

CEDAR GROVE PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020

Prepared by

Business Office

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INTRODUCTORY SECTION



Cedar Grove Public Schools

Anthony Grosso, Superintendent

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February 3, 2021

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, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the district’s organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor’s report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as amended and the U.S. Uniform Guidance, Audits of State, Local Governments and Non-Profit Organizations, and New Jersey OMB’S Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and Aid. Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The Cedar Grove Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). 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 2019-2020 fiscal year with an enrollment of 1,593 students, which is 29 more students than the previous year’s enrollment. The following chart details the changes in the average daily enrollment of the district over the last ten years.

| FISCAL YEAR | AVERAGE DAILY ENROLLMENT | CHANGE |
|-------------|--------------------------|--------|
| 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% |
| 2018-19 | 1,553 | -1.08% |
| 2019-20 | 1,579 | 1.67% |

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 \$468,200. In light of the 2% cap law put into place by the State of New Jersey upon school districts, the average property tax increase to a homeowner for education was \$210.86 in 2019-2020 which equates to an increase on average of approximately \$17.57 per month per household.

3) MAJOR INITIATIVES:

Several major initiatives captured our attention during the 2019-20 school year:

Serving approx 1600 students in grades PreK-12, the CG 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 implementation of curricula that is aligned to the 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. As a Future Ready Certified School District, we emphasize student-centered learning and the relevant infusion of technology into the classroom to support instruction and courses are also offered through the Virtual HS program for students whose interests lay beyond our capacity.

Consistent with our 5-year curriculum plan, the district routinely reviews and revises all curricula. Thoughtful implementation of the NGSS remains a priority, as these standards call for further movement away from “sage on stage” instructional practices to more of a learned “guide on the side” approach. 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 MSU’s Network for Educational Renewal as well as Syracuse Univ via dual enrollment programming. During the past 3 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!* We now offer a double block of language and math in grades 5-8.

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 (we were re accredited by Middle States in the Spring of 2018), 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, have 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. College and career readiness is embedded in the culture of our schools as witnessed by shifting instructional practices, expanding dual enrollment programming, the use of SMART technology at all grade levels and the expanded purchase of ChromeBooks to the degree our ratio of student to device is practically 1:1. The District recently secured Future Ready Certification for all 4 of its schools and will pursue Silver Status this coming school year.

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. Recent upgrades to 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 Program of Studies include Engineering Robotics I & II, AP Computer Science, Statistics Honors, Financial Algebra and two new dual enrollment courses, Introduction to Criminal Justice (Farleigh Dickinson University) and Foundations of Human Behavior (Syracuse University). CGHS already offers dual enrollment courses in Accounting and Sports Management. Staff is held accountable for student performance and behavior and seeks 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. Our bi-annual Edcamps encourage personalized learning for the entire staff and the 2019-20 District Calendar includes two additional staff development days (half days) to be used to expand staff development and professional learning.

The Cedar Grove School District is committed to raising performance standards of both students and staff. In-service training days are annually built into the District Calendar to promote adult learning and facilitate horizontal/vertical professional articulation. Implementation of the EdCamp model promotes personalized learning and monthly staff meetings are flipped to maximize hands-on opportunities and collegial discourse. 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, as well as the continued refinement of benchmark assessments that provide teachers with quantitative data to improve student achievement will be the focus of PLCs. Focus on developing quality SGOs and PDPs for all teachers and administrators will also remain a priority. Additionally, district professional development will include continued emphasis on training for administrators and teachers in data analysis and in the teacher/principal evaluation model currently in place (Stronge). 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 NJSLs assessments and ensure students are prepared to compete in the global society in which we live.

The spring, summer and early fall of 2019 will bring with it another round of critical upgrades across each school campus. The successful passage of a bond referendum in October of 2018 will allow the Board of Ed. to install numerous school safety and security measures. Successfully funded by public vote, construction will start in the coming months on security vestibules, ADA compliance features, expanded video surveillance capabilities and more. With a price tag of just under \$3 million, the district is eager to address long-standing concerns about student and staff safety and security to further its efforts to aggressively modernize our long range facility plan.

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, the Cedar Grove Education Foundation has been successfully relaunched and other sources of revenue considered. Providing a 21st 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 curricula and its continued good health, providing the needed resources for the efficient delivery of the same and offering teachers much-needed training in the effective use of those resources will be essential.

The English/Language Arts department continues to update and align curricula, 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-8 in Language Arts instruction. 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 emphasis on integrating text-based evidence into informational and narrative writing, reading comprehension, and in the overall conventions of Standard English. The district elementary schools continue to implement *Teacher Academies* to support effective "unwrapping" of standards and develop instructional strategies that meet the rigors of the NJSLs. In order to further extend student learning through the use of technology standards-based experiences, MobyMax.com is employed in grades K-12, allowing 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 and middle schools. This 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 NJSLs standards for ELA within their instructional practices. Elementary level social studies teachers are integrating the informational reading comprehension and analysis skills found in their NJSLs-aligned Language Arts Literacy textbook series within their planning and instruction. Social studies/history teachers in the middle and high school receive training in the implementation of specific NJSLs-based strategies that emphasize informational text comprehension, analysis, and the use of textual evidence to support both written and verbal analysis.

District World Language classes 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 skills in everyday use of Spanish and Italian through traditional and digital instructional strategies. We recently 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. High school and middle school physical education curricula invite students to explore a variety of physical activities and games while developing a lifetime commitment to personal fitness and teamwork. 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, works to implement the New Jersey Student Learning Standards across every course. At Memorial Middle School, strategic planning has allowed us to create a double block of mathematics for grades 5-8, phased in with each grade level since the 2015-16 school year. Recently, a new math program in Grades K-5 was adopted and all teachers trained at *Conquer Math*, a comprehensive approach to ensure our teachers are using best practices during mathematics instruction. In all classes in Grades K-8, including Special Education and Replacement/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 the double block of mathematics at Memorial Middle School specifically seeks to reinforce skills that are set by the NJSLs. Memorial Middle School additionally runs an after school program called "Math Strategies" to assist low performing students with testing strategies.

Recently implemented Next Generation Science Standards (NGSS) are guiding the transformation of our science classrooms into the dynamic learning spaces they should be. Professional development in these areas is on-going (webinars and in-person workshops) and online components that features problem-based learning activities, STEM projects and tutorials, among other resources, are actively being implemented and further explored.

In the Elementary grade 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, Literacies, Inc. and Financial Literacies courses have been offered for the better part of a decade now and we are seeing the effects of New Jersey Student Learning Standard integration. Both were recently revised. The Business Department is flourishing and offers multiple sections of Personal Finance and Marketing, AP Economics (Micro and Macro) and two dual enrollment courses through Syracuse University (Account and Sports Management). 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 a Goggle Apps for Education district, we have embraced the infusion of these teachings, as well as other methodologies, into our technology courses, including those taught at the middle and high school. Computer Science and Design-based classroom teachers expose students to current applications in the areas of advertising, architecture, engineering, photography and computers. These teachers, along with our Media Center specialists, reach out to classroom teachers to assist with various tech programs and apps and Google Classroom is being used across the district.

The Visual and Performing Arts Department across every grade level continues to incorporate the New Jersey Student Learning Standards. Modifications to the vocal and instrumental program at the middle school level—specifically an increase in staffing—have allowed students to expand their skill set in Music. The choral repertoire and orchestra/band arrangements have been selected to further challenge 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 the resurrection of 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, 2020.

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, 2020, the District's outstanding debt consisted of \$23,730,000 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, 2016 and 2019. 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 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.

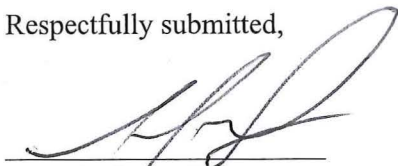
10) OTHER INFORMATION:

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 Single Audit Act as amended and related to U.S. Uniform Guidance and 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,

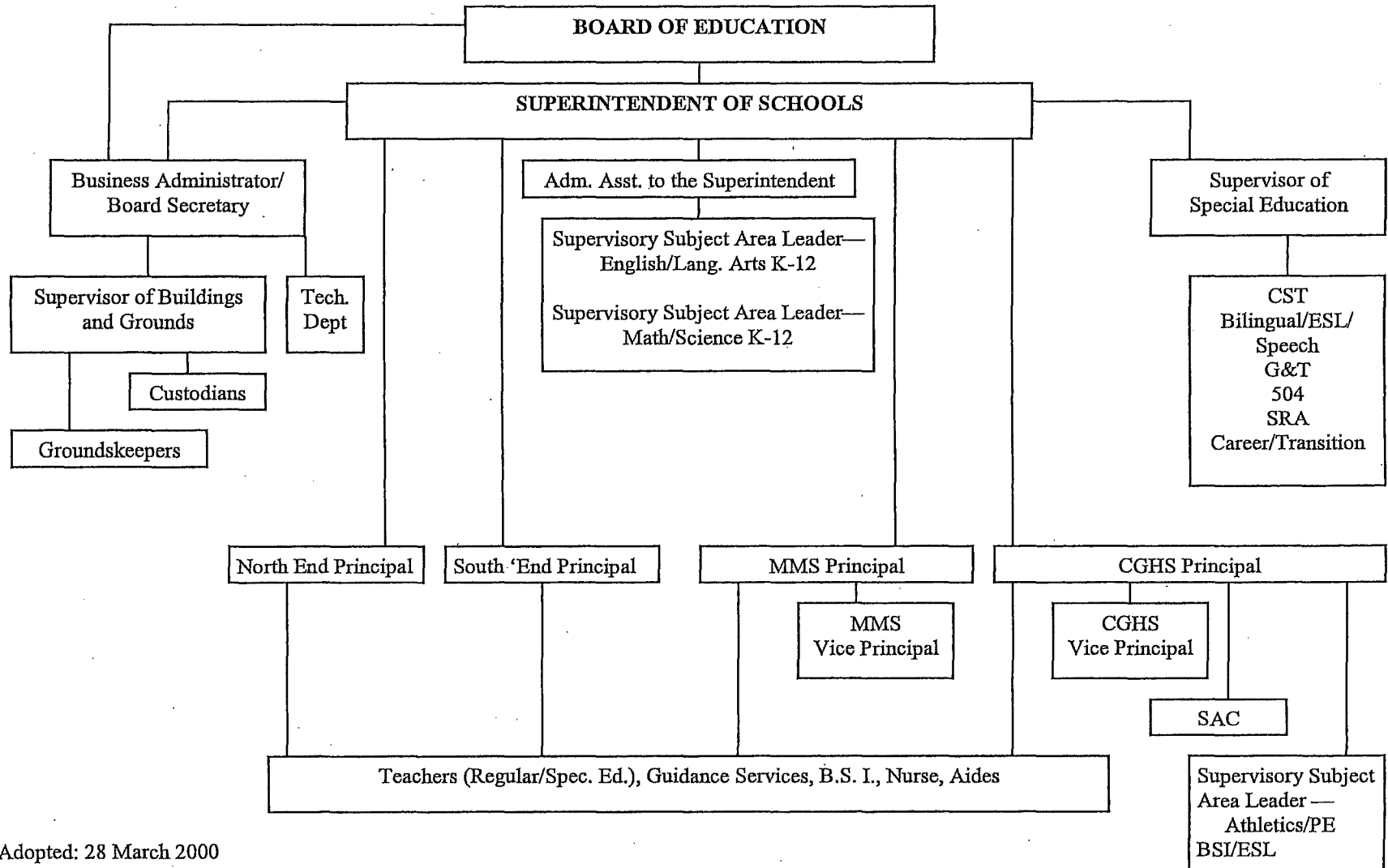


Anthony Grosso
Superintendent



Michael DeVita
Business Administrator/Board Secretary

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



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, 2020**

| Members of the Board of Education | Term Expires |
|--|---------------------|
| Mrs. Christine Dye, CPA, Board President | 2020 |
| Mr. David Schoner | 2022 |
| Mrs. Nicole DiChiara | 2021 |
| Mrs. Michele Mega | 2022 |
| Mr. Leonard Splendoria | 2021 |

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

Dan Dressel, AIA
Architect of Record
19 Edstan Drive
Moonachie, NJ 07074

RIGHT TO KNOW

Lew Corporation
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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
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CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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, 2020 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

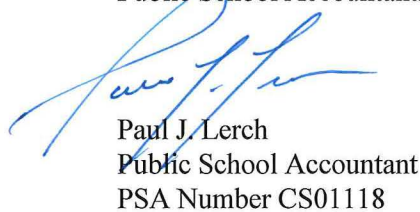
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 3, 2021 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 solely 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
February 3, 2021

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, 2020**

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, 2020. 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 2020 are as follows:

- District-Wide - Overall revenues were \$39,684,233. General revenues accounted for \$30,209,272 or 76 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,474,961 or 24 percent of total revenues.
- District-Wide - The School District had \$38,668,294 in expenses; only \$9,474,961 of these expenses were offset by program specific charges for services, grants or contributions and capital grants and contributions. General revenues (primarily taxes) of \$30,209,272 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 \$5,888,137, an increase of \$1,541,123 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2020, unassigned fund balance for the General Fund was \$183,371 a decrease of \$41,879 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, Summer Music Academy and 1 to 1 Technology Initiative.

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, the Music Program Fund and the 1 to 1 Technology Initiative 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 2020 and 2019. For 2020 and 2019 net position were \$8,491,096 and \$7,475,157, 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, 2020 and 2019

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Assets | | | | | | |
| Current and Other Assets | \$ 6,494,093 | \$ 5,052,964 | \$ 64,458 | \$ 67,287 | \$ 6,558,551 | \$ 5,120,251 |
| Capital Assets, net | <u>35,200,657</u> | <u>34,177,344</u> | <u>8,057</u> | <u>-</u> | <u>35,208,714</u> | <u>34,177,344</u> |
| Total Assets | <u>41,694,750</u> | <u>39,230,308</u> | <u>72,515</u> | <u>67,287</u> | <u>41,767,265</u> | <u>39,297,595</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred Amounts on Net Pension Liability | 1,002,168 | 1,631,845 | | | 1,002,168 | 1,631,845 |
| Deferred Amounts on Refunding of Debt | <u>13,514</u> | <u>19,899</u> | <u>-</u> | <u>-</u> | <u>13,514</u> | <u>19,899</u> |
| Total Deferred Outflows of Resources | <u>1,015,682</u> | <u>1,651,744</u> | <u>-</u> | <u>-</u> | <u>1,015,682</u> | <u>1,651,744</u> |
| Total Assets and Deferred Outflows of Resources | <u>42,710,432</u> | <u>40,882,052</u> | <u>72,515</u> | <u>67,287</u> | <u>42,782,947</u> | <u>40,949,339</u> |
| Liabilities | | | | | | |
| Current Liabilities | 805,254 | 893,080 | 185 | 36,337 | 805,439 | 929,417 |
| Non-Current Liabilities | <u>30,950,294</u> | <u>30,006,622</u> | <u>-</u> | <u>-</u> | <u>30,950,294</u> | <u>30,006,622</u> |
| Total Liabilities | <u>31,755,548</u> | <u>30,899,702</u> | <u>185</u> | <u>36,337</u> | <u>31,755,733</u> | <u>30,936,039</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred Amounts on Net Pension Liability | <u>2,536,118</u> | <u>2,538,143</u> | <u>-</u> | <u>-</u> | <u>2,536,118</u> | <u>2,538,143</u> |
| Total Deferred Inflows of Resources | <u>2,536,118</u> | <u>2,538,143</u> | <u>-</u> | <u>-</u> | <u>2,536,118</u> | <u>2,538,143</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>34,291,666</u> | <u>33,437,845</u> | <u>185</u> | <u>36,337</u> | <u>34,291,851</u> | <u>33,474,182</u> |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 10,465,825 | 12,169,821 | 8,057 | | 10,473,882 | 12,169,821 |
| Restricted | 2,674,821 | 1,894,227 | | | 2,674,821 | 1,894,227 |
| Unrestricted | <u>(4,721,880)</u> | <u>(6,619,841)</u> | <u>64,273</u> | <u>30,950</u> | <u>(4,657,607)</u> | <u>(6,588,891)</u> |
| Total Net Position | <u>\$ 8,418,766</u> | <u>\$ 7,444,207</u> | <u>\$ 72,330</u> | <u>\$ 30,950</u> | <u>\$ 8,491,096</u> | <u>\$ 7,475,157</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 \$974,559.

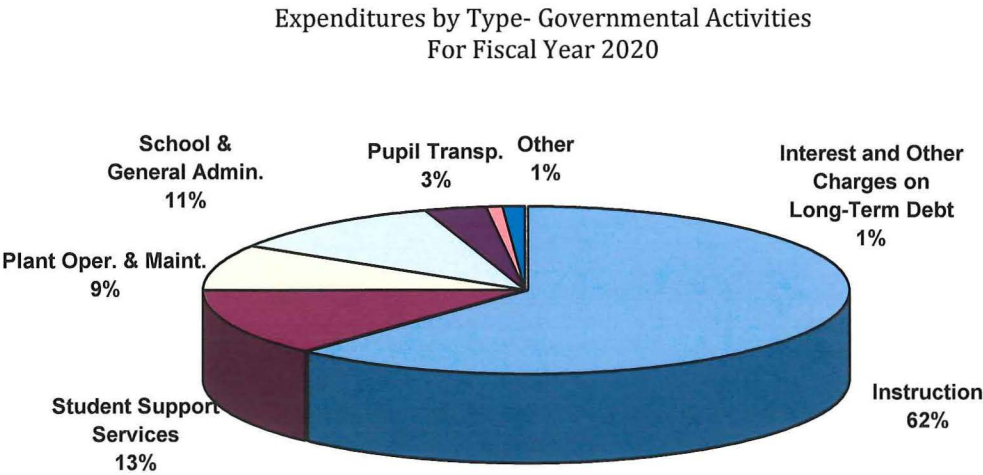
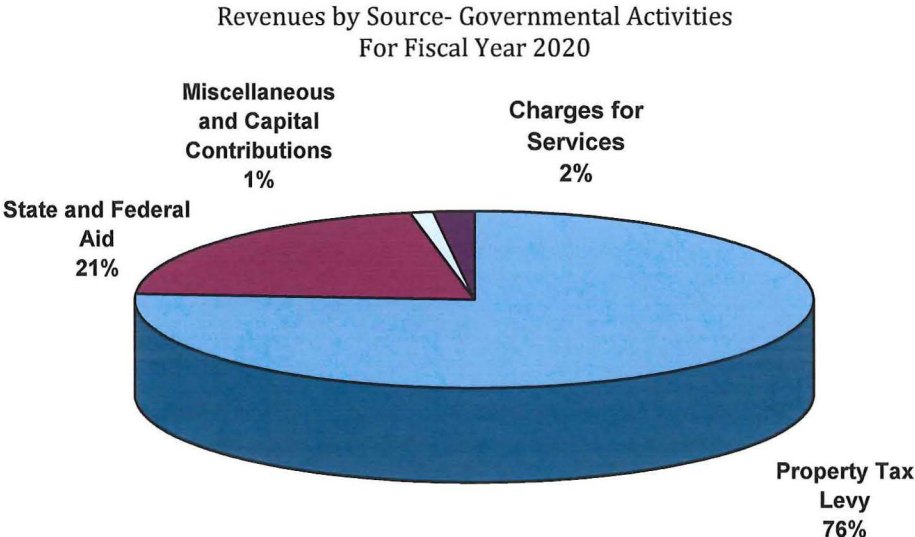
Table A-3
Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019

| | Governmental | | Business-Type | | Total | |
|--|---------------------|---------------------|----------------------|------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 910,009 | \$ 804,215 | \$ 256,664 | \$ 311,608 | \$ 1,166,673 | \$ 1,115,823 |
| Operating Grants and Contributions | 8,279,682 | 9,161,298 | - | - | 8,279,682 | 9,161,298 |
| Capital Grants and Contributions | 28,606 | 29,851 | | | 28,606 | 29,851 |
| General Revenues | | | | | | |
| Property Taxes | 29,971,603 | 29,071,482 | | | 29,971,603 | 29,071,482 |
| Other | 237,118 | 360,824 | 551 | 855 | 237,669 | 361,679 |
| Total Revenues | <u>39,427,018</u> | <u>39,427,670</u> | <u>257,215</u> | <u>312,463</u> | <u>39,684,233</u> | <u>39,740,133</u> |
| Expenses | | | | | | |
| Instruction | | | | | | |
| Regular | 15,750,142 | 15,620,442 | | | 15,750,142 | 15,620,442 |
| Special Education | 6,478,129 | 6,540,410 | | | 6,478,129 | 6,540,410 |
| Other Instruction | 304,432 | 547,629 | | | 304,432 | 547,629 |
| School Sponsored Activities and Athletics | 1,215,034 | 1,240,393 | | | 1,215,034 | 1,240,393 |
| Support Services | | | | | | |
| Student and Instruction Related Serv. | 4,995,705 | 5,050,283 | | | 4,995,705 | 5,050,283 |
| General Administrative Services | 980,255 | 952,022 | | | 980,255 | 952,022 |
| School Administrative Services | 2,455,067 | 2,465,781 | | | 2,455,067 | 2,465,781 |
| Plant Operations and Maintenance | 3,596,959 | 3,371,811 | | | 3,596,959 | 3,371,811 |
| Pupil Transportation | 1,078,135 | 1,271,047 | | | 1,078,135 | 1,271,047 |
| Central Services | 1,048,189 | 820,474 | | | 1,048,189 | 820,474 |
| Food Service | | | 219,016 | 297,927 | 219,016 | 297,927 |
| Other | | | 22,819 | 14,200 | 22,819 | 14,200 |
| Interest on Long-Term Debt | 524,412 | 529,939 | - | - | 524,412 | 529,939 |
| Total Expenses | <u>38,426,459</u> | <u>38,410,231</u> | <u>241,835</u> | <u>312,127</u> | <u>38,668,294</u> | <u>38,722,358</u> |
| Increase in Net Position, Before Transfers | 1,000,559 | 1,017,439 | 15,380 | 336 | 1,015,939 | 1,017,775 |
| Transfers | (26,000) | - | 26,000 | - | - | - |
| Change in Net Position | 974,559 | 1,017,439 | 41,380 | 336 | 1,015,939 | 1,017,775 |
| Net Position, Beginning of Year | <u>7,444,207</u> | <u>6,426,768</u> | <u>30,950</u> | <u>30,614</u> | <u>7,475,157</u> | <u>6,457,382</u> |
| Net Position, End of Year | <u>\$ 8,418,766</u> | <u>\$ 7,444,207</u> | <u>\$ 72,330</u> | <u>\$ 30,950</u> | <u>\$ 8,491,096</u> | <u>\$ 7,475,157</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 \$39,427,018. 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 \$30,208,721 or 77% of total revenues. Funding from state and federal sources and capital contributions amounted to \$8,308,288 or 21%. Charges for services amounted to \$910,009 or 2%. (See Table A-3)

The District’s total governmental expenses were \$38,426,459 and are predominantly related to instruction and support services. Instruction totaled \$23,747,737 (62%), support services totaled \$14,154,310 (37%) and interest and other charges on long-term debt total \$524,412 (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, 2020 and 2019**

| <u>Functions/Programs</u> | <u>Cost of Services</u> | | <u>Net Cost of Services</u> | |
|---|-------------------------|----------------------|-----------------------------|----------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Governmental Activities | | | | |
| Instruction | | | | |
| Regular | 15,750,142 | \$ 15,620,442 | \$ 11,897,641 | \$ 11,605,400 |
| Special Education | 6,478,129 | 6,540,410 | 4,103,436 | 4,253,726 |
| Other Instruction | 304,432 | 547,629 | 184,242 | 220,880 |
| School Sponsored Activities and Athletics | 1,215,034 | 1,240,393 | 974,724 | 979,715 |
| Support Services | | | | |
| Student and Instruction Related Svcs. | 4,995,705 | 5,050,283 | 4,172,435 | 3,890,603 |
| General Administrative Services | 980,255 | 952,022 | 846,955 | 808,631 |
| School Administrative Services | 2,455,067 | 2,465,781 | 2,113,388 | 1,854,570 |
| Plant Operations and Maintenance | 3,596,959 | 3,371,811 | 2,747,743 | 2,539,091 |
| Pupil Transportation | 1,078,135 | 1,271,047 | 781,974 | 950,507 |
| Central Services | 1,048,189 | 820,474 | 910,379 | 781,805 |
| Interest on Long-Term Debt | 524,412 | 529,939 | 475,245 | 529,939 |
| | | | | |
| Total Governmental Activities | <u>\$ 38,426,459</u> | <u>\$ 38,410,231</u> | <u>\$ 29,208,162</u> | <u>\$ 28,414,867</u> |

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2020 was \$241,835. These costs were funded by charges for services and investment earnings (Detailed on Table A-3). The operations resulted in an increase in net position of \$41,380.

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 revenues were greater than expenses by \$17,464.
- Charges for services represent 99 percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students.

Summer Music Academy

The District approved this program during the 2014-2015 school year to provide music instruction to the participating students. The program expenses exceeded revenues by \$789 resulting in a decrease in net position.

1 to 1 Technology Initiative

The District approved this program during the 2019-20 school to account for student deposits for the repair and replenishment of District issued laptops as part of the 1 to 1 technology initiative. Program revenues for 2019-20 were \$24,705.

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 \$5,888,137. In 2018-2019 the fund balance was \$4,347,014.

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 \$37,805,994 and expenditures were \$39,315,364. In addition, the District realized \$2,964,000 in serial bond proceeds and \$112,493 in lease purchase proceeds.

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, 2020 and 2019.

| | Fiscal Year Ended <u>June 30, 2020</u> | Fiscal Year Ended <u>June 30, 2019</u> | Amount of Increase (Decrease) | Percent Change |
|--------------------|---|---|--|---------------------------|
| Local Sources | \$ 31,029,072 | \$ 30,089,857 | \$ 939,215 | 3.12% |
| State Sources | 6,260,259 | 5,847,840 | 412,419 | 7.05% |
| Federal Sources | <u>516,663</u> | <u>554,643</u> | <u>(37,980)</u> | -6.85% |
| Total Revenues | <u>\$ 37,805,994</u> | <u>\$ 36,492,340</u> | <u>\$ 1,313,654</u> | 3.60% |

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, 2020 and 2019.

| | Fiscal Year Ended <u>June 30, 2020</u> | Fiscal Year Ended <u>June 30, 2019</u> | Amount of Increase (Decrease) | Percent Change |
|------------------------|---|---|--|---------------------------|
| Instruction | \$ 21,686,335 | \$ 21,060,633 | \$ 625,702 | 2.97% |
| Support Services | 13,246,001 | 12,640,746 | 605,255 | 4.79% |
| Capital Outlay | 2,355,417 | 684,490 | 1,670,927 | 244.11% |
| Debt Service | | | | |
| Principal | 1,495,738 | 1,473,477 | 22,261 | 1.51% |
| Interest | <u>531,873</u> | <u>568,207</u> | <u>(36,334)</u> | -6.39% |
| Total Expenditures | <u>\$ 39,315,364</u> | <u>\$ 36,427,553</u> | <u>\$ 2,887,811</u> | 7.93% |

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 \$410,710 in Extraordinary Aid to help offset special education costs.

Capital Assets. The Cedar Grove Public Schools' investment in capital assets for its governmental and business type activities as of June 30, 2020 and 2019 amounts to \$35,208,714 and \$34,177,344 (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, 2020 and 2019

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|----------------------------|----------------------|-----------------------------|---------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 47,359 | \$ 47,359 | | | \$ 47,359 | \$ 47,359 |
| Construction in Progress | 2,441,249 | 135,099 | | | 2,441,249 | 135,099 |
| Land Improvements | 559,985 | 559,985 | | | 559,985 | 559,985 |
| Buildings and Building Improvements | 46,633,029 | 46,633,029 | | | 46,633,029 | 46,633,029 |
| Equipment and Furniture | <u>2,756,175</u> | <u>2,706,908</u> | \$ 101,829 | \$ 96,547 | <u>2,858,004</u> | <u>2,803,455</u> |
| Total | 52,437,797 | 50,082,380 | 101,829 | 96,547 | 52,539,626 | 50,178,927 |
| Less: Accumulated Depreciation | <u>17,237,140</u> | <u>15,905,036</u> | <u>93,772</u> | <u>96,547</u> | <u>17,330,912</u> | <u>16,001,583</u> |
| Total | <u>\$ 35,200,657</u> | <u>\$ 34,177,344</u> | <u>\$ 8,057</u> | <u>\$ -</u> | <u>\$ 35,208,714</u> | <u>\$ 34,177,344</u> |

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

Debt Administration. As of June 30, 2020 and 2019 the school district had long-term debt and outstanding long-term liabilities in the amount of \$30,950,294 and \$30,006,622, respectively, as stated in Table A-6.

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

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|--------------------------|--------------------------|
| Bonds Payable, Including Premium | \$ 23,785,058 | \$ 22,327,072 |
| Lease Purchase Agreement | 137,830 | 49,568 |
| Compensated Absences Payable | 294,085 | 345,549 |
| Net Pension Liability | <u>6,733,321</u> | <u>7,284,433</u> |
| Total | <u>\$ 30,950,294</u> | <u>\$ 30,006,622</u> |

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

FOR THE FUTURE

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

The security of our students also remains a priority. We will 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.

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, 2020

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 6,186,540 | \$ 28,364 | \$ 6,214,904 |
| Receivables, net | 333,553 | | 333,553 |
| Internal Balances | (26,000) | 26,000 | |
| Inventory | | 10,094 | 10,094 |
| Capital Assets, net | | | |
| Not Being Depreciated | 2,488,608 | | 2,488,608 |
| Being Depreciated | <u>32,712,049</u> | <u>8,057</u> | <u>32,720,106</u> |
| Total Assets | <u>41,694,750</u> | <u>72,515</u> | <u>41,767,265</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Amounts on Net Pension Liability | 1,002,168 | | 1,002,168 |
| Deferred Amounts on Refunding of Debt | <u>13,514</u> | <u>-</u> | <u>13,514</u> |
| Total Deferred Outflows of Resources | <u>1,015,682</u> | <u>-</u> | <u>1,015,682</u> |
| Total Assets and Deferred Outflows of Resources | <u>42,710,432</u> | <u>72,515</u> | <u>42,782,947</u> |
| LIABILITIES | | | |
| Accounts Payable | 528,243 | 185 | 528,428 |
| Unearned Revenue | 61,363 | | 61,363 |
| Accrued Interest Payable | 199,298 | | 199,298 |
| Payable to Other Governments | 16,350 | | 16,350 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 1,886,671 | | 1,886,671 |
| Due Beyond One Year | <u>29,063,623</u> | <u>-</u> | <u>29,063,623</u> |
| Total Liabilities | <u>31,755,548</u> | <u>185</u> | <u>31,755,733</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Amounts on Net Pension Liability | <u>2,536,118</u> | <u>-</u> | <u>2,536,118</u> |
| Total Deferred Inflows of Resources | <u>2,536,118</u> | <u>-</u> | <u>2,536,118</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>34,291,666</u> | <u>185</u> | <u>34,291,851</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 10,465,825 | 8,057 | 10,473,882 |
| Restricted for | | | |
| Capital Projects | 2,052,928 | | 2,052,928 |
| Debt Service | 38,219 | | 38,219 |
| Other Purposes | 583,674 | | 583,674 |
| Unrestricted | <u>(4,721,880)</u> | <u>64,273</u> | <u>(4,657,607)</u> |
| Total Net Position | <u>\$ 8,418,766</u> | <u>\$ 72,330</u> | <u>\$ 8,491,096</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, 2020**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | Total |
|--|----------------------|-------------------------|--|--|--|-----------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| Governmental Activities | | | | | | | |
| Instruction | | | | | | | |
| Regular | \$ 15,750,142 | \$ 88,318 | \$ 3,764,183 | | \$ (11,897,641) | | \$ (11,897,641) |
| Special Education | 6,478,129 | 31,122 | 2,343,571 | | (4,103,436) | | (4,103,436) |
| Other Instruction | 304,432 | | 91,584 | 28,606 | (184,242) | | (184,242) |
| School Sponsored Activities and Athletics | 1,215,034 | | 240,310 | | (974,724) | | (974,724) |
| Support Services | | | | | | | |
| Student and Instruction Related Services | 4,995,705 | | 823,270 | | (4,172,435) | | (4,172,435) |
| General Administrative Services | 980,255 | | 133,300 | | (846,955) | | (846,955) |
| School Administrative Services | 2,455,067 | | 341,679 | | (2,113,388) | | (2,113,388) |
| Central Services | 1,048,189 | | 137,810 | | (910,379) | | (910,379) |
| Plant Operations and Maintenance | 3,596,959 | 778,687 | 70,529 | | (2,747,743) | | (2,747,743) |
| Pupil Transportation | 1,078,135 | 11,882 | 284,279 | | (781,974) | | (781,974) |
| Interest and Other Charges on Long-Term Debt | 524,412 | - | 49,167 | - | (475,245) | - | (475,245) |
| Total Governmental Activities | 38,426,459 | 910,009 | 8,279,682 | 28,606 | (29,208,162) | - | (29,208,162) |
| Business-Type Activities | | | | | | | |
| Food Service | 219,016 | 209,929 | - | - | - | \$ (9,087) | (9,087) |
| Other | 22,819 | 46,735 | - | - | - | 23,916 | 23,916 |
| Total Business-Type Activities | 241,835 | 256,664 | - | - | - | 14,829 | 14,829 |
| Total Primary Government | \$ 38,668,294 | \$ 1,166,673 | \$ 8,279,682 | \$ 28,606 | (29,208,162) | 14,829 | (29,193,333) |
| General Revenues | | | | | | | |
| Property Taxes, Levied for General Purposes, Net | | | | | 28,112,945 | | 28,112,945 |
| Property Taxes Levied for Debt Service | | | | | 1,858,658 | | 1,858,658 |
| State Aid Restricted for Debt Service Principal | | | | | 137,519 | | 137,519 |
| Miscellaneous Income | | | | | 91,106 | 551 | 91,657 |
| Other Items | | | | | | | |
| Transfers | | | | | (26,000) | 26,000 | - |
| Lease Cancelled at Closing | | | | | 8,493 | - | 8,493 |
| Total General Revenues and Other Items | | | | | 30,182,721 | 26,551 | 30,209,272 |
| Change in Net Position | | | | | 974,559 | 41,380 | 1,015,939 |
| Net Position, Beginning of Year | | | | | 7,444,207 | 30,950 | 7,475,157 |
| Net Position, End of Year | | | | | \$ 8,418,766 | \$ 72,330 | \$ 8,491,096 |

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, 2020

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 5,193,616 | | \$ 954,705 | \$ 38,219 | \$ 6,186,540 |
| Receivables from Other Governments | 49,104 | \$ 108,719 | | | 157,823 |
| Other Receivables | 166,966 | | | | 166,966 |
| Due from Other Funds | <u>47,901</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>47,901</u> |
| Total Assets | <u>\$ 5,457,587</u> | <u>\$ 108,719</u> | <u>\$ 954,705</u> | <u>\$ 38,219</u> | <u>\$ 6,559,230</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 511,929 | \$ 16,314 | | | \$ 528,243 |
| Due to Other Funds | 26,000 | 20,692 | \$ 18,445 | | 65,137 |
| Payable to State Government | | 16,333 | | | 16,333 |
| Payable to Federal Government | | 17 | | | 17 |
| Unearned Revenue | <u>6,000</u> | <u>55,363</u> | <u>-</u> | <u>-</u> | <u>61,363</u> |
| Total Liabilities | <u>543,929</u> | <u>108,719</u> | <u>18,445</u> | <u>-</u> | <u>671,093</u> |
| Fund Balances | | | | | |
| Restricted Fund Balance | | | | | |
| Excess Surplus- Designated for Subsequent Year's Expenditures | 810,919 | | | | 810,919 |
| Excess Surplus | 807,579 | | | | 807,579 |
| Maintenance Reserve | 383,674 | | | | 383,674 |
| Maintenance Reserve- Designated for Subsequent Year's Expenditures | 200,000 | | | | 200,000 |
| Capital Reserve | 2,052,928 | | | | 2,052,928 |
| Capital Projects | | | 936,260 | | 936,260 |
| Debt Service | | | | \$ 38,219 | 38,219 |
| Assigned Fund Balance | | | | | |
| Year End Encumbrances | 275,187 | | | | 275,187 |
| Designated for Subsequent Year's Expenditures | 200,000 | | | | 200,000 |
| Unassigned Fund Balance | <u>183,371</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>183,371</u> |
| Total Fund Balances | <u>4,913,658</u> | <u>-</u> | <u>936,260</u> | <u>38,219</u> | <u>5,888,137</u> |
| Total Liabilities and Fund Balances | <u>\$ 5,457,587</u> | <u>\$ 108,719</u> | <u>\$ 954,705</u> | <u>\$ 38,219</u> | <u>\$ 6,559,230</u> |

**CEDAR GROVE PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

Total Fund Balances (Exhibit B-1) \$ 5,888,137

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 \$52,437,797 and the accumulated depreciation is \$17,237,140. 35,200,657

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

| | | |
|--------------------------------|--------------------|-------------|
| Deferred Outflows of Resources | \$ 1,002,168 | |
| Deferred Inflows of Resources | <u>(2,536,118)</u> | (1,533,950) |

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: (199,298)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

| | | |
|---|--------------------|---------------------|
| Bonds Payable, net of unamortized premium | (23,785,058) | |
| Deferred Outflows of Resources- | | |
| Deferred Amounts on Debt Refunding | 13,514 | |
| Lease Purchase Agreements | (137,830) | |
| Compensated Absences | (294,085) | |
| Net Pension Liability | <u>(6,733,321)</u> | |
| | | <u>(30,936,780)</u> |

Net Position of governmental activities (Exhibit A-1) **\$ 8,418,766**

CEDAR GROVE PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Tax Levy | \$ 28,112,945 | | | \$ 1,858,658 | \$ 29,971,603 |
| Miscellaneous | 981,952 | \$ 56,354 | \$ 18,445 | 718 | 1,057,469 |
| Total - Local Sources | 29,094,897 | 56,354 | 18,445 | 1,859,376 | 31,029,072 |
| State Sources | 5,948,042 | 125,531 | | 186,686 | 6,260,259 |
| Federal Sources | - | 516,663 | - | - | 516,663 |
| Total Revenues | 35,042,939 | 698,548 | 18,445 | 2,046,062 | 37,805,994 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | | | | | |
| Regular Instruction | 13,942,248 | 245,586 | | | 14,187,834 |
| Special Education Instruction | 5,768,488 | 346,154 | | | 6,114,642 |
| Other Instruction | 247,568 | 27,748 | | | 275,316 |
| School Sponsored Activities and Athletics | 1,108,543 | | | | 1,108,543 |
| Support Services | | | | | |
| Student and Instructional Related Services | 4,548,988 | 50,454 | | | 4,599,442 |
| General Administrative Services | 900,148 | | 21,240 | | 921,388 |
| School Administrative Services | 2,245,478 | | | | 2,245,478 |
| Central Services | 963,944 | | | | 963,944 |
| Plant Operations and Maintenance | 3,439,959 | | | | 3,439,959 |
| Pupil Transportation | 1,075,790 | | | | 1,075,790 |
| Debt Service | | | | | |
| Principal | 15,738 | | | 1,480,000 | 1,495,738 |
| Interest and Other Charges | 2,737 | | | 529,136 | 531,873 |
| Capital Outlay | 20,661 | 28,606 | 2,306,150 | - | 2,355,417 |
| Total Expenditures | 34,280,290 | 698,548 | 2,327,390 | 2,009,136 | 39,315,364 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 762,649 | - | (2,308,945) | 36,926 | (1,509,370) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bond Sale Proceeds | | | 2,964,000 | | 2,964,000 |
| Lease Purchase Proceeds | 112,493 | | | | 112,493 |
| Transfers In | 18,445 | | | | 18,445 |
| Transfers Out | (26,000) | - | (18,445) | - | (44,445) |
| Total Other Financing Sources and (Uses) | 104,938 | - | 2,945,555 | - | 3,050,493 |
| Net Change in Fund Balances | 867,587 | - | 636,610 | 36,926 | 1,541,123 |
| Fund Balance, Beginning of Year | 4,046,071 | - | 299,650 | 1,293 | 4,347,014 |
| Fund Balance, End of Year | \$ 4,913,658 | \$ - | \$ 936,260 | \$ 38,219 | \$ 5,888,137 |

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, 2020**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,541,123

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 the current period.

| | | |
|----------------------|--------------------|-----------|
| Capital Outlay | \$ 2,355,417 | |
| Depreciation Expense | <u>(1,332,104)</u> | |
| | | 1,023,313 |

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 | 26,014 | |
| Amortization of Deferred Amounts on Debt Refunding | (6,385) | |
| Lease Purchase Agreements | (112,493) | |
| Lease Cancelled at Issuance | 8,493 | |
| Serial Bonds Issued | (2,964,000) | |
| Principal Repayments | | |
| Bond Principal | 1,480,000 | |
| Lease Purchase Agreement Principal | <u>15,738</u> | |
| | | (1,552,633) |

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 | | 51,464 |
| Increase in Pension Expense | | (76,540) |

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

The details are as follows:

| | | |
|------------------------------|--|-----------------|
| Increase in accrued interest | | <u>(12,168)</u> |
|------------------------------|--|-----------------|

Change in net position of governmental activities (Exhibit A-2) \$ 974,559

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

**CEDAR GROVE PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2020**

| ASSETS | Business-Type Activities | | <u>Total</u> |
|--------------------------------|-------------------------------------|---------------------------------------|---------------------|
| | Food Service | Non-Major Enterprise Funds | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 105 | \$ 28,259 | \$ 28,364 |
| Due from Other Funds | 26,000 | | 26,000 |
| Inventory | 10,094 | - | 10,094 |
| Total Current Assets | 36,199 | 28,259 | 64,458 |
| Non-Current Assets | | | |
| Equipment | 101,829 | | 101,829 |
| Less: Accumulated Depreciation | (93,772) | - | (93,772) |
| Total Non-Current Assets | 8,057 | - | 8,057 |
| Total Assets | 44,256 | 28,259 | 72,515 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 185 | - | 185 |
| Total Current Liabilities | 185 | - | 185 |
| NET POSITION | | | |
| Investment in Capital Assets | 8,057 | | 8,057 |
| Unrestricted | 36,014 | 28,259 | 64,273 |
| Total Net Position | \$ 44,071 | \$ 28,259 | \$ 72,330 |

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, 2020**

| | Business-Type Activities | | Total |
|--------------------------------------|-------------------------------------|---------------------------------------|------------------|
| | Food Service | Non-Major Enterprise Funds | |
| OPERATING REVENUES | | | |
| Charges for Services | | | |
| Daily Sales | \$ 209,929 | | \$ 209,929 |
| Program Fees | - | \$ 46,735 | 46,735 |
| Total Operating Revenues | <u>209,929</u> | <u>46,735</u> | <u>256,664</u> |
| OPERATING EXPENSES | | | |
| Salaries, Benefits and Payroll Taxes | 85,651 | 15,216 | 100,867 |
| Cost of Sales | 96,312 | | 96,312 |
| Purchased Services | 30,702 | | 30,702 |
| Supplies and Materials | <u>6,351</u> | <u>7,603</u> | <u>13,954</u> |
| Total Operating Expenses | <u>219,016</u> | <u>22,819</u> | <u>241,835</u> |
| Operating Income/(Loss) | <u>(9,087)</u> | <u>23,916</u> | <u>14,829</u> |
| NONOPERATING REVENUES | | | |
| Interest Income | <u>551</u> | <u>-</u> | <u>551</u> |
| Total Nonoperating Revenues | <u>551</u> | <u>-</u> | <u>551</u> |
| Net Income/(Loss) Before Transfers | (8,536) | 23,916 | 15,380 |
| Operating Transfer In | <u>26,000</u> | <u>-</u> | <u>26,000</u> |
| Change in Net Position | 17,464 | 23,916 | 41,380 |
| Net Position, Beginning of Year | <u>26,607</u> | <u>4,343</u> | <u>30,950</u> |
| Net Position, End of Year | <u>\$ 44,071</u> | <u>\$ 28,259</u> | <u>\$ 72,330</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, 2020**

| | Business-Type Activities | | Total |
|--|-------------------------------------|---------------------------------------|--------------------|
| | Food Service | Non-Major Enterprise Funds | |
| Cash Flows From Operating Activities | | | |
| Receipts from Customers | \$ 209,929 | \$ 31,655 | \$ 241,584 |
| Payments for Employees' Salaries and Benefits | (85,651) | (15,216) | (100,867) |
| Payments to Suppliers for Goods and Services | <u>(160,765)</u> | <u>(7,603)</u> | <u>(168,368)</u> |
| Net Cash Provided (Used) By Operating Activities | <u>(36,487)</u> | <u>8,836</u> | <u>(27,651)</u> |
| Cash Flows From Capital and Related Financing Activities | | | |
| Acquisition of Capital Assets | <u>(8,057)</u> | <u>-</u> | <u>(8,057)</u> |
| Net Cash Used for Capital and Related Financing Activities | <u>(8,057)</u> | <u>-</u> | <u>(8,057)</u> |
| Cash Flows From Investing Activities | | | |
| Interest on Investments | <u>551</u> | <u>-</u> | <u>551</u> |
| Net Cash Provided By Investing Activities | <u>551</u> | <u>-</u> | <u>551</u> |
| Net Increase/ (Decrease) in Cash and Cash Equivalents | (43,993) | 8,836 | (35,157) |
| Cash and Cash Equivalents, Beginning of Year | <u>44,098</u> | <u>19,423</u> | <u>63,521</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 105</u> | <u>\$ 28,259</u> | <u>\$ 28,364</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities: | | | |
| Operating Income (Loss) | \$ (9,087) | \$ 23,916 | \$ 14,829 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities | | | |
| (Increase)/ Decrease in Inventory | (6,328) | | (6,328) |
| Increase/ (Decrease) in Accounts Payable | (21,072) | | (21,072) |
| Increase/ (Decrease) in Unearned Revenue | <u>-</u> | <u>(15,080)</u> | <u>(15,080)</u> |
| Total Adjustments | <u>(27,400)</u> | <u>(15,080)</u> | <u>(42,480)</u> |
| Net Cash Provided/(Used) By Operating Activities | <u>\$ (36,487)</u> | <u>\$ 8,836</u> | <u>\$ (27,651)</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, 2020**

| | <u>Unemployment Compensation Trust</u> | <u>Private Purpose Trust Fund</u> | <u>Agency Fund</u> |
|---|--|---------------------------------------|--------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 229,762 | \$ 153,347 | \$ 192,101 |
| Total Assets | <u>229,762</u> | <u>153,347</u> | <u>\$ 192,101</u> |
| LIABILITIES | | | |
| Payroll Deductions and Withholdings | | | \$ 2,401 |
| Accrued Salary and Wages | | | 2,059 |
| Due to Other Funds | | | 8,764 |
| Flex Spending | | | 21,943 |
| Intergovernmental Payable | 9,701 | | |
| Due to Student Groups | <u>-</u> | <u>-</u> | <u>156,934</u> |
| Total Liabilities | <u>9,701</u> | <u>-</u> | <u>\$ 192,101</u> |
| NET POSITION | | | |
| Held in Trust for Unemployment Claims and Other Purposes | <u>\$ 220,061</u> | <u>\$ 153,347</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, 2020**

| | <u>Unemployment Compensation Trust</u> | <u>Private Purpose Trust Funds</u> |
|----------------------------------|--|--|
| ADDITIONS | | |
| Donations | | \$ 4,275 |
| Employee | \$ 18,698 | |
| Investment Earnings | | |
| Interest | <u>2,381</u> | <u>1,722</u> |
| Total Additions | <u>21,079</u> | <u>5,997</u> |
| DEDUCTIONS | | |
| Scholarships Awarded | | 8,075 |
| Unemployment Compensation Claims | <u>16,802</u> | <u>-</u> |
| Total Deductions | <u>16,802</u> | <u>8,075</u> |
| Change in Net Position | 4,277 | (2,078) |
| Net Position, Beginning of Year | <u>215,784</u> | <u>155,425</u> |
| Net Position, End of Year | <u>\$ 220,061</u> | <u>\$ 153,347</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, 2020**

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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Pre-Kindergarten through grade twelve (12) school district.

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 Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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, 1 to 1 initiative fund 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

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. 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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

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, 2020**

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 funds and the food service enterprise fund to be major funds.

The District reports the following major governmental funds:

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

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

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

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

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 administrators, teachers and special events.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

The *1 to 1 initiative fund* accounts for the non-refundable deposits charged to students to repair and replenish the District's laptop computers provided to students as part of the 1 to 1 technology initiative program.

Additionally, the District reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims, for 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, 2020**

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.

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.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 (Continued)

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 and Equipment Furniture | 5-10 |

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two types of 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 are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and 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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Pensions*

In the district-wide financial statements and proprietary fund types in the fund 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.

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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that was appropriated in the 2020/2021 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 original budget certified for taxes.

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

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2020/2021 District 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 2B).

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

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2020/2021 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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Board of Education 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 school district's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district 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. The District has no committed fund balances at year end.

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.

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2018-2019 and 2019-2020 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, the summer music academy enterprise fund and the 1 to 1 initiative enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November do not have to submit their budgets that meet tax levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. 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 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$606,837. The increase was funded by lease purchase proceeds, grant awards and the reappropriation of prior year general fund encumbrances.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

| | | |
|------------------------------|----------------|---------------------|
| Balance, July 1, 2019 | | \$ 1,340,658 |
| Increased by: | | |
| Interest Earned | \$ 9,500 | |
| Deposits by Board Resolution | <u>702,770</u> | |
| | | <u>712,270</u> |
| Balance, June 30, 2020 | | <u>\$ 2,052,928</u> |

C. Maintenance Reserve

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

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

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2020 is as follows:

| | |
|--|-------------------|
| Balance, July 1, 2019 | \$ 552,276 |
| Increased by: | |
| Interest Earned | \$ 500 |
| Deposits by Board Resolution | 300,000 |
| Unexpended/Unencumbered Appropriations | <u>13,786</u> |
| | <u>314,286</u> |
| | 866,562 |
| Decreased by: | |
| Withdrawals Approved in Budget | <u>282,888</u> |
| Balance, June 30, 2020 | <u>\$ 583,674</u> |

The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. \$200,000 of the maintenance reserve balance at June 30, 2020 was designated and appropriated for use in the 2020/2021 original budget certified for taxes.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$1,618,498. Of this amount, \$810,919 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$807,579 is required to be appropriated in the 2021/2022 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$6,790,114 and bank and brokerage firm balances of the Board's deposits amounted to \$7,238,857. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

| <u>Depository Account</u> | <u>Bank Balance</u> |
|---------------------------|-------------------------|
| Insured | \$ <u>7,238,857</u> |

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, 2020, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

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

B. Receivables

Receivables as of June 30, 2020 for the district's individual major funds in the aggregate are as follows:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total</u> |
|-----------------------|-------------------------|-------------------------------------|-------------------|
| Receivables: | | | |
| Accounts | \$ 166,966 | | \$ 166,966 |
| Intergovernmental | | | |
| Federal | | \$ 99,325 | 99,325 |
| State | 49,104 | 9,394 | 58,498 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net Total Receivables | <u>\$ 216,070</u> | <u>\$ 108,719</u> | <u>\$ 324,789</u> |

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

| | <u>Unearned</u> |
|---|----------------------|
| General Fund | |
| Preschool Tuition | \$ 6,000 |
| Special Revenue Fund | |
| Unencumbered Grant Draw Downs | <u>55,363</u> |
| Total Unearned Revenue for Governmental Funds | <u>\$ 61,363</u> |

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

| | <u>Balance, July 1, 2019</u> | <u>Increases</u> | <u>Decreases/ Adjustment</u> | <u>Balance, June 30, 2020</u> |
|--|----------------------------------|---------------------|----------------------------------|-----------------------------------|
| Governmental activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 47,359 | | | \$ 47,359 |
| Construction In Process | <u>135,099</u> | \$ 2,306,150 | - | <u>2,441,249</u> |
| Total Capital Assets, Not Being Depreciated | <u>182,458</u> | <u>2,306,150</u> | - | <u>2,488,608</u> |
| Capital Assets, Being Depreciated: | | | | |
| Land Improvements | 559,985 | | | 559,985 |
| Building and Building Improvements | 46,633,029 | | | 46,633,029 |
| Machinery and Equipment | <u>2,706,908</u> | 49,267 | - | <u>2,756,175</u> |
| Total Capital Assets Being Depreciated | <u>49,899,922</u> | <u>49,267</u> | - | <u>49,949,189</u> |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | (369,051) | (19,646) | | (388,697) |
| Building and Building Improvements | (13,081,317) | (1,233,373) | | (14,314,690) |
| Machinery and Equipment | <u>(2,454,668)</u> | <u>(79,085)</u> | - | <u>(2,533,753)</u> |
| Total Accumulated Depreciation | <u>(15,905,036)</u> | <u>(1,332,104)</u> | - | <u>(17,237,140)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>33,994,886</u> | <u>(1,282,837)</u> | - | <u>32,712,049</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 34,177,344</u> | <u>\$ 1,023,313</u> | <u>\$ -</u> | <u>\$ 35,200,657</u> |

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

| | Balance, July 1, 2019 | Increases | Decreases | Balance, June 30, 2020 |
|--|--------------------------|-----------------|----------------|---------------------------|
| Business-type activities: | | | | |
| Capital Assets, Being Depreciated: | | | | |
| Machinery and Equipment | \$ 96,547 | \$ 8,057 | \$ (2,775) | \$ 101,829 |
| Total Capital Assets Being Depreciated | <u>96,547</u> | <u>8,057</u> | <u>(2,775)</u> | <u>101,829</u> |
| Less Accumulated Depreciation for: | | | | |
| Machinery and Equipment | (96,547) | - | 2,775 | (93,772) |
| Total Accumulated Depreciation | <u>(96,547)</u> | <u>-</u> | <u>2,775</u> | <u>(93,772)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>-</u> | <u>8,057</u> | <u>-</u> | <u>8,057</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ -</u> | <u>\$ 8,057</u> | <u>\$ -</u> | <u>\$ 8,057</u> |

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

Governmental activities:

| | |
|--|---------------------|
| Instruction | |
| Regular | \$ 649,935 |
| Special Education | 160,470 |
| Other Instruction | 12,563 |
| School-Sponsored Activities and Athletics | <u>44,179</u> |
| Total Instruction | <u>867,147</u> |
| Support Services | |
| Student and Instructional Related Services | 179,762 |
| Educational Media/School Library | |
| General Administrative Services | 24,302 |
| School Administrative Services | 103,586 |
| Central Services | 41,984 |
| Pupil Transportation | 1,694 |
| Plant Operations and Maintenance | <u>113,629</u> |
| Total Support Services | <u>464,957</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,332,104</u> |

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2020:

| <u>Project</u> | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|---|----------------------|---------------------------------|
| Referendum Security and Safety Upgrades | \$ 2,441,429 | \$ 444,038 |

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|------------------|
| General Fund | Capital Projects | \$ 18,445 |
| General Fund | Payroll Agency Fund | 8,764 |
| General Fund | Special Revenue | 20,692 |
| Food Service Fund | General Fund | <u>26,000</u> |
| | | <u>\$ 73,901</u> |

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund.

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

Interfund transfers

| | <u>Transfer Out:</u> | | |
|-------------------|----------------------|-------------------------|------------------|
| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Total</u> |
| Transfer In: | | | |
| General Fund | | \$ 18,445 | \$ 18,445 |
| Food Service Fund | <u>26,000</u> | <u>-</u> | <u>26,000</u> |
| Total | <u>\$ 26,000</u> | <u>\$ 18,445</u> | <u>\$ 44,445</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, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Lease Purchase Agreements

The District entered into lease purchase agreements totaling \$180,538 for the purchase of Chromebooks. The leases are for terms of five (5) years. The future minimum lease obligations and the net present value of these lease payments as of June 30, 2020 were as follows:

| Year Ended <u>June 30,</u> | <u>Principal</u> |
|---|-------------------|
| 2021 | \$ 43,916 |
| 2022 | 42,226 |
| 2023 | 22,750 |
| 2024 | 23,700 |
| 2025 | <u>23,575</u> |
| Total Minimum Lease Payments | 156,167 |
| Less: Amount Representing Interest | <u>(18,337)</u> |
| Present Value of Minimum Lease Payments | <u>\$ 137,830</u> |

G. 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 or other purposes permitted by statute. 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, 2020 are comprised of the following issues:

| | |
|--|----------------------|
| \$5,790,000, 2012 Refunding Bonds, due in annual installments of \$620,000 to \$675,000 through August 15, 2022, interest at 4.0% | \$ 1,945,000 |
| \$7,582,000, 2012 School Bonds, due in annual installments of \$270,000 to \$500,000 through August 15, 2032, interest at 2.0%-2.5% | 5,812,000 |
| \$14,884,000, 2016 School Bonds, due in annual installments of \$625,000 to \$1,250,000 through August 15, 2032, interest at 2.0%-2.5% | 13,009,000 |
| \$2,964,000, 2019 School Bonds, due in annual installments of \$274,000 to \$325,000 through August 15, 2029, interest at 1.25%-2.0% | <u>2,964,000</u> |
| | <u>\$ 23,730,000</u> |

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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, | Serial Bonds | | Total |
|-------------------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | |
| 2021 | \$ 1,789,000 | \$ 511,100 | \$ 2,300,100 |
| 2022 | 1,810,000 | 464,100 | 2,274,100 |
| 2023 | 1,850,000 | 414,913 | 2,264,913 |
| 2024 | 2,000,000 | 369,663 | 2,369,663 |
| 2025 | 2,010,000 | 329,563 | 2,339,563 |
| 2026-2030 | 10,275,000 | 1,028,395 | 11,303,395 |
| 2031-2033 | <u>3,996,000</u> | <u>116,651</u> | <u>4,112,651</u> |
| | <u>\$ 23,730,000</u> | <u>\$ 3,234,385</u> | <u>\$ 26,964,385</u> |

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

| | |
|---|----------------------|
| 4% of Equalized Valuation Basis (Municipal) | \$ 95,859,146 |
| Less: Net Debt | <u>23,731,535</u> |
| Remaining Borrowing Power | <u>\$ 72,127,611</u> |

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

| | Balance, <u>July 1, 2019</u> | <u>Additions</u> | <u>Reductions</u> | Balance, <u>June 30, 2020</u> | Due Within <u>One Year</u> |
|--|---------------------------------|---------------------|---------------------|----------------------------------|----------------------------------|
| Governmental activities: | | | | | |
| Bonds Payable | \$ 22,246,000 | \$ 2,964,000 | \$ 1,480,000 | \$ 23,730,000 | \$ 1,789,000 |
| Deferred Amounts | | | | | |
| Add: Original Issue Premium | <u>81,072</u> | <u>-</u> | <u>26,014</u> | <u>55,058</u> | <u>-</u> |
| Total Bonds Payable | 22,327,072 | 2,964,000 | 1,506,014 | 23,785,058 | 1,789,000 |
| Lease Purchase Agreements | 49,568 | \$ 104,000 | 15,738 | 137,830 | 35,415 |
| Compensated Absences | 345,549 | 13,757 | 65,221 | 294,085 | 62,256 |
| Net Pension Liability | <u>7,284,433</u> | <u>-</u> | <u>551,112</u> | <u>6,733,321</u> | <u>-</u> |
| Governmental Activity Long-Term Liabilities | <u>\$ 30,006,622</u> | <u>\$ 3,081,757</u> | <u>\$ 2,138,085</u> | <u>\$ 30,950,294</u> | <u>\$ 1,886,671</u> |

For the governmental activities, the liabilities for compensated absences, lease purchase agreements 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 Pooled Insurance Program of New Jersey (PIP 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 Group 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 Group, 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 Group. Members have a contractual obligation to Group 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, 2020**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

PIP 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 Group 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> |
|---|-----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2020 | None | \$ 18,698 | \$ 16,802 | \$ 220,061 |
| 2019 | None | 26,824 | 10,323 | 215,784 |
| 2018 | None | 26,400 | 11,790 | 196,433 |

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, 2020, 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, 2020, 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, 2020**

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 Board employees who are eligible for pension coverage:

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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:

| 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 1/55th 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 1/60th 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 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, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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.

The following represent the membership tiers for TPAF:

| <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 1/55th 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 1/60th 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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems 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.

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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2020.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal Year Ended June 30, | <u>PERS</u> | On-behalf <u>TPAF</u> | <u>DCRP</u> |
|----------------------------------|-------------|--------------------------|-------------|
| 2020 | \$ 363,492 | \$ 2,515,359 | \$ 3,595 |
| 2019 | 368,947 | 2,200,247 | 3,498 |
| 2018 | 339,340 | 1,666,735 | 4,317 |

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$1,814, \$2,106 and \$5,321, respectively for PERS and the State contributed \$2,528, \$3,010 and \$3,259, 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 \$909,944 during the fiscal year ended June 30, 2020 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 both a revenue and expense/expenditure in accordance with GASB No. 85.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

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. 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 measurement period July 1, 2018 through June 30, 2019. 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 (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2019 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$6,733,321 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District’s proportionate share of the net pension liability was based on the ratio of the District’s share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District’s proportionate share was .03736 percent, which was an increase of .00036 percent from its proportionate share measured as of June 30, 2018 of .03700 percent.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$440,032 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Difference Between Expected and Actual Experience | \$ 120,854 | \$ 29,745 |
| Changes of Assumptions | 672,347 | 2,337,115 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 106,288 |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | <u>208,967</u> | <u>62,970</u> |
| Total | <u>\$ 1,002,168</u> | <u>\$ 2,536,118</u> |

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

| <u>Year Ending June 30,</u> | <u>Total</u> |
|-------------------------------------|-----------------------|
| 2021 | \$ (585,920) |
| 2022 | (769,099) |
| 2023 | (709,624) |
| 2024 | (347,974) |
| 2025 | 878,667 |
| Thereafter | <u>-</u> |
| | <u>\$ (1,533,950)</u> |

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | <u>PERS</u> |
|---------------------------|---|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00-6.00% Based on Years of Service |
| Thereafter | 3.00%-7.00% Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub-2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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 PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| US Equity | 28.00% | 8.26% |
| Non-US Developed Markets Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| High Yield | 2.00% | 5.37% |
| Real Assets | 2.50% | 9.31% |
| Private Credit | 6.00% | 7.92% |
| Real Estate | 7.50% | 8.33% |
| Private Equity | 12.00% | 10.85% |

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> |
|--------------------|-------------------------|----------------------|
| 2020 | June 30, 2019 | 6.28% |
| 2019 | June 30, 2018 | 5.66% |

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2057 |
| Municipal Bond Rate * | From July 1, 2057 and Thereafter |

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 6.28%, 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 (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

| | 1% Decrease <u>5.28%</u> | Current Discount Rate <u>6.28%</u> | 1% Increase <u>7.28%</u> |
|--|---|---|---|
| District's Proportionate Share of the PERS Net Pension Liability | \$ <u>8,505,279</u> | \$ <u>6,733,321</u> | \$ <u>5,240,196</u> |

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2019. A sensitivity analysis specific to the District's net pension liability at June 30, 2019 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.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,966,529 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the net pension liability attributable to the District is \$67,249,047. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .10957 percent, which was a decrease of .00093 percent from its proportionate share measured as of June 30, 2018 of .11050 percent.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | <u>TPAF</u> |
|---------------------------|---|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 1.55-4.55% Based on Years of Service |
| Thereafter | 2.75%-5.65% Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub-2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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 TPAF’s target asset allocation as of June 30, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| US Equity | 28.00% | 8.26% |
| Non-US Developed Markets Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| High Yield | 2.00% | 5.37% |
| Real Assets | 2.50% | 9.31% |
| Private Credit | 6.00% | 7.92% |
| Real Estate | 7.50% | 8.33% |
| Private Equity | 12.00% | 10.85% |

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|--------------------|-------------------------|----------------------|
| 2020 | June 30, 2019 | 5.60% |
| 2019 | June 30, 2018 | 4.86% |

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, 2054 |
| Municipal Bond Rate * | From July 1, 2054 and Thereafter |

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

| | 1% Decrease (4.60%) | Current Discount Rate (5.60%) | 1% Increase (6.60%) |
|--|------------------------------------|--|------------------------------------|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | <u>\$ 79,301,511</u> | <u>\$ 67,249,047</u> | <u>\$ 57,249,308</u> |

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

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 for the fiscal year ended June 30, 2019. 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 Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

| | |
|---|--------------------|
| Active Plan Members | 216,892 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 148,051 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | <u> -</u> |
| Total | <u>364,943</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which were rolled forward to June 30, 2019.

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$933,152, \$998,028 and \$1,076,509, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2018 through June 30, 2019. 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.

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,094,513. 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, 2020 the State’s proportionate share of the OPEB liability attributable to the District is \$41,780,894. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state’s share of the OPEB liability attributable to the District was .10012 percent, which was an increase of .00272 percent from its proportionate share measured as of June 30, 2018 of .09740 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | |
|-------------------------------------|---|
| Inflation Rate | 2.50% |
| | |
| Salary Increases* | |
| PERS: | |
| Initial Fiscal Year Applied Through | 2026 |
| Rate | 2.00% to 6.00% |
| Rate Thereafter | 3.00% to 7.00% |
| | |
| TPAF: | |
| Initial Fiscal Year Applied Through | 2026 |
| Rate | 1.55% to 3.05% |
| Rate Thereafter | 1.55% to 3.05% |
| | |
| Mortality: | |
| PERS | Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. |

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

| | |
|--------------------------|--|
| TPAF | Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019. |
| Long-Term Rate of Return | 2.00% |

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

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 2.00% as of June 30, 2019.

Discount Rate

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

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|--------------------|-------------------------|----------------------|
| 2020 | June 30, 2019 | 3.50% |
| 2019 | June 30, 2018 | 3.87% |

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, 2020**

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, 2020 (measurement date June 30, 2019) is as follows:

| | Total OPEB Liability (State Share 100%) |
|--|---|
| Balance, June 30, 2018 Measurement Date | \$ <u>44,909,996</u> |
| Changes Recognized for the Fiscal Year: | |
| Service Cost | 1,826,414 |
| Interest on the Total OPEB Liability | 1,784,846 |
| Differences Between Expected and Actual Experience | (6,118,788) |
| Changes of Assumptions | 622,957 |
| Gross Benefit Payments | (1,282,549) |
| Contributions from the Member | <u>38,018</u> |
| Net Changes | \$ <u>(3,129,102)</u> |
| Balance, June 30, 2019 Measurement Date | \$ <u>41,780,894</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.

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 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

| | 1% Decrease <u>(2.50%)</u> | Current Discount Rate <u>(3.50%)</u> | 1% Increase <u>(4.50%)</u> |
|--|----------------------------------|--|----------------------------------|
| State's Proportionate Share of the OPEB Liability Attributable to the District | \$ <u>49,359,746</u> | \$ <u>41,780,894</u> | \$ <u>35,760,669</u> |

**CEDAR GROVE PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|--|------------------------|--|------------------------|
| Total OPEB Liability (School Retirees) | \$ 34,425,594 | \$ 41,780,894 | \$ 51,517,800 |

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

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, 2020

| | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget to Actual |
|--|--------------------|----------------|-------------------|-------------------|---------------------------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 28,112,945 | | \$ 28,112,945 | \$ 28,112,945 | |
| Tuition from Individuals | 129,790 | \$ (30,000) | 99,790 | 88,318 | \$ (11,472) |
| Tuition from Other LEA'S within the State | | 30,000 | 30,000 | 31,122 | 1,122 |
| Transportation Fees from Individuals | 7,956 | | 7,956 | 11,882 | 3,926 |
| Rents and Royalties | 510,760 | | 510,760 | 778,687 | 267,927 |
| Unrestricted Miscellaneous Revenues | 220,650 | | 220,650 | 61,943 | (158,707) |
| Interest Earned on Maintenance Reserve | 500 | | 500 | 500 | |
| Interest Earned on Capital Reserve Funds | 9,500 | - | 9,500 | 9,500 | - |
| Total Revenues - Local Sources | 28,992,101 | - | 28,992,101 | 29,094,897 | 102,796 |
| State Sources | | | | | |
| Transportation Aid | 284,386 | | 284,386 | 284,386 | |
| Special Education Aid | 817,275 | | 817,275 | 817,275 | |
| Security Aid | 57,017 | | 57,017 | 57,017 | |
| Extraordinary Aid | 300,000 | | 300,000 | 410,710 | 110,710 |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | | | 909,944 | 909,944 |
| On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Cost | | | | 2,471,068 | 2,471,068 |
| (Non-Budgeted)- NCGI Premium | | | | 44,291 | 44,291 |
| (Non-Budgeted)- LT Disability | | | | 2,528 | 2,528 |
| (Non-Budgeted)- Pension Cost - Post Medical Cont. | - | - | - | 933,152 | 933,152 |
| Total State Sources | 1,458,678 | - | 1,458,678 | 5,930,371 | 4,471,693 |
| Total Revenues | 30,450,779 | - | 30,450,779 | 35,025,268 | 4,574,489 |
| CURRENT EXPENDITURES | | | | | |
| Instruction - Regular Programs | | | | | |
| Salaries of Teachers: | | | | | |
| Kindergarten | 557,693 | | 557,693 | 548,372 | 9,321 |
| Grades 1 - 5 | 2,866,227 | | 2,866,227 | 2,854,445 | 11,782 |
| Grades 6 - 8 | 2,114,177 | | 2,114,177 | 2,083,076 | 31,101 |
| Grades 9 - 12 | 3,027,217 | (74,737) | 2,952,480 | 2,906,022 | 46,458 |
| Home Instruction: | | | | | |
| Salaries of Teachers | 20,000 | (5,000) | 15,000 | 13,696 | 1,304 |
| Purchased Professional - Educational Services | 6,000 | 5,000 | 11,000 | 10,285 | 715 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Purchased Professional - Educational Services | 7,500 | | 7,500 | 7,500 | |
| Purchased Technical Services | 72,136 | (4,700) | 67,436 | 36,200 | 31,236 |
| Other Purchased Services | 58,238 | | 58,238 | 52,250 | 5,988 |
| General Supplies | 187,052 | 204,159 | 391,211 | 281,000 | 110,211 |
| Textbooks | 27,936 | (680) | 27,256 | 18,901 | 8,355 |
| Other Objects | 1,900 | 392 | 2,292 | 1,448 | 844 |
| Total Instruction Regular Programs | 8,946,076 | 124,434 | 9,070,510 | 8,813,195 | 257,315 |
| Special Education | | | | | |
| Learning/Language Disabilities | | | | | |
| Salaries of Teachers | 111,479 | 11,140 | 122,619 | 121,719 | 900 |
| Other Salaries for Instruction | 2,500 | | 2,500 | 1,855 | 645 |
| General Supplies | 1,500 | - | 1,500 | 1,288 | 212 |
| Total Learning/Language Disabilities | 115,479 | 11,140 | 126,619 | 124,862 | 1,757 |

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, 2020

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget to Actual</u> |
|---|----------------------------|--------------------|-------------------------|-------------------|--|
| CURRENT EXPENDITURES (Continued) | | | | | |
| Resource Room/Resource Center | | | | | |
| Salaries of Teachers | \$ 1,562,978 | \$ (86,870) | \$ 1,476,108 | \$ 1,439,835 | \$ 36,273 |
| Other Salaries for Instruction | 124,126 | 22,566 | 146,692 | 144,267 | 2,425 |
| General Supplies | 2,300 | (91) | 2,209 | 2,180 | 29 |
| Total Resource Room/Resource Center | <u>1,689,404</u> | <u>(64,395)</u> | <u>1,625,009</u> | <u>1,586,282</u> | <u>38,727</u> |
| Preschool Disabilities - Full Time | | | | | |
| Salaries of Teachers | 176,652 | 53,581 | 230,233 | 228,673 | 1,560 |
| Other Salaries for Instruction | 126,292 | 6,422 | 132,714 | 132,714 | |
| General Supplies | 1,000 | 124 | 1,124 | 1,111 | 13 |
| Total Preschool Disabilities - Full Time | <u>303,944</u> | <u>60,127</u> | <u>364,071</u> | <u>362,498</u> | <u>1,573</u> |
| Total Special Education | <u>2,108,827</u> | <u>6,872</u> | <u>2,115,699</u> | <u>2,073,642</u> | <u>42,057</u> |
| Basic Skills/Remedial | | | | | |
| Salaries of Teachers | 57,049 | 2,259 | 59,308 | 59,308 | |
| General Supplies | 3,400 | (135) | 3,265 | 1,220 | 2,045 |
| Total Basic Skills/Remedial | <u>60,449</u> | <u>2,124</u> | <u>62,573</u> | <u>60,528</u> | <u>2,045</u> |
| Bilingual Education | | | | | |
| Salaries of Teachers | 104,482 | (2,259) | 102,223 | 93,189 | 9,034 |
| Other Purchased Services | 250 | | 250 | 250 | |
| General Supplies | 575 | - | 575 | 575 | - |
| Total Bilingual Education | <u>105,307</u> | <u>(2,259)</u> | <u>103,048</u> | <u>93,764</u> | <u>9,284</u> |
| School Sponsored Co/Extra Curricular Activities | | | | | |
| Salaries | 162,135 | | 162,135 | 155,185 | 6,950 |
| Supplies and Materials | 22,030 | 11,473 | 33,503 | 25,280 | 8,223 |
| Other Objects | 3,854 | - | 3,854 | 2,591 | 1,263 |
| Total School-Sponsored Co/Extra Curricular Activities | <u>188,019</u> | <u>11,473</u> | <u>199,492</u> | <u>183,056</u> | <u>16,436</u> |
| School Sponsored Athletics | | | | | |
| Salaries | 432,480 | (6,973) | 425,507 | 418,894 | 6,613 |
| Purchased Services | 66,663 | 332 | 66,995 | 50,724 | 16,271 |
| Supplies and Materials | 59,967 | 6,357 | 66,324 | 57,275 | 9,049 |
| Other Objects | 7,060 | | 7,060 | 5,695 | 1,365 |
| Transfers to Cover Deficit (Agency Funds) | 81,676 | (7,100) | 74,576 | 45,000 | 29,576 |
| Total School Sponsored Athletics | <u>647,846</u> | <u>(7,384)</u> | <u>640,462</u> | <u>577,588</u> | <u>62,874</u> |
| Total Instruction | <u>12,056,524</u> | <u>135,260</u> | <u>12,191,784</u> | <u>11,801,773</u> | <u>390,011</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, 2020

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget to Actual</u> |
|--|----------------------------|--------------------|-------------------------|------------------|--|
| CURRENT EXPENDITURES (Continued) | | | | | |
| Undistributed Expenditures | | | | | |
| Instruction | | | | | |
| Tuition to County Vocational School District - Regular | | \$ 3,215 | \$ 3,215 | \$ 3,215 | |
| Tuition to Other LEAs - Within State - Special | \$ 441,688 | (151,760) | 289,928 | 282,145 | \$ 7,783 |
| Tuition to County Voc. School District-Regular | 6,000 | (3,044) | 2,956 | 2,956 | |
| Tuition to County Voc. School District-Special | 32,502 | (12,473) | 20,029 | 20,029 | |
| Tuition to Priv. Sch. For the Disabled - Within State | 2,157,891 | (70,334) | 2,087,557 | 2,061,422 | 26,135 |
| Tuition to Priv. Sch. For the Disabled - Out of State | - | 89,250 | 89,250 | 89,250 | - |
| Total Instruction | <u>2,638,081</u> | <u>(145,146)</u> | <u>2,492,935</u> | <u>2,459,017</u> | <u>33,918</u> |
| Attendance and Social Work | | | | | |
| Salaries | 42,775 | | 42,775 | 42,762 | 13 |
| Purchased Professional/Technical Services | 3,780 | - | 3,780 | 3,400 | 380 |
| Total Attendance and Social Work | <u>46,555</u> | <u>-</u> | <u>46,555</u> | <u>46,162</u> | <u>393</u> |
| Health Services | | | | | |
| Salaries | 376,238 | 473 | 376,711 | 366,298 | 10,413 |
| Purchased Professional and Technical Services | 20,300 | (1,340) | 18,960 | 18,960 | |
| Other Purchased Services | 100 | | 100 | | 100 |
| Supplies and Materials | 8,000 | | 8,000 | 7,943 | 57 |
| Other Objects | 1,200 | 1,845 | 3,045 | 1,200 | 1,845 |
| Total Health Services | <u>405,838</u> | <u>978</u> | <u>406,816</u> | <u>394,401</u> | <u>12,415</u> |
| Speech/Occupational Therapy/Physical Therapy and Related Services | | | | | |
| Salaries | 386,020 | (22,444) | 363,576 | 363,576 | |
| Purchased Professional/Educational Services | 434,000 | (22,668) | 411,332 | 401,888 | 9,444 |
| Supplies and Materials | 8,857 | 2,402 | 11,259 | 11,256 | 3 |
| Total Speech/Occupational Therapy/Physical Therapy and Related Services | <u>828,877</u> | <u>(42,710)</u> | <u>786,167</u> | <u>776,720</u> | <u>9,447</u> |
| Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv. | | | | | |
| Salaries | 338,136 | 27,040 | 365,176 | 360,731 | 4,445 |
| Purchased Professional-Educational Services | 151,500 | 650 | 152,150 | 132,958 | 19,192 |
| Supplies and Materials | 5,115 | 12,321 | 17,436 | 14,233 | 3,203 |
| Total Other Support/Extraordinary Services | <u>494,751</u> | <u>40,011</u> | <u>534,762</u> | <u>507,922</u> | <u>26,840</u> |
| Guidance Services | | | | | |
| Salaries of Other Professional Staff | 294,229 | 9,043 | 303,272 | 303,272 | |
| Salaries of Secretarial and Clerical Assistants | 63,182 | | 63,182 | 62,899 | 283 |
| Purchased Professional - Educational Services | 15,120 | (2) | 15,118 | 13,599 | 1,519 |
| Other Purchased Professional/Technical Services | | | | | |
| Supplies and Materials | 10,950 | 61 | 11,011 | 7,946 | 3,065 |
| Other Objects | 3,346 | - | 3,346 | 3,346 | - |
| Total Other Support Services/Regular | <u>386,827</u> | <u>9,102</u> | <u>395,929</u> | <u>391,062</u> | <u>4,867</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, 2020

| | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget to Actual |
|--|--------------------|----------------|-----------------|----------------|---------------------------------------|
| CURRENT EXPENDITURES (Continued) | | | | | |
| Child Study Team | | | | | |
| Salaries of Other Professional Staff | \$ 464,106 | | \$ 464,106 | \$ 461,087 | \$ 3,019 |
| Salaries of Secretarial and Clerical Assistants | 66,000 | | 66,000 | 62,385 | 3,615 |
| Purchased Professional Educational Services | 13,000 | | 13,000 | 12,125 | 875 |
| Other Purchased Services | 3,300 | | 3,300 | 2,017 | 1,283 |
| Supplies and Materials | 3,700 | \$ (2,000) | 1,700 | 1,629 | 71 |
| Other Objects | 2,000 | - | 2,000 | 1,984 | 16 |
| | <u>552,106</u> | <u>(2,000)</u> | <u>550,106</u> | <u>541,227</u> | <u>8,879</u> |
| Total Other Support Services/Special | | | | | |
| Improvement of Instruction | | | | | |
| Salaries of Other Professional Staff | 7,700 | | 7,700 | 2,100 | 5,600 |
| Salaries of Secretarial and Clerical Assist. | 16,169 | 2,043 | 18,212 | 18,212 | |
| Purchased Professional-Educational Services | 1,000 | | 1,000 | | 1,000 |
| Other Purchased Services | 2,000 | | 2,000 | 1,881 | 119 |
| Supplies and Materials | 26,775 | (1,673) | 25,102 | 13,262 | 11,840 |
| Other Objects | 10,750 | - | 10,750 | 8,764 | 1,986 |
| | <u>64,394</u> | <u>370</u> | <u>64,764</u> | <u>44,219</u> | <u>20,545</u> |
| Total Improvement of Instruction | | | | | |
| Educational Media Services/ School Library | | | | | |
| Salaries | 270,978 | | 270,978 | 249,186 | 21,792 |
| Purchased Professional/Technical Services | 550 | (150) | 400 | | 400 |
| Supplies and Materials | 23,000 | 541 | 23,541 | 22,402 | 1,139 |
| | <u>294,528</u> | <u>391</u> | <u>294,919</u> | <u>271,588</u> | <u>23,331</u> |
| Total Educational Media Services/ School Library | | | | | |
| Instructional Staff Training Services | | | | | |
| Salaries of Supervisors of Instruction | 96,002 | | 96,002 | 93,752 | 2,250 |
| Salaries of Secretarial and Clerical Assist. | 6,353 | 802 | 7,155 | 7,155 | |
| Purchased Professional Educational Services | 62,200 | 1,000 | 63,200 | 62,359 | 841 |
| Other Purchased Professional/Technical Services | 5,500 | (1,000) | 4,500 | 3,617 | 883 |
| Other Purchased Services | 7,385 | - | 7,385 | 5,655 | 1,730 |
| | <u>177,440</u> | <u>802</u> | <u>178,242</u> | <u>172,538</u> | <u>5,704</u> |
| Total Instructional Staff Training Services | | | | | |
| Support Services General Administration | | | | | |
| Salaries | 322,829 | | 322,829 | 318,442 | 4,387 |
| Legal Services | 130,000 | (10,000) | 120,000 | 104,960 | 15,040 |
| Audit Fees | 47,000 | (500) | 46,500 | 42,740 | 3,760 |
| Architectural/Engineering Services | 10,000 | 10,500 | 20,500 | - | 20,500 |
| Other Purchased Professional Services | 30,300 | 950 | 31,250 | 25,897 | 5,353 |
| Purchased Technical Services | 2,000 | | 2,000 | 485 | 1,515 |
| Communications/Telephone | 155,494 | | 155,494 | 141,761 | 13,733 |
| Miscellaneous Purchased Services | 28,400 | 1,728 | 30,128 | 12,957 | 17,171 |
| BOE Other Purchased Services | 2,550 | | 2,550 | - | 2,550 |
| General Supplies | 3,100 | | 3,100 | 840 | 2,260 |
| Miscellaneous Expenditures | 17,075 | 22 | 17,097 | 7,175 | 9,922 |
| BOE Membership Dues and Fees | 21,475 | - | 21,475 | 20,892 | 583 |
| | <u>770,223</u> | <u>2,700</u> | <u>772,923</u> | <u>676,149</u> | <u>96,774</u> |
| Total Support Services General Administration | | | | | |

CEDAR GROVE PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget to Actual |
|---|--------------------|----------------|------------------|------------------|---------------------------------------|
| CURRENT EXPENDITURES (Continued) | | | | | |
| Support Services School Administration | | | | | |
| Salaries of Principals and Assistant Principals | \$ 802,752 | | \$ 802,752 | \$ 802,752 | |
| Salaries of Other Professional Staff | 332,485 | | 332,485 | 326,751 | \$ 5,734 |
| Salaries of Secretarial and Clerical Assist. | 289,916 | \$ (8,811) | 281,105 | 277,985 | 3,120 |
| Purchased Professional and Technical Services | 8,750 | (438) | 8,312 | 2,522 | 5,790 |
| Other Purchased Services | 13,000 | | 13,000 | - | 13,000 |
| Supplies and Materials | 29,061 | 10,631 | 39,692 | 23,848 | 15,844 |
| Other Objects | 10,449 | 538 | 10,987 | 9,759 | 1,228 |
| Total Support Services School Administration | 1,486,413 | 1,920 | 1,488,333 | 1,443,617 | 44,716 |
| Undistributed Expenditures - Central Services | | | | | |
| Salaries | 320,818 | 3,338 | 324,156 | 324,156 | |
| Purchased Professional Services | 19,386 | | 19,386 | 19,104 | 282 |
| Miscellaneous Purchased Services | 2,000 | | 2,000 | 261 | 1,739 |
| Supplies and Materials | 5,500 | | 5,500 | 2,773 | 2,727 |
| Miscellaneous Expenditures | 4,590 | - | 4,590 | 1,520 | 3,070 |
| Total Undistributed Expenditures - Central Services | 352,294 | 3,338 | 355,632 | 347,814 | 7,818 |
| Undistributed Expenditures - Admin. Info. Tech. | | | | | |
| Salaries | 225,964 | 810 | 226,774 | 226,774 | |
| Purchased Technical Services | | 19,800 | 19,800 | 19,800 | |
| Other Purchased Services | 59,827 | (13,948) | 45,879 | 38,898 | 6,981 |
| Supplies and Materials | 20,000 | 23,425 | 43,425 | 15,653 | 27,772 |
| Other Objects | 500 | - | 500 | 295 | 205 |
| Total Undistributed Expenditures - Admin. Info. Technology | 306,291 | 30,087 | 336,378 | 301,420 | 34,958 |
| Required Maintenance for School Facilities | | | | | |
| Salaries | 99,522 | (1,106) | 98,416 | 93,783 | 4,633 |
| Cleaning, Repair and Maintenance Services | 219,526 | 64,983 | 284,509 | 259,970 | 24,539 |
| General Supplies | 39,700 | 48,616 | 88,316 | 60,895 | 27,421 |
| Total Required Maint for School Facilities | 358,748 | 112,493 | 471,241 | 414,648 | 56,593 |
| Custodial Services | | | | | |
| Salaries | 1,157,834 | (119,920) | 1,037,914 | 1,023,981 | 13,933 |
| Salaries Non-Instructional Aides | 122,524 | (40,000) | 82,524 | 63,074 | 19,450 |
| Purchased Professional and Technical Services | 37,360 | 133,272 | 170,632 | 47,364 | 123,268 |
| Cleaning, Repair and Maintenance Services | 47,640 | 1,032 | 48,672 | 48,105 | 567 |
| Other Purchased Property Services | 32,000 | | 32,000 | 15,391 | 16,609 |
| Insurance | 192,788 | (10,966) | 181,822 | 181,822 | |
| Miscellaneous Purchased Services | 1,000 | | 1,000 | 700 | 300 |
| General Supplies | 93,915 | 55,284 | 149,199 | 113,589 | 35,610 |
| Energy (Natural Gas) | 186,000 | | 186,000 | 143,044 | 42,956 |
| Energy (Electricity) | 367,000 | (8,782) | 358,218 | 312,221 | 45,997 |
| Energy (Gasoline) | 5,000 | (5,000) | | | |
| Other Objects | 1,550 | 2,000 | 3,550 | 2,815 | 735 |
| Total Other Operations and Maint. of Plant | 2,244,611 | 6,920 | 2,251,531 | 1,952,106 | 299,425 |

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, 2020

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget to Actual</u> |
|--|----------------------------|--------------------|-------------------------|-------------------|--|
| CURRENT EXPENDITURES (Continued) | | | | | |
| Care and Upkeep of Grounds | | | | | |
| Salaries | \$ 227,865 | \$ (5,242) | \$ 222,623 | \$ 209,103 | \$ 13,520 |
| Cleaning, Repair and Maintenance Services | 62,800 | 62,242 | 125,042 | 117,012 | 8,030 |
| General Supplies | 16,500 | (5,000) | 11,500 | 6,782 | 4,718 |
| Total Care and Upkeep of Grounds | 307,165 | 52,000 | 359,165 | 332,897 | 26,268 |
| Security | | | | | |
| Purchased Professional/Technical Services | 24,000 | | 24,000 | 14,142 | 9,858 |
| Cleaning, Repair and Maintenance Services | 10,000 | | 10,000 | 394 | 9,606 |
| General Supplies | 1,000 | | 1,000 | | 1,000 |
| Other Objects | 1,000 | 235 | 1,235 | 885 | 350 |
| Total Security | 36,000 | 235 | 36,235 | 15,421 | 20,814 |
| Student Transportation Services | | | | | |
| Salaries for Pupil Trans (Bet Home & Sch) - Reg. | 28,008 | | 28,008 | 20,840 | 7,168 |
| Management Fee-ESC & CTSA Trans. Prog. | 5,000 | | 5,000 | | 5,000 |
| Other Purchased Professional and Technical Services | 7,900 | | 7,900 | 5,544 | 2,356 |
| Contr Serv-Aid in Lieu of Pymts-Non-Public Schools | 143,000 | | 143,000 | 74,871 | 68,129 |
| Contr Serv(Bet Home &Sch)-Vend | 224,984 | | 224,984 | 208,008 | 16,976 |
| Contr Serv(Oth. Than Bet Home &Sch)-Vend | 176,113 | 595 | 176,708 | 78,052 | 98,656 |
| Contr Serv(Special Education)-ESC & CTSA | 734,735 | 129,677 | 864,412 | 677,606 | 186,806 |
| Total Student Transportation Services | 1,319,740 | 130,272 | 1,450,012 | 1,064,921 | 385,091 |
| Unallocated Employee Benefits | | | | | |
| Social Security Contribution | 344,380 | (16,657) | 327,723 | 320,462 | 7,261 |
| Other Retirement Contributions - PERS | 396,182 | (18,000) | 378,182 | 365,306 | 12,876 |
| Other Retirement Contributions - Regular | 8,000 | | 8,000 | 3,595 | 4,405 |
| Workmen's Compensation | 156,236 | (12,845) | 143,391 | 130,594 | 12,797 |
| Health Benefits | 5,304,686 | | 5,304,686 | 4,966,827 | 337,859 |
| Tuition Reimbursements | 96,500 | | 96,500 | 60,000 | 36,500 |
| Other Employee Benefits | 19,150 | 53,609 | 72,759 | 65,221 | 7,538 |
| Unused Sick Payment to Terminated/Retired Staff | 53,609 | (53,609) | - | - | - |
| Total Unallocated Employee Benefits | 6,378,743 | (47,502) | 6,331,241 | 5,912,005 | 419,236 |
| Interest Earned on Maintenance Reserve | 500 | - | 500 | - | 500 |
| Reimbursed TPAF Social Security Contributions- (Non-Budgeted) | | | | | |
| | | | | 909,944 | (909,944) |
| On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Cost | | | | | |
| | | | | 2,471,068 | (2,471,068) |
| (Non-Budgeted)- NCGI Premium | | | | | |
| | | | | 44,291 | (44,291) |
| (Non-Budgeted)- LT Disability | | | | | |
| | | | | 2,528 | (2,528) |
| (Non-Budgeted)- Pension Cost - Post Medical Cont. | | | | | |
| | - | - | - | 933,152 | (933,152) |
| Total TPAF Pension and Social Security Contributions | - | - | - | 4,360,983 | (4,360,983) |
| Total Undistributed Expenditures | 19,450,125 | 154,261 | 19,604,386 | 22,426,837 | (2,822,451) |
| Total Current Expenditures | 31,506,649 | 289,521 | 31,796,170 | 34,228,610 | (2,432,440) |

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, 2020

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget to Actual</u> |
|--|----------------------------|--------------------|-------------------------|---------------|--|
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Grades 1-5 | | \$ 4,200 | \$ 4,200 | \$ 4,200 | |
| Grades 6-8 | | 3,980 | 3,980 | 3,980 | |
| Grades 9-12 | | 3,980 | 3,980 | 3,980 | - |
| School Sponsored and Other Instructional Programs | | 8,501 | 8,501 | 8,501 | |
| Undistributed Expenditures | | | | | |
| Custodial Services | | 13,078 | 13,078 | - | \$ 13,078 |
| Required Maintenance for School Facilities | - | 66,700 | 66,700 | - | 66,700 |
| Total Equipment | - | 100,439 | 100,439 | 20,661 | 79,778 |
| 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 | 100,439 | 140,958 | 51,680 | 89,278 |
| Total Expenditures - General Fund | 31,547,168 | 389,960 | 31,937,128 | 34,280,290 | (2,343,162) |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | (1,096,389) | (389,960) | (1,486,349) | 744,978 | 2,231,327 |
| Other Financing Sources (Uses) | | | | | |
| Lease Purchase Agreements | | 112,493 | 112,493 | 112,493 | |
| Transfers In | | | | 18,445 | 18,445 |
| Transfer Out- Food Service | (8,000) | (18,000) | (26,000) | (26,000) | - |
| Total Other Financing Sources (Uses) | (8,000) | 94,493 | 86,493 | 104,938 | 18,445 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses | (1,104,389) | (295,467) | (1,399,856) | 849,916 | 2,249,772 |
| Fund Balance, Beginning of Year | 4,587,217 | - | 4,587,217 | 4,587,217 | - |
| Fund Balance, End of Year | \$ 3,482,828 | \$ (295,467) | \$ 3,187,361 | \$ 5,437,133 | \$ 2,249,772 |
| Recapitulation of Fund Balance | | | | | |
| Restricted Fund Balance: | | | | | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | | | \$ 810,919 | |
| Excess Surplus | | | | 807,579 | |
| Maintenance Reserve | | | | 383,674 | |
| Maintenance Reserve - Designated for Subsequent Year's Expenditures | | | | 200,000 | |
| Capital Reserve | | | | 2,052,928 | |
| Assigned Fund Balance: | | | | | |
| Year-End Encumbrances | | | | 275,187 | |
| Designated for Subsequent Year's Expenditures | | | | 200,000 | |
| Unassigned Fund Balance: | | | | | |
| | | | | 706,846 | |
| Budgetary Fund Balance | | | | 5,437,133 | |
| Waiver Offset Designated for Subsequent Year's Expenditures | | | | | |
| Reconciliation to Governmental Fund Statements (GAAP) | | | | | |
| 2019/2020 State Aid Payment Not Recognized on a GAAP Basis | | | | 112,765 | |
| 2019/2020 Extraordinary Aid Payments Not Recognized on a GAAP Basis | | | | 410,710 | |
| Fund Balance per Governmental Funds (GAAP Basis) | | | | \$ 4,913,658 | |

**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, 2020**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget to Actual</u> |
|--|----------------------------|--------------------|-------------------------|----------------|--|
| REVENUES | | | | | |
| Local | | \$ 109,798 | \$ 109,798 | \$ 52,903 | \$ (56,895) |
| State Sources | \$ 134,860 | 7,004 | 141,864 | 125,531 | (16,333) |
| Federal Sources | 494,892 | 82,075 | 576,967 | 516,663 | (60,304) |
| Total Revenues | <u>629,752</u> | <u>198,877</u> | <u>828,629</u> | <u>695,097</u> | <u>(133,532)</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | | 20,000 | 20,000 | 18,008 | 1,992 |
| Purchased Professional/Educational Services | 224,625 | 42,565 | 267,190 | 216,122 | 51,068 |
| Tuition | 330,204 | (26,549) | 303,655 | 303,655 | - |
| General Supplies | 25,628 | 109,098 | 134,726 | 68,812 | 65,914 |
| Textbooks | 9,123 | 786 | 9,909 | 9,440 | 469 |
| Total Instruction | <u>589,580</u> | <u>145,900</u> | <u>735,480</u> | <u>616,037</u> | <u>119,443</u> |
| Support Services | | | | | |
| Salaries of Other Professionals | | 15,829 | 15,829 | 15,629 | 200 |
| Benefits | | 7,612 | 7,612 | 2,463 | 5,149 |
| Purchased Professional/Educational Services | 40,172 | (2,514) | 37,658 | 32,362 | 5,296 |
| Other Purchased Services | | 2,844 | 2,844 | | 2,844 |
| Other Objects | - | 600 | 600 | - | 600 |
| Total Support Services | <u>40,172</u> | <u>24,371</u> | <u>64,543</u> | <u>50,454</u> | <u>14,089</u> |
| Facilities Acquisition and Constructions Services | | | | | |
| Non-Instructional Equipment | - | 28,606 | 28,606 | 28,606 | - |
| Total Facilities & Acq. Services | <u>-</u> | <u>28,606</u> | <u>28,606</u> | <u>28,606</u> | <u>-</u> |
| Total Expenditures | <u>629,752</u> | <u>198,877</u> | <u>828,629</u> | <u>695,097</u> | <u>133,532</u> |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances, Beginning of Year | | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances, End of Year | | | | | |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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, 2020**

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

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

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

| | | General Fund <u>C-1</u> | | Special Revenue Fund <u>C-2</u> |
|--|-------|--|-------|--|
| Sources/inflows of resources | | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | (C-1) | \$ 35,025,268 | (C-2) | \$ 695,097 |
| 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 | | | | 3,451 |
| State Aid an Extraordinary Aid payment (2018/2019) recognized for GAAP purposes not recognized for budgetary statements | | 541,146 | | - |
| State Aid and Extraordinary Aid payments and (2019/2020) recognized for budgetary purposes, not recognized for GAAP statements | | <u>(523,475)</u> | | <u>-</u> |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | (B-2) | <u>\$ 35,042,939</u> | (B-2) | <u>\$ 698,548</u> |
| Uses/outflows of resources | | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | (C-1) | \$ 34,280,290 | (C-2) | \$ 695,097 |
| 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, 2019 | | | | 3,451 |
| June 30, 2020 | | <u>-</u> | | <u>-</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | (B-2) | <u>\$ 34,280,290</u> | (B-2) | <u>\$ 698,548</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION 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 Seven Fiscal Years*

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| District's Proportion of the Net Position Liability (Asset) | 0.03736 % | 0.03700 % | 0.03663 % | 0.03644 % | 0.03757 % | 0.03630 % | 0.03337 |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 6,733,321 | \$ 7,284,433 | \$ 8,526,933 | \$ 10,793,024 | \$ 8,432,949 | \$ 6,796,762 | \$ 6,377,438 |
| District's Covered Payroll | \$ 2,600,139 | \$ 2,792,439 | \$ 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 Payroll | 258.96 % | 260.86 % | 335.14 % | 438.22 % | 335.07 % | 274.93 % | 263.85 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 56.27% | 53.60% | 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 audit 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 Seven Fiscal Years

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually Required Contribution | \$ 363,492 | \$ 368,947 | \$ 339,340 | \$ 325,655 | \$ 322,972 | \$ 303,826 | \$ 253,448 |
| Contributions in Relation to the Contractually Required Contribution | <u>363,492</u> | <u>368,947</u> | <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> | <u>\$ -</u> | <u>\$ -</u> |
| District's Covered Payroll | \$ 2,746,857 | \$ 2,600,139 | \$ 2,792,439 | \$ 2,544,291 | \$ 2,462,901 | \$ 2,516,785 | \$ 2,472,090 |
| Contributions as a Percentage of Covered Payroll | 13.23% % | 14.19% % | 12.15% % | 12.80% % | 13.11% % | 12.07% % | 10.25% % |

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 Seven Fiscal Years*

| | <u>2020</u> | <u>2019</u> | <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% | 0% | 0% |
| District's Proportionate Share of the Net Pension Liability (Asset) | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | <u>\$ 67,249,047</u> | <u>\$ 70,296,467</u> | <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>\$ 67,249,047</u> | <u>\$ 70,296,467</u> | <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 Payroll | \$ 12,683,739 | \$ 14,121,163 | \$ 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 Payroll | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 26.95% | 26.49% | 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, 2020**

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 Three Fiscal Years*

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 1,826,414 | \$ 2,085,520 | \$ 2,515,423 |
| Interest on Total OPEB Liability | 1,784,846 | 1,981,418 | 1,706,885 |
| Changes of Benefit Terms | | - | - |
| Differences Between Expected and Actual Experience | (6,118,788) | (6,679,852) | - |
| Changes of Assumptions | 622,957 | (5,153,647) | (7,112,505) |
| Gross Benefit Payments | (1,282,549) | (1,200,877) | (1,410,913) |
| Contribution from the Member | <u>38,018</u> | <u>41,504</u> | <u>51,953</u> |
| Net Change in Total OPEB Liability | (3,129,102) | (8,925,934) | (4,249,157) |
| Total OPEB Liability - Beginning | <u>44,909,996</u> | <u>53,835,930</u> | <u>58,085,087</u> |
| Total OPEB Liability - Ending | <u>\$ 41,780,894</u> | <u>\$ 44,909,996</u> | <u>\$ 53,835,930</u> |
| District's Proportionate Share of OPEB Liability | \$ - | \$ - | \$ - |
| State's Proportionate Share of OPEB Liability | <u>41,780,894</u> | <u>44,909,996</u> | <u>53,835,930</u> |
| Total OPEB Liability - Ending | <u>\$ 41,780,894</u> | <u>\$ 44,909,996</u> | <u>\$ 53,835,930</u> |
| District's Covered Payroll | <u>\$ 15,283,878</u> | <u>\$ 16,913,602</u> | <u>\$ 14,086,981</u> |
| District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll | 0% | 0% | 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, 2020**

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, 2020**

| | <u>ESEA</u> | | | <u>IDEA</u> | | <u>Totals Pg 2</u> | <u>Grand Totals</u> |
|---|-------------------|------------------|-----------------|-------------------|------------------|------------------------|-------------------------|
| | <u>Title I</u> | <u>Title IIA</u> | <u>Title IV</u> | <u>Basic</u> | <u>Preschool</u> | | |
| REVENUES | | | | | | | |
| Miscellaneous - Local | | | | | | \$ 52,903 | \$ 52,903 |
| State Sources | | | | | | 125,531 | 125,531 |
| Federal Sources | \$ 118,982 | \$ 22,275 | \$ 9,115 | \$ 355,095 | \$ 11,196 | - | 516,663 |
| Total Revenues | <u>\$ 118,982</u> | <u>\$ 22,275</u> | <u>\$ 9,115</u> | <u>\$ 355,095</u> | <u>\$ 11,196</u> | <u>\$ 178,434</u> | <u>\$ 695,097</u> |
| EXPENDITURES | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | \$ 18,008 | | | | | | \$ 18,008 |
| Purchased Prof. Educational Services | 88,635 | | | \$ 34,988 | \$ 4,563 | \$ 87,936 | 216,122 |
| Tuition | | | | 303,655 | | | 303,655 |
| General Supplies | 4,297 | | \$ 9,115 | | 2,948 | 52,452 | 68,812 |
| Textbooks | - | - | - | | - | 9,440 | 9,440 |
| Total Instruction | <u>110,940</u> | <u>-</u> | <u>9,115</u> | <u>338,643</u> | <u>7,511</u> | <u>149,828</u> | <u>616,037</u> |
| Support Services | | | | | | | |
| Salaries of Other Professionals | 6,191 | \$ 9,438 | | | | | 15,629 |
| Employee Benefits | 1,851 | 612 | | | | | 2,463 |
| Purchased Professional Educational Services | - | 12,225 | - | 16,452 | 3,685 | - | 32,362 |
| Total Support Services | <u>8,042</u> | <u>22,275</u> | <u>-</u> | <u>16,452</u> | <u>3,685</u> | <u>-</u> | <u>50,454</u> |
| Facilities Acquisition and Construction Svc | | | | | | | |
| Non-Instructional Equipment | - | - | - | - | - | 28,606 | 28,606 |
| Total Facilities & Acq. Services | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>28,606</u> | <u>28,606</u> |
| Total Expenditures | <u>\$ 118,982</u> | <u>\$ 22,275</u> | <u>\$ 9,115</u> | <u>\$ 355,095</u> | <u>\$ 11,196</u> | <u>\$ 178,434</u> | <u>\$ 695,097</u> |

**CEDAR GROVE PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | Ch. 192/193 Auxiliary | Ch. 192/193 Handicapped Services | | | | Non-Public Security | Non-Public Textbooks | Non-Public Nursing | Non-Public Technology | Local | Page 2 Totals |
|---|---------------------------|----------------------------------|-----------------------------|----------------------|-----------|------------------------|-------------------------|-----------------------|--------------------------|----------------------|------------------|
| | Compensatory Education | Examination/ Classification | Supplemental Instruction | Corrective Speech | | | | | | | |
| REVENUES | | | | | | | | | | | |
| Miscellaneous - Local State Sources | \$ 25,786 | \$ 10,967 | \$ 11,252 | \$ 14,927 | \$ 28,155 | \$ 9,440 | \$ 18,236 | \$ 6,768 | \$ 52,903 - | \$ 52,903 125,531 | |
| Total Revenues | \$ 25,786 | \$ 10,967 | \$ 11,252 | \$ 14,927 | \$ 28,155 | \$ 9,440 | \$ 18,236 | \$ 6,768 | \$ 52,903 | \$ 178,434 | |
| EXPENDITURES | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | |
| Purchased Prof. Educational Services | \$ 25,786 | \$ 10,967 | \$ 11,252 | \$ 14,927 | | | \$ 18,236 | \$ 6,768 | | \$ 87,936 | |
| General Supplies | | | | | \$ 28,155 | | | | \$ 24,297 | 52,452 | |
| Textbooks | - | - | - | - | - | \$ 9,440 | - | - | - | 9,440 | |
| Total Instruction | 25,786 | 10,967 | 11,252 | 14,927 | 28,155 | 9,440 | 18,236 | 6,768 | 24,297 | 149,828 | |
| Facilities Acquisition and Constructions Services | | | | | | | | | | | |
| Non-Instructional Equipment | - | - | - | - | - | - | - | - | 28,606 | 28,606 | |
| Total Facilities & Acq. Services | - | - | - | - | - | - | - | - | 28,606 | 28,606 | |
| Total Expenditures | \$ 25,786 | \$ 10,967 | \$ 11,252 | \$ 14,927 | \$ 28,155 | \$ 9,440 | \$ 18,236 | \$ 6,768 | \$ 52,903 | \$ 178,434 | |

**CEDAR GROVE PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

| <u>Issue/Project Title</u> | <u>Appropriation</u> | <u>Expenditures to Date</u> | | <u>Transfer Out</u> | <u>Balance, June 30, 2020</u> |
|---|----------------------|-----------------------------|---------------------|-------------------------|-----------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | | |
| Security and Safety Improvements to the Cedar Grove High School, North End and South End Elementary Schools and the Memorial Middle School | \$ 2,964,816 | \$ 135,099 | \$ 2,306,150 | | \$ 523,567 |
| 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 | 14,644,831 | 21,240 | | 218,648 |
| Improvements to the Elementary, High School, Middle School & Administration Building | <u>11,891,461</u> | <u>11,695,881</u> | <u>-</u> | <u>-</u> | <u>195,580</u> |
| | <u>\$ 29,740,996</u> | <u>\$ 26,475,811</u> | <u>\$ 2,327,390</u> | <u>\$ -</u> | <u>\$ 937,795</u> |
| Recapitulation: | | | | | |
| Project Balances | | | | | \$ 937,795 |
| Less: Debt Authorized but not Issued- 2014 Project | | | | | (719) |
| Less: Debt Authorized but not Issued- 2018 Project | | | | | <u>(816)</u> |
| Fund Balance | | | | | <u>\$ 936,260</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, 2020**

Revenues and Other Financing Sources

| | |
|--|------------------|
| Bond Sale Proceeds | \$ 2,964,000 |
| Interest Earned on Investments | <u>18,445</u> |
| Total Revenues and Other Financing Sources | <u>2,982,445</u> |

Expenditures and Other Financing Uses

| | |
|---|------------------|
| General Administration | |
| Legal Services | 21,240 |
| Capital Outlay | |
| General Supplies/Equipment | 56 |
| Purchased Professional and Technical Services | 1,306,494 |
| Construction Services | 999,600 |
| Transfer to General Fund | <u>18,445</u> |
| Total Expenditures and Other Financing Uses | <u>2,345,835</u> |

| | |
|--|-------------------|
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | 636,610 |
| Fund Balance, Beginning of Year - Budgetary Basis | <u>299,650</u> |
| Fund Balance, End of Year - Budgetary Basis | <u>\$ 936,260</u> |

Recapitulation

| | |
|----------------------------------|-------------------|
| Restricted for Capital Projects: | |
| Year End Encumbrances | \$ 452,818 |
| Available for Capital Projects | <u>483,442</u> |
| | <u>\$ 936,260</u> |

**CEDAR GROVE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
BUILDING UPGRADES TO THE CEDAR GROVE HIGH SCHOOL, NORTH END AND SOUTH END
ELEMENTARY SCHOOLS AND UPGRADES TO THE CEDAR GROVE ATHELETIC FACILTHIES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|--------------------------|---------------------------|-------------------|--|
| Revenues and Other Financing Sources | | | | |
| Bond Proceeds and Transfers | \$ 14,884,000 | - | \$ 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> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical services | 1,124,163 | \$ 21,240 | 1,145,403 | 1,150,000 |
| Facilities Acquisition and Construction Services | 13,428,425 | | 13,428,425 | 13,524,719 |
| Cost of Bond Issuance | 56,112 | | 56,112 | 60,000 |
| Supplies/Equipment | <u>36,131</u> | <u>-</u> | <u>36,131</u> | <u>150,000</u> |
| Total Expenditures and Other Financing Uses | <u>14,644,831</u> | <u>21,240</u> | <u>14,666,071</u> | <u>14,884,719</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 239,169</u> | <u>\$ (21,240)</u> | <u>\$ 217,929</u> | <u>\$ -</u> |
| | | Authorized but not Issued | <u>719</u> | |
| | | Project Balance | <u>\$ 218,648</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 | 9/1/2016 |
| Revised Target Completion Date | 6/30/2020 |

**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, 2020**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|--------------------------|-------------------------|-------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources - SDA Grants | \$ 4,309,461 | | \$ 4,309,461 | \$ 4,309,461 |
| Bond Proceeds and Transfers | 7,582,000 | - | 7,582,000 | 7,582,000 |
| | | | | |
| Total Revenues and Other Financing Sources | <u>11,891,461</u> | <u>-</u> | <u>11,891,461</u> | <u>11,891,461</u> |
| | | | | |
| Expenditures and Other Financing Uses | | | | |
| Salaries | 39,762 | | 39,762 | 39,762 |
| Purchased professional and technical services | 1,008,544 | | 1,008,544 | 1,008,544 |
| Cost of Bond Issuance | 27,707 | | 27,707 | 27,707 |
| Facilities Acquisition and Construction Services | 10,369,868 | | 10,369,868 | 10,565,448 |
| Transfer Out | 250,000 | - | 250,000 | 250,000 |
| | | | | |
| Total Expenditures and Other Financing Uses | <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-G0BR |
| Bonds Authorization Date | 1/25/2011 | |
| Bonds Authorized | \$ 7,582,385 | |
| Bonds Issued | 7,582,000 | |
| Original Authorized Cost | \$ 12,180,380 | |
| Cancellation | (288,919) | |
| Revised Authorized Cost | \$ 11,891,461 | |

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

CEDAR GROVE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
SECURITY AND SAFETY IMPROVEMENTS TO THE CEDAR GROVE HIGH SCHOOL, NORTH END
AND SOUTH END ELEMENTARY SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|--------------------------|---------------------------|-------------------|--|
| Revenues and Other Financing Sources | | | | |
| Bond Proceeds | - | \$ 2,964,000 | \$ 2,964,000 | \$ 2,964,816 |
| Total Revenues and Other Financing Sources | - | 2,964,000 | 2,964,000 | 2,964,816 |
| Expenditures and Other Financing Uses | | | | |
| Purchased professional and technical services | \$ 135,099 | 1,306,494 | 1,441,593 | 1,768,816 |
| Facilities Acquisition and Construction Services | | 999,600 | 999,600 | 1,180,000 |
| Supplies and Equipment | - | 56 | 56 | 16,000 |
| Total Expenditures and Other Financing Uses | 135,099 | 2,306,150 | 2,441,249 | 2,964,816 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (135,099) | \$ 657,850 | \$ 522,751 | \$ - |
| | | Authorized but not Issued | 816 | |
| | | | <u>\$ 523,567</u> | |

Additional Project Information:

| | |
|---------------------------------|--------------|
| Bonds Authorization Date | 10/2/2018 |
| Bonds Authorized | \$ 2,964,816 |
| Bonds Issued | 2,964,000 |
| Original Authorized Cost | \$ 2,964,816 |
| Cancellation | - |
| Revised Authorized Cost | \$ 2,964,816 |
| Change Order Percentage | |
| Percentage Completion | 82% |
| Original Target Completion Date | 6/30/2020 |
| Revised Target Completion Date | 6/30/2021 |

PROPRIETARY FUND

**CEDAR GROVE PUBLIC SCHOOLS
ENTERPRISE FUND - NON-MAJOR
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

| | <u>Summer Music Academy</u> | <u>1:1 Initiative</u> | <u>Total Non-Major Enterprise Funds</u> |
|---------------------------|---------------------------------|-----------------------|---|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 3,554 | \$ 24,705 | \$ 28,259 |
| Total Assets | <u>3,554</u> | <u>24,705</u> | <u>28,259</u> |
| NET POSITION | | | |
| Unrestricted | <u>3,554</u> | <u>24,705</u> | <u>28,259</u> |
| Total Net Position | <u>\$ 3,554</u> | <u>\$ 24,705</u> | <u>\$ 28,259</u> |

**CEDAR GROVE PUBLIC SCHOOLS
ENTERPRISE FUND - NON-MAJOR
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | <u>Summer</u> | <u>1:1 Initiative</u> | <u>Total Non-Major Enterprise Funds</u> |
|---------------------------------------|----------------------|-----------------------|---|
| | <u>Music Academy</u> | | |
| OPERATING REVENUES | | | |
| Charges for Services | | | |
| Program Fees | \$ 22,030 | \$ 24,705 | \$ 46,735 |
| | <u>22,030</u> | <u>24,705</u> | <u>46,735</u> |
| Total Operating Revenues | | | |
| OPERATING EXPENSES | | | |
| Salaries, Benefits and Payroll Taxes | 15,216 | | 15,216 |
| Supplies and Materials | 7,603 | - | 7,603 |
| | <u>22,819</u> | <u>-</u> | <u>22,819</u> |
| Total Operating Expenses | | | |
| Operating Income (Loss) | <u>(789)</u> | <u>24,705</u> | <u>23,916</u> |
| Change in Net Position | (789) | 24,705 | 23,916 |
| Total Net Position, Beginning of Year | <u>4,343</u> | <u>-</u> | <u>4,343</u> |
| Total Net Position, End of Year | <u>\$ 3,554</u> | <u>\$ 24,705</u> | <u>\$ 28,259</u> |

**CEDAR GROVE PUBLIC SCHOOLS
ENTERPRISE FUND - NON-MAJOR
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | <u>Summer</u> | | <u>Total</u> |
|---|----------------------|-----------------------|-------------------------|
| | <u>Music Academy</u> | <u>1:1 Initiative</u> | <u>Non-Major</u> |
| | | | <u>Enterprise Funds</u> |
| Cash Flows from Operating Activities | | | |
| Cash Received from Customers | \$ 6,950 | \$ 24,705 | \$ 31,655 |
| Cash Payments for Employees | | | |
| Salaries & Benefits | (15,216) | | (15,216) |
| Cash Payments for Suppliers for Goods and Services | (7,603) | - | (7,603) |
| | <u>(15,869)</u> | <u>24,705</u> | <u>8,836</u> |
| Net Cash Provided by (Used for) Operating Activities | | | |
| Net Increase (Decrease) in Cash and Cash Equivalents | (15,869) | 24,705 | 8,836 |
| Cash and Cash Equivalents, Beginning of Year | <u>19,423</u> | <u>-</u> | <u>19,423</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 3,554</u> | <u>\$ 24,705</u> | <u>\$ 28,259</u> |
| Reconciliation of Operating Income (Loss) to | | | |
| Net Cash Provided by (Used for) Operating Activities | | | |
| Operating Income (Loss) | \$ (789) | \$ 24,705 | \$ 23,916 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | | | |
| Changes in Assets and Liabilities | | | |
| Increase/(Decrease) in Unearned Revenue | (15,080) | - | (15,080) |
| | <u>(15,080)</u> | <u>-</u> | <u>(15,080)</u> |
| Total Adjustments | | | |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ (15,869)</u> | <u>\$ 24,705</u> | <u>\$ 8,836</u> |

FIDUCIARY FUNDS

**CEDAR GROVE PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2020**

| | <u>Student Activity</u> | <u>Payroll Agency</u> | <u>Agency Totals</u> |
|--|-----------------------------|---------------------------|--------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 156,934 | \$ 35,167 | \$ 192,101 |
| | <u>\$ 156,934</u> | <u>\$ 35,167</u> | <u>\$ 192,101</u> |
| LIABILITIES | | | |
| Payroll Deductions and Withholdings | | \$ 2,401 | \$ 2,401 |
| Accrued Salaries and Wages | | 2,059 | 2,059 |
| Flex Spending | | 21,943 | 21,943 |
| Due to Other Funds | | 8,764 | 8,764 |
| Due to Student Groups | <u>\$ 156,934</u> | <u>-</u> | <u>156,934</u> |
| Total Liabilities | <u>\$ 156,934</u> | <u>\$ 35,167</u> | <u>\$ 192,101</u> |

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

| | <u>Balance July 1, 2019</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance June 30, 2020</u> |
|--|---------------------------------|--------------------------|-------------------------------|----------------------------------|
| ELEMENTARY SCHOOLS | | | | |
| Cedar Grove North End School | \$ 7,473 | \$ 4,709 | \$ 2,370 | \$ 9,812 |
| Cedar Grove South End School | <u>2,983</u> | <u>3,358</u> | <u>3,645</u> | <u>2,696</u> |
| Total Elementary Schools | <u>10,456</u> | <u>8,067</u> | <u>6,015</u> | <u>12,508</u> |
| MIDDLE SCHOOLS | | | | |
| Cedar Grove Memorial School | <u>44,418</u> | <u>26,293</u> | <u>32,192</u> | <u>38,519</u> |
| SENIOR HIGH SCHOOL | | | | |
| Cedar Grove High School Student Activities | <u>63,261</u> | <u>91,758</u> | <u>73,545</u> | <u>81,474</u> |
| OTHER | | | | |
| Athletic Fund | <u>2,679</u> | <u>75,657</u> | <u>53,903</u> | <u>24,433</u> |
| TOTAL ALL SCHOOLS | <u>\$ 120,814</u> | <u>\$ 201,775</u> | <u>\$ 165,655</u> | <u>\$ 156,934</u> |

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | <u>Balance, July 1, 2019</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance, June 30, 2020</u> |
|-------------------------------------|--------------------------------------|--------------------------|-------------------------------|---------------------------------------|
| Payroll Deductions and Withholdings | \$ 1,652 | \$ 9,193,716 | \$ 9,192,967 | \$ 2,401 |
| Accrued Salaries and Wages | 3,536 | 9,969,184 | 9,970,661 | 2,059 |
| Flex Spending | 31,587 | 45,961 | 55,605 | 21,943 |
| Due to Other Funds | <u>8,761</u> | <u>3,196</u> | <u>3,193</u> | <u>8,764</u> |
| Total | <u>\$ 45,536</u> | <u>\$ 19,212,057</u> | <u>\$ 19,222,426</u> | <u>\$ 35,167</u> |

LONG-TERM DEBT

**CEDAR GROVE PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| <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, 2019</u> | <u>Increased</u> | <u>Decreased</u> | <u>Balance June 30, 2020</u> |
|----------------------|----------------------|---------------------------------|--------------------|--------------------------|----------------------|-----------------------------|---------------------|---------------------|------------------------------|
| Refunding Bonds | 5/24/2012 | \$ 5,790,000 | 8/15/2020 | \$ 620,000 | 4.00% | \$ 2,540,000 | | \$ 595,000 | \$ 1,945,000 |
| | | | 8/15/2021 | 650,000 | 4.00% | | | | |
| | | | 8/15/2022 | 675,000 | 4.00% | | | | |
| Various Improvements | 8/15/2012 | \$ 7,582,000 | 8/15/2020-2021 | \$ 270,000 | 2.00% | 6,072,000 | | 260,000 | 5,812,000 |
| | | | 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 | 8/15/2020-2023 | \$ 625,000 | 2.00% | 13,634,000 | | 625,000 | 13,009,000 |
| | | | 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% | | | | |
| 2019 School Bonds | 8/15/2019 | \$ 2,964,000 | 8/15/2020 | \$ 274,000 | 1.25% | - | \$ 2,964,000 | - | 2,964,000 |
| | | | 8/15/2021 | 265,000 | 1.50% | | | | |
| | | | 8/15/2022 | 275,000 | 2.00% | | | | |
| | | | 8/15/2023 | 285,000 | 2.00% | | | | |
| | | | 8/15/2024 | 290,000 | 2.00% | | | | |
| | | | 8/15/2025 | 300,000 | 2.00% | | | | |
| | | | 8/15/2026 | 310,000 | 2.00% | | | | |
| | | | 8/15/2027 | 315,000 | 2.00% | | | | |
| | | | 8/15/2028-29 | 325,000 | 2.00% | | | | |
| | | | | | | <u>\$ 22,246,000</u> | <u>\$ 2,964,000</u> | <u>\$ 1,480,000</u> | <u>\$ 23,730,000</u> |

**CEDAR GROVE PUBLIC SCHOOLS
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| <u>Purpose</u> | <u>Original Issue</u> | <u>Interest Rate</u> | <u>Balance, June 30, 2019</u> | <u>Issued</u> | <u>Matured</u> | <u>Balance, June 30, 2020</u> |
|---------------------------------|---------------------------|--------------------------|-----------------------------------|---------------|----------------|-----------------------------------|
| Chromebooks | \$ 41,005 | 5.74% | \$ 29,915 | | \$ 9,510 | \$ 20,405 |
| Chromebooks | 27,040 | 6.63% | 19,653 | | 6,228 | 13,425 |
| Chromebooks | 112,493 | 4.00%-5.00% | - | \$ 104,000 | - | 104,000 |
| Total Lease Purchase Agreements | | | \$ 49,568 | \$ 104,000 | \$ 15,738 | \$ 137,830 |

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget to Actual</u> |
|--|----------------------------|--------------------|-------------------------|------------------|--|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 1,858,658 | | \$ 1,858,658 | \$ 1,858,658 | |
| Interest Income | | | | 718 | \$ 718 |
| State Sources | | | | | |
| State Aid | <u>186,686</u> | <u>-</u> | <u>186,686</u> | <u>186,686</u> | <u>-</u> |
| Total Revenues | <u>2,045,344</u> | <u>-</u> | <u>2,045,344</u> | <u>2,046,062</u> | <u>718</u> |
| EXPENDITURES | | | | | |
| Regular Debt Service | | | | | |
| Redemption of Principal | 1,480,000 | | 1,480,000 | 1,480,000 | |
| Interest | <u>566,013</u> | <u>-</u> | <u>566,013</u> | <u>529,136</u> | <u>36,877</u> |
| Total Expenditures | <u>2,046,013</u> | <u>-</u> | <u>2,046,013</u> | <u>2,009,136</u> | <u>36,877</u> |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (669) | - | (669) | 36,926 | (36,159) |
| Fund Balance, Beginning of Year | <u>1,293</u> | <u>-</u> | <u>1,293</u> | <u>1,293</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$.624</u> | <u>\$ -</u> | <u>\$ 624</u> | <u>\$ 38,219</u> | <u>\$ (36,159)</u> |
| | | | | \$ 624 | |
| Designated for Subsequent Year's Expenditures | | | | <u>37,595</u> | |
| Reserve for Future Debt Service | | | | <u>\$ 38,219</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, | | | | | | | | | |
|--|----------------------------|---------------------|----------------------|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 (1) (Restated) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 7,604,108 | \$ 6,352,294 | \$ 11,142,738 | \$ 10,674,082 | \$ 10,928,501 | \$ 13,251,792 | \$ 11,390,785 | \$ 11,757,662 | \$ 12,169,821 | \$ 10,465,825 |
| Restricted | 732,528 | 1,276,683 | 1,572,310 | 1,868,122 | 1,841,258 | 200,342 | 570,167 | 1,320,494 | 1,894,227 | 2,674,821 |
| Unrestricted | <u>760,955</u> | <u>786,022</u> | <u>931,424</u> | <u>(4,482,439)</u> | <u>(4,690,435)</u> | <u>(5,606,658)</u> | <u>(6,170,503)</u> | <u>(6,651,388)</u> | <u>(6,619,841)</u> | <u>(4,721,880)</u> |
| Total Governmental Activities Net Position | <u>\$ 9,097,591</u> | <u>\$ 8,414,999</u> | <u>\$ 13,646,472</u> | <u>\$ 8,059,765</u> | <u>\$ 8,079,324</u> | <u>\$ 7,845,476</u> | <u>\$ 5,790,449</u> | <u>\$ 6,426,768</u> | <u>\$ 7,444,207</u> | <u>\$ 8,418,766</u> |
| Business-Type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 15,236 | \$ 10,825 | \$ 5,184 | \$ 40 | | | | | | \$ 8,057 |
| Unrestricted | <u>30,829</u> | <u>24,249</u> | <u>33,770</u> | <u>31,945</u> | <u>27,071</u> | <u>15,837</u> | <u>23,155</u> | <u>30,614</u> | <u>30,950</u> | <u>64,273</u> |
| Total Business-Type Activities Net Position | <u>\$ 46,065</u> | <u>\$ 35,074</u> | <u>\$ 38,954</u> | <u>\$ 31,985</u> | <u>\$ 27,071</u> | <u>\$ 15,837</u> | <u>\$ 23,155</u> | <u>\$ 30,614</u> | <u>\$ 30,950</u> | <u>\$ 72,330</u> |
| District-Wide | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 7,619,344 | \$ 6,363,119 | \$ 11,147,922 | \$ 10,674,122 | \$ 10,928,501 | \$ 13,251,792 | \$ 11,390,785 | \$ 11,757,662 | \$ 12,169,821 | \$ 10,473,882 |
| Restricted | 732,528 | 1,276,683 | 1,572,310 | 1,868,122 | 1,841,258 | 200,342 | 570,167 | 1,320,494 | 1,894,227 | 2,674,821 |
| Unrestricted | <u>791,784</u> | <u>810,271</u> | <u>965,194</u> | <u>(4,450,494)</u> | <u>(4,663,364)</u> | <u>(5,590,821)</u> | <u>(6,147,348)</u> | <u>(6,620,774)</u> | <u>(6,588,891)</u> | <u>(4,657,607)</u> |
| Total District Net Position | <u>\$ 9,143,656</u> | <u>\$ 8,450,073</u> | <u>\$ 13,685,426</u> | <u>\$ 8,091,750</u> | <u>\$ 8,106,395</u> | <u>\$ 7,861,313</u> | <u>\$ 5,813,604</u> | <u>\$ 6,457,382</u> | <u>\$ 7,475,157</u> | <u>\$ 8,491,096</u> |

Source: District Financial Records

Note 1 - 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, | | | | | | | | | |
|---|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 10,399,671 | \$ 10,402,707 | \$ 11,138,245 | \$ 11,359,101 | \$ 13,248,184 | \$ 14,426,830 | \$ 16,136,455 | \$ 16,433,466 | \$ 15,620,442 | \$ 15,750,142 |
| Special Education | 4,032,914 | 4,659,087 | 4,542,062 | 4,577,801 | 6,216,938 | 5,953,655 | 6,377,511 | 6,817,166 | 6,540,410 | 6,478,129 |
| Other Instruction | 164,253 | 219,442 | 268,655 | 376,763 | 446,937 | 538,690 | 614,640 | 593,998 | 547,629 | 304,432 |
| School Sponsored Activities and Athletics | 635,408 | 696,554 | 774,363 | 832,057 | 852,487 | 1,099,115 | 1,245,130 | 1,293,421 | 1,240,393 | 1,215,034 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 2,135,819 | 2,281,364 | 2,564,204 | 2,834,568 | 3,187,745 | 3,471,943 | 4,036,538 | 4,048,218 | 3,869,732 | 4,995,705 |
| Health Services | 394,941 | 406,506 | 439,759 | 457,323 | 563,265 | 658,943 | 726,508 | 709,038 | 671,241 | |
| Educational Media/School Library | 442,455 | 389,823 | 393,715 | 411,048 | 357,441 | 366,389 | 568,988 | 545,286 | 509,310 | |
| General Administration | 719,821 | 724,427 | 1,011,762 | 909,465 | 812,070 | 1,061,511 | 1,057,660 | 927,489 | 952,022 | 980,255 |
| School Administrative Services | 1,649,622 | 2,012,055 | 2,091,175 | 1,923,143 | 2,056,009 | 2,090,938 | 2,642,851 | 2,673,355 | 2,465,781 | 2,455,067 |
| Central Services | 569,296 | 621,240 | 700,369 | 622,276 | 718,336 | 765,801 | 820,993 | 824,790 | 820,474 | 1,048,189 |
| Plant Operations And Maintenance | 3,012,400 | 3,379,186 | 3,028,047 | 3,016,149 | 3,131,449 | 3,070,492 | 3,505,089 | 3,399,212 | 3,371,811 | 3,596,959 |
| Pupil Transportation | 1,084,224 | 936,929 | 893,080 | 951,023 | 1,039,681 | 1,166,655 | 1,233,998 | 1,342,877 | 1,271,047 | 1,078,135 |
| Interest On Long-Term Debt | 336,304 | 339,948 | 181,100 | 369,079 | 331,927 | 349,314 | 639,324 | 557,777 | 529,939 | 524,412 |
| Total Governmental Activities Expenses | <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> | <u>38,410,231</u> | <u>38,426,459</u> |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 312,598 | 325,741 | 348,897 | 347,085 | 344,281 | 316,085 | 317,286 | 306,650 | 297,927 | 219,016 |
| Non-Major | - | - | - | - | - | 15,067 | 16,643 | 15,586 | 14,200 | 22,819 |
| Total Business-Type Activities Expense | <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> | <u>312,127</u> | <u>241,835</u> |
| Total District Expenses | <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> | <u>\$ 38,722,358</u> | <u>\$ 38,668,294</u> |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| Regular Instruction | | | | | | \$ 522,664 | \$ 613,469 | \$ 745,832 | \$ 804,215 | \$ 88,318 |
| Special Education Instruction | | | | | | | | | | 31,122.0 |
| Operations and Maintenance | | | | | | | | | | 778,687.0 |
| Transportation | | | | | | | | | | 11,882.0 |
| Operating Grants And Contributions | \$ 2,677,563 | \$ 3,293,947 | \$ 3,909,150 | \$ 3,553,252 | \$ 6,284,946 | 7,619,025 | 9,916,787 | 11,225,166 | 9,161,298 | 8,279,682 |
| Capital Grants And Contributions | - | 355,688 | 3,869,600 | 54,193 | 243,898 | 2,960 | 5,000 | 24,417 | 29,851 | 28,606 |
| Total Governmental Activities Program Revenues | <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> | <u>9,995,364</u> | <u>9,218,297</u> |

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Business-Type Activities: | | | | | | | | | | |
| Charges For Services | | | | | | | | | | |
| Food Service | \$ 295,403 | \$ 288,574 | \$ 315,231 | \$ 308,247 | \$ 338,146 | \$ 304,705 | \$ 309,993 | \$ 302,603 | \$ 298,488 | \$ 209,929 |
| Non-Major | - | - | - | - | - | 12,887 | 20,052 | 17,600 | 13,120 | 46,735 |
| Operating Grants And Contributions | 23,106 | 24,444 | 36,241 | 31,707 | 1,070 | - | - | - | - | - |
| Total Business Type Activities Program Revenues | <u>318,509</u> | <u>313,018</u> | <u>351,472</u> | <u>339,954</u> | <u>339,216</u> | <u>317,592</u> | <u>330,045</u> | <u>320,203</u> | <u>311,608</u> | <u>256,664</u> |
| Total District Program Revenues | <u>\$ 2,996,072</u> | <u>\$ 3,962,653</u> | <u>\$ 8,130,222</u> | <u>\$ 3,947,399</u> | <u>\$ 6,868,060</u> | <u>\$ 8,462,241</u> | <u>\$ 10,865,301</u> | <u>\$ 12,315,618</u> | <u>\$ 10,306,972</u> | <u>\$ 9,474,961</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (22,899,565) | \$ (23,419,633) | \$ (20,247,786) | \$ (25,032,351) | \$ (26,433,625) | \$ (26,875,627) | \$ (29,070,429) | \$ (28,170,678) | \$ (28,414,867) | \$ (29,208,162) |
| Business-Type Activities | 5,911 | (12,723) | 2,575 | (7,131) | (5,065) | (13,560) | (3,884) | (2,033) | (519) | 14,829 |
| Total District-Wide Net Expense | <u>\$ (22,893,654)</u> | <u>\$ (23,432,356)</u> | <u>\$ (20,245,211)</u> | <u>\$ (25,039,482)</u> | <u>\$ (26,438,690)</u> | <u>\$ (26,889,187)</u> | <u>\$ (29,074,313)</u> | <u>\$ (28,172,711)</u> | <u>\$ (28,415,386)</u> | <u>\$ (29,193,333)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied For General Purposes, N | \$ 22,737,500 | \$ 23,192,250 | \$ 23,656,095 | \$ 24,129,217 | \$ 24,611,801 | \$ 25,229,014 | \$ 25,859,739 | \$ 26,532,424 | \$ 27,295,448 | \$ 28,112,945 |
| Taxes Levied For Debt Service | 735,259 | 737,975 | 740,995 | 1,064,747 | 1,081,425 | 1,045,441 | 1,010,225 | 1,761,964 | 1,776,034 | 1,858,658 |
| Unrestricted Grants And Contributions | - | - | - | - | 31,114 | 34,020 | 48,937 | 50,075 | 4,914 | - |
| Debt Service State Aid | - | - | - | - | - | - | - | 244,432 | 189,263 | 137,519 |
| Miscellaneous Income | 872,019 | 386,546 | 1,081,857 | 629,218 | 728,744 | 335,484 | 107,492 | 227,099 | 166,647 | 91,106 |
| Transfers and Other Items | - | - | 312 | - | - | (2,180) | (10,991) | (8,997) | - | (17,507) |
| Total Governmental Activities | <u>24,344,778</u> | <u>24,316,771</u> | <u>25,479,259</u> | <u>25,823,182</u> | <u>26,453,084</u> | <u>26,641,779</u> | <u>27,015,402</u> | <u>28,806,997</u> | <u>29,432,306</u> | <u>30,182,721</u> |
| Business-Type Activities: | | | | | | | | | | |
| Investment Earnings | 416 | 1,666 | 1,305 | 162 | 151 | 146 | 211 | 495 | 855 | 551 |
| Transfers | - | - | - | - | - | 2,180 | 10,991 | 8,997 | - | 26,000 |
| Total Business-Type Activities | <u>416</u> | <u>1,666</u> | <u>1,305</u> | <u>162</u> | <u>151</u> | <u>2,326</u> | <u>11,202</u> | <u>9,492</u> | <u>855</u> | <u>26,551</u> |
| Total District-Wide | <u>\$ 24,345,194</u> | <u>\$ 24,318,437</u> | <u>\$ 25,480,564</u> | <u>\$ 25,823,344</u> | <u>\$ 26,453,235</u> | <u>\$ 26,644,105</u> | <u>\$ 27,026,604</u> | <u>\$ 28,816,489</u> | <u>\$ 29,433,161</u> | <u>\$ 30,209,272</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ 1,445,213 | \$ 897,138 | \$ 5,231,473 | \$ 790,831 | \$ 19,459 | \$ (233,848) | \$ (2,055,027) | \$ 636,319 | \$ 1,017,439 | \$ 974,559 |
| Business-Type Activities | 6,327 | (11,057) | 3,880 | (6,969) | (4,914) | (11,234) | 7,318 | 7,459 | 336 | 41,380 |
| Total District | <u>\$ 1,451,540</u> | <u>\$ 886,081</u> | <u>\$ 5,235,353</u> | <u>\$ 783,862</u> | <u>\$ 14,545</u> | <u>\$ (245,082)</u> | <u>\$ (2,047,709)</u> | <u>\$ 643,778</u> | <u>\$ 1,017,775</u> | <u>\$ 1,015,939</u> |

Source: District Financial Records

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| General Fund | | | | | | | | | | |
| 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 | \$ 3,508,242 | \$ 4,255,100 |
| Assigned | 410,727 | 672,170 | 762,197 | 384,408 | 551,071 | 453,450 | 83,455 | 251,878 | 312,579 | 475,187 |
| Unassigned | <u>441,473</u> | <u>132,944</u> | <u>449,426</u> | <u>461,658</u> | <u>203,868</u> | <u>345,330</u> | <u>335,248</u> | <u>221,796</u> | <u>225,250</u> | <u>183,371</u> |
| Total General Fund | <u>\$ 2,247,024</u> | <u>\$ 2,694,295</u> | <u>\$ 3,762,730</u> | <u>\$ 4,252,945</u> | <u>\$ 4,114,407</u> | <u>\$ 4,235,646</u> | <u>\$ 2,639,735</u> | <u>\$ 3,259,560</u> | <u>\$ 4,046,071</u> | <u>\$ 4,913,658</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | \$ 11,456 | 16,728 | 288,794 | 243,812 | 401,217 | (1,837,263) | 1,055,044 | 954,622 | 300,943 | 974,479 |
| Assigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>35,783</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total All Other Governmental Funds | <u>\$ 11,456</u> | <u>\$ (1,182,738)</u> | <u>\$ 288,794</u> | <u>\$ 243,812</u> | <u>\$ 437,000</u> | <u>\$ (1,837,263)</u> | <u>\$ 1,055,044</u> | <u>\$ 954,622</u> | <u>\$ 300,943</u> | <u>\$ 974,479</u> |

Source: District Financial Records

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, | | | | | | | | | |
|--|----------------------------|---------------------|---------------------|-------------------|-------------------|-----------------------|---------------------|-------------------|-------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 23,472,759 | \$ 23,930,225 | \$ 24,397,090 | \$ 25,193,964 | \$ 25,693,226 | \$ 26,274,455 | \$ 26,869,964 | \$ 28,294,388 | \$ 29,071,482 | \$ 29,971,603 |
| Miscellaneous | 885,410 | 399,916 | 1,053,839 | 668,117 | 751,782 | 844,712 | 743,049 | 1,045,432 | 1,018,375 | 1,057,469 |
| State Sources | 2,147,016 | 3,117,878 | 7,319,805 | 3,113,233 | 3,664,154 | 3,954,602 | 4,274,677 | 5,240,478 | 5,847,840 | 6,260,259 |
| Federal Sources | 517,156 | 518,387 | 424,980 | 415,701 | 446,418 | 540,094 | 535,358 | 573,725 | 554,643 | 516,663 |
| Total Revenue | 27,022,341 | 27,966,406 | 33,195,714 | 29,391,015 | 30,555,580 | 31,613,863 | 32,423,048 | 35,154,023 | 36,492,340 | 37,805,994 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 10,226,698 | 10,227,820 | 10,898,578 | 11,024,038 | 11,303,323 | 11,870,318 | 12,221,779 | 12,755,135 | 13,457,563 | 14,187,834 |
| Special Education Instruction | 3,997,665 | 4,612,762 | 4,495,370 | 4,516,309 | 5,548,605 | 5,391,513 | 5,583,871 | 5,881,879 | 6,006,390 | 6,114,642 |
| Other Instruction | 162,830 | 217,124 | 264,859 | 369,664 | 403,958 | 476,295 | 517,030 | 517,446 | 503,308 | 275,316 |
| School Sponsored Activities and Athletics | 624,386 | 683,134 | 760,493 | 809,922 | 770,193 | 928,145 | 975,156 | 1,037,534 | 1,093,372 | 1,108,543 |
| Support Services: | | | | | | | | | | |
| Student and Inst. Related Services | 2,043,092 | 2,178,939 | 2,457,167 | 2,763,604 | 2,770,647 | 2,941,027 | 3,255,674 | 3,304,294 | 3,441,126 | 4,599,442 |
| Health Services | 443,121 | 458,683 | 492,375 | 443,725 | 480,200 | 541,490 | 551,612 | 551,962 | 579,208 | |
| Educational Media/School Library | 434,220 | 381,993 | 385,659 | 399,598 | 334,645 | 335,564 | 437,958 | 425,292 | 440,214 | |
| General Administration | 712,290 | 715,481 | 1,001,931 | 898,092 | 786,644 | 751,258 | 914,600 | 791,709 | 871,150 | 921,388 |
| School Administrative Services | 1,616,344 | 1,966,395 | 2,044,527 | 1,858,116 | 1,747,085 | 1,934,579 | 1,991,977 | 2,066,510 | 2,121,061 | 2,245,478 |
| Central Services | 556,819 | 602,864 | 684,181 | 609,484 | 3,019,933 | 2,926,345 | 3,311,141 | 3,062,452 | 3,177,230 | 963,944 |
| Plant Operations And Maintenance | 2,974,104 | 3,326,243 | 2,979,000 | 2,953,886 | 1,037,686 | 1,164,180 | 1,230,684 | 1,336,793 | 1,268,146 | 3,439,959 |
| Pupil Transportation | 1,083,440 | 936,380 | 892,404 | 949,947 | 677,619 | 714,722 | 754,019 | 704,602 | 742,611 | 1,075,790 |
| Employee Benefits | | | | | | | | | | |
| Capital Outlay | 342,122 | 1,650,598 | 10,142,290 | 209,835 | 479,180 | 2,705,860 | 12,840,101 | 152,258 | 684,490 | 2,355,417 |
| Debt Service: | | | | | | | | | | |
| Principal | 430,000 | 450,000 | 520,000 | 745,000 | 760,000 | 775,000 | 790,000 | 1,435,000 | 1,473,477 | 1,495,738 |
| Cost of Bond Issuance | | | | | | | 56,112 | - | - | |
| Interest and Other Charges | 342,593 | 529,832 | 281,208 | 404,174 | 389,124 | 367,491 | 567,947 | 602,757 | 568,207 | 531,873 |
| Total Expenditures | 25,989,724 | 28,938,248 | 38,300,042 | 28,955,394 | 30,508,842 | 33,823,787 | 45,999,661 | 34,625,623 | 36,427,553 | 39,315,364 |
| Excess (Deficiency) of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | 1,032,617 | (971,842) | (5,104,328) | 435,621 | 46,738 | (2,209,924) | (13,576,613) | 528,400 | 64,787 | (1,509,370) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Sale of Bonds | | | | | | | 14,884,000 | | | 2,964,000 |
| Refunding Bond Proceeds | | 5,790,000 | 7,582,000 | - | - | - | - | - | - | - |
| Premium on Refunding Bonds | | 529,919 | 51,089 | - | - | - | - | - | - | - |
| Premium on Note | | | 10,894 | 9,612 | 7,912 | 59,080 | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | | (6,095,000) | | | | | | | | |
| Lease Purchase Agreements | | | | | | | | | 68,045 | 112,493 |
| Transfers In | 180,564 | 33,463 | 132,551 | 46,812 | 13,126 | 67,586 | 1,313,802 | 11,395 | 8,404 | 18,445 |
| Transfers Out | (180,564) | (33,463) | (132,239) | (46,812) | (13,126) | (69,766) | (1,324,793) | (20,392) | (8,404) | (44,445) |
| Total Other Financing Sources (Uses) | - | 224,919 | 7,644,295 | 9,612 | 7,912 | 56,900 | 14,873,009 | (8,997) | 68,045 | 3,050,493 |
| Net Change in Fund Balances | \$ 1,032,617 | \$ (746,923) | \$ 2,539,967 | \$ 445,233 | \$ 54,650 | \$ (2,153,024) | \$ 1,296,396 | \$ 519,403 | \$ 132,832 | \$ 1,541,123 |
| Debt Service as a Percentage of Noncapital Expenditures | 3.01% | 3.59% | 2.85% | 4.00% | 3.83% | 3.67% | 4.10% | 5.91% | 5.71% | 5.49% |

* Noncapital expenditures are total expenditures less capital outlay.

Source: District Financial Records

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

| Fiscal Year Ended June 30, | Interest Earned | Building Rentals | E-Rate | Prior Year Refunds | Tuition | Transportation Fees | Miscellaneous | Total |
|---|----------------------------|-----------------------------|---------------|-------------------------------|----------------|--------------------------------|----------------------|--------------|
| 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 |
| 2019 | 78,665 | 690,008 | 20,928 | 25,900 | 106,400 | 7,807 | 32,126 | 961,834 |
| 2020 | 55,933 | 778,687 | | 6,503 | 119,440 | 11,882 | 9,507 | 981,952 |

Source: District Financial Records

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

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate ^a |
|----------------------------|---------------|------------------|--------------|----------|----------------|----------------|---------------|----------------------|------------------|-----------------------|---|---|
| 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 |
| 2019 | 37,088,000 | 1,835,488,500 | 2,100,000 | 5,100 | 194,009,500 | 95,236,100 | 54,387,800 | 2,218,315,000 | 1,517,300 | 2,219,832,300 | 2,317,629,210 | 1.350 |
| 2020 | 29,038,400 | 1,839,389,000 | 2,100,000 | 5,100 | 193,887,900 | 95,266,500 | 56,742,000 | 2,216,428,900 | 1,505,800 | 2,217,934,700 | 2,371,884,101 | 1.388 |

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

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

| Calendar Year | Total Direct School Tax Rate | Overlapping Rates | | | Total Direct and Overlapping Tax Rate |
|------------------|------------------------------------|-------------------|----------|------------------|---|
| | | Township | County | Garbage District | |
| 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 |
| 2019 | 1.350 | 0.507 | 0.508 | 0.073 | 2.438 |
| 2020 | 1.388 | 0.516 | 0.520 | 0.073 | 2.497 |

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 | 2020 | | 2011 | |
|-------------------------------------|------------------------------|--|------------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Bradform Farms | \$ 17,715,000 | 0.80% | | |
| Grove Associates | 16,320,000 | 0.74% | | |
| Cedar Hill Realty Associates LLC | 15,170,000 | 0.68% | | |
| 691 Pompton Avenue Realty LLC | 13,780,700 | 0.62% | | |
| Health Resources of Cedar Grove LLC | 11,875,000 | 0.54% | | |
| Canterbury At Cedar Grove LLC | 11,250,000 | 0.51% | | |
| Cliffside Drive Holding LLC | 9,960,000 | 0.45% | | |
| 2-48 Grove Avenue LLC | 9,657,000 | 0.42% | | |
| Contract Filling Inc. | 9,235,400 | 0.44% | | |
| Cedar Grove Properties Inc | 8,385,000 | 0.38% | | |
| | <u>\$ 123,348,100</u> | <u>5.56%</u> | | |
| Lancaster Mortgage Co | | | \$ 5,100,000 | 1.52% |
| Bradford Arms C/O S. Geltman & Co. | | | 2,490,700 | 0.74% |
| Grove Associates | | | 2,300,000 | 0.69% |
| K Hovnanian at Cedar Grove | | | 2,034,400 | 0.61% |
| Cedar Hill Realty Associates LLC | | | 2,000,000 | 0.60% |
| Caterbury at Cedar Grove LLC | | | 1,929,600 | 0.58% |
| 11 Cliffside Drive LLC | | | 1,829,800 | 0.55% |
| Contract Filling Inc | | | 1,670,000 | 0.50% |
| Ridge Road Associates LP | | | 1,600,000 | 0.48% |
| Diener Family Partnership LP | | | 1,154,300 | 0.35% |
| | | | <u>\$ 22,108,800</u> | <u>6.61%</u> |

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 | |
| 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% | - |
| 2019 | 29,071,482 | 29,071,482 | 100.00% | - |
| 2020 | 29,971,603 | 29,971,603 | 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 | | | |
| 2011 | \$ 7,015,000 | | | \$ 7,015,000 | 12,473 | \$ 562 |
| 2012 | 6,260,000 | | \$ 4,550,000 | 10,810,000 | 12,444 | 869 |
| 2013 | 13,322,000 | | 3,668,000 | 16,990,000 | 12,435 | 1,366 |
| 2014 | 12,577,000 | | 3,668,000 | 16,245,000 | 12,512 | 1,298 |
| 2015 | 11,817,000 | | 3,500,000 | 15,317,000 | 12,524 | 1,223 |
| 2016 | 11,042,000 | | 14,000,000 | 25,042,000 | 12,536 | 1,998 |
| 2017 | 25,136,000 | | - | 25,136,000 | 12,523 | 2,007 |
| 2018 | 23,701,000 | | | 23,701,000 | 12,520 | 1,893 |
| 2019 | 22,246,000 | | | 22,246,000 | 12,489 | 1,781 |
| 2020 | 23,730,000 | | | 23,730,000 | 12,489 (Est.) | 1,900 |

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 ^a of Property | Per Capita ^b |
|-------------------------------------|---------------------------------|------------|---|--|-------------------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | | |
| 2011 | \$ 7,015,000 | \$ 242 | \$ 7,014,758 | 0.31% | \$ 562 |
| 2012 | 6,260,000 | 16,728 | 6,243,272 | 0.27% | 502 |
| 2013 | 13,322,000 | 16,017 | 13,305,983 | 0.60% | 1,070 |
| 2014 | 12,577,000 | 35,634 | 12,541,366 | 0.57% | 1,002 |
| 2015 | 11,817,000 | 35,783 | 11,781,217 | 0.53% | 941 |
| 2016 | 11,042,000 | 342 | 11,041,658 | 0.50% | 881 |
| 2017 | 25,136,000 | - | 25,136,000 | 1.16% | 2,007 |
| 2018 | 23,701,000 | 27,560 | 23,673,440 | 1.06% | 1,891 |
| 2019 | 22,246,000 | 1,293 | 22,244,707 | 1.00% | 1,781 |
| 2020 | 23,730,000 | | 23,730,000 | 1.07% | 1,900 |

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, 2019
(Unaudited)**

Net Debt

| | |
|---|----------------------|
| Municipal Debt: (1) | |
| Cedar Grove Public Schools | \$ 27,531,381 |
| Cedar Grove Township | <u>22,559,000</u> |
| | <u>50,090,381</u> |
| Overlapping Debt Apportioned to the Municipality: | |
| Essex County (A): | |
| County of Essex - Township's Share | <u>13,674,538</u> |
| Total Direct and Overlapping Debt | <u>\$ 63,764,919</u> |

Source:

(1) Cedar Grove's 2019 Annual Debt Statement

(A) The debt for this entity was apportioned to Cedar Grove by dividing the municipality's 2019 equalized value by the total 2019 equalized value for Essex County.

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

Legal Debt Margin Calculation for Fiscal Year 2020

| | |
|---|---------------------------|
| | Equalized Valuation Basis |
| | 2019 \$ 2,364,941,365 |
| | 2018 2,533,802,846 |
| | 2017 <u>2,290,691,751</u> |
| | <u>\$ 7,189,435,962</u> |
| Average Equalized Valuation of Taxable Property | \$ 2,396,478,654 |
| Debt Limit (4 % of Average Equalization Value) | 95,859,146 ^a |
| Total Net Debt Applicable to Limit | <u>23,731,535</u> |
| Legal Debt Margin | <u>\$ 72,127,611</u> |

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| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt Limit | \$ 98,860,198 | \$ 96,936,156 | \$ 93,062,080 | \$ 90,473,270 | \$ 89,098,854 | \$ 90,134,806 | \$ 91,014,579 | \$ 91,814,748 | \$ 94,827,016 | \$ 95,859,146 |
| Total Net Debt Applicable to Limit | <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> | <u>25,211,535</u> | <u>23,731,535</u> |
| Legal Debt Margin | <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> | <u>\$ 69,615,481</u> | <u>\$ 72,127,611</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 14.77% | 14.28% | 18.26% | 17.96% | 29.97% | 28.76% | 27.62% | 25.81% | 26.59% | 24.76% |

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

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

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

| Year | Population | County Per Capita Personal Income | Unemployment Rate |
|------|---------------|---|----------------------|
| 2011 | 12,473 | \$ 54,225 | 2.60% |
| 2012 | 12,444 | 55,049 | 2.70% |
| 2013 | 12,435 | 55,797 | 4.40% |
| 2014 | 12,512 | 58,470 | 5.30% |
| 2015 | 12,524 | 60,836 | 5.30% |
| 2016 | 12,536 | 62,253 | 4.10% |
| 2017 | 12,523 | 64,232 | 3.50% |
| 2018 | 12,520 | 67,459 | 3.30% |
| 2019 | 12,489 | Not Available | 2.60% |
| 2020 | 12,489 (Est.) | Not Available | Not Available |

Source: New Jersey State Department of Education

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

| <u>Employer</u> | <u>2020</u> | | <u>2011</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>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 119 | 122 | 128 | 129 | 136 | 129 | 120 | 116 | 119 | 114 |
| Special Education | 14 | 15 | 18 | 18 | 21 | 28 | 40 | 37 | 38 | 38 |
| Other Instruction | 1 | 1 | 1 | 1 | - | - | 31 | 27 | 35 | 35 |
| Support Services: | | | | | | | | | | |
| Student and Instruction Related Services | 18 | 18 | 28 | 28 | 19 | 22 | 21 | 21 | 21 | 21 |
| General Administration | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| School Administrative Services | 9 | 9 | 9 | 9 | 9 | 9 | 6 | 6 | 6 | 6 |
| Other Administrative Services | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 |
| Central Services | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 |
| Administrative Information Technology | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Plant Operations And Maintenance | <u>19</u> | <u>19</u> | <u>20</u> | <u>20</u> | <u>21</u> | <u>20</u> | <u>21</u> | <u>20</u> | <u>21</u> | <u>19</u> |
| Total | <u>192</u> | <u>197</u> | <u>217</u> | <u>218</u> | <u>219</u> | <u>221</u> | <u>252</u> | <u>240</u> | <u>254</u> | <u>247</u> |

Source: District Personnel Records

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

Pupil/Teacher Ratio

| Fiscal Year | Enrollment ^a | Operating Expenditures ^b | Cost Per Pupil ^c | Percentage Change | Teaching Staff | Elementary | Middle School | Senior High School | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|----------------|------------|---------------|--------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| 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% |
| 2019 | 1,564 | 33,701,379 | 21,548 | 5.90% | 146 | 9.34 | 12.27 | 11.15 | 1,553 | 1,487 | -1.08% | 95.75% |
| 2020 | 1,593 | 34,932,336 | 21,929 | 1.77% | 141 | 10.13 | 11.90 | 11.42 | 1,579 | 1,520 | 1.67% | 96.26% |

Sources: District records

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

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>District Building</u> | | | | | | | | | | |
| <u>Elementary</u> | | | | | | | | | | |
| 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 | 336 | 336 | 322 | 320 | 309 | 285 | 279 | 253 | 255 | 268 |
| 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 | 352 | 369 | 331 | 335 | 305 | 302 | 294 | 310 | 312 | 319 |
| <u>Middle School</u> | | | | | | | | | | |
| Square Feet | 70,221 | 70,221 | 70,221 | 70,221 | 70,221 | 70,221 | 70,221 | 70,221 | 70,221 | 70,221 |
| Capacity (students) | 628 | 628 | 628 | 628 | 628 | 628 | 628 | 628 | 628 | 628 |
| Enrollment | 365 | 535 | 554 | 570 | 553 | 526 | 523 | 499 | 489 | 454 |
| <u>High School</u> | | | | | | | | | | |
| Square Feet | 140,725 | 140,725 | 140,725 | 140,725 | 140,725 | 140,725 | 140,725 | 140,725 | 140,725 | 140,725 |
| Capacity (students) | 908 | 908 | 908 | 908 | 908 | 908 | 908 | 908 | 908 | 908 |
| Enrollment | 447 | 429 | 431 | 440 | 456 | 505 | 517 | 515 | 508 | 509 |
| <u>Other</u> | | | | | | | | | | |
| Leonard R Parks | | | | | | | | | | |
| Square Feet | 44,000 | 44,000 | 44,000 | 44,000 | 44,000 | 44,000 | 44,000 | 44,000 | 44,000 | 44,000 |
| Number of Schools at June 30, 2020 | | | | | | | | | | |
| 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>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| School Facilities | | | | | | | | | | |
| High School | \$ 140,135 | \$ 133,820 | \$ 117,905 | \$ 91,055 | \$ 136,500 | \$ 126,086 | \$ 117,222 | \$ 122,866 | \$ 119,125 | \$ 103,426 |
| North End School | 40,038 | 43,854 | 61,026 | 38,385 | 31,623 | 29,863 | 65,499 | 41,801 | 57,099 | 84,597 |
| South End School | 36,000 | 47,000 | 61,026 | 38,385 | 47,985 | 43,135 | 57,672 | 51,044 | 74,478 | 83,927 |
| Middle School | 69,860 | 80,006 | 71,197 | 62,006 | 105,536 | 96,224 | 72,617 | 91,846 | 97,595 | 84,903 |
| Leonard R. Parks | 47,623 | 341,063 | 10,171 | 13,897 | 37,309 | 36,498 | 47,855 | 55,416 | 97,115 | 57,795 |
| | <u>47,623</u> | <u>341,063</u> | <u>10,171</u> | <u>13,897</u> | <u>37,309</u> | <u>36,498</u> | <u>47,855</u> | <u>55,416</u> | <u>97,115</u> | <u>57,795</u> |
| Total School Facilities | <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> | <u>\$ 445,412</u> | <u>\$ 414,648</u> |

Source: District Records

**CEDAR GROVE PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2020
(Unaudited)**

| | <u>Coverage</u> | <u>Deductible</u> |
|---|-----------------------|-------------------|
| School Package Policy/Zurich | | |
| Building and Contents (All Locations) | \$ 76,897,692 | \$ 5,000 |
| Comprehensive General Liability | 1,000,000 / 3,000,000 | |
| 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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Grove Public Schools as of and for the fiscal year ended June 30, 2020 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 February 3, 2021.

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.

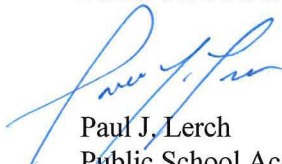
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Cedar Grove Public Schools in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated February 3, 2021.

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
February 3, 2021



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
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF 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, 2020. 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 state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Cedar Grove Public Schools' major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, 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, 2020.

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.

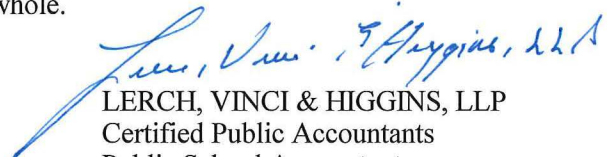
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated February 3, 2021, 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 federal awards and 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
February 3, 2021

CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Federal FAIN Number | Grant Period | Award Amount | Balance July 1, 2019 | Carryover Amount | | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance June 30, 2020 | | Memo GAAP Receivable | |
|---|---------------------|---------------------|-----------------|--------------|----------------------|------------------|---------------------|---------------|------------------------|-------------|------------------------------------|-----------------------|------------------|----------------------|----------------|
| | | | | | | Unearned Revenue | Accounts Receivable | | | | | (Accounts Receivable) | Unearned Revenue | | Due to Grantor |
| Special Revenue Funds: | | | | | | | | | | | | | | | |
| U.S. Department of Education | | | | | | | | | | | | | | | |
| Passed Through State Department of Education | | | | | | | | | | | | | | | |
| IDEA | | | | | | | | | | | | | | | |
| Part B, Basic | 84.027A | H027A190100 | 7/1/19-9/30/20 | \$ 373,073 | | \$ 16,452 | \$ (16,452) | \$ 292,231 | \$ 355,095 | | | \$ (97,294) | \$ 34,430 | \$ 62,864 | |
| Part B, Basic | 84.027A | H027A180100 | 7/1/18-6/30/19 | 388,475 | \$ 8,727 | (16,452) | 16,452 | 23,353 | | \$ (32,080) | | | | | |
| Part B, Basic | 84.027A | H027A150100 | 7/1/15-6/30/16 | 397,285 | | | | | | | | | | | |
| Part B, Preschool | 84.173 | H173A190114 | 7/1/19-9/30/20 | 15,293 | | 3,685 | (3,685) | 9,707 | 11,196 | | | (9,271) | 7,782 | 1,489 | |
| Part B, Preschool | 84.173 | H173A180114 | 7/1/18-6/30/19 | 15,166 | (1,767) | (3,685) | 3,685 | 1,890 | - | (123) | - | - | - | - | |
| Total I.D.E.A. Cluster | | | | | 6,960 | - | - | 327,181 | 366,291 | (32,203) | - | (106,565) | 42,212 | 64,353 | |
| ESEA | | | | | | | | | | | | | | | |
| Title I | 84.010 | S010A190030 | 7/1/19-9/30/20 | 123,828 | | 4,073 | (4,073) | 99,175 | 118,982 | | | (28,726) | 8,919 | 19,807 | |
| Title I | 84.010 | S010A180030 | 7/1/18-6/30/19 | 131,323 | (32,587) | (4,073) | 4,073 | 16,659 | | 15,928 | | | | | |
| Title I | 84.010 | S010A110030 | 9/1/11-8/31/12 | 16,578 | 17 | | | | | | | | | \$ 17 | |
| Title IIA | 84.367A | S367A190029 | 7/1/19-9/30/20 | 28,750 | | | | 16,225 | 22,275 | | | (12,525) | 6,475 | 6,050 | |
| Title IIA | 84.367A | S367A180029 | 7/1/18-6/30/19 | 31,332 | (10,812) | | | 10,812 | | | | | | | |
| Title IV | 84.424A | S424A190031 | 7/1/19-9/30/20 | 10,000 | | 1,812 | (1,812) | | 9,115 | | | (11,812) | 2,697 | 9,115 | |
| Title IV | 84.424A | S424A180031 | 7/1/18-6/30/19 | 10,000 | (8,188) | (1,812) | 1,812 | 8,188 | | | | | | | |
| Title IV | 84.424A | S424A170031 | 7/1/17-6/30/18 | 10,000 | (2,199) | | | 2,199 | | | | | | | |
| CARES Emergency Relief Grant | 84.425D | S425D200027 | 3/13/20-9/30/22 | 116,581 | - | - | - | - | - | - | - | (116,581) | 116,581 | - | |
| Total Special Revenue Fund | | | | | (46,809) | - | - | 480,439 | 516,663 | (16,275) | - | (276,209) | 176,884 | 17 | |
| Total Federal Financial Assistance | | | | | \$ (46,809) | \$ - | \$ - | \$ 480,439 | \$ 516,663 | \$ (16,275) | \$ - | \$ (276,209) | \$ 176,884 | \$ 17 | \$ 99,325 |

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, 2020**

| | Grant or State Project Number | Grant | Award Amount | Balance June 30, 2019 | Carryover Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Year's Balance | Balance June 30, 2020 | | | Memorandum | | | |
|---|-------------------------------|----------------|--------------|-----------------------|------------------|---------------------|------------------------|-------------|-----------------------------------|-----------------------|------------------|------------------|--------------------|------------------------|------------------|----------------|
| | | | | | | | | | | (Accts. Receivable) | Unearned Revenue | Due to Grantor | GAAP Receivable | Budgetary Expenditures | | |
| State Department of Education | | | | | | | | | | | | | | | | |
| Special Education Aid | 20-495-034-5120-089 | 7/1/19-6/30/20 | \$ 817,275 | | | \$ 737,736 | \$ 817,275 | | | | | | | \$ 817,275 | | |
| Special Education Aid | 19-495-034-5120-089 | 7/1/18-6/30/19 | 703,504 | (67,931) | | 67,931 | | | | | | | | | | |
| Security Aid | 20-495-034-5120-084 | 7/1/19-6/30/20 | 57,017 | | | 51,468 | 57,017 | | | | | | | 57,017 | | |
| Security Aid | 19-495-034-5120-084 | 7/1/18-6/30/19 | 57,017 | (6,083) | | 6,083 | | | | | | | | | | |
| Total State Aid Public- Cluster | | | | (74,014) | | 863,218 | 874,292 | | | | (85,088) | | | | 874,292 | |
| Transportation Aid | 20-495-034-5120-014 | 7/1/19-6/30/20 | 284,386 | | | 256,709 | 284,386 | | | | | | | 284,386 | | |
| Transportation Aid | 19-495-034-5120-014 | 7/1/18-6/30/19 | 284,386 | (27,375) | | 27,375 | | | | | | | | | | |
| Non-Public Transportation Aid | 19-495-034-5120-014 | 7/1/18-6/30/19 | 47,850 | (47,850) | | 47,850 | | | | | | | | | | |
| Total Transportation Aid - Cluster | | | | (75,225) | | 331,934 | 284,386 | | | | (27,677) | | | | 284,386 | |
| Extraordinary Aid | 20-100-034-5120-473 | 7/1/19-6/30/20 | 410,710 | | | | 410,710 | | | | | | | 410,710 | | |
| Extraordinary Aid | 19-100-034-5120-473 | 7/1/18-6/30/19 | 439,757 | (439,757) | | 439,757 | | | | | | | | | | |
| On -Behalf TPAF Pension System Contr. | | | | | | | | | | | | | | | | |
| Pension Cost | 20-495-034-5094-002 | 7/1/19-6/30/20 | 2,471,068 | | | 2,471,068 | 2,471,068 | | | | | | | 2,471,068 | | |
| Non-contributory Insurance | 20-495-034-5094-004 | 7/1/19-6/30/20 | 44,291 | | | 44,291 | 44,291 | | | | | | | 44,291 | | |
| Long-Term Disability | 20-495-034-5094-004 | 7/1/19-6/30/20 | 2,528 | | | 2,528 | 2,528 | | | | | | | 2,528 | | |
| Post Retirement Medical Contribution | 20-495-034-5094-001 | 7/1/19-6/30/20 | 933,152 | | | 933,152 | 933,152 | | | | | | | 933,152 | | |
| Reimbursed TPAF Social Security Contributions | 20-495-034-5094-003 | 7/1/19-6/30/20 | 906,445 | | | 860,840 | 909,944 | | | | | | | \$ (49,104) | 909,944 | |
| Reimbursed TPAF Social Security Contributions | 19-495-034-5094-003 | 7/1/18-6/30/19 | 917,765 | (45,720) | | 45,720 | | | | | | | | | | |
| Total General Fund | | | | (634,716) | | 5,992,508 | 5,930,371 | | | | (572,579) | | | (49,104) | 5,930,371 | |
| State Department of Education | | | | | | | | | | | | | | | | |
| New Jersey Non-Public Aid: | | | | | | | | | | | | | | | | |
| Auxiliary Services (Chapter 192): | | | | | | | | | | | | | | | | |
| Compensatory Education | 20-100-034-5120-068 | 7/1/19-6/30/20 | 26,607 | | | 23,910 | 25,786 | | | | | | | \$ 821 | \$ (2,697) | 25,786 |
| Compensatory Education | 19-100-034-5120-068 | 7/1/18-6/30/19 | 44,755 | 1,694 | | | | | \$ 1,694 | | | | | | | |
| Total Auxiliary Services (Chapter 192)-Cluster | | | | 1,694 | | 23,910 | 25,786 | | 1,694 | | (2,697) | | | 821 | (2,697) | 25,786 |
| Handicapped Services (Chapter 193): | | | | | | | | | | | | | | | | |
| Examination and Classification | 20-100-034-5120-066 | 7/1/19-6/30/20 | 22,664 | | | 17,937 | 10,967 | | | | | | | 11,697 | (4,727) | 10,967 |
| Examination and Classification | 19-100-034-5120-066 | 7/1/18-6/30/19 | 13,662 | 5,100 | | | | | 5,100 | | | | | | | |
| Supplemental Instruction | 20-100-034-5120-066 | 7/1/19-6/30/20 | 11,252 | | | 11,252 | 11,252 | | | | | | | | | |
| Supplemental Instruction | 19-100-034-5120-066 | 7/1/18-6/30/19 | 15,145 | 3,885 | | | | | 3,885 | | | | | | | |
| Corrective Speech | 20-100-034-5120-066 | 7/1/19-6/30/20 | 18,228 | | | 16,258 | 14,927 | | | | | | | 3,301 | (1,970) | 14,927 |
| Corrective Speech | 19-100-034-5120-066 | 7/1/18-6/30/19 | 18,749 | 62 | | | | | 62 | | | | | | | |
| Total Handicapped Services (Chapter 193)- Cluster | | | | 9,047 | | 45,447 | 37,146 | | 9,047 | | (6,697) | | | 14,998 | (6,697) | 37,146 |
| Textbook | 20-100-034-5120-064 | 7/1/19-6/30/20 | 9,909 | | | 9,909 | 9,440 | | | | | | | 469 | | 9,440 |
| Textbook | 19-100-034-5120-064 | 7/1/18-6/30/19 | 10,733 | | | | | | | | | | | | | |
| Technology | 20-100-034-5120-373 | 7/1/19-6/30/20 | 6,768 | | | 6,768 | 6,768 | | | | | | | | | |
| Technology | 19-100-034-5120-373 | 7/1/18-6/30/19 | 7,236 | 1,277 | | | | | 1,277 | | | | | | | |
| Nursing | 20-100-034-5120-070 | 7/1/19-6/30/20 | 18,236 | | | 18,236 | 18,236 | | | | | | | | | |
| Security | 20-100-034-5120-509 | 7/1/19-6/30/20 | 28,200 | | | 28,200 | 28,155 | | | | | | | 45 | | 28,155 |
| Security | 19-100-034-5120-509 | 7/1/18-6/30/19 | 30,150 | 619 | | | | | 619 | | | | | | | |
| Total Special Revenue Fund | | | | 12,637 | | 132,470 | 125,531 | | 12,637 | | (9,394) | | | 16,333 | (9,394) | 125,531 |
| Debt Service Fund | | | | | | | | | | | | | | | | |
| Debt Service Aid | 20-495-034-5120-075 | 7/1/19-6/30/20 | 186,686 | | | 186,686 | 186,686 | | | | | | | | | 186,686 |
| Total Debt Service Fund | | | | | | 186,686 | 186,686 | | | | | | | | | 186,686 |
| Total State Financial Assistance- Determination for Single Audit | | | | \$ (622,079) | \$ - | \$ 6,311,664 | \$ 6,242,588 | \$ - | \$ 12,637 | \$ (581,973) | \$ - | \$ 16,333 | \$ (58,498) | \$ 6,242,588 | | |
| Less: On-Behalf Pension Contributions Not Subject to Major Program Determination | | | | | | | | | | | | | | | | |
| Pension Cost | | | | | | | (2,471,068) | | | | | | | | | |
| Non-contributory Insurance | | | | | | | (44,291) | | | | | | | | | |
| Long-Term Disability | | | | | | | (2,528) | | | | | | | | | |
| Post Retirement Medical Contribution | | | | | | | (933,152) | | | | | | | | | |
| Total State Financial Assistance Subject to Major Program Determination | | | | | | | \$ 2,791,549 | | | | | | | | | |

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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, 2020**

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 \$17,671 for the general fund and an increase of \$3,451 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 | | \$ 5,948,082 | \$ 5,948,082 |
| Special Revenue Fund | \$ 516,663 | 125,531 | 642,194 |
| Debt Service Fund | - | 186,686 | 186,686 |
| | <hr/> | <hr/> | <hr/> |
| Total Financial Assistance | \$ 516,663 | \$ 6,260,299 | \$ 6,776,962 |

**CEDAR GROVE PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$909,944 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$2,515,359, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,528 and TPAF Long-Term Disability Insurance in the amount of \$933,152 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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.

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

NOT APPLICABLE

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

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, 2020**

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.