

CEDAR GROVE PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016

Prepared by

Business Office

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INTRODUCTORY SECTION



Cedar Grove Public Schools

Michael J. Fetherman, Superintendent

520 Pompton Ave. Cedar Grove, New Jersey 07009
(973) 239-1550 www.cedargrovc.k12.nj.us

October 4, 2016

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, 2016, 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 New Jersey OMB'S Circular 15-08, 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:

The 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 Pre-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 2015-2016 fiscal year with an enrollment of 1,625 students, which is twenty six less students than the previous year's enrollment. The following chart details the changes in the average daily enrollment of the district over the last ten years.

1) REPORTING ENTITY AND ITS SERVICES: (Continued)

AVERAGE DAILY ENROLLMENT

FISCAL YEAR	STUDENT ENROLLMENT	CHANGE
2006-07	1,572	-0.2%
2007-08	1,588	-0.1%
2008-09	1,595	4%
2009-10	1,631	2.3%
2010-11	1,500	-8.0%
2011-12	1,622	8.1%
2012-13	1,655	2.0%
2013-14	1,644	-.50%
2014-15	1,651	.425%
2015-16	1,625	-1.57%

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 seven 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 \$463,900. 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 \$145.85 in 2015-2016 which equates to an increase on average of approximately \$12.15 per month per household.

3) MAJOR INITIATIVES:

Several major initiatives captured our attention during the 2015-16 school year, some of which were tied to NJDOE compliance requirements. Most notable among them has been the continued alignment of curriculum to the Common Core State Standards (CCSS). Recently, the State established a Standards Review Committee to gather comments relative to the current ELA and Mathematics standards' strengths, as well as thoughtful insights about where NJ-specific revisions could be considered. As a result of this work, the new standards, now referred to as the New Jersey Student Learning Standards (NJSLS), supplanted the Common Core and required additional time, effort and money to go towards the re-alignment of standards and district obligations.

During the 2015-16 school year we continued the process of curricular realignment in mathematics and focused a great deal of resources into professional development to assist educators with the implementation of our new math series, *Go Math!*. Our partnership with *Conquer Math, LLC* provided companion programming for our teaching staff in grades K-8 and this on-going support continued throughout the 2015-16 school year in PLCs, Teacher Learning Academies and Faculty Meetings.

To further assist teachers with establishing base line data for the development of SGOs, we again purchased licenses for Measures of Academic Progress (MAP) testing. Anchored by the Common Core, MAP testing was administered during the 2015-16 school year for the third time to students in grades 3-11. Data collected in the fall was measured against results obtained in the spring to assess learner growth, and teachers in grades 3-11 used MAP testing results to develop rigorous SGOs. Along with our current MAP assessment and the DeCartes Continuum (a companion to MAP that informs teachers' instructional practices), we believe this data will provide further information about each child's learning and subsequently impact the delivery of instruction. In addition, the district re-invested in Performance Matters, an on-line platform that supports teacher-generated assessments. Performance Matters enabled us to build data-rich profiles of each student organized by course roster for convenient access to student performance results. Teachers used this data to develop individualized instructional strategies to meet the needs of each of their student. Professional development in the form of turn-key training is on-going, as we look to expand its application in the future.

3) MAJOR INITIATIVES: (Continued)

The district remains focused on improving college and career readiness, across disciplines, but most notably in English language arts, mathematics and science; our transition from the NJASK and HSPA to PARCC has been successfully assimilated, and we continue to maximize our teachers' expertise to prepare students for this new generation of assessments. Using the professional learning community (PLC) model as the vehicle, along with the Middle States Excellence by Design protocol and new State mandates, each component has 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, analysis and sharing will continue to inform instruction and ultimately improve vertical articulation throughout the district.

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.

Further development of teacher-facilitated, learner-active and technology-infused classroom instructional practices 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 expanded purchase of Chrome Books, an improved district-wide web site and TV broadcast communication system, as well as a the Genesis Parent Portal (parent access to our teachers' grade books) 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 re-write curricula that were developed with input from critical stakeholder groups and is actively working with the State's Model Curricula to further align our house to the New Jersey Student Learning Standards.

The spring of 2016 brought the commencing of referendum work. Successfully funded by a public vote in the fall of 2014, construction started in April helped launch a major renovation project that encompasses both elementary schools and a large portion of the high school. With a price tag of over \$14 million, the district is eager to address long-standing concerns about its physical plant by aggressively modernizing its long range facility plan.

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 principles (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, 2016.

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:

As of June 30, 2016, the District's outstanding debt consisted of \$11,042,000 in general obligation bonds. The bonds originally issued in 2002 were refinanced in May 2012, which resulted in significant savings to the Cedar Grove taxpayer. 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 Governmental 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 re-organizational meeting. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the State Treasury Circular Letter 15-08 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. Further, the preparation of this report could not have been accomplished without the efficient and dedicated services of the business office staff.

Respectfully submitted,

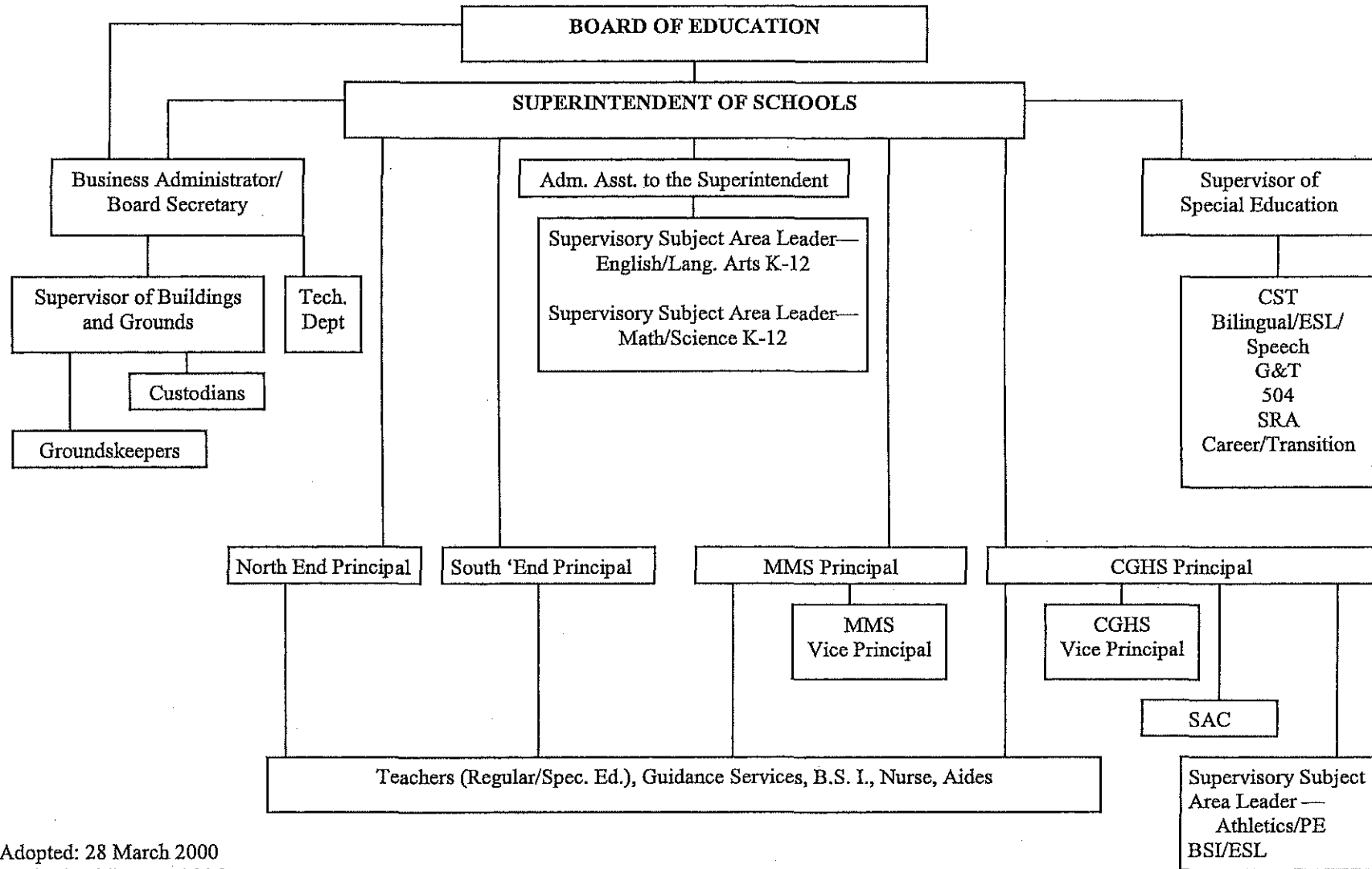


Michael J. Fetherman
Superintendent



Michael DeVita
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

ROSTER OF OFFICIALS
JUNE 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Joseph Cicala, Board President	2017
Mrs. Christine Dye, CPA, Vice President	2018
Mrs. Pamela Burke	2017
Mr. Frank Mandala	2018
Mr. Peter Prvulovic	2018

Other Officials

Mr. Michael J. Fetherman, Superintendent

Ms. Renee Taveniere, Board Secretary/Business Administrator

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

CEDAR GROVE PUBLIC SCHOOLS

CEDAR GROVE, NJ 07009

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEYS

Sciarillo, Cornell, Merlino, McKeever & Osbourne, Inc.
Attorney-at-Law
General Counsel
238 Paul Street
Westfield, NJ 07091

INSURANCE

Bollinger Insurance, Co.
101 JFK Parkway
Short Hills, NJ 07078

Burton Agency
44 Bergen Street
Westwood, NJ 07675

ARCHITECTS

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

AHERA/RIGHT TO KNOW

NAETI

3321 Doris Avenue
Ocean, NJ 07712

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, 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
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, 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, 2016 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Grove Public Schools as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension 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

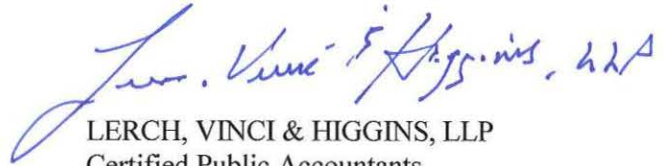
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cedar Grove Public Schools' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Cedar Grove Public Schools.

The combining and individual nonmajor 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 and individual nonmajor 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.

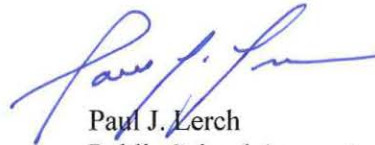
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2016 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
October 4, 2016

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, 2016**

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, 2016. 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 2016 are as follows:

- District-Wide - Overall revenues were \$35,106,346. General revenues accounted for \$27,166,769 or 77 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,939,577 or 23 percent of total revenues of \$35,106,346.
- District-Wide - The School District had \$35,351,428 in expenses; only 7,939,577 of these expenses were offset by program specific charges for services, grants or contributions and capital grants and contributions. General revenues (primarily taxes) of \$27,166,769 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 \$2,398,383, a decrease of \$2,153,024 in comparison with the prior year. The decrease is attributable to the capital projects fund bond referendum project authorized in December 2014. The project has begun in the 2015-16 year, however the District sold said bonds subsequent to year end June 30, 2016; resulting in a deficit in the Capital Projects Fund.
- Fund Financials - At the end of June 30, 2016, unassigned fund balance for the General Fund was \$345,330 an increase of \$121,239 in comparison with the prior year.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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 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 and Summer Music Academy.

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.

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 and the Music Program 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 2016 and 2015. For 2016 and 2015 net position were \$7,861,313 and \$8,106,395, 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.

Table A-2
Statement of Net Position
As of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and Other Assets	\$ 17,069,179	\$ 9,153,256	\$ 42,961	\$ 56,012	\$ 17,112,140	\$ 9,209,268
Capital Assets, net	23,998,300	22,536,525	-	-	23,998,300	22,536,525
Total Assets	<u>41,067,479</u>	<u>31,689,781</u>	<u>42,961</u>	<u>56,012</u>	<u>41,110,440</u>	<u>31,745,793</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	1,694,181	687,304			1,694,181	687,304
Deferred Amounts on Debt Refunding	48,822	62,533	-	-	48,822	62,533
Total Deferred Outflows of Resources	<u>1,743,003</u>	<u>749,837</u>	<u>-</u>	<u>-</u>	<u>1,743,003</u>	<u>749,837</u>
Total Assets and Deferred Outflows of Resources	<u>42,810,482</u>	<u>32,439,618</u>	<u>42,961</u>	<u>56,012</u>	<u>42,853,443</u>	<u>32,495,630</u>
Liabilities						
Current Liabilities	14,836,994	4,744,071	27,124	28,941	14,864,118	4,773,012
Non-Current Liabilities	19,992,426	19,211,173	-	-	19,992,426	19,211,173
Total Liabilities	<u>34,829,420</u>	<u>23,955,244</u>	<u>27,124</u>	<u>28,941</u>	<u>34,856,544</u>	<u>23,984,185</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	135,586	405,050	-	-	135,586	405,050
Total Deferred Inflows of Resources	<u>135,586</u>	<u>405,050</u>	<u>-</u>	<u>-</u>	<u>135,586</u>	<u>405,050</u>
Total Liabilities and Deferred Inflows of Resources	<u>34,965,006</u>	<u>24,360,294</u>	<u>27,124</u>	<u>28,941</u>	<u>34,992,130</u>	<u>24,389,235</u>
Net Position:						
Net Investment in Capital Assets	13,251,792	10,928,501			13,251,792	10,928,501
Restricted	200,342	1,841,258			200,342	1,841,258
Unrestricted	(5,606,658)	(4,690,435)	15,837	27,071	(5,590,821)	(4,663,364)
Total Net Position	<u>\$ 7,845,476</u>	<u>\$ 8,079,324</u>	<u>\$ 15,837</u>	<u>\$ 27,071</u>	<u>\$ 7,861,313</u>	<u>\$ 8,106,395</u>

Governmental activities. Governmental activities decreased the District's net position by \$233,848.

Table A-3
Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services			\$ 317,592	\$ 338,146	\$ 317,592	\$ 338,146
Operating Grants and Contributions	\$ 7,619,025	\$ 6,284,946	-	1,070	7,619,025	6,286,016
Capital Grants and Contributions	2,960	243,898			2,960	355,688
General Revenues						
Property Taxes	26,274,455	25,693,226			26,274,455	25,693,226
Other	892,168	759,858	146	151	892,314	760,009
Total Revenues	34,788,608	32,981,928	317,738	339,367	35,106,346	33,433,085
Expenses						
Instruction						
Regular	14,426,830	13,248,184			14,426,830	13,248,184
Special Education	5,953,655	6,216,938			5,953,655	6,216,938
Other Instruction	538,690	446,937			538,690	446,937
School Sponsored Activities and Athletics	1,099,115	852,487			1,099,115	852,487
Support Services						
Student and Instruction Related Serv.	3,471,943	3,187,745			3,471,943	3,187,745
Health Services	658,943	563,265			658,943	563,265
Educational Media/School Library	366,389	357,441			366,389	357,441
General Administrative Services	1,061,511	812,070			1,061,511	812,070
School Administrative Services	2,090,938	2,056,009			2,090,938	2,056,009
Plant Operations and Maintenance	3,070,492	3,131,449			3,070,492	3,131,449
Pupil Transportation	1,166,655	1,039,681			1,166,655	1,039,681
Central Services	765,801	718,336			765,801	718,336
Food Service			316,085	343,211	316,085	343,211
Non-Major			15,067		15,067	
Interest on Long-Term Debt	349,314	331,927	-	-	349,314	331,927
Total Expenses	35,020,276	32,962,469	331,152	343,211	35,351,428	33,305,680
Change in Net Position, Before Transfers	(231,668)	19,459	(13,414)	(3,844)	(245,082)	15,615
Transfers	(2,180)		2,180		-	-
Net Position, Beginning of Year	8,079,324	8,059,865	27,071	30,915	8,106,395	8,090,780
Net Position, End of Year	\$ 7,845,476	\$ 8,079,324	\$ 15,837	\$ 27,071	\$ 7,861,313	\$ 8,106,395

Governmental activities. The District's total governmental activities revenues were \$34,788,608. The local share of the revenues that included property taxes, unrestricted state aid, interest and miscellaneous revenue amounted to \$27,166,623 or 78% of total revenues. Funding from state and federal sources capital contributions amounted to \$7,621,985 or 22%. (See Table A-3)

The District's total governmental expenses were \$35,020,276 and are predominantly related to instruction and support services. Instruction totaled \$22,018,290 (63%), support services totaled \$12,652,672 (36%) and interest on long-term debt total \$349,314 (1%) of total expenditures. (See Table A-3.)

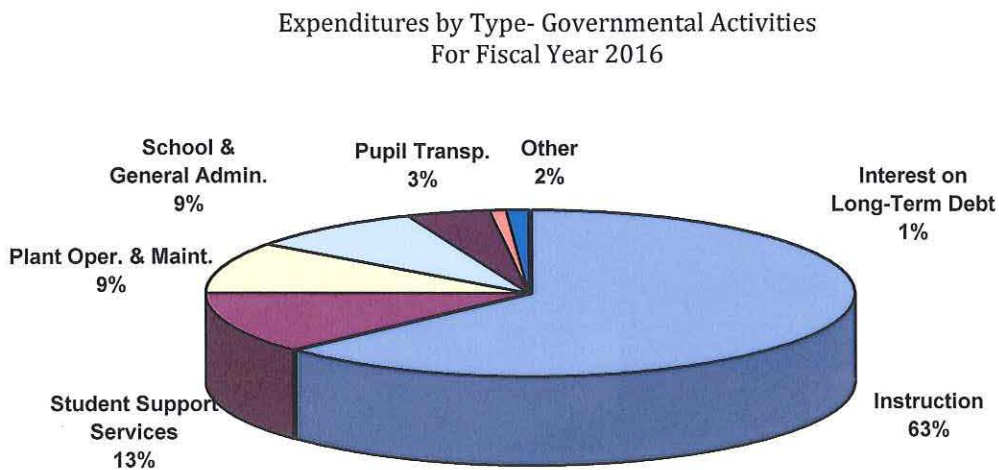
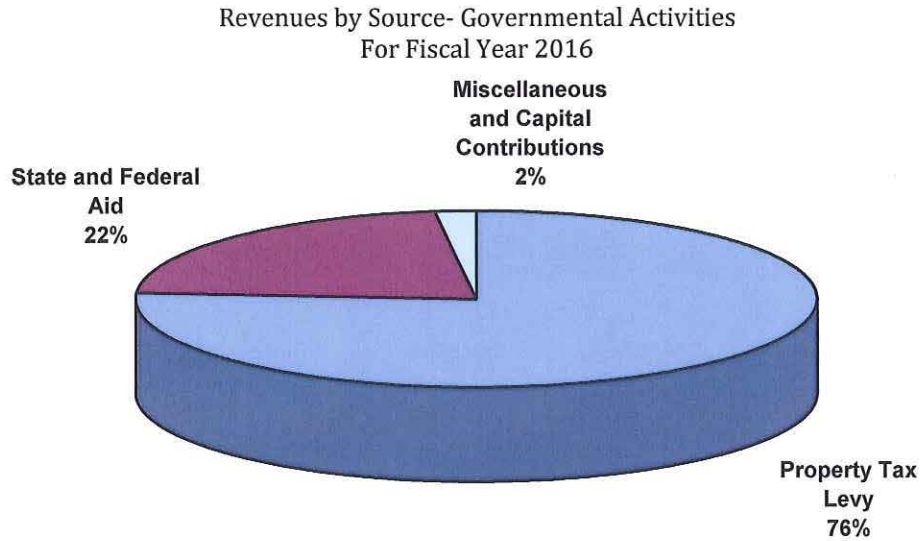


Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2016 and 2015

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Instruction				
Regular	\$ 14,426,830	\$ 13,248,184	\$ 11,054,565	\$ 10,468,188
Special Education	5,953,655	6,216,938	3,861,991	4,085,321
Other Instruction	538,690	446,937	255,135	226,153
School Sponsored Activities and Athletics	1,099,115	852,487	876,328	746,017
Support Services				
Student and Instruction Related Svcs.	3,471,943	3,187,745	2,730,428	2,575,494
Health Services	658,943	563,265	505,892	455,799
Educational Media/School Library	366,389	357,441	326,222	327,948
General Administrative Services	1,061,511	812,070	1,018,098	779,174
School Administrative Services	2,090,938	2,056,009	1,526,321	1,656,331
Plant Operations and Maintenance	3,070,492	3,131,449	765,801	3,105,200
Pupil Transportation	1,166,655	1,039,681	3,044,115	957,737
Central Services	765,801	718,336	1,084,081	718,336
Interest on Long-Term Debt	349,314	331,927	349,314	331,927
	<u>349,314</u>	<u>331,927</u>	<u>349,314</u>	<u>331,927</u>
Total Governmental Activities	<u>\$ 35,020,276</u>	<u>\$ 32,962,469</u>	<u>\$ 27,398,291</u>	<u>\$ 26,433,625</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$331,152. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-3). The operations resulted in a decrease in net position of \$11,234.

Business-Type Activities (Continued)

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

Food Service Program

- Food service expenses were greater than revenues by \$11,234 resulting in a decrease in net position.
- Charges for services represent 100 percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students.

Summer Music Academy

The District approved this program during 2014-2015 school year to provide music instruction to the participating students to begin in the 2015-16 school year. The program had a net loss of \$2,180 prior to transfers from other funds.

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 \$2,398,383. In 2014-2015 the fund balance was \$4,551,407.

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 \$31,613,863 and expenditures were \$33,823,787.

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, 2016 and 2015.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 27,119,167	\$ 26,445,008	\$ 674,159	2.55%
State Sources	3,954,602	3,664,154	290,448	7.93%
Federal Sources	<u>540,094</u>	<u>446,418</u>	<u>93,676</u>	20.98%
 Total Revenues	 <u>\$ 31,613,863</u>	 <u>\$ 30,555,580</u>	 <u>\$ 1,058,283</u>	 3.46%

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, 2016 and 2015.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 18,666,271	\$ 18,026,079	\$ 640,192	3.55%
Support Services	11,309,165	10,854,459	454,706	4.19%
Capital Outlay	2,705,860	479,180	2,226,680	464.69%
Debt Service				
Principal	775,000	760,000	15,000	1.97%
Interest	<u>367,491</u>	<u>389,124</u>	<u>(21,633)</u>	-5.56%
 Total Expenditures	 <u>\$ 33,823,787</u>	 <u>\$ 30,508,842</u>	 <u>\$ 3,314,945</u>	 10.87%

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 \$338,744 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, 2016 and 2015 amounts to \$23,998,300 and \$22,536,525 (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, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 47,359	\$ 47,359			\$ 47,359	\$ 47,359
Construction in Progress	2,283,185	77,353			2,283,185	77,353
Land Improvements	555,548	555,548			555,548	555,548
Buildings and Building Improvements	30,950,095	30,483,820			30,950,095	30,483,820
Equipment and Furniture	2,569,344	2,540,046	\$ 96,547	\$ 96,547	2,665,891	2,636,593
Total	36,405,531	33,704,126	96,547	96,547	36,502,078	33,800,673
Less: Accumulated Depreciation	<u>12,407,231</u>	<u>11,167,601</u>	<u>96,547</u>	<u>96,547</u>	<u>12,503,778</u>	<u>11,264,148</u>
Total	\$ 23,998,300	\$ 22,536,525	\$ -	\$ -	\$ 23,998,300	\$ 22,536,525

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

Debt Administration. As of June 30, 2016 and 2015 the school district had long-term debt and outstanding long-term liabilities in the amount of \$19,992,426 and \$19,211,173, respectively, as stated in Table A-6.

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

	<u>2016</u>	<u>2015</u>
Bonds Payable, Net of Premium	\$ 11,240,910	\$ 12,071,774
Compensated Absences Payable	318,567	342,637
Net Pension Liability	<u>8,432,949</u>	<u>6,796,762</u>
 Total	 <u>\$ 19,992,426</u>	 <u>\$ 19,211,173</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 2015-2016 school year including expanded camera coverage. The high school athletic program in the area of boys and girls lacrosse was expanded to a varsity level.

Due to recent retirements and an expansion of some programs, the district hired five new teachers for the 2015-2016 school year. At grades K-5, the district will be implementing a new math series called Go Math.

In December, 2014 the voters of Cedar Grove Public School District approved a \$14,884,719 bond referendum. The referendum project includes upgrades to all the school. The District awarded contracts during the 2015-2016 school year. The project has an anticipated completion date of January 2017.

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, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 16,812,031	\$ 41,214	\$ 16,853,245
Receivables, net	257,148	-	257,148
Inventory		1,747	1,747
Capital Assets, net			
Not Being Depreciated	2,330,544		2,330,544
Being Depreciated	<u>21,667,756</u>	-	<u>21,667,756</u>
Total Assets	<u>41,067,479</u>	<u>42,961</u>	<u>41,110,440</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	1,694,181		1,694,181
Deferred Amounts on Debt Refunding	<u>48,822</u>	-	<u>48,822</u>
Total Deferred Outflows of Resources	<u>1,743,003</u>	-	<u>1,743,003</u>
Total Assets and Deferred Outflows of Resources	<u>42,810,482</u>	<u>42,961</u>	<u>42,853,443</u>
LIABILITIES			
Accounts Payable	506,730	7,234	513,964
Grant Anticipation Notes Payable	14,000,000		14,000,000
Unearned Revenue	70,585	19,890	90,475
Accrued Interest Payable	166,198		166,198
Payable to Other Governments	93,481		93,481
Noncurrent Liabilities			
Due Within One Year	840,000		840,000
Due Beyond One Year	<u>19,152,426</u>	-	<u>19,152,426</u>
Total Liabilities	<u>34,829,420</u>	<u>27,124</u>	<u>34,856,544</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>135,586</u>	-	<u>135,586</u>
Total Deferred Inflows of Resources	<u>135,586</u>	-	<u>135,586</u>
Total Liabilities and Deferred Inflows of Resources	<u>34,965,006</u>	<u>27,124</u>	<u>34,992,130</u>
NET POSITION			
Net Investment in Capital Assets	13,251,792		13,251,792
Restricted for			
Debt Service	342		342
Other Purposes	200,000		200,000
Unrestricted	<u>(5,606,658)</u>	<u>15,837</u>	<u>(5,590,821)</u>
Total Net Position	<u>\$ 7,845,476</u>	<u>\$ 15,837</u>	<u>\$ 7,861,313</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, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 14,426,830		\$ 3,369,305	\$ 2,960	\$ (11,054,565)		\$ (11,054,565)
Special Education	5,953,655		2,091,664		(3,861,991)		(3,861,991)
Other Instruction	538,690		283,555		(255,135)		(255,135)
School Sponsored Activities and Athletics	1,099,115		222,787		(876,328)		(876,328)
Support Services							
Student and Instruction Related Services	3,471,943		741,515		(2,730,428)		(2,730,428)
Health Services	658,943		153,051		(505,892)		(505,892)
Educational Media/School Library	366,389		40,167		(326,222)		(326,222)
General Administrative Services	1,061,511		43,413		(1,018,098)		(1,018,098)
School Administrative Services	2,090,938		564,617		(1,526,321)		(1,526,321)
Central Services	765,801		-		(765,801)		(765,801)
Plant Operations and Maintenance	3,070,492		26,377		(3,044,115)		(3,044,115)
Pupil Transportation	1,166,655		82,574		(1,084,081)		(1,084,081)
Interest and Other Charges on Long-Term Debt	349,314	-	-	-	(349,314)	-	(349,314)
Total Governmental Activities	35,020,276	-	7,619,025	2,960	(27,398,291)	-	(27,398,291)
Business-Type Activities							
Food Service	316,085	\$ 304,705	-	-	-	\$ (11,380)	(11,380)
Non-Major	15,067	12,887	-	-	-	(2,180)	(2,180)
Total Business-Type Activities	331,152	317,592	-	-	-	(13,560)	(13,560)
Total Primary Government	\$ 35,351,428	\$ 317,592	\$ 7,619,025	\$ 2,960	(27,398,291)	(13,560)	(27,411,851)
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes, Net					25,229,014		25,229,014
Taxes Levied for Debt Service					1,045,441		1,045,441
Unrestricted State Aid					34,020		34,020
Miscellaneous Income					858,148	146	858,294
Transfers					(2,180)	2,180	-
Total General Revenues and Transfers					27,164,443	2,326	27,166,769
Change in Net Position					(233,848)	(11,234)	(245,082)
Net Position, Beginning of Year					8,079,324	27,071	8,106,395
Net Position, End of Year					\$ 7,845,476	\$ 15,837	\$ 7,861,313

FUND FINANCIAL STATEMENTS

CEDAR GROVE PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016

	<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	\$ 4,568,537	\$ 25,591	\$ 12,217,561	\$ 342	\$ 16,812,031
Receivables from Other Governments	68,655	182,602			251,257
Other Receivables	-	5,000			5,000
Due from Other Funds	9,397	14,979	-	-	24,376
	<u>4,646,589</u>	<u>228,172</u>	<u>12,217,561</u>	<u>342</u>	<u>17,092,664</u>
Total Assets	<u>\$ 4,646,589</u>	<u>\$ 228,172</u>	<u>\$ 12,217,561</u>	<u>\$ 342</u>	<u>\$ 17,092,664</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 389,964	\$ 70,106	\$ 46,660		\$ 506,730
Note Payable			14,000,000		14,000,000
Due to Other Funds	14,979	-	8,506		23,485
Payable to State Government		93,464			93,464
Payable to Federal Government		17			17
Unearned Revenue	6,000	64,585	-	-	70,585
	<u>410,943</u>	<u>228,172</u>	<u>14,055,166</u>	<u>-</u>	<u>14,694,281</u>
Total Liabilities	<u>410,943</u>	<u>228,172</u>	<u>14,055,166</u>	<u>-</u>	<u>14,694,281</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus- Designated for Subsequent Year's Expenditures	759,664				759,664
Excess Surplus	989,535				989,535
Maintenance Reserve	200,000				200,000
Capital Reserve	1,487,667				1,487,667
Capital Projects			(1,837,605)		(1,837,605)
Debt Service				342	342
Assigned Fund Balance				-	-
Year End Encumbrances	194,156				194,156
Designated for Subsequent Year's Expenditures	259,294				259,294
Unassigned Fund Balance					
General Fund	345,330	-	-	-	345,330
	<u>4,235,646</u>	<u>-</u>	<u>(1,837,605)</u>	<u>342</u>	<u>2,398,383</u>
Total Fund Balances	<u>4,235,646</u>	<u>-</u>	<u>(1,837,605)</u>	<u>342</u>	<u>2,398,383</u>
Total Liabilities and Fund Balances	<u>\$ 4,646,589</u>	<u>\$ 228,172</u>	<u>\$ 12,217,561</u>	<u>\$ 342</u>	

**CEDAR GROVE PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

Total Fund Balances (Exhibit B-1) \$ 2,398,383

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$36,405,531 and the accumulated depreciation is \$12,407,231 23,998,300

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 1,694,181	
Deferred Inflows of Resources	<u>(135,586)</u>	
		1,558,595

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: (166,198)

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	(11,240,910)	
Deferred Outflows of Resources-		
Deferred Amounts on Debt Refunding	48,822	
Compensated Absences	(318,567)	
Net Pension Liability	<u>(8,432,949)</u>	
		<u>(19,943,604)</u>

Net Position of governmental activities (Exhibit A-1) \$ 7,845,476

CEDAR GROVE PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<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	\$ 25,229,014			\$ 1,045,441	\$ 26,274,455
Miscellaneous	790,369	\$ 45,644	\$ 8,506	193	844,712
Total - Local Sources	26,019,383	45,644	8,506	1,045,634	27,119,167
State Sources	3,850,495	104,107			3,954,602
Federal Sources	-	540,094	-	-	540,094
Total Revenues	<u>29,869,878</u>	<u>689,845</u>	<u>8,506</u>	<u>1,045,634</u>	<u>31,613,863</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	11,832,344	37,974			11,870,318
Special Education Instruction	4,993,066	398,447			5,391,513
Other Instruction	274,046	202,249			476,295
School Sponsored Activities and Athletics	928,145				928,145
Support Services					
Student and Instructional Related Services	2,891,337	49,690			2,941,027
Health Services	541,490				541,490
Educational Media/School Library	335,564				335,564
General Administrative Services	751,258				751,258
School Administrative Services	1,934,579				1,934,579
Plant Operations and Maintenance	2,926,345				2,926,345
Pupil Transportation	1,164,180				1,164,180
Central Services	714,722				714,722
Debt Service					
Principal				775,000	775,000
Interest and Other Charges	61,416			306,075	367,491
Capital Outlay	465,553	1,485	2,238,822	-	2,705,860
Total Expenditures	<u>29,814,045</u>	<u>689,845</u>	<u>2,238,822</u>	<u>1,081,075</u>	<u>33,823,787</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>55,833</u>	<u>-</u>	<u>(2,230,316)</u>	<u>(35,441)</u>	<u>(2,209,924)</u>
OTHER FINANCING SOURCES (USES)					
Premium on Sale of Note			59,080		59,080
Transfers In	67,586		-		67,586
Transfers Out	(2,180)	-	(67,586)	-	(69,766)
Total Other Financing Sources and Uses	<u>65,406</u>	<u>-</u>	<u>(8,506)</u>	<u>-</u>	<u>56,900</u>
Net Change in Fund Balances	121,239	-	(2,238,822)	(35,441)	(2,153,024)
Fund Balance, Beginning of Year	4,114,407	-	401,217	35,783	4,551,407
Fund Balance, End of Year	<u>\$ 4,235,646</u>	<u>\$ -</u>	<u>\$ (1,837,605)</u>	<u>\$ 342</u>	<u>\$ 2,398,383</u>

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, 2016**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ (2,153,024)**

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	\$ 2,705,860	
Depreciation Expense	<u>(1,245,560)</u>	
		1,460,300

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposal, donations) is to increase net position. These transactions are not reported in the governmental fund financial statements.

Gain on Capital Assets		1,475
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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.

Amortization of Bond Premium	55,864	
Amortization of Deferred Amounts on Debt Refunding	(13,711)	
Principal Repayments		
Bond Principal	<u>775,000</u>	
		817,153

In the statement of activities, certain operating expenses - compensated absences are and pension expenses 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):

Decrease Compensated Absences		24,070
Increase in Pension Expense		<u>(359,846)</u>

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:

Increase in accrued interest		<u>(23,976)</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ (233,848)**

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

**CEDAR GROVE PUBLIC SCHOOLS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

ASSETS	Business-Type Activities		Total
	Non-Major Enterprise Fund	Food Service	
Current Assets			
Cash and Cash Equivalents	\$ 19,890	\$ 21,324	\$ 41,214
Other Receivable	-	-	-
Inventory	-	1,747	1,747
Total Current Assets	19,890	23,071	42,961
Non-Current Assets			
Equipment		96,547	96,547
Less: Accumulated Depreciation	-	(96,547)	(96,547)
Total Non-Current Assets	-	-	-
Total Assets	19,890	23,071	42,961
 LIABILITIES			
Current Liabilities			
Accounts Payable		7,234	7,234
Unearned Revenue	19,890	-	19,890
Total Current Liabilities	19,890	7,234	27,124
NET POSITION			
Unrestricted	-	15,837	15,837
Total Net Position	\$ -	\$ 15,837	\$ 15,837

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, 2016**

	Business-Type Activities		Total
	Non-Major Enterprise Fund	Food Service	
OPERATING REVENUES			
Charges for Services			
Daily Sales		\$ 290,460	\$ 290,460
Program Fees	\$ 12,887	14,245	27,132
Total Operating Revenues	12,887	304,705	317,592
OPERATING EXPENSES			
Salaries, Benefits and Payroll Taxes	14,554	141,024	155,578
Cost of Sales		140,747	140,747
Purchased Services	180	21,298	21,478
Supplies and Materials	333	13,016	13,349
Depreciation Expense	-	-	-
Total Operating Expenses	15,067	316,085	331,152
Operating Loss	(2,180)	(11,380)	(13,560)
NONOPERATING REVENUES			
Interest Income	-	146	146
Total Nonoperating Revenues	-	146	146
Net Income/(Loss) Before Transfers	(2,180)	(11,234)	(13,414)
Transfers			
Transfers In	2,180	-	2,180
Change in Net Position	-	(11,234)	(11,234)
Net Position, Beginning of Year	-	27,071	27,071
Net Position, End of Year	\$ -	\$ 15,837	\$ 15,837

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, 2016**

	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Non-Major Enterprise Fund</u>	<u>Food Service</u>	
Cash Flows From Operating Activities			
Receipts from Customers	\$ 19,405	\$ 305,311	\$ 324,716
Payments for Employees' Salaries and Benefits	(14,554)	(141,024)	(155,578)
Payments to Suppliers for Goods and Services	(513)	(182,291)	(182,804)
	<u>4,338</u>	<u>(18,004)</u>	<u>(13,666)</u>
Net Cash Provided/(Used) By Operating Activities			
Cash Flows From Noncapital Financing Activities			
Cash Received from General Fund	<u>2,180</u>	<u>-</u>	<u>2,180</u>
	<u>2,180</u>	<u>-</u>	<u>2,180</u>
Net Cash Provided By Noncapital Financing Activities			
Cash Flows form Investing Activities			
Interest on Investments	<u>-</u>	<u>146</u>	<u>146</u>
	<u>-</u>	<u>146</u>	<u>146</u>
Net Cash Provided By Investing Activities			
Net Increase/(Decrease) in Cash and Cash Equivalents	6,518	(17,858)	(11,340)
Cash and Cash Equivalents, Beginning of Year	<u>13,372</u>	<u>39,182</u>	<u>52,554</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,890</u>	<u>\$ 21,324</u>	<u>\$ 41,214</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Income (Loss)	<u>(2,180)</u>	<u>\$ (11,380)</u>	<u>(13,560)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used By Operating Activities			
(Increase) Decrease in Inventory		1,105	1,105
(Increase) Decrease in Accounts Receivable		606	606
Increase (Decrease) in Accounts Payable		(8,335)	(8,335)
Increase in Unearned Revenue	<u>\$ 6,518</u>	<u>-</u>	<u>6,518</u>
Total Adjustments	<u>6,518</u>	<u>(6,624)</u>	<u>(106)</u>
Net Cash Provided/(Used) By Operating Activities	<u>\$ 4,338</u>	<u>\$ (18,004)</u>	<u>\$ (13,666)</u>

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, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ <u>162,637</u>	\$ <u>162,158</u>	\$ <u>162,485</u>
Total Assets	<u>162,637</u>	<u>162,158</u>	<u>162,485</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 28,143
Accrued Salary and Wages			3,158
Due to Other Funds			891
Flex Spending			20,935
Due to Student Groups	<u>-</u>	<u>-</u>	<u>109,358</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 162,485</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 162,637</u>	<u>\$ 162,158</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, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Donations		\$ 275
Employee	\$ 32,486	
Investment Earnings	382	
Interest	-	425
	<hr/>	<hr/>
Total Additions	32,868	700
	<hr/>	<hr/>
DEDUCTIONS		
Scholarships Awarded		4,300
Account Close - Class of 1965		3,167
Unemployment Compensation Claims	21,640	-
	<hr/>	<hr/>
Total Deductions	21,640	7,467
	<hr/>	<hr/>
Change in Net Position	11,228	(6,767)
Net Position, Beginning of Year	151,409	168,925
	<hr/>	<hr/>
Net Position, End of Year	\$ 162,637	\$ 162,158
	<hr/>	<hr/>

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, 2016**

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, summer music academy 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 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*, June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

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

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and food service enterprise fund 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 that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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.

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

The *summer music academy fund* which provides music instruction to the participating students.

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, payroll related activities, lease rental security deposits 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".

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Property taxes, 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.

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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	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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

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. *Pensions*

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

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

8. *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 of 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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations (Continued)*

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.

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 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.)

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 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 Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and summer music academy 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. 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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$854,255. The increase was funded by additional grant awards, the reappropriation of prior year general fund encumbrances and an appropriation of capital reserve for emergent projects in the District's long range facility plan.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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>
General Fund			
Current Expenditures			
Instruction – Regular Programs			
General Supplies	\$379,141	\$387,958	\$8,817

The above variance was caused by an audit adjustment and was offset with other available resources.

C. Deficit Fund Equity

The District has an accumulated deficit in fund balance of \$1,837,605 in the Capital Projects Fund as of June 30, 2016. This deficit is the result of the Board incurring expenditures for the District’s bond referendum, which was prior to the sale of school bonds. As the Board permanently finances these appropriations, the District will realize as revenues the proceeds of the financing. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

D. Capital Reserve

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

Funds placed in the capital reserve are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.I(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$ 1,705,475
Deposits:		
Unexpended Project Balance from Capital Outlay	\$ 51,072	
Approved by Board Resolution	<u>250,000</u>	
		<u>301,072</u>
		2,006,547
Withdrawals:		
Approved in District Budget	260,000	
Approved by Board Resolution	<u>258,880</u>	
		<u>518,880</u>
Balance, June 30, 2016		<u>\$ 1,487,667</u>

E. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 100,000
Deposits:	
Approved by Board Resolution	<u>100,000</u>
Balance, June 30, 2016	<u>\$ 200,000</u>

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

F. Transfers to Capital Outlay

During the 2015/2016 school year, the district transferred \$258,880 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account for emergent capital projects in the District's long range facility plan which was approved by the County Superintendent.

G. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 restrict 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, 2016 is \$1,749,199. Of this amount, \$759,664 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$989,535 will be appropriated in the 2017/2018 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$17,340,525 and bank and brokerage firm balances of the Board's deposits amounted to \$15,304,271. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>15,304,271</u>

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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, 2016 the Board’s bank balance was not exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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, 2016, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2016 for the district’s individual major funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Receivables:			
Accounts		\$ 5,000	\$ 5,000
Intergovernmental	\$ 68,655	182,602	251,257
Net Total Receivables	<u>\$ 68,655</u>	<u>\$ 187,602</u>	<u>\$ 256,257</u>

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Unearned</u>
General Fund	
Preschool Tuition	\$ 6,000
Special Revenue Fund	
Unencumbered Grant Draw Downs	63,986
Grant Draw Downs Reserve for Encumbrances	599
Total Deferred Revenue for Governmental Funds	<u>\$ 70,585</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases/ Adjustment</u>	<u>Balance, June 30, 2016</u>
Governmental activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 47,359			\$ 47,359
Construction In Process	77,353	\$ 2,672,107	\$ (466,275)	2,283,185
Total Capital Assets, Not Being Depreciated	<u>124,712</u>	<u>2,672,107</u>	<u>(466,275)</u>	<u>2,330,544</u>
Capital Assets, Being Depreciated:				
Land Improvements	555,548	-		555,548
Building and Building Improvements	30,483,820	-	466,275	30,950,095
Machinery and Equipment	2,540,046	36,248	(6,950)	2,569,344
Total Capital Assets Being Depreciated	<u>33,579,414</u>	<u>36,248</u>	<u>459,325</u>	<u>34,074,987</u>
Less Accumulated Depreciation for:				
Land Improvements	(290,911)	(19,424)	-	(310,335)
Building and Building Improvements	(9,001,878)	(1,017,991)	-	(10,019,869)
Machinery and Equipment	(1,874,812)	(208,145)	5,930	(2,077,027)
Total Accumulated Depreciation	<u>(11,167,601)</u>	<u>(1,245,560)</u>	<u>5,930</u>	<u>(12,407,231)</u>
Total Capital Assets, Being Depreciated, Net	<u>22,411,813</u>	<u>(1,209,312)</u>	<u>465,255</u>	<u>21,667,756</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,536,525</u>	<u>\$ 1,462,795</u>	<u>\$ (1,020)</u>	<u>\$ 23,998,300</u>

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	Balance, <u>June 30, 2016</u>
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>96,547</u>
Less Accumulated Depreciation for:			
Machinery and Equipment	(96,547)	-	(96,547)
Total Accumulated Depreciation	<u>(96,547)</u>	<u>-</u>	<u>(96,547)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental activities:

Instruction	
Regular	\$ 619,451
Special	136,209
Other Special Instruction	15,118
School-Sponsored Activities and Athletics	<u>41,427</u>
Total Instruction	<u>812,205</u>
Support Services	
Student and Instructional Related Services	157,102
Educational Media/School Library	7,469
School Administrative Services	104,989
General Administrative Services	8,073
Central Services	40,233
Transportation	1,950
Plant Operations and Maintenance	<u>113,539</u>
Total Support Services	<u>433,355</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,245,560</u>
Business-Type Activities:	
Food Service Fund	<u>\$ -</u>

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments (Modify)

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Building Upgrades to the Cedar Grove High School North End and South End Elementary Schools and Upgrades to the Cedar Grove Athletic Facilities	<u>\$ 2,283,185</u>	<u>\$ 12,601,534</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 8,506
General Fund	Payroll Agency Fund	891
Special Revenue	General Fund	<u>14,979</u>
		<u>\$ 24,376</u>

The above balances are the result of revenues earned or 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, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	<u>Transfer Out:</u>		
	<u>Capital Projects</u>	<u>General Fund</u>	<u>Total</u>
Transfer In:			
General Fund	\$ 67,586		\$ 67,586
Enterprise Fund	-	\$ 2,180	2,180
Total Transfers In:	<u>\$ 67,586</u>	<u>\$ 2,180</u>	<u>\$ 69,766</u>

The above transfers are the result of revenues earned and/or 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, 2016 are comprised of the following issues:

\$5,790,000, 2012 Refunding Bonds, due in annual installments of \$540,000 to \$675,000 through August 15, 2022, interest at 2.0% to 4.0%	\$ 4,210,000
\$7,582,000, 2012 School Bonds, due in annual installments of \$255,000 to \$500,000 through August 15, 2032, interest at 2.0%-2.5%	<u>6,832,000</u>
	<u>\$ 11,042,000</u>

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Intergovernmental Loan Payable

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

Governmental Activities:

Fiscal Year Ended <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 790,000	\$ 287,725	\$ 1,077,725
2018	810,000	266,250	1,076,250
2019	830,000	244,200	1,074,200
2020	855,000	218,525	1,073,525
2021	890,000	188,925	1,078,925
2022-2026	3,370,000	569,075	3,939,075
2027-2031	2,500,000	266,501	2,766,501
2032-2033	<u>997,000</u>	<u>24,888</u>	<u>1,021,888</u>
	<u>\$ 11,042,000</u>	<u>\$ 2,066,089</u>	<u>\$ 13,108,089</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 90,143,805
Less: Net Debt	<u>25,926,719</u>
Remaining Borrowing Power	<u>\$ 64,217,086</u>

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance,</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2016</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 11,817,000		\$ 775,000	\$ 11,042,000	\$ 790,000
Deferred Amounts					
Add: Original Issue Premium	<u>254,774</u>	<u>-</u>	<u>55,864</u>	<u>198,910</u>	<u>-</u>
Total Bonds Payable	12,071,774	-	830,864	11,240,910	790,000
Compensated Absences	342,637	\$ 4,063	28,133	318,567	50,000
Net Pension Liability	<u>6,796,762</u>	<u>1,959,159</u>	<u>322,972</u>	<u>8,432,949</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 19,211,173</u>	<u>\$ 1,963,222</u>	<u>\$ 1,181,969</u>	<u>\$ 19,992,426</u>	<u>\$ 840,000</u>

Compensated absences and net pension liability are generally liquidated by the general fund.

H. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2016 was as follows:

Bond Anticipation Notes/Grant Anticipation Notes/Loans Payable

The Board issues Bond Anticipation Notes ("Project Notes") to interim finance Capital Projects. The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Development Authority's Facility construction grants and in lieu of the issuance of bonds. The Board's short-term debt activity for the fiscal year ended June 30, 2016 was as follows:

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance,</u> <u>July 1, 2015</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance,</u> <u>June 30, 2016</u>
Grant Anticipation Note	2.00%	8/15/2016	\$ 3,500,000	\$ 14,000,000	\$ 3,500,000	\$ 14,000,000
			<u>\$ 3,500,000</u>	<u>\$ 14,000,000</u>	<u>\$ 3,500,000</u>	<u>\$ 14,000,000</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, 2016**

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 funds 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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds 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 respective insurance funds 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:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	None	\$ 32,486	\$ 21,640	\$ 162,637
2015	100,000	23,126	51,970	151,409
2014	None	23,003	53,339	80,016

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, 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, 2016, 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. PERS is a cost sharing multi-employer defined benefit pension plan.

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. TPAF is a cost sharing plan with special funding situations.

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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, 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.

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. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.9 percent and \$22.4 billion, respectively.

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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014 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) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

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 6.92% for PERS, 6.92% 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 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2016, 2015 and 2014 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 322,972	\$ 856,673	\$ 4,412
2015	303,826	556,281	3,841
2014	253,448	437,571	5,278

For fiscal years 2015/2016 and 2014/2015, the state contributed \$856,673 and \$556,281, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$437,571 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$870,086 during the fiscal year ended June 30, 2016 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$8,432,949 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District’s proportionate share was .03757 percent, which was an increase of .00127 percent from its proportionate share measured as of June 30, 2014 of .03630 percent.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$682,818 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 201,181	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	905,631	\$ 135,586
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	<u>587,369</u>	<u>-</u>
Total	<u>\$ 1,694,181</u>	<u>\$ 135,586</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 115,348
2018	115,348
2019	115,348
2020	216,611
2021	<u>995,940</u>
	<u>\$ 1,558,595</u>

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,970,863 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$65,033,212. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .10289 percent, which was a decrease of .00054 percent from its proportionate share measured as of June 30, 2014 of .10343 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

TPAF

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial	June 30, 2012
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 77,289,542</u>	<u>\$ 65,033,212</u>	<u>\$ 54,473,651</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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 paid 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 paid 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 state 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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 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 includes 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 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 or 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, 2014, OPEB 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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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 fiscal years ended June 30, 2016, 2015 and 2014 were \$1,020,061, \$833,094 and \$717,453 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.

F. Subsequent Events

On July 27, 2016, the District sold school bonds in the amount of \$14,884,000 to finance the upgrades to the Cedar Grove Public Schools including the athletic facilities that was approved by the voters on December 9, 2014. Said bonds were purchased by Citigroup Global Markets, Inc. at an interest rate of 2.00% to 2.50%, maturing 8/15/2017 through 8/15/2031.

On July 18, 2016 asbestos was discovered during construction of North End Elementary School. The discovery was made by the Project Architect. Without further testing or notification to the Board the Project Supervisor deemed that the substance was not asbestos and ordered the subcontractor to remove the material.

The District conducted an investigation and testing of the material and was advised that the substance removed by order of the Project Supervisor, contained a high percentage of asbestos. The removed material was tracked through the building. A full scope of damages has yet to be determined. The matter has been reported to the District's insurance counsel.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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, 2016

	<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	\$ 25,229,014	-	\$ 25,229,014	\$ 25,229,014	-
Miscellaneous	735,447	-	735,447	790,369	\$ 54,922
Total Revenues - Local Sources	25,964,461	-	25,964,461	26,019,383	54,922
State Sources					
Transportation Aid	56,678		56,678	56,678	-
Special Education Aid	640,232		640,232	640,232	-
Security Aid	26,377		26,377	26,377	-
PARR Readiness Aid	17,010		17,010	17,010	
Per Pupil Growth Aid	17,010		17,010	17,010	
Extraordinary Aid	150,000		150,000	338,744	188,744
Non-Public Transportation				26,622	26,622
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				870,086	870,086
On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Cost				816,024	816,024
(Non-Budgeted)- NCGI Premium				40,649	40,649
(Non-Budgeted)- Pension Cost - Post Medical Cont.	-	-	-	1,020,061	1,020,061
Total State Sources	907,307	-	907,307	3,869,493	2,962,186
Total Revenues	26,871,768	-	26,871,768	29,888,876	3,017,108
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers:					
Kindergarten	500,945	\$ 2,833	503,778	491,750	12,028
Grades 1 - 5	2,709,594	38,782	2,748,376	2,609,322	139,054
Grades 6 - 8	1,966,257	(11,253)	1,955,004	1,818,068	136,936
Grades 9 - 12	2,701,243	-	2,701,243	2,635,157	66,086
Home Instruction:					
Salaries of Teachers	12,000	381	12,381	12,381	-
Purchased Professional - Educational Services	1,000	15,481	16,481	14,863	1,618
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	10,500	314	10,814	10,814	-
Purchased Technical Services	43,286	(16,890)	26,396	14,450	11,946
Other Purchased Services	42,350	10,999	53,349	50,875	2,474
General Supplies	335,905	43,236	379,141	387,958	(8,177)
Textbooks	43,164	3,158	46,322	20,906	25,416
Miscellaneous Expenditures	2,500	(1,708)	792	645	147
Total Instruction Regular Programs	8,368,744	85,333	8,454,077	8,067,189	386,888
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	145,305	(24,487)	120,818	99,982	20,836
Other Salaries for Instruction	92,187	(19,017)	73,170	65,380	7,790
General Supplies	2,500	(79)	2,421	2,241	180
Total Learning/Language Disabilities	239,992	(43,583)	196,409	167,603	28,806

**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, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
CURRENT EXPENDITURES (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 1,166,681	\$ 99,973	\$ 1,266,654	\$ 1,266,654	-
Other Salaries for Instruction	36,625	60,039	96,664	72,130	\$ 24,534
General Supplies	2,300	67	2,367	2,359	8
Total Resource Room/Resource Center	<u>1,205,606</u>	<u>160,079</u>	<u>1,365,685</u>	<u>1,341,143</u>	<u>24,542</u>
Preschool Disabilities - Part Time					
Salaries of Teachers	86,555	(86,555)	-	-	-
Other Salaries for Instruction	18,838	(18,838)	-	-	-
Total Preschool Disabilities - Part Time	<u>105,393</u>	<u>(105,393)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	26,568	86,556	113,124	108,905	4,219
Other Salaries for Instruction	76,250	25,863	102,113	100,898	1,215
General Supplies	1,000	-	1,000	1,000	-
Total Preschool Disabilities - Full Time	<u>103,818</u>	<u>112,419</u>	<u>216,237</u>	<u>210,803</u>	<u>5,434</u>
Total Special Education	<u>1,654,809</u>	<u>123,522</u>	<u>1,778,331</u>	<u>1,719,549</u>	<u>58,782</u>
Basic Skills/Remedial					
Salaries of Teachers	99,799	2,660	102,459	102,459	-
General Supplies	900	(760)	140	140	-
Total Basic Skills/Remedial	<u>100,699</u>	<u>1,900</u>	<u>102,599</u>	<u>102,599</u>	<u>-</u>
Bilingual Education					
Salaries of Teachers	86,873	(5,993)	80,880	79,777	1,103
Other Purchased Services	100	-	100	22	78
General Supplies	575	-	575	517	58
Textbooks	1,350	(1,350)	-	-	-
Total Bilingual Education	<u>88,898</u>	<u>(7,343)</u>	<u>81,555</u>	<u>80,316</u>	<u>1,239</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	157,063	8,335	165,398	165,269	129
Supplies and Materials	43,198	(11,717)	31,481	29,303	2,178
Other Objects	3,800	-	3,800	3,603	197
Total School-Sponsored Co/Extra Curricular Activities	<u>204,061</u>	<u>(3,382)</u>	<u>200,679</u>	<u>198,175</u>	<u>2,504</u>
School Sponsored Athletics					
Salaries	304,675	(3,280)	301,395	284,355	17,040
Salaries of Secretarial and Clerical Assistants	49,849	-	49,849	49,720	129
Cleaning, Repair and Maintenance Services	19,550	(1,850)	17,700	15,397	2,303
Purchased Services	34,962	(9,632)	25,330	22,839	2,491
Supplies and Materials	56,112	10,062	66,174	64,949	1,225
Other Objects	6,345	-	6,345	5,470	875
Transfers to Cover Deficit	40,000	-	40,000	40,000	-
Total School Sponsored Athletics	<u>511,493</u>	<u>(4,700)</u>	<u>506,793</u>	<u>482,730</u>	<u>24,063</u>
Total Instruction	<u>10,928,704</u>	<u>195,330</u>	<u>11,124,034</u>	<u>10,650,558</u>	<u>473,476</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, 2016

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to County Vocational School District - Regular	\$ 27,600	\$ (21,689)	\$ 5,911	\$ 5,911	
Tuition to Other LEAs - Within State - Regular		25,335	25,335	25,335	
Tuition to Other LEAs - Within State - Special	108,379	(11,131)	97,248	97,248	
Tuition to County Voc. School District-Special	28,678	4,732	33,410	33,410	
Tuition to Private Schools for the Disabled - Within State	2,542,712	(214,575)	2,328,137	2,321,826	\$ 6,311
Tuition to Priv. School for Disabled - Other LEAs O/S State	-	-	-	-	-
Total Instruction	<u>2,707,369</u>	<u>(217,328)</u>	<u>2,490,041</u>	<u>2,483,730</u>	<u>6,311</u>
Attendance and Social Work					
Salaries	44,203	650	44,853	44,853	-
Purchased Professional/Technical Services	2,625	-	2,625	2,625	-
Total Attendance and Social Work	<u>46,828</u>	<u>650</u>	<u>47,478</u>	<u>47,478</u>	<u>-</u>
Health Services					
Salaries	310,850	32,191	343,041	343,040	1
Purchased Professional and Technical Services	24,375	(3,930)	20,445	18,626	1,819
Other Purchased Services	200	(200)	-	-	-
Supplies and Materials	6,000	3,124	9,124	9,064	60
Other Objects	910	-	910	910	-
Total Health Services	<u>342,335</u>	<u>31,185</u>	<u>373,520</u>	<u>371,640</u>	<u>1,880</u>
Speech/Occupational Therapy/Physical Therapy and Related Services					
Salaries	306,972	(6,710)	300,262	300,261	1
Purchased Professional/Educational Services	481,281	(30,272)	451,009	428,358	22,651
Supplies and Materials	4,500	4	4,504	4,492	12
Total Other Support/Student Related Services	<u>792,753</u>	<u>(36,978)</u>	<u>755,775</u>	<u>733,111</u>	<u>22,664</u>
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.					
Salaries	144,578	52,672	197,250	197,250	-
Purchased Professional-Educational Services	121,000	12,900	133,900	128,862	5,038
Supplies and Materials	10,000	17,648	27,648	27,578	70
Total Other Support/Extraordinary Services	<u>275,578</u>	<u>83,220</u>	<u>358,798</u>	<u>353,690</u>	<u>5,108</u>
Guidance Services					
Salaries of Other Professional Staff	297,893	(11,291)	286,602	262,064	24,538
Salaries of Secretarial and Clerical Assistants	60,864	-	60,864	57,996	2,868
Purchased Professional-Educational Services	12,125	(3,033)	9,092	8,013	1,079
Other Purchased Professional/Technical Services	150	-	150	150	-
Supplies and Materials	5,370	33	5,403	5,078	325
Other Objects	3,200	-	3,200	2,835	365
Total Other Support Services/Regular	<u>379,602</u>	<u>(14,291)</u>	<u>365,311</u>	<u>335,986</u>	<u>29,325</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, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
CURRENT EXPENDITURES (Continued)					
Child Study Team					
Salaries of Other Professional Staff	\$ 337,917	\$ 62,911	\$ 400,828	\$ 400,828	-
Salaries of Secretarial and Clerical Assistants	59,318	-	59,318	58,875	\$ 443
Purchased Professional Educational Services	23,000	21,203	44,203	16,954	27,249
Other Purchased Services	5,000	(2,294)	2,706	2,705	1
Supplies and Materials	2,500	3,082	5,582	5,166	416
Other Objects	2,100	-	2,100	2,049	51
Total Other Support Services/Special	<u>429,835</u>	<u>84,902</u>	<u>514,737</u>	<u>486,577</u>	<u>28,160</u>
Improvement of Instruction					
Salaries of Other Professional Staff	7,800	-	7,800	6,440	1,360
Salaries of Secretarial and Clerical Assist.	17,955	-	17,955	13,128	4,827
Purchased Professional-Educational Services	7,700	(7,430)	270	270	-
Other Purchased Services	1,000	-	1,000	318	682
Supplies and Materials	38,075	(14,285)	23,790	23,612	178
Other Objects	9,500	-	9,500	9,500	-
Total Improvement of Instruction	<u>82,030</u>	<u>(21,715)</u>	<u>60,315</u>	<u>53,268</u>	<u>7,047</u>
Educational Media Services/ School Library					
Salaries	258,867	360	259,227	248,676	10,551
Purchased Professional/Technical Services	550	(171)	379	-	379
Supplies and Materials	48,975	(5,350)	43,625	42,312	1,313
Total Educational Media Services/ School Library	<u>308,392</u>	<u>(5,161)</u>	<u>303,231</u>	<u>290,988</u>	<u>12,243</u>
Instructional Staff Training Services					
Salaries of Teachers	5,300	-	5,300	-	5,300
Salaries of Supervisors of Instruction	133,349	-	133,349	84,870	48,479
Salaries of Secretarial and Clerical Assist.	8,174	-	8,174	5,158	3,016
Purchased Professional Educational Services	4,056	7,569	11,625	11,625	-
Other Purchased Professional/Technical Services	2,750	(1,644)	1,106	550	556
Other Purchased Services	6,450	404	6,854	3,817	3,037
Supplies and Materials	100	-	100	-	100
Total Instructional Staff Training Services	<u>160,179</u>	<u>6,329</u>	<u>166,508</u>	<u>106,020</u>	<u>60,488</u>
Support Services General Administration					
Salaries of Other Professional Staff	166,484	6,000	172,484	157,500	14,984
Salaries of Secretarial & Clerical Assist.	98,117	(5,214)	92,903	92,541	362
Other Salaries	4,777	-	4,777	4,763	14
Legal Services	130,326	12,000	142,326	140,627	1,699
Audit Fees	42,500	41,712	84,212	44,373	39,839
Architectural/Engineering Services	12,500	(12,500)	-	-	-
Other Purchased Professional Services	15,600	-	15,600	14,868	732
Purchased Technical Services	2,000	-	2,000	285	1,715
Miscellaneous Purchased Services	35,125	1,653	36,778	30,378	6,400
BOE Other Purchased Services	1,150	-	1,150	746	404
Communications/Telephone	165,964	-	165,964	135,587	30,377
Supplies and Materials	2,350	240	2,590	2,410	180
Judgements Against the District	98,000	(25,887)	72,113	48,399	23,714
Miscellaneous Expenditures	19,425	(801)	18,624	14,838	3,786
BOE Membership Dues and Fees	14,300	1,465	15,765	15,765	-
Total Support Services General Administration	<u>808,618</u>	<u>18,668</u>	<u>827,286</u>	<u>703,080</u>	<u>124,206</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, 2016

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
CURRENT EXPENDITURES (Continued)					
Support Services School Administration					
Salaries of Principals and Assistant Principals	\$ 728,536	\$ 3,760	\$ 732,296	\$ 730,087	\$ 2,209
Salaries of Other Professional Staff	254,466	40,170	294,636	294,636	-
Salaries of Secretarial Staff	246,470	1,380	247,850	240,781	7,069
Purchased Professional and Technical Services	10,217	-	10,217	3,648	6,569
Other Purchased Services	17,150	(9,952)	7,198	3,193	4,005
Supplies and Materials	25,013	2,329	27,342	20,765	6,577
Other Objects	10,083	(1,123)	8,960	8,621	339
	<u>1,291,935</u>	<u>36,564</u>	<u>1,328,499</u>	<u>1,301,731</u>	<u>26,768</u>
Total Support Services School Administration					
Undistributed Expenditures - Central Services					
Salaries of Other Professional Staff	149,796	-	149,796	149,161	635
Salaries of Secretarial & Clerical Assist.	140,546	-	140,546	140,513	33
Purchased Professional Services	17,765	300	18,065	18,032	33
Miscellaneous Purchased Services	800	(400)	400	280	120
Supplies and Materials	5,500	(290)	5,210	5,099	111
Interest on Current Loans	35,000	(2,800)	32,200	30,397	1,803
Miscellaneous Expenditures	4,719	-	4,719	2,388	2,331
	<u>354,126</u>	<u>(3,190)</u>	<u>350,936</u>	<u>345,870</u>	<u>5,066</u>
Total Undistributed Expenditures - Central Services					
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	207,861	-	207,861	195,279	12,582
Purchased Technical Services	3,300	-	3,300	-	3,300
Cleaning, Repair and Maintenance Services	15,000	6,800	21,800	20,526	1,274
Other Purchased Services	350	-	350	270	80
Supplies and Materials	45,200	1,145	46,345	44,461	1,884
Other Objects	500	-	500	-	500
	<u>272,211</u>	<u>7,945</u>	<u>280,156</u>	<u>260,536</u>	<u>19,620</u>
Total Undistributed Expenditures - Admin. Info. Technology					
Required Maintenance for School Facilities					
Salaries	75,881	3,882	79,763	72,794	6,969
Cleaning, Repair and Maintenance Services	276,771	(33,105)	243,666	231,173	12,493
General Supplies	16,017	12,224	28,241	27,839	402
	<u>368,669</u>	<u>(16,999)</u>	<u>351,670</u>	<u>331,806</u>	<u>19,864</u>
Total Required Maint for School Facilities					
Custodial Services					
Salaries	1,238,245	10,812	1,249,057	1,005,352	243,705
Salaries Non-Instructional Aides	136,440	(60,000)	76,440	75,618	822
Other Purchased Professional and Technical Services	35,283	6,663	41,946	31,745	10,201
Cleaning, Repair and Maintenance Services	70,145	(8,592)	61,553	45,337	16,216
Other Purchased Property Services	31,000	(281)	30,719	27,546	3,173
Insurance	158,700	12,695	171,395	156,395	15,000
Miscellaneous Purchased Services	1,550	(848)	702	519	183
General Supplies	74,000	14,650	88,650	75,644	13,006
Energy (Natural Gas)	207,500	-	207,500	108,353	99,147
Energy (Electricity)	341,000	-	341,000	323,248	17,752
Energy (Gasoline)	8,200	(5,000)	3,200	-	3,200
Other Objects	1,500	-	1,500	1,180	320
	<u>2,303,563</u>	<u>(29,901)</u>	<u>2,273,662</u>	<u>1,850,937</u>	<u>422,725</u>
Total Other Operations and Maint. of Plant					

**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, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
CURRENT EXPENDITURES (Continued)					
Care and Upkeep of Grounds					
Salaries	\$ 231,003	\$ 4,181	\$ 235,184	\$ 214,799	\$ 20,385
Cleaning, Repair and Maintenance Services	115,480	4,300	119,780	95,719	24,061
General Supplies	16,400	5,625	22,025	20,298	1,727
Total Care and Upkeep of Grounds	362,883	14,106	376,989	330,816	46,173
Security					
Other Purchased Professional/Technical Services	1,750	(250)	1,500	-	1,500
Cleaning, Repair and Maintenance Services	13,250	(3,881)	9,369	2,751	6,618
Communications/Telephone	14,500	1,723	16,223	13,916	2,307
General Supplies	3,500	1,165	4,665	4,665	-
Total Security	33,000	(1,243)	31,757	21,332	10,425
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch) - Reg.	24,542	121	24,663	24,663	-
Management Fee-ESC & CTSA Trans. Prog.	40,000	(286)	39,714	22,621	17,093
Contr Serv-Aid in Lieu of Pymts-Non-Public Schools	125,528	5,936	131,464	131,396	68
Contr Serv(Bet Home &Sch)-Vend	199,684	-	199,684	167,630	32,054
Contr Serv(Oth. Than Bet Home &Sch)-Vend	149,881	10,424	160,305	150,722	9,583
Contr Serv(Special Education)-ESC & CTSA	603,250	58,063	661,313	660,424	889
Total Student Transportation Services	1,142,885	74,258	1,217,143	1,157,456	59,687
Unallocated Employee Benefits					
Social Security Contribution	305,000	-	305,000	277,588	27,412
Other Retirement Contributions - PERS	320,000	2,972	322,972	322,972	-
Other Retirement Contributions - DCRP	6,137	-	6,137	4,412	1,725
Unemployment Compensation	12,500	(12,021)	479	-	479
Workmens Compensation	203,118	(27,824)	175,294	140,824	34,470
Health Benefits	3,625,408	(64,410)	3,560,998	3,507,494	53,504
Tuition Reimbursements	94,144	(34,490)	59,654	59,654	-
Other Employee Benefits	64,263	17,919	82,182	41,099	41,083
Total Unallocated Employee Benefits	4,630,570	(117,854)	4,512,716	4,354,043	158,673
Reimbursed TPAF Social Security Contributions- (Non-Budgeted)				870,086	(870,086)
On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Cost				816,024	(816,024)
(Non-Budgeted)- NCGI Premium				40,649	(40,649)
(Non-Budgeted)- Pension Cost - Post Medical Cont.	-	-	-	1,020,061	(1,020,061)
Total TPAF Pension and Social Security Contributions	-	-	-	2,746,820	(2,746,820)
Total Undistributed Expenditures	17,093,361	(106,833)	16,986,528	18,666,915	(1,680,387)
Total Current Expenditures	28,022,065	88,497	28,110,562	29,317,473	(1,206,911)

**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, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Non-Instructional Equipment		\$ 19,840	\$ 19,840	\$ 19,840	
Admin. Info Tech.	\$ 35,000	(19,415)	15,585	12,428	\$ 3,157
Total Equipment	35,000	425	35,425	32,268	3,157
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	14,842	9,350	24,192	9,350	14,842
Facilities/Construction Services	255,802	258,880	514,682	423,935	90,747
Assessment for Debt Service on SDA Funding	31,019	-	31,019	31,019	-
Total Facilities Acquis. And Construction Services	301,663	268,230	569,893	464,304	105,589
Increase in Capital Reserve	18,000	-	18,000	-	18,000
Total Expenditures - Capital Outlay	354,663	268,655	623,318	496,572	126,746
Total Expenditures - General Fund	28,376,728	357,152	28,733,880	29,814,045	(1,080,165)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,504,960)	(357,152)	(1,862,112)	74,831	1,936,943
Other Financing Sources (Uses)					
Transfers In	-	-	-	67,586	67,586
Transfer Out	-	(2,180)	(2,180)	(2,180)	-
Total Other Financing Sources (Uses)	-	(2,180)	(2,180)	65,406	67,586
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,504,960)	(359,332)	(1,864,292)	140,237	2,004,529
Fund Balance, Beginning of Year	4,506,789	-	4,506,789	4,506,789	-
Fund Balance, End of Year	\$ 3,001,829	\$ (359,332)	\$ 2,642,497	\$ 4,647,026	\$ 2,004,529
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 759,664	
Excess Surplus				989,535	
Maintenance Reserve				200,000	
Capital Reserve				1,487,667	
Assigned Fund Balance:					
Year-End Encumbrances				194,156	
Designated for Subsequent Year's Expenditures				259,294	
Unassigned Fund Balance:					
				756,710	
Budgetary Fund Balance				4,647,026	
Reconciliation to Governmental Fund Statements (GAAP)					
2015/2016 State Aid Payment Not Recognized on a GAAP Basis				72,636	
2015/2016 Extraordinary Aid Payments Not Recognized on a GAAP Basis				338,744	
Fund Balance per Governmental Funds (GAAP Basis)				\$ 4,235,646	

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, 2016

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local		\$ 129,662	\$ 129,662	\$ 40,920	\$ (88,742)
State Sources		197,571	197,571	104,107	(93,464)
Federal Sources	\$ 367,000	167,690	534,690	540,094	5,404
Total Revenues	<u>367,000</u>	<u>494,923</u>	<u>861,923</u>	<u>685,121</u>	<u>(176,802)</u>
EXPENDITURES					
Instruction					
Salaries	22,000	5,000	27,000	25,122	1,878
Purchased Professional/Educational Services	33,000	121,979	154,979	91,888	63,091
Purchased Professional/Technical Services		75,940	75,940	64,346	11,594
Tuition	312,000	71,919	383,919	376,852	7,067
General Supplies	-	105,624	105,624	60,842	44,782
Textbooks	-	12,277	12,277	9,966	2,311
Total Instruction	<u>367,000</u>	<u>392,739</u>	<u>759,739</u>	<u>629,016</u>	<u>130,723</u>
Support Services					
Salaries of Other Professionals		4,930	4,930	4,930	
Purchased Professional/Educational Services		47,420	47,420	10,069	37,351
Purchased Professional/Technical Services		17,461	17,461	15,293	2,168
Other Purchased Services		15,697	15,697	10,832	4,865
Benefits		2,066	2,066	1,922	144
Other Objects		1,237	1,237	792	445
Supplies and Materials	-	11,888	11,888	10,782	1,106
Total Support Services	<u>-</u>	<u>100,699</u>	<u>100,699</u>	<u>54,620</u>	<u>46,079</u>
Facilities Acquisition and Constructions Services					
Instructional Equipment	-	1,485	1,485	1,485	-
Total Facilities & Acq. Services	<u>-</u>	<u>1,485</u>	<u>1,485</u>	<u>1,485</u>	<u>-</u>
Total Expenditures	<u>367,000</u>	<u>494,923</u>	<u>861,923</u>	<u>685,121</u>	<u>176,802</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CEDAR GROVE PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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) \$ 29,888,876	(C-2)	\$ 685,121
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			4,724
State Aid an Extraordinary Aid payment (2014/2015) recognized for GAAP purposes not recognized for budgetary statements	392,382		-
State Aid and Extraordinary Aid payments and (2015/2016) not recognized for budgetary purposes, recognized for GAAP statements	<u>(411,380)</u>		<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 29,869,878</u>	(B-2)	<u>\$ 689,845</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 29,814,045	(C-2)	\$ 685,121
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, 2015			5,323
June 30, 2016	<u>-</u>		<u>(599)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 29,814,045</u>	(B-2)	<u>\$ 689,845</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**CEDAR GROVE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03757 %	0.03630 %	0.03337 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,432,949	\$ 6,796,762	\$ 6,377,438
District's Covered-Employee Payroll	\$ 2,462,901	\$ 2,472,090	\$ 2,417,024
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	383.00 %	274.93 %	263.85 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

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

**CEDAR GROVE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 322,972	\$ 303,826	\$ 253,448
Contributions in Relation to the Contractually Required Contribution	<u>322,972</u>	<u>303,826</u>	<u>253,448</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,462,901	\$ 2,472,090	\$ 2,417,024
Contributions as a Percentage of Covered-Employee Payroll	0.13113 %	0.12290 %	0.10486 %

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

**CEDAR GROVE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0%	0%	0%
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 65,033,212</u>	<u>\$ 55,282,496</u>	<u>\$ 52,042,007</u>
Total	<u>\$ 65,033,212</u>	<u>\$ 55,282,496</u>	<u>\$ 52,042,007</u>
District's Covered-Employee Payroll	\$ 11,300,735	\$ 10,558,001	\$ 10,269,239
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

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

**CEDAR GROVE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2015 to the District's rate as of June 30, 2016, in accordance with GASB Statement No. 67.

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, 2016**

	NCLB				IDEA				Totals Pg 1	Totals Pg 2	Grand Totals	
	Title I	Title IA Carryover	Title IIA	Title IIA Carryover	Basic	Basic Carryover	Preschool	Preschool Carryover				
REVENUES												
Miscellaneous - Local											\$ 40,920	\$ 40,920
State Sources											104,107	104,107
Federal Sources	\$ 85,335	\$ 17,121	\$ 23,098	\$ 8,192	\$ 371,395	\$ 25,954	\$ 7,278	\$ 1,721	\$ 540,094	-	-	540,094
Total Revenues	\$ 85,335	\$ 17,121	\$ 23,098	\$ 8,192	\$ 371,395	\$ 25,954	\$ 7,278	\$ 1,721	\$ 540,094	\$ 145,027	\$ 685,121	
EXPENDITURES												
Instruction:												
Salaries	\$ 25,122								\$ 25,122		\$ 25,122	
Purchased Prof. Educational Services					\$ 18,171	\$ 2,326			20,497	\$ 71,391	\$ 91,888	
Purchased Professional & Technical Services	27,875	\$ 17,121							44,996	19,350	64,346	
Tuition					353,224	23,628			376,852		376,852	
General Supplies	20,037			\$ 3,057			\$ 1,098		24,192	36,650	60,842	
Textbooks	-	-	-	-	-	-	-	-	-	9,966	9,966	
Total Instruction	73,034	17,121	-	3,057	371,395	25,954	1,098	-	491,659	137,357	629,016	
Support Services												
Salaries of Other Professionals	4,930											4,930
Purchased Professional Educational Services				2,168			6,180	\$ 1,721	10,069		10,069	
Purchased Professional & Technical Services	5,449		\$ 9,844						15,293		15,293	
Other Purchased Services			3,536	1,111					4,647	6,185	10,832	
Benefits	1,922								1,922		1,922	
General Supplies			9,375	1,407					10,782		10,782	
Other Objects	-	-	343	449	-	-	-	-	792	-	792	
Total Support Services	12,301	-	23,098	5,135	-	-	6,180	1,721	43,505	6,185	54,620	
Facilities Acquisition and Construction Svce												
Instructional Equipment	-	-	-	-	-	-	-	-	-	1,485	1,485	
Total Facilities & Acq. Services	-	-	-	-	-	-	-	-	-	1,485	1,485	
Total Expenditures	\$ 85,335	\$ 17,121	\$ 23,098	\$ 8,192	\$ 371,395	\$ 25,954	\$ 7,278	\$ 1,721	\$ 535,164	\$ 145,027	\$ 685,121	

CEDAR GROVE PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Ch. 192/193	Ch. 192/193 Handicapped Services					Local	Page 2 Totals	
	Auxilliary Compensatory Education	Examination/ Classification	Supplemental Instruction	Correct Speech	Non-Public Security	Non-Public Textbooks			Non-Public Nursing
REVENUES									
Miscellaneous - Local								\$ 40,920	\$ 40,920
State Sources	\$ 37,224	\$ 10,061	\$ 9,058	\$ 15,048	\$ 3,400	\$ 9,966	\$ 19,350		104,107
Federal Sources	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 37,224	\$ 10,061	\$ 9,058	\$ 15,048	\$ 3,400	\$ 9,966	\$ 19,350	\$ 40,920	\$ 145,027
EXPENDITURES									
Instruction:									
Purchased Prof. Educational Services	\$ 37,224	\$ 10,061	\$ 9,058	\$ 15,048					\$ 71,391
Purchased Prof. Technical Services							\$ 19,350		19,350
General Supplies					\$ 3,400			\$ 33,250	36,650
Textbooks	-	-	-	-	-	\$ 9,966	-	-	9,966
Total Instruction	37,224	10,061	9,058	15,048	3,400	9,966	19,350	33,250	137,357
Support Services									
Other Purchased Services	-	-	-	-	-	-	-	6,185	6,185
Total Support Services	-	-	-	-	-	-	-	6,185	6,185
Facilities Acquisition and Constructions Services									
Instructional Equipment	-	-	-	-	-	-	-	1,485	1,485
Total Facilities & Acq. Services	-	-	-	-	-	-	-	1,485	1,485
Total Expenditures	\$ 37,224	\$ 10,061	\$ 9,058	\$ 15,048	\$ 3,400	\$ 9,966	\$ 19,350	\$ 40,920	\$ 145,027

**CEDAR GROVE PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2016</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Building Upgrades to the Cedar Grove High School North End and South End Elementary Schools and Upgrades to the Cedar Grove Athletic Facilities	\$ 14,884,719	\$ 44,363	\$ 2,238,822	\$ 12,601,534
Improvements to the Elementary, High School, Middle School & Administration Building	<u>11,891,461</u>	<u>11,445,881</u>	<u>-</u>	<u>445,580</u>
	<u>\$ 26,776,180</u>	<u>\$ 11,490,244</u>	<u>\$ 2,238,822</u>	<u>\$ 13,047,114</u>
Reconciliation to GAAP:				
Project Balances				\$ 13,047,114
Less: Debt Authorized but not Issued- 2015 Project				<u>14,884,719</u>
Budgetary Fund Balance				<u>\$ (1,837,605)</u>
GAAP Fund Balance				<u>\$ (1,837,605)</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, 2016

Revenues and Other Financing Sources

Interest Earned on Investments	\$ 8,506
Premium on Notes	<u>59,080</u>
Total Revenues	<u>67,586</u>

Expenditures and Other Financing Uses

Facilities Acquisition and Construction Services	1,471,950
Purchased Professional and Technical Services	766,872
Transfer Out to General Fund	<u>67,586</u>
Total Expenditures	<u>2,306,408</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,238,822)
---	-------------

Fund Balance, Beginning of Year - Budgetary Basis	<u>401,217</u>
---	----------------

Fund Balance, End of Year - Budgetary Basis	<u>\$ (1,837,605)</u>
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Reconciliation to GAAP:

Project Fund Balances	<u>\$ (1,837,605)</u>
-----------------------	-----------------------

Fund Balance - Ending - GAAP	<u>\$ (1,837,605)</u>
------------------------------	-----------------------

**CEDAR GROVE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
BUILDING UPGRADES TO THE CEDAR GROVE HIGH SCHOOL, NORTH END AND SOUTH END
ELEMENTARY SCHOOLS AND UPGRADES TO THE CEDAR GROVE ATHELETIC FACILITIES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	-	-	-	\$ 14,884,719
 Total Revenues and Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,884,719</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical services	\$ 44,363	\$ 766,872	\$ 811,235	900,000
Facilities Acquisition and Construction Services		1,471,950	1,471,950	13,834,719
Supplies & Materials	-	-	-	150,000
 Total Expenditures and Other Financing Uses	<u>44,363</u>	<u>2,238,822</u>	<u>2,283,185</u>	<u>14,884,719</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (44,363)</u>	<u>\$ (2,238,822)</u>	<u>\$ (2,283,185)</u>	<u>\$ -</u>

Additional Project Information:

Bonds Authorization Date	12/9/2014
Bonds Authorized	\$ 14,884,719
Bonds Issued	\$ -
Original Authorized Cost	\$ 14,884,719
Cancelled	-
Revised Authorized Cost	\$ 14,884,719
 Change Order Percentage	N/A
Percentage Completion	25%
Original Target Completion Date	9/1/2106
Revised Target Completion Date	9/30/2016

**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, 2016**

	<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	\$ 4,309,461		\$ 4,309,461	\$ 4,309,461
Bond Proceeds and Transfers	<u>7,582,000</u>	<u>-</u>	<u>7,582,000</u>	<u>7,582,000</u>
Total Revenues and Other Financing Sources	<u>11,891,461</u>	<u>-</u>	<u>11,891,461</u>	<u>11,891,461</u>
Expenditures and Other Financing Uses				
Salaries	39,762		39,762	39,762
Purchased professional and technical services	1,008,544		1,008,544	1,008,544
Cost of Issuance	27,707	-	27,707	27,707
Facilities Acquisition and Construction Services	<u>10,369,868</u>	<u>-</u>	<u>10,369,868</u>	<u>10,369,868</u>
Total Expenditures and Other Financing Uses	<u>11,445,881</u>	<u>-</u>	<u>11,445,881</u>	<u>11,445,881</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 445,580</u>	<u>\$ -</u>	<u>\$ 445,580</u>	<u>\$ 445,580</u>

Additional Project Information:

Project Number	#0760-090-10-G0BS	#0760-050-10-G0BQ
Grant Date	8/23/2010	#070-060-10-GOBR
Bonds Authorization Date	1/25/2011	
Bonds Authorized	7,582,385	
Bonds Issued	7,582,000	
Original Authorized Cost	\$ 12,180,380	
Cancellation	(288,919)	
Revised Authorized Cost	\$ 11,891,461	

Change Order Percentage	
Percentage Completion	100%
Original Target Completion Date	9/1/2012
Revised Target Completion Date	9/1/2013

PROPRIETARY FUND

**CEDAR GROVE PUBLIC SCHOOLS
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

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, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Agency Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 109,358	\$ 53,127	\$ 162,485
	<u>\$ 109,358</u>	<u>\$ 53,127</u>	<u>\$ 162,485</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 28,143	\$ 28,143
Accrued Salary and Wages		3,158	3,158
Flex Spending		20,935	20,935
Due to Other Funds		891	891
Due to Student Groups	<u>\$ 109,358</u>	<u>-</u>	<u>109,358</u>
Total Liabilities	<u>\$ 109,358</u>	<u>\$ 53,127</u>	<u>\$ 162,485</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Balance June 30, 2016</u>
ELEMENTARY SCHOOLS				
Cedar Grove North End School	\$ 6,193	\$ 6,235	\$ 5,934	\$ 6,494
Cedar Grove South End School	<u>2,889</u>	<u>10,199</u>	<u>10,194</u>	<u>2,894</u>
Total Elementary Schools	<u>9,082</u>	<u>16,434</u>	<u>16,128</u>	<u>9,388</u>
MIDDLE SCHOOLS				
Cedar Grove Memorial School	<u>32,308</u>	<u>49,874</u>	<u>35,851</u>	<u>46,331</u>
SENIOR HIGH SCHOOL				
Cedar Grove High School Student Activities	<u>50,550</u>	<u>142,842</u>	<u>140,523</u>	<u>52,869</u>
OTHER				
Athletic Fund	<u>544</u>	<u>57,901</u>	<u>57,675</u>	<u>770</u>
TOTAL ALL SCHOOLS	<u>\$ 92,484</u>	<u>\$ 267,051</u>	<u>\$ 250,177</u>	<u>\$ 109,358</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
Payroll Deductions and Withholdings	\$ 4,636	\$ 8,331,611	\$ 8,308,104	\$ 28,143
Accrued Salaries and Wages	1,827	9,434,420	9,433,089	3,158
Flex Spending	20,818	41,652	41,535	20,935
Interfund Payable/Receivable	<u>8,583</u>	<u>891</u>	<u>8,583</u>	<u>891</u>
Total	<u>\$ 35,864</u>	<u>\$ 17,808,574</u>	<u>\$ 17,791,311</u>	<u>\$ 53,127</u>

LONG-TERM DEBT

**CEDAR GROVE PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<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, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance June 30, 2016</u>
Refunding Bonds	5/24/2013	\$ 5,790,000	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%	\$ 4,735,000		\$ 525,000	\$ 4,210,000
Various Improvements	8/15/2013	\$ 7,582,000	8/15/2016-2018	250,000	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%	7,082,000	-	250,000	6,832,000
						\$ 11,817,000	\$ -	\$ 775,000	\$ 11,042,000

**CEDAR GROVE PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 1,045,441		\$ 1,045,441	\$ 1,045,441	
Interest Income	-	-	-	193	\$ 193
	<u>1,045,441</u>	<u>-</u>	<u>1,045,441</u>	<u>1,045,634</u>	<u>193</u>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	775,000		775,000	775,000	-
Interest	306,075	-	306,075	306,075	-
	<u>1,081,075</u>	<u>-</u>	<u>1,081,075</u>	<u>1,081,075</u>	<u>-</u>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	(35,634)	-	(35,634)	(35,441)	193
Fund Balance, Beginning of Year	<u>35,783</u>	<u>-</u>	<u>35,783</u>	<u>35,783</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 149</u>	<u>\$ 342</u>	<u>\$ 193</u>
				<u>\$ 342</u>	
Reserve for Future Debt Service				<u>\$ 342</u>	

STATISTICAL SECTION

This part of the Cedar Grove Public Schools' 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,									
	2007	2008	2009	2010	2011 (1) (Restated)	2012	2013	2014 (2) (Restated)	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 5,879,920	\$ 6,037,194	\$ 6,527,569	\$ 7,161,173	\$ 7,604,108	\$ 6,352,294	\$ 11,142,738	\$ 10,674,082	\$ 10,928,501	\$ 13,251,792
Restricted	155,660	162,634	148,654	357,050	732,528	1,276,683	1,572,310	1,868,122	1,841,258	200,342
Unrestricted	546,918	311,356	(205,980)	134,155	760,955	786,022	931,424	(4,482,439)	(4,690,435)	(5,606,658)
Total Governmental Activities Net Position	\$ 6,582,498	\$ 6,511,184	\$ 6,470,243	\$ 7,652,378	\$ 9,097,591	\$ 8,414,999	\$ 13,646,472	\$ 8,059,765	\$ 8,079,324	\$ 7,845,476
Business-Type Activities										
Net Investment in Capital Assets	\$ 21,075	\$ 18,889	\$ 16,703	\$ 14,884	\$ 15,236	\$ 10,825	\$ 5,184	\$ 40		
Unrestricted	(3,750)	3,390	14,513	24,854	30,829	24,249	33,770	31,945	\$ 27,071	\$ 15,837
Total Business-Type Activities Net Position	\$ 17,325	\$ 22,279	\$ 31,216	\$ 39,738	\$ 46,065	\$ 35,074	\$ 38,954	\$ 31,985	\$ 27,071	\$ 15,837
District-Wide										
Net Investment in Capital Assets	\$ 5,900,995	\$ 6,056,083	\$ 6,544,272	\$ 7,176,057	\$ 7,619,344	\$ 6,363,119	\$ 11,147,922	\$ 10,674,122	\$ 10,928,501	\$ 13,251,792
Restricted	155,660	162,634	148,654	357,050	732,528	1,276,683	1,572,310	1,868,122	1,841,258	200,342
Unrestricted	543,168	314,746	(191,467)	159,009	791,784	810,271	965,194	(4,450,494)	(4,663,364)	(5,590,821)
Total District Net Position	\$ 6,599,823	\$ 6,533,463	\$ 6,501,459	\$ 7,692,116	\$ 9,143,656	\$ 8,450,073	\$ 13,685,426	\$ 8,091,750	\$ 8,106,395	\$ 7,861,313

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".

Note 2 - Net Position at June 30, 2014 has been restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and for corrections of the capital assets.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 10,589,555	\$ 10,125,563	\$ 10,232,195	\$ 10,398,112	\$ 10,399,671	\$ 10,402,707	\$ 11,138,245	\$ 11,359,101	\$ 13,248,184	\$ 14,426,830
Special Education	3,944,118	4,376,555	4,314,705	4,210,806	4,032,914	4,659,087	4,542,062	4,577,801	6,216,938	5,953,655
Other Instruction	300,594	306,581	184,617	187,397	164,253	219,442	268,655	376,763	446,937	538,690
School Sponsored Activities and Athletics	747,808	693,945	769,420	692,232	635,408	696,554	774,363	832,057	852,487	1,099,115
Support Services:										
Student & Instruction Related Services	2,431,217	2,528,290	2,175,211	2,286,874	2,135,819	2,281,364	2,564,204	2,834,568	3,187,745	3,471,943
Health Services	323,441	352,759	358,883	372,672	394,941	406,506	439,759	457,323	563,265	658,943
Educational Media/School Library	568,785	500,653	509,946	506,674	442,455	389,823	393,715	411,048	357,441	366,389
General Administration	733,974	925,050	933,567	872,431	719,821	724,427	1,011,762	909,465	812,070	1,061,511
School Administrative Services	1,458,895	1,488,467	1,592,612	1,639,840	1,649,622	2,012,055	2,091,175	1,923,143	2,056,009	2,090,938
Central Services	518,183	601,210	635,587	638,014	569,296	621,240	700,369	622,276	718,336	765,801
Plant Operations And Maintenance	2,932,421	2,798,509	2,941,303	2,930,600	3,012,400	3,379,186	3,028,047	3,016,149	3,131,449	3,070,492
Pupil Transportation	1,087,298	1,126,864	1,164,059	1,107,083	1,084,224	936,929	893,080	951,023	1,039,681	1,166,655
Interest On Long-Term Debt	284,149	355,595	337,469	318,468	336,304	339,948	181,100	369,079	331,927	349,314
Total Governmental Activities Expenses	25,920,438	26,180,041	26,149,574	26,161,203	25,577,128	27,069,268	28,026,536	28,639,796	32,962,469	35,020,276
Business-Type Activities:										
Food Service	325,877	291,477	325,784	311,075	312,598	325,741	348,897	347,085	344,281	316,085
Non-Major	- 0	-	-	-	-	-	-	-	-	15,067
Total Business-Type Activities Expense	325,877	291,477	325,784	311,075	312,598	325,741	348,897	347,085	344,281	331,152
Total District Expenses	\$ 26,246,315	\$ 26,471,518	\$ 26,475,358	\$ 26,472,278	\$ 25,889,726	\$ 27,395,009	\$ 28,375,433	\$ 28,986,881	\$ 33,306,750	\$ 35,351,428
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)										
Operating Grants And Contributions	\$ 4,262,329	\$ 4,229,861	\$ 3,282,444	\$ 3,793,494	\$ 2,677,563	\$ 3,293,947	\$ 3,909,150	\$ 3,553,252	\$ 6,284,946	\$ 7,619,025
Capital Grants And Contributions	-	-	271,430	-	-	355,688	3,869,600	54,193	243,898	2,960
Total Governmental Activities Program Revenues	4,262,329	4,229,861	3,553,874	3,793,494	2,677,563	3,649,635	7,778,750	3,607,445	6,528,844	7,621,985

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.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Charges For Services										
Food Service	\$ 284,858	\$ 273,708	\$ 311,826	\$ 293,590	\$ 295,403	\$ 288,574	\$ 315,231	\$ 308,247	\$ 338,146	\$ 304,705
Non-Major	-	-	-	-	-	-	-	-	-	12,887
Operating Grants And Contributions	18,814	19,909	21,753	25,308	23,106	24,444	36,241	31,707	1,070	-
Total Business Type Activities Program Revenues	303,672	293,617	333,579	318,898	318,509	313,018	351,472	339,954	339,216	317,592
Total District Program Revenues	\$ 4,566,001	\$ 4,523,478	\$ 3,887,453	\$ 4,112,392	\$ 2,996,072	\$ 3,962,653	\$ 8,130,222	\$ 3,947,399	\$ 6,868,060	\$ 7,939,577
Net (Expense)/Revenue										
Governmental Activities	\$ (21,658,109)	\$ (21,950,180)	\$ (22,595,700)	\$ (22,367,709)	\$ (22,899,565)	\$ (23,419,633)	\$ (20,247,786)	\$ (25,032,351)	\$ (26,433,625)	\$ (27,398,291)
Business-Type Activities	(22,205)	2,140	7,795	7,823	5,911	(12,723)	2,575	(7,131)	(5,065)	(13,560)
Total District-Wide Net Expense	\$ (21,680,314)	\$ (21,948,040)	\$ (22,587,905)	\$ (22,359,886)	\$ (22,893,654)	\$ (23,432,356)	\$ (20,245,211)	\$ (25,039,482)	\$ (26,438,690)	\$ (27,411,851)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, N	\$ 19,647,375	\$ 19,930,988	\$ 20,904,871	\$ 21,914,106	\$ 22,737,500	\$ 23,192,250	\$ 23,656,095	\$ 24,129,217	\$ 24,611,801	\$ 25,229,014
Taxes Levied For Debt Service	722,228	725,226	727,109	731,734	735,259	737,975	740,995	1,064,747	1,081,425	1,045,441
Unrestricted Grants And Contributions	198,213	237,413	11,231	-	-	-	-	-	31,114	34,020
Donation of Capital Assets	163,851	4,492	-	-	-	-	-	-	-	-
Loss on Disposal of Capital Asset	-	(3,126)	-	-	-	-	-	-	-	-
Miscellaneous Income	942,495	985,473	911,548	904,004	872,019	386,546	1,081,857	629,218	728,744	858,148
Transfers	(4,000)	(1,600)	-	-	-	-	312	-	-	(2,180)
Total Governmental Activities	21,670,162	21,878,866	22,554,759	23,549,844	24,344,778	24,316,771	25,479,259	25,823,182	26,453,084	27,164,443
Business-Type Activities:										
Investment Earnings	1,285	1,214	1,142	699	416	1,666	1,305	162	151	146
Transfers	4,000	1,600	-	-	-	-	-	-	-	2,180
Total Business-Type Activities	5,285	2,814	1,142	699	416	1,666	1,305	162	151	2,326
Total District-Wide	\$ 21,675,447	\$ 21,881,680	\$ 22,555,901	\$ 23,550,543	\$ 24,345,194	\$ 24,318,437	\$ 25,480,564	\$ 25,823,344	\$ 26,453,235	\$ 27,166,769
Change in Net Position										
Governmental Activities	\$ 12,053	\$ (71,314)	\$ (40,941)	\$ 1,182,135	\$ 1,445,213	\$ 897,138	\$ 5,231,473	\$ 790,831	\$ 19,459	\$ (233,848)
Business-Type Activities	(16,920)	4,954	8,937	8,522	6,327	(11,057)	3,880	(6,969)	(4,914)	(11,234)
Total District	\$ (4,867)	\$ (66,360)	\$ (32,004)	\$ 1,190,657	\$ 1,451,540	\$ 886,081	\$ 5,235,353	\$ 783,862	\$ 14,545	\$ (245,082)

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 688,348	\$ 348,169	\$ 392,760	\$ 964,110						
Unreserved	655,398	791,252	245,559	317,694						
Restricted					\$ 1,394,824	\$ 1,889,181	\$ 2,551,107	\$ 3,406,879	\$ 3,359,468	\$ 3,436,866
Assigned					410,727	672,170	762,197	384,408	551,071	453,450
Unassigned	-	-	-	-	441,473	132,944	449,426	461,658	203,868	345,330
Total General Fund	\$ 1,343,746	\$ 1,139,421	\$ 638,319	\$ 1,281,804	\$ 2,247,024	\$ 2,694,295	\$ 3,762,730	\$ 4,252,945	\$ 4,114,407	\$ 4,235,646
All Other Governmental Funds										
Reserved	\$ 399,069	\$ 676,575	\$ 445,657							
Unreserved	719,921	257,431	(36,946)	\$ (55,941)	-	\$ (1,199,466)				
Restricted	-	-	-	-	\$ 11,456	16,728	\$ 288,794	\$ 243,812	\$ 401,217	\$ (1,837,263)
Assigned	-	-	-	-	-	-	-	-	35,783	-
Total All Other Governmental Funds	\$ 1,118,990	\$ 934,006	\$ 408,711	\$ (55,941)	\$ 11,456	\$ (1,182,738)	\$ 288,794	\$ 243,812	\$ 437,000	\$ (1,837,263)

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 20,369,603	\$ 20,656,214	\$ 21,631,980	\$ 22,645,840	\$ 23,472,759	\$ 23,930,225	\$ 24,397,090	\$ 25,193,964	\$ 25,693,226	\$ 26,274,455
Tuition Charges										
Interest Earnings										
Miscellaneous	944,495	985,473	920,811	930,282	885,410	399,916	1,053,839	668,117	751,782	844,712
State Sources	4,010,567	4,064,527	3,172,193	3,121,116	2,147,016	3,117,878	7,319,805	3,113,233	3,664,154	3,954,602
Federal Sources	447,975	402,747	383,649	646,100	517,156	518,387	424,980	415,701	446,418	540,094
Total Revenue	25,772,640	26,108,961	26,108,633	27,343,338	27,022,341	27,966,406	33,195,714	29,391,015	30,555,580	31,613,863
Expenditures										
Instruction										
Regular Instruction	10,372,431	9,922,679	10,011,302	10,158,450	10,226,698	10,227,820	10,898,578	11,024,038	11,303,323	11,870,318
Special Education Instruction	3,912,548	4,331,633	4,275,026	4,174,266	3,997,665	4,612,762	4,495,370	4,516,309	5,548,605	5,391,513
Other Instruction	295,965	301,547	182,476	185,009	162,830	217,124	264,859	369,664	403,958	476,295
School Sponsored Activities and Athletics	736,279	681,807	755,997	680,510	624,386	683,134	760,493	809,922	770,193	928,145
Support Services:										
Tuition										
Student and Inst. Related Services	2,350,431	2,433,459	2,062,300	2,187,813	2,043,092	2,178,939	2,457,167	2,763,604	2,770,647	2,941,027
Health Services	360,895	396,594	401,136	425,668	443,121	458,683	492,375	443,725	480,200	541,490
Educational Media/School Library	560,197	491,700	501,066	497,287	434,220	381,993	385,659	399,598	334,645	335,564
General Administration	726,585	912,608	913,444	860,381	712,290	715,481	1,001,931	898,092	786,644	751,258
School Administrative Services	1,432,981	1,459,366	1,546,789	1,610,894	1,616,344	1,966,395	2,044,527	1,858,116	1,747,085	1,934,579
Central Services	509,602	587,096	613,367	623,989	556,819	602,864	684,181	609,484	3,019,933	2,926,345
Plant Operations And Maintenance	2,897,593	2,762,571	2,883,100	2,898,859	2,974,104	3,326,243	2,979,000	2,953,886	1,037,686	1,164,180
Pupil Transportation	1,087,298	1,126,864	1,164,059	1,107,083	1,083,440	936,380	892,404	949,947	677,619	714,722
Employee Benefits										
Capital Outlay	317,976	277,180	1,013,419	938,348	342,122	1,650,598	10,142,290	209,835	479,180	2,705,860
Debt Service:										
Principal	355,000	449,282	467,228	490,290	430,000	450,000	520,000	745,000	760,000	775,000
Interest and Other Charges	367,227	362,184	344,321	325,658	342,593	529,832	281,208	404,174	389,124	367,491
Total Expenditures	26,283,008	26,496,670	27,135,030	27,164,505	25,989,724	28,938,248	38,300,042	28,955,394	30,508,842	33,823,787
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(510,368)	(387,709)	(1,026,397)	178,833	1,032,617	(971,842)	(5,104,328)	435,621	46,738	(2,209,924)
Other Financing Sources (Uses)										
Proceeds From Borrowing										
Capital Leases (Non-Budgeted)	231,800									
Payments To Bond Anticipation Note										
Refunding Bond Proceeds						5,790,000	7,582,000	-	-	-
Premium on Refunding Bonds						529,919	51,089	-	-	-
Premium on Note							10,894	9,612	7,912	59,080
Payments to Refunded Bond Escrow Agent						(6,095,000)				
Transfers In		9,464	112,116	190,111	180,564	33,463	132,551	46,812	13,126	67,586
Transfers Out	(4,000)	(11,064)	(112,116)	(190,111)	(180,564)	(33,463)	(132,239)	(46,812)	(13,126)	(69,766)
Total Other Financing Sources (Uses)	227,800	(1,600)	-	-	-	224,919	7,644,295	9,612	7,912	56,900
Net Change in Fund Balances	\$ (282,568)	\$ (389,309)	\$ (1,026,397)	\$ 178,833	\$ 1,032,617	\$ (746,923)	\$ 2,539,967	\$ 445,233	\$ 54,650	\$ (2,153,024)
Debt Service as a Percentage of										
Noncapital Expenditures	2.78%	3.09%	3.11%	3.11%	3.01%	3.59%	2.85%	4.00%	3.83%	3.67%

* 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)

Fiscal Year Ended June 30,	Interest Earned	Building Rentals	E-Rate	Cancel Prior Year Payable	Tuition	Miscellaneous	Total
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
2014	11,141	523,744	37,689	\$ 33,665		11,898	618,137
2015	20,289	570,823	52,284		22,500	49,869	715,765
2016	70,383	522,664	51,717	\$ 11,068	14,000	120,537	790,369

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 ^a
2007	\$ 8,501,000	\$ 271,131,100	\$ 304,400		\$ 27,924,200	\$ 15,208,800	\$ 7,288,500	\$ 330,358,000	\$ 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	201,500,500	104,809,700	48,860,000	2,245,228,600	1,678,000	2,274,523,800	2,335,201,667	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
2014	45,898,300	1,814,980,000	1,256,500	3,200	200,699,400	99,528,300	47,345,000	2,209,710,700	1,524,200	2,211,234,900	2,211,234,900	1.162
2015	47,228,100	1,812,915,000	1,256,500	3,200	196,140,700	97,524,000	47,345,000	2,202,412,500	1,545,700	2,203,958,200	2,203,758,200	1.192
2016	63,709,300	1,813,293,900	2,100,000	5,100	191,728,300	97,324,000	47,085,000	2,215,245,600	1,476,000	2,216,721,600	2,330,420,358	1.212

Source: County Abstract of Ratables

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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	Overlapping Rates				Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Township	County	Garbage District	
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
2014	1.162	0.445	0.523	0.068	2.198
2015	1.192	0.456	0.526	0.070	2.244
2016	1.212	0.466	0.548	0.071	2.297

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	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bradford Farms	\$ 302,218	0.090%		
Grove Associates	278,419	0.083%		
Cedar Hill Realty Associates LLC	258,800	0.077%		
691 Pompton Avenue Realty LLC	235,099	0.070%		
Health Resources of Cedar Grove LLC	202,588	0.061%		Not Available
K Hovnanian at Cedar Grove Urban	196,855	0.059%		
Canterbury At Cedar Grove LLC	191,925	0.057%		
11 Cliffside Drive LLC	169,918	0.051%		
Contract Filling Inc.	157,556	0.047%		
Cedar Grove Properties Inc	143,048	0.043%		
	\$ 2,136,425	0.64%		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	
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%	-
2014	25,193,964	25,193,964	100.00%	-
2015	25,693,226	25,693,226	100.00%	-
2016	26,274,455	26,274,455	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			
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	12,417	600
2011	7,015,000			7,015,000	12,489	562
2012	6,260,000		4,550,000	10,810,000	12,476	866
2013	13,322,000		3,668,000	16,990,000	12,492	1,360
2014	12,577,000		3,668,000	16,245,000	12,599	1,289
2015	11,817,000		3,500,000	15,317,000	12,625	1,213
2016	11,042,000		14,000,000	25,042,000	12,625 (Est.)	1,984

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)

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2007	\$ 8,620,000		\$ 8,620,000	2.61%	\$ 685
2008	8,245,000		8,245,000	2.48%	655
2009	7,855,000	\$ 1,577	7,853,423	0.34%	620
2010	7,445,000	960	7,444,040	0.33%	600
2011	7,015,000	242	7,014,758	0.31%	562
2012	6,260,000	16,728	6,243,272	0.27%	500
2013	13,322,000	16,017	13,305,983	0.60%	1,065
2014	12,577,000	35,634	12,541,366	0.57%	995
2015	11,817,000	35,783	11,781,217	0.53%	935
2016	11,042,000	342	11,041,658	0.50%	875

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, 2015
(Unaudited)**

	<u>Net Debt</u>
Municipal Debt: (1)	
Cedar Grove Public Schools	\$ 25,926,719
Cedar Grove Township	<u>11,739,686</u>
	<u>37,666,405</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County (A):	
County of Essex - Township's Share	<u>12,580,580</u>
Total Direct and Overlapping Debt	<u>\$ 50,246,985</u>

Source:

(1) Cedar Grove's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to Cedar Grove by dividing the municipality's 2015 equalized value by the total 2015 equalized value for Essex County.

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis
	2015 \$ 2,307,882,741
	2014 2,230,679,083
	2013 <u>2,221,548,616</u>
	<u>\$ 6,760,110,440</u>
Average Equalized Valuation of Taxable Property	\$ 2,253,370,147
Debt Limit (4 % of Average Equalization Value)	90,134,806 ^a
Total Net Debt Applicable to Limit	<u>25,926,719</u>
Legal Debt Margin	<u>\$ 64,208,087</u>

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 84,468,494	\$ 90,016,534	\$ 95,182,077	\$ 98,802,370	\$ 98,860,198	\$ 96,936,156	\$ 93,062,080	\$ 90,473,270	\$ 89,098,854	\$ 90,134,806
Total Net Debt Applicable to Limit	<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>	<u>16,245,385</u>	<u>26,702,104</u>	<u>25,926,719</u>
Legal Debt Margin	<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>	<u>\$ 74,227,885</u>	<u>\$ 62,396,750</u>	<u>\$ 64,208,087</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.20%	9.16%	8.25%	7.54%	14.77%	14.28%	18.26%	17.96%	29.97%	28.76%

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>
2007	12,586	\$ 51,568	1.10%
2008	12,582	53,136	1.30%
2009	12,658	51,288	2.70%
2010	12,417	52,324	2.80%
2011	12,486	55,014	2.60%
2012	12,476	55,404	2.70%
2013	12,492	55,692	4.40%
2014	12,599	58,319	5.30%
2015	12,625	58,319 (Est.)	5.30%
2016	12,625 (Est.)	58,319 (Est.)	5.30% (Est.)

Source: New Jersey State Department of Education

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

	<u>2016</u>		<u>2007</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	117	122	108	129	119	122	128	129	136	129
Special Education	36	36	35	29	14	15	18	18	21	28
Other Instruction	2	1	1	1	1	1	1	1	-	-
Support Services:										
Student and Instruction Related Services	23	20	18	18	18	18	28	28	19	22
General Administration	3	3	3	3	3	3	3	3	3	3
School Administrative Services	10	9	9	9	9	9	9	9	9	9
Other Administrative Services	4	3	3	3	3	3	3	3	3	3
Central Services	4	3	3	3	3	4	4	4	4	4
Administrative Information Technology	3	3	3	3	3	3	3	3	3	3
Plant Operations And Maintenance	24	22	22	20	19	19	20	20	21	20
Total	<u>226</u>	<u>222</u>	<u>205</u>	<u>218</u>	<u>192</u>	<u>197</u>	<u>217</u>	<u>218</u>	<u>219</u>	<u>221</u>

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	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2007	1,565	\$ 25,242,805	\$ 16,058	12.40%	1,577	13.26	12.00	9.86	1,572	1,504	-0.19%	95.67%
2008	1,622	25,408,024	15,665	-2.44%	1,581	13.10	13.70	10.60	1,588	1,520	1.02%	95.72%
2009	1,635	25,310,062	15,480	-1.18%	1,592	12.70	11.80	10.40	1,595	1,527	0.44%	95.74%
2010	1,666	25,410,209	14,834	-4.17%	1,594	11.40	10.90	10.30	1,631	1,565	2.26%	95.95%
2011	1,666	24,875,009	14,931	0.65%	1,631	11.40	10.90	10.30	1,500	1,438	-8.03%	95.87%
2012	1,669	26,307,818	15,763	5.57%	1,666	11.38	10.85	10.29	1,627	1,498	8.47%	92.07%
2013	1,664	27,356,544	16,440	4.30%	1,664	11.40	10.90	10.29	1,639	1,569	0.74%	95.73%
2014	1,670	27,257,892	16,322	-0.72%	1,670	11.40	10.90	10.25	1,650	1,571	0.67%	95.21%
2015	1,637	28,880,538	17,642	7.31%	1,637	10.73	10.60	9.95	1,651	1,585	0.06%	96.00%
2016	1,618	29,975,436	18,526	13.50%	1,618	10.00	10.00	9.00	1,614	1,545	-2.24%	0.00%

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.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>										
<u>Elementary</u>										
North End										
Square Feet	35,265	35,625	35,625	35,625	35,625	35,625	35,625	35,625	35,625	35,625
Capacity (students)	303	303	303	303	303	303	303	303	303	303
Enrollment	307	334	341	323	336	336	322	320	309	285
South End										
Square Feet	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080
Capacity (students)	319	319	319	319	319	319	319	319	319	319
Enrollment	323	333	341	361	352	369	331	335	305	302
<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	489	515	497	515	365	535	554	570	553	526
<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	421	411	422	432	447	429	431	440	456	505
<u>Other</u>										
Leonard R Parks										
Square Feet	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000

Number of Schools at June 30, 2016

 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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
School Facilities										
High School	\$ 110,850	\$ 129,149	\$ 128,736	\$ 116,825	\$ 140,135	\$ 133,820	\$ 117,905	\$ 91,055	\$ 136,500	\$ 126,086
North End School	39,254	34,578	34,467	37,994	40,038	43,854	61,026	38,385	31,623	29,863
South End School	43,501	38,131	38,009	41,678	36,000	47,000	61,026	38,385	47,985	43,135
Middle School	78,164	68,831	68,611	74,890	69,860	80,006	71,197	62,006	105,536	96,224
Leonard R. Parks	<u>48,977</u>	<u>43,625</u>	<u>43,486</u>	<u>46,925</u>	<u>47,623</u>	<u>341,063</u>	<u>10,171</u>	<u>13,897</u>	<u>37,309</u>	<u>36,498</u>
Total School Facilities	<u>\$ 320,746</u>	<u>\$ 314,314</u>	<u>\$ 313,309</u>	<u>\$ 318,312</u>	<u>\$ 333,656</u>	<u>\$ 645,743</u>	<u>\$ 321,325</u>	<u>\$ 243,728</u>	<u>\$ 358,953</u>	<u>\$ 331,806</u>

Source: District Records

**CEDAR GROVE PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2016
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy/Zurich		
Building and Contents (All Locations)	\$ 57,061,387	\$ 5,000
Comprehensive General Liability	1,000,000 / 2,000,000	
Comprehensive Auto Liability	1,000,000	
Comprehensive Crime Liability	500,000	5,000
Computers and Schedule Equipment		
Data Processing Equipment	2,500,000	5,000
Musical Instruments	250,000	1,000
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/Darwin		
Educators E&O	1,000,000	5,000
Employment Practices Liability	Incl. in above limit	15,000
Public Employees' Faithful Performance Bond		
Business Administrator/Board Secretary	230,000	
Treasurer of School Monies	235,000	
Workers' Compensation and Employers Liability	1,000,000	
Cyber/Indian Harbor	2,000,000/4,000,000	25,000
Environmental/ACE	1,000,000/10,000,000	25,000
		50,000

Source: District records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, 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
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT AMPONSAH, 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, 2016 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 October 4, 2016.

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.

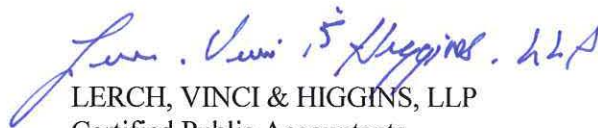
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

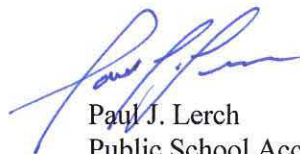
As part of obtaining reasonable assurance about whether the Cedar Grove Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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.

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
October 4, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K -2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of 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 15-08 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, 2016. 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 state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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, 2016.

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 the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cedar Grove Public Schools' internal control over compliance.

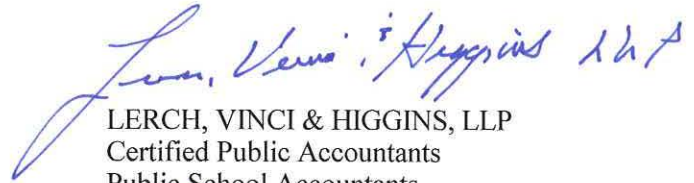
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Grove Public Schools, as of and for the fiscal year ended June 30, 2016 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 October 4, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
October 4, 2016

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Project Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2016			* Memo GAAP Receivable
												(Accounts Receivable)	Unearned Revenue	Due to Grantor	
Special Revenue Funds:															
U.S. Department of Education															
Passed Through State Department of Education															
I.A.S.A. Consolidated Grant / NCLB															
Title I	84.010	NCLB 219016	S010A150030	7/1/15-6/30/16	\$ 98,596		\$ 17,121	\$ 43,970	\$ 102,456			\$ (54,626)	\$ 13,261		\$ 54,626
Title I, Carryover	84.010A	NCLB219015	S010A150030	7/1/14-6/30/15	23,530	\$ 9,156	(17,121)	7,965							
Title I, Carryover	84.010A	NCLB219014	S010A150030	9/1/13-8/31/14	24,826	(12,461)		12,461							
Title I, Carryover	84.010A	NCLB219012	S010A150030	9/1/11-8/31/12	16,578	17			-					\$ 17	
									102,456						
Title IIA	84.367A	NCLB219016	S367A150029	7/1/15-6/30/16	23,992	-	8,192	-	31,290			(23,992)	894		23,992
Title IIA, Carryover	84.367A	NCLB219015	S367A150029	7/1/14-6/30/15	24,548	(15,513)	(8,192)	15,326				(8,379)			8,379
Title IIA, Carryover	84.367A	NCLB219014	S367A150029	9/1/13-8/31/14	23,747	(3,474)		3,474	-						
									31,290						
I.D.E.A. Part B, Basic	84.027	IDEA219016	H027A150100	7/1/15-6/30/16	397,285		25,954	312,595	397,349			(84,690)	25,890		84,690
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA219015	H027A150100	7/1/14-6/30/15	383,085	(9,667)	(25,954)	35,621							
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA219014	H027A150100	9/1/13-8/31/14	368,815	(11,029)		11,029							
I.D.E.A. Part B, Preschool	84.173	IDEA219016	H173A150114	7/1/15-6/30/16	14,817		1,721	3,902	8,999			(10,915)	7,539		10,915
I.D.E.A. Part B, Preschool, Carryover	84.173	IDEA219015	H173A150114	7/1/14-6/30/15	14,390	1,677	(1,721)	44							
I.D.E.A. Part B, Preschool, Carryover	84.173	IDEA219014	H173A150114	9/1/13-8/31/14	14,427	(801)		801	-						
<i>Total I.D.E.A. Cluster</i>					-	-	-	-	406,348	-	-	-	-	-	-
Total Special Revenue Fund					(42,095)	-	-	447,188	540,094	-	-	(182,602)	47,584	17	182,602
Total Federal Financial Assistance					\$ (42,095)	\$ -	\$ -	\$ 447,188	\$ 540,094	\$ -	\$ -	\$ (182,602)	\$ 47,584	\$ 17	\$ 182,602

Note: This schedule is not subject to a single audit in accordance with the U.S. Uniform Guidance.

CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balance	Balance June 30, 2016			Memorandum		
										(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures	
State Department of Education															
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 640,232	\$ (62,467)		\$ 62,467									
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	640,232			578,491	\$ 640,232			\$ (61,741)				\$ 640,232	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	26,377	(2,179)		2,179									
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	26,377			24,198	26,377			(2,179)				26,377	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	17,010	(1,453)		1,453									
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	17,010			15,557	17,010			(1,453)				17,010	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	17,010	(1,453)		1,453									
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	17,010			15,557	17,010			(1,453)				17,010	
Total State Aid Public- Cluster							700,629								
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	56,678	(5,084)		5,084									
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	56,678			50,868	56,678			(5,810)				56,678	
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	319,746	(319,746)		319,746									
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	338,744			338,744	338,744			(338,744)				338,744	
Non-Public Transportation Aid	N/A	7/1/14-6/30/15	24,882	(24,882)		24,882									
Non-Public Transportation Aid	N/A	7/1/15-6/30/16	26,622				26,622			(26,622)			\$ (26,622)	26,622	
On -Behalf TPAF Pension System Contr.															
Pension Cost	16-495-034-5094-002	7/1/15-6/30/16	816,024			816,024	816,024							816,024	
Non-contributory Insurance	16-495-034-5094-004	7/1/15-6/30/16	40,649			40,649	40,649							40,649	
Post Retirement Medical Contribution	16-495-034-5094-001	7/1/15-6/30/16	1,020,061			1,020,061	1,020,061							1,020,061	
Total On-Behalf TPAF Pension Contributions							1,876,734								
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	794,313	(39,603)		39,603									
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	870,086	-	-	828,053	870,086	-	-	(42,033)	-	-	(42,033)	870,086	
Total General Fund				(456,867)	-	3,846,325	3,869,493	-	-	(480,035)	-	-	(68,655)	3,869,493	
State Department of Education															
New Jersey Non-Public Aid:															
Textbook	16-100-034-5120-064	7/1/15-6/30/16	12,277			12,277	9,966					\$ 2,311		9,966	
Technology	16-100-034-5120-373	7/1/15-6/30/16	5,590			5,590	-					5,590			
Technology	15-100-034-5120-373	7/1/14-6/30/15	6,816	846				\$ 846							
Nursing	16-100-034-5120-070	7/1/15-6/30/16	19,350			19,350	19,350							19,350	
Secirity	16-100-034-5120-509	7/1/15-6/30/16	5,375			5,375	3,400					1,975		3,400	
Auxiliary Services (Chapter 192):															
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	67,090			67,090	37,224					29,866		37,224	
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	41,923	2,597				2,597							
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	914	914				914							
Transportation	15-100-034-5120-068	7/1/14-6/30/15	25,181	5,026				5,026							
Total Auxilliary Services (Chapter 192) -Cluster							37,224								
Handicapped Services (Chapter 193):															
Examination	16-100-034-5120-066	7/1/15-6/30/16	31,361	-		31,361	10,061					21,300		10,061	
Examination	15-100-034-5120-066	7/1/14-6/30/15	23,591	11,523				11,523							
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	23,169	-		23,169	9,058					14,111		9,058	
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	16,480	3,376				3,376							
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	33,359	-		33,359	15,048					18,311		15,048	
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	22,088	4,683				4,683							
Total Handicapped Services (Chapter 193)- Cluster							34,167	-	-	-	-	-	-	-	-
Total Special Revenue Fund				28,965	-	197,571	104,107	-	28,965	-	-	93,464	-	104,107	
Total State Financial Assistance- Determination for Single Audit				\$ (427,902)	\$ -	\$ 4,043,896	\$ 3,973,600	\$ -	\$ 28,965	\$ (480,035)	\$ -	\$ 93,464	\$ (68,655)	\$ 3,973,600	
Less: On-Behalf Pension Contributions															
Pension Cost	16-495-034-5094-002						816,024								
Non-contributory Insurance	16-495-034-5094-004						40,649								
Post Retirement Medical Contribution	16-495-034-5094-001						1,020,061								
Amount Utilized to Determine Type A/B Programs							\$ 2,096,866								

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, 2016**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$18,998 for the general fund and an increase of \$4,724 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,850,495	\$ 3,850,495
Special Revenue Fund	\$ 540,094	104,107	644,201
Total Financial Assistance	<u>\$ 540,094</u>	<u>\$ 3,954,602</u>	<u>\$ 4,494,696</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, 2016**

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

TPAF Social Security contributions in the amount of \$870,086 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$856,673 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,020,061 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>
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

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

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

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

CURRENT YEAR FEDERAL AWARDS

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, 2016**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.