocated Benefits	1,635,813	1,956,309	2,141,430	2,380,351	2,799,533	2,301,158	3,064,896	3,828,869	4,245,597	-
Special Schools	13,050	14,251		12,080	3,675					
Transfer to Charter Schools	78,454	38,042	22,431	8,867						
Capital Outlay	4,816,356	19,487,006	3,631,813	519,289	601,272	621,339	100,383	186,258	27,043	
Debt Service										
Principal	587,000	610,000	630,000	660,000	700,000	720,000	750,000	1,220,000	815,000	894,850
Interest	1,129,117	1,374,926	1,296,958	1,288,079	1,265,917	1,246,717	1,226,342	682,074	1,099,313	1,075,754
Total Governmental Fund Expenditures	20,707,562	36,335,186	21,524,303	20,009,083	21,727,494	22,941,346	24,475,746	25,101,771	25,714,152	28,187,465
Excess (Deficiency) of revenues over (under) expenditures	(4,632,985)	(19,923,264)	(3,912,269)	(535,860)	(873,082)	(285,059)	(255,400)	(357,255)	(32,764)	(1,093,777)

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing sources (uses)										
Transfers In	49,147									
Transfers Out	(49,147)	(20,240)	2,980	637	117	265,057	88	293	33	13
State Aid Advance Loan			(2,980)	(637)	(117)	(265,057)	(88)	(293)	(33)	(2,898)
Cancellation of Grant Receivables and Payables	(75,275)	(45,959)					(39,684)			1,800,000
Unrecorded Prior Year Expenditures								(28,260,478)		
Payment to Refunding Bond Escrow Agent								1,876,786		
Premium on Sale of Bonds								26,565,000		
Bond Proceeds	(75,275)	(66,199)	-	-	-	-	(39,684)	181,308	-	1,797,115
Total other financing sources (uses)	\$ (4,708,260)	\$ (19,989,463)	\$ (3,912,269)	\$ (535,860)	\$ (873,082)	\$ (285,059)	\$ (295,084)	\$ (175,947)	\$ (32,764)	\$ 703,338
Net change in fund balances										
Debt service as a percentage of noncapital expenditures	10.80%	11.78%	10.77%	10.00%	9.31%	8.81%	8.11%	7.63%	7.45%	6.99%

* 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)**

Fiscal Year Ended June 30,	Interest on Investments	Rental - Use of Facilities	Parking Fees	FEMA	Summer Program	Lynx Technologies	E-Rate	Medical Contributions	Prior Year Reimbursements	Prior Year Voids	Club Fees	Other	Total
2011	\$ 68,934	\$ 10,000						\$ 53,625	\$ 18,206			\$ 74,182	\$ 224,947
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

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

Fiscal Year Ended June 30,	Total Assessed					Public Utilities		Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Value			
2011	\$ 45,227,200	\$ 1,463,121,400		\$ 581,383,500	\$ 30,204,400	\$ 478,473,100	\$ 2,598,409,600	\$ 1,259,173	\$ 2,599,668,773	\$ 0.561
2012	45,227,200	1,466,104,500		578,261,800	30,204,400	479,814,600	2,599,612,500	1,188,586	2,979,498,567	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	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	3,021,486,850	0.670
2015	60,858,500	1,570,040,600		605,241,900	25,614,400	480,777,600	2,742,539,000	1,597,567	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	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	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	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	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	4,080,524,372	0.789

Source: County Abstract of Ratables

^a 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			
2011	\$ 0.561	\$ 0.700	*	\$ 0.219	\$ 1.480	
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	

Source: Municipal Tax Collector

* Includes Library

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	
2011	\$ 14,547,018	\$ 14,547,018	100.00%	
2012	14,594,342	14,594,342	100.00%	
2013	15,321,739	15,321,739	100.00%	
2014	17,363,811	17,363,811	100.00%	
2015	18,460,884	18,460,884	100.00%	
2016	20,282,952	20,282,952	100.00%	
2017	20,583,476	20,583,476	100.00%	
2018	20,957,674	20,957,674	100.00%	
2019	21,626,025	21,626,025	100.00%	
2020	23,047,741	23,047,741	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities	<u>Capital Lease</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>				
2011	\$ 33,733,000		\$ 33,733,000	11,529	\$ 2,926
2012	33,123,000		33,123,000	11,626	2,849
2013	32,383,000		32,383,000	11,658	2,778
2014	31,723,000		31,723,000	11,880	2,670
2015	31,023,000		31,023,000	12,255	2,531
2016	30,653,000		30,653,000	11,882	2,580
2017	29,553,000		29,553,000	11,903	2,483
2018	28,860,000		28,860,000	12,158	2,374
2019	28,045,000	\$ 175,151	28,220,151	12,667	2,228
2020	27,200,000	125,301	27,325,301	13,364	2,045

* 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 ^a of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 33,733,000		\$ 33,733,000	1.30%	\$ 2,930
2012	33,123,000		33,123,000	1.27%	2,858
2013	32,383,000		32,383,000	1.23%	2,705
2014	31,723,000		31,723,000	1.19%	2,645
2015	31,023,000		31,023,000	1.13%	2,645
2016	30,653,000		30,653,000	1.09%	2,645
2017	29,553,000		29,553,000	1.02%	2,645
2018	28,860,000		28,860,000	0.98%	2,645
2019	28,045,000		28,045,000	0.94%	2,645
2020	27,200,000		27,200,000	0.92%	2,645

Source: District records

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Edgewater School District (as of June 30, 2020)	\$ 27,200,000
Borough of Edgewater	<u>72,953,929</u>
	<u>100,153,929</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	32,565,141
Passaic Valley Sewerage Authority (B)	<u>2,568,474</u>
Total Overlapping Debt	<u>35,133,615</u>
Total Direct and Overlapping Debt	<u><u>\$ 135,287,544</u></u>

Source:

(1) Township's 2019 Annual Debt Statement

(A) The debt for this entity was apportioned to the municipality by dividing the municipality's 2019 equalized value by the total 2019 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 2020

Equalized valuation basis	
2019	\$ 4,004,487,716
2018	4,063,361,268
2017	3,677,113,368
	<u>\$ 11,744,962,352</u>
	<u>\$ 3,914,987,451</u>
Average equalized valuation of taxable property	
	\$ 97,874,686
Debt limit (2.5 % of average equalization value)	
	<u>27,200,000</u>
Total Net Debt Applicable to Limit	
	<u>\$ 70,674,686</u>
Legal debt margin	

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 71,937,878	\$ 72,459,504	\$ 73,467,075	\$ 75,136,086	\$ 76,485,828	\$ 79,294,532	\$ 84,292,970	\$ 89,961,981	\$ 96,762,442	\$ 97,874,686
Total net debt applicable to limit	33,733,000	33,123,000	32,383,000	31,723,000	31,023,000	30,303,000	29,553,000	28,860,000	28,045,000	27,200,000
Legal debt margin	<u>\$ 38,204,878</u>	<u>\$ 39,336,504</u>	<u>\$ 41,084,075</u>	<u>\$ 43,413,086</u>	<u>\$ 45,462,828</u>	<u>\$ 48,991,532</u>	<u>\$ 54,739,970</u>	<u>\$ 61,101,981</u>	<u>\$ 68,717,442</u>	<u>\$ 70,674,686</u>
Total net debt applicable to the limit as a percentage of debt limit	46.89%	45.71%	44.08%	42.22%	40.56%	38.22%	35.06%	32.08%	28.98%	27.79%

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>
2011	11,529	\$ 64,229	8.60%
2012	11,623	66,064	8.40%
2013	11,658	69,053	8.60%
2014	11,880	72,152	7.70%
2015	12,255	71,679	6.40%
2016	11,882	74,452	6.00%
2017	11,903	77,666	5.60%
2018	12,158	79,145	7.70%
2019	12,667	81,483	2.60%
2020	13,364	85,951	2.30%

Source: New Jersey State Department of Education

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

	<u>2020</u>		<u>2011</u>	
		Percentage of Total Municipal Employment		Percentage of Total Municipal Employment
<u>Employer</u>	<u>Employees</u>		<u>Employees</u>	

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>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	44.5	46.5	47.0	48.0	52.7	54.2	56.4	58.4	61.7	60.4
Special Education	6.0	6.0	8.0	8.0	8.6	8.6	9.6	9.6	9.6	11.0
Other Special Education	5.0	5.0	5.0	5.0				7.0	7.0	14.9
Other Instruction	1.0	1.0	1.0	1.0	4.0	6.0	8.0			
Support Services:										
Student and Instruction Related Services	6.5	6.5	6.5	7.0	29.1	28.0	27.0	27.2	27.8	12.6
General Administrative Services	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	2.0	2.0	2.0	2.0	5.6	5.6	5.6	5.6	5.6	5.6
Central Services	3.5	3.5	4.0	5.0	3.8	3.0	3.0	3.0	4.0	4.0
Administrative Information Technology	1.5	1.5	2.0	2.0	-	-	-	-	-	-
Plant Operations and Maintenance	5.0	5.0	12.5	14.0	14.0	12.5	12.5	12.5	13.5	13.5
Total	76.0	78.0	89.0	94.0	119.8	119.9	124.1	125.3	131.2	124.0

Source: District Personnel Records

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

Fiscal Year	Enrollment-Grades ^a		Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Teacher/ Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
	Pre-K-6	7-12					Elementary					
2011	628	325	\$ 14,197,062	\$ 14,897	-5.30%	44.5	14.11:1	618.8	590.8	4.42%	95.48%	
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%	

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)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Building</u>										
<u>Elementary</u>										
George Washington School (2012):										
Square Feet	N/A	N/A	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capacity Students	N/A	N/A	925	925	925	925	925	925	925	925
Enrollment	N/A	N/A	423	460	525	508	488	488	533	481
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	628	656	332	348	382	398	418	418	429	393

Number of Schools at June 30, 2020
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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
School Facilities										
George Washington	\$ 187,657	\$ 178,050	\$ 96,842	\$ 139,583	\$ 193,588	\$ 199,672	\$ 204,665	\$ 193,685	\$ 206,507	\$ 257,415
Eleanor Van Gelder			118,775	149,585	82,966	86,266	89,403	89,635	133,926	166,941
Grand Total	<u>\$ 187,657</u>	<u>\$ 178,050</u>	<u>\$ 215,617</u>	<u>\$ 289,168</u>	<u>\$ 276,554</u>	<u>\$ 285,938</u>	<u>\$ 294,068</u>	<u>\$ 283,320</u>	<u>\$ 340,433</u>	<u>\$ 424,356</u>

Source: District Records

BOROUGH OF EDGEWATER SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
(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:		
Zones A and V	25,000,000	500,000
All Other Zones	75,000,000	10,000
Earthquake Insurance	50,000,000	5,000
Demolition and Increased Cost of Construction	25,000,000	5,000
Electronic Data Processing:		
Blanket Hardware	250,000	1,000
Blanket Extra Expense	Included	1,000
Boiler and Machinery		
Property Damage	100,000,000	5,000
Crime:		
Public Employee Dishonesty with Faithful Performance	50,000	1,000
Theft, Disappearance and Destruction:		
Loss of Money and Securities	25,000	500
Money Orders and Counterfeit Paper Currency	25,000	500
Forgery or Alteration	500,000	1,000
Computer Fraud	500,000	1,000
Comprehensive General Liability:		
Bodily Injury and Property Damage	16,000,000	
Employee Benefit Liability	16,000,000	1,000
Automobile:		
Liability	16,000,000	
School Board Legal Liability - NJ Schools Insurance Group		
Group:		
School Leaders Errors and Omissions:		
Coverage A	16,000,000	5,000
Coverage B	100,000/300,000	5,000
Workers Compensation and Employers' Liability - NJ 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
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MARK SACO, CPA
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CHRISTOPHER M. VINCI, 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, 2020 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, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Edgewater of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-003 and 2020-004 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2020-001 and 2020-004.

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, 2021.

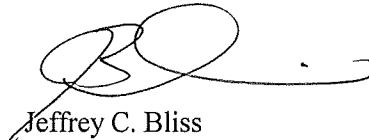
Edgewater Board of Education's Responses to Findings

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, 2021



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
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 State Program

We have audited the Edgewater Board of Education's compliance with the types of compliance requirements described in the the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Edgewater Board of Education's major state programs for the fiscal year ended June 30, 2020. The Edgewater Board of Education's major 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 state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Edgewater Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards 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 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 state program. However, our audit does not provide a legal determination of the Edgewater Board of Education's compliance.

Opinion on Each Major 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 state programs for the fiscal year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2020-005 and 2020-009. Our opinion on each major state program is not modified with respect to these matters.

The Edgewater Board of Education's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on the responses.

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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Edgewater Board of Education's internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-005 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-006 and 2020-007 to be significant deficiencies.


The Edgewater Board of Education's responses to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the responses.

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

Report on 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, 2020 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, 2021, 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 state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is 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 state financial assistance is 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, 2021

EDGEWATER BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal CFDA Number	Federal/Grantor/Pass-Through Grantor/ Program Title	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019		Carryover/ (Waiver) Amount A/R	Cash Received	Budgetary Expenditures	Refund of Prior Years Balances	Balance, June 30, 2020		Memo GAAP Reservable
						(Account Receivable)	Deferred Revenue					(Account Receivable)	Deferred Revenue	
10.553 10.553 10.555	U.S. Department of Education Passed-through State Department of Education Enterprise Fund School Breakfast Program School Breakfast Program National School Lunch Program Cash Assistance Cash Assistance Non-Cash Assistance (Food Distribution)	201NJ04N1099	N/A	7/1/19-6/30/20	\$ 4,713				\$ 3,563	\$ 4,713		\$ (1,150)		\$ (1,150)
		191NJ04N1099	N/A	7/1/18-6/30/19	1,113	\$ (351)			351					
		201NJ04N1099	N/A	7/1/19-6/30/20	43,863				38,785	43,863		(5,078)		(5,078)
			N/A	7/1/18-6/30/19	64,979	(4,548)			4,548					
			N/A	7/1/19-6/30/20	23,802	-	-	-	23,802	20,876	-	\$ 2,926	-	-
	Total Child Nutrition Cluster/Enterprise Fund					(4,899)	-	-	71,049	69,452	-	(6,228)	2,926	(6,228)
84.010 84.010	Special Revenue Fund ESEA Title I Title I	S010A200030	ESEA031270-19	7/1/19-9/30/20	204,743				204,743	204,683			60	(2,366)
		S010A190030	ESEA031270-18	7/1/18-6/30/19	218,618	(2,366)	\$ -	-	-	-	-	(2,366)	-	(2,366)
									204,743	204,683	-	(2,366)	60	(2,366)
					21,431	(7,457)	-	-	21,431	20,998	-	(7,457)	433	(7,457)
					28,416	(7,457)	-	-	21,431	20,998	-	(7,457)	433	(7,457)
84.367A 84.367A 84.365 84.365 84.365	Title II, Part A Title II, Part A Total ESEA Title II, Part A	S367A200029	ESEA031270-19	7/1/19-9/30/20	21,431				21,431	20,998			433	(7,457)
		S367A190029	ESEA031270-18	7/1/18-6/30/19	28,416	(7,457)	-	-	-	-	-	(7,457)	-	(7,457)
									21,431	20,998	-	(7,457)	433	-
					28,444	(5,477)	-	-	28,444	28,444	-	(5,477)	-	(5,477)
					33,335	(5,477)	-	-	767	-	-	(5,477)	-	(5,477)
84.424 84.424	ESEA Title IV ESEA Title IV	S424A200031	ESEA031270-19	7/1/19-9/30/20	12,758				12,758	12,431			327	-
		S424A190031	ESEA031270-18	7/1/18-6/30/19	12,758	-	\$ 5,502	-	2,016	-	-	-	7,518	-
									14,774	12,431	-	-	327	-
84.027 84.027 84.173 84.173	I.D.E.A. Part B, Basic Regular I.D.E.A. Part B, Basic Regular I.D.E.A. Part B, Preschool I.D.E.A. Part B, Preschool Total Special Education Cluster IDEA	H027A170100	IDEA-1270-19	7/1/19-9/30/20	190,667		\$ 23,504	(23,504)	214,171	212,727	\$ 18,026	-	1,444	(80,903)
		H027A180100	IDEA-1270-18	7/1/18-6/30/19	213,231	(86,381)	(23,504)	23,504				(80,903)	-	
		H173A170114	IDEA-1270-19	7/1/19-9/30/20	7,629		217	(217)	7,846	7,628	217	-	1,991	-
		H173A180114	IDEA-1270-18	7/1/18-6/30/19	7,417	(217)	(217)	217				-	1,991	-
						(86,598)	-	-	222,017	220,355	18,243	(80,903)	1,662	(80,903)
84.425D	CARES Act	5425D200027	N/A	3/3/20-9/30/22	164,619	-	-	-	-	-	-	(164,619)	164,619	-
	Total Special Revenue Fund					(101,898)			492,176	486,911	18,243	(260,822)	167,101	(96,203)
	Total Federal Awards					\$ (106,797)	\$ 31,431	\$ -	\$ 563,225	\$ 556,363	\$ 18,243	\$ (267,050)	\$ 170,027	\$ (102,431)

Note: The Federal programs were not subject to a Single Audit in accordance with U.S. Uniform Guidance.

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, 2020**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2020			GAAP Receivable	Cumulative Total Expenditures	
								(Accounts Receivable)	Deferred Revenue	Due to Grantor			
State Department of Education													
General Fund:													
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 683,420	\$ (31,276)	\$ 640,126	\$ 683,420		\$ (43,294)			\$	683,420	
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	555,423		31,276							-	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	45,596		41,036	45,596		(4,560)				45,596	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	45,596	(2,663)	2,663							-	
Total State Aid Public Cluster				(33,939)	715,101	729,016		(47,854)				729,016	
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	618,022		556,220	618,022		(61,802)				618,022	
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	618,022	(36,101)	36,101						\$ (1,160)	1,160	
Nonpublic Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	1,160			1,160		(1,160)				-	
Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	38,983	(38,983)	38,983						(236,601)	236,601	
Extraordinary Aid	20-495-034-5120-473	7/1/19-6/30/20	236,601			236,601						-	
Extraordinary Aid	19-495-034-5120-473	7/1/18-6/30/19	489,040	(153,539)	153,539							-	
On Behalf Payments												-	
TPAF Social Security	18-495-034-5094-003	7/1/17-6/30/18	412,834		373,228	412,834		(39,606)			(39,606)	412,834	
TPAF Social Security	19-495-034-5094-003	7/1/18-6/30/19	404,273	(2,287)	2,287							-	
TPAF Pension and OPEB												-	
Pension - NCGI Premium	20-495-034-5094-004	7/1/19-6/30/20	20,391		20,391	20,391						20,391	
Pension Benefit Contribution	20-495-034-5094-002	7/1/19-6/30/20	1,137,658		1,137,658	1,137,658						1,137,658	
Post Retirement Medical Benefit Contribution	20-495-034-5094-001	7/1/19-6/30/20	429,615		429,615	429,615						429,615	
Long Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	1,718		1,718	1,718						1,718	
Total General Fund				(264,849)	3,464,841	3,587,015		(387,023)			(40,766)	3,587,015	
Special Revenue Fund:													
Preschool Education Aid	20-495-034-5120-065	7/1/19-6/30/20	12,315		11,084	12,315		(1,231)				12,315	
Preschool Education Aid	19-495-034-5120-065	7/1/18-6/30/19	12,315	(3,641)	3,641							-	
				(3,641)	14,725	12,315		(1,231)				12,315	
Safety Grant	Not Available	7/1/16-6/30/17	3,421	3,421					\$ 3,421			-	
Auxiliary Services Chpt 192:													
English as Secondary Language	20-100-034-5120-067	7/1/19-6/30/20	6,618		5,775	1,089		(843)		\$ 5,529	(843)	1,089	
English as Secondary Language	19-100-034-5120-067	7/1/18-6/30/19	8,628	7,548			7,548					-	
Total Auxiliary Services (Chpt 192) Cluster				7,548	5,775	1,089	7,548	(843)		5,529	(843)	1,089	
Handicapped Services Chpt 193:													
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	1,823		1,823					1,823		-	
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	1,786	893			893					-	
Total Handicapped Services (Chpt 193) Cluster				893	1,823		893			1,823		-	
New Jersey Nonpublic Aid:													
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	1,107		1,107	927				180		927	
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	1,121	1,121			1,121					-	
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	2,037		2,037	2,034				3		2,034	
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	2,037	752			752					-	
Nonpublic Technology	20-100-034-5120-373	7/1/19-6/30/20	756		756	299				457		299	
Nonpublic Technology	19-100-034-5120-373	7/1/18-6/30/19	756	756			756					-	
Nonpublic Security	20-100-034-5120-084	7/1/19-6/30/20	3,150		3,150	2,246				904		2,246	
Nonpublic Security	19-100-034-5120-084	7/1/18-6/30/19	3,150	560			560					-	
Total Special Revenue Fund				11,410	29,373	18,910	11,630	(2,074)	3,421	8,896	(843)	18,910	

**EDGEWATER BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	(Accounts Receivable)	Balance, June 30, 2020 Deferred Revenue	Due to Grantor	Memo	
											GAAP Receivable	Cumulative Total Expenditures
State Department of Agriculture Food Service: National School Lunch Program (State Share) (State Share)	20-100-010-3350-023	7/1/19-6/30/20	\$ 8,543		\$ 2,399	\$ 2,631	-	\$ (232)	-	-	(232)	\$ 2,631
	19-100-010-3350-023	7/1/18-6/30/19	4,239	(311)	311	-	-	-	-	-	-	-
	Total Food Service Fund			(311)	2,710	2,631	-	(232)	-	-	(232)	2,631
Debt Service Fund Type II Debt Service Aid	20-495-034-5120-075	7/1/19-6/30/20	55,675	-	55,675	55,675	-	-	-	-	-	55,675
	New Jersey Schools Development Authority Capital Projects Fund											
Eleanor Van Gelder School Generator	1270-050-14-1008-G04	N/A	176,500	(166,152)	-	-	-	(176,498)	10,346	-	(166,152)	166,152
	Total Capital Projects Fund			(166,152)	-	-	-	(176,498)	10,346	-	(166,152)	166,152
Total State Financial Assistance Subject to Single Audit Determination				\$ (419,902)	\$ 3,552,599	\$ 3,664,231	\$ 11,630	\$ (565,827)	\$ 13,767	\$ 8,896	\$ (207,993)	\$ 3,830,383
State Financial Assistance												
Not Subject to Major Program Determination												
General Fund On-Behalf TPAF Pension System Contributions-NCCG On-Behalf TPAF Pension System Contributions- Normal On-Behalf TPAF Post-Retirement Medical Contribution On-Behalf TPAF Long Term Disability Insurance	20-100-034-5094-004	7/1/19-6/30/20	20,391		(20,391)	(20,391)						(20,391)
	20-100-034-5094-002	7/1/19-6/30/20	1,137,658		(1,137,658)	(1,137,658)						(1,137,658)
	20-100-034-5094-001	7/1/19-6/30/20	439,615		(439,615)	(439,615)						(439,615)
	20-100-034-5094-004	7/1/19-6/30/20	1,718	-	(1,718)	(1,718)	-	-	-	-	-	(1,718)
	Total State Financial Assistance Subject to Major Program Determination			\$ (419,902)	\$ 1,953,217	\$ 2,064,849	\$ 11,630	\$ (565,827)	\$ 13,767	\$ 8,896	\$ (207,993)	\$ 2,231,001

**EDGEWATER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$2,076,217 for the general fund and a decrease of \$3,307 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	-	\$ 3,310,798	\$ 3,310,798
Special Revenue Fund	\$ 481,194	21,320	502,514
Debt Service Fund	-	55,675	55,675
Food Service Fund	69,452	2,631	72,083
Total Awards and Financial Assistance	<u>\$ 550,646</u>	<u>\$ 3,390,424</u>	<u>\$ 3,941,070</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, 2020**

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 \$412,834 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$1,158,049, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$429,615 and TPAF Long-Term Disability Insurance in the amount of \$1,718 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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, 2020**

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?

 X yes

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

Not Applicable

State Awards Section

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

(2) Significant deficiencies identified that are not considered to be material weakness(es)?	X	yes	none reported
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Any audit findings disclosed that are required to be reported
in accordance with N.J. Circular Letter 15-08? ☒ yes ☐ no

GMIS Number(s)	Name of State Program
20-495-034-5120-089	Special Education Aid
20-495-034-5120-084	Security Aid
20-495-034-5094-003	Reimbursed TPAF Social Security

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, 2020**

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 2020-001

Our review of District budget process revealed detail documentation and information to support the District's 2019/2020 annual budget was not on file and available for review. We noted midway through the school year the Interim Business Administrator projected there would be a budget shortfall for the 2019/2020 school year of approximately \$1.8 million. The County Superintendent was notified of the projected shortfall and a State Fiscal Monitor was appointed to oversee the District's financial operations. The State Monitor secured a State Aid Advance Loan from the Department of Education to finance the projected \$1.8 million deficit for 2019/2020. The loan is to be paid back over ten years commencing with the 2020/2021 school year budget.

Criteria or specific requirement:

Internal controls over budget preparation and budget monitoring; NJAC 6A:23A-16.10.

Condition

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

Context

See Finding 2020-001

Effect

The District incurred expenditures without sufficient appropriations available resulting in a budgetary operating deficit in the General Fund that was required to be funded by a State Aid Advance Loan before year end.

Cause

Unknown.

Recommendation

Budgeting procedures be developed and implemented to ensure documentation and information utilized in the preparation of the annual budget be maintained, retained and available to support amounts appropriated in the District's approved budget. In addition, budgeting procedures be reviewed and revised to ensure sufficient appropriations are provided for in the adopted budget for District expenditures of the respective budget year.

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, 2020**

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 2020-002

Our audit of District expenditures revealed the following:

- Certain expenditures were incurred and paid without the issuance of a purchase order.
- Purchases were made and contracts entered into prior to the approval and issuance of a purchase order (confirming orders).
- We were not provided with supporting invoices or other documentation for certain payments made during the year.
- In certain instances payments were made by electronic funds transfer for payroll, health benefits, utilities, debt service and other items which were not included on the bills lists approved by the Board in the official minutes. In addition, the District has not adopted policies and procedures permitting the payment of claims electronically.

Criteria or specific requirement:

Internal controls over purchasing and accounts payable; NJSA 18A:19 et. seq.

Condition

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

Context

For certain type expenditures purchase orders were not issued for expenditures incurred and paid, purchase orders were not issued until vendor invoices were received, payments were processed without vendor invoices and electronic fund transfers to pay various District claims were not on the bill lists approved by the Board.

Effect

Unauthorized and unsupported purchases and payments may be made by District personnel.

Cause

Unknown.

**EDGEWATER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-002 (Continued)

Recommendation

- In all instances properly executed purchase orders be approved and issued for purchases and contract awards and they be issued prior to the purchase of goods or rendering of services.
- Supporting documentation for vendor payments be obtained and attached to purchase order prior to processing payments.
- All payments to vendors, either by check or electronic funds transfer as well as semi-monthly payrolls be included on the bills lists submitted to the Board for approval and be made part of the official minutes prior to payment. In addition, the District adopt formal policies and procedures for the electronic payment of claims.

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, 2020**

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 2020-003

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. We noted numerous encumbrances which we deemed invalid or accounts payable at year end.

Criteria or specific requirement:

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

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.

Context

Encumbrances recorded in the General and Special Revenue Funds at June 30, 2020 totaling \$697,760 were determined to be invalid (\$157,886) or accounts payable (\$539,874) at year end.

Effect

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

Cause

Unknown.

Recommendation

Procedures be revised 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, 2020**

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 2020-004

Our audit of the year-end bank account reconciliations prepared by the District's consultant revealed the following:

- Formal bank reconciliations were not performed monthly for the Food Service and Preschool Program accounts.
- Invalid reconciling items and insufficient detail of outstanding items for the general operating and payroll agency accounts.
- Bank reconciliation balance that did not agree to the District's general ledger cash account balance for the preschool program.
- Cash report balances (Treasurer's Report) that were not in agreement with bank account reconciliation balances for the general operating account and Food Service Fund.
- Monthly cash report did not include the activity of the summer savings account and capital project fund lease purchase account.

Criteria or specific requirement:

Internal controls over financial accounting and reporting.

Condition

Formal monthly bank reconciliation were not performed for certain accounts; reconciling items on year end bank account reconciliations were not 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.

Context

Certain reconciling items on June 30, 2020 general operating account were reported in total and not detailed by specific item. The June 30, 2020 bank reconciliation balance for the preschool program was approximately \$82,000 higher than the general ledger account balance. Balances reported on the June 2020 cash report for the Food Service and Payroll Agency Accounts were understated. The summer savings and capital project fund lease purchase account balances of \$239,739 and \$4,245, respectively, at June 30, 2020 were not included on monthly cash reports.

Effect

Cash balances reported in District records and reports may not be in agreement with actual reconciled balances.

Cause

Unknown.

Recommendation

Internal control procedures over the monthly bank reconciliation be improved to ensure formal bank reconciliations are performed monthly, reconciling items are valid and sufficiently detailed, they are in agreement with the general ledger and cash report balances and all District accounts are included on the monthly cash report.

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, 2020**

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 2020-005

Our review of District budget process revealed detail documentation and information to support the District's 2019/2020 annual budget was not on file and available for review. We noted midway through the school year the Interim Business Administrator projected there would be a budget shortfall for the 2019/2020 school year of approximately \$1.8 million. The County Superintendent was notified of the projected shortfall and a State Fiscal Monitor was appointed to oversee the District's financial operations. The State Monitor secured a State Aid Advance Loan from the Department of Education to finance the projected \$1.8 million deficit for 2019/2020. The loan is to be paid back over ten years commencing with the 2020/2021 school year budget.

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:

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

Questioned Costs:

Unknown.

Context:

See Finding 2020-005.

Effect:

The District incurred expenditures without sufficient appropriations available resulting in a budgetary operating deficit in the General Fund that was required to be funded by a State Aid Advance Loan before year end.

Cause:

Unknown.

**EDGEWATER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 (Continued)

Finding 2020-005 (Continued)

Recommendation:

Budgeting procedures be developed and implemented to ensure documentation and information utilized in the preparation of the annual budget be maintained, retained and available to support amounts appropriated in the District's approved budget. In addition, budgeting procedures be reviewed and revised to ensure sufficient appropriations are provided for the in the adopted budget for District expenditures of the respective budget year.

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-006

Our audit of purchases and procedures related to compliance with the Public School Contracts Law and State procurement regulations revealed the following:

- We noted numerous instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A) In addition, these contract awards and purchases were not approved by Board resolution in accordance with the Public Schools Contract Law.
- We noted instances where contract awards and purchases were made in excess of the quote threshold where there was no documentation to support competitive quotation were solicited by the District in accordance with N.J.S.A. 18A:18A-37(a).
- We noted several instances where business registration certificates (BRC) and political contribution disclosures forms (PCDF) were not on file and available for audit as required.

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
NJSA 18A:18A – Public School Contracts Law

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.

Questioned Costs:

Unknown.

**EDGEWATER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 (Continued)

Finding 2020-006 (Continued)

Context:

- Purchases and contracts for custodial supplies, maintenance service and technology supplies were made in excess of the bid threshold for which documents were unavailable to determine if awards were procured through publicly advertised bids or other required processes in accordance with Public School Contracts Law. In addition, the Board did not approve the purchases or contract awards by resolution.
- Purchases for computer supplies and services were made in excess of the quote threshold for which documents were unavailable to determine if quotations were solicited in accordance with the Public School Contracts Law.
- A BRC and PCDF were not a file for vendors who were required to provide such information under State procurement regulations.

Effect:

Noncompliance with the requirements of the Public School Contracts Law and State procurement regulations.

Cause:

Unknown.

Recommendation:

- Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid or quote thresholds are procured and approved in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- Procedures be enhanced to ensure business registration certificates and political contribution disclosure forms are obtained and maintained on file as required.

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-007

Our audit revealed certain expenditures were not classified and charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public 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:

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

Questioned Costs:

Unknown.

Context:

See Condition.

Effect:

Financial statements may not properly reflect the categories of expenditures incurred during the school year.

Cause:

Unknown.

Recommendation:

Procedures be enhanced to ensure expenditures are charged to the proper budget line accounts in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Views of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and 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, 2020**

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 2020-008:

During the first half of the school year the District had aggregate budget transfers to and from certain budget lines that on a cumulative basis exceeded 10% of the total of the advertised budget category. The cumulative transfers over 10% were noted prior to the appointment of the State Monitor and they were not submitted to nor approved by the Executive County Superintendent.

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:

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.

Questioned Costs:

Unknown.

Context:

Monthly transfer reports were not submitted to the Executive County Superintendent. Transfers were made into certain Administration categories and out of certain Instructional categories that exceeding 10% and require approval of the Executive County Superintendent.

Effect:

The District is not in compliance with State Aid Grant program requirements.

Cause:

Unknown.

Recommendation:

Executive County Superintendent's or State Monitor's approval be sought as required for all transfers that exceed ten percent (10%) of the original advertised budget appropriation amount in accordance with N.J.A.C. 6A:23A-13.3(g).

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will review and 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, 2020**

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 2020-009:

Our audit of the ASSA revealed the following:

- Lunch application to support eligibility of the Resident Low Income and Resident LEP Low Income were not available for audit for certain students tested.
- Certain On-Roll Special Education students reported on the ASSA did not have an IEP on file in the District.

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 – Eligibility

Condition:

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

Questioned Costs:

Unknown.

Context:

- Twenty eight (28) Resident Low Income students lunch application were not on file.
- Three (3) Resident LEP Low Income students lunch applications were not on file.
- Three (3) Special Education students IEP's were not on file.

Effect:

Students counts reported on ASSA may not represent eligible students as of October 15th.

Cause:

Unknown.

Recommendation:

Documentation to support eligibility of students reported on the ASSA be maintained on file in the District and be available for audit.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will review and 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, 2020**

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 2019-001

Condition

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

Current Status

See Findings 2020-003 and 2020-004.

