

CEDAR GROVE PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Cedar Grove, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Cedar Grove Public Schools

Cedar Grove, New Jersey

For The Fiscal Year Ended June 30, 2013

Prepared by

Business Office

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INTRODUCTORY SECTION

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October 31, 2013

Honorable President and
Members of the Board of Education
Cedar Grove Public Schools
Cedar Grove, NJ 07009

Dear Board Members:

The comprehensive annual financial report of the Cedar Grove Public Schools (the "District") for the fiscal year ended June 30, 2013, 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 (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 financial position and results of operations of the various funds 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 basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, 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 as amended and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-Profit Organizations, and New Jersey OMB'S Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

Cedar Grove Public School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Cedar Grove Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services to grade levels K through 12. These services include regular, vocational, special education, IDEIA, and Non-Public School Programs in nursing services, auxiliary services and handicapped services. The district completed the 2012-2013 fiscal year with an enrollment of 1,655 students, which is 33 more students than the previous year's enrollment. The following chart details the changes in the average daily enrollment of the district over the last nine years.

AVERAGE DAILY ENROLLMENT

FISCAL YEAR	STUDENT ENROLLMENT	CHANGE
2012-13	1,655	2.0%
2011-12	1,622	8.1%
2010-11	1,500	-8.0%
2009-10	1,631	2.3%
2008-09	1,595	4%
2007-08	1,588	-0.1%
2006-07	1,572	-0.2%
2005-06	1,575	1.4%
2004-05	1,554	7.4%

2) ECONOMIC CONDITION AND OUTLOOK:

The financial condition of the Township of Cedar Grove has been strong in light of the weak economic condition of the northeast over the last six years. The percentage of taxes collected each year has been consistently over 95% since 1988. The average assessed value of a home in Cedar Grove is \$466,200. In light of the 2% cap law put into place by the State of New Jersey upon school districts, the actual property tax increase to a homeowner for education was \$55.34 in 2012-2013 and will be \$103.06 in 2013-2014 which equates to an increase on average of approximately \$8.53 per month per household.

3) MAJOR INITIATIVES:

Several major initiatives maintain the focus of our attention, lead by the continuous realignment of curriculum (most notably to the Common Core), as well as exemplary teaching, assessment and evaluation practices to maximize this structure. Our individual schools continue to develop SMART goals that are reflective of improving student achievement and we remain cognizant of the need for articulation among and between buildings. We remain steadfast in the belief that recognizing the social and emotional needs of all learners should be a top priority at all levels, as we work to prepare our children for today's changeable global society. Coupled with limited finances from the municipality and the ever-shrinking funding from state and federal sources, not to mention compliance with four bargaining unit agreements, the environment exists for the necessary modifications of priorities, on a yearly basis, by our Board and administration.

The necessary and ongoing review and revision of curricula has had a direct impact on district obligations. In particular, the district remains focused on improving student achievement, across disciplines, but most notably in English language arts, mathematics and science. Using the professional learning community (PLC) model as the vehicle, school-based professional development committees, along with the Middle States Excellence by Design protocol and new State mandates, have combined to create a demanding district-wide action plan. Differentiated teaching techniques in grades K-8, as well as the Understanding by Design model at the 9-12 level, has enabled our educators to focus their instruction on the unique learning styles of each student; dialogue among/between staff members has improved as a result. Data collection and analysis will continue to inform instruction and ultimately improve vertical articulation throughout the district.

Further development of learner-active, technology-infused classrooms continues to be a priority for the district. This initiative is becoming more embedded in the culture of our schools, as implementation has commenced with wireless computer technology, the use of SMART technology at the elementary-middle-high school levels, the piloting of targeted iPad use, an improved district-wide web site and TV broadcast communication system, as well as a piloted parent virtual grade oversight system within our student reporting system. In addition, our staff has embraced the "Atlas" software module for developing curriculum so that we may remain in continuous alignment with current and future changes to the State's curriculum.

To wit, the district continues to pursue a 5-year Strategic Plan for Curriculum that was developed with input from all key stakeholder groups. During the 2012-2013 school year, district teaching personnel implemented the following:

*Please note: Phases I, II, IV and V are on-going and include oversight of all newly implemented curricula as well as the selection of textbooks and supplemental resources. A summary of Phase III (curriculum revision in Atlas) can be found below.

Curriculum Revision Phase III for 2012-2013*

Course of Study	Enrichment/Advising	Curriculum Coordinator	Hours (Total Maximum)
Algebra I	Joan Oehm	David Coster	20
Algebra II	Joan Oehm	David Coster	20
Algebra II Honors	Heather Lauritano	David Coster	20
AP Biology	Jessica Caban	David Coster	20
AP Chemistry	Nick Murphy	David Coster	20
AP English	Michele Zanella	Lynn DiMatteo	20
AP Physics	Vinnie Mufferi	David Coster	20
Art Grades K-4	Cindy Martin	Traci Dyer	
Character Education Grades 5-8	Lia Caravella	Nicholas DeCorte	20
Communications Grades 5-8	Pam Wichot	Nicholas DeCorte	20
Discrete Mathematics	Heather Lauritano	David Coster	20
English 4	Michele Zanella	Lynn DiMatteo	20
English 4 Honors	Michele Zanella	Lynn DiMatteo	20
English Grade 6	Sarah Bennett / Amanda Badami	Lynn DiMatteo	20
English Grade 7	Ginny Perazzone / Bart Pierson	Lynn DiMatteo	20
English Grade 8	Joan Bianchi	Lynn DiMatteo	20
Geometry	Janine Barboza	David Coster	20
Geometry Honors	Janine Barboza	David Coster	20
Media Grades 9-12	Claire Swanson	Lynn DiMatteo	20
Music Grades K-4	Evelyn Oberndorf	Brian Cavanagh	20
Phys. Ed. Grades K-2	Jennifer Manning	Joyce Cutler	20
Pre-Algebra Grades 7 & 8	Maria Travaglio	David Coster	20
Spanish Grades 1 – 4	Kelly Powers	Joseph McBride	20
US History I	Michael Konopka	David Coster	20
US History I Honors	Derrick Goduto	David Coster	20
US History II	Chris Cannella	David Coster	20
US History II Honors	Chris Cannella	David Coster	20

These assignments will include not only the execution of The Five Year Curriculum Plan (including Phase meetings, textbook adoption, revision, etc.), but also the assignment of formal observations appropriate to the particular curricular area.

And last, but certainly not least, the 2011 Bond Referendum work was completed in calendar year 2013. A new roof and all new windows were installed at Cedar Grove High School, South End and North End elementary schools; the LRP school building had a new roof installed, as well. The high school media center was completely renovated and now students can enjoy access to 36 high-speed, Internet – connected workstations, some with charging stations for personal devices. The high school also had its drop ceilings and lighting fixtures replaced throughout the building, as well as all of its classroom and office space doors; electronic controls for both lights and doors were a welcomed upgrade. In addition, many instructional and co-curricular spaces were painted, including multiple classrooms, large gymnasium, main office, guidance office, storage areas and hallway spaces.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure 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 generally accepted accounting principals (GAAP). The internal control structure 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 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 recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District Management.

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

5) 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, special revenue fund, and debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

6) ACCOUNTING SYSTEM AND REPORTS:

The District’s accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in “Notes to the Financial Statements”, Note 1.

7) DEBT ADMINISTRATION:

At June 30, 2013, the District’s outstanding debt consisted of \$13,322,000 in general obligation bonds. The bonds originally issued in 2002 were refinanced in May 2012, which resulted in significant savings to the Cedar Grove tax payer. In August 2012, the twenty year general obligation bonds for the 2011 bond referendum were issued at an average interest rate of 2.125%.

8) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements." 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"). GUDPA was enacted by the state legislature in 1970 to protect Government Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires Governmental Units to deposit public funds only in depositories located in New Jersey, where the funds are secured in accordance with the Act. Depositories are approved annually at the organization meeting.

9) RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft on property and contents, and fidelity bonds. The schedule of insurance is listed in the statistical section.

10) OTHER INFORMATION:

Independent Audit- State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was appointed as auditor at the Board's annual organization meeting. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act as amended and related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

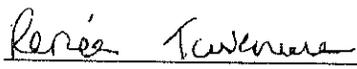
11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Cedar Grove Board of Education 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 business office staff.

Respectfully submitted,

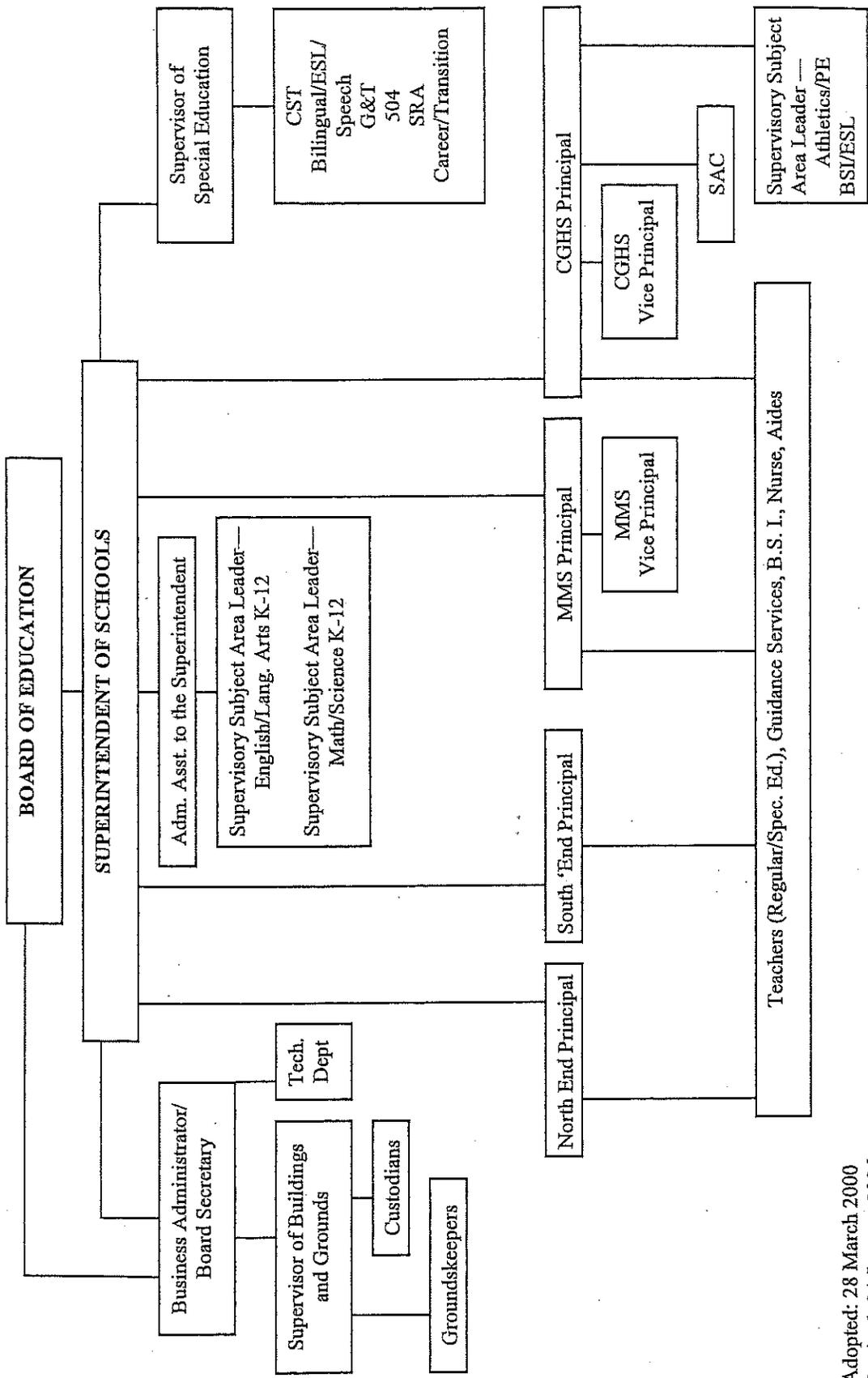


Mr. Michael J. Fetherman
Superintendent



Ms. Renee Taveniere
School Business Administrator/Board Secretary

**CEDAR GROVE PUBLIC SCHOOLS
TABLE OF ORGANIZATION—ADMINISTRATION 1110**



Adopted: 28 March 2000
 Revised: 24 January 2006
 Revised: 23 May 2006
 Revised: 22 August 2006

**CEDAR GROVE PUBLIC SCHOOLS
 CEDAR GROVE, NEW JERSEY
 ROSTER OF OFFICIALS
 JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Frank Mandala, President	2015
Joseph Cicala, Vice President	2013
Pamela Burko	2013
Christine Dye, CPA	2014
Laura Marinelli	2015

Other Officials

Gene Polles, Ed.D., Superintendent 7/1/12-6/30/13

Michael J. Fetherman, Superintendent effective 7/1/13

Renee Taveniere, CPA, RSBA, Board Secretary/Business Administrator

William Homa, CPA, RMA, CTC, CMFO Treasurer of School Monies

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

CONSULTANTS AND ADVISORS

AUDIT FIRM

Lerch, Vinci & Higgins, LLP
Certified Public Accountants
17-17 Route 208
Fair Lawn, NJ 07410

ATTORNEYS

Lindabury, McCormick, Estabrook & Cooper P.C.
Attorneys-at-Law
General Counsel
53 Cardinal Drive
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INSURANCE

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101 JFK Parkway
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ARCHITECTS

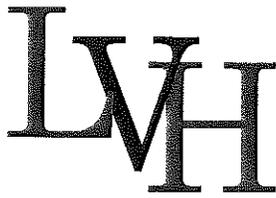
Robert Donahue, AIA
20 Chapin Road
Pine Brook, NJ 07058

AHERA/RIGHT TO KNOW

Greentree Consulting, Inc.
163 Stockton Street
Heightstown, NJ 08520

FINANCIAL SECTION

:



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Cedar Grove Public Schools
Cedar Grove, 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 Cedar Grove Public Schools, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

Opinions

In our opinion, the financial statements referred to previously 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 Cedar Grove Public Schools as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

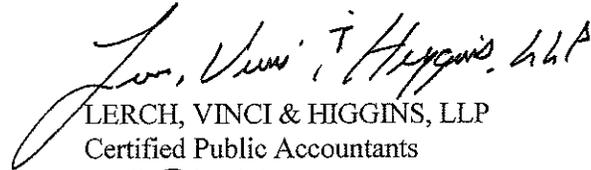
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cedar Grove Public Schools' basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Cedar Grove Public Schools.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

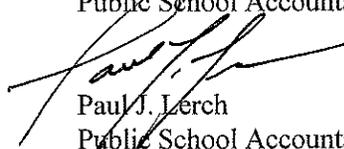
Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2013 on our consideration of the Cedar Grove Public Schools' 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 Cedar Grove Public Schools' internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants
Public School Accountants



Paul J. Lerch

Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 11, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

This discussion and analysis of the Cedar Grove Public Schools' financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2013. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- District-Wide - Overall revenues were \$33,610,786. General revenues and transfers accounted for \$25,480,564 or 76 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8,130,222 or 24 percent of total revenues of \$33,610,786.
- District-Wide - The School District had \$28,375,433 in expenses; only \$8,130,222 of these expenses were offset by program specific charges for services, grants or contributions and capital grants and contributions. General revenues (primarily taxes) and transfers of \$25,480,564 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Cedar Grove Public Schools governmental funds reported combined ending fund balances of \$4,051,524, an increase of \$2,539,967 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2013, unassigned fund balance for the General Fund was \$449,426 an increase of \$316,482 in comparison with the prior year.

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Cedar Grove Public Schools' overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Cedar Grove Public Schools, reporting the Cedar Grove Public Schools' operation in more detail than the district-wide statements.
 - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the Cedar Grove Public Schools operates like a business.
 - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Table A-1 summarizes the major features of the Cedar Grove Public Schools' financial statements, including the portion of the Cedar Grove Public Schools' activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Table A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary 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 and food service	Activities the district operates similar to private businesses
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position and Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows/inflows of resources and liability information	All assets, deferred outflows/inflows of resources 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 included	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements

District-wide. The *District-wide financial statements* are designed to provide readers with a broad overview of the Cedar Grove Public Schools' finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Cedar Grove Public Schools' assets, deferred outflows/inflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.*

District-wide Statements (Continued)

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

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund.

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 uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

Governmental funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. Budgetary comparison statements have been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Fund Financial Statements (Continued)

Proprietary Funds. The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund, Unemployment Trust Fund, Scholarship Funds, Lease Rental Security Deposit and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE CEDAR GROVE PUBLIC SCHOOLS AS A WHOLE

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-2 provides a summary of the school district's net position for fiscal years 2013 and 2012. For 2013 and 2012 net position were \$13,685,426 and \$8,450,073, respectively.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Table A-2
Statement of Net Position
As of June 30, 2013 and 2012

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 9,000,608	\$ 11,142,898	\$ 59,550	\$ 34,050	\$ 9,060,158	\$ 11,176,948
Capital Assets, net	<u>23,696,134</u>	<u>14,208,321</u>	<u>5,184</u>	<u>10,825</u>	<u>23,701,318</u>	<u>14,219,146</u>
Total Assets	<u>32,696,742</u>	<u>25,351,219</u>	<u>64,734</u>	<u>44,875</u>	<u>32,761,476</u>	<u>25,396,094</u>
Deferred Amounts on Debt Refunding	<u>97,773</u>	<u>125,008</u>	<u>-</u>	<u>-</u>	<u>97,773</u>	<u>125,008</u>
Total Deferred Amounts on Debt Refunding	<u>97,773</u>	<u>125,008</u>	<u>-</u>	<u>-</u>	<u>97,773</u>	<u>125,008</u>
Total Assets and Deferred Outflows of Resources	<u>32,794,515</u>	<u>25,476,227</u>	<u>64,734</u>	<u>44,875</u>	<u>32,859,249</u>	<u>25,521,102</u>
Current Liabilities	5,075,262	9,773,901	24,442	9,366	5,099,704	9,783,267
Non-Current Liabilities	<u>14,072,781</u>	<u>7,287,327</u>	<u>-</u>	<u>-</u>	<u>14,072,781</u>	<u>7,287,327</u>
Total Liabilities	<u>19,148,043</u>	<u>17,061,228</u>	<u>24,442</u>	<u>9,366</u>	<u>19,172,485</u>	<u>17,070,594</u>
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>1,338</u>	<u>435</u>	<u>1,338</u>	<u>435</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,338</u>	<u>435</u>	<u>1,338</u>	<u>435</u>
Total Liabilities and Deferred Inflows of Resources	<u>19,148,043</u>	<u>17,061,228</u>	<u>25,780</u>	<u>9,801</u>	<u>19,173,823</u>	<u>17,071,029</u>
Net Position:						
Net Investment in Capital Assets	11,142,738	6,352,294	5,184	10,825	11,147,922	6,363,119
Restricted	1,572,310	1,276,683			1,572,310	1,276,683
Unrestricted	<u>931,424</u>	<u>786,022</u>	<u>33,770</u>	<u>24,249</u>	<u>965,194</u>	<u>810,271</u>
Total Net Position	<u>\$ 13,646,472</u>	<u>\$ 8,414,999</u>	<u>\$ 38,954</u>	<u>\$ 35,074</u>	<u>\$ 13,685,426</u>	<u>\$ 8,450,073</u>

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Governmental activities. Governmental activities increased the District's net position by \$5,231,473.

Table A-3
Changes in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services			\$ 315,231	\$ 288,574	\$ 315,231	\$ 288,574
Operating Grants and Contributions	\$ 3,909,150	\$ 3,293,947	36,241	24,444	3,945,391	3,318,391
Capital Grants and Contributions	3,869,600	355,688			3,869,600	355,688
General Revenues						
Property Taxes	24,397,090	23,930,225			24,397,090	23,930,225
Other	1,081,857	386,546	1,305	1,666	1,083,162	388,212
Total Revenues	<u>33,257,697</u>	<u>27,966,406</u>	<u>352,777</u>	<u>314,684</u>	<u>33,610,474</u>	<u>28,281,090</u>
Expenses						
Instruction						
Regular	11,138,245	10,402,707			11,138,245	10,402,707
Special Education	4,542,062	4,659,087			4,542,062	4,659,087
Other Instruction	268,655	219,442			268,655	219,442
School Sponsored Activities and Athletics	774,363	696,554			774,363	696,554
Support Services						
Student and Instruction Related Serv.	2,500,701	2,219,147			2,500,701	2,219,147
Attendance and Social Work	63,503	62,217			63,503	62,217
Health Services	439,759	406,506			439,759	406,506
Educational Media/School Library	393,715	389,823			393,715	389,823
General Administrative Services	1,011,762	724,427			1,011,762	724,427
School Administrative Services	2,091,175	2,011,055			2,091,175	2,011,055
Plant Operations and Maintenance	3,028,047	3,379,186			3,028,047	3,379,186
Pupil Transportation	893,080	936,929			893,080	936,929
Central Services	700,369	621,240			700,369	621,240
Food Service	-		348,897	325,741	348,897	325,741
Interest on Long-Term Debt	181,100	339,948	-	-	181,100	339,948
Total Expenses	<u>28,026,536</u>	<u>27,068,268</u>	<u>348,897</u>	<u>325,741</u>	<u>28,375,433</u>	<u>27,394,009</u>
Change in Net Position Before Transfers	5,231,161	898,138	3,880	(11,057)	5,235,041	887,081
Transfers	312	-	-	-	312	-
Change in Net Position	5,231,473	898,138	3,880	(11,057)	5,235,353	887,081
Net Position, Beginning of Year	8,414,999	7,516,861	35,074	46,131	8,450,073	7,562,992
Net Position, End of Year	<u>\$ 13,646,472</u>	<u>\$ 8,414,999</u>	<u>\$ 38,954</u>	<u>\$ 35,074</u>	<u>\$ 13,685,426</u>	<u>\$ 8,450,073</u>

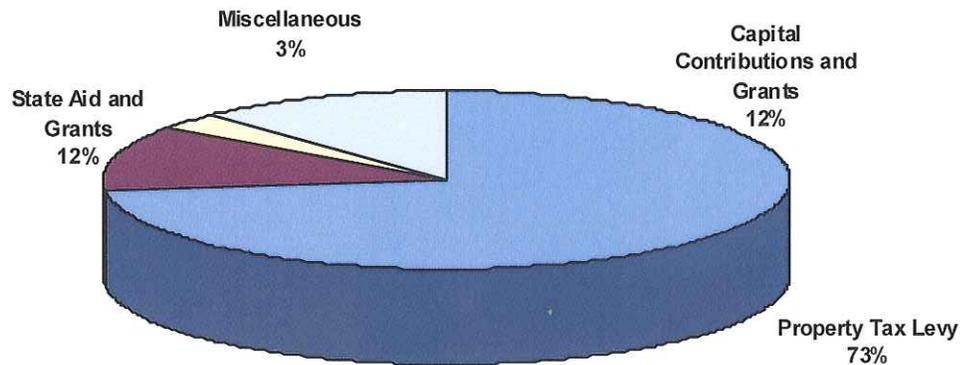
**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

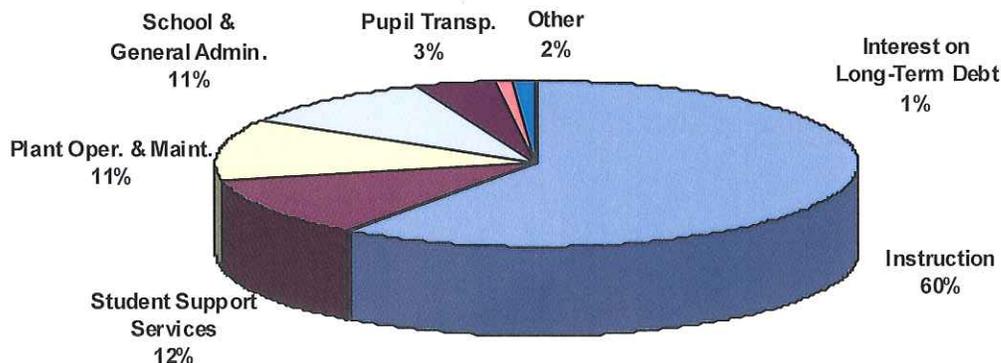
Governmental activities. The District's total governmental activities revenues were \$33,257,697. The local share of the revenues that included property taxes, interest and miscellaneous revenue amounted to \$25,478,947 or 77% of total revenues. Funding from state and federal sources amounted to \$7,778,750 or 23%. (See Table A-3)

The District's total governmental expenses were \$28,026,536 and are predominantly related to instruction and support services. Instruction totaled \$16,723,325 (60%), support services totaled \$11,122,111 (39%) and interest on long-term debt total \$181,100 (1%) of total expenditures. (See Table A-3.)

Revenues by Source- Governmental Activities
For Fiscal Year 2013



Expenditures by Type- Governmental Activities
For Fiscal Year 2013



**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

**Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2013 and 2012**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Governmental Activities				
Instruction				
Regular	\$ 11,138,245	\$ 10,402,707	\$ 5,995,470	\$ 9,032,087
Special Education	4,542,062	4,659,087	2,893,525	3,193,863
Other Instruction	268,655	219,442	146,362	92,195
School Sponsored Activities and Athletics	774,363	696,554	701,138	637,018
Support Services				
Student and Instruction Related Svcs.	2,500,701	2,219,147	2,205,703	1,976,403
Attendance and Social Work	63,503	62,217	56,051	56,107
Health Services	439,759	406,506	389,738	368,071
Educational Media/School Library	393,715	389,823	351,188	355,084
General Administrative Services	1,011,762	724,427	959,864	684,737
School Administrative Services	2,091,175	2,011,055	1,844,900	1,812,922
Plant Operations and Maintenance	3,028,047	3,379,186	3,003,973	3,335,345
Pupil Transportation	893,080	936,929	818,405	913,613
Central Services	700,369	621,240	700,369	621,240
Interest on Long-Term Debt	181,100	339,948	181,100	339,948
Total Governmental Activities	<u>\$ 28,026,536</u>	<u>\$ 27,068,268</u>	<u>\$ 20,247,786</u>	<u>\$ 23,418,633</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2013 was \$348,897. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-3). The operations resulted in an increase in net position of \$3,880.

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Business-Type Activities (Continued)

Revenues for the District's business-type activities food service were comprised of charges for services and federal reimbursements.

Food Service Program

- Food service revenues were greater than expenses by \$3,880 resulting in an increase in net position.
- Charges for services represent 90 percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students and partial or total reimbursement provided by the district's participation in the National School Lunch Program.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$4,051,524. In 2011-2012 the fund balance was \$1,511,557.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$33,195,714 and expenditures were \$38,300,042.

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

The District's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2013 and 2012.

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 25,450,929	\$ 24,330,141	\$ 1,120,788	4.61%
State Sources	7,319,805	3,117,878	4,201,927	134.77%
Federal Sources	<u>424,980</u>	<u>518,387</u>	<u>(93,407)</u>	-18.02%
 Total Revenues	 <u>\$ 33,195,714</u>	 <u>\$ 27,966,406</u>	 <u>\$ 5,229,308</u>	 18.70%

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal years ended June 30, 2013 and 2012.

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 16,419,300	\$ 15,740,840	\$ 678,460	4.31%
Support Services	10,937,244	10,566,978	370,266	3.50%
Capital Outlay	10,142,290	1,650,598	8,491,692	514.46%
Debt Service				
Principal	520,000	450,000	70,000	15.56%
Cost of Issuance	27,707	88,829	(61,122)	-68.81%
Advance Refunding Escrow	-	130,066	(130,066)	100.00%
Interest	<u>253,501</u>	<u>311,537</u>	<u>(58,036)</u>	-18.63%
 Total Expenditures	 <u>\$ 38,300,042</u>	 <u>\$ 28,938,848</u>	 <u>\$ 9,361,194</u>	 32.35%

- An increase in capital outlay was due to the referendum project approved by the voters in January, 2011.

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent overexpenditures in specific line item accounts.

The school district continues to be the beneficiary of gifts from individuals, parent/teacher organizations, and charitable foundations which significantly supplement the programs, supplies, and facilities funded through the budget.

The District received \$287,015 in Extraordinary Aid to help offset special education costs.

Capital Assets. The Cedar Grove Public Schools' investment in capital assets for its governmental and business type activities as of June 30, 2013 and 2012 amounts to \$23,701,318 and \$14,219,146 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, and machinery and equipment. The District's capital assets have been restated. Additional information about the restatement can be found in the notes of this report.

**Table A-5
Capital Assets
(net of accumulated depreciation) as of June 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 47,359	\$ 47,359			\$ 47,359	\$ 47,359
Construction in Progress	11,379,613	1,473,890			11,379,613	1,473,890
Land Improvements	538,248	538,248			538,248	538,248
Buildings and Building Improvements	18,702,512	18,625,636			18,702,512	18,625,636
Equipment and Furniture	<u>2,325,679</u>	<u>2,189,458</u>	<u>\$ 96,547</u>	<u>\$ 96,547</u>	<u>2,422,226</u>	<u>2,286,005</u>
Total	32,993,411	22,874,591	96,547	96,547	33,089,958	22,971,138
Less: Accumulated Depreciation	<u>9,297,277</u>	<u>8,666,270</u>	<u>91,363</u>	<u>85,722</u>	<u>9,388,640</u>	<u>8,751,992</u>
Total	<u>\$ 23,696,134</u>	<u>\$ 14,208,321</u>	<u>\$ 5,184</u>	<u>\$ 10,825</u>	<u>\$ 23,701,318</u>	<u>\$ 14,219,146</u>

Additional information on Cedar Grove Public Schools' capital assets can be found in the Notes of this report.

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Debt Administration. As of June 30, 2013 and 2012 the school district had long-term debt and outstanding long-term liabilities in the amount of \$13,674,431 and \$6,778,016, respectively, as stated in Table A-6.

**Table A-6
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>2013</u>	<u>2012</u>
Bonds Payable	\$ 13,322,000	\$ 6,260,000
Compensated Absences Payable	<u>352,431</u>	<u>518,016</u>
 Total	 <u>\$ 13,674,431</u>	 <u>\$ 6,778,016</u>

Additional information on Cedar Grove Public Schools' long-term debt can be found in the Notes of this report.

FOR THE FUTURE

Increased security measures and other physical plant enhancements were made to the High School during the 2012-2013 school year. "Smart" technology was expanded district-wide, along with an extended high school athletic program in the area of girls' volleyball, due to increased student/athlete participation and interest.

Due to recent retirements and increasing enrollment, the district hired eight new teachers for the 2012-2013 school year. The district realigned its Special Services department and will be adding an Occupational Therapist, Physical Therapist, and ABA Specialist in the upcoming year.

At grades K-8, the district will be implementing a new language arts reading series program along with a new text series in the K-12 math program and 5-8 world language program. A new K-4 math program will be piloted during the 2012-2013 school year.

In January, 2011 the voters of Cedar Grove Public School District approved a \$12,180,380 bond referendum. The referendum project included window, roof and door replacements in three of the District's school buildings and a new roof on the District's administration building. The Project was completed in June 2013. Students, staff and the local community organization are enjoying the enhancements to the facilities.

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional information, contact the School Business Administrator at the Cedar Grove Public Schools, 520 Pompton Ave, Cedar Grove, NJ 07009.

BASIC FINANCIAL STATEMENTS

CEDAR GROVE PUBLIC SCHOOLS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,859,854	\$ 43,835	\$ 3,903,689
Receivables, net	5,140,754	11,760	5,152,514
Inventory		3,955	3,955
Capital Assets, net			
Not Being Depreciated	11,426,972		11,426,972
Being Depreciated	<u>12,269,162</u>	<u>5,184</u>	<u>12,274,346</u>
Total Assets	<u>32,696,742</u>	<u>64,734</u>	<u>32,761,476</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Debt Refunding	<u>97,773</u>	-	<u>97,773</u>
Total Deferred Outflows of Resources	<u>97,773</u>	-	<u>97,773</u>
Total Assets and Deferred Outflows of Resources	<u>32,794,515</u>	<u>64,734</u>	<u>32,859,249</u>
LIABILITIES			
Accounts Payable	622,833	24,442	647,275
Grant Anticipation Notes Payable	3,668,000		3,668,000
Unearned Revenue	635,669		635,669
Accrued Interest Payable	126,178		126,178
Payable to Other Governments	22,582		22,582
Noncurrent Liabilities			
Due Within One Year	745,000		745,000
Due Beyond One Year	<u>13,327,781</u>	-	<u>13,327,781</u>
Total Liabilities	<u>19,148,043</u>	<u>24,442</u>	<u>19,172,485</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>-</u>	<u>1,338</u>	<u>1,338</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>1,338</u>	<u>1,338</u>
Total Liabilities and Deferred Inflows of Resources	<u>19,148,043</u>	<u>25,780</u>	<u>19,173,823</u>
NET POSITION			
Net Investment in Capital Assets	11,142,738	5,184	11,147,922
Restricted for			
Capital Projects	1,556,293		1,556,293
Debt Service	16,017		16,017
Unrestricted	<u>931,424</u>	<u>33,770</u>	<u>965,194</u>
Total Net Position	<u>\$ 13,646,472</u>	<u>\$ 38,954</u>	<u>\$ 13,685,426</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**CEDAR GROVE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 11,138,245		\$ 1,273,175	\$ 3,869,600	\$ (5,995,470)		\$ (5,995,470)
Special Education	4,542,062		1,648,537		(2,893,525)		(2,893,525)
Other Instruction	268,655		122,293		(146,362)		(146,362)
School Sponsored Activities and Athletics	774,363		73,225		(701,138)		(701,138)
Support Services							
Student and Instruction Related Services	2,500,701		294,998		(2,205,703)		(2,205,703)
Attendance and Social Work	63,503		7,452		(56,051)		(56,051)
Health Services	439,759		50,021		(389,738)		(389,738)
Educational Media/School Library	393,715		42,527		(351,188)		(351,188)
School Administrative Services	2,091,175		246,275		(1,844,900)		(1,844,900)
General Administrative Services	1,011,762		51,898		(959,864)		(959,864)
Central Services	700,369				(700,369)		(700,369)
Plant Operations and Maintenance	3,028,047		24,074		(3,003,973)		(3,003,973)
Pupil Transportation	893,080		74,675		(818,405)		(818,405)
Interest and Other Charges on Long-Term Debt	181,100		-		(181,100)		(181,100)
Total Governmental Activities	28,026,536	-	3,909,150	3,869,600	(20,247,786)	-	(20,247,786)
Business-Type Activities							
Food Service	348,897	\$ 315,231	36,241	-	-	\$ 2,575	2,575
Total Business-Type Activities	348,897	315,231	36,241	-	-	2,575	2,575
Total Primary Government	\$ 28,375,433	\$ 315,231	\$ 3,945,391	\$ 3,869,600	(20,247,786)	2,575	(20,245,211)
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes, Net					23,656,095		23,656,095
Taxes Levied for Debt Service					740,995		740,995
Miscellaneous Income					1,081,857	1,305	1,083,162
Transfers					312	-	312
Total General Revenues and Transfers					25,479,259	1,305	25,480,564
Change in Net Position					5,231,473	3,880	5,235,353
Net Position, Beginning of Year (Restated)					8,414,999	35,074	8,450,073
Net Position, End of Year					\$ 13,646,472	\$ 38,954	\$ 13,685,426

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

FUND FINANCIAL STATEMENTS

**CEDAR GROVE PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,320,527	\$ 40,602	\$ 481,990	\$ 16,735	\$ 3,859,854
Receivables from Other Governments	60,633	128,859	4,597,995		4,787,487
Other Receivables	351,760				351,760
Due from Other Funds	474,637	-	-	-	474,637
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 4,207,557</u>	<u>\$ 169,461</u>	<u>\$ 5,079,985</u>	<u>\$ 16,735</u>	<u>\$ 9,473,738</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 444,827	\$ 36,915	\$ 141,091		\$ 622,833
Grant Anticipation Note Payable			3,668,000		3,668,000
Due to Other Funds		527	471,885	\$ 718	473,130
Payable to State Government		22,582			22,582
Unearned Revenue	-	109,437	526,232	-	635,669
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>444,827</u>	<u>169,461</u>	<u>4,807,208</u>	<u>718</u>	<u>5,422,214</u>
Fund Balances					
Restricted Fund Balance					
Reserved Excess Surplus- Designated for Subsequent Year's Expenditures	215,048				215,048
Reserve Excess Surplus	780,062				780,062
Capital Reserve	1,555,997				1,555,997
Capital Projects			272,777		272,777
Debt Service				16,017	16,017
Assigned Fund Balance					
Year End Encumbrances	181,871				181,871
Designated for Subsequent Year's Expenditures	580,326				580,326
Unassigned Fund Balance					
General Fund	449,426	-	-	-	449,426
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>3,762,730</u>	<u>-</u>	<u>272,777</u>	<u>16,017</u>	<u>4,051,524</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 4,207,557</u>	<u>\$ 169,461</u>	<u>\$ 5,079,985</u>	<u>\$ 16,735</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$32,993,411 and the accumulated depreciation is \$9,297,277. \$ 23,696,134

The District has financed capital assets through the issuance of serial bonds, loans and long term-lease obligations. The interest accrual at year end is: (126,178)

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. Long-term liabilities at year end consist of:

Bonds Payable, net of Premium	(13,720,350)	
Deferred Outflows of Resources-		
Deferred Amounts on Debt Refunding	97,773	
Compensated Absences	(352,431)	
	<hr/>	<u>(13,975,008)</u>

Net Position of governmental activities (Exhibit A-1) \$ 13,646,472

CEDAR GROVE PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 23,656,095			\$ 740,995	\$ 24,397,090
Miscellaneous	1,010,365	\$ 33,965	\$ 8,733	776	1,053,839
Total - Local Sources	24,666,460	33,965	8,733	741,771	25,450,929
State Sources	3,366,652	117,518	3,835,635		7,319,805
Federal Sources	-	424,980	-	-	424,980
Total Revenues	28,033,112	576,463	3,844,368	741,771	33,195,714
EXPENDITURES					
Current					
Instruction					
Regular Instruction	10,890,701	7,877			10,898,578
Special Education Instruction	4,135,558	359,812			4,495,370
Other Instruction	155,218	109,641			264,859
School Sponsored Activities and Athletics	760,493				760,493
Support Services					
Student and Instructional Related Services	2,391,999	65,168			2,457,167
Health Services	430,284				430,284
Attendance and Social Work	62,091				62,091
Educational Media/School Library	385,659				385,659
General Administrative Services	1,001,931				1,001,931
School Administrative Services	2,044,527				2,044,527
Plant Operations and Maintenance	2,979,000				2,979,000
Pupil Transportation	892,404				892,404
Central Services	684,181				684,181
Debt Service					
Principal				520,000	520,000
Interest and Other Charges	31,019			222,482	253,501
Cost of Issuance			27,707		27,707
Capital Outlay	153,633	33,965	9,954,692	-	10,142,290
Total Expenditures	26,998,698	576,463	9,982,399	742,482	38,300,042
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,034,414	-	(6,138,031)	(711)	(5,104,328)
OTHER FINANCING SOURCES (USES)					
Bond Proceeds			7,582,000		7,582,000
Premium on Note			10,894		10,894
Premium on Bonds			51,089		51,089
Transfers In	83,286		49,265		132,551
Transfers Out	(49,265)	-	(82,974)	-	(132,239)
Total Other Financing Sources and Uses	34,021	-	7,610,274	-	7,644,295
Net Change in Fund Balances	1,068,435	-	1,472,243	(711)	2,539,967
Fund Balance, Beginning of Year	2,694,295	-	(1,199,466)	16,728	1,511,557
Fund Balance, End of Year	\$ 3,762,730	\$ -	\$ 272,777	\$ 16,017	\$ 4,051,524

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

CEDAR GROVE PUBLIC SCHOOLS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 WITH THE DISTRICT-WIDE STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 2,539,967

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

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

Capital Outlay	\$ 10,142,290	
Depreciation Expense	<u>(654,477)</u>	
		9,487,813

In the statement of activities, "the issuance of long-term debt (e.g. bonds, loans and leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and other such items related to the refunding bond when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond Proceeds	\$ (7,582,000)	
Amortization of Bond Premium	110,961	
Amortization of Deferred Amounts on Debt Refunding	(27,235)	
Principal Repayments		
Bond Principal	<u>520,000</u>	
		(6,978,274)

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

Compensated Absences		165,585
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

The details are as follows:

Decrease in accrued interest		<u>16,382</u>
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Change in net position of governmental activities (Exhibit A-2) \$ 5,231,473

**CEDAR GROVE PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2013**

ASSETS	<u>Food Service</u>
Current Assets	
Cash and Cash Equivalents	\$ 43,835
Intergovernmental Receivable	
Federal	1,617
State	61
Other Receivable	10,082
Inventory	<u>3,955</u>
 Total Current Assets	 <u>59,550</u>
Non-Current Assets	
Equipment	96,547
Less: Accumulated Depreciation	<u>(91,363)</u>
 Total Non-Current Assets	 <u>5,184</u>
 Total Assets	 <u>64,734</u>
 LIABILITIES	
Current Liabilities	
Accounts Payable	<u>24,442</u>
 Total Current Liabilities	 <u>24,442</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Revenue	<u>1,338</u>
 Total Deferred Inflows of Resources	 <u>1,338</u>
 NET POSITION	
Net Investment in Capital Assets	5,184
Unrestricted	<u>33,770</u>
 Total Net Position	 <u>\$ 38,954</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**CEDAR GROVE PUBLIC SCHOOLS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Food Service
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 315,231
	315,231
OPERATING EXPENSES	
Salaries, Benefits and Payroll Taxes	142,202
Cost of Sales	158,980
Purchased Services	20,253
Supplies and Materials	21,821
Depreciation Expense	5,641
	348,897
Total Operating Expenses	348,897
Operating Loss	(33,666)
NONOPERATING REVENUES	
Federal Sources	
National School Lunch Program	31,277
Special Milk Program	3,977
State Sources	
National School Lunch Program	987
Interest Income	1,305
	37,546
Total Nonoperating Revenues	37,546
Change in Net Position	3,880
Net Position, Beginning of Year (Restated)	35,074
Net Position, End of Year	\$ 38,954

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**CEDAR GROVE PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>
Cash Flows From Operating Activities	
Receipts from Customers	\$ 305,149
Payments for Employees' Salaries and Benefits	(142,202)
Payments to Suppliers for Goods and Services	<u>(175,426)</u>
Net Cash Used By Operating Activities	<u>(12,479)</u>
Cash Flows From Noncapital Financing Activities	
Cash Received from Federal Subsidy Reimbursements	<u>24,159</u>
Net Cash Provided By Noncapital Financing Activities	<u>24,159</u>
Cash Flows form Investing Activities	
Interest on Investments	<u>1,305</u>
Net Cash Provided By Investing Activities	<u>1,305</u>
Net Increase in Cash and Cash Equivalents	12,985
Cash and Cash Equivalents, Beginning of Year	<u>30,850</u>
Cash and Cash Equivalents, End of Year	<u>\$ 43,835</u>
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities:	
Operating Income (Loss)	\$ <u>(33,666)</u>
Adjustments to Reconcile Operating Loss to Net Cash	
Used By Operating Activities	
Depreciation	5,641
Food Distribution Program - Non Cash Assistance	12,069
(Increase) Decrease in Inventory	47
(Increase) Decrease in Accounts Receivable	(10,082)
Increase (Decrease) in Accounts Payable	<u>13,512</u>
Total Adjustments	<u>21,187</u>
Net Cash Used By Operating Activities	<u>\$ (12,479)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received- Food Distribution Program	\$ 11,166

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**CEDAR GROVE PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 108,239	\$ 138,070	\$ 92,169
Due from Other Funds	<u>2,165</u>	<u>-</u>	<u>-</u>
Total Assets	<u>110,404</u>	<u>138,070</u>	<u>92,169</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 6,109
Due to Other Funds			3,672
Flex Spending			252
Intergovernmental Payable	308		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>82,136</u>
Total Liabilities	<u>308</u>	<u>-</u>	<u>\$ 92,169</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 110,096</u>	<u>\$ 138,070</u>	

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

**CEDAR GROVE PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions		
Donations		\$ 700
Employee	\$ 28,892	
Lease Deposit		63,333
Investment Earnings		
Interest	<u>532</u>	<u>599</u>
 Total Additions	 <u>29,424</u>	 <u>64,632</u>
DEDUCTIONS		
Scholarships Awarded		3,800
Unemployment Compensation Claims	<u>28,931</u>	<u>-</u>
 Total Deductions	 <u>28,931</u>	 <u>3,800</u>
 Transfer Out	 <u>-</u>	 <u>(312)</u>
 Change in Net Position	 493	 60,520
Net Position, Beginning of Year	<u>109,603</u>	<u>77,550</u>
Net Position, End of Year	<u>\$ 110,096</u>	<u>\$ 138,070</u>

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

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Cedar Grove Public Schools (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

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

B. New Accounting Standards

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds.

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

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

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

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

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

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

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, lease rental security deposit, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$500 if purchased prior to July 1, 2001 or \$2000 if purchased after July 1, 2001 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Land Improvements	10-20
Buildings and Building Improvements	20-40
Machinery, Equipment and Furniture	5-10

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on debt refunding which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unused commodities is reported in both the district wide and the proprietary fund statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Compensated Absences

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

7. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

8. Net Position/Fund Balance

District-Wide Statements

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

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

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Net Position/Fund Balance (Continued)

Governmental Fund Statements

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

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

Reserved Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that is required to be appropriated in the 2014/2015 original budget certified for taxes.

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

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

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2013/2014 District budget certified for taxes.

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

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, investment earnings and miscellaneous revenues.

2. *Property Taxes*

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

3. *Tuition Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 24, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$530,862. The increase was funded by appropriation of capital reserve, grant awards and the reappropriation of prior year general fund encumbrances

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Debt Service Fund			
Bond Principal	\$518,513	\$520,000	\$1,487

The above variances were offset with other available resources.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

A capital reserve account was established by the District on September 28, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Balance, July 1, 2012		\$ 1,247,697
Increased by:		
Interest Earnings	\$ 3,342	
Deposits Approved by Board Resolution	400,000	
Excess Local Share Returned from Capital Projects fund	330	
		<u>403,672</u>
Decreased by:		
Transfer to Capital Projects	49,265	
Transfer to Capital Outlay	46,107	
		<u>95,372</u>
Balance, June 30, 2013		<u>\$ 1,555,997</u>

D. Transfers to Capital Outlay

During the 2012/2013 school year, the district transferred \$46,107 to the non-equipment capital outlay accounts. The transfer made from the capital reserve account was approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 fund balance in excess of 2% of budget expenditures 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 excess fund balance at June 30, 2013 is \$995,110. Of this amount, \$215,048 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$780,062 will be appropriated in the 2014/2015 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Cash Deposits (Continued)

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$4,242,167 and bank and brokerage firm balances of the Board's deposits amounted to \$4,538,293. The Board's deposits which are displayed on the various statements of net position and fund balance sheets as "cash" or "cash and cash equivalents".

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>4,538,293</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2013 the Board's bank balance was not exposed to custodial credit risk.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2013, the Board had no outstanding investments.

Investment earnings in the Capital Projects Fund are assigned to General Fund in accordance with board policy.

B. Receivables

Receivables as of June 30, 2013 for the district’s individual major funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:					
Accounts	\$ 351,760			\$ 10,082	\$ 361,842
Intergovernmental	<u>60,633</u>	<u>\$ 128,859</u>	<u>\$ 4,597,995</u>	<u>1,678</u>	<u>4,789,165</u>
Net Total Receivables	<u>\$ 412,393</u>	<u>\$ 128,859</u>	<u>\$ 4,597,995</u>	<u>\$ 11,760</u>	<u>\$ 5,151,007</u>

C. Unearned Revenue

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 89,802
Grant Draw Downs Reserved for Encumbrances	19,635
Capital Projects Fund	
School Development Authority School Facility Grants	<u>526,232</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 635,669</u>

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance, <u>July 1, 2012</u>	<u>Increases</u>	Decreases/ <u>Adjustment</u>	Balance, <u>June 30, 2013</u>
Governmental activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 47,359			\$ 47,359
Construction In Process	<u>1,473,890</u>	<u>\$ 9,905,723</u>	<u>-</u>	<u>11,379,613</u>
Total Capital Assets, Not Being Depreciated	<u>1,521,249</u>	<u>9,905,723</u>	<u>-</u>	<u>11,426,972</u>
Capital Assets, Being Depreciated:				
Land Improvements	538,248			538,248
Building and Building Improvements	18,625,636	76,876		18,702,512
Machinery and Equipment	<u>2,189,458</u>	<u>159,691</u>	<u>\$ (23,470)</u>	<u>2,325,679</u>
Total Capital Assets Being Depreciated	<u>21,353,342</u>	<u>236,567</u>	<u>(23,470)</u>	<u>21,566,439</u>
Less Accumulated Depreciation for:				
Land Improvements	(234,369)	(18,559)	-	(252,928)
Building and Building Improvements	(7,172,065)	(425,814)	-	(7,597,879)
Machinery and Equipment	<u>(1,259,836)</u>	<u>(210,104)</u>	<u>23,470</u>	<u>(1,446,470)</u>
Total Accumulated Depreciation	<u>(8,666,270)</u>	<u>(654,477)</u>	<u>23,470</u>	<u>(9,297,277)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,687,072</u>	<u>(417,910)</u>	<u>-</u>	<u>12,269,162</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,208,321</u>	<u>\$ 9,487,813</u>	<u>\$ -</u>	<u>\$ 23,696,134</u>

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2012 <u>(Restated)</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, 2013
Business-type activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 96,547	-	-	\$ 96,547
Total Capital Assets Being Depreciated	<u>96,547</u>	<u>-</u>	<u>-</u>	<u>96,547</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(85,722)	\$ (5,641)	-	(91,363)
Total Accumulated Depreciation	<u>(85,722)</u>	<u>(5,641)</u>	<u>-</u>	<u>(91,363)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,825</u>	<u>(5,641)</u>	<u>-</u>	<u>5,184</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,825</u>	<u>\$ (5,641)</u>	<u>\$ -</u>	<u>\$ 5,184</u>

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

Instruction

Regular	\$ 320,840
Special	62,507
Other Special Instruction	5,081
School-Sponsored Activities and Athletics	<u>18,568</u>

Total Instruction	<u>406,996</u>
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Support Services

Student and Instructional Related Services	58,278
Attendance and Social Work	1,889
Health Services	12,684
Educational Media/School Library	10,784
School Administrative Services	62,448
General Administrative Services	13,160
Central Services	21,674
Transportation	905
Plant Operations and Maintenance	<u>65,659</u>

Total Support Services	<u>247,481</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 654,477</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 5,641</u>
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**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction Commitments

The District has the following active construction projects as of June 30, 2013:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Improvements to the Elementary, High School Middle School & Administration Building	<u>\$ 11,417,320</u>	<u>\$ 763,060</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 471,885
General Fund	Special Revenue Fund	527
General Fund	Debt Service Fund	718
General Fund	Payroll Agency Fund	1,507
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>2,165</u>
		<u>\$ 476,802</u>

The above balances are the result of revenues earned and other financing sources received in one fund which are due to another fund.

The District expects all interfund balances to be liquidated within one year.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfer In:</u>		<u>Total</u>
	<u>General</u>	<u>Capital Projects Fund</u>	
Transfer Out:			
Private Purpose Trust Fund	\$ 312		\$ 312
General Fund		\$ 49,265	49,265
Capital Projects Fund	<u>82,974</u>	<u>-</u>	<u>82,974</u>
Total transfers out	<u>\$ 83,286</u>	<u>\$ 49,265</u>	<u>\$ 132,239</u>

The above transfers are the result of revenues earned and other financing sources received in one fund to finance expenditures in another fund.

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2013 are comprised of the following issues:

\$5,790,000, 2012 Refunding Bonds, due in annual installments of \$495,000 to \$675,000 through August 15, 2022, interest at 2.0% to 4.0%	\$ 5,740,000
\$7,582,000, 2012 School Bonds, due in annual installments of \$250,000 to \$500,000 through August 15, 2032, interest at 2.0%-2.5%	<u>7,582,000</u>
	<u>\$ 13,322,000</u>

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Governmental Activities:

Fiscal Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 745,000	\$ 336,475	\$ 1,081,475
2015	760,000	321,425	1,081,425
2016	775,000	306,075	1,081,075
2017	790,000	287,725	1,077,725
2018	810,000	266,250	1,076,250
2019-2023	4,445,000	935,950	5,380,950
2024-2028	2,500,000	424,313	2,924,313
2029-2033	<u>2,497,000</u>	<u>151,851</u>	<u>2,648,851</u>
	<u>\$ 13,322,000</u>	<u>\$ 3,030,064</u>	<u>\$ 16,352,064</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 93,062,080
Less: Net Debt	<u>16,990,385</u>
Remaining Borrowing Power	<u>\$ 76,071,695</u>

Prior-Year Defeasance of Debt

In prior years, the District defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2013, \$6,095,000 of bonds outstanding are considered defeased.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance, July 1, 2012	Issued	Reductions	Balance, June 30, 2013	Due Within One Year
Governmental activities:					
Bonds Payable	\$ 6,260,000	\$ 7,582,000	\$ 520,000	\$ 13,322,000	\$ 745,000
Deferred Amounts					
Add: Original Issue Premium	<u>509,311</u>	<u>-</u>	<u>(110,961)</u>	<u>398,350</u>	<u>-</u>
Total Bonds Payable	6,769,311	7,582,000	409,039	13,720,350	745,000
Compensated Absences	<u>518,016</u>	<u>-</u>	<u>165,585</u>	<u>352,431</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 7,287,327</u>	<u>\$ 7,582,000</u>	<u>\$ 574,624</u>	<u>\$ 14,072,781</u>	<u>\$ 745,000</u>

Compensated absences are generally liquidated by the general fund.

G. Short-Term Debt

The Board's short-term activity for the year ended June 30, 2013 was as follows:

Grant Anticipation Notes

The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Development Authority's Facility construction grants. The Board's short-term debt activity for the year ended June 30, 2013 was as follows:

Purpose	Rate %	Maturity Date	Balance, July 1, 2012	Increases	Decreases	Balance, June 30, 2013
Grant Anticipation Note	0.90%	8/15/2012	\$ 4,550,000		\$ 4,550,000	
	1.00%	9/18/2013	<u>-</u>	<u>\$ 3,668,000</u>	<u>-</u>	<u>\$ 3,668,000</u>
			<u>\$ 4,550,000</u>	<u>\$ 3,668,000</u>	<u>\$ 4,550,000</u>	<u>\$ 3,668,000</u>

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date; provided however that notes are not renewed beyond the third anniversary date of the originals unless an amount of such notes equal to the first legally payable installment of the bonds such notes were issued in anticipation of are paid and retired in each subsequent year.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the School Alliance Insurance Fund. The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

The School Alliance Insurance Fund provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

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

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

Fiscal Year Ended <u>June 30,</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2013	None	\$ 28,892	\$ 28,931	\$ 110,096
2012	None	23,047	48,000	109,603
2011	\$ 80,000	20,301	82,219	133,693

B. Contingent Liabilities

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

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2013, the District had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – 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 district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – 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 certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

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

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation (Continued)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 284,764	\$ 665,370	\$ 3,634
2012	265,574	332,811	1,765
2011	262,288	31,640	472

The State contributed \$665,370 and \$332,811 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$31,640 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$807,952 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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 with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$752,365, \$669,036 and \$672,035, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

On July 1, 2012, the Cedar Grove Public Schools Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The Cedar Grove Public Schools Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$75,187 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$8,490,186 as originally reported to \$8,414,999 as adjusted for the effects of the change in accounting principle.

The beginning balance of the capital assets net of accumulated depreciation and net position for the Food Service Fund has been restated because of the following:

- Remove certain machinery and equipment that the District disposed of in prior years, that were not removed from the capital asset inventory report.
- Record certain machinery and equipment that the District purchased in prior years that were not recorded on the capital asset inventory report.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 RESTATEMENT (Continued)

	Beginning Balance Prior to Restatement <u>July 1, 2012</u>	<u>Restatement</u>	Beginning Balance Restated <u>July 1, 2012</u>
Business-type activities:			
ASSETS			
Capital Assets, Being Depreciated:			
Machinery and Equipment	\$ 87,937	\$ 8,610	\$ 96,547
Total Capital Assets Being Depreciated	<u>87,937</u>	<u>8,610</u>	<u>96,547</u>
Less Accumulated Depreciation for:			
Machinery and Equipment	<u>(55,965)</u>	<u>(29,757)</u>	<u>\$ (85,722)</u>
Total Accumulated Depreciation	<u>(55,965)</u>	<u>(29,757)</u>	<u>(85,722)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 31,972</u>	<u>\$ (21,147)</u>	<u>\$ 10,825</u>
Total Assets	<u>\$ 67,586</u>	<u>\$ (21,147)</u>	<u>\$ 46,439</u>
NET POSITION			
Investment in Capital Assets	\$ 31,972	\$ (21,147)	\$ 10,825
Unrestricted	<u>24,249</u>	<u>-</u>	<u>24,249</u>
Total Net Position	<u>\$ 56,221</u>	<u>\$ (21,147)</u>	<u>\$ 35,074</u>

NOTE 6 SUBSEQUENT EVENT

On September 18th the District issued a school promissory note in the amount of \$3,668,000 to temporarily finance the 2011 referendum project in lieu of receiving SDA Grant reimbursement from the State of New Jersey. The District has awarded the sale of said notes to Jefferies LLC at an interest rate of 1%. These notes dated September 18, 2013 will mature on September 18, 2014.

BUDGETARY COMPARISON SCHEDULES

CEDAR GROVE PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 23,656,095	-	\$ 23,656,095	\$ 23,656,095	-
Tuition		-			
Miscellaneous	613,470	-	613,470	1,010,365	\$ 396,895
Total Revenues - Local Sources	24,269,565	-	24,269,565	24,666,460	396,895
State Sources					
Transportation Aid	58,364		58,364	58,364	-
Special Education Aid	640,168		640,168	640,168	-
Security Aid	24,755		24,755	24,755	-
Extraordinary Aid				287,015	287,015
Non-Public Transportation				21,078	21,078
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				807,952	807,952
On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Cost				632,112	632,112
(Non-Budgeted)- NCGI Premium				33,258	33,258
(Non-Budgeted)- Pension Cost - Post Medical Cont.	-	-	-	752,365	752,365
Total State Sources	723,287	-	723,287	3,257,067	2,533,780
Total Revenues	24,992,852	-	24,992,852	27,923,527	2,930,675
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers:					
Kindergarten	549,970	\$ 5,000	554,970	547,483	7,487
Grades 1 - 5	2,414,502	63,650	2,478,152	2,370,306	107,846
Grades 6 - 8	1,845,958	(55,178)	1,790,780	1,750,263	40,517
Grades 9 - 12	2,536,305	(18,184)	2,518,121	2,443,843	74,278
Home Instruction:					
Salaries of Teachers	15,000	-	15,000	7,920	7,080
Purchased Professional - Educational Services	1,000	-	1,000	945	55
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	9,200		9,200	5,377	3,823
Purchased Technical Services	29,656	964	30,620	27,006	3,614
Other Purchased Services	37,228	13,660	50,888	44,609	6,279
General Supplies	329,528	(6,603)	322,925	303,077	19,848
Textbooks	216,367	(43,304)	173,063	153,019	20,044
Miscellaneous Expenditures	4,460	619	5,079	2,030	3,049
Total Instruction Regular Programs	7,989,174	(39,376)	7,949,798	7,655,878	293,920
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	75,146	30,500	105,646	105,448	198
Other Salaries for Instruction	128,084	(5,400)	122,684	116,134	6,550
General Supplies	750	100	850	823	27
Total Learning/Language Disabilities	203,980	25,200	229,180	222,405	6,775

CEDAR GROVE PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
CURRENT EXPENDITURES (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 962,377	\$ (18,150)	\$ 944,227	\$ 936,458	\$ 7,769
Other Salaries for Instruction		17,291	17,291	17,139	152
General Supplies	2,404	(127)	2,277	2,025	252
Total Resource Room/Resource Center	964,781	(986)	963,795	955,622	8,173
Preschool Disabilities - Part Time					
Salaries of Teachers	60,025	29,512	89,537	89,368	169
Other Salaries for Instruction	-	17,561	17,561	17,371	190
Total Preschool Disabilities - Part Time	60,025	47,073	107,098	106,739	359
Preschool Disabilities - Full Time					
Salaries of Teachers	49,161	(5,250)	43,911	39,358	4,553
Other Salaries for Instruction	124,997	(59,997)	65,000	42,708	22,292
General Supplies	500	-	500	497	3
Total Preschool Disabilities - Full Time	174,658	(65,247)	109,411	82,563	26,848
Total Special Education	1,403,444	6,040	1,409,484	1,367,329	42,155
Basic Skills/Remedial					
Salaries of Teachers	158,190	(37,000)	121,190	87,881	33,309
General Supplies	1,000	-	1,000	496	504
Total Basic Skills/Remedial	159,190	(37,000)	122,190	88,377	33,813
Bilingual Education					
Salaries of Teachers	9,892	13,608	23,500	23,012	488
General Supplies	75	-	75	-	75
Total Bilingual Education	9,967	13,608	23,575	23,012	563
School Sponsored Co/Extra Curricular Activities					
Salaries	109,768	953	110,721	99,924	10,797
Supplies and Materials	24,183	1,372	25,555	24,644	911
Other Objects	3,135	(559)	2,576	2,576	-
Total School-Sponsored Co/Extra Curricular Activities	137,086	1,766	138,852	127,144	11,708
School Sponsored Athletics					
Salaries	319,767	29,046	348,813	348,411	402
Purchased Services	21,000	(1,589)	19,411	16,050	3,361
Supplies and Materials	54,503	(1,482)	53,021	53,021	-
Other Objects	6,000	2,154	8,154	8,154	-
Transfers to Cover Deficit	38,730	(8,730)	30,000	22,400	7,600
Total School Sponsored Athletics	440,000	19,399	459,399	448,036	11,363
Total Instruction	10,138,861	(35,563)	10,103,298	9,709,776	393,522
Community Services Programs/Operations					
Salaries	6,821	(6,821)	-	-	-
Total Community Services Programs/Operations	6,821	(6,821)	-	-	-

CEDAR GROVE PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to County Vocational School District - Regular		\$ 1,182	\$ 1,182	\$ 1,182	
Tuition to County Vocational School District - Special	\$ 4,552		4,552	4,552	
Tuition to Other LEAs - Within State - Special	361,041	6,649	367,690	367,690	
Tuition to Private Schools for the Disabled - Within State	1,778,794	(115,099)	1,663,695	1,663,420	\$ 275
Tuition to Priv. School for Disabled - Other LEAs O/S State	81,180	21,399	102,579	102,579	-
Total Instruction	<u>2,225,567</u>	<u>(85,869)</u>	<u>2,139,698</u>	<u>2,139,423</u>	<u>275</u>
Attendance and Social Work					
Salaries	41,707	(128)	41,579	41,232	347
Purchased Professional/Technical Services	2,000	-	2,000	2,000	-
Total Attendance and Social Work	<u>43,707</u>	<u>(128)</u>	<u>43,579</u>	<u>43,232</u>	<u>347</u>
Health Services					
Salaries	262,405	14,675	277,080	276,774	306
Purchased Professional and Technical Services	22,975	(1,335)	21,640	18,697	2,943
Other Purchased Services	300	(51)	249	126	123
Supplies and Materials	7,000	1,002	8,002	7,445	557
Other Objects	450	205	655	653	2
Total Health Services	<u>293,130</u>	<u>14,496</u>	<u>307,626</u>	<u>303,695</u>	<u>3,931</u>
Speech/Occupational Therapy/Physical Therapy and Related Services					
Salaries	350,943	(36,865)	314,078	314,078	-
Purchased Professional/Educational Services	329,032	29,450	358,482	358,480	2
Supplies and Materials	4,142	1,530	5,672	5,202	470
Total Other Support/Student Related Services	<u>684,117</u>	<u>(5,885)</u>	<u>678,232</u>	<u>677,760</u>	<u>472</u>
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.					
Salaries	149,848	78,129	227,977	227,855	122
Purchased Professional-Educational Services	98,586	(3,717)	94,869	93,157	1,712
Supplies and Materials	11,000	13,615	24,615	19,637	4,978
Total Other Support/Extraordinary Services	<u>259,434</u>	<u>88,027</u>	<u>347,461</u>	<u>340,649</u>	<u>6,812</u>
Guidance Services					
Salaries of Other Professional Staff	263,526	14,876	278,402	278,400	2
Salaries of Secretarial and Clerical Assistants	57,158	-	57,158	56,566	592
Purchased Professional-Educational Services	7,500	470	7,970	7,966	4
Other Purchased Professional/Technical Services	150	-	150	136	14
Supplies and Materials	1,250	50	1,300	1,273	27
Other Objects	800	-	800	637	163
Total Other Support Services/Regular	<u>330,384</u>	<u>15,396</u>	<u>345,780</u>	<u>344,978</u>	<u>802</u>

**CEDAR GROVE PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
CURRENT EXPENDITURES (Continued)					
Child Study Team					
Salaries of Other Professional Staff	\$ 313,276	\$ (23,299)	\$ 289,977	\$ 289,977	
Salaries of Secretarial and Clerical Assistants	55,176	783	55,959	55,238	\$ 721
Purchased Professional Educational Services	10,000	1,850	11,850	11,850	-
Other Purchased Services	8,690	(2,890)	5,800	5,235	565
Supplies and Materials	3,537	(1,141)	2,396	2,280	116
Other Objects	2,100	1	2,101	2,100	1
	<u>392,779</u>	<u>(24,696)</u>	<u>368,083</u>	<u>366,680</u>	<u>1,403</u>
Total Other Support Services/Special					
Improvement of Instruction					
Salaries of Other Professional Staff	16,200	(400)	15,800	12,900	2,900
Salaries of Secretarial and Clerical Assist.	21,128	-	21,128	18,400	2,728
Purchased Professional-Educational Services	2,650	4,000	6,650	5,694	956
Other Purchased Services	1,000	-	1,000	975	25
Supplies and Materials	10,692	918	11,610	11,530	80
Other Objects	4,500	(1,320)	3,180	3,075	105
	<u>56,170</u>	<u>3,198</u>	<u>59,368</u>	<u>52,574</u>	<u>6,794</u>
Total Improvement of Instruction					
Educational Media Services/ School Library					
Salaries	243,323	(2,275)	241,048	235,310	5,738
Other Purchased Professional/Technical Services	260	100	360	273	87
Supplies and Materials	48,828	(6,168)	42,660	42,452	208
	<u>292,411</u>	<u>(8,343)</u>	<u>284,068</u>	<u>278,035</u>	<u>6,033</u>
Total Educational Media Services/ School Library					
Instructional Staff Training Services					
Salaries of Secretarial and Clerical Assist.	5,282	(681)	4,601	4,600	1
Purchased Professional Educational Services	30,500	9,358	39,858	13,680	26,178
Other Purchased Professional/Technical Services	3,300	(15)	3,285	1,100	2,185
Other Purchased Services	3,850	(236)	3,614	2,615	999
Supplies and Materials	250	-	250	-	250
	<u>43,182</u>	<u>8,426</u>	<u>51,608</u>	<u>21,995</u>	<u>29,613</u>
Total Instructional Staff Training Services					
Support Services General Administration					
Salaries	265,117	22,714	287,831	287,164	667
Legal Services	107,500	41,441	148,941	132,816	16,125
Audit Fees	35,300	40,077	75,377	40,377	35,000
Architectural/Engineering Services	5,000	61,135	66,135	28,375	37,760
Other Purchased Professional Services	41,875	(9,709)	32,166	10,601	21,565
Purchased Technical Services	1,500	-	1,500	1,091	409
BOE Other Purchased Services	450	-	450	-	450
Miscellaneous Purchased Services	33,915	(2,144)	31,771	30,077	1,694
Communications/Telephone	103,000	51,930	154,930	146,453	8,477
Supplies and Materials	4,443	(750)	3,693	1,415	2,278
Judgements Against the District		214,451	214,451	158,950	55,501
Miscellaneous Expenditures	10,889	9,000	19,889	19,267	622
BOE Membership Dues and Fees	22,762	(8,152)	14,610	14,005	605
	<u>631,751</u>	<u>419,993</u>	<u>1,051,744</u>	<u>870,591</u>	<u>181,153</u>
Total Support Services General Administration					

CEDAR GROVE PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
CURRENT EXPENDITURES (Continued)					
Support Services School Administration					
Salaries of Principals and Assistant Principals	\$ 789,583	\$ (23,771)	\$ 765,812	\$ 760,625	\$ 5,187
Salaries of Other Professional Staff	372,399	9,329	381,728	380,527	1,201
Salaries of Secretarial Staff	239,662	(961)	238,701	221,538	17,163
Purchased Professional and Technical Services	11,077	(2,882)	8,195	6,474	1,721
Other Purchased Services	18,941	-	18,941	11,701	7,240
Supplies and Materials	25,448	123	25,571	24,798	773
Other Objects	8,915	865	9,780	9,473	307
Total Support Services School Administration	<u>1,466,025</u>	<u>(17,297)</u>	<u>1,448,728</u>	<u>1,415,136</u>	<u>33,592</u>
Undistributed Expenditures - Central Services					
Salaries	270,216	3,523	273,739	271,838	1,901
Purchased Professional Services	16,050	(2,489)	13,561	13,561	-
Miscellaneous Purchased Services	3,100	200	3,300	1,259	2,041
Supplies and Materials	6,000	(3,500)	2,500	2,084	416
Interest on Current Loans	22,917	4,950	27,867	27,867	-
Miscellaneous Expenditures	2,525	(200)	2,325	1,886	439
Total Undistributed Expenditures - Central Services	<u>320,808</u>	<u>2,484</u>	<u>323,292</u>	<u>318,495</u>	<u>4,797</u>
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	192,911	9,409	202,320	201,120	1,200
Purchased Technical Services	3,300	(2,433)	867	867	-
Other Purchased Services	250	2,043	2,293	2,066	227
Supplies and Materials	33,640	33,640	33,640	31,659	1,981
Other Objects	750	(750)	-	-	-
Total Undistributed Expenditures - Admin. Info. Technology	<u>197,211</u>	<u>41,909</u>	<u>239,120</u>	<u>234,845</u>	<u>4,275</u>
Required Maintenance for School Facilities					
Salaries	77,947	(23,114)	54,833	44,367	10,466
Cleaning, Repair and Maintenance Services	255,694	15,152	270,846	262,696	8,150
General Supplies	15,000	1,805	16,805	14,262	2,543
Total Required Maint for School Facilities	<u>348,641</u>	<u>(6,157)</u>	<u>342,484</u>	<u>321,325</u>	<u>21,159</u>
Custodial Services					
Salaries	1,138,510	15,459	1,153,969	1,148,239	5,730
Other Purchased Professional and Technical Services	42,770	(1,500)	41,270	22,631	18,639
Cleaning, Repair and Maintenance Services	154,550	(108,558)	45,992	34,038	11,954
Other Purchased Property Services	26,000	4,527	30,527	29,408	1,119
Insurance	148,541	(19,585)	128,956	128,890	66
Miscellaneous Purchased Services	250	575	825	650	175
General Supplies	115,050	(30,618)	84,432	78,127	6,305
Energy (Natural Gas)	276,000	(25,475)	250,525	173,213	77,312
Energy (Electricity)	360,000	(29,640)	330,360	263,075	67,285
Energy (Gasoline)	8,200	-	8,200	-	8,200
Other Objects	1,000	900	1,900	1,898	2
Total Other Operations and Maint. of Plant	<u>2,270,871</u>	<u>(193,915)</u>	<u>2,076,956</u>	<u>1,880,169</u>	<u>196,787</u>
Care and Upkeep of Grounds					
Salaries	226,046	2,231	228,277	227,703	574
Cleaning, Repair and Maintenance Services	103,000	2,133	105,133	82,227	22,906
General Supplies	15,500	(2,369)	13,131	13,131	-
Total Care and Upkeep of Grounds	<u>344,546</u>	<u>1,995</u>	<u>346,541</u>	<u>323,061</u>	<u>23,480</u>

CEDAR GROVE PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
CURRENT EXPENDITURES (Continued)					
Security					
Purchased Professional and Technical Services	\$ 15,000	\$ 12,450	\$ 27,450	\$ 25,553	\$ 1,897
Cleaning, Repair and Maintenance Services	4,000	96,929	100,929	27,768	73,161
General Supplies	4,500	263	4,763	4,761	2
Total Security	23,500	109,642	133,142	58,082	75,060
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch) - Reg.	22,650	(37)	22,613	19,746	2,867
Management Fee-ESC & CTSA Trans. Prog.	45,537	(6,977)	38,560	25,626	12,934
Contr Serv-Aid in Lieu of Pymts-Non-Public Schools	126,412	(37,836)	88,576	87,362	1,214
Contr Serv(Bet Home &Sch)-Vend	140,684	34,562	175,246	175,246	-
Contr Serv(Oth. Than Bet Home &Sch)-Vend	109,600	11,250	120,850	118,503	2,347
Contr Serv(Special Education)-ESC & CTSA	700,500	-	700,500	460,458	240,042
Total Student Transportation Services	1,145,383	962	1,146,345	886,941	259,404
Unallocated Employee Benefits					
Social Security Contribution	287,820	996	288,816	288,816	-
Other Retirement Contributions - PERS	289,979	-	289,979	284,764	5,215
Other Retirement Contributions - Regular	2,500	1,240	3,740	3,634	106
Unemployment Compensation	20,000	(13,170)	6,830	-	6,830
Workmens Compensation	153,000	(21,099)	131,901	124,778	7,123
Health Benefits	3,223,983	(54,964)	3,169,019	3,166,766	2,253
Tuition Reimbursements	103,750	(44,220)	59,530	50,031	9,499
Other Employee Benefits	71,220	27,744	98,964	82,128	16,836
Total Unallocated Employee Benefits	4,152,252	(103,473)	4,048,779	4,000,917	47,862
Reimbursed TPAF Social Security Contributions- (Non-Budgeted)					
				807,952	(807,952)
On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Cost					
				632,112	(632,112)
(Non-Budgeted)- NCGI Premium					
				33,258	(33,258)
(Non-Budgeted)- Pension Cost - Post Medical Cont.					
	-	-	-	752,365	(752,365)
Total TPAF Pension and Social Security Contributions	-	-	-	2,225,687	(2,225,687)
Total Undistributed Expenditures	15,521,869	260,765	15,782,634	17,104,270	(1,321,636)
Total Current Expenditures	25,667,551	218,381	25,885,932	26,814,046	(928,114)

CEDAR GROVE PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Instruction	\$ 13,999	\$ 43,628	\$ 57,627	\$ 8,426	\$ 49,201
Supp. Serv. - Related & Extra		19,285	19,285	16,753	2,532
Admin. Info Tech.	15,000	22,635	37,635	37,635	
Non-Instructional Equipment		22,500	22,500	9,000	13,500
Required Maintenance for School Facilities	75,469	(12,803)	62,666	62,666	-
Total Equipment	104,468	95,245	199,713	134,480	65,233
Facilities Acquisition and Construction Services					
Construction Services	29,530	(10,377)	19,153	19,153	-
Assessment for Debt Service on SDA Funding	31,019	-	31,019	31,019	-
Total Facilities Acquis. And Construction Services	60,549	(10,377)	50,172	50,172	-
Increase in Capital Reserve	1,750	-	1,750	-	1,750
Total Expenditures - Capital Outlay	166,767	84,868	251,635	184,652	66,983
Transfer Funds to Charter School	31,502	(31,502)	-	-	-
Total Expenditures - General Fund	25,865,820	271,747	26,137,567	26,998,698	(861,131)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(872,968)	(271,747)	(1,144,715)	924,829	2,069,544
Other Financing Sources (Uses)					
Transfers In		-		83,286	83,286
Transfers Out - Capital Reserve to Capital Projects	-	(49,265)	(49,265)	(49,265)	-
Total Other Financing Sources (Uses)	-	(49,265)	(49,265)	34,021	83,286
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(872,968)	(321,012)	(1,193,980)	958,850	2,152,830
Fund Balance, Beginning of Year	3,158,993	-	3,158,993	3,158,993	-
Fund Balance, End of Year	\$ 2,286,025	\$ (321,012)	\$ 1,965,013	\$ 4,117,843	\$ 2,152,830
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 215,048	
Excess Surplus				780,062	
Capital Reserve				1,555,997	
Assigned Fund Balance:					
Year-End Encumbrances				181,871	
Designated for Subsequent Year's Expenditures				580,326	
Unassigned Fund Balance:					
				804,539	
Budgetary Fund Balance				4,117,843	
Reconciliation to Governmental Fund Statements (GAAP)					
2012/2013 State Aid Payment Not Recognized on a GAAP Basis				68,098	
2012/2013 Extraordinary Aid Payments Not Recognized on a GAAP Basis				287,015	
Fund Balance per Governmental Funds (GAAP Basis)				\$ 3,762,730	

CEDAR GROVE PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local		\$ 24,887	\$ 24,887	\$ 17,441	\$ (7,446)
State Sources	\$ 98,800	41,159	139,959	117,377	(22,582)
Federal Sources	360,620	143,804	504,424	426,970	(77,454)
Total Revenues	<u>459,420</u>	<u>209,850</u>	<u>669,270</u>	<u>561,788</u>	<u>(107,482)</u>
EXPENDITURES					
Instruction					
Salaries		1,300	1,300		1,300
Purchased Professional/Educational Services	76,800	34,315	111,115	91,607	19,508
Purchased Professional/Technical Services	12,000	6,382	18,382	18,034	348
Other Purchased Services	285,000	67,854	352,854	352,714	140
General Supplies	18,720	(3,290)	15,430	5,957	9,473
Textbooks	10,000	462	10,462	7,736	2,726
Total Instruction	<u>402,520</u>	<u>107,023</u>	<u>509,543</u>	<u>476,048</u>	<u>33,495</u>
Support Services					
Purchased Professional/Educational Services	35,800	39,113	74,913	52,251	22,662
Purchased Professional/Technical Services		1,611	1,611	-	1,611
Other Purchased Services	21,000	(4,823)	16,177	10,327	5,850
Other Objects	100	201	301	166	135
Supplies and Materials	-	7,062	7,062	5,555	1,507
Total Support Services	<u>56,900</u>	<u>43,164</u>	<u>100,064</u>	<u>68,299</u>	<u>31,765</u>
Facilities Acquisition and Constructions Services					
Construction Services		17,152	17,152	1,373	15,779
Instructional Equipment	-	42,511	42,511	16,068	26,443
Total Facilities & Acq. Services	<u>-</u>	<u>59,663</u>	<u>59,663</u>	<u>17,441</u>	<u>42,222</u>
Total Expenditures	<u>459,420</u>	<u>209,850</u>	<u>669,270</u>	<u>561,788</u>	<u>107,482</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CEDAR GROVE PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

	General Fund <u>C-1</u>	Special Revenue Fund <u>C-2</u>	
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 27,923,527	(C-2) \$ 561,788	
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized, net of cancellations		14,675	
State Aid an Extraordinary Aid payment (2011/2012) recognized for budgetary purposes not recognized for GAAP statements	464,698	-	
State Aid and Extraordinary Aid payments and (2012/2013) not recognized for budgetary purposes, recognized for GAAP statements	<u>(355,113)</u>	<u>-</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) \$ <u>28,033,112</u>	(B-2) \$ <u>576,463</u>	
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 26,998,698	(C-2) \$ 561,788	
Difference- budget to GAAP			
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and/or services are received for financial reporting purposes.			
June 30, 2012		34,310	
June 30, 2013	<u>-</u>	<u>(19,635)</u>	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) \$ <u>26,998,698</u>	(B-2) \$ <u>576,463</u>	

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

:

SPECIAL REVENUE FUND

CEDAR GROVE PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	NCLB Title I	NCLB Title II A Carryover	NCLB Title II A Carryover	IDEA Part B		NCLB Title II A	IDEA Part B		IDEA Part B Preschool Carryover	Local	Totals Pg 1	Totals Pg 2	Grand Totals
				Basic	Carryover		Basic	Preschool					
REVENUES													
Miscellaneous - Local													
State Sources													
Federal Sources	\$ 166	\$ 1,187	\$ 14,695	\$ 37,523	\$ 356,492	\$ 15,160	\$ 1,747		\$ 17,441	\$ 17,441	\$ 117,377	\$ 117,377	\$ 17,441
Total Revenues	\$ 166	\$ 1,187	\$ 14,695	\$ 37,523	\$ 356,492	\$ 15,160	\$ 1,747		\$ 17,441	\$ 444,411	\$ 117,377	\$ 117,377	\$ 561,788
EXPENDITURES													
Instruction:													
Purchased Prof. Educational Services													
Purchased Prof. Technical Services													
Other Purchased Services				\$ 2,738	\$ 340,706	\$ 9,270					\$ 91,607	\$ 91,607	\$ 91,607
General Supplies											18,034	18,034	18,034
Textbooks											\$ 352,714	\$ 352,714	\$ 352,714
Total Instruction				2,738	340,706	15,160	67			358,671	117,377	476,048	476,048
Support Services													
Purchased Professional Educational Services				34,785	15,786		1,680						
Other Purchased Services			\$ 10,327										
General Supplies		\$ 1,187	4,368										
Other Objects	\$ 166												
Total Support Services	166	1,187	14,695	34,785	15,786		1,680			68,299			68,299
Facilities Acquisition and Construction Svce													
Construction Services													
Instructional Equipment													
Total Facilities & Acq. Services													
Total Expenditures	\$ 166	\$ 1,187	\$ 14,695	\$ 37,523	\$ 356,492	\$ 15,160	\$ 1,747		\$ 17,441	\$ 444,411	\$ 117,377	\$ 117,377	\$ 561,788

CEDAR GROVE PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Ch. 192/193 Auxiliary Services			Ch. 192/193 Handicapped Services					Page 2 Totals	
	Compensatory Education	ESL	Transportation	Examination/ Classification	Supplemental Instruction	Correct Speech	Non-Public Technology	Non-Public Textbooks		Non-Public Nursing
REVENUES										
Miscellaneous - Local	\$ 32,440	\$ 853	\$ 18,609	\$ 12,423	\$ 10,408	\$ 16,874	\$ 3,513	\$ 7,736	\$ 14,521	\$ 117,377
State Sources	-	-	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 32,440	\$ 853	\$ 18,609	\$ 12,423	\$ 10,408	\$ 16,874	\$ 3,513	\$ 7,736	\$ 14,521	\$ 117,377
EXPENDITURES										
Instruction:										
Purchased Prof. Educational Services	\$ 32,440	\$ 853	\$ 18,609	\$ 12,423	\$ 10,408	\$ 16,874				\$ 91,607
Purchased Prof. Technical Services	-	-	-	-	-	-	3,513		\$ 14,521	18,034
Other Purchased Service	-	-	-	-	-	-	-		-	-
General Supplies	-	-	-	-	-	-	-		-	-
Textbooks	-	-	-	-	-	-		\$ 7,736	-	7,736
Total Instruction	32,440	853	18,609	12,423	10,408	16,874	3,513	7,736	14,521	117,377
Support Services										
Purchased Professional Educational Services	-	-	-	-	-	-	-		-	-
Other Purchased Professional Services	-	-	-	-	-	-	-		-	-
General Supplies	-	-	-	-	-	-	-		-	-
Total Support Services	-	-	-	-	-	-	-		-	-
Facilities Acquisition and Constructions Services										
Instructional Equipment	-	-	-	-	-	-	-		-	-
Total Facilities & Aeq. Services	-	-	-	-	-	-	-		-	-
Total Expenditures	\$ 32,440	\$ 853	\$ 18,609	\$ 12,423	\$ 10,408	\$ 16,874	\$ 3,513	\$ 7,736	\$ 14,521	\$ 117,377

**CEDAR GROVE PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

CAPITAL PROJECTS FUND

:

CEDAR GROVE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancellation</u>	<u>Balance, June 30, 2013</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Renovations to the Elementary, High School & Middle School Addition	\$ 13,827,560	\$ 13,784,752		\$ 6,770	\$ 36,038
South End Roof Replacement	98,000	97,670		330	-
High School Heating System Replacement	186,000	174,072		11,928	-
Improvements to the Elementary, High School, Middle School & Administration Building	12,180,380	1,483,890	\$ 9,933,430		763,060
Phase II Wireless Project	49,265	-	48,969	-	296
	<u>\$ 26,341,205</u>	<u>\$ 15,540,384</u>	<u>\$ 9,982,399</u>	<u>\$ 19,028</u>	<u>\$ 799,394</u>
Reconciliation to GAAP:					
Project Balances					\$ 799,394
Less: Authorized but not Issued- 2012 Project					<u>385</u>
Budgetary Fund Balance					<u>799,009</u>
Less: Unearned SDA Revenue					<u>526,232</u>
GAAP Fund Balance					<u>\$ 272,777</u>
<u>Analysis of Fund Balance</u>					
Year End Encumbrance					\$ 37,794
Capital Projects					<u>234,983</u>
					<u>\$ 272,777</u>

CEDAR GROVE PUBLIC SCHOOLS
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Revenues and Other Financing Sources

Interest Earned on Investments	\$ 8,733
SDA Revenue	68,402
Bond Proceeds	7,582,000
Premium on Bonds	51,089
Premium on Notes	10,894
Transfer from Capital Reserve	<u>49,265</u>
Total Revenues	<u>7,770,383</u>

Expenditures and Other Financing Uses

Salaries	39,762
Facilities Acquisition and Construction Services	9,583,426
Purchased Professional and Technical Services	331,504
Cost of Issuance	27,707
Transfer Out to General Fund	<u>82,974</u>
Total Expenditures	<u>10,065,373</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures (2,294,990)

Fund Balance, Beginning of Year - Budgetary Basis 3,093,999

Fund Balance, End of Year - Budgetary Basis \$ 799,009

Reconciliation to GAAP:

Project Fund Balances	\$ 799,009
Less: SDA Grant Revenue Not Realized Under GAAP	<u>526,232</u>

Fund Balance - Ending - GAAP \$ 272,777

**CEDAR GROVE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS OF ELEMENTARY, HIGH SCHOOL AND MIDDLE SCHOOL ADDITION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 3,802,388	\$ 68,402	\$ 3,870,790	\$ 3,870,790
Bond Proceeds and Transfers	<u>9,950,000</u>	<u>-</u>	<u>9,950,000</u>	<u>9,950,000</u>
Total Revenues and Other Financing Sources	<u>13,752,388</u>	<u>68,402</u>	<u>13,820,790</u>	<u>13,820,790</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical services	155,938		155,938	155,938
Facilities Acquisition and Construction Services	13,621,611		13,621,611	13,657,649
Supplies & Materials	<u>7,203</u>	<u>-</u>	<u>7,203</u>	<u>7,203</u>
Total Expenditures and Other Financing Uses	<u>13,784,752</u>	<u>-</u>	<u>13,784,752</u>	<u>13,820,790</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (32,364)</u>	<u>\$ 68,402</u>	<u>\$ 36,038</u>	<u>\$ -</u>

Additional Project Information:

Project Number	0760-050-01-1473-00	0760-058-01-1474-00
	0760-060-01-1475-00	0760-090-01-1476-00
	1387-100-09-1477-00	
Grant Date	8/10/2001	
Bonds Authorization Date	9/25/2001	
Bonds Authorized	\$ 9,950,000	
Bonds Issued	\$ 9,950,000	
Original Authorized Cost	\$ 13,287,560	
Cancelled	6,770	
Revised Authorized Cost	\$ 13,280,790	
Change Order Percentage	N/A	
Percentage Completion	100%	
Original Target Completion Date	9/1/2004	
Revised Target Completion Date	9/1/2004	

**CEDAR GROVE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
SOUTH END ROOF REPLACEMENT
FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from capital reserve	\$ 98,000		\$ 98,000	\$ 97,670
Total revenues	<u>98,000</u>	<u>-</u>	<u>98,000</u>	<u>97,670</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	18,670		18,670	18,670
Facilities Acquisition and Construction	79,000		79,000	79,000
Transfer Out		\$ 330	330	
Total Expenditures	<u>97,670</u>	<u>330</u>	<u>98,000</u>	<u>97,670</u>
Excess (deficiency) or revenues over (under) expenditures	<u>330</u>	<u>\$ (330)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	98,000			
Cancelled	330			
Revised Authorized Cost	97,670			
Percentage Increase over Original Authorized Cost	-			
Percentage completion	100.00%			
Original target completion date	9/1/2009			
Revised target completion date	9/1/2009			

**CEDAR GROVE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL HEATING SYSTEM REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Outlay	\$ 186,000	-	\$ 186,000	\$ 174,072
Total Revenues and Other Financing Sources	<u>186,000</u>	<u>-</u>	<u>186,000</u>	<u>174,072</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	4,677		4,677	4,677
Facilities Acquisition and Construction Services	169,395	-	169,395	169,395
Transfer Out	-	\$ 11,928	<u>11,928</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>174,072</u>	<u>11,928</u>	<u>186,000</u>	<u>174,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 11,928</u>	<u>\$ (11,928)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 186,000
Cancelled	11,928
Revised Authorized Cost	\$ 174,072
Change Order Percentage	
Percentage Completion	100%
Original Target Completion Date	9/1/2010
Revised Target Completion Date	9/1/2010

**CEDAR GROVE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
IMPROVEMENTS TO THE CEDAR GROVE HIGH SCHOOL, NORTH END AND SOUTH END
ELEMENTARY SCHOOLS AND LEONARD PARKS SCHOOL / ADMINISTRATION BUILDING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants	\$ 4,597,995		\$ 4,597,995	\$ 4,597,995
Bond Proceeds and Transfers	<u>-</u>	<u>\$ 7,582,000</u>	<u>7,582,000</u>	<u>7,582,385</u>
Total Revenues and Other Financing Sources	<u>4,597,995</u>	<u>7,582,000</u>	<u>12,179,995</u>	<u>12,180,380</u>
Expenditures and Other Financing Uses				
Salaries				
Purchased professional and technical services	723,925	39,762 282,535	39,762 1,006,460	45,000 1,046,218
Cost of Issuance		27,707	27,707	27,707
Facilities Acquisition and Construction Services	<u>759,965</u>	<u>9,583,426</u>	<u>10,343,391</u>	<u>11,061,455</u>
Total Expenditures and Other Financing Uses	<u>1,483,890</u>	<u>9,933,430</u>	<u>11,417,320</u>	<u>12,180,380</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 3,114,105</u>	<u>\$ (2,351,430)</u>	<u>\$ 762,675</u>	<u>\$ -</u>

Additional Project Information:

Project Number	#0760-090-10-G0BS	#0760-050-10-G0BQ
Grant Date	8/23/2010	#070-060-10-G0BR
Bonds Authorization Date	1/25/2011	
Bonds Authorized	7,582,385	
Bonds Issued	7,582,000	
Original Authorized Cost	\$ 12,180,380	
Change Orders		
Revised Authorized Cost	\$ 12,180,380	

Change Order Percentage	
Percentage Completion	94%
Original Target Completion Date	9/1/2012
Revised Target Completion Date	9/1/2013

CEDAR GROVE PUBLIC SCHOOLS
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
 PROJECT STATUS - BUDGETARY BASIS
 PHASE II WIRELESS PROJECT
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	-	\$ 49,265	\$ 49,265	\$ 49,265
Total Revenues and Other Financing Sources	-	49,265	49,265	49,265
Expenditures and Other Financing Uses				
Purchased professional and technical services	-	48,969	48,969	49,265
Total Expenditures and Other Financing Uses	-	48,969	48,969	49,265
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	\$ 296	\$ 296	\$ -

Additional Project Information:

Project Number	#0760-050-11-5000	#0760-050-11-4000
	#0760-050-11-3000	
Grant Date	N/A	
Bonds Authorization Date	N/A	
Bonds Authorized	N/A	
Bonds Issued	N/A	
Original Authorized Cost	\$ 49,265	
Change Orders	-	
Revised Authorized Cost	\$ 49,265	
Change Order Percentage		
Percentage Completion	100%	
Original Target Completion Date	9/1/2013	
Revised Target Completion Date	9/1/2013	

PROPRIETARY FUND

**CEDAR GROVE PUBLIC SCHOOLS
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**CEDAR GROVE PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Agency Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 82,136	\$ 10,033	\$ 92,169
	<u>\$ 82,136</u>	<u>\$ 10,033</u>	<u>\$ 92,169</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 6,109	\$ 6,109
Flex Spending		252	252
Due to Other Funds		3,672	3,672
Due to Student Groups	\$ 82,136	-	82,136
	<u>\$ 82,136</u>	<u>\$ 10,033</u>	<u>\$ 92,169</u>
Total Liabilities	<u>\$ 82,136</u>	<u>\$ 10,033</u>	<u>\$ 92,169</u>

EXHIBIT H-2

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**CEDAR GROVE PUBLIC SCHOOLS
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2013</u>
ELEMENTARY SCHOOLS				
Cedar Grove North End School	\$ 5,752	\$ 7,076	\$ 6,603	\$ 6,225
Cedar Grove South End School	<u>1,653</u>	<u>9,089</u>	<u>9,169</u>	<u>1,573</u>
Total Elementary Schools	<u>7,405</u>	<u>16,165</u>	<u>15,772</u>	<u>7,798</u>
MIDDLE SCHOOLS				
Cedar Grove Memorial School	<u>10,842</u>	<u>33,014</u>	<u>27,716</u>	<u>16,140</u>
SENIOR HIGH SCHOOL				
Cedar Grove High School Student Activities	<u>49,906</u>	<u>142,976</u>	<u>134,958</u>	<u>57,924</u>
OTHER				
Athletic Fund	<u>5,752</u>	<u>46,191</u>	<u>51,669</u>	<u>274</u>
TOTAL ALL SCHOOLS	<u>\$ 73,905</u>	<u>\$ 238,346</u>	<u>\$ 230,115</u>	<u>\$ 82,136</u>

EXHIBIT H-4

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance,</u> <u>July 1,</u> <u>2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30,</u> <u>2013</u>
Payroll Deductions and Withholdings	\$ 11,826	\$ 6,754,243	\$ 6,758,554	\$ 7,263
Accrued Salaries and Wages	(1,308)	9,028,162	9,028,008	(1,154)
Flex Spending		5,139	4,887	252
Interfund Payable/Receivable	<u>4,056</u>	<u>31,386</u>	<u>31,770</u>	<u>3,672</u>
Total	<u>\$ 14,574</u>	<u>\$ 15,818,930</u>	<u>\$ 15,823,219</u>	<u>\$ 10,033</u>

LONG-TERM DEBT

**CEDAR GROVE PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance June 30, 2013</u>
Various Improvements	8/15/2002	\$ 9,950,000				\$ 470,000		\$ 470,000	
Refunding Bonds	5/24/2012	\$ 5,790,000	8/15/2013	\$ 495,000	2.00%				
			8/15/2014	510,000	2.00%				
			8/15/2015	525,000	2.00%				
			8/15/2016	540,000	3.00%				
			8/15/2017	555,000	3.00%				
			8/15/2018	575,000	3.00%				
			8/15/2019	595,000	4.00%				
			8/15/2020	620,000	4.00%				
			8/15/2021	650,000	4.00%				
			8/15/2022	675,000	4.00%	5,790,000		50,000	\$ 5,740,000
Various Improvements	8/15/2012	\$ 7,582,000	8/15/2013-2014	250,000	2.00%				
			8/15/2015-2018	255,000	2.00%				
			8/15/2019	260,000	2.00%				
			8/15/2020-2021	270,000	2.00%				
			8/15/2022	275,000	2.00%				
			8/15/2023-2031	500,000	2%-2.5%				
			8/15/2032	497,000	2.50%		\$ 7,582,000	-	7,582,000
						\$ 6,260,000	\$ 7,582,000	\$ 520,000	\$ 13,322,000

**CEDAR GROVE PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

EXHIBIT I-3

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 740,995		\$ 740,995	\$ 740,995	
Interest Income	-	-	-	776	\$ 776
Total Revenues	<u>740,995</u>	<u>-</u>	<u>740,995</u>	<u>741,771</u>	<u>776</u>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	470,000	\$ 48,513	518,513	520,000	(1,487)
Interest	270,995	(48,513)	222,482	222,482	-
Total Expenditures	<u>740,995</u>	<u>-</u>	<u>740,995</u>	<u>742,482</u>	<u>(1,487)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	(711)	(711)
Fund Balance, Beginning of Year	<u>16,728</u>	<u>-</u>	<u>16,728</u>	<u>16,728</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 16,728</u>	<u>\$ -</u>	<u>\$ 16,728</u>	<u>\$ 16,017</u>	<u>\$ (711)</u>
Designated for Subsequent Year's Expenditures				<u>\$ 16,728</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

CEDAR GROVE PUBLIC SCHOOLS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 1,427,454	\$ 3,844,408	\$ 5,545,404	\$ 5,879,920	\$ 6,037,194	\$ 6,527,569	\$ 7,161,173	\$ 7,604,108	\$ 6,352,294	\$ 11,142,738
Restricted	4,231,243	2,304,077	157,756	155,660	162,634	148,654	357,050	732,528	1,276,683	1,572,310
Unrestricted	1,032,837	234,187	867,285	546,918	311,356	(205,980)	134,155	760,955	786,022	931,424
Total Governmental Activities Net Position	\$ 6,691,534	\$ 6,382,672	\$ 6,570,445	\$ 6,582,498	\$ 6,511,184	\$ 6,470,243	\$ 7,652,378	\$ 9,097,591	\$ 8,414,999	\$ 13,646,472
Business-Type Activities										
Net Investment in Capital Assets	\$ 6,977	\$ 4,833	\$ 20,650	\$ 21,075	\$ 18,889	\$ 16,703	\$ 14,884	\$ 15,236	\$ 10,825	\$ 5,184
Unrestricted	10,242	16,202	13,595	(3,750)	3,390	14,513	24,854	30,829	24,249	33,770
Total Business-Type Activities Net Position	\$ 17,219	\$ 21,035	\$ 34,245	\$ 17,325	\$ 22,279	\$ 31,216	\$ 39,738	\$ 46,065	\$ 35,074	\$ 38,954
District-Wide										
Net Investment in Capital Assets	\$ 1,434,431	\$ 3,849,241	\$ 5,566,054	\$ 5,900,995	\$ 6,056,083	\$ 6,544,272	\$ 7,176,057	\$ 7,619,344	\$ 6,363,119	\$ 11,147,922
Restricted	4,231,243	2,304,077	157,756	155,660	162,634	148,654	357,050	732,528	1,276,683	1,572,310
Unrestricted	1,043,079	250,389	880,880	543,168	314,746	(191,467)	159,009	791,784	810,271	965,194
Total District Net Position	\$ 6,708,753	\$ 6,403,707	\$ 6,604,690	\$ 6,599,823	\$ 6,533,463	\$ 6,501,459	\$ 7,692,116	\$ 9,143,656	\$ 8,450,073	\$ 13,685,426

Source: District Financial Records

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

CEDAR GROVE PUBLIC SCHOOLS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 6,471,357	\$ 9,291,347	\$ 9,737,479	\$ 10,589,555	\$ 10,125,563	\$ 10,232,195	\$ 10,398,112	\$ 10,399,671	\$ 10,402,707	\$ 11,138,245
Special Education	1,041,616	1,489,460	3,009,409	3,944,118	4,376,555	4,314,705	4,210,806	4,032,914	4,659,087	4,542,062
Other Instruction	158,585	237,275	283,387	300,594	306,581	184,617	187,397	164,253	219,442	268,655
School Sponsored Activities and Athletics	459,333	575,117	580,810	747,808	693,945	769,420	692,232	635,408	696,554	774,363
Support Services:										
Tuition	778,837		2,127,108	2,386,928	2,476,246	2,124,334	2,225,426	2,078,738	2,219,147	2,500,701
Student & Instruction Related Services	2,202,867	3,558,195	41,981	44,289	52,044	50,877	61,448	57,081	62,217	63,503
Attendance And Social Work			332,314	323,441	352,759	358,883	372,672	394,941	406,506	439,759
Health Services			546,454	568,785	500,653	509,946	506,674	442,455	389,823	393,715
Educational Media/School Library	929,762	1,397,436	1,328,693	1,438,895	1,488,467	1,592,612	1,639,840	1,649,622	2,011,055	2,091,175
School Administrative Services	4,557,501	839,833	686,741	733,974	925,050	933,567	872,431	719,821	724,427	1,011,762
General Administration			390,764	518,183	601,210	635,587	638,014	569,296	621,240	700,369
Central Services	1,995,566	2,456,759	2,675,216	2,932,421	2,798,509	2,941,303	2,930,600	3,012,400	3,379,186	3,028,047
Plant Operations And Maintenance	974,930	818,821	913,626	1,087,298	1,126,864	1,164,059	1,107,083	1,084,224	936,929	893,080
Pupil Transportation	406,130	615,256	490,163	284,149	355,595	337,469	318,468	336,304	339,948	181,100
Interest On Long-Term Debt	141,378	504,986	-	-	-	-	-	-	-	-
Unallocated Depreciation										
Total Governmental Activities Expenses	<u>20,117,862</u>	<u>21,784,485</u>	<u>23,144,145</u>	<u>25,920,438</u>	<u>26,180,041</u>	<u>26,149,574</u>	<u>26,161,203</u>	<u>25,577,128</u>	<u>27,068,268</u>	<u>28,026,536</u>
Business-Type Activities:										
Food Service	302,143	341,803	347,500	325,877	291,477	325,784	311,075	312,598	325,741	348,897
Total Business-Type Activities Expense	<u>302,143</u>	<u>341,803</u>	<u>347,500</u>	<u>325,877</u>	<u>291,477</u>	<u>325,784</u>	<u>311,075</u>	<u>312,598</u>	<u>325,741</u>	<u>348,897</u>
Total District Expenses	<u>\$ 20,420,005</u>	<u>\$ 22,126,288</u>	<u>\$ 23,491,645</u>	<u>\$ 26,246,315</u>	<u>\$ 26,471,518</u>	<u>\$ 26,475,358</u>	<u>\$ 26,472,278</u>	<u>\$ 25,889,726</u>	<u>\$ 27,394,009</u>	<u>\$ 28,375,433</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 982									
Operating Grants And Contributions	454,115	304,203	3,250,861	4,262,329	4,229,861	3,282,444	3,793,494	2,677,563	3,293,947	3,909,150
Capital Grants And Contributions	-	-	84,148	-	-	271,430	-	-	355,688	3,869,600
Total Governmental Activities Program Revenues	<u>455,097</u>	<u>304,203</u>	<u>3,335,009</u>	<u>4,262,329</u>	<u>4,229,861</u>	<u>3,553,874</u>	<u>3,793,494</u>	<u>2,677,563</u>	<u>3,649,635</u>	<u>7,778,750</u>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

CEDAR GROVE PUBLIC SCHOOLS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-Type Activities:										
Charges For Services										
Food Service	\$ 279,343	\$ 324,856	\$ 340,799	\$ 284,858	\$ 273,708	\$ 311,826	\$ 293,590	\$ 295,403	\$ 288,574	\$ 315,231
Operating Grants And Contributions	16,126	20,305	18,952	18,814	19,909	21,753	25,308	23,106	24,444	36,241
Total Business Type Activities Program Revenues	295,469	345,161	359,751	303,672	293,617	333,579	318,898	318,509	313,018	351,472
Total District Program Revenues	\$ 750,566	\$ 649,364	\$ 3,694,760	\$ 4,566,001	\$ 4,523,478	\$ 3,887,453	\$ 4,112,392	\$ 2,996,072	\$ 3,962,653	\$ 8,130,222
Net (Expense)/Revenue										
Governmental Activities	\$ (19,662,765)	\$ (21,480,282)	\$ (19,809,136)	\$ (21,658,109)	\$ (21,950,180)	\$ (22,595,700)	\$ (22,367,709)	\$ (22,899,565)	\$ (23,418,633)	\$ (20,247,786)
Business-Type Activities	(6,674)	3,358	12,251	(22,205)	2,140	7,795	7,823	5,911	(12,723)	2,575
Total District-Wide Net Expense	\$ (19,669,439)	\$ (21,476,924)	\$ (19,796,885)	\$ (21,680,314)	\$ (21,948,040)	\$ (22,587,905)	\$ (22,359,886)	\$ (22,893,654)	\$ (23,431,356)	\$ (20,245,211)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 15,568,647	\$ 16,729,321	\$ 18,195,715	\$ 19,647,375	\$ 19,930,988	\$ 20,904,871	\$ 21,914,106	\$ 22,737,500	\$ 23,192,250	\$ 23,656,095
Taxes Levied For Debt Service	716,130	667,141	722,573	722,228	725,226	727,109	731,734	735,259	737,975	740,995
Unrestricted Grants And Contributions	3,801,232	3,054,940	199,361	198,213	237,413	11,231	-	-	-	-
Tuition Received	(180,719)	-	-	-	-	-	-	-	-	-
Investment Earnings	56,815	-	-	163,851	4,492	-	-	-	-	-
Donation of Capital Assets	-	-	-	(3,126)	-	-	-	-	-	-
Loss on Disposal of Capital Asset	-	-	-	942,495	985,473	911,548	904,004	872,019	386,546	1,081,857
Miscellaneous Income	562,839	720,018	879,260	(4,000)	(1,600)	-	-	-	-	312
Transfers	(4,000)	-	-	-	-	-	-	-	-	-
Total Governmental Activities	20,520,944	21,171,420	19,996,909	21,670,162	21,878,866	22,554,759	23,549,844	24,344,778	24,316,771	25,479,259
Business-Type Activities:										
Investment Earnings	458	458	959	1,285	1,214	1,142	699	416	1,666	1,305
Transfers	4,000	-	-	4,000	1,600	-	-	-	-	-
Total Business-Type Activities	4,000	458	959	5,285	2,814	1,142	699	416	1,666	1,305
Total District-Wide	\$ 20,524,944	\$ 21,171,878	\$ 19,997,868	\$ 21,675,447	\$ 21,881,680	\$ 22,555,901	\$ 23,550,543	\$ 24,345,194	\$ 24,318,437	\$ 25,480,564
Change in Net Position										
Governmental Activities	\$ 858,179	\$ (308,862)	\$ 187,773	\$ 12,053	\$ (71,314)	\$ (40,941)	\$ 1,182,135	\$ 1,445,213	\$ 898,138	\$ 5,231,473
Business-Type Activities	(2,674)	3,816	13,210	(16,920)	4,954	8,937	8,522	6,327	(11,057)	3,880
Total District	\$ 855,505	\$ (305,046)	\$ 200,983	\$ (4,867)	\$ (66,360)	\$ (32,004)	\$ 1,190,657	\$ 1,451,540	\$ 887,081	\$ 5,235,353

Source: District Financial Records

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 65, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

CEDAR GROVE PUBLIC SCHOOLS
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 817,566	\$ 1,316,687	\$ 1,392,966	\$ 688,348	\$ 348,169	\$ 392,760	\$ 964,110			
Unreserved	848,403	455,695	336,175	655,398	791,252	245,559	317,694			
Restricted								\$ 1,394,824	\$ 1,889,181	\$ 2,551,107
Assigned								410,727	672,170	762,197
Unassigned								441,473	132,944	449,426
Total General Fund	\$ 1,665,969	\$ 1,772,382	\$ 1,729,141	\$ 1,343,746	\$ 1,139,421	\$ 638,319	\$ 1,281,804	\$ 2,247,024	\$ 2,694,295	\$ 3,762,730
All Other Governmental Funds										
Reserved	\$ 289,454	\$ 267,767	\$ 267,766	\$ 399,069	\$ 676,575	\$ 445,657				
Unreserved	3,789,244	719,623	748,397	719,921	257,431	(36,946)	\$ (55,941)		\$ (1,199,466)	
Restricted								\$ 11,456	16,728	\$ 288,794
Total All Other Governmental Funds	\$ 4,078,698	\$ 987,390	\$ 1,016,163	\$ 1,118,990	\$ 934,006	\$ 408,711	\$ (55,941)	\$ 11,456	\$ (1,182,738)	\$ 288,794

Source: District Financial Records

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

**CEDAR GROVE PUBLIC SCHOOLS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 16,284,777	\$ 17,396,462	\$ 18,918,288	\$ 20,369,603	\$ 20,656,214	\$ 21,631,980	\$ 22,645,840	\$ 23,475,759	\$ 23,930,225	\$ 24,397,090
Tuition Charges	982	24,695								
Interest Earnings	56,815	51,355								
Miscellaneous	562,839	643,968	879,260	944,495	985,473	920,811	930,282	885,410	399,916	1,053,839
State Sources	3,934,536	3,000,550	3,142,458	4,010,567	4,054,577	3,172,193	3,121,116	2,147,016	3,117,878	7,319,805
Federal Sources	320,811	358,593	391,912	447,975	402,747	383,649	546,100	517,156	518,387	424,980
Total Revenue	21,160,760	21,475,623	23,331,918	25,172,640	26,108,961	26,108,633	27,343,338	27,022,341	27,966,406	33,195,714
Expenditures										
Instruction										
Regular Instruction	8,118,218	6,945,226	9,559,842	10,372,431	9,922,679	10,011,302	10,158,450	10,226,698	10,227,820	10,898,578
Special Education Instruction		1,136,934	2,980,753	3,912,548	4,331,633	4,275,026	4,174,266	3,997,665	4,612,762	4,495,370
Other Instruction		179,887	278,788	295,965	301,547	182,476	185,009	162,830	217,124	264,859
School Sponsored Activities and Athletics		456,242	571,618	736,279	681,807	755,997	680,510	624,386	683,134	760,493
Support Services:										
Tuition		951,771								
Student and Inst. Related Services		2,092,990	2,350,431	2,350,431	2,433,459	2,052,300	2,187,813	2,043,092	2,178,939	2,457,167
Health Services		2,186,890	326,002	317,572	351,646	352,065	365,384	387,248	397,843	430,284
Attendance and Social Work			41,489	44,948	44,948	49,071	60,284	55,873	60,840	62,091
Educational Media/School Library			538,108	560,197	491,700	501,066	497,287	434,220	381,993	385,659
General Administration		777,682	679,522	726,585	912,608	913,444	860,381	712,290	715,481	1,001,931
School Administrative Services		1,003,918	1,303,771	1,432,581	1,459,366	1,546,789	1,610,894	1,616,344	1,966,395	2,044,527
Central Services			383,046	509,602	587,096	613,367	623,989	633,819	602,864	684,181
Plant Operations And Maintenance		2,100,400	2,643,066	2,897,593	2,762,671	2,883,100	2,898,859	2,974,104	3,326,243	2,979,000
Pupil Transportation		818,821	913,626	1,087,298	1,126,864	1,164,059	1,107,083	1,083,440	936,380	892,404
Employee Benefits		4,099,141								
Capital Outlay		3,611,220	125,020	317,976	277,180	1,613,419	938,348	342,122	1,650,598	10,142,290
Debt Service:		716,130	84,858							
Principal		325,000	418,713	355,000	449,282	467,228	490,290	430,000	450,000	520,000
Interest and Other Charges		393,748	490,032	367,227	362,184	344,321	325,658	342,593	529,832	281,208
Total Expenditures	23,931,445	21,460,518	23,346,386	26,283,008	26,496,670	27,135,030	27,164,505	25,989,724	28,938,248	38,300,042
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,770,685)	15,105	(14,468)	(510,368)	(387,709)	(1,026,397)	178,833	1,032,617	(971,842)	(5,104,328)
Other Financing Sources (Uses)										
Proceeds From Borrowing	3,000,000	3,000,000		231,800						
Capital Leases (Non-Budgeted)	76,386									
Payments To Bond Anticipation Note										
Refunding Bond Proceeds										
Premium on Refunding Bonds										
Premium on Note										
Payments to Refunded Bond Escrow Agent										
Transfers In			2,423	2,423	9,464	112,116	190,111	180,564	33,463	132,551
Transfers Out	(4,000)		(2,423)	(4,000)	(11,064)	(112,116)	(190,111)	(180,564)	(33,463)	(132,239)
Total Other Financing Sources (Uses)	3,072,386	-	-	227,800	(1,600)	-	-	-	224,919	7,644,295
Net Change in Fund Balances	\$ 301,701	\$ 15,105	\$ (14,468)	\$ (282,568)	\$ (389,309)	\$ (1,026,397)	\$ 178,833	\$ 1,032,617	\$ (746,923)	\$ 2,539,967
Debt Service as a Percentage of Noncapital Expenditures	0.00%	3.36%	3.91%	2.78%	3.09%	3.11%	3.11%	3.01%	3.59%	2.85%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District Financial Records

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

**CEDAR GROVE PUBLIC SCHOOLS
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Interest Earned</u>	<u>Building Rentals</u>	<u>E-Rate</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2004	\$ 56,815	\$ 443,869	\$	982	\$ 118,970	\$ 620,636
2005	51,355	586,892		24,695	57,076	720,018
2006	76,454	617,784		17,663	163,962	875,863
2007	139,150	794,316		2,805		936,271
2008	115,460	735,465		1,945	132,603	985,473
2009	79,408	729,247		6,683	81,258	896,596
2010	40,324	720,492		8,000	130,953	899,769
2011	20,424	747,838	\$ 16,488	13,814	71,958	870,522
2012	28,202	263,308	22,007		65,724	379,241
2013	75,296	870,519	33,781		30,769	1,010,365

Source: District Financial Records

CEDAR GROVE PUBLIC SCHOOLS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate*
2004	\$ 11,580,500	\$ 245,426,100	\$ 304,400		\$ 29,178,400	\$ 15,842,200	\$ 7,288,500	\$ 309,620,100		\$ 309,915,700	\$1,770,269,297	\$ 5.62
2005	10,203,700	253,448,100	304,400		29,148,800	15,921,500	7,288,500	316,315,000		316,579,600	2,090,647,720	5.98
2006	9,998,700	262,959,100	304,400		28,863,500	15,598,100	7,288,500	325,012,300	\$ 228,100	325,240,400	2,250,798,616	6.26
2007	8,501,000	271,131,100	304,400		27,924,200	15,208,800	7,288,500	330,338,000	225,600	330,583,600	2,296,322,169	6.25
2008	8,045,000	273,563,000	304,400		27,517,000	15,701,900	6,929,200	332,060,500	229,500	332,290,000	2,478,063,433	6.51
2009	8,157,000	275,871,700	304,400		27,255,100	15,782,500	6,879,700	334,250,400	266,300	334,516,700	2,497,328,772	6.77
2010	51,020,900	1,890,266,300	1,256,500	\$ 3,200	187,836,600	104,809,700	48,860,000	2,284,053,200	1,950,500	2,286,003,700	2,417,772,290	1.027 *
2011	47,250,100	1,880,240,600	1,256,500	3,200	190,662,400	104,809,700	48,860,000	2,273,082,500	1,441,300	2,274,523,800	2,415,387,925	1.052
2012	47,168,800	1,841,629,900	1,256,500	3,200	201,400,500	104,809,700	48,860,000	2,245,128,600	1,678,000	2,274,523,800	2,335,201,567	1.086
2013	45,679,500	1,824,313,800	1,256,500	3,200	202,847,800	101,142,900	47,860,000	2,223,103,700	1,878,100	2,224,981,800	2,218,771,570	1.132

Source: County Abstract of Rates

a Tax rates are per \$100

* The Township had a revaluation of real property that took effect in 2010

CEDAR GROVE PUBLIC SCHOOLS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

Calendar Year	<u>Overlapping Rates</u>				Total Direct and Overlapping Tax Rate
	<u>Total Direct School Tax Rate</u>	<u>Township</u>	<u>County</u>	<u>Garbage District</u>	
2004	\$ 5.620	\$ 1.710	\$ 2.760	\$ 0.340	\$ 10.430
2005	5.980	1.760	2.760	0.340	10.840
2006	6.260	1.770	2.840	0.360	11.230
2007	6.250	1.860	2.660	0.390	11.160
2008	6.510	2.069	2.752	0.390	11.721
2009	6.770	2.116	2.827	0.400	12.113
2010	1.027	0.363	0.438	0.061	1.889
2011	1.052	0.376	0.466	0.063	1.957 *
2012	1.086	0.394	0.480	0.064	2.024
2013	1.132	0.415	0.491	0.067	2.105

Source: County Abstract of Ratables

* The Township had a revaluation of real property that took effect in 2010

**CEDAR GROVE PUBLIC SCHOOLS
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bradford Farms	\$ 17,715,000	5.296%		
Grove Associates	16,835,000	5.033%		
Cedar Hill Realty Associates LLC	15,170,000	4.535%		
691 Pompton Avenue Realty LLC	13,780,700	4.120%		
Health Resources of Cedar Grove LLC	12,215,000	3.652%		Not Available
Canterbury At Cedar Grove LLC	12,023,400	3.594%		
Contract Filling Inc	10,415,000	3.113%		
11 Cliffside Drive LLC	9,960,000	2.977%		
Cedar Grove Properties Inc	8,385,000	2.507%		
Pompton Associates C/O Healthcare	7,930,000	2.371%		
	\$ 124,429,100	37.20%		0.00%

Source: Municipal Tax Assessor

**CEDAR GROVE PUBLIC SCHOOLS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 16,284,777	\$ 16,284,777	100.00%	-
2005	17,396,462	17,396,462	100.00%	-
2006	18,918,288	18,918,288	100.00%	-
2007	20,369,603	20,369,603	100.00%	-
2008	20,656,214	20,656,214	100.00%	-
2009	21,631,980	21,631,980	100.00%	-
2010	22,645,840	22,645,840	100.00%	-
2011	23,472,759	23,472,759	100.00%	-
2012	23,930,225	23,930,225	100.00%	-
2013	24,397,090	24,397,090	100.00%	-

Source: District Financial Records

**CEDAR GROVE PUBLIC SCHOOLS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population Estimates	Per Capita
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes				
2004	\$ 9,640,000	\$ 141,692	\$ 3,000,000	\$ 12,781,692	12,401	\$ 1,031	
2005	9,315,000	78,713	3,000,000	12,393,713	12,514	990	
2006	8,975,000		2,400,000	11,375,000	12,625	901	
2007	8,620,000	231,800		8,851,800	12,586	703	
2008	8,245,000	157,518		8,402,518	12,582	668	
2009	7,855,000	80,290		7,935,290	12,658	627	
2010	7,445,000	-	-	7,445,000	12,413	600	
2011	7,015,000			7,015,000	12,429	564	
2012	6,260,000		4,550,000	10,810,000	12,429	870	
2013	13,322,000		3,668,000	16,990,000	12,577	1,351	

Source: District financial records and NJ Department of Education

CEDAR GROVE PUBLIC SCHOOLS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2004	\$ 9,640,000		\$ 9,640,000	.054%	\$ 770
2005	9,315,000		9,315,000	.044%	738
2006	8,975,000		8,975,000	2.72%	713
2007	8,620,000		8,620,000	2.61%	685
2008	8,245,000		8,245,000	2.48%	651
2009	7,855,000	\$ 1,577	7,853,423	0.34%	633
2010	7,445,000	960	7,444,040	0.33%	599
2011	7,015,000	242	7,014,758	0.31%	555
2012	6,260,000	16,728	6,243,272	0.27%	494
2013	13,322,000	16,017	13,305,983	0.60%	1,058

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

CEDAR GROVE PUBLIC SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012
(Unaudited)

Net Debt

Municipal Debt: (1)	
Cedar Grove Public Schools	\$ 16,990,385
Cedar Grove Township	<u>11,150,000</u>
	<u>28,140,385</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County (A):	
County of Essex - Township's Share	<u>8,603,516</u>
 Total Direct and Overlapping Debt	 <u>\$ 36,743,901</u>

Source:

(1) Cedar Grove's 2012 Annual Debt Statement

(A) The debt for this entity was apportioned to Cedar Grove by dividing the municipality's 2012 equalized value by the total 2012 equalized value for Essex County.

:

**CEDAR GROVE PUBLIC SCHOOLS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized Valuation Basis
2012	\$ 2,230,186,351
2011	2,333,760,267
2010	<u>2,415,709,360</u>
	<u>\$ 6,979,655,978</u>
	\$ 2,326,551,993
	93,062,080 ^a
	<u>16,990,385</u>
	<u>\$ 76,071,695</u>

Average Equalized Valuation of Taxable Property

Debt Limit (4 % of Average Equalization Value)
Total Net Debt Applicable to Limit

Legal Debt Margin

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 56,814,015	\$ 63,718,339	\$ 72,836,709	\$ 84,468,494	\$ 90,016,534	\$ 95,182,077	\$ 98,802,370	\$ 98,860,198	\$ 96,936,156	\$ 93,062,080
Total Net Debt Applicable to Limit	<u>9,640,000</u>	<u>9,315,000</u>	<u>8,975,000</u>	<u>8,620,000</u>	<u>8,245,000</u>	<u>7,855,000</u>	<u>7,445,000</u>	<u>14,597,385</u>	<u>13,842,385</u>	<u>16,990,385</u>
Legal Debt Margin	<u>\$ 47,174,015</u>	<u>\$ 54,403,339</u>	<u>\$ 63,861,709</u>	<u>\$ 75,848,494</u>	<u>\$ 81,771,534</u>	<u>\$ 87,327,077</u>	<u>\$ 91,357,370</u>	<u>\$ 84,262,813</u>	<u>\$ 83,093,771</u>	<u>\$ 76,071,695</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.97%	14.62%	12.32%	10.20%	9.16%	8.25%	7.54%	14.77%	14.28%	18.26%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**CEDAR GROVE PUBLIC SCHOOLS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2004	12,401	\$ 41,417	2.10%
2005	12,514	43,231	1.30%
2006	12,625	47,290	1.20%
2007	12,586	49,850	1.10%
2008	12,582	51,665	1.30%
2009	12,658	48,901	2.70%
2010	12,413	50,791	2.80%
2011	12,429	52,956	2.60%
2012	12,577	N/A	2.70%
2013	N/A	N/A	N/A

Source: New Jersey State Department of Education

CEDAR GROVE PUBLIC SCHOOLS
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

	2013		2014	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

**CEDAR GROVE PUBLIC SCHOOLS
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function/Program</u>	<u>2004</u>	<u>2005</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>
Instruction										
Regular	97	112	108	117	122	108	129	119	122	128
Special Education	24	26	25	36	36	35	29	14	15	18
Other Instruction	3	2	3	2	1	1	1	1	1	1
Support Services:										
Student and Instruction Related Services				23	20	18	18	18	18	28
General Administration	3	3	3	3	3	3	3	3	3	3
School Administrative Services	11	11	11	10	9	9	9	9	9	9
Other Administrative Services	-	-	-	4	3	3	3	3	3	3
Central Services	4	4	4	4	3	3	3	3	4	4
Administrative Information Technology	-	-	3	3	3	3	3	3	3	3
Plant Operations And Maintenance	22	24	24	24	22	22	20	19	19	20
Total	164	182	181	226	222	205	218	192	197	217

Source: District Personnel Records

**CEDAR GROVE PUBLIC SCHOOLS
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2004	1,566	\$ 19,607,038	\$ 12,520	4.26%	1,465	13.41	16.67	9.07	1,390	1,447	1.47%	96.06%
2005	1,588	20,659,862	13,010	3.91%	1,545	15.87	13.50	11.34	1,489	1,554	7.39%	95.82%
2006	1,543	22,500,586	14,286	9.81%	1,566	15.85	13.27	10.67	1,508	1,575	1.35%	95.75%
2007	1,565	25,242,805	16,058	12.40%	1,577	13.26	12.00	9.86	1,504	1,572	-0.19%	95.67%
2008	1,622	25,408,024	15,665	-2.44%	1,581	13.10	13.70	10.60	1,520	1,588	1.02%	95.72%
2009	1,635	25,310,062	15,480	-1.18%	1,592	12.70	11.80	10.40	1,527	1,596	0.50%	95.68%
2010	1,666	25,410,209	14,834	-4.17%	1,594	11.40	10.90	10.30	1,565	1,631	2.19%	95.95%
2011	1,666	24,875,009	14,931	0.65%	1,631	11.40	10.90	10.30	1,438	1,500	-8.03%	95.87%
2012	1,669	26,307,818	15,763	5.57%	1,666	11.38	10.85	10.29	1,498	1,627	8.47%	92.07%
2013	1,664	27,356,544	16,440	4.30%	1,664	11.40	10.90	10.29	1,569	1,639	0.74%	95.73%

Sources: District records

Note: a Enrollment based on annual October district count.

b Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay.

c Cost per pupil represents operating expenditures divided by enrollment.

N/A - Information not available

**CEDAR GROVE PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Building</u>										
<u>Elementary</u>										
North End	35,265	35,265	35,265	35,265	35,625	35,625	35,625	35,625	35,625	35,625
Square Feet	303	303	303	303	303	303	303	303	303	303
Capacity (students)	309	326	307	307	334	341	323	336	336	322
Enrollment										
South End	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080
Square Feet	319	319	319	319	319	319	319	319	319	319
Capacity (students)	303	338	323	323	333	341	361	352	369	331
Enrollment										
<u>Middle School</u>										
Square Feet	70,221	70,221	70,221	70,221	70,221	70,221	70,221	70,221	70,221	70,221
Capacity (students)	628	628	628	628	628	628	628	628	628	628
Enrollment	484	485	489	489	515	497	515	365	535	554
<u>High School</u>										
Square Feet	140,725	140,725	140,725	140,725	140,725	140,725	140,725	140,725	140,725	140,725
Capacity (students)	908	908	908	908	908	908	908	908	908	908
Enrollment	440	416	421	421	411	422	432	447	429	431
<u>Other</u>										
Leonard R Parks	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Square Feet										

Number of Schools at June 30, 2013
 Elementary = 2
 Middle School = 1
 Senior High School = 1
 Other = 1

Source: District Records

CEDAR GROVE PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)

Project # (s)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES 11-000-261-XXXX										
School Facilities										
High School	\$ 82,989	\$ 101,920	\$ 116,134	\$ 110,850	\$ 129,149	\$ 128,736	\$ 116,825	\$ 140,135	\$ 133,820	\$ 117,905
North End School	20,797	25,541	29,102	39,254	34,578	34,467	37,994	40,038	43,854	61,026
South End School	23,046	28,304	32,250	43,501	38,131	38,009	41,678	36,000	47,000	61,026
Middle School	41,411	50,858	57,949	78,164	68,831	68,611	74,890	69,860	80,006	71,197
Leonard R. Parks	25,948	31,867	36,310	48,977	43,625	43,486	46,925	47,623	341,063	10,171
Total School Facilities	\$ 194,191	\$ 238,490	\$ 271,745	\$ 320,746	\$ 314,314	\$ 313,309	\$ 318,312	\$ 333,656	\$ 645,743	\$ 321,325

Source: District Records

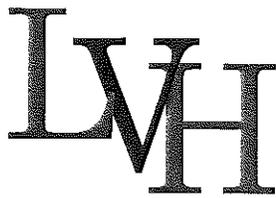
**CEDAR GROVE PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2013
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Building and Contents (All Locations)	\$ 58,894,879	\$ 5,000
Comprehensive General Liability	1,000,000 / 2,000,000	
Comprehensive Auto Liability	1,000,000	
Comprehensive Crime Liability	500,000	
Pollution Liability	1,000,000 / 2,000,000	5,000
Computers and Schedule Equipment		
Data Processing Equipment	2,500,000	5,000
Other	100,000	5,000
Musical Instruments	250,000	5,000
Boiler and Machinery		
Property Damage	25,000,000	5,000
Umbrella Liability		
Zurich	10,000,000	10,000 Retention
Fireman's Fund Cap	50,000,000	
School Boards Legal Liability		
Director's and Officer's	1,000,000	5,000
Sexual Abuse Sub Limit	No Sublimit	
Public Employees' Faithful Performance Bond		
Blanket	100,000	500
Business Administrator/Board Secretary	230,000	
Treasurer of School Monies	235,000	
Workers' Compensation and Employers Liability	2,000,000	

Source: District records

SINGLE AUDIT SECTION

:



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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MARK SACO, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Cedar Grove Public Schools
Cedar Grove, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Grove Public Schools as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Cedar Grove Public Schools' basic financial statements and have issued our report thereon dated November 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cedar Grove Public Schools' 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 Cedar Grove Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Cedar Grove Public Schools' internal control.

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

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

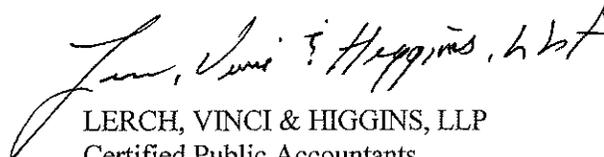
Compliance and Other Matters

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

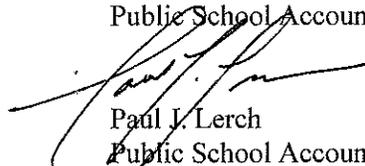
We noted certain matters that we reported to management of the Cedar Grove Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 11, 2013

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



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



Paul J. Lerch
 Public School Accountant
 PSA Number CS01118

Fair Lawn, New Jersey
 November 11, 2013



LERCH, VINCI & HIGGINS, LLP

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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Cedar Grove Public Schools
Cedar Grove, New Jersey

Report on Compliance for Each Major State Program

We have audited the Cedar Grove Public Schools compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Cedar Grove Public Schools' major state programs for the fiscal year ended June 30, 2013. The Cedar Grove Public Schools' major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Cedar Grove Public Schools' major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Cedar Grove Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Cedar Grove Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Cedar Grove Public Schools 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 Cedar Grove Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04, 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 Cedar Grove Public Schools' internal control over compliance.

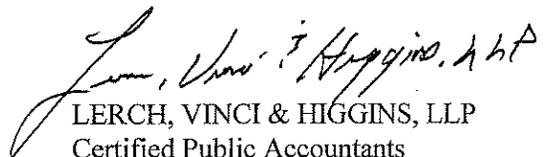
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

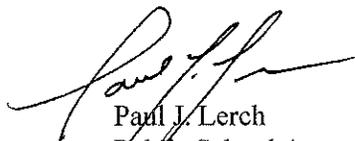
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Grove Public Schools, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 11, 2013, which contained unmodified opinions financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 11, 2013

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Project Number	Grant Period	Award Amount	Balance July 1, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2013		Memo GAAP Receivable					
											(Accounts Receivable)	Uncearned Revenue		Due to Grantor				
General Funds:																		
U.S. Department of Education Education Jobs Fund	84.410A	ARRA	8/1/10-9/30/12	\$43,481	\$ (2,829)	-	\$ 2,829	-	-	-	-	-	-					
Total U.S. Department of Education																		
Enterprise Funds:																		
U.S. Department of Agriculture																		
Passed-through State Department of Education																		
National School Lunch Program	10.555		9/1/12-6/30/13	12,069		\$	12,069	\$	10,731		\$	1,338						
Non-Cash Assistance	10.555		9/1/11-6/30/12	4,271	435			435										
Cash Assistance	10.555		9/1/12-6/30/13	20,981	(504)		18,749	20,111		\$	(1,362)		\$ (1,362)					
Cash Assistance	10.555		9/1/11-6/30/12	13,566			504											
Special Milk Program	10.556		9/1/12-6/30/13	3,977	(227)		3,722	3,977			(255)		(255)					
Special Milk Program	10.556		9/1/11-6/30/12	4,880			227											
Total U.S. Department of Agriculture																		
Special Revenue Funds:																		
U.S. Department of Education																		
Passed Through State Department of Education																		
I.A.S.A. Consolidated Grant / NCLB																		
Title I	84.010A	NCLB219012	9/1/11-8/31/12	16,578	(16,395)		16,578	166				17						
Title II A	84.367A	NCLB219013	9/1/12-8/31/13	24,826		\$	11,897	15,882			(12,929)	12,059	(12,929)					
Title II A, Carryover	84.367A	NCLB219012	9/1/11-8/31/12	26,385	(8,397)		11,037				(475)		(475)					
I.D.E.A. Part B, Basic	84.027	IDEA219013	9/1/12-8/31/13	416,280			310,036	394,015			(106,244)	59,788	(106,244)					
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA219012	9/1/11-8/31/12	391,715	(49,664)		57,300											
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA219011	9/1/10-8/31/11	368,878	(5,098)		30,882											
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA219010	9/1/09-8/31/10	360,454			4,103											
I.D.E.A. Part B, Preschool	84.173	IDEA219010	9/1/12-8/31/13	15,201			6,780	16,907			(8,421)	41	(8,421)					
I.D.E.A. Part B, Preschool	84.173	IDEA219012	9/1/11-8/31/12	15,396	(8,035)		9,782											
I.D.E.A. Part B, Preschool Carryover	84.173	IDEA219008	9/1/07-8/31/08	15,163	65					\$	65	59	(403)					
I.D.E.A. ARRA Part B, Basic	84.391	ARRA219010	9/1/09-8/31/10	369,201	(344)													
I.D.E.A. ARRA Part B, Preschool	84.392	ARRA219010	9/1/09-8/31/10	13,364	(1)							386	(387)					
Total Special Revenue Fund																		
Total Federal Financial Assistance																		
											\$ (87,869)	426,970	65	(128,859)	73,688	\$ (128,859)		
											\$ (90,994)	\$ 496,495	\$ 462,224	\$ -	\$ 65	\$ (130,476)	\$ 73,688	\$ (130,476)

The Notes to the Schedules of Expenditures of Federal and State Awards are an Integral Part of this Statement

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balance	(Accts. Receivable)	Balance June 30, 2013 Unearned Revenue	Due to Grantor	Memorandum GAAP Receivable	Budgetary Expenditures
State Department of Education														
State Department of Education														
Special Education Aid	13-495-034-5120-011	7/1/12-6/30/13	\$ 640,168			\$ 577,318	\$ 640,168			\$ (62,650)				\$ 640,168
Special Education Aid	12-495-034-5120-011	7/1/11-6/30/12	551,371	\$ (43,503)		43,503								
Special Education Aid	13-495-034-5120-084	7/1/12-6/30/13	24,755			24,074	24,755			(681)				24,755
Special Education Aid	13-495-034-5120-014	7/1/12-6/30/13	58,364			53,597	58,364			(4,767)				58,364
Special Education Aid	13-100-034-5120-473	7/1/12-6/30/13	287,015			287,015	287,015			(287,015)				287,015
Special Education Aid	12-100-034-5120-473	7/1/11-6/30/12	421,195	(421,195)		421,195				(21,078)				21,078
Non-Public Transportation Aid	N/A	7/1/12-6/30/13	23,316	(23,316)		23,316								
On-Behalf TPAF Pension System Contr.														
Pension Cost	13-495-034-5095-006	7/1/12-6/30/13	632,112			632,112	632,112							632,112
Non-contributory Insurance	13-495-034-5095-007	7/1/12-6/30/13	33,258			33,258	33,258							33,258
Post Retirement Medical Contribution	13-495-034-5095-001	7/1/12-6/30/13	752,365			752,365	752,365							752,365
Reimbursed TPAF Social Security Contributions														
Reimbursed TPAF Social Security Contributions	13-100-034-5095-002	7/1/12-6/30/13	807,952			768,397	807,952			(39,555)			(39,555)	807,952
Reimbursed TPAF Social Security Contributions	12-100-034-5095-002	7/1/11-6/30/12	773,974	(5,036)		5,036								
Total General Fund				(493,050)		3,354,371	3,257,067			(415,746)			(60,632)	3,257,067
State Department of Education														
New Jersey Non-Public Aid														
Textbook	13-100-034-5120-064	7/1/12-6/30/13	10,462			10,462	7,236					\$ 2,726		7,236
Technology	13-100-034-5120-373	7/1/12-6/30/13	3,861			3,861	3,513					348		3,513
Nursing	13-100-034-5120-070	7/1/12-6/30/13	14,321			14,321	14,321							14,321
Auxiliary Services:														
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	42,267	14,118		36,787	32,440		\$ 14,118			4,347		32,440
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	36,787			36,787	36,787							
English as a Second Language	12-100-034-5120-067	7/1/11-6/30/12	2,327	1,723		1,723	1,723							
English as a Second Language	13-100-034-5120-067	7/1/12-6/30/13	5,116			5,116	853					4,263		853
Transportation	13-100-034-5120-068	7/1/12-6/30/13	18,609			18,609	18,609							18,609
Handicapped Services:														
Examination	12-100-034-5120-066	7/1/11-6/30/12	15,809	2,089		17,993	12,423		2,089			5,570		12,423
Examination	13-100-034-5120-066	7/1/12-6/30/13	17,993			17,993	17,993							
Supplemental Instruction	12-100-034-5120-066	7/1/11-6/30/12	9,120	421		11,518	10,408		421			1,110		10,408
Supplemental Instruction	13-100-034-5120-066	7/1/12-6/30/13	11,518			11,518	11,518							
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	19,745	3,395		21,092	16,874		3,395			4,218		16,874
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	21,092			21,092	21,092							
Total Special Revenue Fund				21,746		139,959	117,377		21,746			22,582		117,377
State of New Jersey Educational Facilities														
Construction and Finance														
Elementary and High School Renovations	0760-090-10-C08S	8-23-10	708,027	(46,265)		563,057	563,057			(708,027)	\$ 98,705		(708,027)	563,057
Elementary and High School Renovations	0760-050-10-C08Q	8-23-10	3,332,656	(260,190)		2,689,682	2,689,682			(3,332,656)	382,784		(3,332,656)	2,689,682
Elementary and High School Renovations	0760-060-10-C08R	8-23-10	537,312	(39,230)		473,339	473,339			(537,312)	44,743		(537,312)	473,339
Elementary and High School Renovations and Middle School Addition	0760-050-01-1473-00													
Elementary and High School Renovations and Middle School Addition	0760-058-01-1474-00													
Elementary and High School Renovations and Middle School Addition	0760-060-01-1475-00													
Elementary and High School Renovations and Middle School Addition	0760-090-01-1476-00													
Elementary and High School Renovations and Middle School Addition	1387-100-09-1477-00	8/1/001	3,877,560	(305,097)		3,462,252	4,155							4,155
Total Capital Projects Fund				(650,782)		3,462,252	3,767,233			(4,597,995)	526,232		(4,597,995)	3,767,233
State Department of Agriculture														
National School Lunch Program	13-100-010-5023-067	7/1/12-6/30/13	987			926	987			(61)			(61)	987
National School Lunch Program	12-100-010-5023-067	7/1/11-6/30/12	916	(31)		31								
Total Enterprise Fund				(31)		957	987			(61)			(61)	987
Total State Financial Assistance				(1,122,117)		3,821,539	7,142,664		21,746	(5,013,802)	526,232	22,582	(4,658,689)	7,142,664
On-Behalf TPAF Pension System Contr.														
Pension Cost	13-495-034-5095-006	7/1/12-6/30/13	300,557			632,112	632,112							632,112
Non-contributory Insurance	13-495-034-5095-007	7/1/12-6/30/13	32,254			33,258	33,258							33,258
Post Retirement Medical Contribution	13-495-034-5095-001	7/1/12-6/30/13	669,036			752,365	752,365							752,365
Total for State Financial Assistance Determination				(1,122,117)		2,403,804	5,724,929		21,746	(5,013,802)	526,232	22,582	(4,658,689)	5,724,929

The Notes to the Schedules of Expenditures of Federal and State Awards are an Integral Part of this Statement

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase \$109,585 for the general fund and an increase \$14,675 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,366,652	\$ 3,366,652
Special Revenue Fund	\$ 424,980	117,518	542,498
Capital Projects Fund	-	3,835,635	3,835,635
Food Service Fund	<u>35,254</u>	<u>987</u>	<u>36,241</u>
Total Financial Assistance	<u>\$ 460,234</u>	<u>\$ 7,320,792</u>	<u>\$ 7,781,026</u>

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$807,952 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$665,370 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$752,365 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes <u> X </u> none reported
Noncompliance material to the basic financial statements noted?	_____ yes <u> X </u> no

Federal Awards Section

NOT APPLICABLE

Internal Control over compliance:

1) Material weakness(es) identified?	_____ yes _____ no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes _____ none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? _____ yes _____ none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs \$ _____

Auditee qualified as low-risk auditee? _____ yes _____ no

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? _____ yes X none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
100-034-5095-002	TPAF Reimbursable Social Security Aid
0760-060-10-GOBR	State of New Jersey Educational Facilities
0760-090-10-GOBS	Construction and Financing- SDA
0760-050-10-GOBQ	

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

There are none.

**CEDAR GROVE PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

There were none.