

**Borough of Edgewater School District**

**Comprehensive Annual  
Financial Report and  
Report on Internal Control and Compliance**

**Year Ended June 30, 2015**

**OUTLINE OF CAFR**

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	2
Organizational Chart .....	6
Roster of Officials .....	7
Consultants and Advisors .....	8
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	10
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART I</b>	
Management's Discussion and Analysis .....	14
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>A. District-Wide Financial Statements:</b>	
A-1 Statement of Net Position .....	27
A-2 Statement of Activities .....	28
<b>B. Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
B-1 Balance Sheet .....	31
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances .....	32
B-3 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	33
<b>Proprietary Funds:</b>	
B-4 Statement of Net Position .....	35
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position .....	36
B-6 Statement of Cash Flows .....	37
<b>Fiduciary Funds:</b>	
B-7 Statement of Fiduciary Net Position .....	39
B-8 Statement of Changes in Fiduciary Net Position .....	40
<b>Notes to Financial Statements</b> .....	42
<b>Required Supplementary Information - Part II</b>	
<b>C. Budgetary Comparison Schedules:</b>	
C-1 Budgetary Comparison Schedule - General Fund .....	72
C-2 Budgetary Comparison Schedule – Special Revenue Fund .....	83

**OUTLINE OF CAFR  
(Continued)**

	<b>Page</b>
<b>Notes to Required Supplementary Information – Part II</b>	
C-3 Budget-to-GAAP Reconciliation .....	85
<b>Required Supplementary Information – Part III</b>	
<b>L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)</b>	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability NJ Public Employees' Retirement System (PERS).....	89
L-2 Schedule of Contributions NJ Public Employee's Retirement System (PERS).....	90
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability NJ Teachers' Pension and Annuity Fund (TPAF) .....	91
<b>Other Supplementary Information</b>	
<b>D. School Level Schedules:</b>	
D-1 Combining Balance Sheet.....	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual .....	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual .....	N/A
D-4 Schedule of DEOA Expenditures – Budget and Actual.....	N/A
<b>E. Special Revenue Fund:</b>	
E-1 Combining Schedule of Revenues and Expenditures.....	95
E-2 Pre-school Education Schedule of Expenditures .....	98
<b>F. Capital Projects Fund:</b>	
F-1 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance .....	100
F-1a Schedule of Project Revenues, Expenditures, Project Status, and Project Balance .....	101
<b>G. Proprietary Funds:</b>	
<b>Enterprise Fund:</b>	
G-1 Proprietary Fund – Combining Schedule of Net Position.....	104
G-2 Proprietary Fund - Combining Schedule Statement of Revenues, Expenses and Change in Fund Net Position .....	105
G-3 Proprietary Fund - Combining Schedule of Cash Flows .....	106

**OUTLINE OF CAFR  
(Continued)**

	<b>Page</b>
<b>Internal Service Fund:</b>	
<b>H. Fiduciary Fund:</b>	
H-1 Combining Statement of Net Position .....	109
H-2 Combining Statement of Change in Net Position .....	110
H-3 Student Activity Agency Fund Statement of Activity .....	111
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements.....	112
<b>I. Long-Term Debt:</b>	
I-1 Schedule of Serial Bonds .....	114
I-2 Schedule of Obligations Under Capital Leases .....	116
I-3 Budgetary Comparison Schedule Debt Service Fund .....	117
<b>Introduction to the Statistical Section</b> .....	119
<b>J. Financial Trends</b>	
J-1 Net Position by Component .....	121
J-2 Net Position by Component .....	122
J-3 Net Position by Component .....	124
J-4 Change in Fund Balances - Governmental Funds .....	125
J-5 General Fund – Other Local Revenue by Source .....	126
<b>Revenue Capacity – N/A to Charter Schools</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property .....	128
J-7 Direct and Overlapping Tax Rates.....	129
J-8 Principal Property Taxpayers.....	130
J-9 Property Tax Levies and Collections .....	131
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type.....	133
J-11 Ratios of General Bonded Debt Outstanding .....	134
J-12 Ratios of Overlapping Governmental Activities Debt.....	135
J-13 Legal Debt Margin Information .....	136
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics .....	138
J-15 Principal Employers .....	139
<b>Operating Information</b>	
J-16 Full-Time Equivalent District Employees by Function/Program .....	141
J-17 Operating Statistics.....	142
J-18 School Building Information .....	143
J-19 Schedule of Required Maintenance for School Facilities .....	144
J-20 Insurance Schedule .....	145

**OUTLINE OF CAFR  
(Continued)**

**STATISTICAL SECTION (Unaudited)**

**Page**

**SINGLE AUDIT SECTION**

K-1	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 .....	147
K-2	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and New Jersey OMB Circular 15-08 .....	149
K-3	Schedule of Expenditures of Federal Awards, Schedule A .....	151
K-4	Schedule of Expenditures of State Awards, Schedule B .....	152
K-5	Notes to the Schedules of Expenditures of Federal and State Award and Financial Assistance .....	153
K-6	Schedule of Findings and Questioned Costs .....	155
K-7	Summary Schedule of Prior Year Audit Findings .....	158

**INTRODUCTORY SECTION**

# EDGEWATER BOARD OF EDUCATION

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Gary J. Grembowiec  
Business Administrator/Board Secretary

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

December 18, 2015

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, 2015, 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 the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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 school, the George Washington School, PreK through Grade 2, and the Eleanor Van Gelder School, Grades 3 through 6, serving approximately 907 students. The public school is accredited by the New Jersey State Department of Education. The District is served by 67.7 (FTE) teachers and 4 (FTE) administrators. Approximately 57% of the faculty has earned masters degrees.

The Honorable President and Members of  
the Board of Education  
Borough of Edgewater School District  
December 18, 2015  
Page 2

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

The District's Spring 2015 results for Language Arts Literacy (LAL) and Mathematics are as follows:

	Language Arts Literacy (LAL)			Mathematics		
	Advanced Proficient L5	Proficient L4	Partially Proficient L3	Advanced Proficient L5	Proficient L4	Partially Proficient L3
Grade 3	8.0%	40.0%	28.0%	15.5%	37.9%	26.2%
Grade 4	18.9%	46.7%	22.2%	13.7%	43.2%	25.3%
Grade 5	5.4%	61.3%	24.7%	7.2%	49.5%	19.6%
Grade 6	20.0%	74.7%	28.0%	22.4%	47.4%	50.0%

The District completed the 2014-2015 fiscal year with Pre-K through Grade 6 enrollment of 898 students and Grade 7-12 enrollment of 379 students in Leonia Public Schools, for an overall total of 1277 students, which is an increase of 42 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:

Fiscal Year	Average Daily Enrollment	
	Pre K-6 Enrollment	Percent Change
2014-2015	907	3.20%
2013-2014	878	11.96%
2012-2013	773	16.41%
2011-2012	664	7.44%
2010-2011	618	4.20%
2009-2010	593	22.10%

3) ECONOMIC CONDITIONS AND OUTLOOK: The District's primary funding source is property tax revenue. Overall tax revenue for the General Fund was increased for the 2014-15 school year, but the projected increase in expenditures from inflationary pressures and the enrollment growth has outpaced the additional revenue. As a result, the District, along with many other public school systems in the State, faces some difficult economic situations in the future. The District's administration continues to closely monitor the cost of operations and continues to look for innovative ways to cut costs in addition to finding new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

4) MAJOR INITIATIVES: Specific initiatives for the 2014-2015 school year include the following accomplishments:

- Curriculum articulation continued between Edgewater and Leonia Schools
- Continuation of music classes after school
- Continuation of after school clubs to include scholarships for economically disadvantaged
- Continued to expand our technology program by purchasing additional hardware and software
- Addition of two homerooms due to enrollment increase
- Launched partnership with Teachers College Reading and Writing Project to strengthen literacy instruction in Grades K-6
- Launched GoMath! curriculum in Grades K-6
- Restructured administration to include new EVG Principal position
- Launched online administration of state assessments
- Created a new K-6 Guidance program

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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

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, 2015, the District had \$ 31,023,000 in outstanding statutory debt, comprised entirely of school bonds to improve District facilities, and \$481 of debt authorized but not issued.

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

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

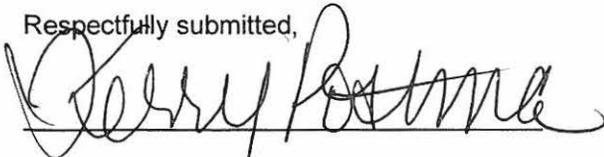
The Board is a member of the New Jersey School Boards Association Insurance Group (the "Group"). The Group is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members.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

11) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of McEnerney, Brady and Company LLC, CPAs, 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 Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

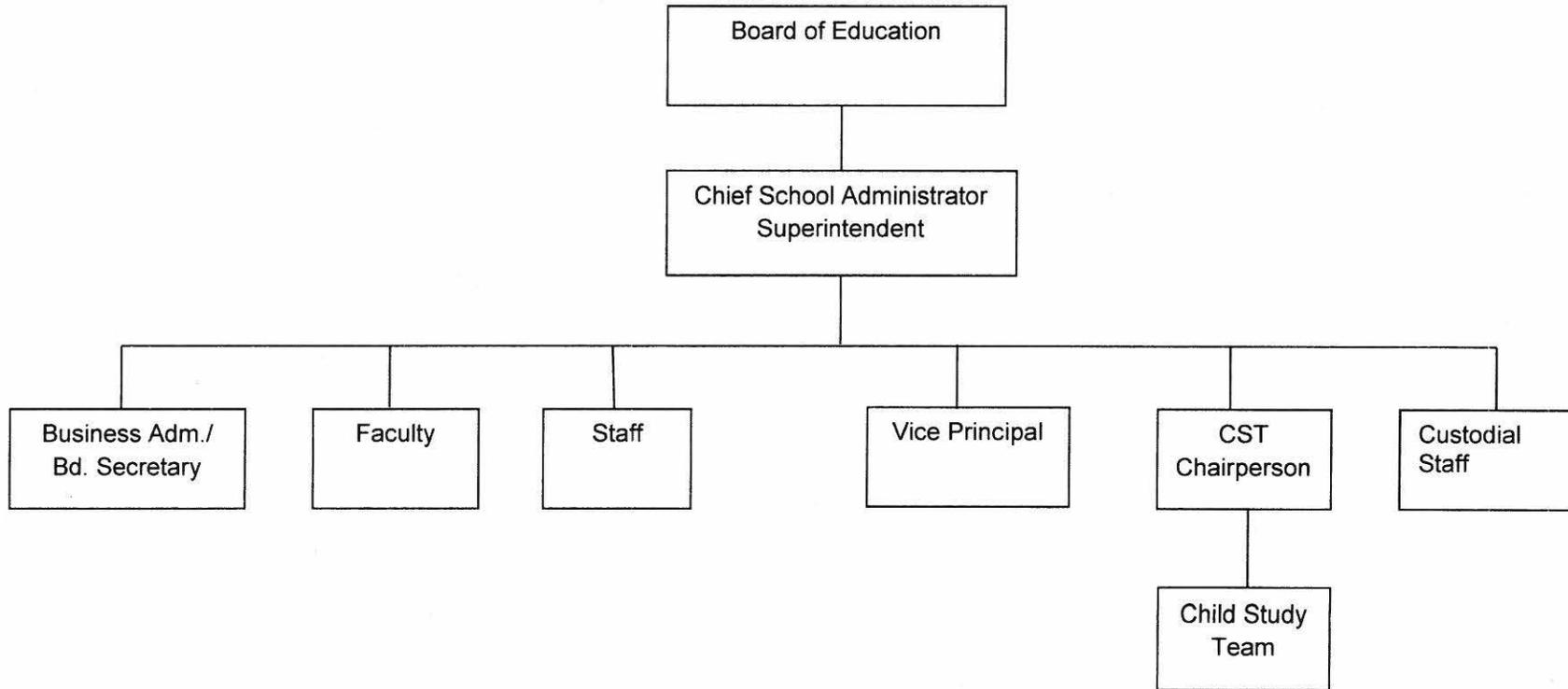


Chief School Administrator



Business Administrator/Board Secretary

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
ORGANIZATIONAL CHART**



**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2015**

Members of the Board of Education

Term  
Expires

Thomas Quinton, President	12/31/2017
Cristina Stefani-Rackow, Vice President	12/31/2015
Barbara Bartolomeo	12/31/2016
Sandy Klein	12/31/2015
Christina Ling Micalizzi	12/31/2017

Other Officials

Title

Kerry Postma	Chief School Administrator
Gary J. Grembowiec	School Business Administrator/Board Secretary
Sheri Biondi	Treasurer of School Monies
Dennis McKeever	Board Attorney

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

**Attorney**

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

**Audit Firm**

McEnerney, Brady and Company  
(A Division of O'Connor Davies, LLP)  
293 Eisenhower Parkway Suite 270  
Livingston, NJ 07039

**Official Depositories**

TD Bank  
1400 Palisade Avenue  
Fort Lee, NJ 07024

**FINANCIAL SECTION**



McENERNEY, BRADY & COMPANY

Certified Public Accountants

A division of O'Connor Davies, LLP

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Edgewater School District, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes 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 opinion.

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O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

***Opinion***

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

***Other Matters***

***Required Supplementary Information***

In accordance with accounting principles generally accepted in the United States of America, management's discussion and analysis, pages 14 through 24, and the budgetary comparison information and long-term debt schedule of obligations under capital leases, pages 63 through 103 (collectively, "RSI"), are 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 RSI 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 obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the combining and individual non-major fund financial statements (this "supplemental sections") and the schedules of federal and state awards, as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey State Office of Management and Budget Circular Letter 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.

The accompanying other information, such as the introductory and statistical sections, has 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 it.

The information included in the supplemental sections and schedules of expenditures of federal and state awards 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. 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 supplemental sections and schedules of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**The Honorable President and Members  
of the Board of Education  
Borough of Edgewater School District**  
Page 3

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Mc Enerney, Brady + Company*

Livingston, New Jersey  
December 18, 2015

*John Lauria*

John Lauria, RMA, PSA  
Licensed Public School Accountant #208700

**REQUIRED SUPPLEMENTARY – PART I**

# EDGEWATER SCHOOL DISTRICT

Chief School Administrator  
[@edgewaterschools.org](mailto:@edgewaterschools.org)

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

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## BOROUGH OF EDGEWATER SCHOOL DISTRICT EDGEWATER, NEW JERSEY

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015 (UNAUDITED)

This section of Borough of Edgewater School District's (the "District") annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

#### Financial Highlights

- The District's net position decreased by \$7,190,077. Due to recording of the District's pension cost and the change in capital assets.
- Overall revenue was \$21,674,088.
- Revenue increased due to an increase in the tax levy and an increase in tuition for the Pre-K.
- Overall expenses were \$25,682,473.
- Pre-K through grade 6 student enrollment in the District reflects marked growth while expenditures increased 3.95% excluding depreciation expense.
- Capital expenditures during the year totaled \$288,818 which was for the improvements to classrooms at the Eleanor Van Gelder School.

#### Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary 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 such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short-and long-term* financial information about the activities the District operates like a business, such as food services.
- *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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-I shows how the various parts of this annual report are arranged and related to one another.

**BOROUGH OF EDGWATER SCHOOL DISTRICT  
EDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Figure A-1  
Organization of the Board of Education of the Borough of Edgewater's Financial Report**

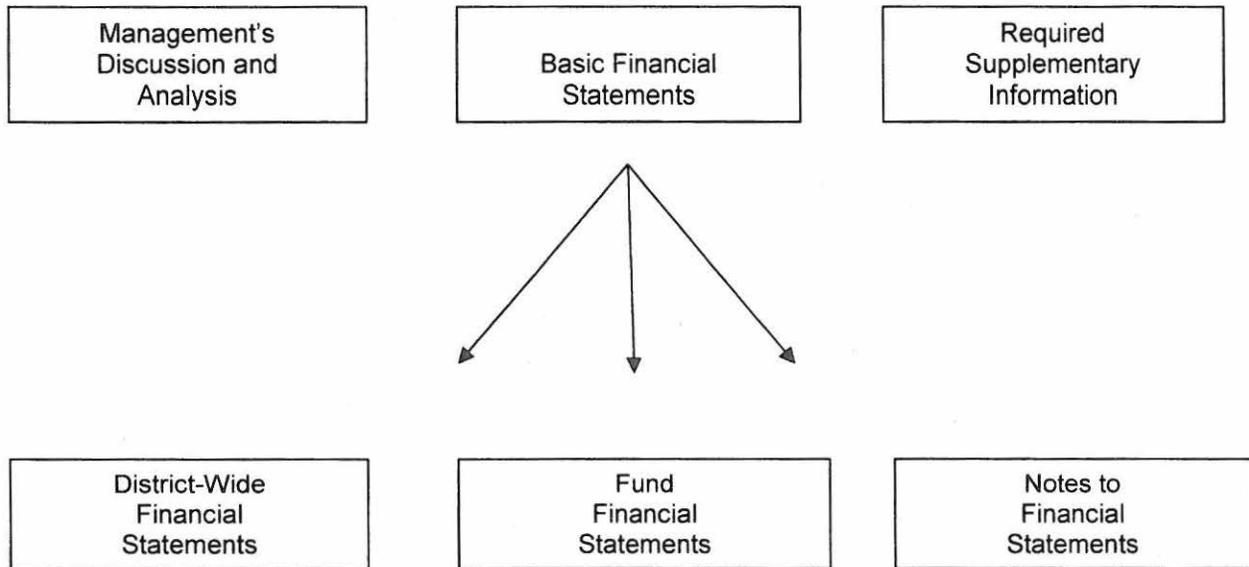


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
EDGEWATER, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Figure A-2 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 special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, 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 thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, 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 revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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 revenue 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

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
EDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**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 and liabilities. All of the current year's revenue 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 they have changed. Net position -the difference between the District's assets and liabilities -is one way to measure the District's financial health or *position*.

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

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here. The District also began a tuition based Pre-K program which is also included under business type activities.

**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 by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal 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 assets 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 you 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, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**BOROUGH OF EDGWATER SCHOOL DISTRICT  
EDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Fund Financial Statements**

- *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. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

**Notes to the Basic Financial Statements**

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The Notes to the Basic Financial Statements can be found immediately following the fund financial statements.

**Financial Analysis of the District as a Whole**

The net position as of June 30, 2014 has been restated due to the implementation of GASB68 relating to the District's pension costs. Net position as restated for June 30, 2014 is \$5,493,454 a decrease of (\$2,297,128). The District's combined net position at June 30, 2015 \$1,179,174 which represents a decrease of (\$7,003,129) or 77.35% from the previous year. Net position invested in capital assets (net of related debt) decreased (\$4,557,404) due to an appraisal report on file at the District which stated the revised total. Restricted net assets decreased (\$913,565) and unassigned net assets decreased (\$1,467,273). (See in figure A-3).

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
EDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Figure A-3  
Condensed Statement of Net Position**

	Governmental Activities		Business Type Activities		Total School Activities	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 4,048,644	\$ 4,698,941	\$ 732,270	\$ 502,311	\$ 4,780,914	\$ 5,201,252
Capital Assets-Net	32,328,685	37,010,493	1,399	1,615	32,330,084	37,012,108
<b>Total Assets</b>	<b>36,377,329</b>	<b>41,709,434</b>	<b>733,669</b>	<b>503,926</b>	<b>37,110,998</b>	<b>42,213,360</b>
Long-Term Debt Outstanding	33,928,688	32,031,203			33,928,688	32,031,203
Other Liabilities	1,848,136	1,887,649	155,000	112,205	2,003,136	1,999,854
<b>Total Liabilities</b>	<b>35,776,824</b>	<b>33,918,852</b>	<b>155,000</b>	<b>112,205</b>	<b>35,931,824</b>	<b>34,031,057</b>
Net Position:						
Invested in Capital Assets net of Related Debt	776,791	5,201,403	1,399	1,615	778,190	5,203,018
Restricted	1,853,942	2,762,562			1,853,942	2,762,562
Unassigned	(2,030,229)	(173,383)	577,270	390,106	(2,607,499)	216,723
<b>Total Net Position</b>	<b>\$ 600,505</b>	<b>\$ 7,790,582</b>	<b>\$ 578,669</b>	<b>\$ 391,721</b>	<b>\$ 1,179,174</b>	<b>\$ 8,182,303</b>

*Changes in Net Position.* Net position of from governmental activities decreased \$(4,828,062). This is the result of the effect of GASB68 and the recording of the pension expense. Net position of business-type activities increased \$119,659. Net assets invested in capital assets, net of related debt was adjusted to reflect the values as reported by appraisal report and depreciation report on file at the District. Debt service balance remained the same anticipated tax levy.

**BOROUGH OF EDGWATER SCHOOL DISTRICT  
EDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Figure A-4  
Changes in Net Position from Operating Results Total**

	Governmental Activities		Business Type Activities		Total School Activities	
	2015	2014	2015	2014	2015	2014
Program Revenue:						
Charges for Services	\$	\$	\$ 696,045	\$ 767,717	\$ 696,045	\$ 767,717
Operating Grants and Contributions	1,101,691	879,193	123,045	93,789	1,224,736	972,982
General Revenue:						
Property Taxes	18,460,884	17,363,811			18,460,884	17,363,811
Grants and Entitlements	1,156,921	1,064,077			1,156,921	1,064,077
Other	134,915	166,140	587	380	135,502	166,520
	<u>20,854,411</u>	<u>19,473,221</u>	<u>819,676</u>	<u>861,886</u>	<u>21,674,087</u>	<u>20,335,107</u>
Program Expenses:						
Instruction	6,347,182	5,663,086			6,347,182	5,663,086
Support Services:						
Pupil and Instruction Services	8,454,865	8,012,261			8,454,865	8,012,261
Bd. Of Educ. Administrative and Business	1,400,558	1,379,468			1,400,558	1,379,468
Operating and Maintenance of Plant	1,367,696	1,134,938			1,367,696	1,134,938
Transportation	1,448,681	1,351,961			1,448,681	1,351,961
Other	1,471,181	1,313,233	632,728	794,597	2,103,909	2,107,830
Unallocated Depreciation	5,257,189	1,044,345			5,257,189	1,044,345
Total Expenses	<u>25,747,352</u>	<u>19,899,292</u>	<u>632,728</u>	<u>794,597</u>	<u>26,380,080</u>	<u>20,693,889</u>

*Revenue Sources.* The District's total revenue for the 2014/15 school year was \$21,674,088 (See Figure A-5). Property taxes and aid accounted for most of the District's revenue, with local taxes accounting for 85.2%. Another 11.0% came from federal and state categorical grants and the remaining 3.8% came from miscellaneous sources and charges for services.

**BOROUGH OF EDGWATER SCHOOL DISTRICT  
EDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Figure A-5  
Sources of Revenue for Fiscal Year 2015 and 2014**

Source of Income:	2015		2014	
	Amount	Percentage	Amount	Percentage
Property Taxes	\$ 18,460,884	85.2%	\$ 17,363,811	85.4%
Federal and State Aid	2,381,657	11.0%	2,037,059	10.0%
Charges for Services	696,045	3.2%	767,717	3.8%
Other	135,502	0.6%	166,520	0.8%
<b>Total Revenues</b>	<b>\$ 21,674,088</b>	<b>100.0%</b>	<b>\$ 20,335,107</b>	<b>100.0%</b>

The total cost of all programs and services was \$25,682,473. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (69%) (See Figure A-6). The District's administrative and business activities accounted for 5.5% of total costs. It is important to note that other expenses include \$5,257,189 of depreciation expense and adjustments for fixed assets on the District's capital assets and the interest due on the District's debt service.

**Figure A-6  
Expenses for Fiscal Year 2015 and 2014**

Expense Category:	2015		2014	
	Amount	Percentage	Amount	Percentage
Instruction	\$ 6,347,182	25.0%	\$ 5,663,086	27.4%
Pupil and Instruction Services	8,454,865	33.0%	8,012,261	38.7%
Administrative and Business	1,400,558	5.5%	1,379,468	6.7%
Maintenance and Operations	1,367,696	5.4%	1,134,938	5.5%
Transportation	1,448,681	5.6%	1,351,962	6.5%
Other	6,728,370	25.5%	3,152,174	15.2%
<b>Total Expenses</b>	<b>\$25,747,352</b>	<b>100.0%</b>	<b>\$20,693,889</b>	<b>100.0%</b>

**BOROUGH OF EDGWATER SCHOOL DISTRICT  
EDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Governmental Activities**

The financial position of the District remains strong. Maintaining existing programs with increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. In recent years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to offset increased enrollment, increased special education programs and increased health benefit costs.

It is crucial that the District examine and monitor its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7  
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	<u>2015/2014</u>	<u>2014/2013</u>	<u>2015/2014</u>	<u>2014/2013</u>
Instruction	\$ 6,347,182	\$ 5,663,086	\$ 5,445,264	\$ 4,947,885
Pupil and Instruction Services	8,454,865	8,012,261	8,320,147	7,932,602
Administrative and Business	1,400,558	1,379,468	1,335,503	1,295,135
Maintenance and Operations	1,367,696	1,134,938	1,367,696	1,134,938
Transportation	1,448,681	1,351,962	1,448,681	1,351,962
Other	<u>6,728,370</u>	<u>2,357,577</u>	<u>6,728,370</u>	<u>2,357,577</u>
<b>Total Net Cost of Governmental Activities</b>	<b>\$25,747,352</b>	<b>\$ 19,899,292</b>	<b>\$24,645,661</b>	<b>\$19,020,099</b>

- The cost of all governmental activities this year was \$25,747,352 including adjustment to fixed assets of \$4,212,817 and an adjustment due to the pension liability.
- The federal and state governments subsidized certain governmental activities programs with grants, state aid and contributions in the amount of \$2,258,612.
- Most of the District's governmental activities costs, however, were financed by District taxpayers.
- The remainder of the funding came from charges for services, miscellaneous revenue and investment earnings.

**BOROUGH OF EDGWATER SCHOOL DISTRICT  
EDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

***Business-Type Activities***

Net position from the District's business-type activity increased \$186,948 (Refer to Figure A-4). Food service program revenue and expenses increased uniformly, as did the Pre-K program.

**Financial Analysis of the District's Funds**

The District's financial position has decreased only slightly despite changes in the student population and difficult economic times which have had a direct impact upon the District's revenue sources. Interest from investments declined significantly this year due to lower interest rates. Ratables in the municipality have been growing and could help to support potential increases in the local tax levy in the future. In order to maintain a stable financial position, the District must continue to practice sound fiscal management.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fan into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2014/2015 budget was difficult as a result of rising costs and the state mandated budget CAP.

**Capital Asset and Debt Administration**

During the 2014/15 school year, the District expended \$288,818 toward the renovation of classrooms at the Eleanor Van Gelder School. Current year depreciation for the governmental activities and business-type activities was \$5,257,189 which was adjusted to reflect the amounts reported on the appraisal report of the District and \$216, related to business type activities. (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements).

**Long-term Debt**

At year-end, the District had \$31,023,000 in general obligation bonds. The District refunded their 2003 bonds, which reduced not only their overall interest payments, but also the principal of the refunding bonds. (More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements).

**BOROUGH OF EDGWATER SCHOOL DISTRICT  
EDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Figure A-8  
Outstanding Long-Term Debt**

	Total School District	
	2015/14	2014/13
General Obligation Bonds (Financed with Property Taxes)	\$ 31,023,000	\$ 31,723,000
Pension Liability	2,722,384	
Other Long-Term Liabilities	183,304	308,203
<b>Total</b>	<b>\$ 33,928,688</b>	<b>\$ 32,031,203</b>

- Other long-term liabilities, consisting entirely of compensated absences payable, a decrease by the net amount of \$124,899 pursuant to contractual agreements. As noted earlier GASB68 Reporting of Pensions is now required to be reported on the financial statements of the District. Refer to Footnote #8 in the Notes to the Financial Statements.

**Factors Bearing on the District's Future**

Presently, the District's financial condition is strong. The district is proud of the support the community gives to its public schools. However, future finances are not without challenges as the community continues to grow and state funding remains relatively unchanged.

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect the health of its future.

Demographic projections indicate that enrollment is likely to continue growing over the next several years, and the Board is considering a referendum to expand the school facilities to accommodate this growth.

The District's contract with the Edgewater Education Association expires on June 30, 2015. The Board plans to negotiate a new multi-year contract, and the increase is unknown at this point.

The District plans to continue to improve its fiscal management to meet the challenges of the future.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers 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 financial information, contact the Board of Education Office, 251 Undercliff Avenue, Edgewater, New Jersey 07020.

**BASIC FINANCIAL STATEMENTS**

**A. DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT-  
WIDE FINANCIAL STATEMENTS**

**Borough of Edgewater School District**

Statement of Net Position  
June 30, 2015

A-1

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 599,724.59	\$ 705,101.71	\$ 1,304,826.30
Receivables from Other Funds	1,318,789.64		1,318,789.64
Taxes Receivable/Other	250,947.77	468.14	251,415.91
Receivables from Other Governments:			
Federal	210,765.42	22,503.16	233,268.58
State	132,545.80	817.37	133,363.17
Inventory		3,379.82	3,379.82
Restricted Assets:			
Capital Reserve Account - Cash	937,312.87		937,312.87
Capital Assets, Net:			
Not being depreciated	528,873.23		528,873.23
Depreciable Site Improvements, Buildings & Building Improvements & Furniture, Machinery & Equipment	31,799,792.00	1,399.00	31,801,191.00
Total Capital Assets	<u>32,328,665.23</u>	<u>1,399.00</u>	<u>32,330,064.23</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Contribution to Pension Plan	598,578.00		598,578.00
 Total Assets	<u>36,377,329.32</u>	<u>733,669.20</u>	<u>37,110,998.52</u>
 <u>LIABILITIES</u>			
Current Liabilities:			
Interfunds Payable	284,803.37	144,237.19	429,040.56
Accounts Payable	53,846.69		53,846.69
Accrued Interest Payable	416,425.50		416,425.50
Payable to State Government	147,304.43		147,304.43
Unearned Revenue	783,517.69	10,762.85	794,280.54
Noncurrent Liabilities:			
Net Pension Liability	2,616,466.23		2,616,466.23
Due Within One Year	825,938.00		825,938.00
Due Beyond One Year	30,486,303.56		30,486,303.56
Total Liabilities	<u>35,614,605.47</u>	<u>155,000.04</u>	<u>35,769,605.51</u>
 DEFERRED INFLOWS OF RESOURCES			
Pension Deferrals	162,239.00		162,239.00
 <u>NET POSITION</u>			
Net Investment in Capital Assets			
Debt Service	776,791.00	1,399.00	778,190.00
Restricted for:			
Capital Projects	52,565.85		52,565.85
Debt Service			
Other Purposes	1,801,376.91		1,801,376.91
Unassigned	<u>(2,030,228.91)</u>	<u>577,270.16</u>	<u>(1,452,958.75)</u>
 Total Net Position	<u>\$ 600,504.85</u>	<u>\$ 578,669.16</u>	<u>\$ 1,179,174.01</u>

See Accompanying Notes to Financial Statements

**Borough of Edgewater School District**

Statement of Activities  
For The Year Ended June 30, 2015

A-2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 4,723,302.07	\$	\$ 709,224.01	\$ (4,014,078.06)	\$	\$ (4,014,078.06)
Special Education	1,103,161.13		132,716.32	(970,444.81)		(970,444.81)
Other Special Instruction	498,542.37		59,977.38	(438,564.99)		(438,564.99)
Other Instruction	22,176.31			(22,176.31)		(22,176.31)
Support Services:						
Tuition	6,956,573.59			(6,956,573.59)		(6,956,573.59)
Student and Instruction Related Services	1,498,291.81		134,718.63	(1,363,573.18)		(1,363,573.18)
General Administrative Services	448,325.47		25,870.06	(422,455.41)		(422,455.41)
School Administrative Services	561,341.23			(561,341.23)		(561,341.23)
Central Services	378,192.66		39,184.59	(339,008.07)		(339,008.07)
Administrative Information Technology	12,698.19			(12,698.19)		(12,698.19)
Plant Operations and Maintenance	1,367,696.27			(1,367,696.27)		(1,367,696.27)
Pupil Transportation	1,448,681.00			(1,448,681.00)		(1,448,681.00)
Special Schools	5,332.44			(5,332.44)		(5,332.44)
State Assessment on EDA Grants	25,911.70			(25,911.70)		(25,911.70)
Interest on Long-Term Debt	1,439,936.67			(1,439,936.67)		(1,439,936.67)
Unallocated Depreciation	5,257,188.53			(5,257,188.53)		(5,257,188.53)
<b>Total Governmental Activities</b>	<b>25,747,351.44</b>		<b>1,101,690.99</b>	<b>(24,645,660.45)</b>		<b>(24,645,660.45)</b>
<b>Business-Type Activities:</b>						
Pre-K School	352,633.02	493,177.00			140,543.98	140,543.98
Food Service	280,095.33	202,867.56	123,045.04		45,817.27	45,817.27
<b>Total Business-Type Activities</b>	<b>632,728.35</b>	<b>696,044.56</b>	<b>123,045.04</b>		<b>186,361.25</b>	<b>186,361.25</b>
<b>Total Primary Government</b>	<b>26,380,079.79</b>	<b>696,044.56</b>	<b>1,224,736.03</b>	<b>(24,645,660.45)</b>	<b>186,361.25</b>	<b>(24,459,299.20)</b>
<b>General Revenues</b>						
Taxes:						
Property Taxes, Levied for General Purposes, Net				16,582,328.00		16,582,328.00
Taxes Levied for Debt Service				1,878,556.00		1,878,556.00
Federal and State Aid Not Restricted				1,069,560.20		1,069,560.20
Federal and State Aid Restricted				87,361.00		87,361.00
Interest and Miscellaneous Income				134,906.22	586.86	135,493.08
Total General Revenues, Special Items, and Transfers				19,752,711.42	586.86	19,753,298.28
Change in Net Position				(4,892,949.03)	186,948.11	(4,706,000.92)
Net Position - Beginning of Year - Restated				5,493,453.88	391,721.02	5,885,174.90
Net Position - End of Year				\$ 600,504.85	\$ 578,669.13	\$ 1,179,173.98

**B. FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**Borough of Edgewater School District**

Balance Sheet  
Governmental Funds  
June 30, 2015

B-1

<u>ASSETS</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
Cash and Cash Equivalents	\$	\$ 744,907.70	\$ 43,562.25	\$	\$ 788,469.95
Interfund Receivables	1,309,786.04		9,003.60		1,318,789.64
Taxes Receivable				250,948.77	250,948.77
Receivables from Other Governments:					
Federal		210,765.42			210,765.42
State	132,545.80				132,545.80
Restricted Cash and Cash Equivalents	<u>937,312.87</u>				<u>937,312.87</u>
<b>Total Assets</b>	<u>\$ 2,379,644.71</u>	<u>\$ 955,673.12</u>	<u>\$ 52,565.85</u>	<u>\$ 250,948.77</u>	<u>\$ 3,638,832.45</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Cash Overdraft	188,745.36				188,745.36
Accounts Payable	53,845.69				53,845.69
Interfunds Payable	9,003.60	24,851.00		250,948.77	284,803.37
Payable to State Government		4,595.88			4,595.88
Payable to Federal Government		142,708.55			142,708.55
Deferred Revenue		783,517.69			783,517.69
<b>Total Liabilities</b>	<u>251,594.65</u>	<u>955,673.12</u>		<u>250,948.77</u>	<u>1,458,216.54</u>
<b>FUND BALANCE:</b>					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures	444,256.00				444,256.00
Capital Reserve Account	1,252,174.91				1,252,174.91
Maintenance Reserve Account	100,000.00				100,000.00
Excess Surplus	4,946.00				4,946.00
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures					
Capital Projects			52,565.85		52,565.85
Unassigned Fund Balance	326,673.15				326,673.15
<b>Total Fund Balance</b>	<u>2,128,050.06</u>		<u>52,565.85</u>		<u>2,180,615.91</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 2,379,644.71</u>	<u>\$ 955,673.12</u>	<u>\$ 52,565.85</u>	<u>\$ 250,948.77</u>	<u>\$ 3,638,832.45</u>

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

Total Fund Balance - Governmental Funds	\$ 2,180,615.91
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the Capital assets are \$37,602,490. and the accumulated depreciation is \$5,273,827.	32,328,663.00
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due	(416,425.50)
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds:	
Net pension liability	(2,722,384.00)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore are not reported in the funds:	
Deferred outflows of resources related to pensions	598,578.00
Deferred inflows of resources related to pensions	(162,239.00)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 7).	<u>(31,206,303.56)</u>
<b>Net position of governmental activities</b>	<u>\$ 600,504.85</u>

**Borough of Edgewater School District**

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For The Year Ended June 30, 2015

B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
<b>Revenues</b>					
Local Services:					
Local Tax Levy	\$ 16,582,328.00	\$	\$	\$ 1,878,556.00	\$ 18,460,884.00
Miscellaneous	134,797.40		117.48		134,914.88
Total - Local Services	<u>16,717,125.40</u>		<u>117.48</u>	<u>1,878,556.00</u>	<u>18,595,798.88</u>
State Sources	1,916,238.53	9,241.14		87,361.00	2,012,840.67
Federal Sources		245,771.52			245,771.52
Total Revenues	<u>18,633,363.93</u>	<u>255,012.66</u>	<u>117.48</u>	<u>1,965,917.00</u>	<u>20,854,411.07</u>
<b>Expenditures</b>					
Current:					
Regular Instruction	3,237,025.83	218,407.92			3,455,433.75
Special Education Instruction	760,330.44				760,330.44
Other Special Instruction	343,609.77				343,609.77
Other Instruction	15,284.55				15,284.55
Support Services and Undistributed Costs:					
Tuition	6,956,573.59				6,956,573.59
Student and Instruction Related Services	1,153,500.07	36,604.74			1,190,104.81
General Administrative Services	381,498.33				381,498.33
School Administrative Services	388,199.43				388,199.43
Central Services	276,971.66				276,971.66
Administrative Information Technology	11,218.51				11,218.51
Plant Operations and Maintenance	1,146,169.04				1,146,169.04
Pupil Transportation	1,431,701.95				1,431,701.95
Unallocated Benefits	2,799,532.72				2,799,532.72
Special Schools	3,675.27				3,675.27
Transfer of Funds to Charter Schools					
Capital Outlay:					
Administrative Fee - State	25,911.70				25,911.70
Capital Expenditures	288,817.83		286,542.40		575,360.23
Debt Service:					
Principal				700,000.00	700,000.00
Interest and Other Charges				1,265,917.00	1,265,917.00
Total Expenditures	<u>19,220,020.69</u>	<u>255,012.66</u>	<u>286,542.40</u>	<u>1,965,917.00</u>	<u>21,727,492.75</u>
Deficiency of Revenues Over Expenditures	<u>(586,656.76)</u>		<u>(286,424.92)</u>		<u>(873,081.68)</u>
Other Financing Sources (Uses):					
Transfers In	117.48				117.48
Transfers Out			(117.48)		(117.48)
Total Other Financing Sources (Uses)	<u>117.48</u>		<u>(117.48)</u>		<u>-</u>
Net Change in Fund Balances	(586,539.28)		(286,542.40)		(873,081.68)
Fund Balance - Beginning of Year	2,714,589.34		339,108.25		3,053,697.59
Fund Balance - End of Year	<u>\$ 2,128,050.06</u>	<u>\$</u>	<u>\$ 52,565.85</u>	<u>\$</u>	<u>\$ 2,180,615.91</u>

See Accompanying Notes to Financial Statements

**Borough of Edgewater School District**

Reconciliation of Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
To The Statement of Activities  
For The Year Ended June 30, 2015

B-3

Ref.

Total Net Change in Fund Balances - Governmental Funds \$ (873,081.68)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:

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

Depreciation Expense/Adjustments to Capital Assets	\$ (5,257,188.53)	
Capital Outlays	<u>575,360.23</u>	(4,681,828.30)

Write-off of Net Issuance Costs (180,983.60)

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in statement of net position and is not reported in the statement of activities. 700,000.00

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 6,963.33

Governmental funds report district pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned net of employees contributions is reported as pension expense.

Accrued pension costs	105,938.00	
District pension contributions	119,870.00	
Cost of benefits earned net of employee contributions	<u>(214,726.00)</u>	11,082.00

In the statement of activities, certain operating expenses, e.g. compensated absences (vacations), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+). 124,899.22

Change in Net Position of Governmental Activities (Exhibit A-2) \$ (4,892,949.03)

See Accompanying Notes to Financial Statements

**PROPRIETARY FUNDS**

**Borough of Edgewater School District**

Proprietary Fund  
Statement of Net Position  
As of June 30, 2015

B-4

	<u>Food Service</u>	<u>Pre - K</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 206,669.36	\$ 498,432.35	\$ 705,101.71
Accounts Receivable:			
Federal Sources	22,503.16		22,503.16
State Sources	817.37		817.37
Due from Students (Unpaid Served Lunches)	468.14		468.14
Inventories	<u>3,379.82</u>		<u>3,379.82</u>
Total Current Assets	<u>233,837.85</u>	<u>498,432.35</u>	<u>732,270.20</u>
Noncurrent assets:			
Capital Assets	65,248.00		65,248.00
Less: Accumulated Depreciation	<u>(63,849.00)</u>		<u>(63,849.00)</u>
Total Noncurrent Assets	<u>1,399.00</u>		<u>1,399.00</u>
Total Assets	<u>\$ 235,236.85</u>	<u>\$ 498,432.35</u>	<u>\$ 733,669.20</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$		\$ -
Interfunds Payable - General Fund	\$ 95,714.41	\$ 48,522.78	\$ 144,237.19
Total Liabilities	<u>106,477.26</u>	<u>48,522.78</u>	<u>155,000.04</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,399.00		1,399.00
Unrestricted	<u>127,360.59</u>	<u>449,909.57</u>	<u>577,270.16</u>
	<u>128,759.59</u>	<u>449,909.57</u>	<u>578,669.16</u>
Total Liabilities and Net Position	<u>\$ 235,236.85</u>	<u>\$ 498,432.35</u>	<u>\$ 733,669.20</u>

See Accompanying Notes to Financial Statements

**Borough of Edgewater School District**

Proprietary Fund  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
For The Year Ended June 30, 2015

B-5

	<u>Food Service</u>	<u>Pre - K</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for Services:			
Total Daily Sales - Reimbursable Programs	\$ 186,437.13	\$	\$ 186,437.13
Daily Sales - Non-Reimbursable Programs	16,430.43		16,430.43
Tuition		<u>493,177.00</u>	<u>493,177.00</u>
 Total Operating Revenues	 <u>202,867.56</u>	 <u>493,177.00</u>	 <u>696,044.56</u>
<b>Operating expenses:</b>			
Cost of Sales	124,126.96		124,126.96
Salaries	85,000.14	264,328.75	349,328.89
Employee Benefits	12,455.23	67,079.24	79,534.47
Supplies and Materials	7,962.56	21,225.03	29,187.59
Management Fee	8,578.00		8,578.00
Miscellaneous Expenses	41,756.44		41,756.44
Depreciation Expense	<u>216.00</u>		<u>216.00</u>
 Total Operating Expenses	 <u>280,095.33</u>	 <u>352,633.02</u>	 <u>632,728.35</u>
 Operating Income Loss	 <u>(77,227.77)</u>	 <u>140,543.98</u>	 <u>63,316.21</u>
<b>Operating revenues:</b>			
Federal Sources:			
School Breakfast Program	5,056.70		5,056.70
National School Lunch Program	91,414.94		91,414.94
Food Distribution Program	22,766.69		22,766.69
State Sources:			
School Lunch Program	3,806.71		3,806.71
Local Source - Interest Revenue	<u>162.10</u>	<u>424.76</u>	<u>586.86</u>
 Total Operating Revenues	 <u>123,207.14</u>	 <u>424.76</u>	 <u>123,631.90</u>
 Change in Net Position	 45,979.37	 140,968.74	 186,948.11
 Net Position, Beginning of Year	 <u>82,780.19</u>	 <u>308,940.83</u>	 <u>391,721.02</u>
 Net Position, End of Year	 <u>\$ 128,759.56</u>	 <u>\$ 449,909.57</u>	 <u>\$ 578,669.13</u>

See Accompanying Notes to Financial Statements

**Borough of Edgewater School District**

Proprietary Fund  
Statement of Cash Flows  
For The Year Ended June 30, 2015

B-6

	<u>Food Service</u>	<u>Pre - K</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 108,552.07	\$ 493,177.00	\$ 601,729.07
Payments to Food Service Vendor	(32,175.06)		(32,175.06)
Payments to Suppliers	(7,418.56)		(7,418.56)
Interfund -Payroll Fund		(264,328.75)	(264,328.75)
Interfund -General Fund	<u>(126,696.52)</u>	<u>(55,434.55)</u>	<u>(182,131.07)</u>
Net cash provided by (used) in operating activities	<u>(57,738.07)</u>	<u>173,413.70</u>	<u>115,675.63</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Revenue	<u>162.10</u>	<u>424.76</u>	<u>586.86</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
State Sources	3,806.71		3,806.71
Federal Sources	<u>96,471.64</u>		<u>96,471.64</u>
Net cash provided by non capital financing activities	<u>100,278.35</u>		<u>100,278.35</u>
Net increase in cash and cash equivalents	<u>42,702.38</u>	<u>173,838.46</u>	<u>216,540.84</u>
Cash and Cash Equivalents, Beginning of Year	<u>163,966.98</u>	<u>324,593.89</u>	<u>488,560.87</u>
Cash and Cash Equivalents, End of Year	<u>\$ 206,669.36</u>	<u>\$ 498,432.35</u>	<u>\$ 705,101.71</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (77,227.74)	\$ 140,543.98	\$ 63,316.24
Adjustments to reconcile operating income (loss) to net cash provided by (in) operating activities:			
Depreciation and net amortization	216.00		216.00
Federal Food Distribution Program	22,766.69		22,766.69
Changes in Operating Assets and Liabilities:			
Decrease in accounts receivable, net	(16,054.32)	32,869.72	16,815.40
Decrease in inventories	7,508.97		7,508.97
Increase in accounts payable	5,052.33		5,052.33
Net cash provided by (in) operating activities	<u>\$ (57,738.07)</u>	<u>\$ 173,413.70</u>	<u>\$ 115,675.63</u>

See Accompanying Notes to Financial Statements

**FIDUCIARY FUNDS**

**Borough of Edgewater School District**

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

B-7

**ASSETS**

Cash and Cash Equivalents \$ 978,856.25

**LIABILITIES AND NET POSITION**

LIABILITIES

Interfund Payable - General Fund	\$ 889,749.08
Payroll Deductions and Withholdings	71,762.38
Payable to Student Groups	<u>17,344.79</u>
Total Liabilities	<u>\$ 978,856.25</u>

See Accompanying Notes to Financial Statements

**Borough of Edgewater School District**

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For The Year Ended June 30, 2015

B-8

NOT APPLICABLE

**NOTES TO THE FINANCIAL STATEMENTS**

# Borough of Edgewater School District

## Notes to Financial Statements

Year Ended June 30, 2015

### 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity:

The Board of Education (the "Board") of the Borough of Edgewater School District (the "District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school located within the Borough of Edgewater. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

#### Basis of Presentation:

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

#### District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

# Borough of Edgewater School District

## Notes to Financial Statements

Year Ended June 30, 2015

### 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fund Financial Statements:

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* are presented. The New Jersey Department of Education ("NJDOE") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

As required by NJDOE, the District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America ("GAAP"), as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources, in such cases, are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

## Borough of Edgewater School District

### Notes to Financial Statements

Year Ended June 30, 2015

#### 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District reports the following proprietary funds:

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

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund and Payroll Agency Fund.

#### Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, a special purpose framework. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

# Borough of Edgewater School District

## Notes to Financial Statements

Year Ended June 30, 2015

### 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

The District reports unearned revenue on its balance sheet and statement of net position. Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "account receivable." The County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for the collection of taxes. Assessments are certified and taxes are levied on January 1; taxes due February 1, May 1, August 1, and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

#### Budgets/Budgetary Control:

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and GAAP, with the exception of the Special Revenue Fund as noted below, Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at 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 on the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

# Borough of Edgewater School District

## Notes to Financial Statements

Year Ended June 30, 2015

### 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 18,624,581.07	\$ 255,012.66
Difference - Budget to GAAP:		
Grant accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
State Aid Payment Recognized for:		
GAAP statements, not Recognized for Budgetary Purposes (P/Y)	69,056.00	
Budgetary Purposes, not Recognized for GAAP Statements (C/Y)	(60,281.80)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	\$ 18,633,355.27	\$ 255,012.66
Uses/Outflows of Resources:		
Actual Amount (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 19,220,020.69	\$ 255,012.66
Difference - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the order was Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Report Purposes		
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	\$ 19,220,020.69	\$ 255,012.66

#### Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks and certificates of deposit with maturities of one year or less when purchased and are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA" 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.

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

# Borough of Edgewater School District

## Notes to Financial Statements

Year Ended June 30, 2015

### 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

#### Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded, as all amounts are considered collectible.

#### Encumbrances:

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 reservations of 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.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the Statement of Net Position as deferred revenue at year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

#### Short-term Interfund Receivables/Payables:

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

#### Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund, are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

# Borough of Edgewater School District

## Notes to Financial Statements

Year Ended June 30, 2015

### Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment and there is no impairment for the year ended June 30, 2015.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Buildings Improvement	10 to 50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the Fund financial statements, capital assets used in Governmental Fund operations are accounted for as capital outlay expenditures in the Governmental Fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the Fund financial statements.

### Long Term Liabilities:

In the District-wide and Enterprise Fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the Fund financial statements, Governmental Fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

### Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2015.

## Borough of Edgewater School District

### Notes to Financial Statements

Year Ended June 30, 2015

#### 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as required by GASB 16, *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and agreements with the various employee unions. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's personnel policy and agreements with the various employee unions.

In the District-wide Statement of Net Position, the liabilities, whose average maturities are greater than one year, should be reported in two components, the amount due within one year and the amount due beyond one year.

##### Unearned Revenue:

Unearned revenue in the Special Revenue Fund represents cash which has been received, but not yet earned. See Note I (D) regarding the Special Revenue Fund.

##### Fund Balance Reserves:

The NJDOE has established a policy of classifying fund balances in accordance with GASB #54:

**Committed Fund Balance** – amounts constrained to specific purposes by the NJDOE itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose, unless the NJDOE takes the highest level action to remove or change the constraint. Presently, committed are funds Designated for Subsequent Year's Expenditures and Excess Surplus.

**Restricted** – includes amounts that can be spent only for the specific purposes stipulated by external resource providers or through enabling legislation. Effectively, restrictions may be modified or removed only with the consent of the provider.

**Unassigned Fund Balance** – amounts that are available for any purpose; these amounts are reported only in the General Fund.

## Borough of Edgewater School District

### Notes to Financial Statements

Year Ended June 30, 2015

#### 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Net Position:

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

##### Revenue -Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" is defined as "within sixty days of the fiscal year end".

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

##### Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activities of the Enterprise Funds. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

##### Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## Borough of Edgewater School District

### Notes to Financial Statements

Year Ended June 30, 2015

#### 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its informal cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Board limits its investments to those authorized in its formal cash management plan which are those permitted under state statute as detailed below and on the following page.

##### Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

- The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and
- In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

##### Investments

New Jersey statutes permit the District to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;

**Borough of Edgewater School District**

Notes to Financial Statements

Year Ended June 30, 2015

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - b) the custody of collateral is transferred to a third party;
  - c) the maturity of the agreement is not more than 30 days;
  - d) the underlying securities are purchased through a public depository as defined in statute; and
  - e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Capital Reserve Account	Total
Checking Accounts	\$ 3,837,713.28	\$ 937,312.87	\$ 4,775,026.15

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2015 was \$4,775,026.15 and the bank balance was \$5,922,007.65.

**3. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Board during the 1999-2000 fiscal years for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the State Department of Education, 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. 6A:23-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Borough of Edgewater School District**

Notes to Financial Statements

Year Ended June 30, 2015

**3. CAPITAL RESERVE ACCOUNT (continued)**

The activity of the capital reserve for the year ended June 30, 2015 is as follows:

Beginning Balance, July 1, 2014	\$ 1,309,482.91
Interest Earnings	<u>1,309,482.91</u>
Withdrawals	<u>(57,308.00)</u>
Ending Balance, June 30, 2015	<u>\$ 1,252,174.91</u>

The June 30, 2015 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District's "LRFP

The Board of Education approved a withdrawal from the capital reserve account on June 11, 2015 of \$57,308 for preliminary engineering costs related to construction of an additional to the Eleanor Van Gelder School.

**4. MAINTENANCE RESERVE ACCOUNT**

A balance of \$100,000.00 exists in the maintenance reserve account as of June 30, 2015.

**5. TRANSFERS TO CAPITAL OUTLAY**

During the year ended June 30, 2015, there were no approved transfers the District made to the capital outlay accounts for equipment purchases.

**Borough of Edgewater School District**

Notes to Financial Statements

Year Ended June 30, 2015

**6. CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
<b>Governmental Activities:</b>				
Capital assets Not being Depreciated:				
Sites (Land)	\$ 168,700.00	\$ -	\$ 11,288.00	\$ 179,988.00
Construction in Progress		348,885.23		348,885.23
<b>Total Capital Assets Not Being Depreciated</b>	<b>168,700.00</b>	<b>348,885.23</b>	<b>11,288.00</b>	<b>528,873.23</b>
Capital Assets Being Depreciated:				
Site Improvements	1,020,919.41	103,850.00	(308,063.41)	816,706.00
Building and Building Improvements	38,573,969.29		(4,825,744.29)	33,748,225.00
Machinery and Equipment	2,317,677.17	122,625.00	68,385.83	2,508,688.00
<b>Total Capital Assets Being Depreciated</b>	<b>41,912,565.87</b>	<b>226,475.00</b>	<b>(5,065,421.87)</b>	<b>37,073,619.00</b>
<b>Governmental Activities Capital Assets</b>	<b>42,081,265.87</b>	<b>575,360.23</b>	<b>(5,054,133.87)</b>	<b>37,602,492.23</b>
Less Accumulated Depreciation for:				
Site Improvements	(337,375.51)	(36,150.00)	237,450.51	(136,075.00)
Building and Building Improvements	(3,879,213.73)	(840,224.00)	992,892.73	(3,726,545.00)
Machinery and Equipment	(854,183.10)	(178,937.00)	(378,086.90)	(1,411,207.00)
	<u>(5,070,772.34)</u>	<u>(1,055,311.00)</u>	<u>852,256.34</u>	<u>(5,273,827.00)</u>
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 37,010,493.53</b>	<b>\$ (479,950.77)</b>	<b>\$ (4,201,877.53)</b>	<b>\$ 32,328,665.23</b>
<b>Business Type Activities:</b>				
Capital assets Being Depreciated:				
Machinery and Equipment	65,248.00			65,248.00
Less Accumulated Depreciation	(63,633.00)	(216.00)		(63,849.00)
<b>Business Type Activities Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 1,615.00</b>	<b>\$ (216.00)</b>	<b>\$</b>	<b>\$ 1,399.00</b>

Note: Adjustments were made to reflect a valuation report on file with the District.

**Borough of Edgewater School District**

Notes to Financial Statements

Year Ended June 30, 2015

**7. LONG-TERM LIABILITIES**

During the year ended June 30, 2015, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2014	Accrued	Retired	Balance 6/30/2015	Due in Succeeding Year
Serial Bonds Payable	\$ 31,723,000.00	\$	\$ 700,000.00	\$ 31,023,000.00	\$ 720,000.00
Pension Liability		2,722,384.00		2,722,384.00	105,938.00
Compensated Absences Payable	308,202.78		124,899.22	183,303.56	
	<u>\$ 32,031,202.78</u>	<u>\$ 2,722,384.00</u>	<u>\$ 824,899.22</u>	<u>\$ 33,928,687.56</u>	<u>\$ 825,938.00</u>

**A. Bonds Payable:**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds and will be liquidated by the Debt Service Fund.

On December 8, 2009, the voters of the District approved a referendum which authorized debt totaling \$28,728,400 and on May 20, 2010, the District issued \$28,728,000 of school bonds with interest rates ranging from 3.00% to 4.30%.

On March 1, 2013, the District refunded their 2003 General Improvement Bonds. Total refunding bonds issued was \$3,080,000.00 with interest rates ranging from 3.00% to 4.00%. The amount of bonds refunded was \$3,190,000.00.

The District has the following bonds outstanding as of June 30, 2015:

Date of Issue	Final Maturity	Interest Rate	Amount
08/08/2007	09/15/2017	5.00%	\$ 220,000.00
05/20/2010	03/01/2040	3.00%-4.30%	28,023,000.00
03/01/2013	09/01/2022	3.00%-4.00%	2,780,000.00
			<u>\$ 31,023,000.00</u>

**Borough of Edgewater School District**

Notes to Financial Statements

Year Ended June 30, 2015

**7. LONG-TERM LIABILITIES (continued)**

Principal and interest due on serial bonds outstanding subsequent to June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 720,000.00	\$ 1,246,716.50	\$ 1,966,716.50
2017	750,000.00	1,226,341.50	1,976,341.50
2018	770,000.00	1,205,514.50	1,975,514.50
2019	800,000.00	1,180,591.50	1,980,591.50
2020	825,000.00	1,151,816.50	1,976,816.50
Thereafter:			
2021-2025	4,725,000.00	4,761,482.50	9,486,482.50
2026-2030	5,980,000.00	4,235,483.00	10,215,483.00
2031-2035	7,370,000.00	2,911,600.00	10,281,600.00
2036-2040	9,083,000.00	1,203,785.00	10,286,785.00
	<u>\$ 31,023,000.00</u>	<u>\$ 19,123,331.00</u>	<u>\$ 50,146,331.00</u>

**B. Bonds Authorized But Not Issued:**

As of June 30, 2015, the District had \$481.00 of bonds authorized but not issued.

**C. Compensated Absences:**

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. Since there is no current liability for compensated absences at June 30, 2015, the balance of compensated absences of \$183,303.56 is a long-term liability and will be liquidated by the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no liability existed for compensated absences in the Proprietary Funds.

## **Borough of Edgewater School District**

### **Notes to Financial Statements**

**Year Ended June 30, 2015**

#### **8. PENSION PLANS**

##### **Description of Systems**

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

##### **Teachers' Pension and Annuity Fund**

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A.18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage.

Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

##### **Public Employee's Retirement System**

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system.

Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

## Borough of Edgewater School District

### Notes to Financial Statements

Year Ended June 30, 2015

#### 8. PENSION PLANS (continued)

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

#### Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS.

The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2015, the State of New Jersey contributed \$389,358 to the TPAF for normal costs of pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A.18A:66-66 the State of New Jersey reimbursed the District \$308,497 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide fund financial statements.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2015, 2014, and 2013 were \$119,870, \$100,843, and \$98,484, respectively, equal to the required contributions for each year.

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

##### Public Employee's Retirement System (PERS)

At June 30, 2015, the District reported a liability of \$2,722,384 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2013, which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.014540526 percent, which was an increase of 0.002521222 from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the District recognized full accrual pension expense of \$214,726 in the government-wide financial statements. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**Borough of Edgewater School District**

Notes to Financial Statements

Year Ended June 30, 2015

**8. PENSION PLANS (continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	85,606	-
Net difference between projected and actual earnings on pension plan investments	-	(162,239)
Changes in proportion and differences between District contributions and proportionate share of contributions	407,033	-
District contributions subsequent to the measurement date	105,938	-
	<u>\$ 598,577</u>	<u>\$ (162,239)</u>

\$105,938 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2016	\$ 49,998
2017	49,998
2018	49,998
2019	49,998
2020	90,559
Thereafter	39,849
	<u>\$ 330,400</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.01%
Salary increases	
2012-2021	2.15 - 4.40% based on age
Thereafter	3.15 - 5.40% based on age
Investment rate of return	7.90%

## Borough of Edgewater School District

### Notes to Financial Statements

Year Ended June 30, 2015

#### 8. PENSION PLANS (continued)

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

##### *Mortality Rates*

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

##### *Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

##### *Discount rate*

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that

**Borough of Edgewater School District**

Notes to Financial Statements

Year Ended June 30, 2015

**8. PENSION PLANS (continued)**

contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2014 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	<b>At 1% Decrease (4.39%)</b>	<b>At Current Discount Rate (5.39%)</b>	<b>At 1% Increase (6.39%)</b>
District's proportionate share of the net pension liability	\$ 3,424,852	\$ 2,722,384	\$ 2,132,490

*Pension Plan Fiduciary Net Position*

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

*Additional Information*

Collective balances at June 30, 2014 are as follows:

Collective deferred outflows of resources	\$ 1,452,705,538
Collective deferred inflows of resources	\$ 2,135,560,656
Collective net pension liability - Local Group	\$ 18,722,735,003
 District's Proportion	 0.0145405260%

Collective pension expense for the Local Group for the measurement period ended June 30, 2014 is \$968,532,408.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.44 years.

# Borough of Edgewater School District

## Notes to Financial Statements

Year Ended June 30, 2015

### 8. PENSION PLANS (continued)

#### Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2014 was \$18,635,646. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2014, the State's proportionate share of the TPAF net pension liability associated with the District was 0.0348676917 percent, which was an increase of 0.019721143 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$1,002,773 for contributions incurred by the State.

#### *Actuarial assumptions*

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

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Borough of Edgewater School District**

Notes to Financial Statements

Year Ended June 30, 2015

**8. PENSION PLANS (continued)**

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Fund / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
	<u>100.00%</u>	

**Borough of Edgewater School District**

Notes to Financial Statements

Year Ended June 30, 2015

**8. PENSION PLANS (continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<b>At 1% Decrease (3.68%)</b>	<b>At Current Discount Rate (4.68%)</b>	<b>At 1% Increase (5.68%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 22,413,786	\$ 18,635,646	\$ 15,493,221

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

**Additional Information**

Collective balances at June 30, 2014 are as follows:

Collective deferred outflows of resources	\$ 2,389,959,068
Collective deferred inflows of resources	\$ 1,846,540,800
Collective net pension liability - Local Group	\$ 53,813,067,539
 State's proportionate share associated with the District	 0.0348676917%

Collective pension expense for the plan for the measurement period ended June 30, 2014 is \$2,906,835,786.

## Borough of Edgewater School District

### Notes to Financial Statements

Year Ended June 30, 2015

#### 8. PENSION PLANS (continued)

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 8.5 years.

#### 9. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required PERS and TPAF, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS and TPAF. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

#### 10. HEALTH BENEFITS

P.L. 2011 Ch. 78 Section 39 established guidelines for implementing employee contributions to the cost of their health insurance coverage.

The benefit cost of coverage is the premium. For State Health Benefit Plan ("SHBP") employers, the cost of coverage is the cost of medical and prescription coverage. For non-SHBP employers, the law requires that the cost of coverage includes all health care benefits; medical, prescription, dental, vision, etc.

The base salary of the employees determines the percent of premium cost that is contributed.

The contribution is phased in at 25% per year:

- a) Immediately, for employees hired on June 28, 2011 and not subject to Collective Negotiations Agreement ("CNA") that is in effect.
- b) When a CNA that is in effect on June 28, 2011 expires or is in almost any way modified

Full contribution (Year 4) takes effect immediately for employees hired after June 28, 2011 who are not covered by a CNA or would be covered by a CNA that has expired.

When contributions begin, if the 1.5% of base salary calculation under Ch. 2 is greater than the standard contribution, that amount is paid until the new contribution percentage is greater.

## Borough of Edgewater School District

### Notes to Financial Statements

Year Ended June 30, 2015

#### 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

##### Property and Liability Insurance

The District is a member of the New Jersey School Boards Association Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the New Jersey Unemployment Compensation Insurance.

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey School Boards Association Insurance Group  
450 Veterans Drive  
Burlington, NJ 08016  
(609) 386-6060  
[www.njsbaig.org](http://www.njsbaig.org)

##### New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit employee withholdings to the State on a quarterly basis. All of the District's claims are paid by the State.

#### 12. ECONOMIC DEPENDENCY

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

**Borough of Edgewater School District**

Notes to Financial Statements

Year Ended June 30, 2015

**13. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances existed as of June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,309,786.04	\$ 9,003.60
Special Revenue Fund		24,851.00
Capital Projects Fund	9,003.60	
Debt Service Fund		250,948.77
Proprietary Fund - Food Service		95,714.41
Proprietary Fund - Pre-K Service		48,522.78
Fiduciary Fund - Payroll Agency		889,749.08
	<u>\$ 1,318,789.64</u>	<u>\$ 1,318,789.64</u>

The Capital Projects Fund is owed money for expenses incorrectly charged to the fund. The Pre-K proprietary fund owes the General Fund for expenses paid by general net of revenue received by the General Fund due to Pre-K. Food Service proprietary fund owes the general fund for expenses paid by the General Fund. The payroll account owes the General Fund for incorrect transfers to payroll and for health deductions.

**14. DEFERRED COMPENSATION**

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

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

**15. TAX CALENDAR**

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year

## Borough of Edgewater School District

### Notes to Financial Statements

Year Ended June 30, 2015

The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the District on a predetermined, agreed-upon schedule.

#### 16. FUND BALANCE

**General Fund:** Of the \$2,128,050.06 General Fund balance at June 30, 2015, \$1,252,174.91 is restricted in the capital reserve account; \$100,000.00 is restricted in the maintenance reserve; \$4,946.00 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended; \$444,256. is prior year excess surplus and is included as anticipated revenue for the year ending June 30, 2016; and \$326,673.15 is unassigned which is \$60,281.80 less than the calculated maximum unreserved fund balance (budgetary basis) due to the June state aid payments, which are not recognized on the GAAP basis until the fiscal year ending June 30, 2016.

**Capital Projects Fund:** The \$52,565.85 Capital Projects Fund balance at June 30, 2015, is assigned and designated for subsequent year's expenditures.

**Debt Service Fund:** There is no fund balance in the Debt Service Fund at June 30, 2015.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted above.

N.J.A.C. 6A:23A-8.5(j); provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more State aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June State aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June State aid payments and not the fund balance reported on the fund statement which excludes the June State aid payments.

## Borough of Edgewater School District

### Notes to Financial Statements

Year Ended June 30, 2015

#### 17. COMMITMENTS AND CONTINGENCIES

##### Litigation

The District is periodically involved in claims or lawsuits arising in the normal course of business, including claims regarding employment matters. The Board does not believe that the ultimate outcome of these cases will have a material adverse effect on the District's financial position.

##### Grant Programs

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

#### 18. Change in Accounting Principle

Effective in the fiscal year ended June 30, 2015, the District implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. The implementation of the Statements required a restatement of prior year net position in the government-wide financial statements.

	<b>Governmental Activities</b>
Beginning Net Position - June 30, 2014	<u>\$ 7,790,582</u>
Adjustments:	
Recognition of Net Pension Liability	(2,297,128)
Deferred outflow for PERS FY2015 Pension Payment	119,870
Accounts Payable for PERS FY2015 Pension Payment	<u>(119,870)</u>
Adjustment	<u>(2,297,128)</u>
Beginning Net Position - June 30, 2014 (as restated)	<u>\$ 5,493,454</u>

#### 19. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after June 30, 2015 through the date December 18, 2015, which is the date the financial statements were available to be issued. Based on this evaluation, the District has determined that no subsequent events have occurred which require disclosure in the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. BUDGETARY COMPARISON SCHEDULES**

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2015

C-1  
Sheet #1

<b>REVENUES:</b>	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Local Sources:					
Local Tax Levy	\$ 16,585,328.00	\$	\$ 16,585,328.00	\$ 16,582,328.00	\$
Miscellaneous	32,000.00		32,000.00	134,788.74	102,788.74
<b>Total Local Sources</b>	<u>16,617,328.00</u>		<u>16,617,328.00</u>	<u>16,717,116.74</u>	<u>102,788.74</u>
State Sources:					
Special Education Categorical Aid	487,053.00		487,053.00	487,053.00	
Security Aid	40,295.00		40,295.00	40,295.00	
Transportation Aid	113,998.00		113,998.00	113,998.00	
Supplemental Enrichment Growth Aid	255,143.00		255,143.00	255,143.00	
Under Adequacy Aid	21,476.00		21,476.00	21,476.00	
Extraordinary Special Education Costs Aid	100,000.00		100,000.00	96,733.00	(3,267.00)
PARCC Readiness Aid	13,300.00		13,300.00	13,300.00	
Per Pupil Growth Aid	13,300.00		13,300.00	13,300.00	
Nonpublic School Transportation Costs				19,488.00	19,488.00
TPAF Post Retirement Medical Benefits (On-Behalf Non-Budgeted)				325,177.00	325,177.00
TPAF Pension Benefits (On-Behalf-Non-Budgeted)				204,836.00	204,836.00
TPAF Social Security Reimbursed (Non-Budgeted)				316,665.33	316,665.33
<b>Total - State Sources</b>	<u>1,044,565.00</u>		<u>1,044,565.00</u>	<u>1,907,464.33</u>	<u>862,899.33</u>
<b>Total Revenues</b>	<u>17,661,893.00</u>		<u>17,661,893.00</u>	<u>18,624,581.07</u>	<u>965,688.07</u>

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2015

C-1  
Sheet #2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 564,701.00	\$ (85,843.00)	\$ 478,858.00	\$ 478,855.51	\$ 2.49
Grades 1 - 5 Salaries of Teachers	2,042,899.00	(58,794.00)	1,984,105.00	1,978,054.62	6,050.38
Grades 6 - 8 Salaries of Teachers	269,889.00	(37,912.00)	231,977.00	231,976.97	0.03
	<u>2,877,489.00</u>	<u>(182,549.00)</u>	<u>2,694,940.00</u>	<u>2,688,887.10</u>	<u>6,052.90</u>
Regular Programs - Home Instruction					
Salaries of Teachers	6,500.00	(4,314.00)	2,186.00	2,108.75	77.25
	<u>6,500.00</u>	<u>(4,314.00)</u>	<u>2,186.00</u>	<u>2,108.75</u>	<u>77.25</u>
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	146,022.00	(25,137.00)	120,885.00	120,884.52	0.48
Purchased Technical Services	30,000.00	91,279.00	121,279.00	121,278.76	0.24
General Supplies	175,000.00	(36,672.00)	138,328.00	138,135.30	192.70
Textbooks	160,000.00	9,079.00	169,079.00	165,299.90	3,779.10
Other Objects		432.00	432.00	431.50	0.50
	<u>511,022.00</u>	<u>38,981.00</u>	<u>550,003.00</u>	<u>546,029.98</u>	<u>3,973.02</u>
<b>Total Regular Programs - Instruction</b>	<u>3,395,011.00</u>	<u>(147,882.00)</u>	<u>3,247,129.00</u>	<u>3,237,025.83</u>	<u>10,103.17</u>
Special Education - Instruction:					
Cognitive Mild:					
Salaries of Teachers	108,003.00	5,896.00	113,899.00	113,763.28	135.72
Other Salaries for Instruction	54,827.00	63,711.00	118,538.00	118,537.57	0.43
	<u>162,830.00</u>	<u>69,607.00</u>	<u>232,437.00</u>	<u>232,300.85</u>	<u>136.15</u>
<b>Total Cognitive Mild</b>	<u>162,830.00</u>	<u>69,607.00</u>	<u>232,437.00</u>	<u>232,300.85</u>	<u>136.15</u>
Multiple Disabilities:					
Salaries of Teachers	158,320.00	(111,124.00)	47,196.00	47,195.23	0.77
General Supplies	1,000.00	(1,000.00)			
	<u>159,320.00</u>	<u>(112,124.00)</u>	<u>47,196.00</u>	<u>47,195.23</u>	<u>0.77</u>
<b>Total Multiple Disabilities</b>	<u>159,320.00</u>	<u>(112,124.00)</u>	<u>47,196.00</u>	<u>47,195.23</u>	<u>0.77</u>

-73-

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2015

C-1  
Sheet #3

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 296,691.00	\$ 79,252.00	\$ 375,943.00	\$ 375,941.98	\$ 1.02
Purchased Professional Educational Services	60,000.00	(60,000.00)			
General Supplies	2,500.00	(2,500.00)			
<b>Total Resource Room/Resource Center</b>	<u>359,191.00</u>	<u>16,752.00</u>	<u>375,943.00</u>	<u>375,941.98</u>	<u>1.02</u>
Preschool Disabilities - Full Time:					
Salaries of Teachers	47,227.00	(40,108.00)	7,119.00	7,118.81	0.19
Other Salaries for Instruction	2,000.00	95,774.00	97,774.00	97,773.57	0.43
	<u>49,227.00</u>	<u>55,666.00</u>	<u>104,893.00</u>	<u>104,892.38</u>	<u>0.62</u>
<b>Total Special Education Instruction</b>	<u>730,568.00</u>	<u>29,901.00</u>	<u>760,469.00</u>	<u>760,330.44</u>	<u>138.56</u>
Basic Skill/Remedial - Instruction:					
Salaries of Teachers	203,808.00	(57,446.00)	146,362.00	145,962.50	399.50
Textbooks					
<b>Total Basic Skills/Remedial - Instruction</b>	<u>203,808.00</u>	<u>(57,446.00)</u>	<u>146,362.00</u>	<u>145,962.50</u>	<u>399.50</u>
Bilingual Education - Instruction:					
Salaries of Teachers	179,184.00	18,465.00	197,649.00	197,647.27	1.73
General Supplies	1,000.00	(1,000.00)			
Textbooks					
<b>Total Bilingual Education - Instruction</b>	<u>180,184.00</u>	<u>17,465.00</u>	<u>197,649.00</u>	<u>197,647.27</u>	<u>1.73</u>

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2015

C-1  
Sheet #4

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
School Sponsored Co curricular Activities - Instruction:					
Salaries	\$ 7,000.00	\$ 8,285.00	\$ 15,285.00	15,284.55	\$ 0.45
Supplies and Materials					
Total School Sponsored Co curricular Activities - Instruction:	<u>7,000.00</u>	<u>8,285.00</u>	<u>15,285.00</u>	<u>15,284.55</u>	<u>0.45</u>
<b>Total Instruction</b>	<u>4,516,571.00</u>	<u>(149,677.00)</u>	<u>4,366,894.00</u>	<u>4,356,250.59</u>	<u>10,643.41</u>
Undistributed Expenditures :					
Instruction:					
Tuition to Other LEAs Within the State-Regular	4,652,366.00	86,319.00	4,738,685.00	4,738,685.00	
Tuition to Other LEAs Within the State-Special	1,169,737.00	121,053.00	1,290,790.00	1,246,762.64	44,027.36
Tuition to County Voc Tech - Regular	58,700.00	(58,700.00)			
Tuition to County Special Services Schools and Regional Day Schoo	706,335.00	257,963.00	964,298.00	930,700.95	33,597.05
Tuition to Priv. Sch. For the Disabled W/I State		52,000.00	52,000.00	40,425.00	11,575.00
Tuition - State Facilities	<u>31,294.00</u>	<u>(31,294.00)</u>			
Total Undistributed Expenditures - Instruction	<u>6,618,432.00</u>	<u>427,341.00</u>	<u>7,045,773.00</u>	<u>6,956,573.59</u>	<u>89,199.41</u>
Attendance and Social Work Services:					
Salaries	54,747.00	(34,972.00)	19,775.00	19,774.03	0.97
Other Purchased Services	<u>13,000.00</u>	<u>(2,017.00)</u>	<u>10,983.00</u>	<u>10,983.00</u>	
Total Attendance and Social Work Services	<u>67,747.00</u>	<u>(36,989.00)</u>	<u>30,758.00</u>	<u>30,757.03</u>	<u>0.97</u>

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2015

C-1  
Sheet #5

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Health Services:					
Salaries	\$ 92,987.00	\$ 31,900.00	\$ 124,887.00	\$ 124,418.74	\$ 468.26
Purchased Professional and Technical Services	46,076.00	1,586.00	47,662.00	47,661.44	0.56
Other Purchased Services (400-500 series)	650.00	(650.00)			
Supplies and Materials	3,000.00	(1,463.00)	1,537.00	1,536.89	0.11
<b>Total Health Services</b>	<b>142,713.00</b>	<b>31,373.00</b>	<b>174,086.00</b>	<b>173,617.07</b>	<b>468.93</b>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	71,194.00	3,677.00	74,871.00	74,870.24	0.76
Purchased Professional - Educational Services	320,000.00	50,886.00	370,886.00	359,356.95	11,529.05
<b>Total Other Support Services - Speech, OT, PT and Related Services</b>	<b>391,194.00</b>	<b>54,563.00</b>	<b>445,757.00</b>	<b>434,227.19</b>	<b>11,529.81</b>
Other Support Services- Students - Extraordinary Services:					
Purchased Professional - Educational Services	15,000.00	(9,116.00)	5,884.00	5,543.97	340.03
Supplies and Materials	1,000.00		1,000.00	991.72	8.28
<b>Total Other Support Services- Students - Extraordinary Services</b>	<b>16,000.00</b>	<b>(9,116.00)</b>	<b>6,884.00</b>	<b>6,535.69</b>	<b>348.31</b>
Other Support Services - Students - Guidance:					
Salaries - Other Professional Staff		40,690.50	40,690.50	40,690.50	
Purchased Professional - Educational Services	55,330.00	(55,329.50)	0.50		0.50
<b>Total Other Support Services - Students - Guidance</b>	<b>55,330.00</b>	<b>(14,639.00)</b>	<b>40,691.00</b>	<b>40,690.50</b>	<b>0.50</b>

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2015

C-1  
Sheet #6

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Other Support Services - Child Study Teams:					
Salaries and Other Professional Staff	\$ 312,017.00	\$ 21,464.00	\$ 333,481.00	\$ 333,158.00	\$ 323.00
Salaries of Secretarial and Clerical Assistants	36,400.00	(52.00)	36,348.00	36,347.10	0.90
Purchased Professional and Technical Services	15,000.00	16,902.00	31,902.00	30,638.78	1,263.22
Miscellaneous Purchased Services	1,500.00	(536.00)	964.00	963.32	0.68
Supplies and Materials	5,200.00	915.00	6,115.00	6,114.60	0.40
Other Objects		1,000.00	1,000.00	987.12	12.88
<b>Total Other Support Services - Child Study Teams</b>	<u>370,117.00</u>	<u>39,693.00</u>	<u>409,810.00</u>	<u>408,208.92</u>	<u>1,601.08</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	100,000.00	(97,000.00)	3,000.00	2,916.66	83.34
Salaries of Secretarial and Clerical Assistants		11,131.00	11,131.00	11,130.16	0.84
Other Salaries		5,226.00	5,226.00	5,225.10	0.90
Other Objects					
<b>Total Improvement of Instructional Services</b>	<u>100,000.00</u>	<u>(80,643.00)</u>	<u>19,357.00</u>	<u>19,271.92</u>	<u>85.08</u>
Educational Media Serv./Sch. Library					
Salaries		40,192.00	40,192.00	40,191.75	0.25
Supplies and Materials	1,000.00	(969.00)	31.00		31.00
<b>Total Educational Media Serv./Sch. Library</b>	<u>1,000.00</u>	<u>39,223.00</u>	<u>40,223.00</u>	<u>40,191.75</u>	<u>31.25</u>

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2015

C-1  
Sheet #7

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Support Services - General Administration:					
Salaries	\$ 159,500.00	\$ (103,581.66)	\$ 55,918.34	\$ 55,917.60	\$ 0.74
Salaries - Superintendent/Child Study Administrator		93,796.66	93,796.66	92,291.73	1,504.93
Legal Services	65,000.00	(5,078.00)	59,922.00	59,917.14	4.86
Audit Fees	33,000.00	12,845.00	45,845.00	45,845.00	
Other Purchased Professional Services	17,500.00	(14,700.00)	2,800.00	40,969.34	(38,169.34)
Purchased Technical Services	8,000.00	(1,956.00)	6,044.00	6,044.00	
Communications/Telephone	40,000.00	(65.00)	39,935.00	39,777.68	157.32
BOE Other Purchased Services	1,000.00	684.00	1,684.00	1,683.56	0.44
General Supplies	1,500.00	20,683.00	22,183.00	22,182.28	0.72
BOE In-House Training/Meeting Supplies	2,500.00	(630.00)	1,870.00	1,870.00	
Miscellaneous Expenditures	7,000.00		7,000.00	7,000.00	
BOE Membership Dues and Fees	8,000.00		8,000.00	8,000.00	
	<u>343,000.00</u>	<u>1,998.00</u>	<u>344,998.00</u>	<u>381,498.33</u>	<u>(36,500.33)</u>
Total Support Services - General Administration					
Support Services-School Administration:					
Salaries of Principals/Assistant Principals	144,800.00	124,033.60	268,833.60	268,833.36	0.24
Salaries of Other Professional Staff	72,304.00	(72,304.00)			
Salaries of Secretarial and Clerical Assistants	72,800.00	42,361.40	115,161.40	115,160.79	0.61
Supplies and Materials	3,000.00	149.00	3,149.00	3,149.00	
Other Objects	1,000.00	57.00	1,057.00	1,056.28	0.72
	<u>293,904.00</u>	<u>94,297.00</u>	<u>388,201.00</u>	<u>388,199.43</u>	<u>1.57</u>
Total Support Services-School Administration					

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2015

C-1  
Sheet #8

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Central Services:					
Salaries	\$ 210,023.00	\$ 14,813.00	\$ 224,836.00	\$ 224,488.09	\$ 347.91
Purchased Professional Services	15,000.00	33,913.00	48,913.00	48,912.16	0.84
Supplies and Materials	4,000.00	(3,387.00)	613.00	613.00	
Miscellaneous Expenditures	2,500.00	734.00	3,234.00	2,958.41	275.59
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Central Services	231,523.00	46,073.00	277,596.00	276,971.66	624.34
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Administrative Information Technology:					
Salaries	10,000.00	(10,000.00)			
Other Purchased Services (400-500 series)	3,300.00		3,300.00	3,300.00	
Supplies and Materials	8,500.00	(562.00)	7,938.00	7,918.51	19.49
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Administrative Information Technology	21,800.00	(10,562.00)	11,238.00	11,218.51	19.49
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Required Maint for School Facilities:					
Salaries	149,040.00	1,745.00	150,785.00	150,784.47	0.53
Cleaning, Repair, and Maintenance Services	90,000.00	4,727.00	94,727.00	94,403.02	323.98
General Supplies	25,000.00	367.00	25,367.00	25,366.56	0.44
Other Objects	6,000.00		6,000.00	6,000.00	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Required Maint for School Facilities	270,040.00	6,839.00	276,879.00	276,554.05	324.95

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2015

C-1  
Sheet #9

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Custodial Services:					
Salaries	\$ 434,433.00	\$ (93,612.60)	\$ 340,820.40	\$ 340,518.97	\$ 301.43
Cleaning, Repair, and Maintenance Services	57,000.00	991.00	57,991.00	57,293.26	697.74
Other Purchased Property Services	20,000.00	11,838.00	31,838.00	31,837.50	0.50
Insurance	86,758.00	41,474.60	128,232.60	128,232.60	
General Supplies	50,000.00	(2,969.00)	47,031.00	53,516.95	(6,485.95)
Energy (Electricity)	400,000.00	(155,765.00)	244,235.00	243,824.71	410.29
Other Objects	2,000.00	12,391.00	14,391.00	14,391.00	
Total Custodial Services	<u>1,050,191.00</u>	<u>(185,652.00)</u>	<u>864,539.00</u>	<u>869,614.99</u>	<u>(5,075.99)</u>
Total Operations and Maintenance of Plant Services	<u>1,320,231.00</u>	<u>(178,813.00)</u>	<u>1,141,418.00</u>	<u>1,146,169.04</u>	<u>(4,751.04)</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home & School - Regular		37,657.00	37,657.00	37,656.16	0.84
Between Home & School - Nonpublic Schools	4,168.00	(4,168.00)			
Purchased Professional and Technical Services	69,921.00	(63,711.00)	6,210.00	5,595.83	
Contracted Services:					
Between Home and School - Joint Agreements	560,000.00	227,100.00	787,100.00	782,744.44	4,355.56
Special Education Students - Joint Agreements					
Special Education Students - ESC's and CSTAs	788,000.00	(289,254.00)	498,746.00	484,147.36	14,598.64
Aid in Lieu of Payments - Nonpublic Students	88,000.00	(4,576.00)	83,424.00	83,423.16	0.84
Misc. Purchased Services	15,000.00	23,135.00	38,135.00	38,135.00	
Total Student Transportation Expenses	<u>1,525,089.00</u>	<u>(73,817.00)</u>	<u>1,451,272.00</u>	<u>1,431,701.95</u>	<u>19,570.05</u>

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2015

C-1  
Sheet #10

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Unallocated Benefits:					
Social Security Contributions	\$ 125,000.00	\$	\$ 125,000.00	\$ 148,105.64	\$ (23,105.64)
Other Retirement Contributions - PERS	118,261.00	7,115.00	125,376.00	125,375.51	0.49
Unemployment Compensation	43,180.00		43,180.00	31,457.14	11,722.86
Workmen's Compensation	60,000.00	(10,915.00)	49,085.00	48,087.60	997.40
Health Benefits	1,704,073.00	(65,611.00)	1,638,462.00	1,561,567.34	76,894.66
Tuition Reimbursement	15,000.00	(1,700.00)	13,300.00	13,261.16	38.84
Other Employee Benefits	36,400.00	(11,400.00)	25,000.00	25,000.00	
<b>Total Unallocated Benefits</b>	<u>2,101,914.00</u>	<u>(82,511.00)</u>	<u>2,019,403.00</u>	<u>1,952,854.39</u>	<u>66,548.61</u>
On-Behalf Contributions:					
TPAF Post Retirement Medical Benefits (non-budgeted)				325,177.00	(325,177.00)
TPAF Pension Contributions (non-budgeted)				204,836.00	(204,836.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				316,665.33	(316,665.33)
<b>Total On-Behalf Contributions</b>				<u>846,678.33</u>	<u>(846,678.33)</u>
<b>Total Personal Services - Employee Benefits</b>	<u>2,101,914.00</u>	<u>(82,511.00)</u>	<u>2,019,403.00</u>	<u>2,799,532.72</u>	<u>(780,129.72)</u>
<b>Total Undistributed Expenses</b>	<u>13,599,994.00</u>	<u>247,471.00</u>	<u>13,847,465.00</u>	<u>14,545,365.30</u>	<u>(697,900.80)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>18,116,565.00</u>	<u>97,794.00</u>	<u>18,214,359.00</u>	<u>18,901,615.89</u>	<u>(687,257.39)</u>
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Operation of Plant and Maintenance					
Administrative Information Technology					
<b>Total Equipment</b>					
Facilities Acquisition and Construction Services:					
Other Purchased Professional Services	15,000.00	76,808.00	91,808.00	112,361.95	(20,553.95)
Construction Services	70,000.00	33,850.00	103,850.00	103,850.00	
Other Objects		72,606.00	72,606.00	72,605.88	0.12
Other Objects - State Debt Service Administrative Fee	27,043.00	(1,131.00)	25,912.00	25,911.70	0.30
<b>Total Facilities Acquisition and Construction Services</b>	<u>112,043.00</u>	<u>182,133.00</u>	<u>294,176.00</u>	<u>314,729.53</u>	<u>(20,553.53)</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>112,043.00</u>	<u>182,133.00</u>	<u>294,176.00</u>	<u>314,729.53</u>	<u>(20,553.53)</u>

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2015

C-1  
Sheet #11

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Special Schools:					
Summer School - Instructions					
Salaries of Teachers	\$	\$ 3,676.00	\$ 3,676.00	\$ 3,675.27	\$ 0.73
Total Summer School - Instruction		3,676.00	3,676.00	3,675.27	0.73
TOTAL SPECIAL SCHOOLS		3,676.00	3,676.00	3,675.27	0.73
Transfer of Funds to Charter Schools					
Total Expenditures	18,228,608.00	283,603.00	18,512,211.00	19,220,020.69	(707,809.69)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(566,715.00)	(283,603.00)	(850,318.00)	(595,439.62)	257,878.38
Other Financing Sources :					
Operating Transfers In:					
Transfer from Capital Project Fund				117.48	117.48
Accounts Payable Cancelled				8.66	8.66
Total Other Financing Sources (Uses)				126.14	126.14
Fund Balances, Beginning of Year	2,783,645.34		2,783,645.34	2,783,645.34	
Fund Balances, End of Year	\$ 2,216,930.34	\$ (283,603.00)	\$ 1,933,327.34	\$ 2,188,331.86	\$ 258,004.52
Recapitulation:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Years					
Expenditures				\$ 444,256.00	
Reserved Excess Surplus				4,946.00	
Capital Reserve				1,252,174.91	
Maintenance Reserve				100,000.00	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures					
Reserve for Excess Surplus					
Unassigned Fund Balance				386,954.95	
Reconciliation to Governmental Fund Statement (GAAP):				2,188,331.86	
June State Aid Payments not Recognized on GAAP Basis				60,281.80	
Fund Balance per Governmental Funds (GAAP)				\$ 2,128,050.06	

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
Special Revenue Fund  
For The Year Ended June 30, 2015

C-2

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Revenues</b>					
State Sources	\$ 736,000.00	\$ (358,895.00)	\$ 377,105.00	\$ 9,241.14	\$ (367,863.86)
Federal Sources	222,986.00	130,572.00	353,558.00	245,771.52	(107,786.48)
Private Sources					
<b>Total Revenues</b>	<u>958,986.00</u>	<u>(228,323.00)</u>	<u>730,663.00</u>	<u>255,012.66</u>	<u>(475,650.34)</u>
<b>Expenditures</b>					
<b>Instruction:</b>					
Personal Services - Salaries	251,565.00	(126,565.00)	125,000.00		125,000.00
Other Purchased Services	38,847.00	(34,309.00)	4,538.00	4,118.10	419.90
Tuition	155,317.00	73,535.00	228,852.00	142,112.57	86,739.43
Textbooks		1,251.00	1,251.00	1,154.26	96.74
General Supplies	36,576.00	43,133.00	79,709.00	71,022.99	8,686.01
<b>Total Instruction</b>	<u>482,305.00</u>	<u>(42,955.00)</u>	<u>439,350.00</u>	<u>218,407.92</u>	<u>220,942.08</u>
<b>Support Services:</b>					
Salaries of Other Professional Staff	99,450.00	(50,450.00)	49,000.00		49,000.00
Salaries of Clerical Staff	45,000.00	(25,000.00)	20,000.00		20,000.00
Other Salaries	79,081.00	(40,081.00)	39,000.00		39,000.00
Personal Services - Employee Benefits	89,814.00	(49,814.00)	40,000.00		40,000.00
Purchased Professional and Technical Services	10,213.00	8,730.00	18,943.00	11,867.10	7,075.90
Purchased Professional Educational Services	15,024.00	28,047.00	43,071.00	24,625.32	18,445.68
Miscellaneous Purchased Services	52,092.00	(17,000.00)	35,092.00		35,092.00
Cleaning, Repair and Maintenance	21,864.00	(11,864.00)	10,000.00		10,000.00
Contracted Services - Transportation	59,143.00	(30,143.00)	29,000.00		29,000.00
Supplies and Materials	5,000.00	2,207.00	7,207.00	112.32	7,094.68
<b>Total Support Services</b>	<u>476,681.00</u>	<u>(185,368.00)</u>	<u>291,313.00</u>	<u>36,604.74</u>	<u>254,708.26</u>
<b>Total Expenditures</b>	<u>958,986.00</u>	<u>(228,323.00)</u>	<u>730,663.00</u>	<u>255,012.66</u>	<u>475,650.34</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See Independent Auditors' Report

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**Borough of Edgewater School District**

Required Supplementary Information  
Budget-To-GAAP Reconciliation  
Note to Required Supplementary Information  
For The Year Ended June 30, 2015

C-3  
1 of 2

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 18,624,581.07	\$ 255,012.66
<b>Difference - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and revenue, whereas the GAAP Basis does not.		
<b>State Aid Payment Recognized for:</b>		
GAAP statements, not recognized for budgetary purposes (prior year)	69,056.00	
budgetary purposes, not recognized for GAAP statements (current year)	<u>(60,281.80)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 18,633,355.27</u>	<u>\$ 255,012.66</u>
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 19,220,020.69	\$ 255,012.66
<b>Difference - Budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 19,220,020.69</u>	<u>\$ 255,012.66</u>

**Borough of Edgewater School District**

**Required Supplementary Information  
Budgetary Comparison Schedule  
Note to Required Supplementary Information  
For The Year Ended June 30, 2015**

C-3  
2 of 2

Budgets/Budgetary Control:

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

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

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

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

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**L. SCHEDULES RELATED TO ACCOUNTING AND  
REPORTING FOR PENSIONS (GASB 68)**

**Borough of Edgewater School District**

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

L-1

	<u>2015</u>
School District's proportionate share of the net pension liability	<u>0.014540526%</u>
School District's proportionate share of the net pension liability	<u>\$ 2,722,384</u>
School District's covered-employee payroll	<u>\$ 1,004,832</u>
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>270.93%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>42.74%</u>

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

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

**Borough of Edgewater School District**

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

L-2

	<u>2015</u>
Contractually required contribution	\$ <u>119,870</u>
Contributions in relation to the contractually required contribution	<u>(119,870)</u>
Contribution deficiency (excess)	\$ <u></u>
School District's covered-employee payroll	\$ <u>1,004,832</u>
Contributions as a percentage of covered-employee payroll	<u>11.93%</u>

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

**Borough of Edgewater School District**

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

	<u>L-3</u>
	<u>2015</u>
School District's proportion of the net pension liability (asset)	<u>0.034867692%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 18,635,646</u>
School District's covered-employee payroll	<u>\$ 5,129,256</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>363.32%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>33.64%</u>

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

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

**OTHER SUPPLEMENTARY INFORMATION**

**D. SCHOOL BASED BUDGET SCHEDULES**

**E. SPECIAL REVENUE FUND**

Borough of Edgewater School District

Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures  
 Budgetary Basis  
 For The Year Ended June 30, 2015

E-1  
 Sheet #1

	No Child Left Behind				
	<u>Title I</u>	<u>Title II</u>	<u>Title III Other</u>	<u>Donation</u>	<u>COPS Grant</u>
<u>Revenues</u>					
State Sources	\$	\$	\$	\$	\$
Federal Sources	51,166.74	20,654.30	14,570.71		
Private Sources					
<b>Total Revenues</b>	<u>\$ 51,166.74</u>	<u>\$ 20,654.30</u>	<u>\$ 14,570.71</u>	<u>\$</u>	<u>\$</u>
<u>Expenditures</u>					
Instruction:					
Personal Services - Salaries	\$	\$	\$	\$	\$
Other Salaries for Instruction					
Other Purchased Services					
General Supplies	51,166.74		14,033.71		
Tuition					
Textbooks					
<b>Total Instruction</b>	<u>51,166.74</u>		<u>14,033.71</u>		
Support Services:					
Personal Services - Salaries of Supervisor					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services					
Purchased Professional Educational Services		20,654.30	537.00		
Tuition					
Supplies and Materials					
<b>Total Support Services</b>		<u>20,654.30</u>	<u>537.00</u>		
<b>Total Expenditures</b>	<u>\$ 51,166.74</u>	<u>\$ 20,654.30</u>	<u>\$ 14,570.71</u>	<u>\$</u>	<u>\$</u>

**Borough of Edgewater School District**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures  
Budgetary Basis  
For The Year Ended June 30, 2015

E-1  
Sheet #2

	<u>IDEA Part B Basic Regular</u>	<u>IDEA Part B Preschool</u>	<u>Daibes Donation</u>	Non - Public Aid		
				<u>Textbooks</u>	<u>Technology</u>	<u>Nursing</u>
<u>Revenues</u>						
State Sources	\$	\$	\$	\$ 1,154.26	\$ 534.76	\$
Federal Sources	147,512.67	11,867.10				
Private Sources						
<b>Total Revenues</b>	<b>\$ 147,512.67</b>	<b>\$ 11,867.10</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<u>Expenditures</u>						
Instruction:						
Personal Services - Salaries	\$	\$	\$	\$	\$	\$
Other Salaries for Instruction						
Other Purchased Services						
General Supplies	5,287.78				534.76	
Tuition	142,112.57					
Textbooks				1,154.26		
<b>Total Instruction</b>	<b>147,400.35</b>	<b></b>	<b></b>	<b>1,154.26</b>	<b>534.76</b>	<b></b>
Support Services:						
Personal Services - Salaries of Supervisor						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services		11,867.10				
Purchased Professional Educational Services						
Tuition						
Supplies and Materials	112.32					
<b>Total Support Services</b>	<b>112.32</b>	<b>11,867.10</b>	<b></b>	<b></b>	<b></b>	<b></b>
<b>Total Expenditures</b>	<b>\$ 147,512.67</b>	<b>\$ 11,867.10</b>	<b>\$</b>	<b>\$ 1,154.26</b>	<b>\$ 534.76</b>	<b>\$</b>

**Borough of Edgewater School District**

Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures  
 Budgetary Basis  
 For The Year Ended June 30, 2015

E-1  
 Sheet #3

	Nonpublic Auxiliary Services (Chapter 192)		Preschool Education Aid	Nonpublic Handicapped Services (Chapter 193)		NJSAIBG Safety Council	Totals June 30, 2014
	Compensatory Education	ESL		Examination & Classification	Corrective Speech		
<u>Revenues</u>							
State Sources	\$	\$ 1,644.30	\$ 3,434.02	\$	\$ 2,473.80	\$	\$ 9,241.14
Federal Sources							245,771.52
Private Sources							
<b>Total Revenues</b>		<u>\$ 1,644.30</u>	<u>\$ 3,434.02</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 255,012.66</u>
<u>Expenditures</u>							
Instruction:							
Personal Services - Salaries	\$	\$	\$	\$	\$	\$	\$
Other Purchased Services		1,644.30			2,473.80		4,118.10
General Supplies							71,022.99
Tuition							142,112.57
Textbooks							1,154.26
<b>Total Instruction</b>		<u>1,644.30</u>			<u>2,473.80</u>		<u>218,407.92</u>
Support Services:							
Personal Services - Salaries of Supervisor							
Personal Services - Employee Benefits							
Purchased Professional Educational Services			3,434.02				24,625.32
Tuition							
Supplies and Materials							112.32
<b>Total Support Services</b>			<u>3,434.02</u>				<u>36,604.74</u>
<b>Total Expenditures</b>	<u>\$</u>	<u>\$ 1,644.30</u>	<u>\$ 3,434.02</u>	<u>\$</u>	<u>\$ 2,473.80</u>	<u>\$</u>	<u>\$ 255,012.66</u>

**Borough of Edgewater School District**

Special Revenue Fund  
Pre-school Education Schedule of Expenditures  
Budgetary Basis  
For The Year Ended June 30, 2015

E-2

	<u>Budgeted</u>	<u>Total Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
Instruction:			
Salaries of Teachers	\$ 125,000.00	\$	\$ 125,000.00
Other Salaries			
Supplies	<u>10,000.00</u>		<u>10,000.00</u>
Total Instruction	<u>135,000.00</u>		<u>135,000.00</u>
Undistributed Expenditures:			
Salaries of Other Professional Staff	49,000.00		49,000.00
Salaries of Clerical Staff	20,000.00		20,000.00
Other Salaries	39,000.00		39,000.00
Employee Benefits	40,000.00		40,000.00
Purchased Professional Services	5,000.00	3,434.02	1,565.98
Cleaning, Repair and Maintenance	10,000.00		10,000.00
Contracted Services - Transportation	29,000.00		29,000.00
Supplies	<u>39,712.00</u>		<u>39,712.00</u>
Total Undistributed Expenditures	<u>231,712.00</u>	<u>3,434.02</u>	<u>228,277.98</u>
Total Expenditures	<u>\$366,712.00</u>	<u>\$ 3,434.02</u>	<u>\$ 363,277.98</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total Revised 2014-15 Preschool Education Aid Allocation	\$ 366,712.00
Actual Preschool Education Aid Carryover (June 30, 2014)	416,960.30
Total Preschool Education Aid Funds Available for 2014-15 Budget	<u>783,672.30</u>
Less: 2013-14 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	366,712.00
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2015	416,960.30
Add: 2014-15 Unexpended Preschool Education Aid	<u>363,277.98</u>
2014-15 Actual Carryover - Preschool Education Aid	<u>\$ 780,238.28</u>
2014-15 Preschool Education Aid Carryover Budgeted for 2015-16	<u>\$</u>

See Independent Auditors' Report

**F. CAPITAL PROJECTS FUND**

**Borough of Edgewater School District**

Capital Projects Fund  
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended June 30, 2015

F-1

Revenues and Other Financing Sources:	
Interest Revenue	\$ 117.48
Total Revenue and Other Financing Sources	<u>117.48</u>
Expenditures and Other Financing Uses:	
Architect/Design and Construction Management Fees	
Legal Services	
Construction Services	286,542.40
Other Purchased Services	
Total Expenditures	<u>286,542.40</u>
Excess (Deficit) of Revenue over (under) Expenditures	<u>(286,424.92)</u>
Other Financing Sources (Uses):	
Transfer to General Fund	(117.48)
Transfer from Capital Reserve	
	<u>(117.48)</u>
Excess (Deficit) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(286,542.40)
Fund Balance - Beginning of Year	<u>339,108.25</u>
Fund Balance - Ending of Year	<u>\$ 52,565.85</u>

See Independent Auditors' Report

**Borough of Edgewater School District**

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

Construction of a New Elementary School and Installation of  
 Solar Panels at the Eleanor Van Gelder School  
 From Inception Through June 30, 2015

F-1a

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources:				
Bond Proceeds and Transfers	\$ 28,728,000.00	\$	\$ 28,728,000.00	\$ 28,728,400.00
Total Revenue and Other Financing Sources	<u>28,728,000.00</u>	<u></u>	<u>28,728,000.00</u>	<u>28,728,400.00</u>
Expenditures:				
Salaries	88,260.00		88,260.00	100,000.00
Architect/Design and Construction Management				
Solar	48,543.00		48,543.00	68,000.00
New School	2,043,361.72		2,043,361.72	1,945,000.00
Legal Services:				
Solar	5,600.00		5,600.00	5,600.00
New School	53,665.23		53,665.23	150,000.00
Purchased Professional and Technical Services	297,367.85		297,367.85	270,800.00
Construction Services:				
Solar	289,000.00		289,000.00	368,000.00
New School	22,748,186.62		22,748,186.62	22,500,000.00
New School - Generator	390,523.17	286,542.40	677,065.57	
Other Purchased Services:				
Solar	1,038.50		1,038.50	36,800.00
New School	2,423,345.66		2,423,345.66	3,284,200.00
Total Expenditures	<u>28,388,891.75</u>	<u>286,542.40</u>	<u>28,675,434.15</u>	<u>28,728,400.00</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ 339,108.25</u>	<u>\$ (286,542.40)</u>	<u>\$ 52,565.85</u>	<u>\$</u>
Additional Project Information:				
Project Number - New School	1270-N01-09-1000			
Project Number - Solar	1270-050-09-1000			
Grant Date	N/A			
Bond Authorization Date	December 8, 2009			
Bonds Authorized	\$ 28,728,400.00			
Bonds Issued	\$ 28,728,000.00			
Original Authorized Cost	\$ 28,725,400.00			
Change Orders				
Revised Authorized Cost	\$ 28,728,400.00			
Change Order Percentage				
Percentage Completion	99.82%			
Original Target Completion Date	Not Readily Available			
Revised Target Completion Date	Sep-12			

**G. PROPRIETARY FUNDS**

**ENTERPRISE FUND**

**Borough of Edgewater School District**

Proprietary Fund  
Combining Schedule of Net Position

June 30, 2015

G-1

	<u>Food Service</u>	<u>Pre - K</u>	<u>Total</u>
<b>ASSETS</b>			
<u>Current Assets</u>			
Cash	\$ 206,669.36	\$ 498,432.35	\$ 705,101.71
Accounts Receivable:			
Federal Sources	22,503.16		22,503.16
State Sources	817.37		817.37
Other Account Receivable			
Due from Student (Unpaid Served Lunches)	468.14		468.14
Inventories	<u>3,379.82</u>		<u>3,379.82</u>
Total Current Assets	<u>233,837.85</u>	<u>498,432.35</u>	<u>732,270.20</u>
Noncurrent assets:			
Capital Assets	65,248.00		65,248.00
Less: Accumulated Depreciation	<u>(63,849.00)</u>		<u>(63,849.00)</u>
Total Noncurrent Assets	<u>1,399.00</u>		<u>1,399.00</u>
Total Assets	<u>\$ 235,236.85</u>	<u>\$ 498,432.35</u>	<u>\$ 733,669.20</u>
<b>LIABILITIES AND NET POSITION</b>			
<u>Current Liabilities</u>			
Interfunds Payable - General Fund	\$ 95,714.41	\$ 48,522.78	\$ 48,522.78
Prepaid Lunch	<u>10,762.85</u>		<u>10,762.85</u>
Total Liabilities	<u>106,477.26</u>	<u>48,522.78</u>	<u>155,000.04</u>
<b>NET POSITION</b>			
Investment in Capital Assets, Net of Related Debt	1,399.00		1,399.00
Unrestricted	<u>127,360.59</u>	<u>449,909.57</u>	<u>577,270.16</u>
	<u>128,759.59</u>	<u>449,909.57</u>	<u>578,669.16</u>
Total Liabilities and Net Position	<u>\$ 235,236.85</u>	<u>\$ 498,432.35</u>	<u>\$ 733,669.20</u>

See Independent Auditors' Report

**Borough of Edgewater School District**

Proprietary Fund  
 Combining Schedule of Revenues, Expenses, and Change in Fund Net Position  
 For the Year Ended June 30, 2015

	G-2		
	Food Service	Pre - K	Total
<b>Operating revenues:</b>			
Charges for Services:			
Total Daily Sales - Reimbursable Programs	\$ 186,437.13	\$	\$ 186,437.13
Daily Sales - Non-Reimbursable Programs	16,430.43		16,430.43
Tuition		493,177.00	493,177.00
	202,867.56	493,177.00	696,044.56
<b>Operating expenses:</b>			
Cost of Sales	124,126.93		124,126.93
Salaries	85,000.14	264,328.75	349,328.89
Employee Benefits	12,455.23	67,079.24	79,534.47
Supplies and Materials	7,962.56	21,225.03	29,187.59
Management Fee	8,578.00		8,578.00
Miscellaneous Expenses	41,756.44		41,756.44
Depreciation Expense	216.00		216.00
	280,095.30	352,633.02	632,728.32
Total Operating Expenses	280,095.30	352,633.02	632,728.32
Operating Income (Loss)	(77,227.74)	140,543.98	63,316.24
<b>Nonoperating revenues:</b>			
Federal Sources:			
School Breakfast Program	5,056.70		5,056.70
National School Lunch Program	91,414.94		91,414.94
Food Distribution Program	22,766.69		22,766.69
State Sources:			
School Lunch Program	3,806.71		3,806.71
Local Source - Interest Revenue	162.10	424.76	586.86
	123,207.14	424.76	123,631.90
Total Nonoperating Revenues	123,207.14	424.76	123,631.90
Change in Net Position	45,979.40	140,968.74	186,948.14
Net Position, Beginning of Year	82,780.19	308,940.83	391,721.02
Net Position, End of Year	\$ 128,759.59	\$ 449,909.57	\$ 578,669.16

See Independent Auditors' Report

**Borough of Edgewater School District**

Proprietary Fund

Combining Schedule of Cash Flows  
For The Year Ended June 30, 2015

G-3

	<u>Food Service</u>	<u>Pre - K</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 108,552.07	\$ 493,177.00	\$ 601,729.07
Payments to Food Service Vendor	(32,175.06)		(32,175.06)
Payments to Suppliers	(7,418.56)		(7,418.56)
Interfund -Payroll Fund		(264,328.75)	(264,328.75)
Interfund -General Fund	<u>(126,696.52)</u>	<u>(55,434.55)</u>	<u>(182,131.07)</u>
Net cash provided by (used) in operating activities	<u>(57,738.07)</u>	<u>173,413.70</u>	<u>115,675.63</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Revenue	<u>162.10</u>	<u>424.76</u>	<u>586.86</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
State Sources	3,806.71		3,806.71
Federal Sources	<u>96,471.64</u>		<u>96,471.64</u>
Net cash provided by non capital financing activities	<u>100,278.35</u>		<u>100,278.35</u>
Net increase in cash and cash equivalents	<u>42,702.38</u>	<u>173,838.46</u>	<u>216,540.84</u>
Cash and Cash Equivalents, Beginning of Year	<u>163,966.98</u>	<u>324,593.89</u>	<u>488,560.87</u>
Cash and Cash Equivalents, End of Year	<u>\$ 206,669.36</u>	<u>\$ 498,432.35</u>	<u>\$ 705,101.71</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (77,227.74)	\$ 140,543.98	\$ 63,316.24
Adjustments to reconcile operating income (loss) to net cash provided by (in) operating activities:			
Depreciation and net amortization	216.00		216.00
Federal Food Distribution Program	22,766.69		22,766.69
Changes in Operating Assets and Liabilities:			
Decrease in accounts receivable, net	(16,054.32)	32,869.72	16,815.40
Decrease in inventories	7,508.97		7,508.97
Increase in accounts payable	5,052.33		5,052.33
Net cash provided by (in) operating activities	<u>\$ (57,738.07)</u>	<u>\$ 173,413.70</u>	<u>\$ 115,675.63</u>

See Independent Auditors' Report

**INTERNAL SERVICE FUND**

**H. FIDUCIARY FUNDS**

**Borough of Edgewater School District**

Fiduciary Fund  
 Combining Statement of Net Position  
 June 30, 2015

H-1

	Agency		
	Student Activity	Payroll	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 17,344.79	\$ 961,511.46	\$ 978,856.25
Total Assets	\$ 17,344.79	\$ 961,511.46	\$ 978,856.25
<b>LIABILITIES</b>			
Interfund Payable - General Fund	\$	\$ 889,749.08	\$ 889,749.08
Payroll Deductions and Withholdings		71,762.38	71,762.38
Payable to Student Groups	17,344.79		17,344.79
Total Liabilities	17,344.79	961,511.46	978,856.25
<b>TOTAL LIABILITIES</b>	\$ 17,344.79	\$ 961,511.46	\$ 978,856.25

See Independent Auditors' Report

**Borough of Edgewater School District**

Combining Statement of Changes in Net Position  
Fiduciary Fund  
For The Year Ended June 30, 2015

H-2

NOT APPLICABLE

**Borough of Edgewater School District**

Student Activity Agency Fund  
Statement of Activity  
For Year Ended June 30, 2015

H-3

	<u>Balance, June 30, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2015</u>
Elementary Schools:				
Eleanor Van Gelder	\$ 11,015.51	\$ 32,823.45	\$ 29,162.89	\$ 14,676.07
George Washington	<u>1,119.20</u>	<u>11,135.42</u>	<u>9,585.90</u>	<u>2,668.72</u>
Total All Schools	<u>\$ 12,134.71</u>	<u>\$ 43,958.87</u>	<u>\$ 38,748.79</u>	<u>\$ 17,344.79</u>

See Independent Auditors' Report

**Borough of Edgewater School District**

Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For The Year Ended June 30, 2015

H-4

ASSETS	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Cash and Cash Equivalents	\$ 342,295.16	\$ 7,565,215.21	\$ 7,261,678.33	\$ 645,832.04
Summer Pay	126,272.64	189,406.78		315,679.42
<b>Total Assets</b>	<u><u>\$ 342,295.16</u></u>	<u><u>\$ 7,754,621.99</u></u>	<u><u>\$ 7,261,678.33</u></u>	<u><u>\$ 961,511.46</u></u>
<b>LIABILITIES</b>				
Interfund Payable - General Fund	\$ 170,833.80	\$ 718,915.28	\$	\$ 889,749.08
Payroll Deductions and Withholdir	297,734.00	7,219,720.93	7,445,692.55	71,762.38
<b>Total Liabilities</b>	<u><u>\$ 468,567.80</u></u>	<u><u>\$ 7,938,636.21</u></u>	<u><u>\$ 7,445,692.55</u></u>	<u><u>\$ 961,511.46</u></u>

See Independent Auditors' Report

**I. LONG-TERM DEBT**

**Borough of Edgewater School District**

Long-Term Debt  
Schedule of Serial Bonds  
For the Year Ended June 30, 2015

I-1  
Sheet 1

Purpose	Date of Issue	Original Issue	Annual Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance July 1, 2014	Issued	Retired or Matured	Balance June 30, 2015
			Date	Amount					
Eleanor Van Gelder School Roof Replacement	08/08/07	665,000	09/15/15	\$ 70,000	5.00%	\$ 285,000.00		\$ 65,000.00	\$ 220,000.00
			09/15/16-17	75,000	5.00%				
Construction of a New Elementary School and Installation of Solar Panels at the Eleanor Van Gelder School	05/20/10	28,728,000	03/01/16-17	350,000	3.00%				
			03/01/18	365,000	4.00%				
			03/01/19	455,000	4.00%				
			03/01/20	465,000	4.00%				
			03/01/21	490,000	4.00%				
			03/01/22	515,000	4.00%				
			03/01/23	550,000	4.00%				
			03/01/24	1,000,000	4.00%				
			03/01/25	1,050,000	4.00%				
			03/01/26	1,100,000	4.00%				
			03/01/27	1,145,000	4.00%				
			03/01/28	1,195,000	4.00%				
			03/01/29	1,240,000	4.00%				
			03/01/30	1,300,000	4.00%				
			03/01/31	1,355,000	4.10%				
			03/01/32	1,410,000	4.15%				
			03/01/33	1,470,000	4.20%				
			03/01/34	1,535,000	4.25%				
			03/01/35	1,600,000	4.25%				
			03/01/36	1,670,000	4.30%				
03/01/37	1,740,000	4.30%							
03/01/38	1,815,000	4.30%							
03/01/39	1,890,000	4.30%							
03/01/40	1,968,000	4.30%	28,363,000.00	340,000.00	28,023,000.00				

-114-

**Borough of Edgewater School District**

Long-Term Debt  
 Schedule of Serial Bonds  
 For the Year Ended June 30, 2015

Purpose	Date of Issue	Original Issue	Annual Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance July 1, 2014	Issued	Retired or Matured	Balance June 30, 2015
			Date	Amount					
Refunding 2003 Series General Improvement Bonds	03/01/2013	\$ 3,080,000	09/01/15	\$ 300,000	3.00%	\$	\$	\$	\$
			09/01/16	325,000	4.00%				
			09/01/17	330,000	4.00%				
			09/01/18	345,000	4.00%				
			09/01/19	360,000	4.00%				
			09/01/20	370,000	4.00%				
			09/01/21	375,000	4.00%				
			09/01/22	375,000	4.00%				
					<u>3,075,000.00</u>		<u>295,000.00</u>	<u>2,780,000.00</u>	
					<u>\$ 31,723,000.00</u>	<u>\$</u>	<u>\$ 700,000.00</u>	<u>\$ 31,023,000.00</u>	

**Borough of Edgewater School District**

Long-Term Debt  
Schedule of Obligations Under Capital Leases  
For The Year Ended June 30, 2015

I-2

**NOT APPLICABLE**

**Borough of Edgewater School District**

Budgetary Comparison Schedule  
Debt Service Fund  
For The Year Ended June 30, 2015

I-3

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Revenues</u>				
Local Sources:				
Local Tax Levy	\$ 1,878,556.00	\$ 1,878,556.00	\$ 1,878,556.00	\$
State Sources:				
Debt Service Aid Type II	<u>87,361.00</u>	<u>87,361.00</u>	<u>87,361.00</u>	
Total Revenues	<u>1,965,917.00</u>	<u>1,965,917.00</u>	<u>1,965,917.00</u>	
<u>Expenditures</u>				
Regular Debt Service:				
Interest Payment	1,265,917.00	1,265,917.00	1,265,917.00	
Redemption of Principal	<u>700,000.00</u>	<u>700,000.00</u>	<u>700,000.00</u>	
Total Regular Debt Service	<u>1,965,917.00</u>	<u>1,965,917.00</u>	<u>1,965,917.00</u>	
Excess (Deficit) of Revenues Over (Under) Expenditures				
Fund Balance, Beginning of Year				
Fund Balance, End of Year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Recapitulation:				
Unreserved - Designated for Subsequent Year's Expenditures			<u>\$</u>	

-117-

**INTRODUCTION TO THE STATISTICAL SECTION**

## STATISTICAL SECTION

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

### Contents

### Exhibit

#### **Financial Trends**

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

J-1 thru J-5

#### **Revenue Capacity**

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

J-6 thru J-9

#### **Debt Capacity**

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

J-10 thru J-13

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

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

J-14 thru J-15

#### **Operating Information**

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

J-16 thru J-20

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

## J. FINANCIAL TRENDS

Borough of Edgewater School District

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

J-1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities:</b>										
Invested in Capital Assets - Net of Related Debt	\$ 4,092,718	\$ 4,442,448	\$ 4,445,172	\$ 4,942,981	\$ 5,188,665	\$ 5,518,375	\$ 5,857,262	\$ 5,585,748	\$ 5,201,403	\$ 776,791
Restricted	1,552,927	1,971,323	3,359,916	3,552,692	3,488,846	26,012,480	6,988,746	2,944,373	2,762,562	1,853,943
Unassigned	59,368	132,021	24,907	293,293	28,300	(22,537,284)	(4,029,920)	(313,469)	(173,383)	(2,030,229)
<b>Total Governmental Activities Net Positions</b>	<b>\$ 5,705,013</b>	<b>\$ 6,545,792</b>	<b>\$ 7,829,995</b>	<b>\$ 8,788,966</b>	<b>\$ 8,705,811</b>	<b>\$ 8,993,571</b>	<b>\$ 8,816,087</b>	<b>\$ 8,216,652</b>	<b>\$ 7,790,582</b>	<b>\$ 600,505</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets - Net of Related Debt	\$ 23,282	\$ 3,631	\$ 2,911	\$ 2,695	\$ 2,479	\$ 2,263	\$ 2,047	\$ 1,831	\$ 1,615	\$ 1,399
Unassigned	4,859	17,680	23,405	35,664	49,169	60,851	81,162	322,601	390,106	577,270
<b>Total Governmental Activities Net Positions</b>	<b>\$ 28,141</b>	<b>\$ 21,311</b>	<b>\$ 26,316</b>	<b>\$ 38,359</b>	<b>\$ 51,648</b>	<b>\$ 63,114</b>	<b>\$ 83,209</b>	<b>\$ 324,432</b>	<b>\$ 391,721</b>	<b>\$ 578,669</b>
<b>District-Wide:</b>										
Invested in Capital Assets - Net of Related Debt	\$ 4,116,000	\$ 4,446,079	\$ 4,448,083	\$ 4,945,676	\$ 5,191,144	\$ 5,520,638	\$ 5,859,309	\$ 5,587,579	\$ 5,203,018	\$ 778,190
Restricted	1,552,927	1,971,323	3,359,916	3,552,692	3,488,846	26,012,480	6,988,746	2,944,373	2,762,562	1,853,943
Unassigned	64,227	149,701	48,312	328,957	77,469	(22,476,433)	(3,948,759)	9,132	216,723	(1,452,959)
<b>Total District Assets</b>	<b>\$ 5,733,154</b>	<b>\$ 6,567,103</b>	<b>\$ 7,856,311</b>	<b>\$ 8,827,325</b>	<b>\$ 8,757,459</b>	<b>\$ 9,056,685</b>	<b>\$ 8,899,296</b>	<b>\$ 8,541,084</b>	<b>\$ 8,182,303</b>	<b>\$ 1,179,174</b>

Source: Borough of Edgewater School District Financial Reports

**Borough of Edgewater School District**

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

J-2  
Sheet 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Government Activities Instruction:										
Regular	\$ 2,176,669	\$ 2,613,161	\$ 2,791,989	\$ 3,122,285	\$ 3,303,923	\$ 3,422,408	\$ 3,575,466	\$ 3,892,617	\$ 4,006,589	\$ 4,723,302
Special Education	690,678	723,760	787,540	647,845	575,935	440,727	558,763	718,988	1,282,620	1,103,161
Other Special Instruction	318,270	371,414	355,771	341,887	537,482	502,098	432,766	412,523	371,600	498,542
Other Instruction	44,891	37,399	38,307	35,864	25,141	51,608	40,843		2,277	22,176
Support Services:										
Tuition	4,866,707	5,099,432	5,145,880	5,289,052	5,466,774	5,804,159	6,395,141	6,472,243	6,824,783	6,956,574
Student & Instruction Related Services	1,014,648	1,253,218	1,205,302	1,308,713	1,411,433	1,372,698	1,403,583	1,294,741	1,161,145	1,498,292
General Administration Services	242,873	224,882	266,922	255,315	327,550	306,579	210,194	259,404	439,263	448,325
School Administrative Services	206,485	118,670	183,921	162,069	261,572	203,485	180,058	272,105	542,323	561,341
Central Services	279,733	298,857	203,011	220,859	248,647	283,399	313,520	379,909	385,104	378,193
Administrative Information Technology	46,432	62,035	69,817	68,140	72,743	98,598	89,455	112,826	12,778	12,698
Plant Operations and Maintenance	586,892	762,420	771,704	817,827	758,260	695,498	625,558	1,113,816	1,134,938	1,367,696
Pupil Transportation	861,266	950,707	828,515	896,694	925,277	929,443	989,317	1,048,643	1,351,962	1,448,681
Special Schools		8,126	12,196	3,486		18,135	20,466		17,467	5,333
Transfer of Funds to Charter Schools					72,114	78,454	38,042	22,431	8,867	
State Assessment on EDA Grants						21,974	12,779	17,538	27,043	25,912
Interest in Long-Term Debt	182,407	246,537	249,157	244,732	360,455	1,224,989	1,366,140	1,292,172	1,286,190	1,439,937
Unallocated Depreciation	73,744	159,415	238,407	241,035	244,055	257,290	271,113	1,011,514	1,044,345	5,257,189
<b>Total Governmental Activities Expenses</b>	<b>11,591,695</b>	<b>12,930,033</b>	<b>13,148,439</b>	<b>13,655,803</b>	<b>14,610,199</b>	<b>15,711,542</b>	<b>16,523,206</b>	<b>18,321,469</b>	<b>19,899,292</b>	<b>25,747,351</b>
Business-Type Activities:										
Food Service	117,807	125,875	139,079	145,114	172,402	176,593	207,522	254,786	264,873	280,095
Pre-K								395,312	529,723	352,633
Career Life Skills	150,144	52,787								
<b>Total Business-Type Activities Expenses</b>	<b>267,951</b>	<b>178,662</b>	<b>139,079</b>	<b>145,114</b>	<b>172,402</b>	<b>176,593</b>	<b>207,522</b>	<b>650,098</b>	<b>794,597</b>	<b>632,728</b>
<b>Total District-wide Expenses</b>	<b>11,859,646</b>	<b>13,108,695</b>	<b>13,287,518</b>	<b>13,800,917</b>	<b>14,782,601</b>	<b>15,888,135</b>	<b>16,730,728</b>	<b>18,971,567</b>	<b>20,693,889</b>	<b>26,380,079</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services			34,029.00	47,695.00	66,649.00					
Operating Grants and Contributions	1,800,540	1,926,009	1,916,560	1,733,382	1,788,783	791,842	846,298	948,260	879,193	1,101,691
Capital Grants and Contributions	693,052									
<b>Total Governmental Activities</b>	<b>2,493,592</b>	<b>1,926,009</b>	<b>1,950,589</b>	<b>1,781,077</b>	<b>1,855,432</b>	<b>791,842</b>	<b>846,298</b>	<b>948,260</b>	<b>879,193</b>	<b>1,101,691</b>
Business Type Activities:										
Charges for Services:										
Food Service	69,808	92,924	94,756	110,611	130,764	130,444	147,321	156,168	188,117	202,868
Pre-K								654,072	579,600	493,177
Career Life Skills	32,059	19,425								
Capital Grants and Contributions - Food Service	48,858	46,721	49,328	46,546	54,833	57,760	80,225	81,006	93,789	123,045
<b>Total Business Type Activities</b>	<b>150,725</b>	<b>159,070</b>	<b>144,084</b>	<b>157,157</b>	<b>185,597</b>	<b>188,204</b>	<b>227,545</b>	<b>891,246</b>	<b>861,506</b>	<b>819,090</b>
<b>Total District-wide Program Revenues</b>	<b>2,644,317</b>	<b>2,085,079</b>	<b>2,094,673</b>	<b>1,938,234</b>	<b>2,041,029</b>	<b>980,046</b>	<b>1,073,843</b>	<b>1,839,506</b>	<b>1,740,700</b>	<b>1,920,781</b>
<b>Net (Expense) Revenue</b>										
Governmental Activities	(9,098,103)	(11,004,024)	(11,197,850)	(11,874,726)	(12,754,767)	(14,919,701)	(15,676,909)	(17,373,209)	(19,020,099)	(24,645,660)
Business-Type Activities	(117,226)	(19,592)	5,005	12,043	13,195	11,611	20,024	241,148	66,909	186,361
<b>Total District-Wide Net (Expense) Revenue</b>	<b>\$ (9,215,329)</b>	<b>\$ (11,023,616)</b>	<b>\$ (11,192,845)</b>	<b>\$ (11,862,683)</b>	<b>\$ (12,741,572)</b>	<b>\$ (14,908,089)</b>	<b>\$ (15,656,885)</b>	<b>\$ (17,132,062)</b>	<b>\$ (18,953,190)</b>	<b>\$ (24,459,299)</b>

See Independent Auditors' Report

-122-

Borough of Edgewater School District

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

J-2  
Sheet 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenue and Other Changes in Net Positions</b>										
Governmental Activities										
Property Taxes - General Purpose, Net	\$ 10,279,851	\$ 10,863,869	\$ 11,411,111	\$ 11,666,842	\$ 11,741,879	\$ 12,154,377.00	\$ 12,739,891.00	\$ 14,254,469.00	\$ 15,632,668.00	\$ 16,582,328.00
Taxes Levied for Debt Service	651,232	695,876	726,687	730,728	663,320	2,392,641	1,854,451	1,067,270	1,731,143	1,878,556
Unrestricted Grants and Contributions	103,516	142,619	174,998	243,058	112,011	508,663	898,850	1,249,592	1,064,077	1,156,921
Interest and Miscellaneous Income	181,595	155,201	169,257	193,069	154,402	227,054	72,433	202,444	166,140	134,915
Unrecorded Prior Year Expenditures							(45,959)			
Cancelation of Grants Receivable						(75,275)				
Transfers	(143,563)	(12,762)					(20,240)			
<b>Total Governmental Activities General Revenues and Other Changes</b>	<b>11,072,631</b>	<b>11,844,803</b>	<b>12,482,053</b>	<b>12,833,697</b>	<b>12,671,612</b>	<b>15,207,460</b>	<b>15,499,426</b>	<b>16,773,775</b>	<b>18,594,028</b>	<b>19,752,720</b>
Business-Type Activities;										
Investment Earnings					94	70	71	75	380	587
Transfers	143,563	12,762								
<b>Total Business-type Activities General Revenues and Other Changes</b>	<b>143,563</b>	<b>12,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>71</b>	<b>75</b>	<b>380</b>	<b>587</b>
<b>Total District-Wide General Revenues and Other Changes in Net Position</b>	<b>11,216,194</b>	<b>11,857,565</b>	<b>12,482,053</b>	<b>12,482,053</b>	<b>12,833,697</b>	<b>15,207,530</b>	<b>15,499,497</b>	<b>16,773,850</b>	<b>18,594,408</b>	<b>19,753,307</b>
<b>Change in Net Positions</b>										
Governmental Activities	1,974,528	840,779	1,284,203	958,971	(83,155)	287,760	(177,483)	(599,435)	(426,071)	(4,892,949)
Business-type Activities	26,337	(6,830)	5,005	12,043	13,289	11,681	20,095	241,223	67,289	186,948
<b>Total District-wide Change in Net Position</b>	<b>\$ 2,000,865</b>	<b>\$ 833,949</b>	<b>\$ 1,289,208</b>	<b>\$ 971,014</b>	<b>\$ (69,866)</b>	<b>\$ 299,441</b>	<b>\$ (157,388)</b>	<b>\$ (358,212)</b>	<b>\$ (358,781)</b>	<b>\$ (4,706,001)</b>

Source: Borough of Edgewater School District Financial Reports

Borough of Edgewater School District

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

J-3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund	\$ 1,471,588	\$ 1,884,316	\$ 3,047,027	\$ 3,327,262	\$ 3,299,978	\$ 2,480,182	\$ 1,874,038	\$ 2,305,131	\$ 2,423,454	\$ 1,801,377
Reserved	358,297	383,828	298,837	575,348	408,884	451,141	513,081	421,614	291,136	326,673
Unreserved										
Total General Fund	<u>\$ 1,829,885</u>	<u>\$ 2,268,144</u>	<u>\$ 3,345,864</u>	<u>\$ 3,902,610</u>	<u>\$ 3,708,862</u>	<u>\$ 2,931,323</u>	<u>\$ 2,387,119</u>	<u>\$ 2,726,745</u>	<u>\$ 2,714,589</u>	<u>\$ 2,128,050</u>
All Other Governmental Funds:										
Reserved	\$ 13,821	\$	\$	\$	\$ 41,006	\$	\$ 753,682	\$ 137,248	\$	\$
Unreserved (Deficit), Reported in:										
Special Revenue Fund	(13,962)	(5,619)	(3,043)	(4,084)	(8,005)	(1,328)	(5,561)			
Capital Projects Funds	81,480	92,626	283,291	194,423	28,455,235	23,807,614	4,229,338	725,563	339,108	52,566
Debit Service Fund			32,641	35,091	2,450	753,681	137,249	1		
Total All Other Governmental Funds	<u>\$ 81,339</u>	<u>\$ 87,007</u>	<u>\$ 312,889</u>	<u>\$ 225,430</u>	<u>\$ 28,490,686</u>	<u>\$ 24,559,967</u>	<u>\$ 5,114,708</u>	<u>\$ 862,813</u>	<u>\$ 339,108</u>	<u>\$ 52,566</u>
Total Governmental Funds	<u>\$ 1,911,224</u>	<u>\$ 2,355,151</u>	<u>\$ 3,658,753</u>	<u>\$ 4,128,040</u>	<u>\$ 32,199,548</u>	<u>\$ 27,491,290</u>	<u>\$ 7,501,827</u>	<u>\$ 3,589,558</u>	<u>\$ 3,053,698</u>	<u>\$ 2,180,616</u>

Source: Borough of Edgewater School District Financial Reports

**Borough of Edgewater School District**

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

J-4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax Levy	\$10,931,083	\$ 11,559,745	\$ 12,137,798	\$ 12,397,570	\$ 12,405,199	\$ 14,547,018	\$ 14,594,342	\$ 15,321,739	\$ 17,363,811	\$18,460,884
Tuition Charges			34,029	47,695	66,649					
Interest Earnings	119,551	140,220	120,521	36,225	16,398	2,107	1,162	983	638	3,363
Miscellaneous	44,044	14,981	33,489	156,844	137,808	224,947	71,271	91,461	167,145	131,552
State Sources	2,271,529	1,832,167	1,838,823	1,764,271	1,493,351	1,070,741	1,488,599	1,999,152	1,772,050	2,012,841
Federal Sources	325,579	236,461	252,735	212,169	407,443	229,764	256,548	198,699	169,579	245,772
<b>Total Revenues</b>	<b>13,691,786</b>	<b>13,783,574</b>	<b>14,417,395</b>	<b>14,614,774</b>	<b>14,526,848</b>	<b>16,074,577</b>	<b>16,411,922</b>	<b>17,612,034</b>	<b>19,473,222</b>	<b>20,854,411</b>
<b>Expenditures</b>										
Instruction:										
Regular	1,621,299	1,755,315	1,921,058	2,284,748	2,476,753	2,554,507	2,568,775	2,785,103	2,869,575	3,455,434
Special	602,988	582,530	662,975	540,709	462,953	319,472	390,467	494,014	925,445	760,330
Other Special	233,105	248,989	238,665	247,679	392,477	362,812	301,240	283,047	257,317	343,610
Other Instruction	33,553	24,765	25,888	26,276	19,181	37,238	28,613		1,575	15,285
Support Services:										
Tuition	4,866,707	5,099,432	5,145,880	5,289,052	5,466,774	5,804,159	6,395,141	6,472,243	6,824,783	6,956,574
Student and Instruction Related Services	889,891	1,073,421	1,035,743	1,081,518	1,095,363	1,146,240	1,095,584	1,048,576	960,578	1,190,105
General Administrative Services	202,752	201,131	239,620	227,339	306,046	272,296	176,329	222,763	375,538	381,498
School Administrative Services	128,140	140,623	127,920	121,833	197,829	148,041	126,250	187,786	376,710	388,199
Central Services	242,009	261,094	165,461	181,043	202,034	211,917	223,365	267,408	275,941	276,972
Administrative Information Technology	39,516	49,686	57,642	54,984	59,223	77,318	66,052	108,061	12,778	11,219
Plant Operations and Maintenance	524,410	706,071	611,413	595,124	708,888	617,579	527,239	912,007	961,416	1,146,169
Pupil Transportation	851,603	919,182	802,120	866,775	904,391	896,193	955,617	1,020,663	1,298,761	1,431,702
Unallocated Benefits	928,089	1,496,445	1,476,214	1,471,438	1,653,241	1,635,813	1,956,309	2,141,430	2,380,351	2,799,533
Special Schools		5,627	9,372	2,501	13,676	13,050	14,231		12,080	3,675
Transfer Funds to Charter Schools					72,114	78,454	38,042	22,431	8,867	
Capital Outlay	2,776,074	50,625	580,023	369,987	426,182	4,816,356	19,487,006	3,631,813	519,289	601,272
Debt Service:										
Principal	420,000	450,000	445,000	540,000	500,000	587,000	610,000	630,000	660,000	700,000
Interest and Other Charges	258,301	245,876	249,046	244,481	226,411	1,129,117	1,374,926	1,296,958	1,288,079	1,265,917
<b>Total Expenditures</b>	<b>14,618,437</b>	<b>13,310,812</b>	<b>13,794,040</b>	<b>14,145,487</b>	<b>15,183,536</b>	<b>20,707,560</b>	<b>36,335,187</b>	<b>21,524,304</b>	<b>20,009,082</b>	<b>21,727,493</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(926,651)	472,762	623,355	469,287	(656,688)	(4,632,983)	(19,923,265)	(3,912,269)	(535,859)	(873,081)
<b>Other Financial Sources (Uses)</b>										
Transfers In	63,148	60,875	58,697	13,172	9,605	49,147		2,980	637	117
Transfers Out	(206,711)	(89,710)	(58,697)	(13,172)	(9,605)	(49,147)	(20,240)	(2,980)	(637)	(117)
Cancellation of Grant Receivable and Payables	18,000					(75,275)				
Unrecorded Prior Year Expenditures							(45,959)			
Premium on Sale of Bonds			15,247		196					
Bond Proceeds			665,000		28,728,000					
<b>Total Other Financing Sources (Uses)</b>	<b>(125,563)</b>	<b>(28,835)</b>	<b>680,247</b>		<b>28,728,196</b>	<b>(75,275)</b>	<b>(66,199)</b>			
<b>Net Change in Fund Balances</b>	<b>\$ (1,052,214)</b>	<b>\$ 443,927</b>	<b>\$ 1,303,602</b>	<b>\$ 469,287</b>	<b>\$ 28,071,508</b>	<b>\$ (4,708,258)</b>	<b>\$ (19,989,463)</b>	<b>\$ (3,912,269)</b>	<b>\$ (535,859)</b>	<b>\$ (873,081)</b>
Debt Service as Percentage of Noncapital Expenditures	6.1%	5.5%	5.5%	6.0%	4.9%	10.8%	11.8%	10.8%	10.0%	9.3%

Source: Borough of Edgewater School District Financial Reports.

See Independent Auditors' Report

**Borough of Edgewater School District**

General Fund - Other Local Revenue by Source

LAST TEN YEARS

*(Modified Accrual Basis of Accounting)*

*Unaudited*

J-5

Fiscal Year Ending June 30,	Tuition	Interest on Investments	Rental - Use of Facilities	Medical Contributions	Energy Reimbursements	Other	Total
2006		74,403	5,650			38,394	\$ 57,981
2007		79,345	2,000			12,981	118,447
2008	34,029	77,071	18,230			15,259	94,326
2009	47,695	23,053	30,000			126,844	144,589
2010	66,649	6,989	30,000			107,808	227,592
2011		68,934	10,000	53,625	18,206	74,182	211,446
2012		2,200			22,500	15,921	40,621
2013		5,136	15,000			22,356	42,492
2014		3,580		3,766		160,436	167,782
2015		3,363				131,426	134,789

Source: Borough of Edgewater School District records

**REVENUE CAPACITY-N/A TO CHARTER SCHOOLS**

**Borough of Edgewater School District**

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

J-6

<u>Year Ended December 31</u>	<u>Land Vacant</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total Assessed Value</u>	<u>Add Public Utilities<sup>a</sup></u>	<u>Net Valuation Taxable</u>	<u>Tax-Exempt Property</u>	<u>Total Direct School Tax Rate<sup>b</sup></u>	<u>Estimated Actual (County Equalized Value)</u>
2006	\$ 30,758,800	\$ 576,173,500	\$ 203,874,000	\$ 40,300,900	\$ 244,735,600	\$ 1,095,842,800	\$ 568,018	\$ 1,096,410,818	\$ 107,953,600	1.03	\$ 2,050,203,698
2007	27,174,800	588,285,400	236,662,300	16,900,800	246,879,600	1,115,902,900	441,857	1,116,344,757	107,953,600	1.09	2,704,484,870
2008*	52,490,700	1,760,369,900	613,151,200	42,425,700	552,095,100	3,020,532,600	1,091,713	3,021,624,313	221,474,700	0.40	2,891,438,483
2009	49,105,400	1,786,728,700	618,395,300	42,425,700	511,108,800	3,007,763,900	1,150,145	3,008,914,045	221,474,700	0.41	2,908,422,685
2010	47,424,500	1,771,314,100	611,067,900	42,049,000	488,763,400	2,960,618,900	1,450,701	2,962,069,601	222,611,000	0.455	2,894,436,437
2011	45,227,200	1,463,121,400	581,383,500	30,204,400	478,473,100	2,598,409,600	1,259,173	2,599,668,773	211,990,500	0.561	2,821,205,491
2012	45,227,200	1,466,104,500	578,261,800	30,204,400	479,814,600	2,599,612,500	1,188,586	2,600,801,086	215,832,700	0.577	2,979,498,567
2013	53,129,100	1,483,198,300	572,208,300	25,614,400	489,200,000	2,623,350,100	1,342,815	2,624,692,915	215,825,000	0.616	3,015,344,943
2014	42,707,100	1,509,306,200	590,875,500	25,614,400	489,009,900	2,657,513,000	1,409,977	2,658,922,977	215,825,200	0.670	3,021,486,850
2015	60,858,500	1,570,040,600	605,247,900	25,614,400	480,777,600	2,742,539,000	1,597,567	2,744,136,607	217,951,600	0.711	3,141,467,580

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

<sup>a</sup> - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> - Tax rates are per \$100 of assessed value.

\* - Revaluation effective in this year.

N/A - Not Provided

Source: Borough of Edgewater Tax Assessor.

**Borough of Edgewater School District**

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

J-7

Year Ended December 31,	Borough of Edgewater School District Direct Rate			Overlapping Rates		
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Edgewater	Bergen County	Total Direct and Overlapping Tax Rate
2006	0.9686	0.0614	1.03	1.47	0.34	2.84
2007	1.0244	0.0656	1.09	1.43	0.44	2.96
2008	0.3761 *	0.0239 *	0.40 *	0.52 *	0.17	1.09
2009	0.3858	0.0242	0.41	0.56	0.18	1.15
2010	0.4307	0.0243	0.455	0.581	0.189	1.225
2011	0.4687	0.0923	0.561	0.70 **	0.219	1.480 *
2012	0.490	0.087	0.577	0.732	0.257	1.556
2013	0.543	0.073	0.616	N/A	N/A	N/A
2014	N/A	N/A	0.670	0.766	N/A	N/A
2015	N/A	N/A	0.711	N/A	N/A	N/A

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

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

<sup>b</sup> - Rates for debt service are based on each year's requirements.

\* - Reflects revaluation of real property.

\*\* Includes Library

Source: Borough of Edgewater Tax Collector and School Business Administrator

**Borough of Edgewater School District**

Principal Property Taxpayers  
CURRENT YEAR  
Unaudited

J-8

Taxpayer	2015	
	Taxable Assessed Valuation	% of Total District's Net Assessed Value
Edgewater Ret. Partners	\$ 124,500,500	0.00%
Avalonbay Com.	100,000,000	
Edgewater Colony, Inc.	76,822,100	
Windsor at Mariner's Tower, LLC	57,504,700	
WAC St. Moritz Venture	54,873,500	
RREEF American REIT	53,000,000	
AIMCO River Club, LLC	46,000,000	
Edgewater Lofts LLC	45,165,000	
One Main Street	34,312,900	
WC Edgewater PROPOC	33,488,800	
Total	<u>\$ 625,667,500</u>	<u>24.47%</u>

Source: Borough of Edgewater Tax Assessor.

**Borough of Edgewater School District**

Property Tax Levies and Collections  
LAST TEN YEARS  
Unaudited

J-9

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	<u>Collected Within the Fiscal Year of the Levy<sup>a</sup></u>		
		<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>
2006	10,931,083	10,931,083	100.00%	\$
2007	11,559,745	11,559,745	100.00%	
2008	12,137,798	12,137,798	100.00%	
2009	12,397,570	12,397,570	100.00%	
2010	12,405,199	12,405,199	100.00%	
2011	14,547,018	14,547,018	100.00%	
2012	14,594,342	14,594,342	100.00%	
2013	15,321,739	15,321,739	100.00%	
2014	17,363,811	17,363,811	100.00%	
2015	18,460,884	18,460,884	100.00%	

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

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

See Independent Auditors' Report

**DEBT CAPACITY**

**Borough of Edgewater School District**

Ratios of Outstanding Debt by Type  
LAST TEN YEARS  
Unaudited

J-10

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Bond Anticipation Notes (BANs)			
2006	6,862,000		6,862,000	1.27%	724.22
2007	6,412,000		6,412,000	1.08%	681.11
2008	6,632,000		6,632,000	1.04%	700.46
2009	6,092,000		6,092,000	0.94%	636.04
2010	34,320,000	1,000,000	35,320,000	5.42%	3,669.99
2011	33,733,000		33,733,000	4.44%	2,929.99
2012	33,123,000		33,123,000	4.19%	2,857.89
2013	32,383,000		32,383,000	4.03%	2,704.89
2014	31,723,000		31,723,000	3.70%	2,645.35
2015	31,023,000		31,023,000	N/A	N/A

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

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

Source: Borough of Edgewater School District Financial Reports.

See Independent Auditors' Report

**Borough of Edgewater School District**

Ratios of General Bonded Debt Outstanding  
LAST TEN YEARS  
Unaudited

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2006	6,862,000		6,862,000	0.646%	724.22
2007	6,412,000		6,412,000	0.585%	681.11
2008	6,632,000		6,632,000	0.594%	700.46
2009	6,092,000		6,092,000	0.202%	636.04
2010	34,320,000		34,320,000	1.141%	3,566.08
2011	33,733,000		33,733,000	1.30%	2,929.99
2012	33,123,000		33,123,000	1.27%	2,857.89
2013	32,383,000		32,383,000	1.23%	2,704.89
2014	31,723,000		31,723,000	1.19%	N/A
2015	31,023,000		31,023,000	1.13%	N/A

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

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

<sup>b</sup> - See J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Borough of Edgewater School District Financial Reports.

See Independent Auditors' Report

**Borough of Edgewater School District**

Ratios of Overlapping Governmental Activities Debt  
As Of June 30, 2015

Unaudited

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Edgewater			
Bergen County General Obligation Debt			\$ _____
 Total Overlapping Debt			
 Borough of Edgewater School District Direct Debt			_____
 Total Direct and Overlapping Debt			\$ _____

N/A

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

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

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

See Independent Auditors' Report

**Borough of Edgewater School District**

Legal Debt Margin Information  
LAST TEN YEARS  
Unaudited

J-13

Legal Debt Margin Calculation for Fiscal Year 2015

<u>Year</u>	<u>Valuation Basis</u>
2012	\$ 2,988,060,345
2013	2,898,409,126
2014	<u>2,970,615,918</u>
	<u>\$ 8,857,085,389</u>
Average Equalized Valuation of Taxable Property	<u>\$ 2,952,361,796</u>
Debt Limit (2.5% of Average Equalization Value) <sup>a</sup>	\$ 73,809,045
Net Bonded School Debt as of June 30, 2015	<u>31,023,000</u>
Legal Debt Margin	<u>\$ 42,786,045</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 44,455,110	\$ 52,895,962	\$ 60,449,990	\$ 67,829,588	\$ 69,785,664	\$ 70,463,535	\$ 71,937,878	\$ 73,334,349	\$ 73,871,578	\$ 73,809,045
Total Net Debt Applicable to Limit	<u>6,862,000</u>	<u>6,412,000</u>	<u>6,632,000</u>	<u>6,092,000</u>	<u>34,320,000</u>	<u>33,733,000</u>	<u>33,123,000</u>	<u>32,383,000</u>	<u>31,723,000</u>	<u>31,023,000</u>
Legal Debt Margin	<u>\$ 37,593,110</u>	<u>\$ 46,483,962</u>	<u>\$ 53,817,990</u>	<u>\$ 61,737,588</u>	<u>\$ 35,465,664</u>	<u>\$ 36,730,535</u>	<u>\$ 38,814,878</u>	<u>\$ 40,951,349</u>	<u>\$ 42,148,578</u>	<u>\$ 42,786,045</u>
Total Net Debt applicable to the Limit as a Percentage of Debt Limit	22.72%	17.99%	15.44%	12.12%	10.97%	8.98%	49.18%	44.16%	42.94%	42.03%

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

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

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**Borough of Edgewater School District**

Demographic and Economic Statistics  
LAST TEN YEARS

Unaudited

J-14

Year	Borough Population <sup>a</sup>	Bergen County Per Capita Personal Income <sup>b</sup>	Borough Personal Income <sup>c</sup>	Borough Unemployment Rate <sup>d</sup>
2006	9,414	63,021	593,279,694	4.00%
2007	9,468	67,113	635,425,884	3.60%
2008	9,578	68,541	648,392,288	4.70%
2009	9,624	64,388	651,506,304	8.40%
2010	11,526	63,198 *	728,420,148	8.60%
2011	11,590	65,486	758,982,740	8.40%
2012	11,972	66,096	791,301,312	8.60%
2013	11,992	66,985	803,284,120	7.70%
2014	12,343	69,495	857,776,785	6.40%
2015	N/A	N/A	N/A	N/A

\* - Latest Bergen County per capita personal income available (2013) was used for calculation purposes.

Source:

<sup>a</sup> - Population information provided by the US Department of Census - Population Division.

<sup>b</sup> - Per Capita Personal Income provided by the US Department of Commerce - Bureau of Economic Analysis Analysis.

<sup>d</sup> - Unemployment data provided by the NJ Department of Labor and Workforce Development.

See Independent Auditors' Report

**Borough of Edgewater School District**

Principal Employers  
CURRENT YEAR AND  
TEN YEARS AGO  
Unaudited

J-15

2014			2015		
<u>Employer</u>	<u>Employees</u>	<u>% of Total Municipal Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>% of Total Municipal Employment</u>
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*

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

\*Information not available

**OPERATING INFORMATION**

**Borough of Edgewater School District**

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

J-16

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	27.0	31.2	31.2	36.0	36.0	44.5	46.5	47.0	48.0	52.7
Special Education	4.0	4.0	4.0	4.0	4.0	6.0	6.0	8.0	8.0	8.6
Other Special Education	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	
Other Instruction	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	4.0
Support Services:										
Student & Instruction Related Services	5.5	5.5	5.5	5.5	5.5	6.5	6.5	6.5	7.0	29.1
General Administration Services	0.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0	2.0	2.0
School Administration Services	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	5.6
Central Services	3.0	3.0	3.0	3.0	3.0	3.5	3.5	4.0	5.0	3.8
Administration Information Technology	1.0	1.0	1.0	1.0	1.0	1.5	1.5	2.0	2.0	
Plant Operations and Maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	12.5	14.0	14.0
Career Life Skills	1.0	1.0								
<b>Total</b>	<u>51.0</u>	<u>55.0</u>	<u>59.1</u>	<u>58.2</u>	<u>63.0</u>	<u>63.0</u>	<u>78.0</u>	<u>89.0</u>	<u>94.0</u>	<u>119.8</u>

Source: Borough of Edgewater District Personnel Records

**Borough of Edgewater School District**

Operating Statistics  
LAST NINE YEARS  
Unaudited

J-17

Enrollment - Grades

Fiscal Year	<u>Pre-K-6</u>	<u>7-12</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost per Pupil<sup>b</sup></u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>c</sup></u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)<sup>d</sup></u>	<u>Average Daily Attendance (ADA)<sup>d</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2006	403	280	\$ 11,164,062	\$ 16,346	2.08%	36	11.2:1	411	373	405.00%	90.63%
2007	409	258	12,564,311	18,837	15.24%	37	11.1:1	416	397	1.22%	95.43%
2008	425	273	12,519,971	17,937	-4.78%	37	11.1:1	445	425	6.97%	95.51%
2009	488	269	12,991,019	17,161	-4.32%	36	13.56:1	486	463	9.21%	95.27%
2010	597	295	14,030,943	15,730	-8.34%	36	16.50:1	594	566	22.22%	95.29%
2011	628	325	14,197,062	14,897	-5.30%	44.5	14.11:1	618.8	590.8	4.42%	95.57%
2012	656	337	14,614,975	14,718	-1.20%	46.5	14.11:7	663.7	634.2	7.00%	95.50%
2013	780	343	15,717,584	13,996	-4.90%	47	16.3:1	764.8	731.3	15.00%	95.60%
2014	808	381	17,339,394	14,583	10.31%	48	16.8:1	865	826.5	13.07%	95.97%
2015	905	379	18,901,616	14,721	9.00%	53	17.1:1	907.4	867.1	4.90%	95.55%

Note: Enrollment based on annual October District count.

<sup>a</sup> - Operating expenditures equal total expenditures less debt service and capital outlay.

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

<sup>c</sup> - Teaching staff includes only full-time equivalents of certificated staff.

<sup>d</sup> - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Borough of Edgewater School District Records

See Independent Auditors' Report

-142-

**Borough of Edgewater School District**

School Building Information  
LAST TEN YEARS  
Unaudited

J-18

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
George Washington School (2012):										
Square Feet	23,155	23,155	23,155	23,155	23,155	N/A	N/A	100,000	100,000	100,000
Capacity (students)	350	350	350	350	350	N/A	N/A	925	925	925
Enrollment	30	30	N/A	N/A	N/A	N/A	N/A	423	460	525
Eleanor Van Gelder School (1914):										
Square Feet	63,941	63,941	63,941	63,941	63,941	63,941	63,941	63,941	63,941	63,941
Capacity (students)	565	565	565	565	565	565	565	565	565	565
Enrollment	373	379	425	488	597	628	656	332	348	382

Number of Schools at June 30, 2015  
Elementary = 2  
Other =

N/A - Not Applicable.

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

Source: Borough of Edgewater School District Board office.

See Independent Auditors' Report

**Borough of Edgewater School District**

Schedule of Required Maintenance for School Facilities  
LAST TEN YEARS  
Unaudited

J-19

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

School Facilities*	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
George Washington	\$	\$	\$	\$	\$	\$	\$	\$ 96,842	\$ 139,583	\$ 193,588
Eleanor Van Gelder	141,808	138,664	135,138	132,590	247,936	187,657	178,050	118,775	149,585	82,966
	<u>\$ 141,808</u>	<u>\$ 138,664</u>	<u>\$ 135,138</u>	<u>\$ 132,590</u>	<u>\$ 247,936</u>	<u>\$ 187,657</u>	<u>\$ 178,050</u>	<u>\$ 215,617</u>	<u>\$ 289,168</u>	<u>\$ 276,554</u>

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

**Borough of Edgewater School District**

Insurance Schedule  
June 30, 2015  
Unaudited

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ School Boards Association Insurance Group:		
Property:		
Blanket Real and Personal Property Per Occurrence	\$ 350,000,000	\$ 5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Papers	10,000,000	5,000
Flood Insurance:		
Zones A and V	15,000,000	500,000
All Other Zones	75,000,000	10,000
Earthquake Insurance	50,000,000	5,000
Demolition and Increased Cost of Construction	10,000,000	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	250,000	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	250,000	1,000
Computer Fraud	250,000	1,000
Comprehensive General Liability:		
Bodily Injury and Property Damage	16,000,000	1,000
Employee Benefit Liability	16,000,000	1,000
Automobile:		
Liability	16,000,000	
School Board Legal Liability - NJ School Boards Association Insurance 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 Boards Association Insurance Group:		
Workers' Compensation	Statutory	
Employers' Liability	2,000,000	
Public Employees' Faithful Performance Blanket Position Bond- NJSBAIG		
Board Secretary	230,000	1,000
Treasurer	230,000	1,000

Source: Borough of Edgewater School District records.

See Independent Auditors' Report

**SINGLE AUDIT SECTION**



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Borough of Edgewater School District, County of Bergen, New Jersey (the "District") as of and for the year ended June 30 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2015.

**Internal Control Over Financial Reporting**

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

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 identified certain deficiencies in internal control that we consider to be material weaknesses and 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 to be material weaknesses (2015-2).

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 accompany schedule of findings and questioned costs to be significant deficiencies (2015-1).

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**The Honorable President and Members  
of the Board of Education  
Borough of Edgewater School District**  
Page 2

**Compliance and Other Matters**

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

**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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McEnerney, Brady + Company*

Livingston, New Jersey  
December 18, 2015

*John Lauria*

John Lauria, RMA, PSA  
Licensed Public School Accountant #208700



McENERNEY, BRADY & COMPANY  
Certified Public Accountants  
A division of O'Connor Davies, LLP

K-2

**Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Circular  
A-133 and New Jersey OMB Circular 15-08**

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

**Report on Compliance for Each Major Program**

We have audited the Borough of Edgewater School District compliance with the types of compliance requirements described in the *OMB Circular A-133* and *New Jersey OMB Circular 15-08 Compliance Supplements* that could have a direct and material effect on each of the Borough of Edgewater School District's major programs for the year ended June 30, 2015. The Borough of Edgewater School District's major 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 the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Borough of Edgewater School District's major 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Programs* (collectively, "OMB Circular A-133"). Those standards and OMB Circular A-133 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 program occurred. An audit includes examining, on a test basis, evidence about the Borough of Edgewater School District'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 program. However, our audit does not provide a legal determination of the Borough of Edgewater School District's compliance.

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***Opinion on Each Major Program***

In our opinion, the Borough of Edgewater School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of the Borough of Edgewater School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Edgewater School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ 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 Borough of Edgewater School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and NJ OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

*McEnerney, Brady & Company*

Livingston, New Jersey  
December 18, 2015

*John Lauria*

John Lauria, RMA, PSA  
Licensed Public School Accountant #208700

Borough of Edgewater School District

K-3  
Schedule A

Schedule of Expenditures of Federal Awards  
For The Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor Program Title	Federal CDFR Program	Award Amount	Grant Period	Balance, June 30, 2014			Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balance	Balance, June 30, 2015		
				Accounts Receivable	Deferred Revenue	Due To Grantor						Accounts Receivable	Deferred Revenue	Due To Grantor
U.S. Department of Education														
Passed - Through State of New Jersey														
Department of Education:														
Special Revenue Fund:														
I.D.E.A. Part B	84.027	\$ 196,607.00	9/1/13-8/31/14	\$ (136,333.97)	\$	\$	\$ 231,825.35		\$	\$	\$	\$	\$ 95,491.38	
I.D.E.A. Part B	84.027	239,352.00	9/1/14-8/31/15					(147,512.67)				(147,512.67)		
I.D.E.A. Part B	84.027	186,678.00	9/1/12-8/31/13			26,260.00							26,260.00	
I.D.E.A., Preschool	84.173	8,418.00	9/1/13-8/31/14	(560.65)			7,230.65						6,670.00	
I.D.E.A., Preschool	84.173	13,943.00	9/1/14-8/31/15					(11,867.10)				(11,867.10)		
I.D.E.A., Preschool	84.173	13,943.00	9/1/12-8/31/13			2,442.00							2,442.00	
Title I, Part A	84.010	59,037.00	9/1/14-8/31/15				51,023.00	(51,166.74)				(143.74)		
Title I, Part A	84.010	53,429.00	9/1/13-8/31/14			38,004.52			(38,004.52)				38,004.52	
Title I, Part A	84.010	48,559.00	9/1/12-8/31/13			12,789.48			(12,789.48)				12,789.48	
Title II, Part A	84.168	20,826.00	9/1/13-8/31/14			2,909.00			(2,909.00)					
Title II, Part A	84.168	24,855.00	9/1/14-8/31/15				18,380.00	(20,654.30)	2,909.00				634.70	
Title III - Other	84.365	16,371.00	9/1/14-8/31/15					(14,570.71)				(14,570.71)		
Title III - Other	84.365	17,247.00	9/1/12-8/31/13			360.00							360.00	
Title III - Other	84.365	18,284.00	9/1/13-8/31/14			17,254.00			(5,768.83)				17,254.00	
<b>Total Special Revenue Fund</b>				<b>(136,894.62)</b>		<b>100,019.00</b>		<b>308,459.00</b>	<b>(245,771.52)</b>	<b>(56,562.83)</b>		<b>(174,094.22)</b>	<b>634.70</b>	<b>199,271.38</b>
U.S. Department of Agriculture														
Passed-through State of New Jersey Department														
of Education:														
Enterprise Fund:														
Food Distribution Program	10.550	22,766.69	7/1/14-6/30/15				22,766.69	(22,766.69)						
National School Breakfast Program	10.553	5,056.68	7/1/14-6/30/15				3,966.48	(5,056.68)				(1,090.20)		
National School Breakfast Program	10.553	5,997.52	7/1/13-6/30/14	(628.80)			628.80							
National School Lunch Program	10.555	91,414.94	7/1/14-6/30/15				70,001.98	(91,414.94)				(21,412.96)		
National School Lunch Program	10.555	72,529.30	7/1/13-6/30/14	(6,332.65)			6,332.65							
<b>Total Enterprise Fund</b>				<b>(6,961.45)</b>			<b>103,696.60</b>	<b>(119,238.31)</b>				<b>(22,503.16)</b>		
<b>Total Federal Financial Awards</b>				<b>\$ (143,856.07)</b>	<b>\$</b>	<b>\$ 100,019.00</b>	<b>\$</b>	<b>\$ 412,155.60</b>	<b>\$ (365,009.83)</b>	<b>\$ (56,562.83)</b>	<b>\$</b>	<b>\$ (196,597.38)</b>	<b>\$ 634.70</b>	<b>\$ 199,271.38</b>

Borough of Edgewater School District

Schedule of Expenditures of State Awards  
For The Year Ended June 30, 2015

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance, June 30, 2014			Budgetary Expenditures	Repayment of Prior Year Balance	Balance, June 30, 2015			MEMO	
				(Accounts Receivable)	Due To Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due To Grantor	Budgetary Receivable	Cumulative Expenditures
				Deferred Revenue									
<b>New Jersey State Department of Education:</b>													
<b>General Funds:</b>													
Special Education Aid	15-495-034-5120-089	\$ 487,053.00	7/1/14-6/30/15	\$	\$	\$ 487,053.00	\$ (487,053.00)	\$	\$	\$	\$	\$ 24,530.60	\$ 487,053.00
Transportation Aid	15-495-034-5120-014	113,998.00	7/1/14-6/30/15			113,998.00	(113,998.00)					11,399.80	113,998.00
Security Aid	15-495-034-5120-057	40,295.00	7/1/14-6/30/15			40,295.00	(40,295.00)					4,029.50	40,295.00
Supplemental Enrichment Growth Aid	15-495-034-5120-085	255,143.00	7/1/14-6/30/15			255,143.00	(255,143.00)					20,321.90	255,143.00
Non-Public School Transportation	13-495-034-5095-014	19,488.00	7/1/14-6/30/15			19,488.00	(19,488.00)		(19,488.00)				19,488.00
Non-Public School Transportation	15-495-034-5095-014	17,990.00	7/1/13-6/30/14	(17,990.00)		17,990.00							
Extraordinary Aid	15-495-034-5120-044	96,733.00	7/1/14-6/30/15			96,733.00	(96,733.00)		(96,733.00)				96,733.00
Extraordinary Aid	14-495-034-5120-044	106,295.00	7/1/13-6/30/14	(106,295.00)		106,295.00							
PARCC Readiness Aid	15-495-034-5120-044	13,300.00	7/1/13-6/30/14			13,300.00	(13,300.00)						13,300.00
Per Pupil Growth Aid	15-495-034-5120-044	13,300.00	7/1/13-6/30/14			13,300.00	(13,300.00)						13,300.00
On-behalf TPAF Social Security Contributions	15-495-034-5095-002	316,665.33	7/1/14-6/30/15			300,340.53	(316,665.33)		(16,324.80)				316,665.33
On-behalf TPAF Social Security Contributions	14-495-034-5095-002	308,496.82	7/1/13-6/30/14	(106,717.60)		106,717.60							
<b>Total General Funds</b>				<b>(231,002.60)</b>		<b>1,454,432.13</b>	<b>(1,355,975.33)</b>		<b>(132,545.80)</b>			<b>60,281.80</b>	<b>1,355,975.33</b>
<b>Special Revenue Funds:</b>													
Preschool Education Aid	11-495-034-5120-086	137,232.00	7/1/10-6/30/11	47,256.60						47,256.60			
Preschool Education Aid	12-495-034-5120-086	133,420.00	7/1/11-6/30/12	82,915.70						82,915.70			
Preschool Education Aid	13-495-034-5120-086	7,768.00	7/1/12-6/30/13	7,788.00						7,768.00			
Preschool Education Aid	14-495-034-5120-086	279,020.00	7/1/13-6/30/14	279,020.00						279,020.00			
Preschool Education Aid	15-495-034-5120-086	366,712.00	7/1/14-6/30/15			330,040.80	(3,434.02)		(36,671.20)	363,277.98			3,434.02
<b>NJ Nonpublic Aid:</b>													
Textbook Aid	14-100-034-5120-064	1,262.00	7/1/13-6/30/14		1,262.00			(1,262.00)					
Textbook Aid	15-100-034-5120-064	1,251.00	7/1/14-6/30/15		1,251.00		(1,154.26)			96.74			1,154.26
Compensatory Education	14-100-034-5120-067	1,712.00	7/1/13-6/30/14		1,642.62			(1,642.62)					
English as a Second Language	14-100-034-5120-067	9,802.00	7/1/13-6/30/14		1,193.52			(1,193.52)					
English as a Second Language	15-100-034-5120-067	3,654.00	7/1/14-6/30/15			3,654.00	(1,644.30)			2,009.70			1,644.30
<b>Handicapped Services:</b>													
Supplemental Instruction	14-100-034-5120-066	1,249.00	7/1/13-6/30/14		1,249.00			(1,249.00)					
Examination and Classification	14-100-034-5120-066	2,228.00	7/1/13-6/30/14		2,228.00			(2,228.00)					
Corrective Speech	15-100-034-5120-066	2,730.00	7/1/14-6/30/15			2,739.00	(2,473.80)			265.20			2,473.80
Corrective Speech	14-100-034-5120-066	6,562.00	7/1/13-6/30/14		6,562.00			(6,562.00)					
Technology	15-100-034-5120-071	672.00	7/1/14-6/30/15			672.00	(534.76)			137.24			534.76
Technology	14-100-034-5120-071	460.00	7/1/13-6/30/14		460.00			(460.00)					
Nursing Services	14-100-034-5120-070	1,776.00	7/1/13-6/30/14		100.93			(100.93)					
Nursing Services	15-100-034-5120-070	2,087.00	7/1/14-6/30/15			2,087.00				2,087.00			
<b>Total Special Revenue Funds</b>				<b>416,960.30</b>	<b>14,698.07</b>	<b>340,443.80</b>	<b>(9,241.14)</b>	<b>(14,698.07)</b>		<b>780,238.28</b>	<b>4,595.88</b>		<b>9,241.14</b>
<b>Debt Service Fund:</b>													
Debt Service Aid	15-495-034-5120-125	79,049.00	7/1/13-6/30/14			79,049.00	(79,049.00)						79,049.00
<b>New Jersey State Department of Agriculture:</b>													
<b>Enterprise Fund:</b>													
National School Lunch Program (state share)	15-100-010-3350-023	2,884.12	7/1/12-6/30/13	(261.45)		261.45							
National School Lunch Program (state share)	14-100-010-3350-023	3,547.71	7/1/13-6/30/14			3,242.95	(3,547.71)		(304.76)				3,547.71
<b>Total Enterprise Funds</b>				<b>(261.45)</b>		<b>3,504.40</b>	<b>(3,547.71)</b>		<b>(304.76)</b>				<b>3,547.71</b>
<b>Total State Financial Awards</b>				<b>\$ 185,696.25</b>	<b>\$ 14,698.07</b>	<b>\$ 1,877,429.33</b>	<b>\$ (1,447,813.16)</b>	<b>\$ (14,698.07)</b>	<b>\$ (132,850.56)</b>	<b>\$ 780,238.28</b>	<b>\$ 4,595.88</b>	<b>\$ 60,281.80</b>	<b>\$ 1,447,813.18</b>

**Borough of Edgewater School District**

**Notes to The Schedules of Expenditures of Federal and  
State Awards and Financial Assistance**

June 30, 2015

**1. GENERAL**

The accompanying schedules of expenditures of federal and state awards and financial assistance include federal and state award activities of the Board of Education, Borough of Edgewater School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies passed through other government agencies are included on the schedules of expenditures of federal awards and state awards.

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal and state awards are 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 bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grant, and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the General, Special Revenue and Capital Projects Fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General 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 and Special Revenue Funds are presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. Additionally, on the grant accounting budgetary basis, the Special Revenue Fund recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$8,774.20 for the general fund and -0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Post Retirement Medical Benefits and Non-Contributory Insurance Contributions and Pension Contributions revenue of \$530,013.00. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

**Borough of Edgewater School District**

Notes to The Schedules of Expenditures of Federal and  
State Awards and Financial Assistance

June 30, 2015

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 1,916,238.53	\$ 1,916,238.53
Special Revenue Fund	245,771.52	9,241.14	255,012.66
Debt Service Fund		87,361.00	87,361.00
Food Service Fund	<u>119,238.33</u>	<u>3,806.71</u>	<u>123,045.04</u>
Total Awards and Financial Assistance	<u>\$ 365,009.85</u>	<u>\$ 2,016,647.38</u>	<u>\$ 2,381,657.23</u>

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

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

**5. FEDERAL AND STATE LOANS OUTSTANDING**

The Borough of Edgewater School District had no loans outstanding as of June 30, 2015.

**6. OTHER**

TPAF Social Security contributions represents the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2015. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

**7. SCHOOL WIDE PROGRAM FUNDS**

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal and State awards. The following funds by program are included in schoolwide programs in the District:

Program

Title I Part A: *Improving Basic Programs Operated by Local Education Agencies*  
 Title II Part A: *Teacher and Principal Training and Recruiting*  
 Title III: *Language*  
 Title III: *Immigrant*

**Borough of Edgewater School District**

**Schedule of Findings and Questioned Costs  
For The Year Ended June 30, 2015**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?

Yes  No

2) Were significant deficiencies identified that are not considered to be material weaknesses?

Yes  None Reported

Noncompliance material to basic financial statements noted?

Yes  No

**Federal Awards Section**

The District was not subject to the single audit provisions of Federal OMB Circular A-133 for the fiscal year ended June 30, 2015 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.

**State Awards**

Internal control over major programs:

1) Material weakness(es) identified

Yes  No

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

Yes  None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08?

Yes  No

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

495-034-5120-089

Special Education Aid

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

\$300,000

Auditee qualified as low-risk auditee?

Yes  No

**Borough of Edgewater School District**

**Schedule of Findings and Questioned Costs  
For The Year Ended June 30, 2015**

**Section II - Financial Statement Findings**

**Finding 2015-1**

Criteria:

The School District's budget must be in agreement with all adopted resolutions and approved grant budgets and be approved by the County Superintendent when required.

Condition and Effect:

Both the general fund budget and the special revenue fund budget do not represent the true approved budgets of the District. The District did not receive approval from the County to appropriate fund balance as required.

Cause:

The staff did not follow state regulations when increasing the budget.

Recommendation:

That all approved grant budget and board resolution be posted to the District's school records and be approved by the County Office when required.

**Finding 2015-2**

Criteria:

In accordance with the New Jersey Department of Education rules and regulations all activity of the District must be recorded on the books of the District and be posted to the correct budget accounts. Receipts need to be properly identified and posted.

Condition and Effect:

During the course of our audit, it was noted that not all cash receipts and cash disbursements were recorded on the books of the District.

Cause:

The business staff had numerous turnovers at beginning of year resulting in incorrect postings.

Recommendation:

That greater care be exercised when posting activity to the books of the school district.

**Borough of Edgewater School District**

Schedule of Findings and Questioned Costs  
For The Year Ended June 30, 2015

**Section III – Major State Award Findings and Questioned Costs**

NONE

**Borough Of Edgewater School District**

**Summary Schedule of Prior Audit Findings  
For The Year Ended June 30, 2015**

**Section IV – Prior Year Findings and Questioned Costs**

NONE