

**CEDAR GROVE PUBLIC SCHOOLS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017**

**Prepared by**

**Business Office**

**CEDAR GROVE PUBLIC SCHOOLS  
TABLE OF CONTENTS**

Page

**INTRODUCTORY SECTION**

Letter of Transmittal	i-v
Organizational Chart	vi
Roster of Officials	vii
Consultants and Advisors	viii

**FINANCIAL SECTION**

Independent Auditor's Report	1-3
------------------------------	-----

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	4-16
--------------------------------------	------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1 Statement of Net Position	17
A-2 Statement of Activities	18

**B. Fund Financial Statements**

*Governmental Funds*

B-1 Balance Sheet	19-20
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	21
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statements	22

*Proprietary Funds*

B-4 Statement of Net Position	23
B-5 Statement of Revenues, Expenses, and Changes in Net Position	24
B-6 Statement of Cash Flows	25

*Fiduciary Funds*

B-7 Statement of Fiduciary Net Position	26
B-8 Statement of Changes in Fiduciary Net Position	27

<b>Notes to the Financial Statements</b>	28-60
--	-------

**CEDAR GROVE PUBLIC SCHOOLS  
TABLE OF CONTENTS**

Page

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	61-67
C-2	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual – Special Revenue Fund	68

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

C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	69
-----	--	----

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)**

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	70
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	71
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	72
L-4	Notes to Required Supplementary Information	73

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules – Not Applicable**

**E. Special Revenue Fund**

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	74-75
E-2	Schedule of Preschool Education Aid - Budgetary Basis – Not Applicable	76

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures – Budgetary Basis	77
F-2	Summary Schedule of Revenues, Expenditures and Changes In Fund Balance – Budgetary Basis	78
F-2a- F2c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	79-81

**CEDAR GROVE PUBLIC SCHOOLS  
TABLE OF CONTENTS**

	<u>Page</u>
<b>G. Proprietary Funds</b>	
<i>Enterprise Fund</i>	
G-1 Combining Statement of Net Position – Not Applicable	82
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Not Applicable	82
G-3 Combining Statement of Cash Flows – Not Applicable	82
<b>H. Fiduciary Funds</b>	
H-1 Combining Statement of Assets and Liabilities	83
H-2 Combining Statement of Changes in Net Position – Not Applicable	83
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	84
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	84
<b>I. Long-Term Debt</b>	
I-1 Schedule of Serial Bonds	85
I-2 Schedule of Obligations under Capital Leases – Not Applicable	86
I-3 Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	86
<b>J. STATISTICAL SECTION (Unaudited)</b>	
J-1 Net Position by Component	87
J-2 Changes in Net Position	88-89
J-3 Fund Balances – Governmental Funds	90
J-4 Changes in Fund Balances - Governmental Funds	91
J-5 General Fund Other Local Revenue by Source	92
J-6 Assessed Value and Actual Value of Taxable Property	93
J-7 Direct and Overlapping Property Tax Rates	94
J-8 Principal Property Taxpayers	95
J-9 Property Tax Levies and Collections	96
J-10 Ratios of Outstanding Debt by Type	97
J-11 Ratios of Net General Bonded Debt Outstanding	98
J-12 Direct and Overlapping Governmental Activities Debt	99
J-13 Legal Debt Margin Information	100
J-14 Demographic and Economic Statistics	101
J-15 Principal Employers	102
J-16 Full-Time Equivalent District Employees by Function/Program	103
J-17 Operating Statistics	104
J-18 School Building Information	105
J-19 Schedule of Required Maintenance for School Facilities	106
J-20 Schedule of Insurance	107

**CEDAR GROVE PUBLIC SCHOOLS  
TABLE OF CONTENTS**

Page

**SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	108-109
K-2	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	110-112
K-3	Schedule of Expenditures of Federal Awards	113
K-4	Schedule of Expenditures of State Financial Assistance	114
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	115-116
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	117-118
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	119
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	120
K-8	Summary Schedule of Prior Year Findings	121

**INTRODUCTORY SECTION**



# Cedar Grove Public Schools

**Michael J. Fetherman, Superintendent**

520 Pompton Ave. Cedar Grove, New Jersey 07009  
(973) 239-1550 [www.cedargrove.k12.nj.us](http://www.cedargrove.k12.nj.us)

November 8, 2017

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, 2017, 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, IDEA, and Non-Public School Programs in nursing services, auxiliary services and handicapped services. The district completed the 2016-2017 fiscal year with an enrollment of 1,599 students, which is 15 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)**

<b>FISCAL YEAR</b>	<b>AVERAGE DAILY ENROLLMENT</b>	<b>CHANGE</b>
2007-08	1,588	1.02%
2008-09	1,595	.44%
2009-10	1,631	2.26%
2010-11	1,500	-8.03%
2011-12	1,627	8.47%
2012-13	1,639	.74%
2013-14	1,650	.67%
2014-15	1,651	.06%
2015-16	1,614	-2.24%
2016-17	1,599	-.93%

**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 \$465,000. 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 \$103.75 in 2016-2017 which equates to an increase on average of approximately \$8.65 per month per household.

**3) MAJOR INITIATIVES:**

Several major initiatives captured our attention during the 2016-17 school year:

Student Achievement – we continued to support professional development initiatives that targeted the New Jersey Student Learning Standards (formerly the Common Core). We rewrote and aligned science instruction to the Next Generation Science Standards, continued the development of 21<sup>st</sup> century classrooms through new technology initiatives that are student-focused and consistent with student achievement objectives, build a strategic plan for digital learning using the Future Ready-NJ model and reevaluated our AP and dual enrollment programming to promote/enhance same.

To further assist teachers with establishing baseline data for the development of SGOs, we again purchased licenses for Measures of Academic Progress (MAP). Anchored by learning standards, MAP testing was administered during the 2016-17 school year to students in grades 3-11. Data collected in the fall was measured against results obtained in the spring to assess learner growth; teachers then used MAP testing results to develop SGOs. Along with our current MAP assessment and the *DesCartes Continuum* (a companion to MAP that informs teachers' instructional practices), this data provided rich information about each child's readiness to learn and subsequently impacted the delivery of instruction. In addition, the district invested once again in *Performance Matters*, an on-line platform that 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 practices to meet the needs of each student.

The district also remained focused on improving college and career readiness, across disciplines, but most notably in English language arts, mathematics and science; 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 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, enabled our educators to focus instruction on the unique learning styles of each student; dialogue among/between staff members improved as a result. Data collection, analysis and sharing continued to inform instruction and ultimately improved vertical articulation throughout the district.

### **3) MAJOR INITIATIVES: (Continued)**

To sustain our growth in this area, we emphasized adequate staffing for meaningful instruction and sought to retain staff that provides remedial programs for underperforming students; academic safety nets were maintained for students in all grade levels with an emphasis placed on early intervention. Our *Pathways* program has been successfully in place since the 2013-14 school year in grades K-8 and we strongly encouraged students to explore co-curricular offerings as well as participate in interscholastic athletics. We emphasized the relevant infusion of technology into the classroom to support student learning and continued to offer the Virtual High School program for students whose interests lay beyond our capacity. This, along with the continued movement to upgrade and increase access to cutting-edge technology and career readiness programs, including the purchase of additional digital devices to facilitate professional development, has honed our focus on future readiness. We continued our partnership with Montclair State University's Network for Educational Renewal (MSUNER) as well as Syracuse University via dual enrollment programming.

The English/Language Arts department continued to update and align the curriculum, instructional practices, and methodologies in order to actively implement the New Jersey Student Learning Standards for English Language Arts. Teachers in all grade levels continue to be trained in implementing the New Jersey Student Learning Standards for English Language Arts within their planning and instruction, with an emphasis on integrating text-based evidence into informational and narrative writing, reading comprehension, and in the overall conventions of Standard English. Likewise, all district English and social studies teachers participated in New Jersey Student Learning Standard training that focused on alignment skills and instructional strategies. The district elementary schools continued to implement *Teacher Academies* in order to sustain efficiencies relative to “unwrapping” the standards and developing instructional strategies that meet the rigors of the NJSLs and PARCC. In order to further extend student learning through the use of technology standards-based experiences, MobyMax.com was employed in grades K-12, which allowed teachers and parents the ability to monitor the progress of their students.

District teachers of Social Studies/History at all levels continued to address the New Jersey Student Learning Standards within their instruction while also actively integrating various standards of the New Jersey Student Learning Standards for English Language Arts within their instructional practices. Elementary level social studies teachers integrated the informational reading comprehension and analysis skills found in their NJSLs-aligned Language Arts Literacy textbook series within their planning and instruction. Social studies/history teachers in the middle and high school received training in the implementation of specific NJSLs-based strategies that emphasize informational text comprehension, analysis, and the use of textual evidence to support both written and verbal analysis.

District World Language classes incorporated the use of the New Jersey Student Learning Standards within all levels of instruction with an emphasis on the study of interpersonal and interpretive oral language use as well as written and verbal expression. Throughout the district, Language Labs continued to refine student understanding and build skill in everyday use of Spanish and Italian through the use of traditional and digital instructional strategies. For the 2016-17 school year, the high school added honors-level coursework into both the Spanish and Italian offerings, enhancing the rigor of world language study to better prepare our students for AP success.

The Mathematics department, at all grade levels, worked to implement the New Jersey Student Learning Standards across every course. An updated textbook series in Grades 7 (Pre-Algebra only) through Grade 12 was recently adopted and curriculum rewritten. The Math 6 and Math 7 courses were revised and new NJSLs-aligned textbooks were implemented. A new Math program in Grades K–5 was adopted in April 2015 with new curriculum and materials implemented in September 2016. All teachers in grades K-4 once again attended Conquer Math trainings, a comprehensive approach to ensure our teachers are using best practices during mathematics instruction. In all classes in Grades K–8, including Special Education classes, as well as Replacement and Math Lab courses in Grades 9–11, the online program, Mobymax, was used for remediation and reinforcement.

Grades K-12 teachers of science participated in NGSS work sessions to study the standards and review all suggested reading material by the DOE. In addition to professional development—webinars and in-person workshops—the MMS Science Department recently piloted a newly aligned NGSS program and has worked with McGraw-Hill publishers on an online component that features problem-based learning activities, STEM projects and tutorials, among other student and teacher resources.

### **3) MAJOR INITIATIVES: (Continued)**

Communication – we developed a targeted communication strategy for the Board to regularly update the public on issues, events and other relevant district information. This strategy incorporated the use of social media, District website and other forms of electronic communication, and included the practice of regularly scheduled Coffee Talks, *Did You Know?* emails and blogs submitted to the Verona-Cedar Grove Times newspaper.

2014 Referendum Close-out – we orchestrated the completion of the 2014 Referendum Project at Cedar Grove High School, North End Elementary School and South End Elementary School. This included the substantial completion of milestone dates, closeout of all state-required documentation, punch lists, certificate of occupancy for all buildings and the successful transition to and from Woodland Park, a placement necessitated by the release of asbestos fibers during construction at North End Elementary School.

Child Study Team Audit – we commissioned and reviewed the results of the Child Study Team audit, as well as developed and implemented strategies based on audit recommendations to streamline procedures in this department. We also analyzed and reviewed cost saving and shared-services opportunities that may be available to help reduce costs in this critical area. The 504 Direct data management system, a companion to IEP Direct, was purchased for district use to improve operational efficiencies in developing plans for eligible students.

### **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, 2017.

### **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, 2017, the District's outstanding debt consisted of \$25,136,000 in general obligation bonds to provide funds for capital improvements to the District's buildings and grounds. There are three bonds consisting of the total mentioned above, they are for bonds issued in 2002, 2012 and 2016. The bonds originally issued in 2002 were refinanced in May 2012, which resulted in significant savings to the Cedar Grove taxpayer.

**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,

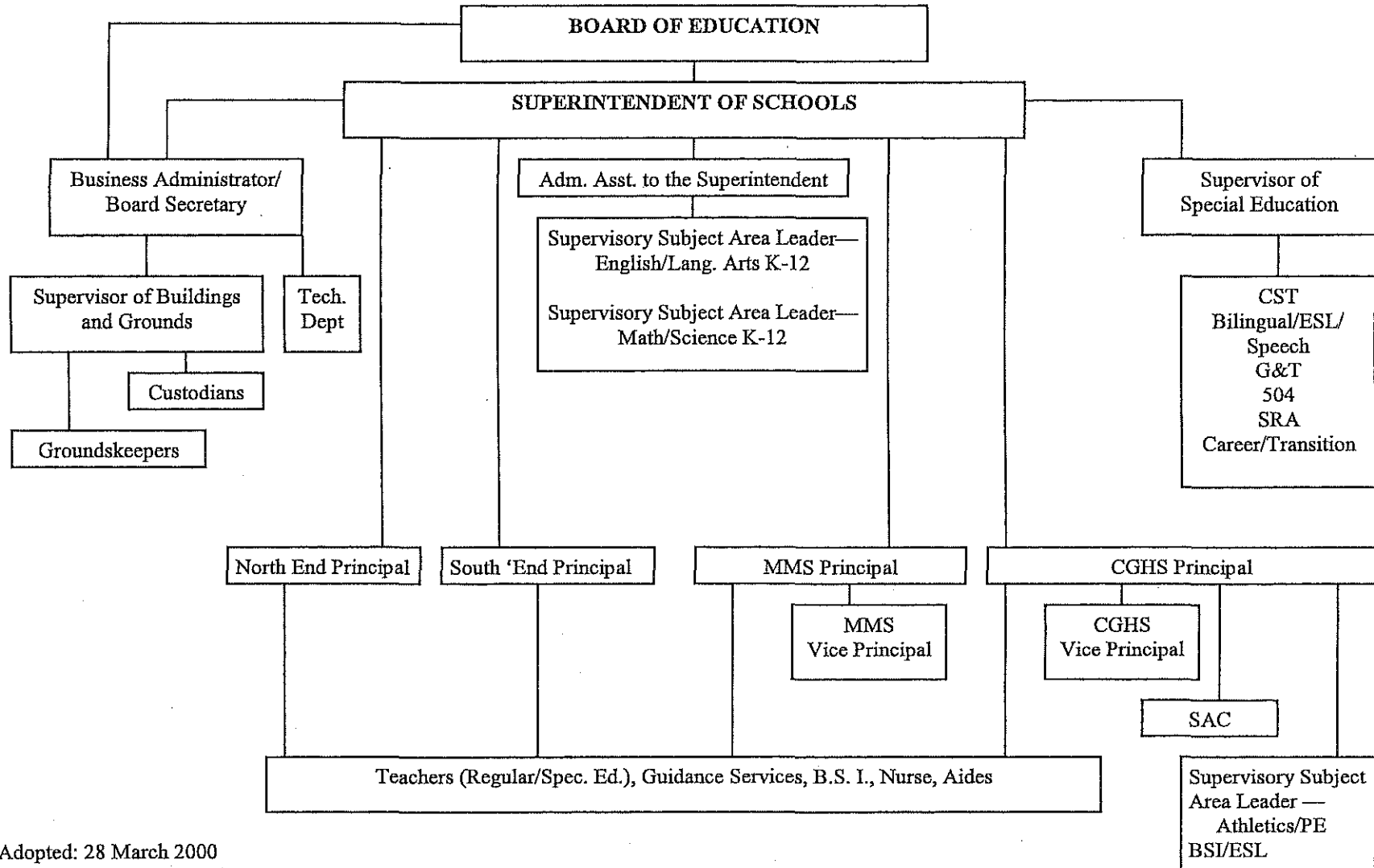


\_\_\_\_\_  
Michael J. Fetherman  
Superintendent



\_\_\_\_\_  
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, 2017**

<b>Members of the Board of Education</b>	<b>Term Expires</b>
Mrs. Christine Dye, CPA, Board President	2017
Mr. Frank Mandala, Vice President	2018
Mr. Peter Prvulovic	2018
Mr. David Schoner	2019
Mr. Vincent Vollero	2019

**Other Officials**

Mr. Michael J. Fetherman, Superintendent

Mr. Michael DeVita, Business Administrator/Board Secretary

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

**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, PSA

## 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, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Grove Public Schools as of June 30, 2017, 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 November 8, 2017 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 the effectiveness of the Cedar Grove Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Cedar Grove Public Schools' internal control over financial reporting and compliance.

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

  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 8, 2017

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**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, 2017**

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, 2017. 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 2017 are as follows:

- District-Wide - Overall revenues were \$37,891,905. General revenues accounted for \$27,026,604 or 71 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,865,301 or 29 percent of total revenues of \$37,891,905.
- District-Wide - The School District had \$39,939,614 in expenses; only \$10,865,301 of these expenses were offset by program specific charges for services, grants or contributions and capital grants and contributions. General revenues (primarily taxes) of \$27,026,604 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 \$3,694,779 an increase of \$1,296,396 in comparison with the prior year. The increase is attributable to the Capital Projects Fund; whereas the District sold bonds in the 2016-17 school year to fund the bond referendum authorized in December 2014.
- Fund Financials - At the end of June 30, 2017, unassigned fund balance for the General Fund was \$335,248 a decrease of \$10,082 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 2017 and 2016. For 2017 and 2016 net position were \$5,813,604 and \$7,861,313, 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, 2017 and 2016**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>						
Current and Other Assets	\$ 4,418,557	\$ 17,069,179	\$ 96,890	\$ 42,961	\$ 4,515,447	\$ 17,112,140
Capital Assets, net	<u>35,613,778</u>	<u>23,998,300</u>	<u>-</u>	<u>-</u>	<u>35,613,778</u>	<u>23,998,300</u>
<b>Total Assets</b>	<u>40,032,335</u>	<u>41,067,479</u>	<u>96,890</u>	<u>42,961</u>	<u>40,129,225</u>	<u>41,110,440</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	3,305,766	1,694,181			3,305,766	1,694,181
Deferred Amounts on Debt Refunding	<u>37,345</u>	<u>48,822</u>	<u>-</u>	<u>-</u>	<u>37,345</u>	<u>48,822</u>
<b>Total Deferred Outflows of Resources</b>	<u>3,343,111</u>	<u>1,743,003</u>	<u>-</u>	<u>-</u>	<u>3,343,111</u>	<u>1,743,003</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>43,375,446</u>	<u>42,810,482</u>	<u>96,890</u>	<u>42,961</u>	<u>43,472,336</u>	<u>42,853,443</u>
<b>Liabilities</b>						
Current Liabilities	940,525	14,836,994	73,735	27,124	1,014,260	14,864,118
Non-Current Liabilities	<u>36,461,172</u>	<u>19,992,426</u>	<u>-</u>	<u>-</u>	<u>36,461,172</u>	<u>19,992,426</u>
<b>Total Liabilities</b>	<u>37,401,697</u>	<u>34,829,420</u>	<u>73,735</u>	<u>27,124</u>	<u>37,475,432</u>	<u>34,856,544</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	<u>183,300</u>	<u>135,586</u>	<u>-</u>	<u>-</u>	<u>183,300</u>	<u>135,586</u>
<b>Total Deferred Inflows of Resources</b>	<u>183,300</u>	<u>135,586</u>	<u>-</u>	<u>-</u>	<u>183,300</u>	<u>135,586</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>37,584,997</u>	<u>34,965,006</u>	<u>73,735</u>	<u>27,124</u>	<u>37,658,732</u>	<u>34,992,130</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	11,390,785	13,251,792			11,390,785	13,251,792
Restricted	570,167	200,342			570,167	200,342
Unrestricted	<u>(6,170,503)</u>	<u>(5,606,658)</u>	<u>23,155</u>	<u>15,837</u>	<u>(6,147,348)</u>	<u>(5,590,821)</u>
<b>Total Net Position</b>	<u>\$ 5,790,449</u>	<u>\$ 7,845,476</u>	<u>\$ 23,155</u>	<u>\$ 15,837</u>	<u>\$ 5,813,604</u>	<u>\$ 7,861,313</u>

**Governmental activities.** Governmental activities decreased the District's net position by \$2,055,027.

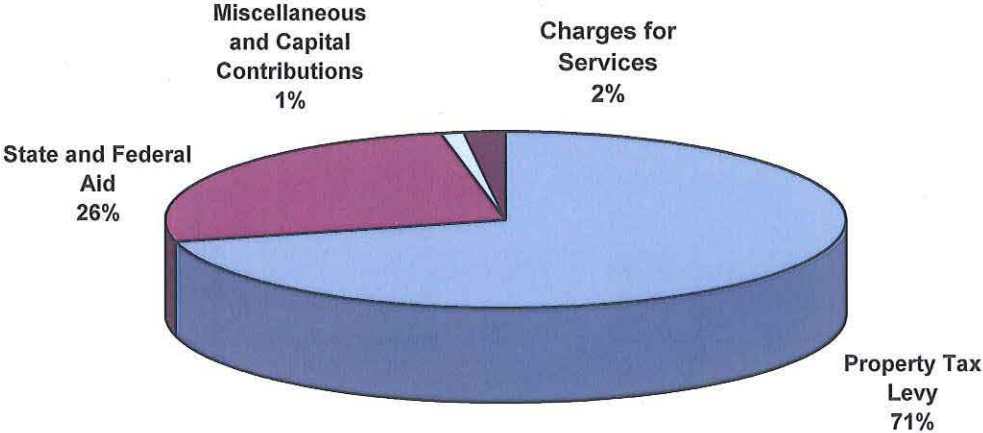
**Table A-3**  
**Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 613,469	\$ 522,664	\$ 330,045	\$ 317,592	\$ 943,514	\$ 840,256
Operating Grants and Contributions	9,916,787	7,619,025	-	-	9,916,787	7,619,025
Capital Grants and Contributions	5,000	2,960			5,000	2,960
General Revenues						
Property Taxes	26,869,964	26,274,455			26,869,964	26,274,455
Other	156,429	369,504	211	146	156,640	369,650
<b>Total Revenues</b>	<u>37,561,649</u>	<u>34,788,608</u>	<u>330,256</u>	<u>317,738</u>	<u>37,891,905</u>	<u>35,106,346</u>
<b>Expenses</b>						
Instruction						
Regular	16,136,455	14,426,830			16,136,455	14,426,830
Special Education	6,377,511	5,953,655			6,377,511	5,953,655
Other Instruction	614,640	538,690			614,640	538,690
School Sponsored Activities and Athletics	1,245,130	1,099,115			1,245,130	1,099,115
Support Services						
Student and Instruction Related Serv.	4,036,538	3,471,943			4,036,538	3,471,943
Health Services	726,508	658,943			726,508	658,943
Educational Media/School Library	568,988	366,389			568,988	366,389
General Administrative Services	1,057,660	1,061,511			1,057,660	1,061,511
School Administrative Services	2,642,851	2,090,938			2,642,851	2,090,938
Plant Operations and Maintenance	3,505,089	3,070,492			3,505,089	3,070,492
Pupil Transportation	1,233,998	1,166,655			1,233,998	1,166,655
Central Services	820,993	765,801			820,993	765,801
Food Service			317,286	316,085	317,286	316,085
Other			16,643	15,067	16,643	15,067
Interest on Long-Term Debt	639,324	349,314	-	-	639,324	349,314
<b>Total Expenses</b>	<u>39,605,685</u>	<u>35,020,276</u>	<u>333,929</u>	<u>331,152</u>	<u>39,939,614</u>	<u>35,351,428</u>
Decrease in Net Position, Before Transfers	(2,044,036)	(231,668)	(3,673)	(13,414)	(2,047,709)	(245,082)
Transfers	(10,991)	(2,180)	10,991	2,180	-	-
Change in Net Position	(2,055,027)	(233,848)	7,318	(11,234)	(2,047,709)	(245,082)
Net Position, Beginning of Year	7,845,476	8,079,324	15,837	27,071	7,861,313	8,106,395
Net Position, End of Year	<u>\$ 5,790,449</u>	<u>\$ 7,845,476</u>	<u>\$ 23,155</u>	<u>\$ 15,837</u>	<u>\$ 5,813,604</u>	<u>\$ 7,861,313</u>

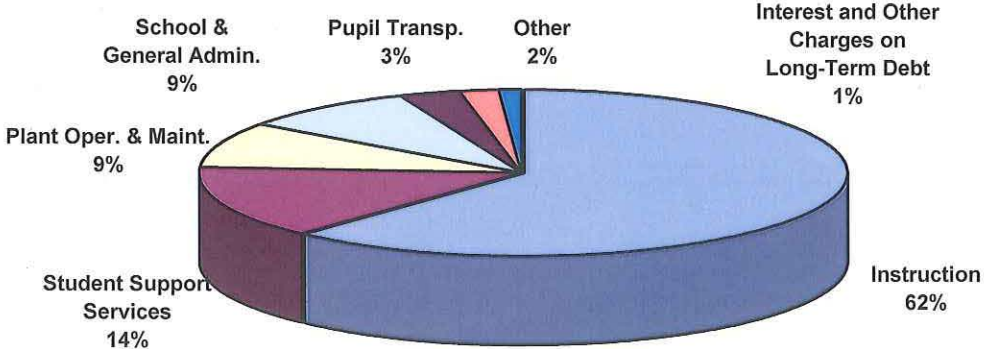
**Governmental activities.** The District's total governmental activities revenues were \$37,561,649. The local share of the revenues that included property taxes, unrestricted state aid, interest and miscellaneous revenue amounted to \$27,026,393 or 72% of total revenues. Funding from state and federal sources and capital contributions amounted to \$9,921,787 or 26%. Charges for services amounted to \$613,469 or 2%. (See Table A-3)

The District's total governmental expenses were \$39,605,685 and are predominantly related to instruction and support services. Instruction totaled \$24,373,736 (62%), support services totaled \$14,592,625 (37%) and interest and other charges on long-term debt total \$639,324 (1%) of total expenditures. (See Table A-3.)

Revenues by Source- Governmental Activities  
For Fiscal Year 2017



Expenditures by Type- Governmental Activities  
For Fiscal Year 2017



**Table A-4**  
**Total and Net Cost of Governmental Activities**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	\$ 16,136,455	\$ 14,426,830	\$ 11,503,433	\$ 11,054,565
Special Education	6,377,511	5,953,655	4,103,848	3,861,991
Other Instruction	614,640	538,690	279,557	255,135
School Sponsored Activities and Athletics	1,245,130	1,099,115	928,415	876,328
Support Services				
Student and Instruction Related Svcs.	4,036,538	3,471,943	3,063,318	2,730,428
Health Services	726,508	658,943	521,331	505,892
Educational Media/School Library	568,988	366,389	415,272	326,222
General Administrative Services	1,057,660	1,061,511	889,832	1,018,098
School Administrative Services	2,642,851	2,090,938	1,879,288	1,526,321
Plant Operations and Maintenance	3,505,089	3,070,492	2,894,745	1,084,081
Pupil Transportation	1,233,998	1,166,655	1,131,073	3,044,115
Central Services	820,993	765,801	820,993	765,801
Interest on Long-Term Debt	639,324	349,314	639,324	349,314
	<u>39,605,685</u>	<u>35,020,276</u>	<u>29,070,429</u>	<u>27,398,291</u>
Total Governmental Activities	<u>\$ 39,605,685</u>	<u>\$ 35,020,276</u>	<u>\$ 29,070,429</u>	<u>\$ 27,398,291</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$333,929. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-3). The operations resulted in an increase in net position of \$7,318.

## **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 \$7,082 prior to transfer from other funds.
- 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. The program revenues exceeded expenses by \$3,409 resulting in an increase in net position.

## **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 \$3,694,779. In 2015-2016 the fund balance was \$2,398,383.

### **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 \$32,423,048 and expenditures were \$45,999,661.

### 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 funds revenues for the fiscal years ended June 30, 2017 and 2016.

	<b>Fiscal Year Ended <u>June 30, 2017</u></b>	<b>Fiscal Year Ended <u>June 30, 2016</u></b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Local Sources	\$ 27,613,013	\$ 27,119,167	\$ 493,846	1.82%
State Sources	4,274,677	3,954,602	320,075	8.09%
Federal Sources	<u>535,358</u>	<u>540,094</u>	<u>(4,736)</u>	-0.88%
 Total Revenues	 <u>\$ 32,423,048</u>	 <u>\$ 31,613,863</u>	 <u>\$ 809,185</u>	 2.56%

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, 2017 and 2016.

	<b>Fiscal Year Ended <u>June 30, 2017</u></b>	<b>Fiscal Year Ended <u>June 30, 2016</u></b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Instruction	\$ 19,297,836	\$ 18,666,271	\$ 631,565	3.38%
Support Services	12,447,665	11,309,165	1,138,500	10.07%
Capital Outlay	12,840,101	2,705,860	10,134,241	374.53%
Debt Service				
Principal	790,000	775,000	15,000	1.94%
Cost of Bond Issuance	56,112	-	56,112	100%
Interest	<u>567,947</u>	<u>367,491</u>	<u>200,456</u>	54.55%
 Total Expenditures	 <u>\$ 45,999,661</u>	 <u>\$ 33,823,787</u>	 <u>\$ 12,175,874</u>	 36.00%



## 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 \$362,239 in Extraordinary Aid to help offset special education costs and \$23,838 in nonpublic school transportation on costs to help offset in lieu payments to nonpublic schools \$117,142.

**Capital Assets.** The Cedar Grove Public Schools' investment in capital assets for its governmental and business type activities as of June 30, 2017 and 2016 amounts to \$35,613,778 and \$23,998,300 (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. 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, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 47,359	\$ 47,359			\$ 47,359	\$ 47,359
Construction in Progress	13,970,387	2,283,185			13,970,387	2,283,185
Land Improvements	555,548	555,548			555,548	555,548
Buildings and Building Improvements	32,035,629	30,950,095			32,035,629	30,950,095
Equipment and Furniture	<u>2,636,709</u>	<u>2,569,344</u>	\$ 96,547	\$ 96,547	<u>2,733,256</u>	<u>2,665,891</u>
Total	49,245,632	36,405,531	96,547	96,547	49,342,179	36,502,078
Less: Accumulated Depreciation	<u>13,631,854</u>	<u>12,407,231</u>	<u>96,547</u>	<u>96,547</u>	<u>13,728,401</u>	<u>12,503,778</u>
Total	<u>\$ 35,613,778</u>	<u>\$ 23,998,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,613,778</u>	<u>\$ 23,998,300</u>

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

**Debt Administration.** As of June 30, 2017 and 2016 the school district had long-term debt and outstanding long-term liabilities in the amount of \$36,461,172 and \$19,992,426, respectively, as stated in Table A-6.

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

	<u>2017</u>	<u>2016</u>
Bonds Payable, Gross	\$ 25,288,149	\$ 11,240,910
Compensated Absences Payable	379,999	318,567
Net Pension Liability	<u>10,793,024</u>	<u>8,432,949</u>
 Total	 <u>\$ 36,461,172</u>	 <u>\$ 19,992,426</u>

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

**FOR THE FUTURE**

The District will continue to support professional development initiatives that target the New Jersey Student Learning Standards. We will also continue the development of 21st century classrooms through new technology initiatives that are student-focused and consistent with student achievement objectives and also build a strategic plan for digital learning using the Future Ready-NJ model.

The security of our students also remains a priority. We will continue to review security measures in all schools and look to expand camera coverage and implement card access to all schools.

In grades 7-8, a new math textbook series and a new science textbook will be implemented and a new computer science program will be offered in the High School.

The 2014 Referendum Project will be closed out and has an anticipated completion date of December 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, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,931,837	\$ 83,233	\$ 4,015,070
Receivables, net	497,711	-	497,711
Inventory		2,666	2,666
Internal Balances	(10,991)	10,991	
Capital Assets, net			
Not Being Depreciated	14,017,746		14,017,746
Being Depreciated	<u>21,596,032</u>	<u>-</u>	<u>21,596,032</u>
Total Assets	<u>40,032,335</u>	<u>96,890</u>	<u>40,129,225</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	3,305,766		3,305,766
Deferred Amounts on Debt Refunding	<u>37,345</u>	<u>-</u>	<u>37,345</u>
Total Deferred Outflows of Resources	<u>3,343,111</u>	<u>-</u>	<u>3,343,111</u>
Total Assets and Deferred Outflows of Resources	<u>43,375,446</u>	<u>96,890</u>	<u>43,472,336</u>
<b>LIABILITIES</b>			
Accounts Payable	612,499	56,235	668,734
Unearned Revenue	88,463	17,500	105,963
Accrued Interest Payable	216,747		216,747
Payable to Other Governments	22,816		22,816
Noncurrent Liabilities			
Due Within One Year	1,485,000		1,485,000
Due Beyond One Year	<u>34,976,172</u>	<u>-</u>	<u>34,976,172</u>
Total Liabilities	<u>37,401,697</u>	<u>73,735</u>	<u>37,475,432</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>183,300</u>	<u>-</u>	<u>183,300</u>
Total Deferred Inflows of Resources	<u>183,300</u>	<u>-</u>	<u>183,300</u>
Total Liabilities and Deferred Inflows of Resources	<u>37,584,997</u>	<u>73,735</u>	<u>37,658,732</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,390,785		11,390,785
Restricted for			
Capital Projects	440,658		440,658
Debt Service	27,233		27,233
Other Purposes	102,276		102,276
Unrestricted	<u>(6,170,503)</u>	<u>23,155</u>	<u>(6,147,348)</u>
Total Net Position	<u>\$ 5,790,449</u>	<u>\$ 23,155</u>	<u>\$ 5,813,604</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, 2017**

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
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 16,136,455	\$ 18,500	\$ 4,609,522	\$ 5,000	\$ (11,503,433)		\$ (11,503,433)
Special Education	6,377,511		2,273,663		(4,103,848)		(4,103,848)
Other Instruction	614,640		335,083		(279,557)		(279,557)
School Sponsored Activities and Athletics	1,245,130		316,715		(928,415)		(928,415)
Support Services							
Student and Instruction Related Services	4,036,538		973,220		(3,063,318)		(3,063,318)
Health Services	726,508		205,177		(521,331)		(521,331)
Educational Media/School Library	568,988		153,716		(415,272)		(415,272)
General Administrative Services	1,057,660		167,828		(889,832)		(889,832)
School Administrative Services	2,642,851		763,563		(1,879,288)		(1,879,288)
Central Services	820,993		-		(820,993)		(820,993)
Plant Operations and Maintenance	3,505,089	581,110	29,234		(2,894,745)		(2,894,745)
Pupil Transportation	1,233,998	13,859	89,066		(1,131,073)		(1,131,073)
Interest and Other Charges on Long-Term Debt	639,324	-	-		(639,324)		(639,324)
<b>Total Governmental Activities</b>	<b>39,605,685</b>	<b>613,469</b>	<b>9,916,787</b>	<b>5,000</b>	<b>(29,070,429)</b>	<b>-</b>	<b>(29,070,429)</b>
<b>Business-Type Activities</b>							
Food Service	317,286	309,993	-	-	-	\$ (7,293)	(7,293)
Other	16,643	20,052	-	-	-	3,409	3,409
<b>Total Business-Type Activities</b>	<b>333,929</b>	<b>330,045</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,884)</b>	<b>(3,884)</b>
<b>Total Primary Government</b>	<b>\$ 39,939,614</b>	<b>\$ 943,514</b>	<b>\$ 9,916,787</b>	<b>\$ 5,000</b>	<b>(29,070,429)</b>	<b>(3,884)</b>	<b>(29,074,313)</b>
<b>General Revenues</b>							
Taxes:							
Property Taxes, Levied for General Purposes, Net					25,859,739		25,859,739
Property Taxes Levied for Debt Service					1,010,225		1,010,225
Unrestricted State Aid					48,937		48,937
Miscellaneous Income					107,492	211	107,703
Transfers					(10,991)	10,991	-
<b>Total General Revenues and Transfers</b>					<b>27,015,402</b>	<b>11,202</b>	<b>27,026,604</b>
Change in Net Position					(2,055,027)	7,318	(2,047,709)
Net Position, Beginning of Year					7,845,476	15,837	7,861,313
Net Position, End of Year					\$ 5,790,449	\$ 23,155	\$ 5,813,604

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

**FUND FINANCIAL STATEMENTS**

CEDAR GROVE PUBLIC SCHOOLS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,837,482		\$ 1,067,122	\$ 27,233	\$ 3,931,837
Receivables from Other Governments	64,306	\$ 144,421			208,727
Other Receivables	286,102	-			286,102
Due from Other Funds	24,372	15,108	-	-	39,480
	<u>3,212,262</u>	<u>159,529</u>	<u>1,067,122</u>	<u>27,233</u>	<u>4,466,146</u>
Total Assets	<u>\$ 3,212,262</u>	<u>\$ 159,529</u>	<u>\$ 1,067,122</u>	<u>\$ 27,233</u>	<u>\$ 4,466,146</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 533,428	\$ 61,250	\$ 17,821		\$ 612,499
Due to Other Funds	26,099	-	21,490		47,589
Payable to State Government		22,799			22,799
Payable to Federal Government		17			17
Unearned Revenue	13,000	75,463	-	-	88,463
	<u>572,527</u>	<u>159,529</u>	<u>39,311</u>	<u>-</u>	<u>771,367</u>
Total Liabilities	<u>572,527</u>	<u>159,529</u>	<u>39,311</u>	<u>-</u>	<u>771,367</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus- Designated for Subsequent Year's Expenditures	989,535				989,535
Excess Surplus	688,563				688,563
Maintenance Reserve	102,276				102,276
Capital Reserve	440,658				440,658
Capital Projects			1,027,811		1,027,811
Debt Service				\$ 27,233	27,233
Assigned Fund Balance					-
Year End Encumbrances	83,455				83,455
Unassigned Fund Balance	335,248	-	-	-	335,248
	<u>2,639,735</u>	<u>-</u>	<u>1,027,811</u>	<u>27,233</u>	<u>3,694,779</u>
Total Fund Balances	<u>2,639,735</u>	<u>-</u>	<u>1,027,811</u>	<u>27,233</u>	<u>3,694,779</u>
Total Liabilities and Fund Balances	<u>\$ 3,212,262</u>	<u>\$ 159,529</u>	<u>\$ 1,067,122</u>	<u>\$ 27,233</u>	<u>\$ 4,466,146</u>

CEDAR GROVE PUBLIC SCHOOLS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017

**Total Fund Balances (Exhibit B-1)** \$ 3,694,779

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 \$49,245,632 and the accumulated depreciation is \$13,631,854. 35,613,778

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

Deferred Outflows of Resources	\$ 3,305,766	
Deferred Inflows of Resources	(183,300)	
		3,122,466

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: (216,747)

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, Gross	(25,288,149)	
Deferred Outflows of Resources-		
Deferred Amounts on Debt Refunding	37,345	
Compensated Absences	(379,999)	
Net Pension Liability	(10,793,024)	
		(36,423,827)

**Net Position of governmental activities (Exhibit A-1)** \$ 5,790,449



**CEDAR GROVE PUBLIC SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 25,859,739			\$ 1,010,225	\$ 26,869,964
Miscellaneous	<u>703,907</u>	<u>\$ 22,088</u>	<u>\$ 16,793</u>	<u>261</u>	<u>743,049</u>
Total - Local Sources	26,563,646	22,088	16,793	1,010,486	27,613,013
State Sources	4,160,639	114,038			4,274,677
Federal Sources	<u>-</u>	<u>535,358</u>	<u>-</u>	<u>-</u>	<u>535,358</u>
Total Revenues	<u>30,724,285</u>	<u>671,484</u>	<u>16,793</u>	<u>1,010,486</u>	<u>32,423,048</u>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	12,204,691	17,088			12,221,779
Special Education Instruction	5,212,212	371,659			5,583,871
Other Instruction	296,455	220,575			517,030
School Sponsored Activities and Athletics	975,156				975,156
Support Services					
Student and Instructional Related Services	3,198,512	57,162			3,255,674
Health Services	551,612				551,612
Educational Media/School Library	437,958				437,958
General Administrative Services	914,600				914,600
School Administrative Services	1,991,977				1,991,977
Plant Operations and Maintenance	3,311,141				3,311,141
Pupil Transportation	1,230,684				1,230,684
Central Services	754,019				754,019
Debt Service					
Principal				790,000	790,000
Cost of Bond Issuance			56,112		56,112
Interest and Other Charges	124,352		-	443,595	567,947
Capital Outlay	<u>75,620</u>	<u>5,000</u>	<u>12,759,481</u>	<u>-</u>	<u>12,840,101</u>
Total Expenditures	<u>31,278,989</u>	<u>671,484</u>	<u>12,815,593</u>	<u>1,233,595</u>	<u>45,999,661</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(554,704)</u>	<u>-</u>	<u>(12,798,800)</u>	<u>(223,109)</u>	<u>(13,576,613)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Bonds			14,884,000		14,884,000
Transfers In	16,793		1,047,009	250,000	1,313,802
Transfers Out	<u>(1,058,000)</u>	<u>-</u>	<u>(266,793)</u>	<u>-</u>	<u>(1,324,793)</u>
Total Other Financing Sources and Uses	<u>(1,041,207)</u>	<u>-</u>	<u>15,664,216</u>	<u>250,000</u>	<u>14,873,009</u>
Net Change in Fund Balances	(1,595,911)	-	2,865,416	26,891	1,296,396
Fund Balance, (Deficit) Beginning of Year	<u>4,235,646</u>	<u>-</u>	<u>(1,837,605)</u>	<u>342</u>	<u>2,398,383</u>
Fund Balance, End of Year	<u>\$ 2,639,735</u>	<u>\$ -</u>	<u>\$ 1,027,811</u>	<u>\$ 27,233</u>	<u>\$ 3,694,779</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, 2017**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 1,296,396

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	\$ 12,840,101	
Depreciation Expense	<u>(1,224,623)</u>	
		11,615,478

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

Bond Proceeds	(14,884,000)	
Amortization of Bond Premium	46,761	
Amortization of Deferred Amounts on Debt Refunding	(11,477)	
Principal Repayments		
Bond Principal	<u>790,000</u>	
		(14,058,716)

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):

Increase Compensated Absences		(61,432)
Increase in Pension Expense		(796,204)

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>(50,549)</u>
------------------------------	--	-----------------

**Change in net position of governmental activities (Exhibit A-2)** **\$ (2,055,027)**

**CEDAR GROVE PUBLIC SCHOOLS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2017**

<b>ASSETS</b>	<b>Business-Type Activities</b>		<b>Total</b>
	<b>Non-Major Enterprise Fund</b>	<b>Food Service</b>	
Current Assets			
Cash and Cash Equivalents	\$ 20,909	\$ 62,324	\$ 83,233
Due from Other Funds		10,991	10,991
Inventory	-	2,666	2,666
Total Current Assets	20,909	75,981	96,890
Non-Current Assets			
Equipment		96,547	96,547
Less: Accumulated Depreciation	-	(96,547)	(96,547)
Total Non-Current Assets	-	-	-
Total Assets	20,909	75,981	96,890
 <b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable		56,235	56,235
Unearned Revenue	17,500	-	17,500
Total Current Liabilities	17,500	56,235	73,735
 <b>NET POSITION</b>			
Unrestricted	3,409	19,746	23,155
Total Net Position	\$ 3,409	\$ 19,746	\$ 23,155

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, 2017**

	<b>Business-Type Activities</b>		<b>Total</b>
	<b><u>Non-Major Enterprise Fund</u></b>	<b><u>Food Service</u></b>	
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales		\$ 306,285	\$ 306,285
Program Fees	\$ 20,052	3,708	23,760
Total Operating Revenues	<u>20,052</u>	<u>309,993</u>	<u>330,045</u>
<b>OPERATING EXPENSES</b>			
Salaries, Benefits and Payroll Taxes	16,123	142,367	158,490
Cost of Sales		135,718	135,718
Purchased Services	-	26,296	26,296
Supplies and Materials	520	12,905	13,425
Depreciation Expense	-	-	-
Total Operating Expenses	<u>16,643</u>	<u>317,286</u>	<u>333,929</u>
Operating Income/(Loss)	<u>3,409</u>	<u>(7,293)</u>	<u>(3,884)</u>
<b>NONOPERATING REVENUES</b>			
Interest Income	-	211	211
Total Nonoperating Revenues	<u>-</u>	<u>211</u>	<u>211</u>
Net Income/(Loss) Before Transfers	<u>3,409</u>	<u>(7,082)</u>	<u>(3,673)</u>
Transfers			
Transfers In	-	10,991	10,991
Change in Net Position	3,409	3,909	7,318
Net Position, Beginning of Year	-	15,837	15,837
Net Position, End of Year	<u>\$ 3,409</u>	<u>\$ 19,746</u>	<u>\$ 23,155</u>

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, 2017**

	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Non-Major Enterprise Fund</u>	<u>Food Service</u>	
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers	\$ 17,662	\$ 309,993	\$ 327,655
Payments for Employees' Salaries and Benefits	(16,123)	(142,367)	(158,490)
Payments to Suppliers for Goods and Services	<u>(520)</u>	<u>(126,837)</u>	<u>(127,357)</u>
Net Cash Provided By Operating Activities	<u>1,019</u>	<u>40,789</u>	<u>41,808</u>
<b>Cash Flows form Investing Activities</b>			
Interest on Investments	<u>-</u>	<u>211</u>	<u>211</u>
Net Cash Provided By Investing Activities	<u>-</u>	<u>211</u>	<u>211</u>
Net Increase in Cash and Cash Equivalents	1,019	41,000	42,019
Cash and Cash Equivalents, Beginning of Year	<u>19,890</u>	<u>21,324</u>	<u>41,214</u>
Cash and Cash Equivalents, End of Year	<u>\$ 20,909</u>	<u>\$ 62,324</u>	<u>\$ 83,233</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:</b>			
Operating Income (Loss)	<u>\$ 3,409</u>	<u>\$ (7,293)</u>	<u>\$ (3,884)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities			
(Increase)/ Decrease in Inventory		(919)	(919)
Increase/ (Decrease) in Accounts Payable		49,001	49,001
Increase/ (Decrease) in Unearned Revenue	<u>\$ (2,390)</u>	<u>-</u>	<u>(2,390)</u>
Total Adjustments	<u>(2,390)</u>	<u>48,082</u>	<u>45,692</u>
Net Cash Provided/(Used) By Operating Activities	<u>\$ 1,019</u>	<u>\$ 40,789</u>	<u>\$ 41,808</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, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 179,755	\$ 158,999	\$ 153,941
Total Assets	<u>179,755</u>	<u>158,999</u>	<u>\$ 153,941</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 6,895
Accrued Salary and Wages			2,100
Due to Other Funds			2,882
Flex Spending			20,627
Due to Student Groups	<u>-</u>	<u>-</u>	<u>121,437</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 153,941</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 179,755</u>	<u>\$ 158,999</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, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>		
Donations		\$ 525
Employee	\$ 26,102	
Investment Earnings		
Interest	<u>723</u>	<u>716</u>
 Total Additions	 <u>26,825</u>	 <u>1,241</u>
<b>DEDUCTIONS</b>		
Scholarships Awarded		4,400
Unemployment Compensation Claims	<u>9,707</u>	<u>-</u>
 Total Deductions	 <u>9,707</u>	 <u>4,400</u>
 Change in Net Position	 17,118	 (3,159)
Net Position, Beginning of Year	<u>162,637</u>	<u>162,158</u>
Net Position, End of Year	<u>\$ 179,755</u>	<u>\$ 158,999</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**



**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 2017, the District adopted the following GASB statements:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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

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

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 enterprise funds to be major funds except for the summer music academy fund.

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, 2017**

**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* 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, 2017**

**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, transportation fees, 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, 2017**

**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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	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.

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 a an accrual basis of accounting, that qualifies for reporting in this category. Accordingly, one item, 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.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**6. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds don't accrue accumulated sick leave and salary related payments. 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 including the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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***

**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, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 original budget certified for taxes.

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

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

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



**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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)**

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**2. *Property Taxes***

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

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

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

*Tuition Expenditures* - Tuition charges for the fiscal years 2015-2016 and 2016-2017 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.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service 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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$1,843,989. The increase was funded by additional surplus appropriated, capital and maintenance reserve funds appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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. Capital Reserve**

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 1,487,667
Withdrawals:	
Approved by Board Resolution	<u>1,047,009</u>
Balance, June 30, 2017	<u>\$ 440,658</u>

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**C. 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, 2017 is as follows:

Balance, July 1, 2016	\$ 200,000
Withdrawals:	
Approved by Board Resolution	<u>97,724</u>
Balance, June 30, 2017	<u>\$ 102,276</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,885,609. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**D. 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, 2017 is \$1,678,098. Of this amount, \$989,535 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$688,563 will be appropriated in the 2018/2019 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), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$4,507,765 and bank and brokerage firm balances of the Board's deposits amounted to \$4,715,657. 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>4,715,657</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 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, 2017, 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, 2017 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	\$ 286,102		\$ 286,102
Intergovernmental			
Federal		\$ 144,421	144,421
State	<u>64,306</u>	<u>-</u>	<u>64,306</u>
Net Total Receivables	<u>\$ 350,408</u>	<u>\$ 144,421</u>	<u>\$ 494,829</u>

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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	\$ 13,000
Special Revenue Fund	
Unencumbered Grant Draw Downs	72,410
Grant Draw Downs Reserve for Encumbrances	<u>3,053</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$ 88,463</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Decreases/ Adjustment</u>	<u>Balance, June 30, 2017</u>
<b>Governmental activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 47,359			\$ 47,359
Construction In Process	<u>2,283,185</u>	\$ 11,687,202	-	<u>13,970,387</u>
Total Capital Assets, Not Being Depreciated	<u>2,330,544</u>	<u>11,687,202</u>	-	<u>14,017,746</u>
Capital Assets, Being Depreciated:				
Land Improvements	555,548	-		555,548
Building and Building Improvements	30,950,095	1,085,534	-	32,035,629
Machinery and Equipment	<u>2,569,344</u>	<u>67,365</u>	-	<u>2,636,709</u>
Total Capital Assets Being Depreciated	<u>34,074,987</u>	<u>1,152,899</u>	-	<u>35,227,886</u>
Less Accumulated Depreciation for:				
Land Improvements	(310,335)	(19,424)	-	(329,759)
Building and Building Improvements	(10,019,869)	(1,019,917)	-	(11,039,786)
Machinery and Equipment	<u>(2,077,027)</u>	<u>(185,282)</u>	-	<u>(2,262,309)</u>
Total Accumulated Depreciation	<u>(12,407,231)</u>	<u>(1,224,623)</u>	-	<u>(13,631,854)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,667,756</u>	<u>(71,724)</u>	-	<u>21,596,032</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,998,300</u>	<u>\$ 11,615,478</u>	<u>\$ -</u>	<u>\$ 35,613,778</u>

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	Balance, <u>June 30, 2017</u>
<b>Business-type activities:</b>			
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		\$ 601,679
Special Education		121,981
Other Instruction		15,003
School-Sponsored Activities and Athletics		<u>41,494</u>
Total Instruction		<u>780,157</u>
Support Services		
Student and Instructional Related Services		146,898
Educational Media/School Library		20,139
General Administrative Services		21,988
School Administrative Services		100,038
Central Services		39,389
Pupil Transportation		1,949
Plant Operations and Maintenance		<u>114,065</u>
Total Support Services		<u>444,466</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,224,623</u>
<b>Business-Type Activities:</b>		
Food Service Fund		<u>\$ -</u>

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Building Upgrades to the Cedar Grove High School	\$ 14,051,769	\$ 561,028

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

The composition of interfund balances as of June 30, 2017, is as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 21,490
General Fund	Payroll Agency Fund	2,882
Food Service Fund	General Fund	10,991
Special Revenue	General Fund	<u>15,108</u>
		<u>\$ 50,471</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund expenditures paid on behalf of another fund and to cover cash balances which were in an overdraft position.

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

**Interfund transfers**

	<u>Transfer Out:</u>		
	<u>Capital Projects</u>	<u>General Fund</u>	<u>Total</u>
Transfer In:			
General Fund	\$ 16,793		\$ 16,793
Enterprise Fund		\$ 10,991	10,991
Capital Projects	-	1,047,009	1,047,009
Debt Service Fund	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total Transfers In:	<u>\$ 266,793</u>	<u>\$ 1,058,000</u>	<u>\$ 1,324,793</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.



**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**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, 2017 are comprised of the following issues:

\$5,790,000, 2012 Refunding Bonds, due in annual installments of \$555,000 to \$675,000 through August 15, 2022, interest at 3.0% to 4.0%	\$ 3,670,000
\$7,582,000, 2012 School Bonds, due in annual installments of \$250,000 to \$500,000 through August 15, 2032, interest at 3.0%-2.5%	6,582,000
\$14,884,000, 2016 School Bonds, due in annual installments of \$625,000 to \$1,249,000 through August 15, 2032, interest at 2.0%-2.5%	<u>14,884,000</u>
	<u>\$ 25,136,000</u>

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>	
2018	\$ 1,435,000	\$ 571,738	\$ 2,006,738
2019	1,455,000	537,188	1,992,188
2020	1,480,000	499,013	1,979,013
2021	1,515,000	456,913	1,971,913
2022	1,545,000	413,613	1,958,613
2023-2027	8,460,000	1,480,765	9,940,765
2028-2032	8,749,000	399,857	9,148,857
2033	<u>497,000</u>	<u>6,213</u>	<u>503,213</u>
	<u>\$ 25,136,000</u>	<u>\$ 4,365,300</u>	<u>\$ 29,501,300</u>

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 91,014,579
Less: Net Debt	<u>25,136,719</u>
Remaining Borrowing Power	<u>\$ 65,877,860</u>

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2017</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Bonds Payable	\$ 11,042,000	\$ 14,884,000	\$ 790,000	\$ 25,136,000	\$ 1,435,000
Deferred Amounts					
Add: Original Issue Premium	<u>198,910</u>	<u>-</u>	<u>46,761</u>	<u>152,149</u>	<u>-</u>
Total Bonds Payable	11,240,910	14,884,000	836,761	25,288,149	1,435,000
Compensated Absences	318,567	120,466	59,034	379,999	50,000
Net Pension Liability	<u>8,432,949</u>	<u>2,685,730</u>	<u>325,655</u>	<u>10,793,024</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 19,992,426</u>	<u>\$ 17,690,196</u>	<u>\$ 1,221,450</u>	<u>\$ 36,461,172</u>	<u>\$ 1,485,000</u>

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

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**H. Short-Term Debt**

The Board's short-term activity for the fiscal year ended June 30, 2017 was as follows:

**Bond Anticipation Notes**

The Board issues Bond Anticipation Notes ("Project Notes") to interim finance Capital Projects. The Board's short-term debt activity for the fiscal year ended June 30, 2017 was as follows:

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2016</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, June 30, 2017</u>
Bond Anticipation Note	2.00%	8/15/2016	\$ 14,000,000	\$ -	\$ 14,000,000	\$ -
			<u>\$ 14,000,000</u>	<u>\$ -</u>	<u>\$ 14,000,000</u>	<u>\$ -</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.

**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.

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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>
2017	None	\$ 26,102	\$ 9,707	179,755
2016	None	32,486	21,640	162,637
2015	100,000	23,126	51,970	151,409

**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, 2017, 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, 2017, the District has not estimated arbitrage earnings due to the IRS, if any.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**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.

**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](http://www.state.nj.us/treasury/pensions).

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 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, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% 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, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively 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>
2017	\$ 325,655	\$ 1,185,754	\$ 5,462
2016	322,972	856,673	4,412
2015	303,826	556,281	3,841

In addition for fiscal year 2016/2017 the District contributed \$2,311 for PERS and the State contributed \$3,239 for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB 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 \$845,448 during the fiscal year ended June 30, 2017 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.

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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**

**Public Employees Retirement System (PERS)**

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$10,793,024 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the District's proportionate share was .03644 percent, which was a decrease of .00113 percent from its proportionate share measured as of June 30, 2015 of .03757 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,121,859 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 200,718	
Changes of Assumptions	2,235,738	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	411,548	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>457,762</u>	<u>\$ 183,300</u>
Total	<u>\$ 3,305,766</u>	<u>\$ 183,300</u>

At June 30, 2017, the 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>	<u>Total</u>
2018	\$ 696,086
2019	696,086
2020	696,086
2021	696,086
2022	338,122
Thereafter	<u>-</u>
	<u>\$ 3,122,466</u>



**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate (Continued)***

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
District's Proportionate Share of the PERS Net Pension Liability	\$ 13,225,591	\$ 10,793,024	\$ 8,784,729

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

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

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$6,324,355 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$84,172,007. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .10699 percent, which was an increase of .0041 percent from its proportionate share measured as of June 30, 2015 of .10289 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22% 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	<b>1% Decrease <u>(2.22%)</u></b>	<b>Current Discount Rate <u>(3.22%)</u></b>	<b>1% Increase <u>(4.22%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 100,520,187</u>	<u>\$ 84,172,007</u>	<u>\$ 70,821,608</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program 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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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](http://www.state.nj.us/treasury/pensions).

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. 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, 2017**

**NOTE 4 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, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$988,003, \$1,020,061 and \$833,094, 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.

**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, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 25,859,739	-	\$ 25,859,739	\$ 25,859,739	-
Miscellaneous	746,485	-	746,485	703,907	\$ (42,578)
Total Revenues - Local Sources	<u>26,606,224</u>	<u>-</u>	<u>26,606,224</u>	<u>26,563,646</u>	<u>(42,578)</u>
State Sources					
Transportation Aid	66,137		66,137	66,137	-
Special Education Aid	630,950		630,950	630,950	-
Security Aid	30,041		30,041	30,041	-
PARR Readiness Aid	17,010		17,010	17,010	
Per Pupil Growth Aid	17,010		17,010	17,010	
Professional Learning Comm. Aid	16,490		16,490	16,490	
Extraordinary Aid	200,000		200,000	362,239	162,239
Non-Public Transportation				23,838	23,838
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				845,448	845,448
On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Cost				1,144,294	1,144,294
(Non-Budgeted)- NCGI Premium				41,460	41,460
(Non-Budgeted)- LT Disability				3,239	3,239
(Non-Budgeted)- Pension Cost - Post Medical Cont.	-	-	-	988,003	988,003
Total State Sources	<u>977,638</u>	<u>-</u>	<u>977,638</u>	<u>4,186,159</u>	<u>3,208,521</u>
Total Revenues	<u>27,583,862</u>	<u>-</u>	<u>27,583,862</u>	<u>30,749,805</u>	<u>3,165,943</u>
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers:					
Kindergarten	538,380	\$ (2,000)	536,380	520,332	16,048
Grades 1 - 5	2,740,521	(46,500)	2,694,021	2,681,475	12,546
Grades 6 - 8	1,971,745	(44,000)	1,927,745	1,907,230	20,515
Grades 9 - 12	2,762,826	(73,715)	2,689,111	2,669,673	19,438
Home Instruction:					
Salaries of Teachers	12,000	7,959	19,959	19,959	-
Purchased Professional - Educational Services	1,000	5,636	6,636	6,636	-
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	7,700	-	7,700	-	7,700
Purchased Technical Services	31,911	(561)	31,350	13,343	18,007
Other Purchased Services	48,490	9,117	57,607	52,676	4,931
General Supplies	285,331	19,230	304,561	290,904	13,657
Textbooks	58,540	11,731	70,271	56,888	13,383
Miscellaneous Expenditures	2,500	-	2,500	1,198	1,302
Total Instruction Regular Programs	<u>8,460,944</u>	<u>(113,103)</u>	<u>8,347,841</u>	<u>8,220,314</u>	<u>127,527</u>
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	112,847	(30,000)	82,847	73,807	9,040
Other Salaries for Instruction	66,028	(10,000)	56,028	52,342	3,686
General Supplies	2,500	(896)	1,604	1,003	601
Total Learning/Language Disabilities	<u>181,375</u>	<u>(40,896)</u>	<u>140,479</u>	<u>127,152</u>	<u>13,327</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, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Resource Room/Resource Center					
Salaries of Teachers	\$ 1,269,643	\$ 110,012	\$ 1,379,655	\$ 1,379,655	-
Other Salaries for Instruction	110,526	(12,900)	97,626	95,152	\$ 2,474
General Supplies	3,000	1,063	4,063	4,037	26
<b>Total Resource Room/Resource Center</b>	<b>1,383,169</b>	<b>98,175</b>	<b>1,481,344</b>	<b>1,478,844</b>	<b>2,500</b>
Preschool Disabilities - Full Time					
Salaries of Teachers	119,406	-	119,406	116,399	3,007
Other Salaries for Instruction	77,684	45,400	123,084	122,586	498
General Supplies	1,000	996	1,996	1,905	91
<b>Total Preschool Disabilities - Full Time</b>	<b>198,090</b>	<b>46,396</b>	<b>244,486</b>	<b>240,890</b>	<b>3,596</b>
<b>Total Special Education</b>	<b>1,762,634</b>	<b>103,675</b>	<b>1,866,309</b>	<b>1,846,886</b>	<b>19,423</b>
Basic Skills/Remedial					
Salaries of Teachers	170,434	(65,000)	105,434	103,030	2,404
General Supplies	5,175	(1,463)	3,712	3,667	45
<b>Total Basic Skills/Remedial</b>	<b>175,609</b>	<b>(66,463)</b>	<b>109,146</b>	<b>106,697</b>	<b>2,449</b>
Bilingual Education					
Salaries of Teachers	76,683	15,000	91,683	90,046	1,637
Other Purchased Services	250	-	250	-	250
General Supplies	825	-	825	575	250
<b>Total Bilingual Education</b>	<b>77,758</b>	<b>15,000</b>	<b>92,758</b>	<b>90,621</b>	<b>2,137</b>
School Sponsored Co/Extra Curricular Activities					
Salaries	141,981	11,600	153,581	153,581	-
Supplies and Materials	25,030	3,767	28,797	27,258	1,539
Other Objects	3,800	1,494	5,294	5,274	20
<b>Total School-Sponsored Co/Extra Curricular Activities</b>	<b>170,811</b>	<b>16,861</b>	<b>187,672</b>	<b>186,113</b>	<b>1,559</b>
School Sponsored Athletics					
Salaries	341,117	(431)	340,686	330,366	10,320
Salaries of Secretarial and Clerical Assistants	49,643	431	50,074	50,074	-
Cleaning, Repair and Maintenance Services	19,550	-	19,550	9,510	10,040
Purchased Services	35,495	-	35,495	28,009	7,486
Supplies and Materials	60,633	(7,953)	52,680	47,036	5,644
Other Objects	6,595	-	6,595	5,275	1,320
Transfers to Cover Deficit	69,061	(10,676)	58,385	46,000	12,385
<b>Total School Sponsored Athletics</b>	<b>582,094</b>	<b>(18,629)</b>	<b>563,465</b>	<b>516,270</b>	<b>47,195</b>
<b>Total Instruction</b>	<b>11,229,850</b>	<b>(62,659)</b>	<b>11,167,191</b>	<b>10,966,901</b>	<b>200,290</b>

**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, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs - Within State - Special	\$ 103,380	\$ 66,535	\$ 169,915	\$ 169,915	
Tuition to County Voc. School District-Regular	8,000	416	8,416	8,416	
Tuition to County Voc. School District-Special	32,898	(3,138)	29,760	29,760	
Tuition to Private Schools for the Disabled - Within State	2,406,207	(46,621)	2,359,586	2,359,586	-
<b>Total Instruction</b>	<b>2,550,485</b>	<b>17,192</b>	<b>2,567,677</b>	<b>2,567,677</b>	<b>-</b>
Attendance and Social Work					
Salaries	45,935	2,061	47,996	47,996	-
Purchased Professional/Technical Services	3,000	-	3,000	3,000	-
<b>Total Attendance and Social Work</b>	<b>48,935</b>	<b>2,061</b>	<b>50,996</b>	<b>50,996</b>	<b>-</b>
Health Services					
Salaries	339,383	6,647	346,030	345,956	\$ 74
Purchased Professional and Technical Services	23,475	(4,875)	18,600	18,600	-
Other Purchased Services	200	(48)	152	-	152
Supplies and Materials	7,500	1,268	8,768	8,629	139
Other Objects	910	808	1,718	1,717	1
<b>Total Health Services</b>	<b>371,468</b>	<b>3,800</b>	<b>375,268</b>	<b>374,902</b>	<b>366</b>
Speech/Occupational Therapy/Physical Therapy and Related Services					
Salaries	313,178	(357)	312,821	312,821	-
Purchased Professional/Educational Services	330,500	126,726	457,226	457,226	-
Supplies and Materials	2,500	4,794	7,294	7,285	9
<b>Total Other Support/Student Related Services</b>	<b>646,178</b>	<b>131,163</b>	<b>777,341</b>	<b>777,332</b>	<b>9</b>
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.					
Salaries	201,166	65,940	267,106	263,280	3,826
Purchased Professional-Educational Services	226,200	(14,572)	211,628	199,185	12,443
Supplies and Materials	3,000	1,898	4,898	4,458	440
<b>Total Other Support/Extraordinary Services</b>	<b>430,366</b>	<b>53,266</b>	<b>483,632</b>	<b>466,923</b>	<b>16,709</b>
Guidance Services					
Salaries of Other Professional Staff	266,623	3,303	269,926	269,925	1
Salaries of Secretarial and Clerical Assistants	58,223	(689)	57,534	57,284	250
Other Purchased Professional/Technical Services	12,275	1,347	13,622	13,472	150
Supplies and Materials	8,551	(1,554)	6,997	5,904	1,093
Other Objects	3,900	(380)	3,520	3,124	396
<b>Total Other Support Services/Regular</b>	<b>349,572</b>	<b>2,027</b>	<b>351,599</b>	<b>349,709</b>	<b>1,890</b>

**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, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Child Study Team					
Salaries of Other Professional Staff	\$ 337,755	\$ 82,669	\$ 420,424	\$ 420,424	-
Salaries of Secretarial and Clerical Assistants	61,000	5,600	66,600	66,597	\$ 3
Purchased Professional Educational Services	10,300	44,437	54,737	54,441	296
Other Purchased Services	5,000	(946)	4,054	3,148	906
Supplies and Materials	2,500	1,491	3,991	3,738	253
Other Objects	2,000	(551)	1,449	1,449	-
Total Other Support Services/Special	<u>418,555</u>	<u>132,700</u>	<u>551,255</u>	<u>549,797</u>	<u>1,458</u>
Improvement of Instruction					
Salaries of Other Professional Staff	10,500	1,350	11,850	11,850	-
Salaries of Secretarial and Clerical Assist.	18,347	(1,500)	16,847	14,680	2,167
Purchased Professional-Educational Services	3,500	-	3,500	175	3,325
Other Purchased Services	1,000	-	1,000	318	682
Supplies and Materials	47,600	(19,550)	28,050	26,715	1,335
Other Objects	7,700	627	8,327	8,327	-
Total Improvement of Instruction	<u>88,647</u>	<u>(19,073)</u>	<u>69,574</u>	<u>62,065</u>	<u>7,509</u>
Educational Media Services/ School Library					
Salaries	254,787	4,773	259,560	259,185	375
Purchased Professional/Technical Services	-	275	275	-	275
Supplies and Materials	47,648	(891)	46,757	46,384	373
Total Educational Media Services/ School Library	<u>302,435</u>	<u>4,157</u>	<u>306,592</u>	<u>305,569</u>	<u>1,023</u>
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	193,180	(46,223)	146,957	73,967	72,990
Salaries of Secretarial and Clerical Assist.	8,343	(2,500)	5,843	5,767	76
Purchased Professional Educational Services	31,500	30,045	61,545	60,545	1,000
Other Purchased Professional/Technical Services	2,750	-	2,750	2,200	550
Other Purchased Services	6,925	1,807	8,732	6,249	2,483
Total Instructional Staff Training Services	<u>242,698</u>	<u>(16,871)</u>	<u>225,827</u>	<u>148,728</u>	<u>77,099</u>
Support Services General Administration					
Salaries of Other Professional Staff	171,927	11,812	183,739	183,739	-
Salaries of Secretarial & Clerical Assist.	92,962	6,778	99,740	99,240	500
Other Salaries	4,882	-	4,882	4,882	-
Legal Services	117,500	65,000	182,500	167,883	14,617
Audit Fees	48,000	42,739	90,739	51,614	39,125
Architectural/Engineering Services	12,500	(12,500)	-	-	-
Other Purchased Professional Services	21,700	(5,118)	16,582	16,582	-
Purchased Technical Services	2,000	-	2,000	2,000	-
Miscellaneous Purchased Services	35,575	(676)	34,899	27,779	7,120
BOE Other Purchased Services	950	-	950	400	550
Communications/Telephone	157,414	(18,590)	138,824	138,011	813
Supplies and Materials	2,350	750	3,100	2,437	663
Judgements Against the District	98,000	(48,000)	50,000	50,000	-
Miscellaneous Expenditures	17,550	(7,039)	10,511	6,920	3,591
BOE Membership Dues and Fees	14,900	3,670	18,570	18,570	-
Total Support Services General Administration	<u>798,210</u>	<u>38,826</u>	<u>837,036</u>	<u>770,057</u>	<u>66,979</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, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Support Services School Administration					
Salaries of Principals and Assistant Principals	\$ 742,906	\$ 149	\$ 743,055	\$ 743,054	\$ 1
Salaries of Other Professional Staff	203,658	92,581	296,239	296,239	-
Salaries of Secretarial Staff	255,372	(4,481)	250,891	248,171	2,720
Purchased Professional and Technical Services	10,177	(1,149)	9,028	7,853	1,175
Other Purchased Services	21,150	(4,913)	16,237	2,971	13,266
Supplies and Materials	25,378	2,459	27,837	23,633	4,204
Other Objects	10,014	50	10,064	8,991	1,073
	<u>1,268,655</u>	<u>84,696</u>	<u>1,353,351</u>	<u>1,330,912</u>	<u>22,439</u>
Total Support Services School Administration					
Undistributed Expenditures - Central Services					
Salaries of Other Professional Staff	153,040	2,351	155,391	155,391	-
Salaries of Secretarial & Clerical Assist.	137,101	8,384	145,485	145,485	-
Purchased Professional Services	17,800	1,012	18,812	18,812	-
Miscellaneous Purchased Services	1,700	5,069	6,769	6,431	338
Supplies and Materials	5,500	(2,361)	3,139	1,581	1,558
Interest on Current Loans	93,324	10	93,334	93,333	1
Miscellaneous Expenditures	4,425	(1,012)	3,413	2,687	726
	<u>412,890</u>	<u>13,453</u>	<u>426,343</u>	<u>423,720</u>	<u>2,623</u>
Total Undistributed Expenditures - Central Services					
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	204,081	1,972	206,053	206,053	-
Purchased Technical Services	3,300	(3,300)	-	-	-
Cleaning, Repair and Maintenance Services	15,000	7,649	22,649	22,649	-
Other Purchased Services	350	1,231	1,581	426	1,155
Supplies and Materials	45,200	1,714	46,914	46,914	-
Other Objects	500	-	500	-	500
	<u>268,431</u>	<u>9,266</u>	<u>277,697</u>	<u>276,042</u>	<u>1,655</u>
Total Undistributed Expenditures - Admin. Info. Technology					
Required Maintenance for School Facilities					
Salaries	95,618	2,228	97,846	95,636	2,210
Cleaning, Repair and Maintenance Services	167,415	89,656	257,071	241,699	15,372
General Supplies	16,017	7,567	23,584	23,530	54
	<u>279,050</u>	<u>99,451</u>	<u>378,501</u>	<u>360,865</u>	<u>17,636</u>
Total Required Maint for School Facilities					
Custodial Services					
Salaries	1,150,401	(24,691)	1,125,710	1,102,458	23,252
Salaries Non-Instructional Aides	139,500	(15,372)	124,128	66,968	57,160
Other Purchased Professional and Technical Services	40,105	10,030	50,135	49,127	1,008
Cleaning, Repair and Maintenance Services	67,166	(4,649)	62,517	41,899	20,618
Rental of Land and Building Oth. Than Lease Purch. Agmt.		40,800	40,800	40,800	-
Other Purchased Property Services	34,000	100,858	134,858	119,021	15,837
Insurance	172,700	(9,851)	162,849	162,849	-
Miscellaneous Purchased Services	1,000	-	1,000	237	763
General Supplies	84,941	17,898	102,839	95,183	7,656
Energy (Natural Gas)	187,000	13,362	200,362	159,667	40,695
Energy (Electricity)	368,000	3,000	371,000	324,810	46,190
Energy (Gasoline)	3,000	(910)	2,090		2,090
Other Objects	1,100	-	1,100	1,059	41
	<u>2,248,913</u>	<u>130,475</u>	<u>2,379,388</u>	<u>2,164,078</u>	<u>215,310</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, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Care and Upkeep of Grounds					
Salaries	\$ 222,917	\$ 9,500	\$ 232,417	\$ 202,924	\$ 29,493
Cleaning, Repair and Maintenance Services	93,500	(3,215)	90,285	78,933	11,352
General Supplies	20,475	(3,000)	17,475	6,192	11,283
<b>Total Care and Upkeep of Grounds</b>	<b>336,892</b>	<b>3,285</b>	<b>340,177</b>	<b>288,049</b>	<b>52,128</b>
Security					
Purchased Professional/Technical Services	500	33,773	34,273	34,080	193
Cleaning, Repair and Maintenance Services	17,000	3,609	20,609	17,461	3,148
Communications/Telephone	12,000	4,732	16,732	15,673	1,059
General Supplies	10,000	-	10,000	3,539	6,461
<b>Total Security</b>	<b>39,500</b>	<b>42,114</b>	<b>81,614</b>	<b>70,753</b>	<b>10,861</b>
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch) - Reg.	25,063	18	25,081	25,081	-
Management Fee-ESC & CTSA Trans. Prog.	40,000	(23)	39,977	25,381	14,596
Contr Serv-Aid in Lieu of Pymts-Non-Public Schools	132,600	(15,457)	117,143	117,142	1
Contr Serv(Bet Home &Sch)-Vend	198,800	95,351	294,151	280,529	13,622
Contr Serv(Oth. Than Bet Home &Sch)-Vend	155,024	1,967	156,991	144,813	12,178
Contr Serv(Special Education)-ESC & CTSA	603,250	27,186	630,436	630,436	-
<b>Total Student Transportation Services</b>	<b>1,154,737</b>	<b>109,042</b>	<b>1,263,779</b>	<b>1,223,382</b>	<b>40,397</b>
Unallocated Employee Benefits					
Social Security Contribution	305,000	21,714	326,714	325,096	1,618
Other Retirement Contributions - PERS	336,000	(1,843)	334,157	327,966	6,191
Other Retirement Contributions - DCRP	6,137	-	6,137	5,462	675
Workmens Compensation	212,718	(57,989)	154,729	142,604	12,125
Health Benefits	4,003,592	(264,676)	3,738,916	3,729,483	9,433
Tuition Reimbursements	96,500	(21,714)	74,786	32,848	41,938
Other Employee Benefits	56,649	8,731	65,380	57,990	7,390
<b>Total Unallocated Employee Benefits</b>	<b>5,016,596</b>	<b>(315,777)</b>	<b>4,700,819</b>	<b>4,621,449</b>	<b>79,370</b>
Interest Earned on Maintenance Reserve	500	-	500	-	500
Reimbursed TPAF Social Security Contributions- (Non-Budgeted)				845,448	(845,448)
On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Cost				1,144,294	(1,144,294)
(Non-Budgeted)- NCGI Premium				41,460	(41,460)
(Non-Budgeted)- LT Disability				3,239	(3,239)
(Non-Budgeted)- Pension Cost - Post Medical Cont.	-	-	-	988,003	(988,003)
<b>Total TPAF Pension and Social Security Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,022,444</b>	<b>(3,022,444)</b>
<b>Total Undistributed Expenditures</b>	<b>17,273,713</b>	<b>525,253</b>	<b>17,798,966</b>	<b>20,205,449</b>	<b>(2,406,483)</b>
<b>Total Current Expenditures</b>	<b>28,503,563</b>	<b>462,594</b>	<b>28,966,157</b>	<b>31,172,350</b>	<b>(2,206,193)</b>

**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, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures					
Non-Instructional Equipment	\$ 13,739	-	\$ 13,739	\$ 9,115	\$ 4,624
School Sponsored and Other Instructional Program Admin. Info Tech.	35,000	\$ 8,754 (14,768)	8,754 20,232	8,754 19,226	1,006
Total Equipment	48,739	(6,014)	42,725	37,095	5,630
Facilities Acquisition and Construction Services					
Facilities/Construction Services	-	39,675	39,675	38,525	1,150
Assessment for Debt Service on SDA Funding	31,019	-	31,019	31,019	-
Total Facilities Acquis. And Construction Services	31,019	39,675	70,694	69,544	1,150
Interest Deposit to Capital Reserve	19,500	-	19,500	-	19,500
Total Expenditures - Capital Outlay	99,258	33,661	132,919	106,639	26,280
Total Expenditures - General Fund	28,602,821	496,255	29,099,076	31,278,989	(2,179,913)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,018,959)	(496,255)	(1,515,214)	(529,184)	986,030
Other Financing Sources (Uses)					
Transfers In	-	-	-	16,793	16,793
Transfer Out- Food Service	-	(10,991)	(10,991)	(10,991)	-
Transfer Out- Capital Projects Fund	-	(1,043,200)	(1,043,200)	(1,047,009)	(3,809)
Total Other Financing Sources (Uses)	-	(1,054,191)	(1,054,191)	(1,041,207)	12,984
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,018,959)	(1,550,446)	(2,569,405)	(1,570,391)	999,014
Fund Balance, Beginning of Year	4,647,026	-	4,647,026	4,647,026	-
Fund Balance, End of Year	\$ 3,628,067	\$ (1,550,446)	\$ 2,077,621	\$ 3,076,635	\$ 999,014
<b>Recapitulation of Fund Balance</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 989,535	
Excess Surplus				688,563	
Maintenance Reserve				102,276	
Capital Reserve				440,658	
<b>Assigned Fund Balance:</b>					
Year-End Encumbrances				83,455	
<b>Unassigned Fund Balance:</b>					
				772,148	
Budgetary Fund Balance				3,076,635	
<b>Reconciliation to Governmental Fund Statements (GAAP)</b>					
2016/2017 State Aid Payment Not Recognized on a GAAP Basis				74,661	
2016/2017 Extraordinary Aid Payments Not Recognized on a GAAP Basis				362,239	
Fund Balance per Governmental Funds (GAAP Basis)				\$ 2,639,735	

**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, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local		\$ 69,859	\$ 69,859	\$ 24,542	\$ (45,317)
State Sources		126,087	126,087	114,038	(12,049)
Federal Sources	\$ 447,342	97,597	544,939	535,358	(9,581)
<b>Total Revenues</b>	<u>447,342</u>	<u>293,543</u>	<u>740,885</u>	<u>673,938</u>	<u>(66,947)</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	50,000	(28,639)	21,361	21,149	212
Purchased Professional/Educational Services	-	88,754	88,754	70,439	18,315
Purchased Professional/Technical Services		98,703	98,703	90,503	8,200
Tuition	337,342	21,073	358,415	354,651	3,764
General Supplies	30,000	56,144	86,144	62,646	23,498
Textbooks	-	12,393	12,393	12,388	5
<b>Total Instruction</b>	<u>417,342</u>	<u>248,428</u>	<u>665,770</u>	<u>611,776</u>	<u>53,994</u>
<b>Support Services</b>					
Salaries of Other Professionals		5,470	5,470	5,470	
Purchased Professional/Educational Services	30,000	6,919	36,919	26,920	9,999
Purchased Professional/Technical Services		12,000	12,000	12,000	-
Other Purchased Services		10,577	10,577	9,463	1,114
Benefits		1,618	1,618	1,618	-
Other Objects		201	201	201	-
Supplies and Materials	-	3,330	3,330	1,490	1,840
<b>Total Support Services</b>	<u>30,000</u>	<u>40,115</u>	<u>70,115</u>	<u>57,162</u>	<u>12,953</u>
<b>Facilities Acquisition and Constructions Services</b>					
Non-Instructional Equipment	-	5,000	5,000	5,000	-
<b>Total Facilities &amp; Acq. Services</b>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<b>Total Expenditures</b>	<u>447,342</u>	<u>293,543</u>	<u>740,885</u>	<u>673,938</u>	<u>66,947</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2017**

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

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

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

	<b>General Fund <u>C-1</u></b>		<b>Special Revenue Fund <u>C-2</u></b>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 30,749,805	(C-2) \$	673,938
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			(2,454)
State Aid an Extraordinary Aid payment (2015/2016) recognized for GAAP purposes not recognized for budgetary statements	411,380		-
State Aid and Extraordinary Aid payments and (2016/2017) recognized for budgetary purposes, not recognized for GAAP statements	<u>(436,900)</u>		<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 30,724,285</u>	(B-2) \$	<u>671,484</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 31,278,989	(C-2) \$	673,938
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, 2016			599
June 30, 2017	<u>-</u>		<u>(3,053)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 31,278,989</u>	(B-2) \$	<u>671,484</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 Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03644 %	0.03757 %	0.03630 %	0.03337 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,793,024	\$ 8,432,949	\$ 6,796,762	\$ 6,377,438
District's Covered-Employee Payroll	\$ 2,462,901	\$ 2,516,785	\$ 2,472,090	\$ 2,417,024
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	438.22 %	335.07 %	274.93 %	263.85 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

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

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

**Public Employees Retirement System**

**Last Four Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 325,655	\$ 322,972	\$ 303,826	\$ 253,448
Contributions in Relation to the Contractually Required Contribution	<u>325,655</u>	<u>322,972</u>	<u>303,826</u>	<u>253,448</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,462,901	\$ 2,516,785	\$ 2,472,090	\$ 2,417,024
Contributions as a Percentage of Covered-Employee Payroll	0.13222 %	0.12833 %	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 infor 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 Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0%	0%	0%	0%
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 84,172,007</u>	<u>\$ 65,033,212</u>	<u>\$55,282,496</u>	<u>\$52,042,007</u>
Total	<u>\$ 84,172,007</u>	<u>\$ 65,033,212</u>	<u>\$55,282,496</u>	<u>\$52,042,007</u>
District's Covered-Employee Payroll	\$ 11,300,735	\$ 10,675,322	\$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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

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

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

**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, 2017**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4.

**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, 2017**

	NCLB			IDEA					Totals Pg 1	Totals Pg 2	Grand Totals	
	Title I	Title IA Carryover	Title IIA	Title IIA Carryover	Title III Immigrant	Basic	Basic Carryover	Preschool				Preschool Carryover
<b>REVENUES</b>												
Miscellaneous - Local											\$ 24,542	\$ 24,542
State Sources											114,038	114,038
Federal Sources	\$ 100,364	\$ 13,261	\$ 19,763	\$ 894	\$ 2,497	\$ 367,083	\$ 9,081	\$ 14,915	\$ 7,500	\$ 535,358	-	535,358
<b>Total Revenues</b>	<b>\$ 100,364</b>	<b>\$ 13,261</b>	<b>\$ 19,763</b>	<b>\$ 894</b>	<b>\$ 2,497</b>	<b>\$ 367,083</b>	<b>\$ 9,081</b>	<b>\$ 14,915</b>	<b>\$ 7,500</b>	<b>\$ 535,358</b>	<b>\$ 138,580</b>	<b>\$ 673,938</b>
<b>EXPENDITURES</b>												
Instruction:												
Salaries	\$ 21,149									\$ 21,149		\$ 21,149
Purchased Prof. Educational Services						\$ 3,593				3,593	\$ 66,846	70,439
Purchased Professional & Technical Services	65,563									65,563	24,940	90,503
Tuition					340,163	5,488	\$ 9,000			354,651		354,651
General Supplies	6,564	\$ 13,261						5,915	\$ 7,500	33,240	29,406	62,646
Textbooks	-	-	-	-	-	-	-	-	-	-	12,388	12,388
<b>Total Instruction</b>	<b>93,276</b>	<b>13,261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>340,163</b>	<b>9,081</b>	<b>14,915</b>	<b>7,500</b>	<b>478,196</b>	<b>133,580</b>	<b>611,776</b>
Support Services												
Salaries of Other Professionals	5,470											5,470
Purchased Professional Educational Services						\$ 26,920				26,920		26,920
Purchased Professional & Technical Services	-		\$ 12,000							12,000		12,000
Other Purchased Services			6,565	\$ 401	\$ 2,497					9,463	-	9,463
Benefits	1,618									1,618		1,618
General Supplies			997	493						1,490		1,490
Other Objects	-	-	201	-	-	-	-	-	-	201	-	201
<b>Total Support Services</b>	<b>7,088</b>	<b>-</b>	<b>19,763</b>	<b>894</b>	<b>2,497</b>	<b>26,920</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,692</b>	<b>-</b>	<b>57,162</b>
Facilities Acquisition and Construction Svce												
Non-Instructional Equipment	-	-	-	-	-	-	-	-	-	-	5,000	5,000
<b>Total Facilities &amp; Acq. Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>
<b>Total Expenditures</b>	<b>\$ 100,364</b>	<b>\$ 13,261</b>	<b>\$ 19,763</b>	<b>\$ 894</b>	<b>\$ 2,497</b>	<b>\$ 367,083</b>	<b>\$ 9,081</b>	<b>\$ 14,915</b>	<b>\$ 7,500</b>	<b>\$ 529,888</b>	<b>\$ 138,580</b>	<b>\$ 673,938</b>

74

CEDAR GROVE PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Ch. 192/193	Ch. 192/193 Handicapped Services				Non-Public Security	Non-Public Textbooks	Non-Public Nursing	Non-Public Technology	Local	Page 2 Totals
	Auxiliary	Examination/ Classification	Supplemental Instruction	Correct Speech	Compensatory Education						
<b>REVENUES</b>											
Miscellaneous - Local										\$ 24,542	\$ 24,542
State Sources	\$ 37,713	\$ 8,288	\$ 9,181	\$ 11,664	\$ 9,864	\$ 12,388	\$ 19,350	\$ 5,590			114,038
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 37,713</u>	<u>\$ 8,288</u>	<u>\$ 9,181</u>	<u>\$ 11,664</u>	<u>\$ 9,864</u>	<u>\$ 12,388</u>	<u>\$ 19,350</u>	<u>\$ 5,590</u>	<u>\$ 24,542</u>	<u>\$ 138,580</u>	
<b>EXPENDITURES</b>											
Instruction:											
Purchased Prof. Educational Services	\$ 37,713	\$ 8,288	\$ 9,181	\$ 11,664							\$ 66,846
Purchased Prof. Technical Services							\$ 19,350	\$ 5,590			24,940
General Supplies					\$ 9,864				\$ 19,542		29,406
Textbooks	-	-	-	-	-	\$ 12,388	-	-	-	-	12,388
Total Instruction	<u>37,713</u>	<u>8,288</u>	<u>9,181</u>	<u>11,664</u>	<u>9,864</u>	<u>12,388</u>	<u>19,350</u>	<u>5,590</u>	<u>19,542</u>	<u>133,580</u>	
Support Services											
Other Purchased Services	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Facilities Acquisition and Constructions Services											
Non-Instructional Equipment	-	-	-	-	-	-	-	-	-	5,000	5,000
Total Facilities & Acq. Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	
Total Expenditures	<u>\$ 37,713</u>	<u>\$ 8,288</u>	<u>\$ 9,181</u>	<u>\$ 11,664</u>	<u>\$ 9,864</u>	<u>\$ 12,388</u>	<u>\$ 19,350</u>	<u>\$ 5,590</u>	<u>\$ 24,542</u>	<u>\$ 138,580</u>	

**CEDAR GROVE PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Transfer Out</u>	<u>Balance, June 30, 2016</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Emergency Asbestos Abatement at North End and South End Elementary Schools	\$ 1,047,009		\$ 1,047,009		-
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	\$ 2,283,185	11,768,584		\$ 832,950
Improvements to the Elementary, High School, Middle School & Administration Building	<u>11,891,461</u>	<u>11,445,881</u>	<u>-</u>	\$ 250,000	<u>195,580</u>
	<u>\$ 27,823,189</u>	<u>\$ 13,729,066</u>	<u>\$ 12,815,593</u>	<u>\$ 250,000</u>	<u>\$ 1,028,530</u>
Reconciliation to GAAP:					
Project Balances					\$ 1,028,530
Less: Debt Authorized but not Issued- 2014 Project					<u>719</u>
Budgetary Fund Balance					<u>\$ 1,027,811</u>
GAAP Fund Balance					<u>\$ 1,027,811</u>
<u>Analysis of GAAP Fund Balance</u>					
Restricted for Capital Projects:					
Reserve for Encumbrances					\$ 561,028
Available for Capital Projects					<u>466,783</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ 1,027,811</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, 2017**

**Revenues and Other Financing Sources**

Interest Earned on Investments	\$ 16,793
Sale of Bonds	14,884,000
Transfer In from Capital Reserve	<u>1,047,009</u>
 Total Revenues and Other Financing Sources	 <u>15,947,802</u>

**Expenditures and Other Financing Uses**

Facilities Acquisition and Construction Services	12,355,583
Purchased Professional and Technical Services	378,628
Equipment	25,270
Cost of Bond Issuance	56,112
Transfer Out to Debt Service Fund	250,000
Transfer Out to General Fund	<u>16,793</u>
 Total Expenditures and Other Financing Uses	 <u>13,082,386</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	2,865,416
Fund Balance (Deficit), Beginning of Year - Budgetary Basis	<u>(1,837,605)</u>
Fund Balance, End of Year - Budgetary Basis	<u>\$ 1,027,811</u>

## Reconciliation to GAAP:

Project Fund Balances	<u>\$ 1,027,811</u>
Fund Balance - Ending - GAAP	<u>\$ 1,027,811</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 FACILTIES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	-	\$ 14,884,000	\$ 14,884,000	\$ 14,884,719
Total Revenues and Other Financing Sources	-	14,884,000	14,884,000	14,884,719
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical services	\$ 811,235	212,419	1,023,654	1,050,000
Facilities Acquisition and Construction Services	1,471,950	11,474,783	12,946,733	13,624,719
Cost of Bond Issuance		56,112	56,112	60,000
Equipment	-	25,270	25,270	150,000
Total Expenditures and Other Financing Uses	2,283,185	11,768,584	14,051,769	14,884,719
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,283,185)	\$ 3,115,416	\$ 832,231	\$ -
Authorized by not Issued			719	
Project Balance			\$ 832,950	

**Additional Project Information:**

Bonds Authorization Date	12/9/2014
Bonds Authorized	\$ 14,884,719
Bonds Issued	\$ 14,884,000
Original Authorized Cost	\$ 14,884,719
Cancelled	-
Revised Authorized Cost	\$ 14,884,719
Change Order Percentage	N/A
Percentage Completion	99%
Original Target Completion Date	9/1/2106
Revised Target Completion Date	6/30/2017

**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, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
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>
<b>Expenditures and Other Financing Uses</b>				
Salaries	39,762		39,762	39,762
Purchased professional and technical services	1,008,544		1,008,544	1,158,544
Cost of Bond Issuance	27,707		27,707	27,707
Facilities Acquisition and Construction Services	10,369,868		10,369,868	10,665,448
Transfer Out	<u>-</u>	<u>\$ 250,000</u>	<u>250,000</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>11,445,881</u>	<u>250,000</u>	<u>11,695,881</u>	<u>11,891,461</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 445,580</u>	<u>\$ (250,000)</u>	<u>\$ 195,580</u>	<u>\$ -</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

**CEDAR GROVE PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
EMERGENCY ASBESTOS ABATEMENT AT NORTH END AND SOUTH END  
ELEMENTARY SCHOOLS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer In from Capital Reserve	\$ -	\$ 1,047,009	\$ 1,047,009	\$ 1,047,009
Total Revenues and Other Financing Sources	<u>-</u>	<u>1,047,009</u>	<u>1,047,009</u>	<u>1,047,009</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	-	\$ 166,209	166,209	166,209
Facilities Acquisition and Construction Services	<u>-</u>	<u>880,800</u>	<u>880,800</u>	<u>880,800</u>
Total Expenditures and Other Financing Uses	<u>-</u>	<u>1,047,009</u>	<u>1,047,009</u>	<u>1,047,009</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	Not Applicable
Grant Date	Not Applicable
Bonds Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 1,047,009
Cancellation	-
Revised Authorized Cost	\$ 1,047,009
Change Order Percentage	
Percentage Completion	100%
Original Target Completion Date	12/31/2016
Revised Target Completion Date	12/31/2016

**PROPRIETARY FUND**

**CEDAR GROVE PUBLIC SCHOOLS  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017**

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, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Agency Totals</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 121,437	\$ 32,504	\$ 153,941
	<u>\$ 121,437</u>	<u>\$ 32,504</u>	<u>\$ 153,941</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 6,895	\$ 6,895
Accrued Salary and Wages		2,100	2,100
Flex Spending		20,627	20,627
Due to Other Funds		2,882	2,882
Due to Student Groups	\$ 121,437	-	121,437
Total Liabilities	<u>\$ 121,437</u>	<u>\$ 32,504</u>	<u>\$ 153,941</u>

**FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Balance June 30, 2017</u>
<b>ELEMENTARY SCHOOLS</b>				
Cedar Grove North End School	\$ 6,494	\$ 7,369	\$ 4,134	\$ 9,729
Cedar Grove South End School	<u>2,894</u>	<u>10,828</u>	<u>11,129</u>	<u>2,593</u>
Total Elementary Schools	<u>9,388</u>	<u>18,197</u>	<u>15,263</u>	<u>12,322</u>
<b>MIDDLE SCHOOLS</b>				
Cedar Grove Memorial School	<u>46,331</u>	<u>46,678</u>	<u>46,828</u>	<u>46,181</u>
<b>SENIOR HIGH SCHOOL</b>				
Cedar Grove High School Student Activities	<u>52,869</u>	<u>143,462</u>	<u>133,440</u>	<u>62,891</u>
<b>OTHER</b>				
Athletic Fund	<u>770</u>	<u>63,146</u>	<u>63,873</u>	<u>43</u>
<b>TOTAL ALL SCHOOLS</b>	<u>\$ 109,358</u>	<u>\$ 271,483</u>	<u>\$ 259,404</u>	<u>\$ 121,437</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Payroll Deductions and Withholdings	\$ 28,143	\$ 8,489,789	\$ 8,511,037	\$ 6,895
Accrued Salaries and Wages	3,158	9,362,134	9,363,192	2,100
Flex Spending	20,935	36,091	36,399	20,627
Interfund Payable/Receivable	<u>891</u>	<u>1,991</u>	<u>-</u>	<u>2,882</u>
Total	<u>\$ 53,127</u>	<u>\$ 17,890,005</u>	<u>\$ 17,910,628</u>	<u>\$ 32,504</u>

**LONG-TERM DEBT**

**CEDAR GROVE PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<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, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance June 30, 2017</u>
Refunding Bonds	5/24/2012	\$ 5,790,000	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%	\$ 4,210,000		\$ 540,000	\$ 3,670,000
Various Improvements	8/15/2012	\$ 7,582,000	8/15/2017-2018	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%	6,832,000		250,000	6,582,000
Various Improvements	8/15/2016	\$ 14,884,000	8/15/2017-2023	625,000	2.00%				
			8/15/2024	1,215,000	2.00%				
			8/15/2025	1,220,000	2.00%				
			8/15/2026-2027	1,225,000	2.00%				
			8/15/2028-2031	1,250,000	2%-2.25%				
			8/15/2032	1,249,000	2.50%	-	\$ 14,884,000	-	14,884,000
						<u>\$ 11,042,000</u>	<u>\$ 14,884,000</u>	<u>\$ 790,000</u>	<u>\$ 25,136,000</u>

**CEDAR GROVE PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 1,010,225		\$ 1,010,225	\$ 1,010,225	
Interest Income	-	-	-	261	\$ 261
Total Revenues	<u>1,010,225</u>	<u>-</u>	<u>1,010,225</u>	<u>1,010,486</u>	<u>261</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Redemption of Principal	790,000		790,000	790,000	
Interest	470,225	-	470,225	443,595	26,630
Total Expenditures	<u>1,260,225</u>	<u>-</u>	<u>1,260,225</u>	<u>1,233,595</u>	<u>26,630</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(250,000)	-	(250,000)	(223,109)	(26,369)
Other Financing Sources					
Transfer In	250,000	-	250,000	250,000	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	-		-	26,891	(26,369)
Fund Balance, Beginning of Year	342	-	342	342	-
Fund Balance, End of Year	<u>\$ 342</u>	<u>\$ -</u>	<u>\$ 342</u>	<u>\$ 27,233</u>	<u>\$ (26,369)</u>
Designated for Subsequent Year's Expenditures Reserve for Future Debt Service				\$ 342	
				<u>26,891</u>	
				<u>\$ 27,233</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,									
	2008	2009	2010	2011 (1) (Restated)	2012	2013	2014 (2) (Restated)	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 11,390,785
Restricted	162,634	148,654	357,050	732,528	1,276,683	1,572,310	1,868,122	1,841,258	200,342	570,167
Unrestricted	311,356	(205,980)	134,155	760,955	786,022	931,424	(4,482,439)	(4,690,435)	(5,606,658)	(6,170,503)
<b>Total Governmental Activities Net Position</b>	<b>\$ 6,511,184</b>	<b>\$ 6,470,243</b>	<b>\$ 7,652,378</b>	<b>\$ 9,097,591</b>	<b>\$ 8,414,999</b>	<b>\$ 13,646,472</b>	<b>\$ 8,059,765</b>	<b>\$ 8,079,324</b>	<b>\$ 7,845,476</b>	<b>\$ 5,790,449</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 18,889	\$ 16,703	\$ 14,884	\$ 15,236	\$ 10,825	\$ 5,184	\$ 40			
Unrestricted	3,390	14,513	24,854	30,829	24,249	33,770	31,945	\$ 27,071	\$ 15,837	\$ 23,155
<b>Total Business-Type Activities Net Position</b>	<b>\$ 22,279</b>	<b>\$ 31,216</b>	<b>\$ 39,738</b>	<b>\$ 46,065</b>	<b>\$ 35,074</b>	<b>\$ 38,954</b>	<b>\$ 31,985</b>	<b>\$ 27,071</b>	<b>\$ 15,837</b>	<b>\$ 23,155</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 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	\$ 11,390,785
Restricted	162,634	148,654	357,050	732,528	1,276,683	1,572,310	1,868,122	1,841,258	200,342	570,167
Unrestricted	314,746	(191,467)	159,009	791,784	810,271	965,194	(4,450,494)	(4,663,364)	(5,590,821)	(6,147,348)
<b>Total District Net Position</b>	<b>\$ 6,533,463</b>	<b>\$ 6,501,459</b>	<b>\$ 7,692,116</b>	<b>\$ 9,143,656</b>	<b>\$ 8,450,073</b>	<b>\$ 13,685,426</b>	<b>\$ 8,091,750</b>	<b>\$ 8,106,395</b>	<b>\$ 7,861,313</b>	<b>\$ 5,813,604</b>

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 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	\$ 16,136,455
Special Education	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	6,377,511
Other Instruction	306,581	184,617	187,397	164,253	219,442	268,655	376,763	446,937	538,690	614,640
School Sponsored Activities and Athletics	693,945	769,420	692,232	635,408	696,554	774,363	832,057	852,487	1,099,115	1,245,130
<b>Support Services:</b>										
Student & Instruction Related Services	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	4,036,538
Health Services	352,759	358,883	372,672	394,941	406,506	439,759	457,323	563,265	658,943	726,508
Educational Media/School Library	500,653	509,946	506,674	442,455	389,823	393,715	411,048	357,441	366,389	568,988
General Administration	925,050	933,567	872,431	719,821	724,427	1,011,762	909,465	812,070	1,061,511	1,057,660
School Administrative Services	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	2,642,851
Central Services	601,210	635,587	638,014	569,296	621,240	700,369	622,276	718,336	765,801	820,993
Plant Operations And Maintenance	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	3,505,089
Pupil Transportation	1,126,864	1,164,059	1,107,083	1,084,224	936,929	893,080	951,023	1,039,681	1,166,655	1,233,998
Interest On Long-Term Debt	355,595	337,469	318,468	336,304	339,948	181,100	369,079	331,927	349,314	639,324
<b>Total Governmental Activities Expenses</b>	<b>26,180,041</b>	<b>26,149,574</b>	<b>26,161,203</b>	<b>25,577,128</b>	<b>27,069,268</b>	<b>28,026,536</b>	<b>28,639,796</b>	<b>32,962,469</b>	<b>35,020,276</b>	<b>39,605,685</b>
<b>Business-Type Activities:</b>										
Food Service	291,477	325,784	311,075	312,598	325,741	348,897	347,085	344,281	316,085	317,286
Non-Major	-	-	-	-	-	-	-	-	15,067	16,643
<b>Total Business-Type Activities Expense</b>	<b>291,477</b>	<b>325,784</b>	<b>311,075</b>	<b>312,598</b>	<b>325,741</b>	<b>348,897</b>	<b>347,085</b>	<b>344,281</b>	<b>331,152</b>	<b>333,929</b>
<b>Total District Expenses</b>	<b>\$ 26,471,518</b>	<b>\$ 26,475,358</b>	<b>\$ 26,472,278</b>	<b>\$ 25,889,726</b>	<b>\$ 27,395,009</b>	<b>\$ 28,375,433</b>	<b>\$ 28,986,881</b>	<b>\$ 33,306,750</b>	<b>\$ 35,351,428</b>	<b>\$ 39,939,614</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Instruction (Tuition)									\$ 522,664	\$ 613,469
Operating Grants And Contributions	\$ 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	9,916,787
Capital Grants And Contributions	-	271,430	-	-	355,688	3,869,600	54,193	243,898	2,960	5,000
<b>Total Governmental Activities Program Revenues</b>	<b>4,229,861</b>	<b>3,553,874</b>	<b>3,793,494</b>	<b>2,677,563</b>	<b>3,649,635</b>	<b>7,778,750</b>	<b>3,607,445</b>	<b>6,528,844</b>	<b>8,144,649</b>	<b>10,535,256</b>

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Business-Type Activities:</b>										
Charges For Services										
Food Service	\$ 273,708	\$ 311,826	\$ 293,590	\$ 295,403	\$ 288,574	\$ 315,231	\$ 308,247	\$ 338,146	\$ 304,705	\$ 309,993
Non-Major	-	-	-	-	-	-	-	-	12,887	20,052
Operating Grants And Contributions	19,909	21,753	25,308	23,106	24,444	36,241	31,707	1,070	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>293,617</b>	<b>333,579</b>	<b>318,898</b>	<b>318,509</b>	<b>313,018</b>	<b>351,472</b>	<b>339,954</b>	<b>339,216</b>	<b>317,592</b>	<b>330,045</b>
<b>Total District Program Revenues</b>	<b>\$ 4,523,478</b>	<b>\$ 3,887,453</b>	<b>\$ 4,112,392</b>	<b>\$ 2,996,072</b>	<b>\$ 3,962,653</b>	<b>\$ 8,130,222</b>	<b>\$ 3,947,399</b>	<b>\$ 6,868,060</b>	<b>\$ 8,462,241</b>	<b>\$ 10,865,301</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (21,950,180)	\$ (22,595,700)	\$ (22,367,709)	\$ (22,899,565)	\$ (23,419,633)	\$ (20,247,786)	\$ (25,032,351)	\$ (26,433,625)	\$ (26,875,627)	\$ (29,070,429)
Business-Type Activities	2,140	7,795	7,823	5,911	(12,723)	2,575	(7,131)	(5,065)	(13,560)	(3,884)
<b>Total District-Wide Net Expense</b>	<b>\$ (21,948,040)</b>	<b>\$ (22,587,905)</b>	<b>\$ (22,359,886)</b>	<b>\$ (22,893,654)</b>	<b>\$ (23,432,356)</b>	<b>\$ (20,245,211)</b>	<b>\$ (25,039,482)</b>	<b>\$ (26,438,690)</b>	<b>\$ (26,889,187)</b>	<b>\$ (29,074,313)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, N	\$ 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	\$ 25,859,739
Taxes Levied For Debt Service	725,226	727,109	731,734	735,259	737,975	740,995	1,064,747	1,081,425	1,045,441	1,010,225
Unrestricted Grants And Contributions	237,413	11,231	-	-	-	-	-	31,114	34,020	48,937
Donation of Capital Assets	4,492	-	-	-	-	-	-	-	-	-
Loss on Disposal of Capital Asset	(3,126)	-	-	-	-	-	-	-	-	-
Miscellaneous Income	985,473	911,548	904,004	872,019	386,546	1,081,857	629,218	728,744	335,484	107,492
Transfers	(1,600)	-	-	-	-	312	-	-	(2,180)	(10,991)
<b>Total Governmental Activities</b>	<b>21,878,866</b>	<b>22,554,759</b>	<b>23,549,844</b>	<b>24,344,778</b>	<b>24,316,771</b>	<b>25,479,259</b>	<b>25,823,182</b>	<b>26,453,084</b>	<b>26,641,779</b>	<b>27,015,402</b>
Business-Type Activities:										
Investment Earnings	1,214	1,142	699	416	1,666	1,305	162	151	146	211
Transfers	1,600	-	-	-	-	-	-	-	2,180	10,991
<b>Total Business-Type Activities</b>	<b>2,814</b>	<b>1,142</b>	<b>699</b>	<b>416</b>	<b>1,666</b>	<b>1,305</b>	<b>162</b>	<b>151</b>	<b>2,326</b>	<b>11,202</b>
<b>Total District-Wide</b>	<b>\$ 21,881,680</b>	<b>\$ 22,555,901</b>	<b>\$ 23,550,543</b>	<b>\$ 24,345,194</b>	<b>\$ 24,318,437</b>	<b>\$ 25,480,564</b>	<b>\$ 25,823,344</b>	<b>\$ 26,453,235</b>	<b>\$ 26,644,105</b>	<b>\$ 27,026,604</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (71,314)	\$ (40,941)	\$ 1,182,135	\$ 1,445,213	\$ 897,138	\$ 5,231,473	\$ 790,831	\$ 19,459	\$ (233,848)	\$ (2,055,027)
Business-Type Activities	4,954	8,937	8,522	6,327	(11,057)	3,880	(6,969)	(4,914)	(11,234)	7,318
<b>Total District</b>	<b>\$ (66,360)</b>	<b>\$ (32,004)</b>	<b>\$ 1,190,657</b>	<b>\$ 1,451,540</b>	<b>\$ 886,081</b>	<b>\$ 5,235,353</b>	<b>\$ 783,862</b>	<b>\$ 14,545</b>	<b>\$ (245,082)</b>	<b>\$ (2,047,709)</b>

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,									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund											
	Reserved	\$ 348,169	\$ 392,760	\$ 964,110							
	Unreserved	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	\$ 2,221,032
	Assigned				410,727	672,170	762,197	384,408	551,071	453,450	83,455
	Unassigned	-	-	-	441,473	132,944	449,426	461,658	203,868	345,330	335,248
	<b>Total General Fund</b>	<b>\$ 1,139,421</b>	<b>\$ 638,319</b>	<b>\$ 1,281,804</b>	<b>\$ 2,247,024</b>	<b>\$ 2,694,295</b>	<b>\$ 3,762,730</b>	<b>\$ 4,252,945</b>	<b>\$ 4,114,407</b>	<b>\$ 4,235,646</b>	<b>\$ 2,639,735</b>
All Other Governmental Funds											
	Reserved	\$ 676,575	\$ 445,657								
	Unreserved	257,431	(36,946)	\$ (55,941)	-	\$ (1,199,466)					
	Restricted	-	-	-	\$ 11,456	16,728	\$ 288,794	\$ 243,812	\$ 401,217	\$ (1,837,263)	\$ 1,055,044
	Assigned	-	-	-	-	-	-	-	35,783	-	-
	<b>Total All Other Governmental Funds</b>	<b>\$ 934,006</b>	<b>\$ 408,711</b>	<b>\$ (55,941)</b>	<b>\$ 11,456</b>	<b>\$ (1,182,738)</b>	<b>\$ 288,794</b>	<b>\$ 243,812</b>	<b>\$ 437,000</b>	<b>\$ (1,837,263)</b>	<b>\$ 1,055,044</b>

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 26,869,964
Miscellaneous	985,473	920,811	930,282	885,410	399,916	1,053,839	668,117	751,782	844,712	743,049
State Sources	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	4,274,677
Federal Sources	402,747	383,649	646,100	517,156	518,387	424,980	415,701	446,418	540,094	535,358
<b>Total Revenue</b>	<b>26,108,961</b>	<b>26,108,633</b>	<b>27,343,338</b>	<b>27,022,341</b>	<b>27,966,406</b>	<b>33,195,714</b>	<b>29,391,015</b>	<b>30,555,580</b>	<b>31,613,863</b>	<b>32,423,048</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	12,221,779
Special Education Instruction	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	5,583,871
Other Instruction	301,547	182,476	185,009	162,830	217,124	264,859	369,664	403,958	476,295	517,030
School Sponsored Activities and Athletics	681,807	755,997	680,510	624,386	683,134	760,493	809,922	770,193	928,145	975,156
<b>Support Services:</b>										
Student and Inst. Related Services	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	3,255,674
Health Services	396,594	401,136	425,668	443,121	458,683	492,375	443,725	480,200	541,490	551,612
Educational Media/School Library	491,700	501,066	497,287	434,220	381,993	385,659	399,598	334,645	335,564	437,958
General Administration	912,608	913,444	860,381	712,290	715,481	1,001,931	898,092	786,644	751,258	914,600
School Administrative Services	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	1,991,977
Central Services	587,096	613,367	623,989	556,819	602,864	684,181	609,484	3,019,933	2,926,345	3,311,141
Plant Operations And Maintenance	2,762,671	2,883,100	2,898,859	2,974,104	3,326,243	2,979,000	2,953,886	1,037,686	1,164,180	1,230,684
Pupil Transportation	1,126,864	1,164,059	1,107,083	1,083,440	936,380	892,404	949,947	677,619	714,722	754,019
Employee Benefits										
Capital Outlay	277,180	1,013,419	938,348	342,122	1,650,598	10,142,290	209,835	479,180	2,705,860	12,840,101
<b>Debt Service:</b>										
Principal	449,282	467,228	490,290	430,000	450,000	520,000	745,000	760,000	775,000	790,000
Cost of Bond Issuance										56,112
Interest and Other Charges	362,184	344,321	325,658	342,593	529,832	281,208	404,174	389,124	367,491	567,947
<b>Total Expenditures</b>	<b>26,496,670</b>	<b>27,135,030</b>	<b>27,164,505</b>	<b>25,989,724</b>	<b>28,938,248</b>	<b>38,300,042</b>	<b>28,955,394</b>	<b>30,508,842</b>	<b>33,823,787</b>	<b>45,999,661</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(387,709)	(1,026,397)	178,833	1,032,617	(971,842)	(5,104,328)	435,621	46,738	(2,209,924)	(13,576,613)
<b>Other Financing Sources (Uses)</b>										
Sale of Bonds										14,884,000
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	1,313,802
Transfers Out	(11,064)	(112,116)	(190,111)	(180,564)	(33,463)	(132,239)	(46,812)	(13,126)	(69,766)	(1,324,793)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,600)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>224,919</b>	<b>7,644,295</b>	<b>9,612</b>	<b>7,912</b>	<b>56,900</b>	<b>14,873,009</b>
<b>Net Change in Fund Balances</b>	<b>\$ (389,309)</b>	<b>\$ (1,026,397)</b>	<b>\$ 178,833</b>	<b>\$ 1,032,617</b>	<b>\$ (746,923)</b>	<b>\$ 2,539,967</b>	<b>\$ 445,233</b>	<b>\$ 54,650</b>	<b>\$ (2,153,024)</b>	<b>\$ 1,296,396</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>3.09%</b>	<b>3.11%</b>	<b>3.11%</b>	<b>3.01%</b>	<b>3.59%</b>	<b>2.85%</b>	<b>4.00%</b>	<b>3.83%</b>	<b>3.67%</b>	<b>4.10%</b>

\* 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)**

<b>Fiscal Year Ended June 30,</b>	<b>Interest Earned</b>	<b>Building Rentals</b>	<b>E-Rate</b>	<b>Cancel Prior Year Payable</b>	<b>Tuition</b>	<b>Transportation Fees</b>	<b>Miscellaneous</b>	<b>Total</b>
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
2017	14,196	581,110	41,572	7,950	18,500	\$ 13,860	26,719	703,907

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 <sup>a</sup>
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
2017	60,513,100	1,818,783,800	2,100,000	5,100	189,695,100	97,221,100	47,697,000	2,160,155,200	1,503,700	2,161,658,900	2,297,797,503	1.276

Source: County Abstract of Ratables

93

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

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

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

Calendar Year	<u>Overlapping Rates</u>				Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Township	County	Garbage District	
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
2017	1.276	0.484	0.538	0.072	2.370

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	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bradford Farms	\$ 314,486	0.094%		
K Hovnanian at Cedar Grove Urban Grove Associates	305,212	0.091%		
Cedar Hill Realty Associates LLC	289,721	0.087%		
691 Pompton Avenue Realty LLC	269,305	0.081%		
Health Resources of Cedar Grove LLC	244,642	0.073%		
Canterbury At Cedar Grove LLC	210,811	0.063%		Not Available
11 Cliffside Drive LLC	199,716	0.060%		
Contract Filling Inc.	176,815	0.053%		
Cedar Grove Properties Inc	163,951	0.049%		
Pilgrim Plaza, LLC	148,855	0.044%		
	140,245	0.042%		
	\$ 2,463,759	0.74%		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	
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%	-
2017	26,869,964	26,869,964	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			
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	12,592	1,989
2017	25,136,000		-	25,136,000	12,592 (Est.)	1,996

Source: District financial records and NJ Department of Education

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
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
2017	25,136,000	-	25,136,000	1.16%	1,996

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, 2016  
(Unaudited)**

Net Debt

Municipal Debt: (1)	
Cedar Grove Public Schools	\$ 25,136,719
Cedar Grove Township	<u>10,852,000</u>
	<u>35,988,719</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County (A):	
County of Essex - Township's Share	<u>11,788,716</u>
Total Direct and Overlapping Debt	<u>\$ 47,777,435</u>

## Source:

(1) Cedar Grove's 2016 Annual Debt Statement

(A) The debt for this entity was apportioned to Cedar Grove by dividing the municipality's 2016 equalized value by the total 2016 equalized value for Essex County.

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

**Legal Debt Margin Calculation for Fiscal Year 2017**

	Equalized Valuation Basis
	2016 \$ 2,287,531,599
	2015 2,307,882,741
	2014 2,230,679,083
	<u>\$ 6,826,093,423</u>
Average Equalized Valuation of Taxable Property	\$ 2,275,364,474
Debt Limit (4 % of Average Equalization Value)	91,014,579 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>25,136,719</u>
Legal Debt Margin	<u>\$ 65,877,860</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
001 Debt Limit	\$ 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	\$ 91,014,579
Total Net Debt Applicable to Limit	<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>	<u>25,136,719</u>
Legal Debt Margin	<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>	<u>\$ 65,877,860</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.16%	8.25%	7.54%	14.77%	14.28%	18.26%	17.96%	29.97%	28.76%	27.62%

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

<sup>a</sup> 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>
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	60,030	5.30%
2016	12,592	60,030 (Est.)	4.10%
2017	12,592 (Est.)	60,030 (Est.)	4.10% (Est.)

Source: New Jersey State Department of Education

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

<u>Employer</u>	<u>2017</u>		<u>2008</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>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>	<u>2017</u>
Instruction										
Regular	122	108	129	119	122	128	129	136	129	120
Special Education	36	35	29	14	15	18	18	21	28	40
Other Instruction	1	1	1	1	1	1	1	-	-	31
Support Services:										
Student and Instruction Related Services	20	18	18	18	18	28	28	19	22	21
General Administration	3	3	3	3	3	3	3	3	3	3
School Administrative Services	9	9	9	9	9	9	9	9	9	6
Other Administrative Services	3	3	3	3	3	3	3	3	3	3
Central Services	3	3	3	3	4	4	4	4	4	4
Administrative Information Technology	3	3	3	3	3	3	3	3	3	3
Plant Operations And Maintenance	<u>22</u>	<u>22</u>	<u>20</u>	<u>19</u>	<u>19</u>	<u>20</u>	<u>20</u>	<u>21</u>	<u>20</u>	<u>21</u>
Total	<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>	<u>252</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	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				
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	8.09%	1,637	10.73	10.60	9.95	1,651	1,585	0.06%	96.00%
2016	1,618	29,975,436	18,526	5.01%	1,618	10.00	10.00	9.00	1,614		-2.24%	0.00%
2017	1,637	31,745,501	19,392	4.68%	147	11.09	10.11	11.02	1,599	1,526	-0.93%	95.43%

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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
North End										
Square Feet	35,625	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	334	341	323	336	336	322	320	309	285	279
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	333	341	361	352	369	331	335	305	302	294
<b><u>Middle School</u></b>										
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	515	497	515	365	535	554	570	553	526	523
<b><u>High School</u></b>										
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	411	422	432	447	429	431	440	456	505	517
<b><u>Other</u></b>										
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>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>	<u>2017</u>
<b>School Facilities</b>										
High School	\$ 129,149	\$ 128,736	\$ 116,825	\$ 140,135	\$ 133,820	\$ 117,905	\$ 91,055	\$ 136,500	\$ 126,086	\$ 117,222
North End School	34,578	34,467	37,994	40,038	43,854	61,026	38,385	31,623	29,863	65,499
South End School	38,131	38,009	41,678	36,000	47,000	61,026	38,385	47,985	43,135	57,672
Middle School	68,831	68,611	74,890	69,860	80,006	71,197	62,006	105,536	96,224	72,617
Leonard R. Parks	<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>	<u>47,855</u>
 Total School Facilities	 <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>	 <u>\$ 360,865</u>

Source: District Records

**CEDAR GROVE PUBLIC SCHOOLS  
INSURANCE SCHEDULE  
JUNE 30, 2017  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<b>School Package Policy/Zurich</b>		
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
<b>Computers and Schedule Equipment</b>		
Data Processing Equipment	2,500,000	5,000
Musical Instruments	250,000	1,000
<b>Boiler and Machinery</b>		
Property Damage	25,000,000	5,000
<b>Umbrella Liability</b>		
Zurich	10,000,000	10,000 Retention
Fireman's Fund Cap	50,000,000	
<b>School Boards Legal Liability/Darwin</b>		
Educators E&O	1,000,000	5,000
Employment Practices Liability	Incl. in above limit	15,000
<b>Public Employees' Faithful Performance Bond</b>		
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, PSA

## 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

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, 2017 and the related notes to the financial statements, which collectively comprise the Cedar Grove Public Schools' basic financial statements and have issued our report thereon dated November 8, 2017.

### 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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Cedar Grove Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 8, 2017.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cedar Grove Public Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Cedar Grove Public Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 8, 2017



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K -2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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, PSA

**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, 2017. 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, 2017.

### **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.

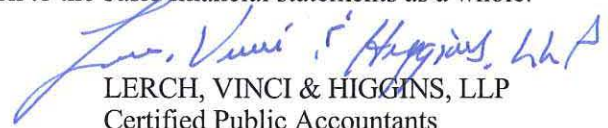
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 the 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, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 8, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 8, 2017

**CEDAR GROVE PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Project Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2017			* Memo GAAP Receivable
												(Accounts Receivable)	Unearned Revenue	Due to Grantor	
<b>Special Revenue Funds:</b>															
<b>U.S. Department of Education</b>															
<b>Passed Through State Department of Education</b>															
I.A.S.A. Consolidated Grant / NCLB															
Title I	84.010A	NCLB 219017	S010A160030	7/1/16-6/30/17	\$ 109,398		\$ 13,261	\$ 50,053	\$ 113,625			\$ (59,345)	\$ 9,034		\$ (59,345)
Title I, Carryover	84.010A	NCLB 219016	S010A150030	7/1/15-6/30/16	98,596	\$ (41,365)	(13,261)	54,626							
Title I, Carryover	84.010A	NCLB219012	S010A150030	9/1/11-8/31/12	16,578	17								\$ 17	
Title IIA	84.367A	NCLB219017	S367A160029	7/1/16-6/30/17	22,006	-	894	13,858	20,657			(8,148)	2,243		(8,148)
Title IIA, Carryover	84.367A	NCLB219016	S367A150029	7/1/15-6/30/16	23,992	(23,098)	(894)	23,992				-			
Title IIA, Carryover	84.367A	NCLB219015	S367A150029	7/1/14-6/30/15	24,548	(8,379)		8,379				-			
Title III Immigrant	84.365A	NCLB219017	S365A160030	7/1/16-6/30/17	2,497				2,497			(2,497)			(2,497)
I.D.E.A. Part B, Basic	84.027	IDEA219017	H027A160100	7/1/16-6/30/17	386,334	-	25,890	342,948	376,164			(43,386)	36,060		(43,386)
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA219016	H027A150100	7/1/15-6/30/16	397,285	(58,800)	(25,890)	67,881				(16,809)			(16,809)
I.D.E.A. Part B, Preschool	84.173	IDEA219017	H173A160114	7/1/16-6/30/17	14,915	-	7,539	718	22,415			(14,197)	39		(14,197)
I.D.E.A. Part B, Preschool, Carryover	84.173	IDEA219016	H173A150114	7/1/14-6/30/15	14,817	(3,376)	(7,539)	10,876				(39)	-		(39)
<b>Total I.D.E.A. Cluster</b>									<u>398,579</u>						
<b>Total Special Revenue Fund</b>						<u>(135,001)</u>	<u>-</u>	<u>573,331</u>	<u>535,358</u>	<u>-</u>	<u>-</u>	<u>(144,421)</u>	<u>47,376</u>	<u>17</u>	<u>(144,421)</u>
<b>Total Federal Financial Assistance</b>						<u>\$ (135,001)</u>	<u>\$ -</u>	<u>\$ 573,331</u>	<u>\$ 535,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (144,421)</u>	<u>\$ 47,376</u>	<u>\$ 17</u>	<u>\$ (144,421)</u>

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, 2017**

	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balance	Balance June 30, 2017			Memorandum		
										(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures	
<b>State Department of Education</b>															
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 630,950			\$ 570,473	\$ 630,950			\$ (60,477)				\$	630,950
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	640,232	\$ (61,741)		61,741									
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	30,041			27,055	30,041			(2,986)					30,041
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	26,377	(2,179)		2,179									-
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	17,010			15,517	17,010			(1,493)					17,010
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	17,010	(1,453)		1,453									-
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	17,010			15,517	17,010			(1,493)					17,010
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	17,010	(1,453)		1,453									-
Professional Learning Comm. Aid	17-495-034-5120-101	7/1/16-6/30/17	16,490			14,997	16,490			(1,493)					16,490
<b>Total State Aid Public- Cluster</b>							<u>711,501</u>								
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	66,137			59,418	66,137			(6,719)					66,137
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	56,678	(5,810)		5,810									-
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	23,838			-	23,838			(23,838)			\$	(23,838)	23,838
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	26,622	(26,622)		26,622									-
<b>Total Transportation Cluster</b>							<u>89,975</u>								
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	362,239			-	362,239			(362,239)					362,239
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	338,744	(338,744)		338,744									-
On -Behalf TPAF Pension System Contr.															
Pension Cost	17-495-034-5094-002	7/1/16-6/30/17	1,144,294			1,144,294	1,144,294								1,144,294
Non-contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	41,460			41,460	41,460								41,460
Long-Term Disability	17-495-034-5094-004	7/1/16-6/30/17	3,239			3,239	3,239								3,239
Post Retirement Medical Contribution	17-495-034-5094-001	7/1/16-6/30/17	988,003			988,003	988,003								988,003
<b>Total On-Behalf TPAF Pension Contributions</b>							<u>2,176,996</u>								
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	845,448			804,980	845,448			(40,468)				(40,468)	845,448
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	870,086	(42,033)		42,033									-
<b>Total General Fund</b>				<u>(480,035)</u>		<u>4,164,988</u>	<u>4,186,159</u>			<u>(501,206)</u>				<u>(64,306)</u>	<u>4,186,159</u>
<b>State Department of Education</b>															
New Jersey Non-Public Aid:															
Textbook	17-100-034-5120-064	7/1/16-6/30/17	12,393			12,393	12,388					\$	5		12,388
Textbook	16-100-034-5120-064	7/1/15-6/30/16	12,277	2,311				\$	2,311						-
Technology	17-100-034-5120-373	7/1/16-6/30/17	5,590			5,590	5,590								5,590
Technology	16-100-034-5120-373	7/1/15-6/30/16	5,590	5,590					5,590						-
Nursing	17-100-034-5120-070	7/1/16-6/30/17	19,350			19,350	19,350								19,350
Security	17-100-034-5120-509	7/1/16-6/30/17	10,750			10,750	9,864						886		9,864
Security	16-100-034-5120-509	7/1/15-6/30/16	5,375	1,975					1,975						-
Auxiliary Services (Chapter 192):															
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	38,968			38,968	37,713							1,255	37,713
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	67,090	29,866					29,866						-
<b>Total Auxiliary Services (Chapter 192) -Cluster</b>							<u>37,713</u>								
Handicapped Services (Chapter 193):															
Examination	17-100-034-5120-066	7/1/16-6/30/17	17,107			17,107	8,288							8,819	8,288
Examination	16-100-034-5120-066	7/1/15-6/30/16	31,361	21,300					21,300						-
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	14,125			14,125	9,181							4,944	9,181
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	23,169	14,111					14,111						-
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	18,554			18,554	11,664							6,890	11,664
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	33,359	18,311					18,311						-
<b>Total Handicapped Services (Chapter 193)- Cluster</b>							<u>29,133</u>								
<b>Total Special Revenue Fund</b>				<u>93,464</u>		<u>136,837</u>	<u>114,038</u>			<u>93,464</u>				<u>22,799</u>	<u>114,038</u>
<b>Total State Financial Assistance- Determination for Single Audit</b>				<u>\$ (386,571)</u>		<u>\$ 4,301,825</u>	<u>\$ 4,300,197</u>		<u>\$ 93,464</u>	<u>\$ (501,206)</u>			<u>\$ 22,799</u>	<u>\$ (64,306)</u>	<u>\$ 4,300,197</u>
Less: On-Behalf Pension Contributions															
Pension Cost	17-495-034-5094-002						1,144,294								
Non-contributory Insurance	17-495-034-5094-004						41,460								
Long-Term Disability	17-495-034-5094-004						3,239								
Post Retirement Medical Contribution	17-495-034-5094-001						988,003								
<b>Total State Financial Assistance Subject to Major Program Determination</b>							<u>\$ 2,123,201</u>								

P 11

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$25,520 for the general fund and a decrease of \$2,454 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,160,639	\$ 4,160,639
Special Revenue Fund	\$ 535,358	114,038	649,396
Total Financial Assistance	<u>\$ 535,358</u>	<u>\$ 4,274,677</u>	<u>\$ 4,810,035</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, 2017**

**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 \$845,448 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$1,185,754, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$988,003 and TPAF Long-Term Disability Insurance in the amount of \$3,239 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

**CEDAR GROVE PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*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 (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

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

Auditee qualified as low-risk auditee?        X   yes             no

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

Internal Control over compliance:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?             yes        X   none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended?             yes        X   none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
495-034-5094-003	TPAF Reimbursable Social Security Aid

**CEDAR GROVE PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*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, 2017**

*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, 2017**

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.