

**CEDAR GROVE PUBLIC SCHOOLS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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, 2018**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**



# Cedar Grove Public Schools

Michael J. Fetherman, Superintendent

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January 23, 2019

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, 2018, 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.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the "Independent Auditor's Report".

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A) and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual financial statements; notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Uniform Guidance and the State Treasury Circular OMB 15-08. 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, are 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 2017-2018 fiscal year with an enrollment of 1,594 students, which is 43 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>
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%
2017-18	1,570	-1.81%

**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 \$297 in 2017-2018 which equates to an increase on average of approximately \$25 per month per household.

**3) MAJOR INITIATIVES:**

Several major initiatives captured our attention during the 2017-18 school year:

Serving approximately 1650 students in grades PreK-12, the Cedar Grove School District continues its commitment to maintaining and enhancing our school system in all areas. The district's priorities include several major initiatives; most notable among them the continued alignment of curriculum to the New Jersey Student Learning Standards (NJSLs).

To sustain our growth, the district emphasizes adequate staffing for meaningful instruction and seeks to retain staff that provides remedial programs for underperforming students; academic safety nets are maintained for students in all grade levels with an emphasis placed on early intervention. Our *Pathways* program, funded by Title I, has been successfully in place since the 2013-14 school year in grades K-8 and we strongly encourage students to explore co-curricular offerings as well as participate in interscholastic athletics. We emphasize the relevant infusion of technology into the classroom to support student learning; courses are also offered through the Virtual High School program for students whose interests lay beyond our capacity.

Consistent with our 5-year curriculum plan, the district routinely reviews and revises all curricula; implementation of the Next Generation Science Standards (NGSS) has been a priority, as they are scheduled to launch in the Fall of 2017. 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 continue our partnership with Montclair State University's Network for Educational Renewal (MSUNER) as well as Syracuse University via dual enrollment programming. During the past two years, we continued the process of curricular realignment in mathematics and focused a great deal of resources into professional development to assist educators with the implementation of our new math series, *Go Math!*.

To assist teachers with SGOs, the district obtains baseline data via Measures of Academic Progress (MAP). Anchored by the NJSLs, MAP testing is administered to assess learner growth. In addition, the district re-invested in Performance Matters, an online platform that supports teacher-generated assessments. Performance Matters enables us to build data-rich profiles of each student organized by course roster for convenient access to student performance results.

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

The district remains focused on improving college and career readiness across disciplines. Using the PLC model, along with the Middle States Excellence by Design protocol, each component combines to create a demanding district-wide action plan. Differentiated teaching techniques in grades K-8, as well as the Understanding by Design model at the 9-12 level, has enabled our educators to focus instruction on the unique learning styles of each student; dialogue among/between staff members has improved as a result. Data collection, analysis and sharing will continue to inform instruction and ultimately improve vertical articulation throughout the district. Our individual schools continue to develop SMART goals that reflect growing student achievement and we remain cognizant of the need for articulation among and between buildings. Coupled with limited finances from the municipality and the ever-shrinking funding from state and federal sources, not to mention compliance with four bargaining unit agreements, the environment exists for the necessary modifications of priorities, on a yearly basis, by our Board and administration. This initiative is becoming more embedded in the culture of our schools, as implementation has featured wireless technology, the use of SMART technology at all grade levels and the expanded purchase of Chrome Books.

The Cedar Grove School District is committed to successful student outcomes. We strive to engage the learning community in meaningful and relevant curricular offerings that are enriched with experiences outside the classroom and infused with appropriate technological support. We also strive to enhance our students' standardized test scores and the overall academic performance of each child. School-based and district-level administrators work diligently to align curricula to current standards and routinely inspect the delivery of instruction to maximize student learning outcomes. The integration of a new K-5 literacy and mathematics series has been continually supported by on-going professional development and Standards Academy seminars. The transition to the Daily 5/CAFÉ instructional model has transformed our instructional practices and is having a positive impact on student learning. To stimulate curiosity, we update curricular offerings and add new courses when possible; recent additions to the high school include AP Statistics, Case Study in Business, Honors Spanish and Italian, Virtual High School, Tomorrow's Teachers and two new dual enrollment courses offered through Syracuse University, Accounting and Sports Management. Staff is held accountable for student performance and behavior and we seek to exceed AchieveNJ and TEACHNJ mandates. Student Growth Objectives (SGOs) are collaboratively written and we are financially committed to professional development; our staff is encouraged to explore best practices and turn-key valuable lessons learned in the field to colleagues within the district.

The Cedar Grove School District is committed to raising the performance standards of both students and staff. In-service training days are annually built in to the District Calendar to promote adult learning and facilitate horizontal/vertical professional articulation. Monthly staff meetings are flipped to maximize hands-on opportunities and collegial discourse and staff members are encouraged to explore best practices and invited to turn-key valuable lessons learned from the field. Professional development designed to better educate teachers to ensure classroom instruction is directly tied to the NJSLs and the NJCCCS, as well as the continued refinement of benchmark assessments that provide teachers with quantitative data to improve student achievement will be the focus of building curriculum PLCs. Focus on developing quality SGOs and PDPs for all teachers and administrators will also be a priority. Additionally, the district professional development will include continued emphasis on training for administrators and teachers in data analysis and in the teacher/principal evaluation model employed. The district will continue to provide opportunities for on-site and off-site training in areas of pedagogy and technology in order to better assist teachers in preparing for next year's PARCC assessment and to ensure students are prepared to compete in the 21<sup>st</sup> century and the global society in which we live.

While the future is bright for the Cedar Grove School District, increased student achievement and the need for additional sources of revenue to assist the district in maintaining services remain top priorities. To this end, we are looking to re-launch the Cedar Grove Education Foundation, leverage our new athletic facility to secure advertising dollars and looking to secure grant funding. Providing a 21<sup>st</sup> century curriculum, well trained teachers and benchmark assessments will help the district provide the best educational program for our students, now and in the future. As we plan ahead, ensuring the implementation of the district's curriculum and its continued updating and revisions, providing the needed resources to effectively deliver the curriculum, and offering teachers the needed training in using the resources will be essential.

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

The English/Language Arts department continues 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. To further align to the Student Learning Standards, the district has adopted the New Jersey Model Curriculum for grades K to 8 Language Arts instruction. Currently, teachers in these grade levels are adapting the state model to meet the educational needs of our students. 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 continue to implement the *Common Core Academy* in order to train teachers to effectively “unwrap” the standards and develop instructional strategies that meet the rigors of the Common Core and the PARCC Assessment. In order to further extend student learning through the use of technology standards-based experiences, MobyMax.com is employed in grades K-12, which also allows teachers and parents the ability to monitor the progress of their students. Additionally, the *Reading Writing Pathways* program continues to be implemented in the elementary schools and the middle school. The afterschool program, which began in 2013, provides students with additional remediation and reinforcement of reading and writing strategies.

District teachers of Social Studies/History at all levels continue 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 are integrating the informational reading comprehension and analysis skills found in their NJSL-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 NJSL-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 incorporate 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 continue 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 physical education and health department continues to incorporate the Comprehensive Health and Physical Education New Jersey Student Learning Standards within their planning and instructional practices. Likewise, the department continues to actively implement the Physician's Advisory Health Curriculum to emphasize knowledge, awareness, and skills in a wide variety of activities and sports as well as and to promote life-long personal fitness.

The elementary school physical education and health curriculum provides a well-rounded experience rooted in physical and holistic fitness and group learning activities. Likewise, students develop characteristics of leadership, cooperation, and sportsmanship in a variety of applied settings. The high school and middle school physical education curriculum allows students to explore a variety of physical activities and games while developing a lifetime commitment to their personal fitness and teamwork approaches to tasks and situations. Student growth is assessed through various components of the FitnessGram testing program which measures student physical fitness and physical activity levels.

The Mathematics department, at all grade levels, has 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 NJSL-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 have

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

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, is used for remediation and reinforcement. Interactive math problems span many levels of difficulty and provide feedback to the student; teachers can also monitor progress. Math Lab Courses for high school students who did not achieve ‘Proficient’ status on the previous year's standardized tests and Math Plus at Memorial Middle School specifically seek to reinforce skills that are set by the CCS. Memorial Middle School additionally runs an after school program called “Math Strategies” to assist low performing students with testing strategies.

As the Next Generation Science Standards (NGSS) will be in place September 2017 in the middle school and high school levels, teachers in these grades are currently participating 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. Teachers are currently working with a classroom set of books and have access to the online system in advance of the release of NGSS-aligned textbooks.

In the Elementary levels, teachers are infusing Character Education into daily routines and lessons. Memorial Middle School runs a separate cycle class for Grades 5 – 8 and all levels use the 11 Principles of Character Education as defined by the NJ Curriculum Standards for Character Education/Social & Emotional Learning. At the high school level, Language Arts and Financial Literacies are in their 5<sup>th</sup> year and are seeing the effects of New Jersey Student Learning Standard integration. Both were revised for the 2016 school year. The Business Department is flourishing and now has multiple sections of Personal Finance and Marketing, AP Economics (Micro and Macro) has maintained steady enrollment and new dual enrollment courses through Syracuse University, Account and Sports Management, were added in the Fall of 2016. Our Tomorrow’s Teachers program continues to provide an introduction to pedagogy, requiring students to visit classrooms across the district to expose them to the daily responsibilities of teachers. Generally speaking, all courses make an effort to follow their own revised standards which emphasize the application of real-world scenarios, modeling and careers.

The Technology department across every grade level continues to incorporate the New Jersey Student Learning Standards. As the district has initiated a change to Gmail and infused the use of Google Docs, computer-based courses, such as Technology in the Middle Grades, has focused on teaching students about Google Docs and associated applications. Design-based classes have implemented changes to Common Core Math in the areas of measurement. Teachers additionally look to expose students to current applications in the areas of advertising, architecture, engineering, photography and computers. Teachers of Technology, along with Media Center Specialists, have also reached out to classroom teachers to assist them in using various computer, online programs and apps with their classes. Google classroom is also being used across the district.

The Visual and Performing Arts department across every grade level continues to incorporate the New Jersey Student Learning Standards. Over the last two years, modifications to the vocal and instrumental program at the middle school level—specifically an increase in staffing—has allowed students to expand their skill set in Music. The choral repertoire and orchestra/band arrangements have been selected to further challenge enrolled students. Choral Music in Grades 5–8 has been revised and the music teacher at both elementary schools has collaborated with several teachers—including the Art teacher—to create theme-oriented artwork and concerts. The art teacher at this level continues to integrate multiple projects, media and historical references as well as establish connections to other subject areas. At the high school level, an increase in enrollment in band has led to more challenging compositions for the instrumentalists as well as a resurrected Pep Band. After the success of the Music Fundamentals course, CGHS recently adopted AP Music Theory into the Academic Program. All teachers of music and art have independently attended workshops, conferences and classes to learn about new methods, projects, and pieces.

#### **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, 2018.

#### **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, 2018, the District's outstanding debt consisted of \$23,701,000 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 related Uniform Guidance and related 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,

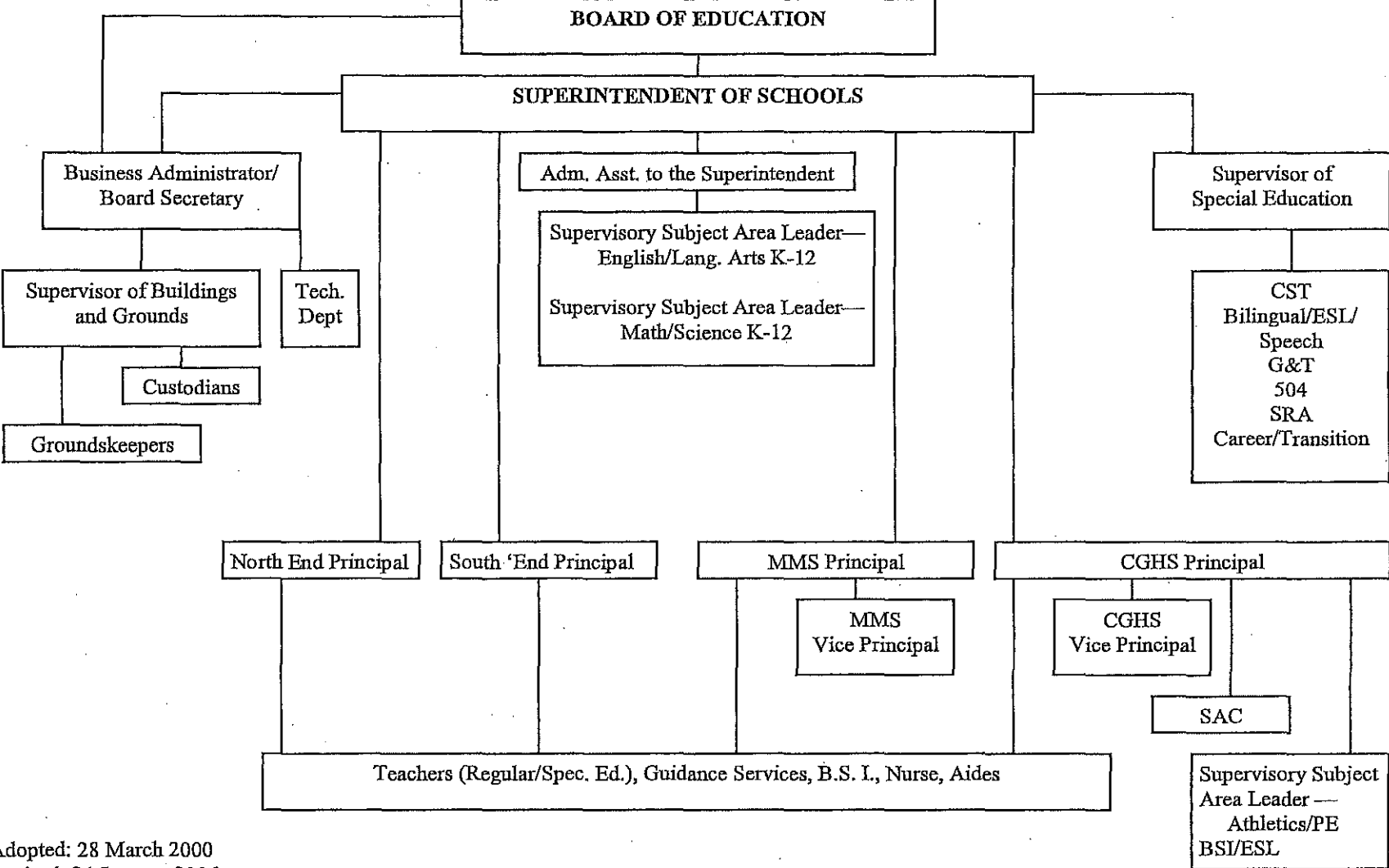


Michael J. Fetherman  
Superintendent



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, 2018**

<b>Members of the Board of Education</b>	<b>Term Expires</b>
Mrs. Christine Dye, CPA, Board President	2020
Mr. Frank Mandala, Vice President	2018
Mr. Peter Prvulovic	2018
Mr. David Schoner	2019
Mrs. Nicole DiChiara	2018

**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

**ATTORNEY**

Sciarillo, Cornell, Merlino, McKeever & Osbourne, LLC  
Attorneys at Law  
General Counsel  
238 St. Paul Street  
Westfield, NJ 07091

**INSURANCE**

Bollinger Specialty Group  
Athletic Insurance  
200 Jefferson Park  
Whippany, NJ 07981

C. Walter Searle Insurance Agency, LLC  
Risk Advisor  
410 Franklin Avenue  
Nutley, NJ 07110

IMAC Insurance Agency  
Insurance Broker  
540 Mill Street  
Belleville, NJ 07109

**ARCHITECT**

Robert E. Donahue, AIA  
Architect of Record  
14 Main Street – Suite 305  
Madison, NJ 07940

**RIGHT TO KNOW**

NAETI  
Environmental Consultant  
3321 Doris Avenue – Building B  
Ocean Township, 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. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Grove Public Schools as of and for the fiscal year ended June 30, 2018 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, 2018, 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.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Cedar Grove Public Schools adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

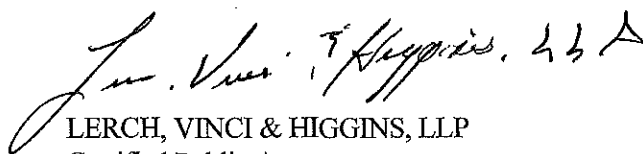
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cedar Grove Public Schools' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, 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.

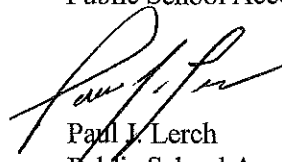
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2019 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  
January 23, 2019

**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, 2018**

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, 2018. 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 2018 are as follows:

- District-Wide - Overall revenues were \$41,132,107. General revenues accounted for \$28,816,489 or 70 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,315,618 or 30 percent of total revenues of \$41,132,107.
- District-Wide - The School District had \$40,488,329 in expenses; only \$12,315,618 of these expenses were offset by program specific charges for services, grants or contributions and capital grants and contributions. General revenues (primarily taxes) of \$28,816,489 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Cedar Grove Public Schools governmental funds reported combined ending fund balances of \$4,214,182, an increase of \$519,403 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2018, unassigned fund balance for the General Fund was \$221,796 a decrease of \$113,452 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 2018 and 2017. For 2018 and 2017 net position were \$6,457,382 and \$5,813,604, 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.

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE CEDAR GROVE PUBLIC SCHOOLS AS A WHOLE (Continued)**

**Table A-2  
Statement of Net Position  
As of June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>						
Current and Other Assets	\$ 5,452,836	\$ 4,418,557	\$ 92,023	\$ 96,890	\$ 5,544,859	\$ 4,515,447
Capital Assets, net	<u>34,616,726</u>	<u>35,613,778</u>	<u>-</u>	<u>-</u>	<u>34,616,726</u>	<u>35,613,778</u>
<b>Total Assets</b>	<u>40,069,562</u>	<u>40,032,335</u>	<u>92,023</u>	<u>96,890</u>	<u>40,161,585</u>	<u>40,129,225</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	2,338,462	3,305,766			2,338,462	3,305,766
Deferred Amounts on Debt Refunding	<u>27,691</u>	<u>37,345</u>	<u>-</u>	<u>-</u>	<u>27,691</u>	<u>37,345</u>
<b>Total Deferred Outflows of Resources</b>	<u>2,366,153</u>	<u>3,343,111</u>	<u>-</u>	<u>-</u>	<u>2,366,153</u>	<u>3,343,111</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>42,435,715</u>	<u>43,375,446</u>	<u>92,023</u>	<u>96,890</u>	<u>42,527,738</u>	<u>43,472,336</u>
<b>Liabilities</b>						
Current Liabilities	1,440,099	940,525	61,409	73,735	1,501,508	1,014,260
Non-Current Liabilities	<u>32,714,073</u>	<u>36,461,172</u>	<u>-</u>	<u>-</u>	<u>32,714,073</u>	<u>36,461,172</u>
<b>Total Liabilities</b>	<u>34,154,172</u>	<u>37,401,697</u>	<u>61,409</u>	<u>73,735</u>	<u>34,215,581</u>	<u>37,475,432</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	<u>1,854,775</u>	<u>183,300</u>	<u>-</u>	<u>-</u>	<u>1,854,775</u>	<u>183,300</u>
<b>Total Deferred Inflows of Resources</b>	<u>1,854,775</u>	<u>183,300</u>	<u>-</u>	<u>-</u>	<u>1,854,775</u>	<u>183,300</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>36,008,947</u>	<u>37,584,997</u>	<u>61,409</u>	<u>73,735</u>	<u>36,070,356</u>	<u>37,658,732</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	11,757,662	11,390,785			11,757,662	11,390,785
Restricted	1,320,494	570,167			1,320,494	570,167
Unrestricted	<u>(6,651,388)</u>	<u>(6,170,503)</u>	<u>30,614</u>	<u>23,155</u>	<u>(6,620,774)</u>	<u>(6,147,348)</u>
<b>Total Net Position</b>	<u>\$ 6,426,768</u>	<u>\$ 5,790,449</u>	<u>\$ 30,614</u>	<u>\$ 23,155</u>	<u>\$ 6,457,382</u>	<u>\$ 5,813,604</u>

## DISTRICT-WIDE FINANCIAL ANALYSIS OF THE CEDAR GROVE PUBLIC SCHOOLS AS A WHOLE (Continued)

**Governmental activities.** Governmental activities increased the District's net position by \$636,319.

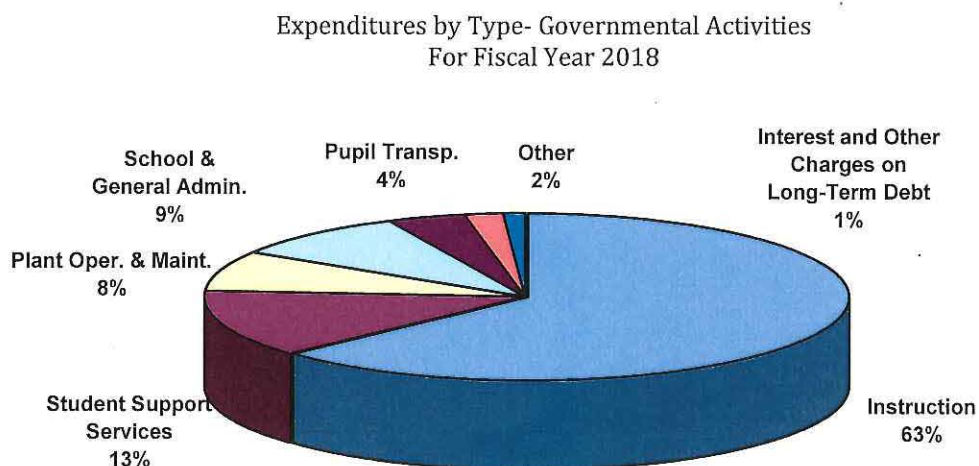
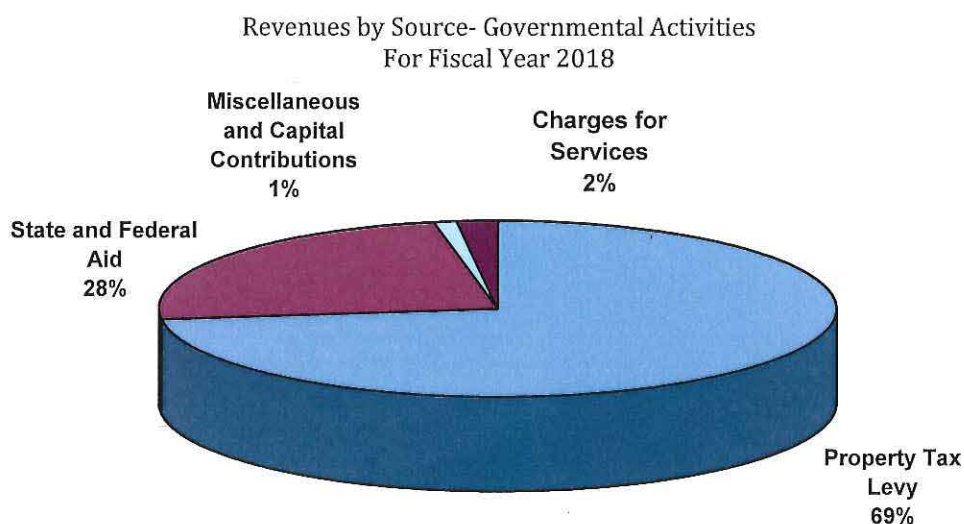
**Table A-3**  
**Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2018 and 2017**

	Governmental		Business-Type		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 745,832	\$ 613,469	\$ 320,203	\$ 330,045	\$ 1,066,035	\$ 943,514
Operating Grants and Contributions	11,225,166	9,916,787	-	-	11,225,166	9,916,787
Capital Grants and Contributions	24,417	5,000			24,417	5,000
General Revenues						
Property Taxes	28,294,388	26,869,964			28,294,388	26,869,964
Other	521,606	156,429	495	211	522,101	156,640
<b>Total Revenues</b>	<u>40,811,409</u>	<u>37,561,649</u>	<u>320,698</u>	<u>330,256</u>	<u>41,132,107</u>	<u>37,891,905</u>
<b>Expenses</b>						
Instruction						
Regular	16,433,466	16,136,455			16,433,466	16,136,455
Special Education	6,817,166	6,377,511			6,817,166	6,377,511
Other Instruction	593,998	614,640			593,998	614,640
School Sponsored Activities and Athletics	1,293,421	1,245,130			1,293,421	1,245,130
Support Services						
Student and Instruction Related Serv.	4,048,218	4,036,538			4,048,218	4,036,538
Health Services	709,038	726,508			709,038	726,508
Educational Media/School Library	545,286	568,988			545,286	568,988
General Administrative Services	927,489	1,057,660			927,489	1,057,660
School Administrative Services	2,673,355	2,642,851			2,673,355	2,642,851
Plant Operations and Maintenance	3,399,212	3,505,089			3,399,212	3,505,089
Pupil Transportation	1,342,877	1,233,998			1,342,877	1,233,998
Central Services	824,790	820,993			824,790	820,993
Food Service			306,650	317,286	306,650	317,286
Other			15,586	16,643	15,586	16,643
Interest on Long-Term Debt	557,777	639,324	-	-	557,777	639,324
<b>Total Expenses</b>	<u>40,166,093</u>	<u>39,605,685</u>	<u>322,236</u>	<u>333,929</u>	<u>40,488,329</u>	<u>39,939,614</u>
Decrease in Net Position, Before Transfers	645,316	(2,044,036)	(1,538)	(3,673)	643,778	(2,047,709)
Transfers	(8,997)	(10,991)	8,997	10,991	-	-
Change in Net Position	636,319	(2,055,027)	7,459	7,318	643,778	(2,047,709)
Net Position, Beginning of Year	5,790,449	7,845,476	23,155	15,837	5,813,604	7,861,313
Net Position, End of Year	<u>\$ 6,426,768</u>	<u>\$ 5,790,449</u>	<u>\$ 30,614</u>	<u>\$ 23,155</u>	<u>\$ 6,457,382</u>	<u>\$ 5,813,604</u>

## DISTRICT-WIDE FINANCIAL ANALYSIS OF THE CEDAR GROVE PUBLIC SCHOOLS AS A WHOLE (Continued)

**Governmental activities.** The District's total governmental activities revenues were \$40,811,409. The local share of the revenues that included property taxes, unrestricted state aid, state aid restricted for debt service, interest and miscellaneous revenue amounted to \$28,815,994 or 71% of total revenues. Funding from state and federal sources and capital contributions amounted to \$11,249,583 or 27%. Charges for services amounted to \$745,832 or 2%. (See Table A-3)

The District's total governmental expenses were \$40,166,093 and are predominantly related to instruction and support services. Instruction totaled \$25,138,051 (63%), support services totaled \$14,470,265 (36%) and interest and other charges on long-term debt total \$557,777 (1%) of total expenditures. (See Table A-3.)



**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE CEDAR GROVE PUBLIC SCHOOLS AS A WHOLE (Continued)**

**Table A-4  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2018 and 2017**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Instruction				
Regular	\$ 16,433,466	\$ 16,136,455	\$ 11,335,254	\$ 11,503,433
Special Education	6,817,166	6,377,511	4,153,168	4,103,848
Other Instruction	593,998	614,640	229,816	279,557
School Sponsored Activities and Athletics	1,293,421	1,245,130	950,768	928,415
Support Services				
Student and Instruction Related Svcs.	4,048,218	4,036,538	2,984,046	3,063,318
Health Services	709,038	726,508	498,701	521,331
Educational Media/School Library	545,286	568,988	384,605	415,272
General Administrative Services	927,489	1,057,660	745,669	889,832
School Administrative Services	2,673,355	2,642,851	1,860,742	1,879,288
Plant Operations and Maintenance	3,399,212	3,505,089	2,496,730	2,894,745
Pupil Transportation	1,342,877	1,233,998	1,222,162	1,131,073
Central Services	824,790	820,993	751,240	820,993
Interest on Long-Term Debt	557,777	639,324	557,777	639,324
 Total Governmental Activities	 <u>\$ 40,166,093</u>	 <u>\$ 39,605,685</u>	 <u>\$ 28,170,678</u>	 <u>\$ 29,070,429</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$322,236. 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 after transfers of \$7,459.



## DISTRICT-WIDE FINANCIAL ANALYSIS OF THE CEDAR GROVE PUBLIC SCHOOLS AS A WHOLE (Continued)

### 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 \$3,552 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 \$2,014 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 \$4,214,182. In 2016-2017 the fund balance was \$3,694,779.

### **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 \$35,154,023 and expenditures were \$34,625,623.

### 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, 2018 and 2017.

	<b>Fiscal Year Ended June 30, 2018</b>	<b>Fiscal Year Ended June 30, 2017</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Local Sources	\$ 29,339,820	\$ 27,613,013	\$ 1,726,807	6.25%
State Sources	5,240,478	4,274,677	965,801	22.59%
Federal Sources	<u>573,725</u>	<u>535,358</u>	<u>38,367</u>	7.17%
 Total Revenues	 <u>\$ 35,154,023</u>	 <u>\$ 32,423,048</u>	 <u>\$ 2,730,975</u>	 8.42%

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, 2018 and 2017.

	<b>Fiscal Year Ended June 30, 2018</b>	<b>Fiscal Year Ended June 30, 2017</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Instruction	\$ 20,191,994	\$ 19,297,836	\$ 894,158	4.63%
Support Services	12,243,614	12,447,665	(204,051)	-1.64%
Capital Outlay	152,258	12,840,101	(12,687,843)	-98.81%
Debt Service				
Principal	1,435,000	790,000	645,000	81.65%
Cost of Bond Issuance	-	56,112	(56,112)	-100.00%
Interest	<u>602,757</u>	<u>567,947</u>	<u>34,810</u>	6.13%
 Total Expenditures	 <u>\$ 34,625,623</u>	 <u>\$ 45,999,661</u>	 <u>\$ (11,374,038)</u>	 -24.73%

## 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 \$318,958 in Extraordinary Aid to help offset special education costs and \$41,180 in Nonpublic School Transportation Costs to help offset aid in lieu payments to Nonpublic parents.

**Capital Assets.** The Cedar Grove Public Schools' investment in capital assets for its governmental and business type activities as of June 30, 2018 and 2017 amounts to \$34,616,726 and \$35,613,778 (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, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 47,359	\$ 47,359			\$ 47,359	\$ 47,359
Construction in Progress	-	13,970,387			-	13,970,387
Land Improvements	559,985	555,548			559,985	555,548
Buildings and Building Improvements	46,106,765	32,035,629			46,106,765	32,035,629
Equipment and Furniture	2,683,781	2,636,709	\$ 96,547	\$ 96,547	2,780,328	2,733,256
<b>Total</b>	<b>49,397,890</b>	<b>49,245,632</b>	<b>96,547</b>	<b>96,547</b>	<b>49,494,437</b>	<b>49,342,179</b>
Less: Accumulated Depreciation	14,781,164	13,631,854	96,547	96,547	14,877,711	13,728,401
<b>Total</b>	<b>\$ 34,616,726</b>	<b>\$ 35,613,778</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,616,726</b>	<b>\$ 35,613,778</b>

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

**Debt Administration.** As of June 30, 2018 and 2017 the school district had long-term debt and outstanding long-term liabilities in the amount of \$32,714,073 and \$36,461,172, respectively, as stated in Table A-6.

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

	<u>2018</u>	<u>2017</u>
Bonds Payable, Gross	\$ 23,813,817	\$ 25,288,149
Compensated Absences Payable	373,323	379,999
Net Pension Liability	<u>8,526,933</u>	<u>10,793,024</u>
 Total	 <u>\$ 32,714,073</u>	 <u>\$ 36,461,172</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 21<sup>st</sup> 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 be adding security vestibules to all schools, video surveillance upgrades to all schools, card access systems for North End, South End and Memorial Middle School, visitor management system to all schools, window film to all first floor windows in all schools, burglar alarm system in all schools, security gates in all schools, classroom phones in North End and South End, and make North End ADA compliant, fix site improvement and drainage issues at South End and install generators in all schools for technology and security equipment.

In grade 8, a new math textbook series will be implemented and additional Chromebooks will be added.

**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, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,195,940	\$ 88,625	\$ 5,284,565
Receivables, net	256,896		256,896
Inventory		3,398	3,398
Capital Assets, net			
Not Being Depreciated	47,359		47,359
Being Depreciated	<u>34,569,367</u>	<u>-</u>	<u>34,569,367</u>
Total Assets	<u>40,069,562</u>	<u>92,023</u>	<u>40,161,585</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	2,338,462		2,338,462
Deferred Amounts on Debt Refunding	<u>27,691</u>	<u>-</u>	<u>27,691</u>
Total Deferred Outflows of Resources	<u>2,366,153</u>	<u>-</u>	<u>2,366,153</u>
Total Assets and Deferred Outflows of Resources	<u>42,435,715</u>	<u>92,023</u>	<u>42,527,738</u>
<b>LIABILITIES</b>			
Accounts Payable	1,162,776	48,289	1,211,065
Unearned Revenue	49,150	13,120	62,270
Accrued Interest Payable	201,445		201,445
Payable to Other Governments	26,728		26,728
Noncurrent Liabilities			
Due Within One Year	1,505,000		1,505,000
Due Beyond One Year	<u>31,209,073</u>	<u>-</u>	<u>31,209,073</u>
Total Liabilities	<u>34,154,172</u>	<u>61,409</u>	<u>34,215,581</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>1,854,775</u>	<u>-</u>	<u>1,854,775</u>
Total Deferred Inflows of Resources	<u>1,854,775</u>	<u>-</u>	<u>1,854,775</u>
Total Liabilities and Deferred Inflows of Resources	<u>36,008,947</u>	<u>61,409</u>	<u>36,070,356</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,757,662		11,757,662
Restricted for			
Capital Projects	940,658		940,658
Debt Service	27,560		27,560
Other Purposes	352,276		352,276
Unrestricted	<u>(6,651,388)</u>	<u>30,614</u>	<u>(6,620,774)</u>
Total Net Position	<u>\$ 6,426,768</u>	<u>\$ 30,614</u>	<u>\$ 6,457,382</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, 2018**

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	\$ 16,433,466	\$ 73,775	\$ 5,000,020	\$ 24,417	\$ (11,335,254)		\$ (11,335,254)
Special Education	6,817,166		2,663,998		(4,153,168)		(4,153,168)
Other Instruction	593,998		364,182		(229,816)		(229,816)
School Sponsored Activities and Athletics	1,293,421		342,653		(950,768)		(950,768)
Support Services							
Student and Instruction Related Services	4,048,218		1,064,172		(2,984,046)		(2,984,046)
Health Services	709,038		210,337		(498,701)		(498,701)
Educational Media/School Library	545,286		160,681		(384,605)		(384,605)
General Administrative Services	927,489		181,820		(745,669)		(745,669)
School Administrative Services	2,673,355		812,613		(1,860,742)		(1,860,742)
Central Services	824,790		73,550		(751,240)		(751,240)
Plant Operations and Maintenance	3,399,212	662,548	239,934		(2,496,730)		(2,496,730)
Pupil Transportation	1,342,877	9,509	111,206		(1,222,162)		(1,222,162)
Interest and Other Charges on Long-Term Debt	557,777	-	-	-	(557,777)	-	(557,777)
<b>Total Governmental Activities</b>	<b>40,166,093</b>	<b>745,832</b>	<b>11,225,166</b>	<b>24,417</b>	<b>(28,170,678)</b>	<b>-</b>	<b>(28,170,678)</b>
<b>Business-Type Activities</b>							
Food Service	306,650	302,603	-	-	-	\$ (4,047)	(4,047)
Other	15,586	17,600	-	-	-	2,014	2,014
<b>Total Business-Type Activities</b>	<b>322,236</b>	<b>320,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,033)</b>	<b>(2,033)</b>
<b>Total Primary Government</b>	<b>\$ 40,488,329</b>	<b>\$ 1,066,035</b>	<b>\$ 11,225,166</b>	<b>\$ 24,417</b>	<b>(28,170,678)</b>	<b>(2,033)</b>	<b>(28,172,711)</b>
<b>General Revenues and Other Items</b>							
Taxes:							
Property Taxes, Levied for General Purposes, Net					26,532,424		26,532,424
Property Taxes Levied for Debt Service					1,761,964		1,761,964
Debt Service State Aid					244,432		244,432
Unrestricted State Aid					50,075		50,075
Miscellaneous Income					227,099	495	227,594
Transfers					(8,997)	8,997	-
<b>Total General Revenues and Transfers</b>					<b>28,806,997</b>	<b>9,492</b>	<b>28,816,489</b>
Change in Net Position					636,319	7,459	643,778
Net Position, Beginning of Year					5,790,449	23,155	5,813,604
Net Position, End of Year					<b>\$ 6,426,768</b>	<b>\$ 30,614</b>	<b>\$ 6,457,382</b>

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, 2018**

	<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	\$ 4,207,085		\$ 960,953	\$ 27,902	\$ 5,195,940
Receivables from Other Governments	84,992	\$ 135,569			220,561
Other Receivables	32,417				32,417
Due from Other Funds	<u>37,145</u>	<u>6,679</u>	<u>-</u>	<u>-</u>	<u>43,824</u>
Total Assets	<u>\$ 4,361,639</u>	<u>\$ 142,248</u>	<u>\$ 960,953</u>	<u>\$ 27,902</u>	<u>\$ 5,492,742</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 1,084,900	\$ 76,870	\$ 1,006		\$ 1,162,776
Due to Other Funds	6,679		32,885	\$ 342	39,906
Payable to State Government		26,711			26,711
Payable to Federal Government		17			17
Unearned Revenue	<u>10,500</u>	<u>38,650</u>	<u>-</u>	<u>-</u>	<u>49,150</u>
Total Liabilities	<u>1,102,079</u>	<u>142,248</u>	<u>33,891</u>	<u>342</u>	<u>1,278,560</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus- Designated for Subsequent Year's Expenditures	688,563				688,563
Excess Surplus	804,389				804,389
Maintenance Reserve	352,276				352,276
Capital Reserve	940,658				940,658
Capital Projects			927,062		927,062
Debt Service				27,560	27,560
Assigned Fund Balance					
Year End Encumbrances	66,259				66,259
Designated for Subsequent Year's Expenditures	185,619				185,619
Unassigned Fund Balance	<u>221,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,796</u>
Total Fund Balances	<u>3,259,560</u>	<u>-</u>	<u>927,062</u>	<u>27,560</u>	<u>4,214,182</u>
Total Liabilities and Fund Balances	<u>\$ 4,361,639</u>	<u>\$ 142,248</u>	<u>\$ 960,953</u>	<u>\$ 27,902</u>	<u>\$ 5,492,742</u>

**CEDAR GROVE PUBLIC SCHOOLS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2018**

**Total Fund Balances (Exhibit B-1)** \$ 4,214,182

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 \$49,397,890 and the accumulated depreciation is \$14,781,164. 34,616,726

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.

	\$	2,338,462	
Deferred Outflows of Resources		(1,854,775)	
Deferred Inflows of Resources		483,687	483,687

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: (201,445)

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	(23,813,817)		
Deferred Outflows of Resources-			
Deferred Amounts on Debt Refunding	27,691		
Compensated Absences	(373,323)		
Net Pension Liability	(8,526,933)		(32,686,382)

**Net Position of governmental activities (Exhibit A-1)** \$ 6,426,768

**CEDAR GROVE PUBLIC SCHOOLS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 26,532,424			\$ 1,761,964	\$ 28,294,388
Miscellaneous	960,867	\$ 72,501	\$ 11,395	669	1,045,432
<b>Total - Local Sources</b>	<b>27,493,291</b>	<b>72,501</b>	<b>11,395</b>	<b>1,762,633</b>	<b>29,339,820</b>
State Sources	4,870,156	125,890		244,432	5,240,478
Federal Sources	-	573,725	-	-	573,725
<b>Total Revenues</b>	<b>32,363,447</b>	<b>772,116</b>	<b>11,395</b>	<b>2,007,065</b>	<b>35,154,023</b>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	12,689,633	65,502			12,755,135
Special Education Instruction	5,529,356	352,523			5,881,879
Other Instruction	255,773	261,673			517,446
School Sponsored Activities and Athletics	1,037,534				1,037,534
Support Services					
Student and Instructional Related Services	3,236,293	68,001			3,304,294
Health Services	551,962				551,962
Educational Media/School Library	425,292				425,292
General Administrative Services	791,709				791,709
School Administrative Services	2,066,510				2,066,510
Plant Operations and Maintenance	3,062,452				3,062,452
Pupil Transportation	1,336,793				1,336,793
Central Services	704,602				704,602
Debt Service					
Principal				1,435,000	1,435,000
Interest and Other Charges	31,019			571,738	602,757
Capital Outlay	27,092	24,417	100,749	-	152,258
<b>Total Expenditures</b>	<b>31,746,020</b>	<b>772,116</b>	<b>100,749</b>	<b>2,006,738</b>	<b>34,625,623</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	617,427	-	(89,354)	327	528,400
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	11,395				11,395
Transfers Out	(8,997)	-	(11,395)	-	(20,392)
<b>Total Other Financing Sources and (Uses)</b>	<b>2,398</b>	<b>-</b>	<b>(11,395)</b>	<b>-</b>	<b>(8,997)</b>
<b>Net Change in Fund Balances</b>	<b>619,825</b>	<b>-</b>	<b>(100,749)</b>	<b>327</b>	<b>519,403</b>
Fund Balance, Beginning of Year	2,639,735	-	1,027,811	27,233	3,694,779
<b>Fund Balance, End of Year</b>	<b>\$ 3,259,560</b>	<b>\$ -</b>	<b>\$ 927,062</b>	<b>\$ 27,560</b>	<b>\$ 4,214,182</b>

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, 2018**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 519,403

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 depreciation exceeds capital outlay in in the current period.

Capital Outlay	\$ 152,258	
Depreciation Expense	<u>(1,149,310)</u>	
		(997,052)

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

Amortization of Bond Premium	39,332	
Amortization of Deferred Amounts on Debt Refunding	(9,654)	
Principal Repayments		
Bond Principal	<u>1,435,000</u>	
		1,464,678

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

Decrease Compensated Absences		6,676
Increase in Pension Expense		<u>(372,688)</u>

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

The details are as follows:

Decrease in accrued interest		<u>15,302</u>
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**Change in net position of governmental activities (Exhibit A-2)** **\$ 636,319**

**CEDAR GROVE PUBLIC SCHOOLS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

<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	\$ 18,543	\$ 70,082	\$ 88,625
Inventory	-	3,398	3,398
Total Current Assets	18,543	73,480	92,023
Non-Current Assets			
Equipment		96,547	96,547
Less: Accumulated Depreciation	-	(96,547)	(96,547)
Total Non-Current Assets	-	-	-
Total Assets	18,543	73,480	92,023
 <b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable		48,289	48,289
Unearned Revenue	13,120	-	13,120
Total Current Liabilities	13,120	48,289	61,409
 <b>NET POSITION</b>			
Unrestricted	5,423	25,191	30,614
Total Net Position	\$ 5,423	\$ 25,191	\$ 30,614

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, 2018**

	<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		\$ 295,388	\$ 295,388
Program Fees	\$ 17,600	7,215	24,815
Total Operating Revenues	<u>17,600</u>	<u>302,603</u>	<u>320,203</u>
<b>OPERATING EXPENSES</b>			
Salaries, Benefits and Payroll Taxes	15,179	139,477	154,656
Cost of Sales		134,902	134,902
Purchased Services		22,448	22,448
Supplies and Materials	407	9,823	10,230
Total Operating Expenses	<u>15,586</u>	<u>306,650</u>	<u>322,236</u>
Operating Income/(Loss)	<u>2,014</u>	<u>(4,047)</u>	<u>(2,033)</u>
<b>NONOPERATING REVENUES</b>			
Interest Income	-	495	495
Total Nonoperating Revenues	<u>-</u>	<u>495</u>	<u>495</u>
Net Income/(Loss) Before Transfers	<u>2,014</u>	<u>(3,552)</u>	<u>(1,538)</u>
Transfers			
Transfers In	-	8,997	8,997
Change in Net Position	2,014	5,445	7,459
Net Position, Beginning of Year	<u>3,409</u>	<u>19,746</u>	<u>23,155</u>
Net Position, End of Year	<u>\$ 5,423</u>	<u>\$ 25,191</u>	<u>\$ 30,614</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, 2018**

	<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	\$ 13,220	\$ 302,603	\$ 315,823
Payments for Employees' Salaries and Benefits	(15,179)	(139,477)	(154,656)
Payments to Suppliers for Goods and Services	(407)	(175,850)	(176,257)
Net Cash Provided (Used) By Operating Activities	<u>(2,366)</u>	<u>(12,724)</u>	<u>(15,090)</u>
<b>Cash Flows form Investing Activities</b>			
Interest on Investments	-	495	495
Net Cash Provided By Investing Activities	<u>-</u>	<u>495</u>	<u>495</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,366)	(12,229)	(14,595)
<b>Cash Flows form Investing Activities</b>			
Cash Received from General Fund	-	19,987	19,987
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>19,987</u>	<u>19,987</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	<u>-</u>	<u>7,758</u>	<u>7,758</u>
Cash and Cash Equivalents, Beginning of Year	<u>20,909</u>	<u>62,324</u>	<u>83,233</u>
Cash and Cash Equivalents, End of Year	<u>\$ 18,543</u>	<u>\$ 70,082</u>	<u>\$ 88,625</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:</b>			
Operating Income (Loss)	\$ 2,014	\$ (4,047)	\$ (2,033)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities			
(Increase)/ Decrease in Inventory		(732)	(732)
Increase/ (Decrease) in Accounts Payable		(7,945)	(7,945)
Increase/ (Decrease) in Unearned Revenue	\$ (4,380)	-	(4,380)
Total Adjustments	<u>(4,380)</u>	<u>(8,677)</u>	<u>(13,057)</u>
Net Cash Provided/(Used) By Operating Activities	<u>\$ (2,366)</u>	<u>\$ (12,724)</u>	<u>\$ (15,090)</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, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 196,433	\$ 157,029	\$ 155,591
Total Assets	<u>196,433</u>	<u>157,029</u>	<u>\$ 155,591</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 1,585
Accrued Salary and Wages			1,637
Due to Other Funds			3,918
Flex Spending			17,917
Due to Student Groups	<u>-</u>	<u>-</u>	<u>130,534</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 155,591</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 196,433</u>	<u>\$ 157,029</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, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>		
Donations		\$ 325
Employee	\$ 26,400	
Investment Earnings		
Interest	2,068	<u>1,805</u>
Total Additions	<u>28,468</u>	<u>2,130</u>
<b>DEDUCTIONS</b>		
Scholarships Awarded		4,100
Unemployment Compensation Claims	<u>11,790</u>	<u>-</u>
Total Deductions	<u>11,790</u>	<u>4,100</u>
Change in Net Position	16,678	(1,970)
Net Position, Beginning of Year	<u>179,755</u>	<u>158,999</u>
Net Position, End of Year	<u>\$ 196,433</u>	<u>\$ 157,029</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, 2018**

**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 2018, the District adopted the following GASB statements:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. 85, *Omnibus 2017*. 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 Issue*. 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.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

- GASB No. 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. 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.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**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, 2018**

**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 enterprise 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, 2018**

**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 funds* are used to account for resources legally held in trust for state unemployment insurance claims, private donations for scholarship awards and lease rental security deposits. All resources of the funds, 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.

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

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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, 2018**

**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, 2018**

**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 amount on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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



**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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. 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 with 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, 2018**

**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* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

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

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

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2).

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

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

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

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 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.

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**10. *Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, state aid restricted for debt service, 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 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$380,154. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**B. Excess Expenditures Over Appropriations**

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

<u>General Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Required Maintenance for School Facilities			
Cleaning, Repair and Maintenance Services	\$ 229,732	\$ 233,832	\$ (4,100)
Other Financing Sources/Uses			
Transfer to Food Service Fund	-	8,997	(8,997)

The above variances were caused by an audit adjustment and were offset with other available resources.

**C. 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, 2018 is as follows:

Balance, July 1, 2017	\$ 440,658
Increased by:	
Deposits Approved by Board Resolution	<u>500,000</u>
Balance, June 30, 2018	<u>\$ 940,658</u>

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**D. 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, 2018 is as follows:

Balance, July 1, 2017	\$ 102,276
Increased by:	
Deposits Approved by Board Resolution	<u>250,000</u>
Balance, June 30, 2018	<u>\$ 352,276</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,885,604. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**E. 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, 2018 is \$1,492,952. Of this amount, \$688,563 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$804,389 will be appropriated in the 2019/2020 original budget certified for taxes.

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$5,793,618 and bank and brokerage firm balances of the Board's deposits amounted to \$6,042,143. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ <u>6,042,143</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, 2018 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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, 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.



**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**B. Receivables**

Receivables as of June 30, 2018 for the district’s individual major funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Total
Receivables:			
Accounts	\$ 32,417		\$ 32,417
Intergovernmental			
Federal		\$ 135,569	135,569
State	<u>84,992</u>	<u>-</u>	<u>84,992</u>
Net Total Receivables	<u>\$ 117,409</u>	<u>\$ 135,569</u>	<u>\$ 252,978</u>

**C. Unearned Revenue**

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

	<u>Unearned</u>
General Fund	
Preschool Tuition	\$ 10,500
Special Revenue Fund	
Unencumbered Grant Draw Downs	29,826
Grant Draw Downs Reserve for Encumbrances	<u>8,824</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$ 49,150</u>

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance, July 1, 2017	Increases	Decreases/ Adjustment	Balance, June 30, 2018
<b>Governmental activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 47,359			\$ 47,359
Construction In Process	13,970,387	\$ 100,749	\$(14,071,136)	-
<b>Total Capital Assets, Not Being Depreciated</b>	<b>14,017,746</b>	<b>100,749</b>	<b>(14,071,136)</b>	<b>47,359</b>
Capital Assets, Being Depreciated:				
Land Improvements	555,548	4,437		559,985
Building and Building Improvements	32,035,629		14,071,136	46,106,765
Machinery and Equipment	2,636,709	47,072	-	2,683,781
<b>Total Capital Assets Being Depreciated</b>	<b>35,227,886</b>	<b>51,509</b>	<b>14,071,136</b>	<b>49,350,531</b>
Less Accumulated Depreciation for:				
Land Improvements	(329,759)	(19,646)	-	(349,405)
Building and Building Improvements	(11,039,786)	(1,019,917)	-	(12,059,703)
Machinery and Equipment	(2,262,309)	(109,747)	-	(2,372,056)
<b>Total Accumulated Depreciation</b>	<b>(13,631,854)</b>	<b>(1,149,310)</b>	<b>-</b>	<b>(14,781,164)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>21,596,032</b>	<b>(1,097,801)</b>	<b>14,071,136</b>	<b>34,569,367</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 35,613,778</b>	<b>\$ (997,052)</b>	<b>\$ -</b>	<b>\$ 34,616,726</b>
	Balance, July 1, 2017	Increases	Balance, June 30, 2018	
<b>Business-type activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 96,547	-	\$ 96,547	
<b>Total Capital Assets Being Depreciated</b>	<b>96,547</b>	<b>-</b>	<b>96,547</b>	
Less Accumulated Depreciation for:				
Machinery and Equipment	(96,547)	-	(96,547)	
<b>Total Accumulated Depreciation</b>	<b>(96,547)</b>	<b>-</b>	<b>(96,547)</b>	
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**D. Capital Assets (Continued)**

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

**Governmental activities:**

Instruction

Regular	\$ 556,141
Special Education	141,153
Other Instruction	11,553
School-Sponsored Activities and Athletics	<u>38,618</u>

Total Instruction	<u>747,465</u>
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Support Services

Student and Instructional Related Services	135,979
Educational Media/School Library	18,110
General Administrative Services	20,492
School Administrative Services	91,585
Central Services	35,218
Pupil Transportation	1,783
Plant Operations and Maintenance	<u>98,678</u>

Total Support Services	<u>401,845</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 1,149,310</u>
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**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

The composition of interfund balances as of June 30, 2018, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 32,885
General Fund	Payroll Agency Fund	3,918
General Fund	Debt Service Fund	342
Special Revenue	General Fund	<u>6,679</u>
		<u>\$ 43,824</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund, paid by one fund 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	\$ 11,395		\$ 11,395
Enterprise Fund	<u>-</u>	<u>\$ 8,997</u>	<u>8,997</u>
Total Transfers In:	<u>\$ 11,395</u>	<u>\$ 8,997</u>	<u>\$ 20,392</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, 2018**

**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, 2018 are comprised of the following issues:

\$5,790,000, 2012 Refunding Bonds, due in annual installments of \$575,000 to \$675,000 through August 15, 2022, interest at 3.0% to 4.0%	\$ 3,115,000
\$7,582,000, 2012 School Bonds, due in annual installments of \$260,000 to \$500,000 through August 15, 2032, interest at 3.0%-2.5%	6,327,000
\$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>14,259,000</u>
	<u>\$ 23,701,000</u>

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

**Governmental Activities:**

Fiscal Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	1,575,000	369,163	1,944,163
2024-2028	8,635,000	1,302,752	9,937,752
2029-2033	<u>7,496,000</u>	<u>386,920</u>	<u>7,882,920</u>
	<u>\$ 23,701,000</u>	<u>\$ 3,965,562</u>	<u>\$ 27,666,562</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 91,814,748
Less: Net Debt	<u>23,701,719</u>
Remaining Borrowing Power	<u>\$ 68,113,029</u>

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, July 1, 2017	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2018	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Bonds Payable	\$ 25,136,000		\$ 1,435,000	\$ 23,701,000	\$ 1,455,000
Deferred Amounts					
Add: Original Issue Premium	<u>152,149</u>	<u>-</u>	<u>39,332</u>	<u>112,817</u>	<u>-</u>
Total Bonds Payable	25,288,149	-	1,474,332	23,813,817	1,455,000
Compensated Absences	379,999	\$ 49,997	56,673	373,323	50,000
Net Pension Liability	<u>10,793,024</u>	<u>-</u>	<u>2,266,091</u>	<u>8,526,933</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 36,461,172</u>	<u>\$ 49,997</u>	<u>\$ 3,797,096</u>	<u>\$ 32,714,073</u>	<u>\$ 1,505,000</u>

For the governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The 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 (SAIF or Group). 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, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	None	\$ 26,400	\$ 11,790	\$ 196,433
2017	None	26,102	9,707	179,755
2016	None	32,486	21,640	162,637

**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, 2018, 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, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all 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. PERS is a cost sharing multiple employer defined benefit pension plan.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

**Teachers’ Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage 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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members’ beneficiaries are entitled to full interest credited to the members’ accounts.



**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, 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 (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of \$90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 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, 2016 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 7.00 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.

**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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

**Annual Pension Costs (APC)**

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Annual Pension Costs (APC) (Continued)**

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, 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 <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 339,340	\$ 1,666,735	\$ 4,317
2017	325,655	1,185,754	5,462
2016	322,972	856,673	4,412

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$5,321 and \$2,311, respectively for PERS and the State contributed \$3,259 and \$3,239, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$873,192 during the fiscal year ended June 30, 2018 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. 85.

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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)**

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$8,526,933 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District’s proportionate share was .03663 percent, which was an increase of .00019 percent from its proportionate share measured as of June 30, 2016 of .03644 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$727,554 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 200,780	
Changes of Assumptions	1,717,883	\$ 1,711,585
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	58,063	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>361,736</u>	<u>143,190</u>
Total	<u>\$ 2,338,462</u>	<u>\$ 1,854,775</u>

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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)**

At June 30, 2018, 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 255,737
2020	255,737
2021	255,737
2022	(102,230)
2023	(181,294)
Thereafter	<u>-</u>
	<u>\$ 483,687</u>

***Actuarial Assumptions***

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2016 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, 2018**

**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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

***Discount Rate***

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 5.00%, 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	<b>1% Decrease <u>(4.00%)</u></b>	<b>Current Discount Rate <u>(5.00%)</u></b>	<b>1% Increase <u>(6.00%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 10,578,239</u>	<u>\$ 8,526,933</u>	<u>\$ 6,817,941</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. 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, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$4,923,868 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. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$71,077,199. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .10542 percent, which was a decrease of .00157 percent from its proportionate share measured as of June 30, 2016 of .10699 percent.

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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, 2018**

**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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2018	June 30, 2017	4.25%
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, 2036

Municipal Bond Rate \*    From July 1, 2036  
 and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State’s proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State’s proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<b>1% Decrease <u>(3.25%)</u></b>	<b>Current Discount Rate <u>(4.25%)</u></b>	<b>1% Increase <u>(5.25%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 84,441,942	\$ 71,077,199	\$ 60,067,266

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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 plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	\$223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
Total	<u>\$366,078</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Funded Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress (Continued)**

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, 2016, 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.

**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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$1,076,509, \$988,003 and \$1,020,061, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$3,476,762. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$53,835,930. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .10037 percent, which was a decrease of .00007 percent from its proportionate share measured as of June 30, 2016 of .10044 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

\*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.



**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions (Continued)**

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

**Discount Rate**

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

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2016 Measurement Date	\$ <u>58,085,087</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 2,515,423
Interest on the Total OPEB Liability	1,706,885
Changes of Assumptions	(7,112,505)
Gross Benefit Payments	(1,410,913)
Contributions from the Member	<u>51,953</u>
<b>Net Changes</b>	<b>\$ <u>(4,249,157)</u></b>
Balance, June 30, 2017 Measurement Date	\$ <u>53,835,930</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>63,907,133</u>	\$ <u>53,835,930</u>	\$ <u>45,847,356</u>

**CEDAR GROVE PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability (Continued)**

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State’s proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 44,274,848	\$ 53,835,930	\$ 66,532,934

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

**F. Subsequent Events**

On October 2, 2018, the District voters approved the issuance of bonds and/or notes in the amount of \$2,964,816 for the undertaking of various school improvements. As of the date of the audit, the District has not awarded the sale of said bonds and/or notes to finance the various school improvements.

**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, 2018**

	<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	\$ 26,532,424	-	\$ 26,532,424	\$ 26,532,424	
Miscellaneous	737,863	-	737,863	960,867	\$ 223,004
<b>Total Revenues - Local Sources</b>	<u>27,270,287</u>	<u>-</u>	<u>27,270,287</u>	<u>27,493,291</u>	<u>223,004</u>
State Sources					
Transportation Aid	66,137		66,137	66,137	-
Special Education Aid	630,950		630,950	703,504	72,554
Security Aid	30,041		30,041	30,041	-
PARRC 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	300,000		300,000	318,958	18,958
Non-Public Transportation				41,180	41,180
Lead Testing Schools Aid				4,100	4,100
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				873,192	873,192
On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Cost				1,627,246	1,627,246
(Non-Budgeted)- NCGI Premium				39,489	39,489
(Non-Budgeted)- LT Disability				3,259	3,259
(Non-Budgeted)- Pension Cost - Post Medical Cont.	-	-	-	1,076,509	1,076,509
<b>Total State Sources</b>	<u>1,077,638</u>	<u>-</u>	<u>1,077,638</u>	<u>4,834,125</u>	<u>3,756,487</u>
<b>Total Revenues</b>	<u>28,347,925</u>	<u>-</u>	<u>28,347,925</u>	<u>32,327,416</u>	<u>3,979,491</u>
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers:					
Kindergarten	540,441	\$ (13,000)	527,441	500,911	26,530
Grades 1 - 5	2,767,105	-	2,767,105	2,733,937	33,168
Grades 6 - 8	2,026,826	1	2,026,827	2,009,491	17,336
Grades 9 - 12	2,797,179	(4,696)	2,792,483	2,708,682	83,801
Home Instruction:					
Salaries of Teachers	13,000	19,587	32,587	32,587	-
Purchased Professional - Educational Services	1,000	5,108	6,108	6,108	-
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	7,500	-	7,500	4,500	3,000
Purchased Technical Services	34,286	40,807	75,093	52,067	23,026
Other Purchased Services	45,750	9,528	55,278	49,637	5,641
General Supplies	179,071	7,679	186,750	140,190	46,560
Textbooks	119,896	7,959	127,855	121,013	6,842
Miscellaneous Expenditures	2,400	(500)	1,900	1,514	386
<b>Total Instruction Regular Programs</b>	<u>8,534,454</u>	<u>72,473</u>	<u>8,606,927</u>	<u>8,360,637</u>	<u>246,290</u>
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	90,366	33,864	124,230	122,678	1,552
Other Salaries for Instruction	69,118	(8,482)	60,636	55,367	5,269
General Supplies	500	-	500	500	-
<b>Total Learning/Language Disabilities</b>	<u>159,984</u>	<u>25,382</u>	<u>185,366</u>	<u>178,545</u>	<u>6,821</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, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Resource Room/Resource Center					
Salaries of Teachers	\$ 1,390,526	\$ 22,000	\$ 1,412,526	\$ 1,411,850	\$ 676
Other Salaries for Instruction	97,830	59,431	157,261	156,406	855
General Supplies	2,000	276	2,276	2,007	269
Total Resource Room/Resource Center	<u>1,490,356</u>	<u>81,707</u>	<u>1,572,063</u>	<u>1,570,263</u>	<u>1,800</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	169,704	4,070	173,774	173,774	-
Other Salaries for Instruction	117,576	(10,836)	106,740	106,740	-
General Supplies	1,805	-	1,805	1,611	194
Total Preschool Disabilities - Full Time	<u>289,085</u>	<u>(6,766)</u>	<u>282,319</u>	<u>282,125</u>	<u>194</u>
Total Special Education	<u>1,939,425</u>	<u>100,323</u>	<u>2,039,748</u>	<u>2,030,933</u>	<u>8,815</u>
Basic Skills/Remedial					
Salaries of Teachers	102,050	(43,772)	58,278	58,278	-
General Supplies	5,175	(5,175)	-	-	-
Total Basic Skills/Remedial	<u>107,225</u>	<u>(48,947)</u>	<u>58,278</u>	<u>58,278</u>	<u>-</u>
Bilingual Education					
Salaries of Teachers	99,430	8,184	107,614	107,614	-
Other Purchased Services	250	-	250	-	250
General Supplies	575	(459)	116	116	-
Total Bilingual Education	<u>100,255</u>	<u>7,725</u>	<u>107,980</u>	<u>107,730</u>	<u>250</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	140,366	11,914	152,280	152,280	-
Supplies and Materials	22,030	1,500	23,530	20,592	2,938
Other Objects	3,800	54	3,854	3,810	44
Total School-Sponsored Co/Extra Curricular Activities	<u>166,196</u>	<u>13,468</u>	<u>179,664</u>	<u>176,682</u>	<u>2,982</u>
School Sponsored Athletics					
Salaries	407,651	(4,717)	402,934	402,241	693
Purchased Services	55,045	4,470	59,515	45,592	13,923
Supplies and Materials	55,125	4,923	60,048	59,684	364
Other Objects	7,110	(1,000)	6,110	5,707	403
Transfers to Cover Deficit	64,041	(12,667)	51,374	50,000	1,374
Total School Sponsored Athletics	<u>588,972</u>	<u>(8,991)</u>	<u>579,981</u>	<u>563,224</u>	<u>16,757</u>
Total Instruction	<u>11,436,527</u>	<u>136,051</u>	<u>11,572,578</u>	<u>11,297,484</u>	<u>275,094</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, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs - Within State - Special	\$ 260,042	\$ 10,726	\$ 270,768	\$ 270,768	-
Tuition to County Voc. School District-Regular	28,938	(11,602)	17,336	7,980	\$ 9,356
Tuition to County Voc. School District-Special	51,076	(2,365)	48,711	35,858	12,853
Tuition to Private Schools for the Disabled - Within State	<u>2,355,309</u>	<u>(243,109)</u>	<u>2,112,200</u>	<u>2,095,087</u>	<u>17,113</u>
Total Instruction	<u>2,695,365</u>	<u>(246,350)</u>	<u>2,449,015</u>	<u>2,409,693</u>	<u>39,322</u>
Attendance and Social Work					
Salaries	48,169	-	48,169	39,762	8,407
Purchased Professional/Technical Services	<u>3,600</u>	<u>-</u>	<u>3,600</u>	<u>3,600</u>	<u>-</u>
Total Attendance and Social Work	<u>51,769</u>	<u>-</u>	<u>51,769</u>	<u>43,362</u>	<u>8,407</u>
Health Services					
Salaries	346,921	-	346,921	340,391	6,530
Purchased Professional and Technical Services	24,150	(1,019)	23,131	19,015	4,116
Other Purchased Services	200	-	200	200	-
Supplies and Materials	8,000	764	8,764	8,518	246
Other Objects	<u>1,250</u>	<u>255</u>	<u>1,505</u>	<u>1,340</u>	<u>165</u>
Total Health Services	<u>380,521</u>	<u>-</u>	<u>380,521</u>	<u>369,264</u>	<u>11,257</u>
Speech/Occupational Therapy/Physical Therapy and Related Services					
Salaries	366,408	15,154	381,562	381,562	-
Purchased Professional/Educational Services	342,000	49,349	391,349	391,349	-
Supplies and Materials	<u>7,500</u>	<u>(200)</u>	<u>7,300</u>	<u>7,300</u>	<u>-</u>
Total Speech/Occupational Therapy/Physical Therapy and Related Services	<u>715,908</u>	<u>64,303</u>	<u>780,211</u>	<u>780,211</u>	<u>-</u>
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.					
Salaries	263,067	(18,115)	244,952	237,162	7,790
Purchased Professional-Educational Services	184,960	27,331	212,291	207,948	4,343
Supplies and Materials	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Other Support/Extraordinary Services	<u>453,027</u>	<u>9,216</u>	<u>462,243</u>	<u>450,110</u>	<u>12,133</u>
Guidance Services					
Salaries of Other Professional Staff	282,158	(22)	282,136	273,669	8,467
Salaries of Secretarial and Clerical Assistants	60,024	360	60,384	60,134	250
Other Purchased Professional/Technical Services	14,550	(339)	14,211	13,044	1,167
Supplies and Materials	10,468	(37)	10,431	9,159	1,272
Other Objects	<u>3,900</u>	<u>(554)</u>	<u>3,346</u>	<u>3,020</u>	<u>326</u>
Total Other Support Services/Regular	<u>371,100</u>	<u>(592)</u>	<u>370,508</u>	<u>359,026</u>	<u>11,482</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, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Child Study Team					
Salaries of Other Professional Staff	\$ 415,152	\$ 21,374	\$ 436,526	\$ 436,526	-
Salaries of Secretarial and Clerical Assistants	62,419	695	63,114	63,114	-
Purchased Professional Educational Services	13,000	8,648	21,648	21,648	-
Other Purchased Services	3,300	-	3,300	2,307	\$ 993
Supplies and Materials	3,695	1,211	4,906	4,346	560
Other Objects	4,000	(115)	3,885	2,903	982
Total Other Support Services/Special	<u>501,566</u>	<u>31,813</u>	<u>533,379</u>	<u>530,844</u>	<u>2,535</u>
Improvement of Instruction					
Salaries of Other Professional Staff	10,500	-	10,500	10,150	350
Salaries of Secretarial and Clerical Assist.	15,120	-	15,120	15,047	73
Purchased Professional-Educational Services	3,500	(1,050)	2,450	60	2,390
Other Purchased Services	1,000	1,406	2,406	2,382	24
Supplies and Materials	24,775	1,376	26,151	23,322	2,829
Other Objects	5,750	(724)	5,026	4,750	276
Total Improvement of Instruction	<u>60,645</u>	<u>1,008</u>	<u>61,653</u>	<u>55,711</u>	<u>5,942</u>
Educational Media Services/ School Library					
Salaries	260,034	3,167	263,201	263,131	70
Purchased Professional/Technical Services	275	(275)	-	-	-
Supplies and Materials	46,105	(23,092)	23,013	22,593	420
Total Educational Media Services/ School Library	<u>306,414</u>	<u>(20,200)</u>	<u>286,214</u>	<u>285,724</u>	<u>490</u>
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	91,727	-	91,727	89,082	2,645
Salaries of Secretarial and Clerical Assist.	5,940	-	5,940	5,911	29
Purchased Professional Educational Services	49,500	-	49,500	42,216	7,284
Other Purchased Professional/Technical Services	2,750	-	2,750	2,200	550
Other Purchased Services	7,150	1,408	8,558	5,475	3,083
Total Instructional Staff Training Services	<u>157,067</u>	<u>1,408</u>	<u>158,475</u>	<u>144,884</u>	<u>13,591</u>
Support Services General Administration					
Salaries of Other Professional Staff	186,559	2,025	188,584	188,584	-
Salaries of Secretarial & Clerical Assist.	100,099	1,100	101,199	100,699	500
Other Salaries	5,029	-	5,029	5,004	25
Legal Services	145,000	-	145,000	72,553	72,447
Audit Fees	44,000	35,270	79,270	37,505	41,765
Architectural/Engineering Services	12,500	-	12,500	5,300	7,200
Other Purchased Professional Services	21,850	731	22,581	21,631	950
Purchased Technical Services	2,000	-	2,000	375	1,625
Miscellaneous Purchased Services	35,950	(1,461)	34,489	25,542	8,947
BOE Other Purchased Services	1,750	-	1,750	250	1,500
Communications/Telephone	158,158	-	158,158	143,271	14,887
Supplies and Materials	3,100	2,102	5,202	2,956	2,246
Miscellaneous Expenditures	15,400	-	15,400	11,642	3,758
BOE Membership Dues and Fees	18,825	-	18,825	18,469	356
Total Support Services General Administration	<u>750,220</u>	<u>39,767</u>	<u>789,987</u>	<u>633,781</u>	<u>156,206</u>

**CEDAR GROVE PUBLIC SCHOOLS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Support Services School Administration					
Salaries of Principals and Assistant Principals	\$ 771,325	\$ (13,144)	\$ 758,181	\$ 756,262	\$ 1,919
Salaries of Other Professional Staff	316,356	(5,479)	310,877	310,677	200
Salaries of Secretarial Staff	233,716	18,622	252,338	248,124	4,214
Purchased Professional and Technical Services	10,217	(1,000)	9,217	4,972	4,245
Other Purchased Services	21,150	(8,255)	12,895	1,575	11,320
Supplies and Materials	26,678	76	26,754	18,980	7,774
Other Objects	18,049	(744)	17,305	14,339	2,966
	<u>1,397,491</u>	<u>(9,924)</u>	<u>1,387,567</u>	<u>1,354,929</u>	<u>32,638</u>
Undistributed Expenditures - Central Services					
Salaries of Other Professional Staff	154,500	-	154,500	153,750	750
Salaries of Secretarial & Clerical Assist.	145,132	1,091	146,223	146,223	-
Purchased Professional Services	19,146	(1,090)	18,056	17,906	150
Miscellaneous Purchased Services	2,000	-	2,000	1,004	996
Supplies and Materials	5,500	-	5,500	3,785	1,715
Miscellaneous Expenditures	4,485	-	4,485	2,090	2,395
	<u>330,763</u>	<u>1</u>	<u>330,764</u>	<u>324,758</u>	<u>6,006</u>
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	206,497	-	206,497	205,722	775
Purchased Technical Services	3,300	-	3,300	1,473	1,827
Other Purchased Services	15,350	-	15,350	13,428	1,922
Supplies and Materials	45,200	(31,980)	13,220	13,220	-
Other Objects	500	(20)	480	344	136
	<u>270,847</u>	<u>(32,000)</u>	<u>238,847</u>	<u>234,187</u>	<u>4,660</u>
Required Maintenance for School Facilities					
Salaries	98,131	(3,341)	94,790	89,991	4,799
Cleaning, Repair and Maintenance Services	188,079	41,653	229,732	233,832	(4,100)
General Supplies	22,714	16,436	39,150	39,150	-
	<u>308,924</u>	<u>54,748</u>	<u>363,672</u>	<u>362,973</u>	<u>699</u>
Custodial Services					
Salaries	1,124,810	1,807	1,126,617	1,050,329	76,288
Salaries Non-Instructional Aides	112,984	-	112,984	62,024	50,960
Other Purchased Professional and Technical Services	34,501	576	35,077	33,390	1,687
Cleaning, Repair and Maintenance Services	46,945	4,631	51,576	50,880	696
Other Purchased Property Services	34,000	(11,800)	22,200	20,192	2,008
Insurance	185,849	(5,000)	180,849	165,257	15,592
Miscellaneous Purchased Services	1,000	-	1,000	747	253
General Supplies	67,855	38,481	106,336	102,376	3,960
Energy (Natural Gas)	196,350	-	196,350	154,255	42,095
Energy (Electricity)	386,400	(27,472)	358,928	321,754	37,174
Energy (Gasoline)	3,000	(3,000)	-	-	-
Other Objects	1,150	-	1,150	470	680
	<u>2,194,844</u>	<u>(1,777)</u>	<u>2,193,067</u>	<u>1,961,674</u>	<u>231,393</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, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Care and Upkeep of Grounds					
Salaries	\$ 226,677	\$ 8,500	\$ 235,177	\$ 214,574	\$ 20,603
Cleaning, Repair and Maintenance Services	83,230	(9,200)	74,030	63,244	10,786
General Supplies	16,400	-	16,400	12,166	4,234
Total Care and Upkeep of Grounds	<u>326,307</u>	<u>(700)</u>	<u>325,607</u>	<u>289,984</u>	<u>35,623</u>
Security					
Purchased Professional/Technical Services	7,000	-	7,000	5,300	1,700
Cleaning, Repair and Maintenance Services	5,000	2,817	7,817	3,547	4,270
General Supplies	15,000	6,461	21,461	21,370	91
Other Objects	12,500	-	12,500	9,484	3,016
Total Security	<u>39,500</u>	<u>9,278</u>	<u>48,778</u>	<u>39,701</u>	<u>9,077</u>
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch) - Reg.	25,834	-	25,834	25,598	236
Management Fee-ESC & CTSA Trans. Prog.	42,000	(3,061)	38,939	29,316	9,623
Contr Serv-Aid in Lieu of Pymts-Non-Public Schools	134,100	5,238	139,338	139,338	-
Contr Serv(Bet Home &Sch)-Vend	153,800	77,407	231,207	221,103	10,104
Contr Serv(Oth. Than Bet Home &Sch)-Vend	164,029	(11,206)	152,823	150,694	2,129
Contr Serv(Special Education)-ESC & CTSAAs	656,500	106,871	763,371	763,371	-
Total Student Transportation Services	<u>1,176,263</u>	<u>175,249</u>	<u>1,351,512</u>	<u>1,329,420</u>	<u>22,092</u>
Unallocated Employee Benefits					
Social Security Contribution	313,845	13,961	327,806	327,806	-
Other Retirement Contributions - PERS	370,854	(15,988)	354,866	354,866	-
Other Retirement Contributions - Regular	7,000	-	7,000	4,317	2,683
Workmen's Compensation	153,336	-	153,336	145,914	7,422
Health Benefits	4,355,695	(160,802)	4,194,893	3,854,028	340,865
Tuition Reimbursements	96,500	-	96,500	57,102	39,398
Other Employee Benefits	74,143	-	74,143	66,461	7,682
Total Unallocated Employee Benefits	<u>5,371,373</u>	<u>(162,829)</u>	<u>5,208,544</u>	<u>4,810,494</u>	<u>398,050</u>
Interest Earned on Maintenance Reserve	500	-	500	-	500
Reimbursed TPAF Social Security Contributions- (Non-Budgeted)				873,192	(873,192)
On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Cost				1,627,246	(1,627,246)
(Non-Budgeted)- NCGI Premium				39,489	(39,489)
(Non-Budgeted)- LT Disability				3,259	(3,259)
(Non-Budgeted)- Pension Cost - Post Medical Cont.	-	-	-	1,076,509	(1,076,509)
Total TPAF Pension and Social Security Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,619,695</u>	<u>(3,619,695)</u>
Total Undistributed Expenditures	<u>17,860,414</u>	<u>(87,581)</u>	<u>17,772,833</u>	<u>20,390,425</u>	<u>(2,617,592)</u>
Total Current Expenditures	<u>29,296,941</u>	<u>48,470</u>	<u>29,345,411</u>	<u>31,687,909</u>	<u>(2,342,498)</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, 2018**

	<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					
Support Service-Related and Extra Admin. Info Tech.	-	\$ 27,092 7,893	\$ 27,092 7,893	\$ 27,092 -	- \$ 7,893
Total Equipment	-	34,985	34,985	27,092	7,893
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	\$ 31,019	-	31,019	31,019	-
Total Facilities Acquis. And Construction Services	31,019	-	31,019	31,019	-
Interest Deposit to Capital Reserve	9,500	-	9,500	-	9,500
Total Expenditures - Capital Outlay	40,519	34,985	75,504	58,111	17,393
Total Expenditures - General Fund	29,337,460	83,455	29,420,915	31,746,020	(2,325,105)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(989,535)	(83,455)	(1,072,990)	581,396	1,654,386
Other Financing Sources (Uses)					
Transfers In	-	-	-	11,395	11,395
Transfer Out- Food Service	-	-	-	(8,997)	(8,997)
Total Other Financing Sources (Uses)	-	-	-	2,398	2,398
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(989,535)	(83,455)	(1,072,990)	583,794	1,656,784
Fund Balance, Beginning of Year	3,076,635	-	3,076,635	3,076,635	-
Fund Balance, End of Year	\$ 2,087,100	\$ (83,455)	\$ 2,003,645	\$ 3,660,429	\$ 1,656,784
<b>Recapitulation of Fund Balance</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 688,563	
Excess Surplus				804,389	
Maintenance Reserve				352,276	
Capital Reserve				940,658	
<b>Assigned Fund Balance:</b>					
Year-End Encumbrances				66,259	
Designated for Subsequent Year's Expenditures				185,619	
<b>Unassigned Fund Balance:</b>					
				622,665	
Budgetary Fund Balance				3,660,429	
<b>Reconciliation to Governmental Fund Statements (GAAP)</b>					
2017/2018 State Aid Payment Not Recognized on a GAAP Basis				81,911	
2017/2018 Extraordinary Aid Payments Not Recognized on a GAAP Basis				318,958	
Fund Balance per Governmental Funds (GAAP Basis)				\$ 3,259,560	

**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, 2018**

	<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		\$ 110,184	\$ 110,184	\$ 78,272	\$ (31,912)
State Sources	\$ 114,409	38,192	152,601	125,890	(26,711)
Federal Sources	445,036	148,323	593,359	573,725	(19,634)
<b>Total Revenues</b>	<u>559,445</u>	<u>296,699</u>	<u>856,144</u>	<u>777,887</u>	<u>(78,257)</u>
<b>EXPENDITURES</b>					
Instruction					
Other Salaries	92,988	(65,302)	27,686	27,474	212
Purchased Professional/Educational Services	73,537	23,934	97,471	72,244	25,227
Purchased Professional/Technical Services	21,200	100,927	122,127	121,925	202
Tuition	333,343	(8,202)	325,141	322,102	3,039
General Supplies	27,843	136,869	164,712	131,362	33,350
Textbooks	10,534	915	11,449	10,362	1,087
<b>Total Instruction</b>	<u>559,445</u>	<u>189,141</u>	<u>748,586</u>	<u>685,469</u>	<u>63,117</u>
Support Services					
Salaries of Other Professionals		12,622	12,622	12,622	
Purchased Professional/Educational Services		48,068	48,068	35,378	12,690
Other Purchased Services		7,946	7,946	6,268	1,678
Benefits		1,869	1,869	1,869	-
Supplies and Materials	-	12,636	12,636	11,864	772
<b>Total Support Services</b>	<u>-</u>	<u>83,141</u>	<u>83,141</u>	<u>68,001</u>	<u>15,140</u>
Facilities Acquisition and Constructions Services					
Instructional Equipment		13,318	13,318	13,318	
Non-Instructional Equipment	-	11,099	11,099	11,099	-
<b>Total Facilities &amp; Acq. Services</b>	<u>-</u>	<u>24,417</u>	<u>24,417</u>	<u>24,417</u>	<u>-</u>
<b>Total Expenditures</b>	<u>559,445</u>	<u>296,699</u>	<u>856,144</u>	<u>777,887</u>	<u>78,257</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures					
	-	-	-	-	-
Fund Balances, Beginning of Year					
	-	-	-	-	-
Fund Balances, End of Year					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**CEDAR GROVE PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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) \$ 32,327,416	(C-2) \$ 777,887
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		(5,771)
State Aid an Extraordinary Aid payment (2016/2017) recognized for GAAP purposes not recognized for budgetary statements	436,900	-
State Aid and Extraordinary Aid payments and (2017/2018) recognized for budgetary purposes, not recognized for GAAP statements	<u>(400,869)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 32,363,447</u>	(B-2) <u>\$ 772,116</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 31,746,020	(C-2) \$ 777,887
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, 2017		3,053
June 30, 2018	<u>-</u>	<u>(8,824)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 31,746,020</u>	(B-2) <u>\$ 772,116</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**AND**

**OTHER POST-EMPLOYMENT BENEFITS INFORMATION**



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

**Public Employees Retirement System**

**Last Five Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03663 %	0.03644 %	0.03757 %	0.03630 %	0.03337 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,526,933	\$ 10,793,024	\$ 8,432,949	\$ 6,796,762	\$ 6,377,438
District's Covered-Employee Payroll	\$ 2,544,291	\$ 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	335.14 %	438.22 %	335.07 %	274.93 %	263.85 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.11%	40.14%	47.93%	52.08%	48.72%

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

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

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

**Public Employees Retirement System**

**Last Five Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 339,340	\$ 325,655	\$ 322,972	\$ 303,826	\$ 253,448
Contributions in Relation to the Contractually Required Contribution	<u>339,340</u>	<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>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,544,291	\$ 2,462,901	\$ 2,516,785	\$ 2,472,090	\$ 2,417,024
Contributions as a Percentage of Covered-Employee Payroll	0.13337 %	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 information for those years for which information is available.

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

**Teachers Pension and Annuity Fund**

**Last Five Fiscal Years\***

	<u>2018</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0%	0%	0%	0%	0%
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 71,077,199</u>	<u>\$ 84,172,007</u>	<u>\$ 65,033,212</u>	<u>\$ 55,282,496</u>	<u>\$ 52,042,007</u>
Total	<u>\$ 71,077,199</u>	<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	\$ 11,542,690	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	36.44%	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, 2018**

**Change of Benefit Terms:**           None.

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

**CEDAR GROVE PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**POSTEMPLOYMENT HEALTH BENEFIT PLAN**

**Last One Fiscal Year\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 2,515,423
Interest on Total OPEB Liability	1,706,885
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(7,112,505)
Gross Benefit Payments	(1,410,913)
Contribution from the Member	<u>51,953</u>
<b>Net Change in Total OPEB Liability</b>	<b>(4,249,157)</b>
<b>Total OPEB Liability - Beginning</b>	<u>58,085,087</u>
<b>Total OPEB Liability - Ending</b>	<u><b>\$ 53,835,930</b></u>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	<u>53,835,930</u>
Total OPEB Liability - Ending	<u><b>\$ 53,835,930</b></u>
District's Covered-Employee Payroll	<u><b>\$ 14,086,981</b></u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CEDAR GROVE PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 4E.

**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, 2018**

	ESEA					IDEA		Totals Pg 1	Totals Pg 2	Grand Totals
	Title I	Title IA Carryover	Title IIA	Title IIA Carryover	Title III Immigrant	Title IV	Basic			
<b>REVENUES</b>										
Miscellaneous - Local									\$ 78,272	\$ 78,272
State Sources									125,890	125,890
Federal Sources	\$ 132,444	\$ 9,034	\$ 32,366	\$ 2,243	\$ 2,508	\$ 7,801	\$ 372,459	\$ 14,870	\$ 573,725	\$ 573,725
<b>Total Revenues</b>	<b>\$ 132,444</b>	<b>\$ 9,034</b>	<b>\$ 32,366</b>	<b>\$ 2,243</b>	<b>\$ 2,508</b>	<b>\$ 7,801</b>	<b>\$ 372,459</b>	<b>\$ 14,870</b>	<b>\$ 573,725</b>	<b>\$ 204,162</b>
<b>EXPENDITURES</b>										
<b>Instruction:</b>										
Other Salaries	\$ 27,474								\$ 27,474	\$ 27,474
Purchased Prof. Educational Services									\$ 72,244	\$ 72,244
Purchased Professional & Technical Services	85,921	\$ 8,200							94,121	27,804
Tuition							\$ 322,102		322,102	322,102
General Supplies	11,017	834		\$ 688	\$ 2,240	\$ 3,509	15,551	\$ 14,870	48,709	82,653
Textbooks	-	-	-	-	-	-	-	-	-	10,362
<b>Total Instruction</b>	<b>124,412</b>	<b>9,034</b>	<b>-</b>	<b>688</b>	<b>2,240</b>	<b>3,509</b>	<b>337,653</b>	<b>14,870</b>	<b>492,406</b>	<b>193,063</b>
<b>Support Services</b>										
Salaries of Other Professionals	6,622		\$ 6,000						12,622	12,622
Purchased Professional Educational Services			11,285	63			24,030		35,378	35,378
Other Purchased Services			2,758	1,492	268	1,750			6,268	6,268
Benefits	1,410		459						1,869	1,869
General Supplies	-	-	11,864	-	-	-	-	-	11,864	11,864
<b>Total Support Services</b>	<b>8,032</b>	<b>-</b>	<b>32,366</b>	<b>1,555</b>	<b>268</b>	<b>1,750</b>	<b>24,030</b>	<b>-</b>	<b>68,001</b>	<b>-</b>
<b>Facilities Acquisition and Construction Svc</b>										
Instructional Equipment						2,542	10,776		13,318	13,318
Non-Instructional Equipment									-	11,099
<b>Total Facilities &amp; Acq. Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,542</b>	<b>10,776</b>	<b>-</b>	<b>13,318</b>	<b>11,099</b>
<b>Total Expenditures</b>	<b>\$ 132,444</b>	<b>\$ 9,034</b>	<b>\$ 32,366</b>	<b>\$ 2,243</b>	<b>\$ 2,508</b>	<b>\$ 7,801</b>	<b>\$ 372,459</b>	<b>\$ 14,870</b>	<b>\$ 573,725</b>	<b>\$ 204,162</b>

**CEDAR GROVE PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	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 Compensatory Education	Examination/Classification	Supplemental Instruction	Correct Speech							
<b>REVENUES</b>											
Miscellaneous - Local										\$ 78,272	\$ 78,272
State Sources	\$ 27,242	\$ 18,747	\$ 9,917	\$ 16,338	\$ 15,480	\$ 10,362	\$ 20,273	\$ 7,531			125,890
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 27,242</b>	<b>\$ 18,747</b>	<b>\$ 9,917</b>	<b>\$ 16,338</b>	<b>\$ 15,480</b>	<b>\$ 10,362</b>	<b>\$ 20,273</b>	<b>\$ 7,531</b>	<b>\$ 78,272</b>	<b>\$ 204,162</b>	
<b>EXPENDITURES</b>											
Instruction:											
Purchased Prof. Educational Services	\$ 27,242	\$ 18,747	\$ 9,917	\$ 16,338							\$ 72,244
Purchased Prof. Technical Services							\$ 20,273	\$ 7,531			27,804
General Supplies					\$ 11,380				\$ 71,273		82,653
Textbooks						\$ 10,362					10,362
<b>Total Instruction</b>	<b>27,242</b>	<b>18,747</b>	<b>9,917</b>	<b>16,338</b>	<b>11,380</b>	<b>10,362</b>	<b>20,273</b>	<b>7,531</b>	<b>71,273</b>	<b>193,063</b>	
Support Services											
Other Purchased Services											
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Facilities Acquisition and Constructions Services											
Non-Instructional Equipment					4,100				6,999		11,099
<b>Total Facilities &amp; Acq. Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,999</b>	<b>11,099</b>	
<b>Total Expenditures</b>	<b>\$ 27,242</b>	<b>\$ 18,747</b>	<b>\$ 9,917</b>	<b>\$ 16,338</b>	<b>\$ 15,480</b>	<b>\$ 10,362</b>	<b>\$ 20,273</b>	<b>\$ 7,531</b>	<b>\$ 78,272</b>	<b>\$ 204,162</b>	

**CEDAR GROVE PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Transfer Out</u>	<u>Balance, June 30, 2018</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Building Upgrades to the Cedar Grove High School North End and South End Elementary Schools and Upgrades to the Cedar Grove Athletic Facilities	\$ 14,884,719	\$ 14,051,769	\$ 100,749		\$ 732,201
Improvements to the Elementary, High School, Middle School & Administration Building	<u>11,891,461</u>	<u>11,695,881</u>	-	-	<u>195,580</u>
	<u>\$ 26,776,180</u>	<u>\$ 25,747,650</u>	<u>\$ 100,749</u>	<u>\$ -</u>	<u>\$ 927,781</u>
Reconciliation to GAAP:					
Project Balances					\$ 927,781
Less: Debt Authorized but not Issued- 2014 Project					<u>719</u>
Budgetary Fund Balance					<u>\$ 927,062</u>
GAAP Fund Balance					<u>\$ 927,062</u>
<u>Analysis of GAAP Fund Balance</u>					
Restricted for Capital Projects:					
Reserve for Encumbrances					\$ 551,048
Available for Capital Projects					<u>376,014</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ 927,062</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, 2018**

**Revenues and Other Financing Sources**

Interest Earned on Investments	\$ <u>11,395</u>
Total Revenues and Other Financing Sources	<u>11,395</u>

**Expenditures and Other Financing Uses**

Facilities Acquisition and Construction Services	27,385
Purchased Professional and Technical Services	66,003
General Supplies/Equipment	7,361
Transfer Out to General Fund	<u>11,395</u>
Total Expenditures and Other Financing Uses	<u>112,144</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,749)
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Fund Balance, Beginning of Year - Budgetary Basis	<u>1,027,811</u>
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Fund Balance, End of Year - Budgetary Basis	<u>\$ 927,062</u>
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## Reconciliation to GAAP:

Project Fund Balances	<u>\$ 927,062</u>
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Fund Balance - Ending - GAAP	<u>\$ 927,062</u>
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**CEDAR GROVE PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
BUILDING UPGRADES TO THE CEDAR GROVE HIGH SCHOOL, NORTH END AND SOUTH END  
ELEMENTARY SCHOOLS AND UPGRADES TO THE CEDAR GROVE ATHELETIC FACILITIES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	<u>14,884,000</u>	<u>-</u>	<u>14,884,000</u>	<u>14,884,719</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical services	1,023,654	\$ 66,003	1,089,657	1,050,000
Facilities Acquisition and Construction Services	12,946,733	27,385	12,974,118	13,624,719
Cost of Bond Issuance	56,112		56,112	60,000
Supplies/Equipment	<u>25,270</u>	<u>7,361</u>	<u>32,631</u>	<u>150,000</u>
Total Expenditures and Other Financing Uses	<u>14,051,769</u>	<u>100,749</u>	<u>14,152,518</u>	<u>14,884,719</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 832,231</u>	<u>\$ (100,749)</u>	<u>\$ 731,482</u>	<u>\$ -</u>
		Authorized by not Issued	<u>719</u>	
		Project Balance	<u>\$ 732,201</u>	

**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, 2018**

	<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	7,582,000	-	7,582,000	7,582,000
	<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	250,000	-	250,000	-
	<u>11,695,881</u>	<u>-</u>	<u>11,695,881</u>	<u>11,891,461</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 195,580</u>	<u>\$ -</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	



**PROPRIETARY FUND**

**CEDAR GROVE PUBLIC SCHOOLS  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

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, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Agency Totals</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 130,534	\$ 25,057	\$ 155,591
	<u>\$ 130,534</u>	<u>\$ 25,057</u>	<u>\$ 155,591</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 1,585	\$ 1,585
Accrued Salary and Wages		1,637	1,637
Flex Spending		17,917	17,917
Due to Other Funds		3,918	3,918
Due to Student Groups	\$ 130,534	-	130,534
Total Liabilities	<u>\$ 130,534</u>	<u>\$ 25,057</u>	<u>\$ 155,591</u>

**FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Balance June 30, 2018</u>
<b>ELEMENTARY SCHOOLS</b>				
Cedar Grove North End School	\$ 9,729	\$ 7,943	\$ 9,700	\$ 7,972
Cedar Grove South End School	<u>2,593</u>	<u>9,953</u>	<u>10,036</u>	<u>2,510</u>
Total Elementary Schools	<u>12,322</u>	<u>17,896</u>	<u>19,736</u>	<u>10,482</u>
<b>MIDDLE SCHOOLS</b>				
Cedar Grove Memorial School	<u>46,181</u>	<u>56,594</u>	<u>53,832</u>	<u>48,943</u>
<b>SENIOR HIGH SCHOOL</b>				
Cedar Grove High School Student Activities	<u>62,891</u>	<u>149,492</u>	<u>143,711</u>	<u>68,672</u>
<b>OTHER</b>				
Athletic Fund	<u>43</u>	<u>66,631</u>	<u>64,237</u>	<u>2,437</u>
<b>TOTAL ALL SCHOOLS</b>	<u>\$ 121,437</u>	<u>\$ 290,613</u>	<u>\$ 281,516</u>	<u>\$ 130,534</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
Payroll Deductions and Withholdings	\$ 6,895	\$ 8,618,561	\$ 8,623,871	\$ 1,585
Accrued Salaries and Wages	2,100	9,733,511	9,733,974	1,637
Flex Spending	20,627	33,703	36,413	17,917
Interfund Payable/Receivable	<u>2,882</u>	<u>3,728</u>	<u>2,692</u>	<u>3,918</u>
Total	<u>\$ 32,504</u>	<u>\$ 18,389,503</u>	<u>\$ 18,396,950</u>	<u>\$ 25,057</u>

**LONG-TERM DEBT**

**CEDAR GROVE PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<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, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance June 30, 2018</u>
Refunding Bonds	5/24/2012	\$ 5,790,000	8/15/2018	\$ 575,000	3.00%	\$ 3,670,000		\$ 555,000	\$ 3,115,000
			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%				
Various Improvements	8/15/2012	\$ 7,582,000	8/15/2019	\$ 260,000	2.00%	6,582,000		255,000	6,327,000
			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%				
Various Improvements	8/15/2016	\$ 14,884,000	8/15/2018-2023	\$ 625,000	2.00%	14,884,000	\$ -	625,000	14,259,000
			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%						
						<u>\$ 25,136,000</u>	<u>\$ -</u>	<u>\$ 1,435,000</u>	<u>\$ 23,701,000</u>

**CEDAR GROVE PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	\$ 1,761,964		\$ 1,761,964	\$ 1,761,964	
Interest Income				669	\$ 669
State Sources					
State Aid	<u>244,432.00</u>	<u>-</u>	<u>244,432</u>	<u>244,432</u>	<u>-</u>
Total Revenues	<u>2,006,396</u>	<u>-</u>	<u>2,006,396</u>	<u>2,007,065</u>	<u>669</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Redemption of Principal	1,435,000		1,435,000	1,435,000	
Interest	<u>571,738</u>	<u>-</u>	<u>571,738</u>	<u>571,738</u>	<u>-</u>
Total Expenditures	<u>2,006,738</u>	<u>-</u>	<u>2,006,738</u>	<u>2,006,738</u>	<u>-</u>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	(342)	-	(342)	327	669
Fund Balance, Beginning of Year	<u>27,233</u>	<u>-</u>	<u>27,233</u>	<u>27,233</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 26,891</u>	<u>\$ -</u>	<u>\$ 26,891</u>	<u>\$ 27,560</u>	<u>\$ 669</u>
				\$ 26,891	
Designated for Subsequent Year's Expenditures				<u>669</u>	
Reserve for Future Debt Service				<u>\$ 27,560</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,									
	2009	2010	2011 (1) (Restated)	2012	2013	2014 (2) (Restated)	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 11,757,662
Restricted	148,654	357,050	732,528	1,276,683	1,572,310	1,868,122	1,841,258	200,342	570,167	1,320,494
Unrestricted	(205,980)	134,155	760,955	786,022	931,424	(4,482,439)	(4,690,435)	(5,606,658)	(6,170,503)	(6,651,388)
<b>Total Governmental Activities Net Position</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>\$ 6,426,768</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 16,703	\$ 14,884	\$ 15,236	\$ 10,825	\$ 5,184	\$ 40				
Unrestricted	14,513	24,854	30,829	24,249	33,770	31,945	\$ 27,071	\$ 15,837	\$ 23,155	\$ 30,614
<b>Total Business-Type Activities Net Position</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>\$ 30,614</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 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	\$ 11,757,662
Restricted	148,654	357,050	732,528	1,276,683	1,572,310	1,868,122	1,841,258	200,342	570,167	1,320,494
Unrestricted	(191,467)	159,009	791,784	810,271	965,194	(4,450,494)	(4,663,364)	(5,590,821)	(6,147,348)	(6,620,774)
<b>Total District Net Position</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>	<b>\$ 6,457,382</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 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	\$ 16,433,466
Special Education	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	6,817,166
Other Instruction	184,617	187,397	164,253	219,442	268,655	376,763	446,937	538,690	614,640	593,998
School Sponsored Activities and Athletics	769,420	692,232	635,408	696,554	774,363	832,057	852,487	1,099,115	1,245,130	1,293,421
<b>Support Services:</b>										
Student & Instruction Related Services	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	4,048,218
Health Services	358,883	372,672	394,941	406,506	439,759	457,323	563,265	658,943	726,508	709,038
Educational Media/School Library	509,946	506,674	442,455	389,823	393,715	411,048	357,441	366,389	568,988	545,286
General Administration	933,567	872,431	719,821	724,427	1,011,762	909,465	812,070	1,061,511	1,057,660	927,489
School Administrative Services	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	2,673,355
Central Services	635,587	638,014	569,296	621,240	700,369	622,276	718,336	765,801	820,993	824,790
Plant Operations And Maintenance	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	3,399,212
Pupil Transportation	1,164,059	1,107,083	1,084,224	936,929	893,080	951,023	1,039,681	1,166,655	1,233,998	1,342,877
Interest On Long-Term Debt	337,469	318,468	336,304	339,948	181,100	369,079	331,927	349,314	639,324	557,777
<b>Total Governmental Activities Expenses</b>	<u>26,149,574</u>	<u>26,161,203</u>	<u>25,577,128</u>	<u>27,069,268</u>	<u>28,026,536</u>	<u>28,639,796</u>	<u>32,962,469</u>	<u>35,020,276</u>	<u>39,605,685</u>	<u>40,166,093</u>
<b>Business-Type Activities:</b>										
Food Service	325,784	311,075	312,598	325,741	348,897	347,085	344,281	316,085	317,286	306,650
Non-Major	-	-	-	-	-	-	-	15,067	16,643	15,586
<b>Total Business-Type Activities Expense</b>	<u>325,784</u>	<u>311,075</u>	<u>312,598</u>	<u>325,741</u>	<u>348,897</u>	<u>347,085</u>	<u>344,281</u>	<u>331,152</u>	<u>333,929</u>	<u>322,236</u>
<b>Total District Expenses</b>	<u>\$ 26,475,358</u>	<u>\$ 26,472,278</u>	<u>\$ 25,889,726</u>	<u>\$ 27,395,009</u>	<u>\$ 28,375,433</u>	<u>\$ 28,986,881</u>	<u>\$ 33,306,750</u>	<u>\$ 35,351,428</u>	<u>\$ 39,939,614</u>	<u>\$ 40,488,329</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Instruction (Tuition)								\$ 522,664	\$ 613,469	\$ 745,832
Operating Grants And Contributions	\$ 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	11,225,166
Capital Grants And Contributions	271,430	-	-	355,688	3,869,600	54,193	243,898	2,960	5,000	24,417
<b>Total Governmental Activities Program Revenues</b>	<u>3,553,874</u>	<u>3,793,494</u>	<u>2,677,563</u>	<u>3,649,635</u>	<u>7,778,750</u>	<u>3,607,445</u>	<u>6,528,844</u>	<u>8,144,649</u>	<u>10,535,256</u>	<u>11,995,415</u>

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Business-Type Activities:</b>										
Charges For Services										
Food Service	\$ 311,826	\$ 293,590	\$ 295,403	\$ 288,574	\$ 315,231	\$ 308,247	\$ 338,146	\$ 304,705	\$ 309,993	\$ 302,603
Non-Major	-	-	-	-	-	-	-	12,887	20,052	17,600
Operating Grants And Contributions	21,753	25,308	23,106	24,444	36,241	31,707	1,070	-	-	-
<b>Total Business Type Activities Program Revenues</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>320,203</b>
<b>Total District Program Revenues</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>\$ 12,315,618</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	\$ (28,170,678)
Business-Type Activities	7,795	7,823	5,911	(12,723)	2,575	(7,131)	(5,065)	(13,560)	(3,884)	(2,033)
<b>Total District-Wide Net Expense</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>\$ (28,172,711)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, N	\$ 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	\$ 26,532,424
Taxes Levied For Debt Service	727,109	731,734	735,259	737,975	740,995	1,064,747	1,081,425	1,045,441	1,010,225	1,761,964
Unrestricted Grants And Contributions	11,231	-	-	-	-	-	31,114	34,020	48,937	50,075
Debt Service State Aid	-	-	-	-	-	-	-	-	-	244,432
Miscellaneous Income	911,548	904,004	872,019	386,546	1,081,857	629,218	728,744	335,484	107,492	227,099
Transfers	-	-	-	-	312	-	-	(2,180)	(10,991)	(8,997)
<b>Total Governmental Activities</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>	<b>28,806,997</b>
Business-Type Activities:										
Investment Earnings	1,142	699	416	1,666	1,305	162	151	146	211	495
Transfers	-	-	-	-	-	-	-	2,180	10,991	8,997
<b>Total Business-Type Activities</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>9,492</b>
<b>Total District-Wide</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>\$ 28,816,489</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (40,941)	\$ 1,182,135	\$ 1,445,213	\$ 897,138	\$ 5,231,473	\$ 790,831	\$ 19,459	\$ (233,848)	\$ (2,055,027)	\$ 636,319
Business-Type Activities	8,937	8,522	6,327	(11,057)	3,880	(6,969)	(4,914)	(11,234)	7,318	7,459
<b>Total District</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>	<b>\$ 643,778</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 392,760	\$ 964,110								
Unreserved	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	\$ 2,785,886
Assigned			410,727	672,170	762,197	384,408	551,071	453,450	83,455	251,878
Unassigned	-	-	441,473	132,944	449,426	461,658	203,868	345,330	335,248	221,796
<b>Total General Fund</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>	<b>\$ 3,259,560</b>
All Other Governmental Funds										
Reserved	\$ 445,657									
Unreserved	(36,946)	\$ (55,941)	-	\$ (1,199,466)						
Restricted	-	-	\$ 11,456	16,728	\$ 288,794	\$ 243,812	\$ 401,217	\$ (1,837,263)	\$ 1,055,044	\$ 954,622
Assigned	-	-	-	-	-	-	35,783	-	-	-
<b>Total All Other Governmental Funds</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>	<b>\$ 954,622</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 28,294,388
Miscellaneous	920,811	930,282	885,410	399,916	1,053,839	668,117	751,782	844,712	743,049	1,045,432
State Sources	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	5,240,478
Federal Sources	383,649	646,100	517,156	518,387	424,980	415,701	446,418	540,094	535,358	573,725
<b>Total Revenue</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>35,154,023</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	12,755,135
Special Education Instruction	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	5,881,879
Other Instruction	182,476	185,009	162,830	217,124	264,859	369,664	403,958	476,295	517,030	517,446
School Sponsored Activities and Athletics	755,997	680,510	624,386	683,134	760,493	809,922	770,193	928,145	975,156	1,037,534
<b>Support Services:</b>										
Student and Inst. Related Services	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	3,304,294
Health Services	401,136	425,668	443,121	458,683	492,375	443,725	480,200	541,490	551,612	551,962
Educational Media/School Library	501,066	497,287	434,220	381,993	385,659	399,598	334,645	335,564	437,958	425,292
General Administration	913,444	860,381	712,290	715,481	1,001,931	898,092	786,644	751,258	914,600	791,709
School Administrative Services	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	2,066,510
Central Services	613,367	623,989	556,819	602,864	684,181	609,484	3,019,933	2,926,345	3,311,141	3,062,452
Plant Operations And Maintenance	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	1,336,793
Pupil Transportation	1,164,059	1,107,083	1,083,440	936,380	892,404	949,947	677,619	714,722	754,019	704,602
Employee Benefits										
Capital Outlay	1,013,419	938,348	342,122	1,650,598	10,142,290	209,835	479,180	2,705,860	12,840,101	152,258
<b>Debt Service:</b>										
Principal	467,228	490,290	430,000	450,000	520,000	745,000	760,000	775,000	790,000	1,435,000
Cost of Bond Issuance										
Interest and Other Charges	344,321	325,658	342,593	529,832	281,208	404,174	389,124	367,491	567,947	602,757
<b>Total Expenditures</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>34,625,623</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(1,026,397)	178,833	1,032,617	(971,842)	(5,104,328)	435,621	46,738	(2,209,924)	(13,576,613)	528,400
<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	-	-	-	-	-
Payments to Refunded Bond Escrow Agent				(6,095,000)						
Transfers In	112,116	190,111	180,564	33,463	132,551	46,812	13,126	67,586	1,313,802	11,395
Transfers Out	(112,116)	(190,111)	(180,564)	(33,463)	(132,239)	(46,812)	(13,126)	(69,766)	(1,324,793)	(20,392)
<b>Total Other Financing Sources (Uses)</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>(8,997)</b>
<b>Net Change in Fund Balances</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>\$ 519,403</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	3.11%	3.11%	3.01%	3.59%	2.85%	4.00%	3.83%	3.67%	4.10%	5.91%

\* 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>Prior Year Refunds</b>	<b>Tuition</b>	<b>Transportation Fees</b>	<b>Miscellaneous</b>	<b>Total</b>
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
2018	46,921	662,548	26,468	127,423	73,775	9,509	14,223	960,867

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>
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
2018	59,401,200	1,829,464,900	2,100,000	5,100	191,506,500	95,531,100	47,937,000	2,225,945,800	1,517,400	2,227,463,200	2,310,079,883	1.305

11  
 Source: County Abstract of Ratables

<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	Total Direct School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
		Township	County	Garbage District	
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
2018	1.305	0.496	0.522	0.073	2.396

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	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bradford Farms	\$ 424,451	0.019%		
K Hovnanian at Cedar Grove Urban Grove Associates	411,935	0.019%		
Cedar Hill Realty Associates LLC	391,027	0.018%		
691 Pompton Avenue Realty LLC	363,473	0.018%		
Health Resources of Cedar Grove LLC	330,186	0.016%		
Canterbury At Cedar Grove LLC	284,525	0.015%		
11 Cliffside Drive LLC	269,550	0.013%		
Contract Filling Inc.	238,642	0.012%		
Cedar Grove Properties Inc	221,280	0.011%		
Pilgrim Plaza, LLC	200,905	0.010%		
	189,284	0.009%		
	<b>\$ 3,325,258</b>	<b>0.14%</b>		
Bradford Farms			\$ 304,986	0.091%
Grove Associates			281,635	0.084%
Cedar Hill Realty Assoc. LLC			244,900	0.073%
Canterbury At Cedar Grove LLC			236,280	0.071%
11 Cliffside Drive LLC			224,059	0.067%
Contract Filling Inc.			204,981	0.061%
Ridge Road Assoc. LP			195,920	0.059%
Cedar Grove Properties Inc			158,426	0.047%
Diener Family Partnership LP			141,344	0.042%
K. Hovannian at Cedar Grove IV LLC			138,773	0.041%
Pilgrim Plaza, LLC				
			<b>\$ 2,131,304</b>	<b>0.64%</b>

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	
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%	-
2018	28,294,388	28,294,388	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			
2009	\$ 7,855,000	\$ 80,290		\$ 7,935,290	12,658	\$ 627
2010	7,445,000			7,445,000	12,414	600
2011	7,015,000			7,015,000	12,488	562
2012	6,260,000		\$ 4,550,000	10,810,000	12,490	865
2013	13,322,000		3,668,000	16,990,000	12,512	1,358
2014	12,577,000		3,668,000	16,245,000	12,627	1,287
2015	11,817,000		3,500,000	15,317,000	12,662	1,210
2016	11,042,000		14,000,000	25,042,000	12,695	1,973
2017	25,136,000		-	25,136,000	12,703	1,979
2018	23,701,000			23,701,000	12,703 (Est.)	1,866

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			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 7,855,000	\$ 1,577	\$ 7,853,423	2.35%	\$ 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%	1,063
2014	12,577,000	35,634	12,541,366	0.57%	993
2015	11,817,000	35,783	11,781,217	0.53%	930
2016	11,042,000	342	11,041,658	0.50%	870
2017	25,136,000	-	25,136,000	1.16%	1,979
2018	23,701,000	27,560	23,673,440	1.06%	1,864

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, 2017  
 (Unaudited)**

	<u>Net Debt</u>
Municipal Debt: (1)	
Cedar Grove Public Schools	\$ 23,701,719
Cedar Grove Township	<u>14,547,769</u>
	<u>38,249,488</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County (A):	
County of Essex - Township's Share	<u>11,011,710</u>
Total Direct and Overlapping Debt	<u>\$ 49,261,198</u>

Source:

(1) Cedar Grove's 2017 Annual Debt Statement

(A) The debt for this entity was apportioned to Cedar Grove by dividing the municipality's 2017 equalized value by the total 2017 equalized value for Essex County.

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

**Legal Debt Margin Calculation for Fiscal Year 2018**

	Equalized Valuation Basis
	2017 \$ 2,290,691,751
	2016 2,287,531,599
	2015 <u>2,307,882,741</u>
	<u>\$ 6,886,106,091</u>
Average Equalized Valuation of Taxable Property	\$ 2,295,368,697
Debt Limit (4 % of Average Equalization Value)	91,814,748 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>23,701,719</u>
Legal Debt Margin	<u>\$ 68,113,029</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 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	\$ 91,814,748
Total Net Debt Applicable to Limit	<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>	<u>23,701,719</u>
Legal Debt Margin	<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>	<u>\$ 68,113,029</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.25%	7.54%	14.77%	14.28%	18.26%	17.96%	29.97%	28.76%	27.62%	25.81%

**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>
2009	12,658	\$ 51,448	2.70%
2010	12,414	51,866	2.80%
2011	12,488	54,345	2.60%
2012	12,490	54,842	2.70%
2013	12,512	55,455	4.40%
2014	12,627	57,541	5.30%
2015	12,662	59,863	5.30%
2016	12,695	60,887	4.10%
2017	12,703	60,887 (Est.)	3.50%
2018	12,703 (Est.)	60,887 (Est.)	3.50% (Est.)

Source: New Jersey State Department of Education



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

	<u>2018</u>		<u>2009</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>	<u>2018</u>
Instruction										
Regular	108	129	119	122	128	129	136	129	120	116
Special Education	35	29	14	15	18	18	21	28	40	37
Other Instruction	1	1	1	1	1	1	-	-	31	27
Support Services:										
Student and Instruction Related Services	18	18	18	18	28	28	19	22	21	21
General Administration	3	3	3	3	3	3	3	3	3	3
School Administrative Services	9	9	9	9	9	9	9	9	6	6
Other Administrative Services	3	3	3	3	3	3	3	3	3	2
Central Services	3	3	3	4	4	4	4	4	4	5
Administrative Information Technology	3	3	3	3	3	3	3	3	3	3
Plant Operations And Maintenance	<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>	<u>20</u>
Total	<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>	<u>240</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

<u>Fiscal Year</u>	<u>Enrollment<sup>a</sup></u>	<u>Operating Expenditures<sup>b</sup></u>	<u>Cost Per Pupil<sup>c</sup></u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Elementary</u>	<u>Middle School</u>	<u>Senior High School</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
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	1,549	-2.24%	95.97%
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%
2018	1,594	32,435,608	20,349	4.93%	141	9.44	12.89	12.09	1,570	1,504	-1.81%	95.80%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
  - b Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay.
  - c Cost per pupil represents operating expenditures divided by enrollment.

N/A - Information not available

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<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	341	323	336	336	322	320	309	285	279	253
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	341	361	352	369	331	335	305	302	294	310
<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	497	515	365	535	554	570	553	526	523	499
<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	422	432	447	429	431	440	456	505	517	515
<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, 2018

    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>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>	<u>2018</u>
<b>School Facilities</b>										
High School	\$ 128,736	\$ 116,825	\$ 140,135	\$ 133,820	\$ 117,905	\$ 91,055	\$ 136,500	\$ 126,086	\$ 117,222	\$ 122,866
North End School	34,467	37,994	40,038	43,854	61,026	38,385	31,623	29,863	65,499	41,801
South End School	38,009	41,678	36,000	47,000	61,026	38,385	47,985	43,135	57,672	51,044
Middle School	68,611	74,890	69,860	80,006	71,197	62,006	105,536	96,224	72,617	91,846
Leonard R. Parks	43,486	46,925	47,623	341,063	10,171	13,897	37,309	36,498	47,855	55,416
Total School Facilities	<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>	<u>\$ 362,973</u>

Source: District Records

**CEDAR GROVE PUBLIC SCHOOLS  
INSURANCE SCHEDULE  
JUNE 30, 2018  
(Unaudited)**

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

Source: District records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA

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

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, 2018 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 January 23, 2019.

### 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.

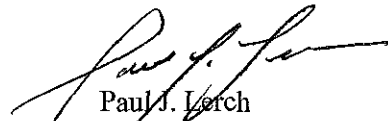
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Cedar Grove Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 23, 2019.

### **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  
January 23, 2019



# 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  
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ROBERT LERCH, CPA

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

**INDEPENDENT AUDITOR’S REPORT**

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

**Report on Compliance for Each Major State Program**

We have audited the Cedar Grove Public Schools’ compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Cedar Grove Public Schools’ major state programs for the fiscal year ended June 30, 2018. 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; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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, 2018.

### **Report on Internal Control Over Compliance**

Management of the Cedar Grove Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cedar Grove Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cedar Grove Public Schools' internal control over compliance.

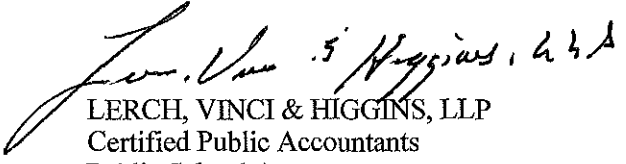
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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


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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Grove Public Schools as of and for the fiscal year ended June 30, 2018 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 January 23, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of 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  
January 23, 2019

**CEDAR GROVE PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor Program Title	Federal CEDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018			* 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	S010A160030	7/1/17-6/30/18	\$ 132,444		\$ 9,034	\$ 82,880	\$ 141,478					\$ (49,564)	* \$ (49,564)	
Title I, Carryover	84.010A	S010A160030	7/1/16-6/30/17	109,398	\$ (50,311)	(9,034)	59,345							* -	
Title I, Carryover	84.010A	S010A150030	9/1/11-8/31/12	16,578	17								\$ 17	* -	
Title IIA	84.367A	S367A160029	7/1/17-6/30/18	33,880		2,243	27,167	34,609					(6,713)	\$ 1,514	* (5,199)
Title IIA, Carryover	84.367A	S367A160029	7/1/16-6/30/17	22,006	(5,905)	(2,243)	8,148							* -	
Title III Immigrant	84.365A	S365A160029	7/1/17-6/30/18	2,640				2,508					(2,640)	132	* (2,508)
Title III Immigrant	84.365A	S365A160030	7/1/16-6/30/17	2,497	(2,497)		2,497							* -	
Title IV	84.424	S424A170031	7/1/17-6/30/18	10,000				7,801					(10,000)	2,199	* (7,801)
I.D.E.A. Part B, Basic	84.027	H027A150100	7/1/17-6/30/18	375,801			319,590	372,459					(56,211)	3,342	* (52,869)
I.D.E.A. Part B, Basic, Carryover	84.027	H027A150100	7/1/16-6/30/17	386,335	(7,326)		7,326							* -	
I.D.E.A. Part B, Basic, Carryover	84.027	H027A150100	7/1/15-6/30/16	397,285	(16,809)								(16,809)	* (16,809)	
I.D.E.A. Part B, Preschool	84.173	H173A150114	7/1/17-6/30/18	14,870			14,051	14,870					(819)	-	* (819)
I.D.E.A. Part B, Preschool, Carryover	84.173	H173A150114	7/1/16-6/30/17	14,916	(14,158)	-	14,158							* -	
<b>Total I.D.E.A. Cluster</b>								<b>387,329</b>							
<b>Total Special Revenue Fund</b>					<b>(96,989)</b>	<b>-</b>	<b>535,162</b>	<b>573,725</b>	<b>-</b>	<b>-</b>	<b>(142,756)</b>	<b>7,187</b>	<b>17</b>	<b>(135,569)</b>	
<b>Total Federal Financial Assistance</b>					<b>\$ (96,989)</b>	<b>\$ -</b>	<b>\$ 535,162</b>	<b>\$ 573,725</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (142,756)</b>	<b>\$ 7,187</b>	<b>\$ 17</b>	<b>* \$ (135,569)</b>	

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, 2018**

	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balance	Balance June 30, 2018			Memorandum			
										(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures		
<b>State Department of Education</b>																
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 703,504			\$ 636,336	\$ 703,504					\$ (67,168)			\$ 703,504	
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	630,950	\$ (60,477)		60,477										
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	30,041			26,765	30,041					(3,270)			30,041	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	30,041	(2,986)		2,986									-	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	17,010			15,372	17,010					(1,638)			17,010	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	17,010	(1,493)		1,493									-	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	17,010			15,372	17,010					(1,638)			17,010	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	17,010	(1,493)		1,493									-	
Professional Learning Comm. Aid	18-495-034-5120-101	7/1/17-6/30/18	16,490			14,852	16,490					(1,638)			16,490	
Professional Learning Comm. Aid	17-495-034-5120-101	7/1/16-6/30/17	16,490	(1,493)		1,493									-	
<b>Total State Aid Public- Cluster</b>							<b>784,055</b>									
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	66,137			59,584	66,137					(6,553)			66,137	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	66,137	(6,719)		6,719									-	
Non-Public Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	41,180			23,838	41,180					(41,180)		\$ (41,180)	41,180	
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	41,180	(23,838)		23,838									-	
Extraordinary Aid	18-100-034-5120-473	7/1/17-6/30/18	318,958			-	318,958					(318,958)			318,958	
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	362,239	(362,239)		362,239									-	
Lead Testing Schools Aid	18-495-034-5120-101	7/1/17-6/30/18	4,100			4,100	4,100								4,100	
On-Behalf TPAF Pension System Contr.																
Pension Cost	18-495-034-5094-002	7/1/17-6/30/18	1,627,246			1,627,246	1,627,246								1,627,246	
Non-contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	39,489			39,489	39,489								39,489	
Long-Term Disability	18-495-034-5094-004	7/1/17-6/30/18	3,259			3,259	3,259								3,259	
Post Retirement Medical Contribution	18-495-034-5094-001	7/1/17-6/30/18	1,076,509			1,076,509	1,076,509								1,076,509	
<b>Total On-Behalf TPAF Pension Contributions</b>							<b>2,746,503</b>									
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	873,192			829,380	873,192					(43,812)		(43,812)	873,192	
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	845,448	(40,468)		40,468									-	
<b>Total General Fund</b>				<b>(501,206)</b>		<b>4,849,470</b>	<b>4,834,125</b>					<b>(485,861)</b>			<b>(84,992)</b>	<b>4,834,125</b>
<b>State Department of Education</b>																
New Jersey Non-Public Aid:																
Textbook	18-100-034-5120-064	7/1/17-6/30/18	11,449			11,449	10,362						\$ 1,087		10,362	
Textbook	17-100-034-5120-064	7/1/16-6/30/17	12,393	5				\$ 5							-	
Technology	18-100-034-5120-373	7/1/17-6/30/18	7,733			7,733	7,531						202		7,531	
Nursing	18-100-034-5120-070	7/1/17-6/30/18	20,273			20,273	20,273								20,273	
Security	18-100-034-5120-509	7/1/17-6/30/18	15,675			15,675	15,480						195		15,480	
Security	17-100-034-5120-509	7/1/16-6/30/17	10,750	886					886						-	
Auxiliary Services (Chapter 192):																
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	43,406			43,406	27,242							16,164	27,242	
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	38,968	1,255					1,255						-	
<b>Total Auxiliary Services (Chapter 192)-Cluster</b>							<b>27,242</b>									
Handicapped Services (Chapter 193):																
Examination	18-100-034-5120-066	7/1/17-6/30/18	23,839			23,839	18,747						5,092		18,747	
Examination	17-100-034-5120-066	7/1/16-6/30/17	17,107	8,819				8,819							-	
Supplemental Instruction	18-100-034-5120-068	7/1/17-6/30/18	12,370			12,370	9,917						2,453		9,917	
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	14,125	4,944				4,944							-	
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	17,856			17,856	16,338						1,518		16,338	
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	18,554	6,890				6,890							-	
<b>Total Handicapped Services (Chapter 193)- Cluster</b>							<b>45,002</b>									
<b>Total Special Revenue Fund</b>				<b>22,799</b>		<b>152,601</b>	<b>125,890</b>		<b>22,799</b>				<b>26,711</b>		<b>125,890</b>	
Debt Service Fund																
Debt Service Aid	18-495-034-5120-075	7/1/17-6/30/18	244,432			244,432	244,432								244,432	
<b>Total Debt Service Fund</b>						<b>244,432</b>	<b>244,432</b>								<b>244,432</b>	
<b>Total State Financial Assistance- Determination for Single Audit</b>				<b>\$ (478,407)</b>	<b>\$ -</b>	<b>\$ 5,246,503</b>	<b>\$ 5,204,447</b>	<b>\$ -</b>	<b>\$ 22,799</b>	<b>\$ (485,861)</b>	<b>\$ -</b>	<b>\$ 26,711</b>	<b>\$ (84,992)</b>	<b>\$ 5,204,447</b>		
Less: On-Behalf Pension Contributions							<b>2,746,503</b>									
<b>Total State Financial Assistance Subject to Major Program Determination</b>							<b>\$ 2,457,944</b>									

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**CEDAR GROVE PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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 an increase of \$36,031 for the general fund and a decrease of \$5,771 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		\$ 4,870,156	\$ 4,870,156
Special Revenue Fund	\$ 573,725	125,890	699,615
Debt Service Fund	-	244,432	244,432
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 573,725</u>	<u>\$ 5,240,478</u>	<u>\$ 5,814,203</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, 2018**

**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 \$873,192 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,666,735, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,076,509 and TPAF Long-Term Disability Insurance in the amount of \$3,259 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

**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 payments 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, 2018**

*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?	<u>          </u> yes	<u>  X  </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	<u>          </u> yes	<u>  X  </u> none reported
Noncompliance material to the basic financial statements noted?	<u>          </u> 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, 2018**

*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>
<u>495-034-5094-003</u>	<u>TPAF Reimbursable Social Security Aid</u>
<u>495-034-5094-089</u>	<u>Special Education Aid</u>
<u>495-034-5094-084</u>	<u>Security Aid</u>
<u>495-034-5094-097</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5094-098</u>	<u>PARCC Readiness Aid</u>
<u>495-034-5094-101</u>	<u>Professional Learning Comm. Aid</u>
<u> </u>	<u> </u>

**CEDAR GROVE PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*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, 2018**

*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, 2018**

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.