

CEDAR GROVE PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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, 2010

Prepared by

Business Office

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INTRODUCTORY SECTION

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

November 1, 2010

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, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as amended and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-Profit Organizations, and New Jersey OMB'S Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and Aid. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services to grade levels K through 12. These services include regular, vocational, special education, IDEIA, and Non-Public School Programs in nursing services, auxiliary services and handicapped services. The district completed the 2009-2010 fiscal year with an average daily enrollment of 1,631 students, which is 36 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 eight years.

AVERAGE DAILY ENROLLMENT

FISCAL YEAR	STUDENT ENROLLMENT	CHANGE
2009-10	1,631	+2.3%
2008-09	1,595	.4%
2007-08	1,588	-0.1%
2006-07	1,572	-0.2%
2005-06	1,575	+1.4%
2004-05	1,554	+7.4%
2003-04	1,447	+1.5%
2002-03	1,426	+3.0%

2) ECONOMIC CONDITION AND OUTLOOK:

The financial condition of the Township of Cedar Grove has been strong in light of the economic condition of the northeast over the last five years. The assessed valuation of the Township of Cedar Grove has continued to hold its own.

3) MAJOR INITIATIVES:

The district continues the grade level configuration of K-4, 5-8, 9-12. Thus, one of the major initiatives is appropriate realignment of curriculum, practices, and procedures to maximize this structure. Efforts are particularly focused on having the middle school reach the goals that brought it into existence. This requires a strong focus on middle school philosophy, recognizing the social and emotional needs of early adolescents as a precursor to academic success.

Ongoing review and revision of curriculum has accompanied the reconfiguration of the district. In particular, the district as a whole is focused on improving achievement in mathematics. Through articulation sessions, teachers in all disciplines have been focused on ways to integrate and reinforce language arts and mathematics skills into their curricula.

Finally, the district continues to pursue a 5-year Strategic Plan that was developed with input from all key stakeholder groups. The Plan incorporates focus on school climate; on cutting edge technology use; and on communication. During the 2009-10 school year, curriculum development focused on the following areas: Spanish I-IV, AP Spanish, AP European History, Sociology, Human Behavior, Literacies, Ecology I & II, Select Choir, Media 5-8, Math K-4, Drama, Public Speaking, Creative Writing, Media & Pop Culture, Health & PE 9-12, Career Education K-4, 9-12.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District Management.

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, special revenue fund, and debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2010.

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 Basic Financial Statements", Note 1.

7) DEBT ADMINISTRATION:

At June 30, 2010, the District's outstanding debt consisted of \$7,445,000 in general obligation bond issued in August 2002. The proceeds of this bond remain placed in the District's Capital Projects fund to finance renovations of, and construction of an addition to, Cedar Grove Memorial Middle School and renovations of South End Elementary School, and Cedar Grove High School.

8) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements.” The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted by the state legislature in 1970 to protect Government Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires Governmental Units to deposit public funds only in depositories located in New Jersey, where the funds are secured in accordance with the Act. Depositories are approved annually at the organization meeting.

9) RISK MANAGEMENT:

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

10) OTHER INFORMATION:

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

11) ACKNOWLEDGMENTS:

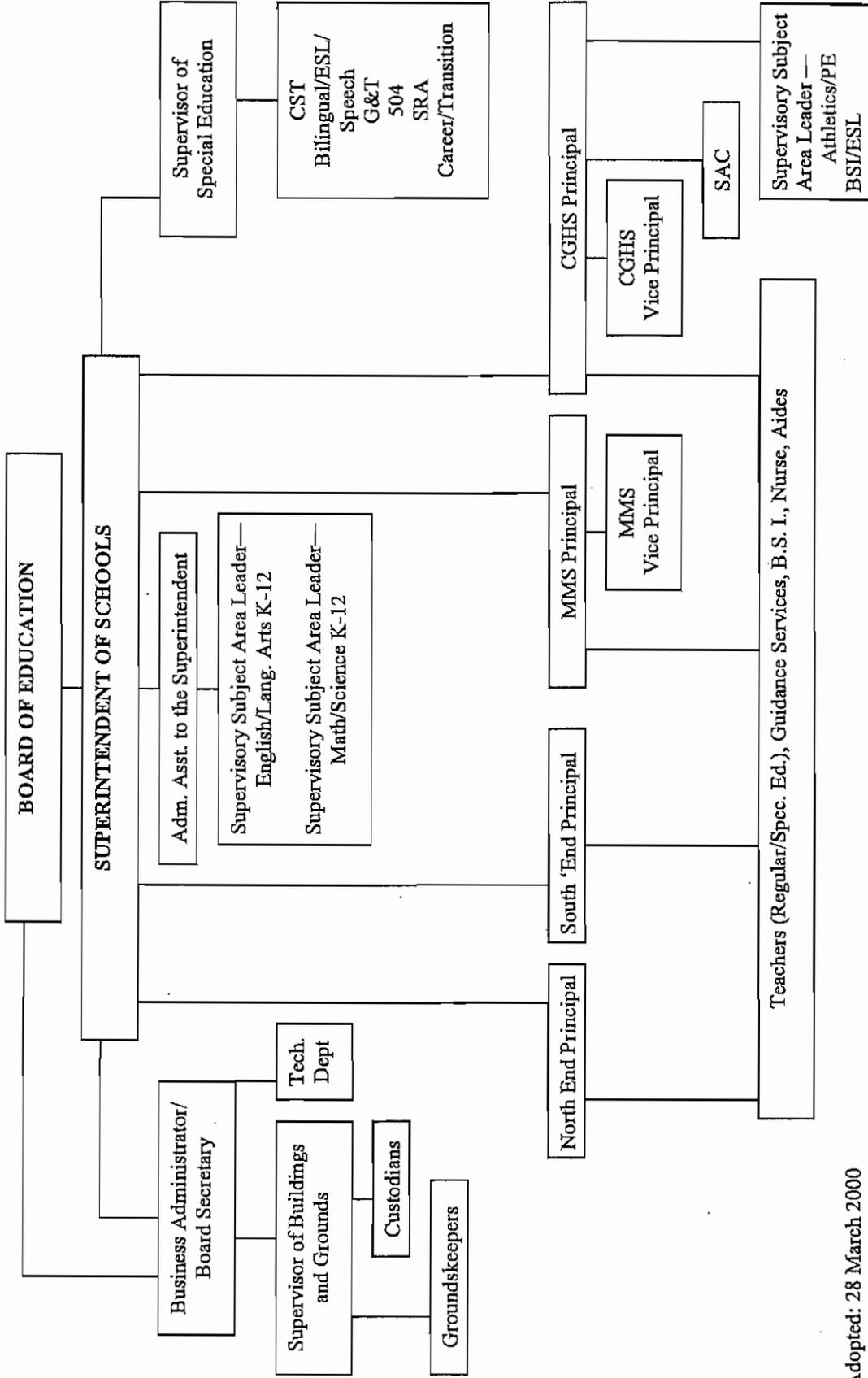
We would like to express our appreciation to the members of the Cedar Grove Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the business office staff.

Respectfully submitted,



Gene Polles, Ed. D.
Superintendent

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



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

**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2010**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Frank Mandala, President	2012
Laura Marinelli	2012
Pamela Burko	2013
Michael Grabas	2011
Joseph Cicala	2013

Other Officials

Gene Polles, Ed.D., Superintendent

Alan M. Chadrjian, RSBA, Board Secretary/Business Administrator

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

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

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DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

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

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 Board of Education as of and for the fiscal year ended June 30, 2010, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. 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 Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cedar Grove Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Board of Education as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

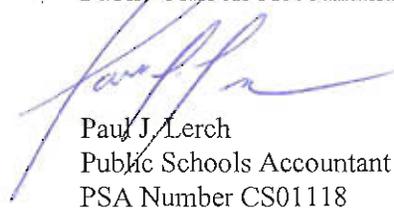
In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2010 on our consideration of the Cedar Grove Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cedar Grove Board of Education's basic financial statements. The accompanying introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.



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



Paul J. Lerch
Public Schools Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 1, 2010

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, 2010**

This discussion and analysis of the Cedar Grove School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2010. 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 2010 are as follows:

- District-Wide - Overall revenues were \$27,662,935. General revenues accounted for \$23,550,543 or 85 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,112,392 or 15 percent of total revenues of \$27,662,935.
- District-Wide - The School District had \$26,472,278 in expenses; only \$4,112,392 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$23,550,543 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Cedar Grove Board of Education's governmental funds reported combined ending fund balances of \$1,225,863, an increase of \$178,833 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2010, unreserved undesignated fund balance for the General Fund was \$140,643 an increase of \$31,699 in comparison with the prior year.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' 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 Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Cedar Grove Board of Education, reporting the Cedar Grove Board of Education's 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 Board of Education 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 Board of Education's financial statements, including the portion of the Cedar Grove Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

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 Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Fund Net Assets 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/liability information	All assets 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 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 Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Cedar Grove Board of Education's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

District-wide Statements (Continued)

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

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

The District has three kinds of funds:

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

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

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

Fund Financial Statements (Continued)

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

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE CEDAR GROVE BOARD OF EDUCATION 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 assets for fiscal years 2010 and 2009. For 2010 and 2009 net assets were \$7,692,116 and \$6,501,459, respectively.

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

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

Table A-2
Statement of Net Assets
As of June 30, 2010 and 2009

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 2,007,669	\$ 1,373,270	\$ 35,762	\$ 29,087	\$ 2,043,431	\$ 1,402,357
Capital Assets	<u>14,675,332</u>	<u>14,135,330</u>	<u>14,884</u>	<u>16,703</u>	<u>14,690,216</u>	<u>14,152,033</u>
Total Assets	<u>16,683,001</u>	<u>15,508,600</u>	<u>50,646</u>	<u>45,790</u>	<u>16,733,647</u>	<u>15,554,390</u>
Current Liabilities	899,736	451,360	10,908	14,574	910,644	465,934
Non-Current Liabilities	<u>8,130,887</u>	<u>8,586,997</u>	<u>-</u>	<u>-</u>	<u>8,130,887</u>	<u>8,586,997</u>
Total Liabilities	<u>9,030,623</u>	<u>9,038,357</u>	<u>10,908</u>	<u>14,574</u>	<u>9,041,531</u>	<u>9,052,931</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	7,161,173	6,527,569	14,884	16,703	7,176,057	6,544,272
Restricted	357,050	148,654			357,050	148,654
Unrestricted	<u>134,155</u>	<u>(205,980)</u>	<u>24,854</u>	<u>14,513</u>	<u>159,009</u>	<u>(191,467)</u>
Total Net Assets	<u>\$ 7,652,378</u>	<u>\$ 6,470,243</u>	<u>\$ 39,738</u>	<u>\$ 31,216</u>	<u>\$ 7,692,116</u>	<u>\$ 6,501,459</u>

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

Governmental activities. Governmental activities increased the District's net assets by \$1,182,135.

**Table A-3
Changes in Net Assets
For the Fiscal Years Ended June 30, 2010 and 2009**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
Program Revenues						
Charges for Services			\$ 293,590	\$ 311,826	\$ 293,590	\$ 311,826
Operating Grants and Contributions	\$ 3,793,494	\$ 3,553,874	25,308	21,753	3,818,802	3,575,627
General Revenues						
Property Taxes	22,645,840	21,631,980			22,645,840	21,631,980
Unrestricted State and Federal Aid		11,231			-	11,231
Other	904,004	911,548	699	1,142	904,703	912,690
Total Revenues	<u>27,343,338</u>	<u>26,108,633</u>	<u>319,597</u>	<u>334,721</u>	<u>27,662,935</u>	<u>26,443,354</u>
Expenses						
Instruction						
Regular	10,398,112	10,232,195			10,398,112	10,232,195
Special Education	4,210,806	4,314,705			4,210,806	4,314,705
Other Instruction	187,397	184,617			187,397	184,617
School Sponsored Activities and Athletics	692,232	769,420			692,232	769,420
Support Services						
Student and Instruction Related Serv.	2,225,426	2,124,334			2,225,426	2,124,334
Attendance and Social Work	61,448	50,877			61,448	50,877
Health Services	372,672	358,883			372,672	358,883
Educational Media/School Library	506,674	509,946			506,674	509,946
General Administrative Services	872,431	933,567			872,431	933,567
School Administrative Services	1,639,840	1,592,612			1,639,840	1,592,612
Plant Operations and Maintenance	2,930,600	2,941,303			2,930,600	2,941,303
Pupil Transportation	1,107,083	1,164,059			1,107,083	1,164,059
Central Services	638,014	635,587			638,014	635,587
Food Service			311,075	325,784	311,075	325,784
Interest on Long-Term Debt	318,468	337,469	-	-	318,468	337,469
Total Expenses	<u>26,161,203</u>	<u>26,149,574</u>	<u>311,075</u>	<u>325,784</u>	<u>26,472,278</u>	<u>26,475,358</u>
Change in Net Assets	1,182,135	(40,941)	8,522	8,937	1,190,657	(32,004)
Net Assets, Beginning of Year	<u>6,470,243</u>	<u>6,511,184</u>	<u>31,216</u>	<u>22,279</u>	<u>6,501,459</u>	<u>6,533,463</u>
Net Assets, End of Year	<u>\$ 7,652,378</u>	<u>\$ 6,470,243</u>	<u>\$ 39,738</u>	<u>\$ 31,216</u>	<u>\$ 7,692,116</u>	<u>\$ 6,501,459</u>

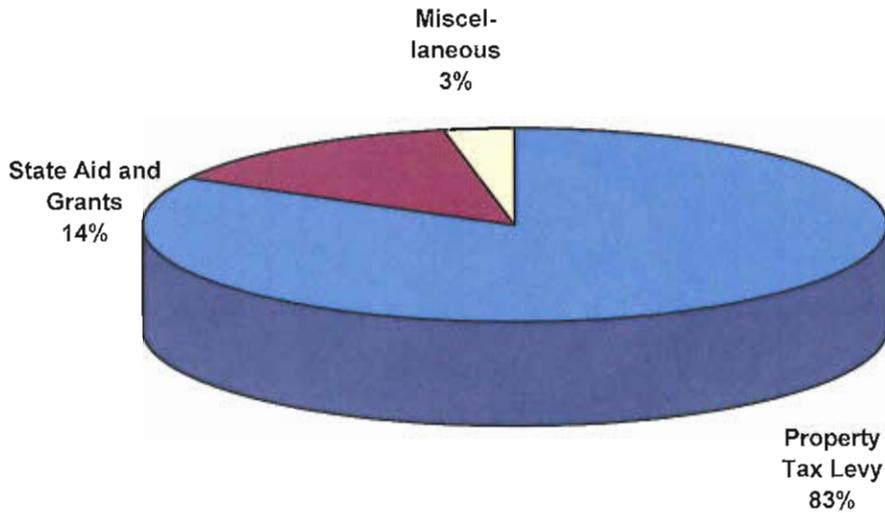
**CEDAR GROVE PUBLIC SCHOOLS
CEDAR GROVE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

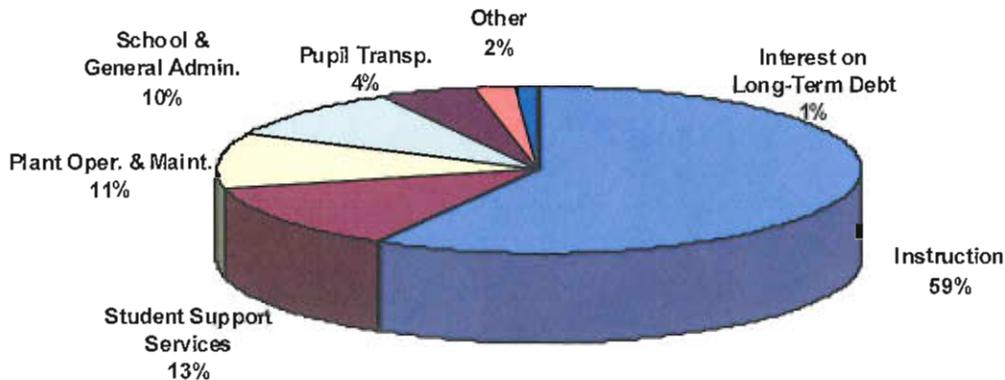
Governmental activities. The District's total governmental activities revenues were \$27,343,338. The local share of the revenues, that included property taxes, interest and miscellaneous revenue, amounted to \$23,549,844 or 86% of total revenues. Funding from state and federal sources amounted to \$3,793,494 or 14%. (See Table A-3)

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$15,488,547 (59%), support services totaled \$10,354,188 (40%) and interest on long-term debt total \$318,468 (1%) of total expenditures. (See Table A-3.)

Revenues by Source- Governmental Activities
For Fiscal Year 2010



Expenditures by Type- Governmental Activities
For Fiscal Year 2010



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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

**Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2010 and 2009**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Governmental Activities				
Instruction				
Regular	\$ 10,398,112	\$ 10,232,195	\$ 9,425,482	\$ 9,101,626
Special Education	4,210,806	4,314,705	2,428,552	2,798,293
Other Instruction	187,397	184,617	104,309	97,539
School Sponsored Activities and Athletics	692,232	769,420	641,637	712,534
Support Services				
Student and Instruction Related Svcs.	2,225,426	2,124,334	1,980,602	1,913,576
Attendance and Social Work	61,448	50,877	61,448	21,983
Health Services	372,672	358,883	341,215	358,883
Educational Media/School Library	506,674	509,946	466,157	472,311
General Administrative Services	872,431	933,567	820,419	882,244
School Administrative Services	1,639,840	1,592,612	1,514,900	1,475,740
Plant Operations and Maintenance	2,930,600	2,941,303	2,806,074	2,907,635
Pupil Transportation	1,107,083	1,164,059	820,432	880,280
Central Services	638,014	635,587	638,014	635,587
Interest on Long-Term Debt	318,468	337,469	318,468	337,469
 Total Governmental Activities	 <u>\$ 26,161,203</u>	 <u>\$ 26,149,574</u>	 <u>\$ 22,367,709</u>	 <u>\$ 22,595,700</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2010 was \$311,075. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-3). The operations resulted in an increase in net assets of \$8,522.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

Business-Type Activities (Continued)

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

Food Service Program

- Food service revenues were in excess of expenses by \$8,522 resulting in an increase in net assets.
- Charges for services represent 92 percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students and partial or total reimbursement provided by the district's participation in the National School Lunch Program.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved 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 \$1,225,863. In 2008-2009 the fund balance was \$1,047,030.

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 \$27,343,338 and expenditures were \$27,164,505.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

The District's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2010 and 2009.

	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Year Ended</u> <u>June 30, 2009</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 23,576,122	\$ 22,552,791	\$ 1,023,331	4.50%
State Sources	3,121,116	3,172,193	(51,077)	(1.64)%
Federal Sources	<u>646,100</u>	<u>383,649</u>	<u>262,451</u>	68.40%
 Total Revenues	 <u>\$ 27,343,338</u>	 <u>\$ 26,108,633</u>	 <u>\$ 1,234,705</u>	

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2010 and 2009.

	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Year Ended</u> <u>June 30, 2009</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 15,198,235	\$ 15,224,801	\$ (26,566)	(.17)%
Support Services	10,211,974	10,085,261	126,713	1.25%
Capital Outlay	938,348	1,013,419	(75,071)	(7.40)%
Debt Service				
Principal	490,290	467,228	23,062	4.93%
Interest	<u>325,658</u>	<u>344,321</u>	<u>(18,663)</u>	(5.42)%
 Total Expenditures	 <u>\$ 27,164,505</u>	 <u>\$ 27,135,030</u>	 <u>\$ 29,475</u>	

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

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.

Capital Assets. The Cedar Grove Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2010 and 2009 amounts to \$14,690,216 and \$14,152,033 (net of accumulated depreciation), respectively. This investment in capital assets includes land, land improvements, buildings and building improvements, and machinery and equipment.

**Table A-5
Capital Assets
(net of accumulated depreciation) at June 30, 2010 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 47,359	\$ 47,359			\$ 47,359	\$ 47,359
Construction in Progress	-	18,395			-	18,395
Land Improvements	500,133	329,421			500,133	329,421
Buildings and Building Improvements	19,978,912	19,353,560			19,978,912	19,353,560
Equipment and Furniture	<u>1,274,244</u>	<u>1,116,565</u>	<u>\$ 86,285</u>	<u>\$ 86,285</u>	<u>1,360,529</u>	<u>1,202,850</u>
Total	21,800,648	20,865,300	86,285	86,285	21,886,933	20,951,585
Less: Accumulated Depreciation	<u>7,125,316</u>	<u>6,729,970</u>	<u>71,401</u>	<u>69,582</u>	<u>7,196,717</u>	<u>6,799,552</u>
Total	<u>\$ 14,675,332</u>	<u>\$ 14,135,330</u>	<u>\$ 14,884</u>	<u>\$ 16,703</u>	<u>\$ 14,690,216</u>	<u>\$ 14,152,033</u>

Additional information on Cedar Grove Board of Education's capital assets can be found in the Notes of this report.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2010**

Debt Administration. As of June 30, 2010 and 2009 the school district had long-term debt and outstanding long-term liabilities in the amount of \$8,130,887 and \$8,586,997, respectively, as stated in Table A-6.

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

	<u>2010</u>	<u>2009</u>
Bonds Payable	\$ 7,445,000	\$ 7,855,000
Capital Lease Payable	-	80,290
Compensated Absences Payable	602,185	568,005
PERS Deferred Pension Obligation	<u>83,702</u>	<u>83,702</u>
 Total	 <u>\$ 8,130,887</u>	 <u>\$ 8,586,997</u>

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

FOR THE FUTURE

Increased security measures and other physical plant enhancements were made to the High School during the 2009-10 school year. "Smart" technology was expanded district-wide, along with an extended high school athletic program in the area of girls' volleyball, due to increased student/athlete participation and interest.

Due to recent retirements and increasing enrollment, the district hired eight new teachers for the 2009-10 school year. The district realigned its Special Services department and will be adding an Occupational Therapist, Physical Therapist, and ABA Specialist in the upcoming year.

At grades K-8, the district will be implementing a new language arts reading series program along with a new text series in the K-12 math program and 5-8 world language program. A new K-4 math program will be piloted during the 2009-10 school year.

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 Board of Education, 520 Pompton Ave, Cedar Grove, NJ 07009.

FUND FINANCIAL STATEMENTS

CEDAR GROVE PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 960,968	\$ 26,283	\$ 987,251
Receivables, net	1,045,137	9,551	1,054,688
Internal Balances	1,564	(1,564)	-
Inventory		1,492	1,492
Capital Assets, net			-
Not Being Depreciated	47,359		47,359
Being Depreciated	14,627,973	14,884	14,642,857
Total Assets	<u>16,683,001</u>	<u>50,646</u>	<u>16,733,647</u>
LIABILITIES			
Accounts Payable	441,911	9,572	451,483
Unearned Revenue	297,277	1,336	298,613
Accrued Interest Payable	117,930		117,930
Payable to Other Governments	42,618		42,618
Noncurrent Liabilities			
Due Within One Year	483,840		483,840
Due Beyond One Year	7,647,047	-	7,647,047
Total Liabilities	<u>9,030,623</u>	<u>10,908</u>	<u>9,041,531</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	7,161,173	14,884	7,176,057
Restricted for			
Capital Projects	356,090		356,090
Debt Service	960		960
Unrestricted	134,155	24,854	159,009
Total Net Assets	<u>\$ 7,652,378</u>	<u>\$ 39,738</u>	<u>\$ 7,692,116</u>

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

**CEDAR GROVE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 10,398,112		\$ 972,630		\$ (9,425,482)		\$ (9,425,482)
Special Education	4,210,806		1,782,254		(2,428,552)		(2,428,552)
Other Instruction	187,397		83,088		(104,309)		(104,309)
School Sponsored Activities and Athletics	692,232		50,595		(641,637)		(641,637)
Support Services							
Student and Instruction Related Services	2,225,426		244,824		(1,980,602)		(1,980,602)
Attendance and Social Work	61,448		-		(61,448)		(61,448)
Health Services	372,672		31,457		(341,215)		(341,215)
Educational Media/School Library	506,674		40,517		(466,157)		(466,157)
School Administrative Services	1,639,840		124,940		(1,514,900)		(1,514,900)
General Administrative Services	872,431		52,012		(820,419)		(820,419)
Central Services	638,014				(638,014)		(638,014)
Plant Operations and Maintenance	2,930,600		124,526		(2,806,074)		(2,806,074)
Pupil Transportation	1,107,083		286,651		(820,432)		(820,432)
Interest on Long-Term Debt	318,468		-		(318,468)		(318,468)
Total Governmental Activities	26,161,203	-	3,793,494	-	(22,367,709)	-	(22,367,709)
Business-Type Activities							
Food Service	311,075	\$ 293,590	25,308	-	-	\$ 7,823	7,823
Total Business-Type Activities	311,075	293,590	25,308	-	-	7,823	7,823
Total Primary Government	\$ 26,472,278	\$ 293,590	\$ 3,818,802	\$ -	(22,367,709)	7,823	(22,359,886)
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes, Net					21,914,106		21,914,106
Taxes Levied for Debt Service					731,734		731,734
Unrestricted State Aid					-		-
Miscellaneous Income					904,004	699	904,703
Total General Revenues and Transfers					23,549,844	699	23,550,543
Change in Net Assets					1,182,135	8,522	1,190,657
Net Assets, Beginning of Year					6,470,243	31,216	6,501,459
Net Assets, End of Year					\$ 7,652,378	\$ 39,738	\$ 7,692,116

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

**CEDAR GROVE PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2010**

	<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	\$ 826,666		\$ 133,342	\$ 960	\$ 960,968
Receivables from Other Governments	60,289	\$ 327,052	639,800		1,027,141
Other Receivables	17,993				17,993
Due from Other Funds	598,819	-	-	-	598,819
	<u>598,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>598,819</u>
Total Assets	<u>\$ 1,503,767</u>	<u>\$ 327,052</u>	<u>\$ 773,142</u>	<u>\$ 960</u>	<u>\$ 2,604,921</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 221,963	\$ 58,948	\$ 161,000		\$ 441,911
Due to Other Funds		44,536	552,716		597,252
Payable to State Government		42,553			42,553
Payable to Federal Government		65			65
Deferred Revenue	-	180,950	116,327	-	297,277
	<u>-</u>	<u>180,950</u>	<u>116,327</u>	<u>-</u>	<u>297,277</u>
Total Liabilities	<u>221,963</u>	<u>327,052</u>	<u>830,043</u>	<u>-</u>	<u>1,379,058</u>
Fund Balances					
Reserved for					
Eneumbrances	174,747				174,747
Capital Reserve Account	343,832				343,832
Excess Surplus Designated for Subsequent Year's Expenditures	21,572				21,572
Waiver Offset Designated for Subsequent Year's Expenditures	176,643				176,643
Excess Surplus	247,316				247,316
Unreserved, Reported in					
Designated for Subsequent Year's					
Expenditures					
General Fund	177,051				177,051
Debt Service Fund				\$ 836	836
Unreserved/Undesignated					
General Fund	140,643				140,643
Capital Projects Fund			(56,901)		(56,901)
Debt Service Fund	-	-	-	124	124
	<u>-</u>	<u>-</u>	<u>-</u>	<u>124</u>	<u>124</u>
Total Fund Balances	<u>1,281,804</u>	<u>-</u>	<u>(56,901)</u>	<u>960</u>	<u>1,225,863</u>
Total Liabilities and Fund Balances	<u>\$ 1,503,767</u>	<u>\$ 327,052</u>	<u>\$ 773,142</u>	<u>\$ 960</u>	

Amounts reported for governmental activities in the statement of net assets (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 \$21,800,648 and the accumulated depreciation is \$7,125,316. \$ 14,675,332

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: (117,930)

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	(7,445,000)
PERS Deferred Pension Obligation	(83,702)
Compensated Absences	(602,185)
	<u>(8,130,887)</u>

Net Assets of governmental activities (Exhibit A-1) \$ 7,652,378

CEDAR GROVE PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<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	\$ 21,914,106			\$ 731,734	\$ 22,645,840
Miscellaneous	899,769	\$ 26,278	\$ 4,111	124	930,282
Total - Local Sources	22,813,875	26,278	4,111	731,858	23,576,122
State Sources	3,037,286	83,830			3,121,116
Federal Sources	-	646,100	-	-	646,100
Total Revenues	25,851,161	756,208	4,111	731,858	27,343,338
EXPENDITURES					
Current					
Instruction					
Regular Instruction	10,136,054	22,396			10,158,450
Special Education Instruction	3,654,005	520,261			4,174,266
Other Instruction	117,254	67,755			185,009
School Sponsored Activities and Athletics	680,510				680,510
Support Services					
Student and Instructional Related Services	2,105,336	82,477			2,187,813
Health Services	365,384				365,384
Attendance and Social Work	60,284				60,284
Educational Media/School Library	497,287				497,287
General Administrative Services	860,381				860,381
School Administrative Services	1,610,894				1,610,894
Plant Operations and Maintenance	2,898,859				2,898,859
Pupil Transportation	1,107,083				1,107,083
Central Services	623,989				623,989
Debt Service					
Principal	80,290			410,000	490,290
Interest and Other Charges	3,183			322,475	325,658
Capital Outlay	224,994	63,319	650,035	-	938,348
Total Expenditures	25,025,787	756,208	650,035	732,475	27,164,505
Excess (Deficiency) of Revenues Over (Under) Expenditures	825,374	-	(645,924)	(617)	178,833
OTHER FINANCING SOURCES (USES)					
Transfers In	4,111		186,000		190,111
Transfers Out	(186,000)		(4,111)	-	(190,111)
Total Other Financing Sources and Uses	(181,889)	-	181,889	-	-
Net Change in Fund Balances	643,485	-	(464,035)	(617)	178,833
Fund Balance, Beginning of Year	638,319	-	407,134	1,577	1,047,030
Fund Balance, End of Year	\$ 1,281,804	\$ -	\$ (56,901)	\$ 960	\$ 1,225,863

The accompanying Notes to the Basic 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, 2010**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 178,833

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

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

Capital Outlay	\$ 938,348	
Depreciation Expense	<u>(398,346)</u>	
		540,002

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

Compensated Absences	(34,180)
----------------------	----------

The issuance of long-term debt (e.g. bonds, loans, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets.

Reduction on Long-Term Debt	490,290
-----------------------------	---------

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

The details are as follows:

Decrease in accrued interest	<u>7,190</u>
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Change in net assets of governmental activities (Exhibit A-2) \$ 1,182,135

**CEDAR GROVE PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2010**

ASSETS	<u>Food Service</u>
Current Assets	
Cash and Cash Equivalents	\$ 26,283
Other Receivable	8,502
Intergovernmental Receivable	
Federal	980
State	69
Inventory	<u>1,492</u>
 Total Current Assets	 <u>37,326</u>
Non-Current Assets	
Equipment	86,285
Less: Accumulated Depreciation	<u>(71,401)</u>
 Total Non-Current Assets	 <u>14,884</u>
 Total Assets	 <u>52,210</u>
 LIABILITIES	
Current Liabilities	
Accounts Payable	9,572
Due to Other Funds	1,564
Unearned Revenue	<u>1,336</u>
 Total Current Liabilities	 <u>12,472</u>
 NET ASSETS	
Invested in Capital Assets	14,884
Unrestricted	<u>24,854</u>
 Total Net Assets	 <u>\$ 39,738</u>

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

**CEDAR GROVE PUBLIC SCHOOLS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 261,900
Special Functions	31,690
	<hr/>
Total Operating Revenues	293,590
	<hr/>
OPERATING EXPENSES	
Salaries, Benefits and Payroll Taxes	126,891
Cost of Sales	148,499
Purchased Services	13,715
Supplies and Materials	20,151
Depreciation Expense	1,819
	<hr/>
Total Operating Expenses	311,075
	<hr/>
Operating Income (Loss)	(17,485)
	<hr/>
NONOPERATING REVENUES	
Federal Sources	
National School Lunch Program	8,715
Special Milk Program	4,712
Food Distribution Program - Non Cash Assistance	10,964
State Sources	
National School Lunch Program	917
Interest Income	699
	<hr/>
Total Nonoperating Revenues	26,007
	<hr/>
Change in Net Assets	8,522
	<hr/>
Net Assets, Beginning of Year	31,216
	<hr/>
Net Assets, End of Year	\$ 39,738
	<hr/> <hr/>

The accompanying Notes to the Basic 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, 2010**

	<u>Food Service</u>
Cash Flows From Operating Activities	
Receipts from Customers	\$ 297,380
Payments for Employees' Salaries and Benefits	(126,891)
Payments to Suppliers for Goods and Services	<u>(173,570)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(3,081)</u>
Cash Flows From Noncapital Financing Activities	
Cash Received from Federal Subsidy Reimbursements	15,983
Cash Payments made to Other Funds	<u>(4,856)</u>
Net Cash Provided By Noncapital Financing Activities	<u>11,127</u>
Cash Flows form Investing Activities	
Interest on Investments	<u>699</u>
Net Cash Provided By Investing Activities	<u>699</u>
Net Increase in Cash and Cash Equivalents	8,745
Cash and Cash Equivalents, Beginning of Year	<u>17,538</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 26,283</u></u>
Reconciliation of Operating Income (Loss) to Net Cash (Used for) Operating Activities:	
Operating Income (Loss)	\$ <u>(17,485)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Net Cash Provided By (Used For) Operating Activities	
Depreciation	1,819
Food Distribution Program - Non Cash Assistance	10,964
(Increase) Decrease in Inventories	1,497
(Increase) Decrease in Accounts Receivable	3,790
Increase/(Decrease) in Unearned Revenue	188
Increase (Decrease) in Accounts Payable	<u>(3,854)</u>
Total Adjustments	<u>14,404</u>
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ (3,081)</u></u>

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

**CEDAR GROVE PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2010**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 117,121	\$ 194,313	\$ 158,451
Total Assets	<u>117,121</u>	<u>194,313</u>	<u>\$ 158,451</u>
LIABILITIES			
Payroll Deductions and Withholdings			109,979
Accrued Salaries and Wages			29
Due to Other Funds			3
Intergovernmental Payable	2,261		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>48,440</u>
Total Liabilities	<u>2,261</u>	<u>-</u>	<u>\$ 158,451</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 114,860</u>	<u>\$ 194,313</u>	

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

**CEDAR GROVE PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions		
Donations		\$ 825
Employee	\$ 18,721	
Investment Earnings		
Interest	<u>1,912</u>	<u>2,954</u>
Total Additions	<u>20,633</u>	<u>3,779</u>
DEDUCTIONS		
Scholarships Awarded		3,850
Unemployment Compensation Claims	<u>45,939</u>	<u>-</u>
Total Deductions	<u>45,939</u>	<u>3,850</u>
Change in Net Assets	(25,306)	(71)
Net Assets, Beginning of Year	<u>140,166</u>	<u>194,384</u>
Net Assets, End of Year	<u>\$ 114,860</u>	<u>\$ 194,313</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 and state financial programs, with the exception of grants for major capital projects and the school milk and lunch 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 major capital facilities and other capital assets.

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

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

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

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Additionally, the government reports the following fund type:

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

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

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.

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

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

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits 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.

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. *Receivables and Payables*

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”.

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

Tuition Expenditures - Tuition charges for the fiscal years 2008-2009 and 2009-2010 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.

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

3. *Inventories*

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

**CEDAR GROVE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$500 if purchased prior to July 1, 2001 or \$2,000 if purchased after July 1, 2001 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives 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.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

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

5. *Compensated Absences*

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

6. *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 assets.

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. *Fund Equity*

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

Reserved for Encumbrances - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

Reserved for Excess Surplus – Designated for Subsequent Year’s Expenditures - This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2009 audited excess surplus that was appropriated in the 2010/2011 original budget certified for taxes.

Reserved for Excess Surplus – This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that is required to be appropriated in the 2011/2012 original budget certified for taxes.

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

Reserved for Waiver Offset Reserve Designated for Subsequent Year’s Expenditures – This reserve was created to represent the surplus generated at June 30, 2009 from Commissioner approved tax levy waivers in the 2008/2009 budget that was required to be appropriated in the 2010/2011 original budget certified for taxes.

Designations of fund balance represent tentative management plans that are subject to change.

Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2010/2011 District budget certified for taxes.

8. *Reclassifications*

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

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 required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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 and is voted upon at the annual school election on the third Tuesday in April. 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 2009/2010. During 2009/2010 the Board increased the original budget by \$652,749. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of 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. Deficit Fund Equity

The District has an accumulated deficit of \$56,901 in the Capital Projects Fund as of June 30, 2010. This deficit is the result of the Board incurring expenditures for the school bond referendum, which was prior to the receipt of state aid. As the Board receives state aid, the District will realize as revenues the proceeds of the state aid. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

C. Capital Reserve Account

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

Funds placed in the capital reserve account 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 account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**CEDAR GROVE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve Account (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2010 is as follows:

Balance, July 1, 2009		\$ 67,472
Increased by:		
Interest Earnings	\$ 1,360	
Deposits Approved by Board Resolution	<u>275,000</u>	
		<u>276,360</u>
Balance, June 30, 2010		<u>\$ 343,832</u>

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2010 is \$268,888. Of this amount, \$21,572 was designated and appropriated in the 2010/2011 original budget certified for taxes and the remaining amount of \$247,316 will be appropriated in the 2011/2012 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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

**CEDAR GROVE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2010, the book value of the Board's deposits was \$1,457,136 and bank balances of the Board's cash and deposits amounted to \$2,288,163. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>2,288,162</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2010 none of the Board's bank balance was exposed to custodial credit risk.

Investments

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

As of June 30, 2010, the Board had no outstanding investments.

B. Receivables

Receivables as of year-end for the district's individual major funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:					
Accounts	\$ 17,993			\$ 8,502	\$ 26,495
Intergovernmental	<u>60,289</u>	<u>\$ 327,052</u>	<u>\$ 639,800</u>	<u>1,049</u>	<u>1,028,190</u>
Gross Receivables	78,282	327,052	639,800	9,551	1,054,685
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 78,282</u>	<u>\$ 327,052</u>	<u>\$ 639,800</u>	<u>\$ 9,551</u>	<u>\$ 1,054,685</u>

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 176,626
Grant Draw Downs Reserved for Encumbrances	4,324
Capital Projects Fund	
School Development Authority School Facility Grants	116,327
Total Deferred Revenue for Governmental Funds	\$ 297,277

C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance, July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Balance, June 30, 2010</u>
Governmental activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 47,359				\$ 47,359
Construction In Process	18,395	-	-	\$ (18,395)	-
Total Capital Assets, Not Being Depreciated	65,754	-	-	(18,395)	47,359
Capital Assets, Being Depreciated:					
Land Improvements	329,421	\$ 170,712			500,133
Building and Building Improvements	19,353,560	606,957		18,395	19,978,912
Machinery and Equipment	1,116,565	160,679	\$ (3,000)	-	1,274,244
Total Capital Assets Being Depreciated	20,799,546	938,348	(3,000)	18,395	21,753,289
Less Accumulated Depreciation for:					
Land Improvements	(195,182)	(13,015)			(208,197)
Building and Building Improvements	(5,831,114)	(315,570)			(6,146,684)
Machinery and Equipment	(703,674)	(69,761)	3,000	-	(770,435)
Total Accumulated Depreciation	(6,729,970)	(398,346)	3,000	-	(7,125,316)
Total Capital Assets, Being Depreciated, Net	14,069,576	540,002	-	18,395	14,627,973
Government Activities Capital Assets, Net	\$ 14,135,330	\$ 540,002	\$ -	\$ -	\$ 14,675,332

**CEDAR GROVE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2010</u>
Business-type activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 86,285	-	-	\$ 86,285
Total Capital Assets Being Depreciated	<u>86,285</u>	-	-	<u>86,285</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(69,582)</u>	\$ (1,819)	-	<u>(71,401)</u>
Total Accumulated Depreciation	<u>(69,582)</u>	<u>(1,819)</u>	-	<u>(71,401)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,703</u>	<u>(1,819)</u>	-	<u>14,884</u>
Business-Type Activities Capital Assets, Net	<u>\$ 16,703</u>	<u>\$ (1,819)</u>	<u>\$ -</u>	<u>\$ 14,884</u>

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

Governmental activities:

Instruction		
Regular		\$ 205,482
Special		36,540
Other Special Instruction		2,388
School-Sponsored Activities and Athletics		<u>11,722</u>
Total Instruction		<u>256,132</u>
Support Services		
Student and Instructional Related Services		37,613
Attendance and Social Work		1,164
Health Services		7,288
Educational Media/School Library		9,387
School Administrative Services		28,946
General Administrative Services		12,050
Central Services		14,025
Plant Operations and Maintenance		<u>31,741</u>
Total Support Services		<u>142,214</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 398,346</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 1,819</u>

**CEDAR GROVE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Construction commitments

The District has the following active construction projects as of June 30, 2010:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Renovations of the Elementary Schools High School and Middle School Addition	\$ 13,784,577	-
	<u>\$ 13,784,577</u>	<u>\$ -</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 552,716
General Fund	Special Revenue Fund	44,536
General Fund	Payroll Agency	3
General Fund	Enterprise Fund - Food Service	<u>1,564</u>
		<u>\$ 598,819</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 and/or to cover cash balances which were in an overdraft position.

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

Interfund transfers

	<u>Transfer In:</u>		
	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 186,000	\$ 186,000
Capital Projects Fund	\$ 4,111	-	<u>4,111</u>
Total transfers out	<u>\$ 4,111</u>	<u>\$ 186,000</u>	<u>\$ 190,111</u>

**CEDAR GROVE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers (Continued)

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

E. Leases

Capital Leases

The District is leasing equipment and maintenance for the High School fire alarm totaling \$231,800 under capital leases. The leases are for a term of 3 years. As of June 30, 2010, the District has made the final lease payment.

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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, 2010 are comprised of the following issues:

\$9,950,000, 2002 Bonds, due in annual
 installments of \$410,000 to \$745,000
 through August 15, 2022, interest at 3.90% to 4.70% \$7,445,000

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

Governmental Activities:

Year Ended <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 430,000	\$ 306,095	\$ 736,095
2012	450,000	288,935	738,935
2013	470,000	270,995	740,995
2014	490,000	252,275	742,275
2015	515,000	232,678	747,678
2016-2020	2,960,000	818,767	3,778,767
2021-2023	<u>2,130,000</u>	<u>151,715</u>	<u>2,281,715</u>
	<u>\$ 7,445,000</u>	<u>\$ 2,321,460</u>	<u>\$ 9,766,460</u>

**CEDAR GROVE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2010 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 98,802,370
Less: Net Debt	<u>7,445,000</u>
Remaining Borrowing Power	<u>\$ 91,357,370</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance, <u>July 1, 2009</u>	Issued	Reductions	Balance, <u>June 30, 2010</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 7,855,000		\$ 410,000	\$ 7,445,000	\$ 430,000
Capital Leases	80,290		80,290		
Compensated Absences	568,005	\$ 65,092	30,912	602,185	53,840
Deferred Pension Obligation	<u>83,702</u>	<u>-</u>	<u>-</u>	<u>83,702</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 8,586,997</u>	<u>\$ 65,092</u>	<u>\$ 521,202</u>	<u>\$ 8,130,887</u>	<u>\$ 483,840</u>

Compensated absences and capital leases for the governmental activities 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.

**CEDAR GROVE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2010	None	\$ 18,721	\$ 45,939	\$ 114,860
2009	None	29,343	44,436	140,166
2008	None	26,633	48,071	151,522

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, 2010, 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.

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

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. A calculation of arbitrage earnings was performed during the 2009/10 year. There were no arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

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

Other Pension Funds

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

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

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

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

Basis of Accounting

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

Investment Valuation

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

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

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100 percent of the required contribution. Such an employer was credited with the full payment and any such amounts were not to be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Significant Legislation (Continued)

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funding Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 billion.

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

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

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.5% for DCRP of the employee's annual compensation.

**CEDAR GROVE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2010, 2009 and 2008 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2008	\$ 138,655	\$ 730,604	NONE
2009	104,571	34,051	NONE
2010	199,741	34,215	NONE

During 2009/2010 and 2008/2009 school years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State only contributed \$34,215 and \$34,051 during 2009/2010 and 2008/2009, respectively, for the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$845,016 during the year ended June 30, 2010 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State’s Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State’s CAFR. The post-retirement benefit programs had a total of 484 state and local participating employers and contributing entities for Fiscal Year 2009.

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

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

Basis of Accounting

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

Investment Valuation

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

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the State had a \$55.9 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to \$19.8 billion for state active and retired members and \$36.1 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Methods and Assumptions

In the June 30, 2008, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2009, there were 84,590 retirees receiving post-retirement medical benefits and the State contributed \$837.7 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2010, 2009 and 2008 were \$642,603, \$649,607 and \$875,062, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

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, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 21,914,106		\$ 21,914,106	\$ 21,914,106	
Miscellaneous	859,500	-	859,500	899,769	\$ 40,269
Total Revenues - Local Sources	<u>22,773,606</u>	<u>-</u>	<u>22,773,606</u>	<u>22,813,875</u>	<u>40,269</u>
State Sources					
Transportation Aid	326,864	\$ (57,094)	269,770	269,770	-
Special Education Aid	830,866		830,866	830,866	-
Security Aid	124,953	-	124,953	124,953	-
Extraordinary Aid	233,000	-	233,000	370,764	137,764
Non-Public Transportation				20,013	20,013
On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Cost - NCGI				34,215	34,215
(Non-Budgeted)- Post Retirement Medical Contribution				642,603	642,603
Reimbursed TPAF Social Security Contributions- (Non-Budgeted)	-	-	-	845,016	845,016
Total State Sources	<u>1,515,683</u>	<u>(57,094)</u>	<u>1,458,589</u>	<u>3,138,200</u>	<u>1,679,611</u>
Total Revenues	<u>24,289,289</u>	<u>(57,094)</u>	<u>24,232,195</u>	<u>25,952,075</u>	<u>1,719,880</u>
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers:					
Preschool/Kindergarten	553,835	(43,954)	509,881	509,579	302
Grades 1 - 5	2,490,752	(4,355)	2,486,397	2,477,445	8,952
Grades 6 - 8	1,706,476	(50,635)	1,655,841	1,602,741	53,100
Grades 9 - 12	2,300,415	(47,405)	2,253,010	2,252,471	539
Home Instruction:					
Salaries of Teachers	1,000	8,825	9,825	9,825	
Purchased Professional-Educational Services	15,000	850	15,850	15,815	35
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	22,246	2	22,248	22,246	2
Other Purchased Services	36,801	3,982	40,783	37,204	3,579
General Supplies	305,299	12,658	317,957	281,830	36,127
Textbooks	173,260	(50,579)	122,681	110,542	12,139
Miscellaneous Expenditures	6,283	(491)	5,792	3,037	2,755
Total Instruction Regular Programs	<u>7,611,367</u>	<u>(171,102)</u>	<u>7,440,265</u>	<u>7,322,735</u>	<u>117,530</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, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Learning/Language Disabilities					
Salaries of Teachers	\$ 60,159	\$ 42,885	\$ 103,044	\$ 103,043	\$ 1
Other Salaries for Instruction	47,775	26,523	74,298	74,297	1
General Supplies	1,235	(89)	1,146	187	959
Total Learning/Language Disabilities	<u>109,169</u>	<u>69,319</u>	<u>178,488</u>	<u>177,527</u>	<u>961</u>
Resource Room/Resource Center					
Salaries of Teachers	1,065,350	(193,531)	871,819	871,809	10
Other Salaries for Instruction		638	638	638	
Other Purchased Services	250		250		250
General Supplies	3,500	89	3,589	3,178	411
Total Resource Room/Resource Center	<u>1,069,100</u>	<u>(192,804)</u>	<u>876,296</u>	<u>875,625</u>	<u>671</u>
Preschool Disabilities - Part Time					
Salaries of Teachers	114,056	(12,512)	101,544	101,543	1
Other Salaries for Instruction	47,775	19,382	67,157	67,157	
General Supplies	2,669	-	2,669	2,150	519
Total Preschool Disabilities	<u>164,500</u>	<u>6,870</u>	<u>171,370</u>	<u>170,850</u>	<u>520</u>
Total Special Education	<u>1,342,769</u>	<u>(116,615)</u>	<u>1,226,154</u>	<u>1,224,002</u>	<u>2,152</u>
Basic Skills/Remedial					
Salaries of Teachers	70,065	-	70,065	70,065	
General Supplies	495	-	495	411	84
Total Basic Skills/Remedial	<u>70,560</u>	<u>-</u>	<u>70,560</u>	<u>70,476</u>	<u>84</u>
Bilingual Education					
Salaries of Teachers	9,330	257	9,587	9,587	-
Total Bilingual Education	<u>9,330</u>	<u>257</u>	<u>9,587</u>	<u>9,587</u>	<u>-</u>
School Sponsored Co-Curricular Activities					
Salaries	64,689	3,105	67,794	67,794	
Purchased Services	264		264		264
Supplies and Materials	31,297	(6,246)	25,051	22,755	2,296
Other Objects	3,264	1,243	4,507	4,246	261
Total School-Sponsored Co-Curricular Activities	<u>99,514</u>	<u>(1,898)</u>	<u>97,616</u>	<u>94,795</u>	<u>2,821</u>
School Sponsored Athletics					
Salaries	365,682	(44,570)	321,112	320,786	326
Purchased Services	21,475	(2,638)	18,837	15,439	3,398
Supplies and Materials	49,000	8,434	57,434	54,663	2,771
Other Objects	5,000	1,270	6,270	6,270	
Transfers to Cover Deficit	30,000	1,400	31,400	31,210	190
Total School Sponsored Athletics	<u>471,157</u>	<u>(36,104)</u>	<u>435,053</u>	<u>428,368</u>	<u>6,685</u>

(Continued)

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, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Community Services Programs/Operations					
Salaries	\$ 7,000	\$ (3,417)	\$ 3,583	\$ 2,302	\$ 1,281
Total Community Services Programs/Operations	<u>7,000</u>	<u>(3,417)</u>	<u>3,583</u>	<u>2,302</u>	<u>1,281</u>
Total Instruction	<u>9,611,697</u>	<u>(328,879)</u>	<u>9,282,818</u>	<u>9,152,265</u>	<u>130,553</u>
Undistributed Expenditures					
Instruction					
Tuition to County Vocational School District - Regular	2,956	2,956	5,912	5,911	1
Tuition to County Vocational School District - Special	18,208	5,008	23,216	23,215	1
Tuition to Other LEAs - Within State - Special	457,200	226,389	683,589	659,090	24,499
Tuition to Private Schools for the Disabled - Within State	1,597,510	(396,140)	1,201,370	1,179,544	21,826
Tuition to Priv. School for Disabled - Other LEAs O/S State	<u>72,000</u>	<u>4,200</u>	<u>76,200</u>	<u>76,057</u>	<u>143</u>
Total Instruction	<u>2,147,874</u>	<u>(157,587)</u>	<u>1,990,287</u>	<u>1,943,817</u>	<u>46,470</u>
Attendance and Social Work					
Salaries	42,360	(3,550)	38,810	38,810	
Purchased Professional/Technical Services	12,000	-	12,000	11,103	897
Total Attendance and Social Work	<u>54,360</u>	<u>(3,550)</u>	<u>50,810</u>	<u>49,913</u>	<u>897</u>
Health Services					
Salaries	248,325	(5,200)	243,125	243,025	100
Purchased Professional and Technical Services	21,020	(1,000)	20,020	18,630	1,390
Other Purchased Services	340	(45)	295		295
Supplies and Materials	6,971	359	7,330	6,992	338
Other Objects	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>340</u>	<u>660</u>
Total Health Services	<u>277,656</u>	<u>(5,886)</u>	<u>271,770</u>	<u>268,987</u>	<u>2,783</u>
Speech/Ocupational Thrapy/Physical Thrapy and Related Services					
Salaries	424,007	(95,428)	328,579	328,579	
Purchased Professional/Educational Services	89,000	44,006	133,006	125,624	7,382
Supplies and Materials	<u>7,000</u>	<u>(920)</u>	<u>6,080</u>	<u>3,671</u>	<u>2,409</u>
Total Other Support/Student Related Services	<u>520,007</u>	<u>(52,342)</u>	<u>467,665</u>	<u>457,874</u>	<u>9,791</u>
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.					
Salaries	65,860	21,722	87,582	87,582	
Purchased Professional-Educational Services	25,000	82,445	107,445	99,674	7,771
Supplies and Materials	<u>20,000</u>	<u>(5,295)</u>	<u>14,705</u>	<u>10,253</u>	<u>4,452</u>
Total Other Support/Extraordinary Services	<u>110,860</u>	<u>98,872</u>	<u>209,732</u>	<u>197,509</u>	<u>12,223</u>

(Continued)

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, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Guidance Services					
Salaries of Other Professional Staff	\$ 288,157	\$ 4,518	\$ 292,675	\$ 280,508	\$ 12,167
Salaries of Secretarial and Clerical Assistants	44,990	(1,500)	43,490	43,490	-
Other Purchased Professional/Technical Services	48,131	-	48,131	44,541	3,590
Supplies and Materials	592	-	592	-	592
Other Objects	640	(153)	487	480	7
Total Other Support Services/Regular	<u>382,510</u>	<u>2,865</u>	<u>385,375</u>	<u>369,019</u>	<u>16,356</u>
Child Study Team					
Salaries of Other Professional Staff	432,940	(138,730)	294,210	294,210	-
Salaries of Secretarial and Clerical Assistants	72,395	(1,000)	71,395	71,250	145
Purchased Professional Educational Services	10,000	21,740	31,740	31,142	598
Other Purchased Professional and Technical Services	1,956	2,485	4,441	4,440	1
Other Purchased Services	1,857	1,000	2,857	2,514	343
Supplies and Materials	9,000	(977)	8,023	6,116	1,907
Other Objects	4,700	-	4,700	4,225	475
Total Other Support Services/Special	<u>532,848</u>	<u>(115,482)</u>	<u>417,366</u>	<u>413,897</u>	<u>3,469</u>
Improvement of Instruction					
Salaries of Supervisors of Instruction	118,390	2,960	121,350	121,350	-
Salaries of Other Professional Staff	2,250	-	2,250	1,080	1,170
Salaries of Secretarial and Clerical Assist.	22,502	(1,523)	20,979	20,979	-
Purchased Professional-Educational Services	49,500	(43,500)	6,000	-	6,000
Other Purchased Services	975	-	975	975	-
Supplies and Materials	6,500	-	6,500	4,266	2,234
Other Objects	9,500	-	9,500	4,597	4,903
Total Improvement of Instruction	<u>209,617</u>	<u>(42,063)</u>	<u>167,554</u>	<u>153,247</u>	<u>14,307</u>
Educational Media Services/ School Library					
Salaries	318,580	(5,345)	313,235	313,023	212
Other Purchased Professional/Technical Services	262	-	262	262	-
Supplies and Materials	75,105	(6,494)	68,611	59,840	8,771
Total Educational Media Services/ School Library	<u>393,947</u>	<u>(11,839)</u>	<u>382,108</u>	<u>373,125</u>	<u>8,983</u>
Instructional Staff Training Services					
Salaries of Secretarial and Clerical Assist.	5,376	(151)	5,225	5,224	1
Purchased Professional Educational Services	1,500	-	1,500	-	1,500
Other Purchased Professional/Technical Services	4,200	-	4,200	2,025	2,175
General Supplies	600	-	600	-	600
Total Instructional Staff Training Services	<u>11,676</u>	<u>(151)</u>	<u>11,525</u>	<u>7,249</u>	<u>4,276</u>

(Continued)

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, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 403,697	\$ (1,644)	\$ 402,053	\$ 401,836	\$ 217
Legal Services	60,000	25,000	85,000	70,107	14,893
Audit Fees	78,135	36,539	114,674	39,352	75,322
Architectural/Engineering Services	30,000	10,000	40,000	19,807	20,193
Other Purchased Professional Services	78,000	6,215	84,215	35,641	48,574
Purchased Technical Services	1,047	-	1,047	1,047	-
Communications/Telephone	81,043	8,583	89,626	79,139	10,487
BOE Other Purchased Services	639	(409)	230	40	190
Other Purchased Services	39,503	(2,918)	36,585	26,863	9,722
Supplies and Materials	2,387	1,406	3,793	3,378	415
BOE In-House Training/Meeting Supplies	450	30	480	463	17
Miscellaneous Expenditures	8,567	1,938	10,505	10,007	498
BOE Membership Dues and Fees	13,965	(469)	13,496	13,312	184
	<u>797,433</u>	<u>84,271</u>	<u>881,704</u>	<u>700,992</u>	<u>180,712</u>
Total Support Services General Administration					
Support Services School Administration					
Salaries of Principals and Assistant Principals	775,740	(2,000)	773,740	770,431	3,309
Salaries of Other Professional Staff		195,897	195,897	194,819	1,078
Salaries of Secretarial Staff	210,661	(738)	209,923	209,883	40
Purchased Professional and Technical Services	9,811	-	9,811	3,980	5,831
Other Purchased Services	8,831	1,599	10,430	8,580	1,850
Supplies and Materials	21,940	5,423	27,363	27,053	310
Other Objects	7,122	(798)	6,324	6,323	1
	<u>1,034,105</u>	<u>199,383</u>	<u>1,233,488</u>	<u>1,221,069</u>	<u>12,419</u>
Total Support Services School Administration					
Undistributed Expenditures - Central Services					
Salaries	294,701	440	295,141	295,140	1
Purchased Technical Services	16,469	6,750	23,219	23,197	22
Miscellaneous Purchased Services	8,220	(750)	7,470	4,116	3,354
Supplies and Materials	5,000	-	5,000	2,232	2,768
Interest on Lease Purchase Agreements	3,184	-	3,184	3,183	1
Miscellaneous Expenditures	3,550	28	3,578	1,272	2,306
	<u>331,124</u>	<u>6,468</u>	<u>337,592</u>	<u>329,140</u>	<u>8,452</u>
Total Undistributed Expenditures - Central Services					
Undistributed Expenditures - Admin. Info. Teeb.					
Salaries	177,310	-	177,310	172,528	4,782
Other Purchased Services	500	(143)	357	357	357
Other Objects	450	90	540	536	4
	<u>178,260</u>	<u>(53)</u>	<u>178,207</u>	<u>173,064</u>	<u>5,143</u>
Total Undistributed Expenditures - Admin. Info. Technology					

(Continued)

**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, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 50,432	\$ 1,234	\$ 51,666	\$ 50,169	\$ 1,497
Cleaning, Repair and Maintenance Services	250,155	9,780	259,935	249,389	10,546
General Supplies	18,320	2,455	20,775	18,754	2,021
	<u>318,907</u>	<u>13,469</u>	<u>332,376</u>	<u>318,312</u>	<u>14,064</u>
Total Required Maint for School Facilities					
Custodial Services					
Salaries	887,356	50,441	937,797	932,905	4,892
Salaries of Non-Instructional Aides	73,680	2,176	75,856	75,359	497
Other Purchased Professional and Technical Services	48,845	(4,806)	44,039	38,708	5,331
Cleaning, Repair and Maintenance Services	135,589	2,377	137,966	131,637	6,329
Other Purchased Property Services	25,920	170	26,090	23,219	2,871
Insurance	132,533	(40)	132,493	129,185	3,308
Miscellaneous Purchased Services	800	222	1,022	1,022	-
General Supplies	124,565	9,869	134,434	105,785	28,649
Energy	8,200	-	8,200	6,981	1,219
Energy (Natural Gas)	282,900	47,635	330,535	254,856	75,679
Energy (Electricity)	433,746	(99,072)	334,674	334,672	2
Other Objects	1,000	515	1,515	1,445	70
	<u>2,155,134</u>	<u>9,487</u>	<u>2,164,621</u>	<u>2,035,774</u>	<u>128,847</u>
Total Other Operations and Maint. of Plant					
Care and Upkeep of Grounds					
Salaries	192,831	20,117	212,948	210,404	2,544
Cleaning, Repair and Maintenance Services	15,000	6,300	21,300	18,652	2,648
General Supplies	21,150	(4,500)	16,650	7,121	9,529
	<u>228,981</u>	<u>21,917</u>	<u>250,898</u>	<u>236,177</u>	<u>14,721</u>
Total Care and Upkeep of Grounds					
Security					
Cleaning, Repair and Maintenance Services	5,000	2,600	7,600	7,311	289
Other Purchased Services	14,500	5,000	19,500	18,009	1,491
General Supplies	14,750	(12,600)	2,150	446	1,704
	<u>34,250</u>	<u>(5,000)</u>	<u>29,250</u>	<u>25,766</u>	<u>3,484</u>
Total Security					
Student Transportation Services					
Management Fee-ESC & CTSA Trans. Prog.	35,388	5	35,393	35,393	-
Contr Serv-Aid in Lieu of Pymts-Non-Public Schools	149,775	(12,635)	137,140	129,198	7,942
Contr Serv(Bet Home &Sch)-Vend	128,912	6,613	135,525	135,524	1
Contr Serv(Oth. Than Bet Home &Sch)-Vend	117,328	(5,716)	111,612	110,601	1,011
Contr Serv(Special Education)-ESC & CTSA	791,163	(5)	791,158	696,367	94,791
	<u>1,222,566</u>	<u>(11,738)</u>	<u>1,210,828</u>	<u>1,107,083</u>	<u>103,745</u>
Total Student Transportation Services					

(Continued)

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, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Unallocated Employee Benefits					
Social Security Contribution	\$ 235,000	\$ 14,354	\$ 249,354	\$ 248,748	\$ 606
PERS Contributions	208,768	-	208,768	199,741	9,027
Other Retirement Contributions - Regular	1,800	135	1,935	1,935	
Workmens Compensation	190,000	(18,202)	171,798	171,797	1
Health Benefits	2,771,749	88,205	2,859,954	2,850,197	9,757
Tuition Reimbursements	92,455	(4,877)	87,578	74,721	12,857
Other Employee Benefits	89,100	(3,529)	85,571	77,115	8,456
Total Unallocated Employee Benefits	<u>3,588,872</u>	<u>76,086</u>	<u>3,664,958</u>	<u>3,624,254</u>	<u>40,704</u>
On Behalf TPAF Pension System Contributions- (Non-Budgeted)- Pension Costs - NCGI				34,215	(34,215)
(Non-Budgeted) Post Retirement and Medical Contribution				642,603	(642,603)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	845,016	(845,016)
Total TPAF Pension and Social Security Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,521,834</u>	<u>(1,521,834)</u>
Total Undistributed Expenditures	<u>14,530,987</u>	<u>107,127</u>	<u>14,638,114</u>	<u>15,528,102</u>	<u>(889,988)</u>
Total Current Expenditures	<u>24,142,684</u>	<u>(221,752)</u>	<u>23,920,932</u>	<u>24,680,367</u>	<u>(759,435)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Instruction	50,696	31,531	82,227	82,227	
Health Services		2,495	2,495	2,495	
Operation and Maintenance of Equipment	42,400	55,198	97,598	36,773	60,825
Total Equipment	<u>93,096</u>	<u>89,224</u>	<u>182,320</u>	<u>121,495</u>	<u>60,825</u>
Facilities Acquisition and Construction Services					
Construction Services	88,100	54,200	142,300	103,499	38,801
Lease Purchase Agreements-Principal	80,290	-	80,290	80,290	-
Total facilities Acquis. And Construction Services	<u>168,390</u>	<u>54,200</u>	<u>222,590</u>	<u>183,789</u>	<u>38,801</u>
Increase in Capital Reserve	1,000	-	1,000	-	1,000
Total Expenditures - Capital Outlay	<u>262,486</u>	<u>143,424</u>	<u>405,910</u>	<u>305,284</u>	<u>100,626</u>
Transfer Funds to Charter School	20,734	19,402	40,136	40,136	-
Total Expenditures - General Fund	<u>24,425,904</u>	<u>(58,926)</u>	<u>24,366,978</u>	<u>25,025,787</u>	<u>(658,809)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(136,615)</u>	<u>1,832</u>	<u>(134,783)</u>	<u>926,288</u>	<u>1,061,071</u>

(Continued)

**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, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Other Financing Sources (Uses)					
Transfers In		-		\$ 4,111	\$ 4,111
Transfers Out	-	\$ (186,000)	\$ (186,000)	(186,000)	-
Total Other Financing Sources (Uses)	-	(186,000)	(186,000)	(181,889)	4,111
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (136,615)	(184,168)	(320,783)	744,399	1,065,182
Fund Balance, Beginning of Year	1,028,338	-	1,028,338	1,028,338	-
Fund Balance, End of Year	\$ 891,723	\$ (184,168)	\$ 707,555	\$ 1,772,737	\$ 1,065,182
Recapitulation of Fund Balance					
Reserve for:					
Encumbrances				\$ 174,747	
Capital Reserve				343,832	
Excess Surplus Designated for Subsequent Year's Expenditures				21,572	
Waiver Offset Designated for Subsequent Year's Expenditures				176,643	
Excess Surplus				247,316	
Unreserved:					
Designated for Subsequent Year's Expenditures				177,051	
Undesignated Fund Balance				631,576	
Fund Balance (Budgetary Basis)				1,772,737	
Reconciliation to Governmental Fund Statements (GAAP)					
2009/2010 State Aid Payment Not Recognized on a GAAP Basis				120,169	
2009/2010 Extraordinary Aid Not Recognized on a GAAP Basis				370,764	
Fund Balance per Governmental Funds (GAAP Basis)				\$ 1,281,804	

**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, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local		\$ 32,777	\$ 32,777	\$ 29,835	\$ (2,942)
State Sources	\$ 110,527	15,856	126,383	83,830	(42,553)
Federal Sources	343,025	477,042	820,067	646,867	(173,200)
Total Revenues	<u>453,552</u>	<u>525,675</u>	<u>979,227</u>	<u>760,532</u>	<u>(218,695)</u>
EXPENDITURES					
Instruction					
Salaries for Instruction		155,000	155,000	155,000	-
Purchased Professional/Technical		-	-	-	-
Purchased Professional/Educational Services		122,781	122,781	72,805	49,976
Other Purchased Professional Services		15,517	15,517	-	15,517
Other Purchased Services		346,236	346,236	346,236	-
Other Objects		14,187	14,187	4,188	9,999
General Supplies		63,976	63,976	21,158	42,818
Textbooks	-	13,085	13,085	11,025	2,060
Total Instruction	<u>-</u>	<u>730,782</u>	<u>730,782</u>	<u>610,412</u>	<u>120,370</u>
Support Services					
Salaries of Health Services		1,175	1,175	500	675
Personal Services - Employee Benefits		31,000	31,000	22,645	8,355
Purchased Professional/Educational Services	453,552	(394,708)	58,844	24,325	34,519
Purchased Professional/Technical		63,089	63,089	15,802	47,287
Other Purchased Professional Services		1,450	1,450	1,100	350
Other Purchased Services		7,500	7,500	7,500	-
Supplies and Materials	-	20,059	20,059	14,929	5,130
Total Support Services	<u>453,552</u>	<u>(270,435)</u>	<u>183,117</u>	<u>86,801</u>	<u>96,316</u>
Facilities Acquisition and Construction					
Construction Services		7,250	7,250	7,250	-
Instructional Equipment	-	58,078	58,078	56,069	2,009
Total Facilities Acquisition and Construction	<u>-</u>	<u>65,328</u>	<u>65,328</u>	<u>63,319</u>	<u>2,009</u>
Total Expenditures	<u>453,552</u>	<u>525,675</u>	<u>979,227</u>	<u>760,532</u>	<u>218,695</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CEDAR GROVE PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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) \$ 25,952,075	(C-2) \$	760,532
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized, net of cancellations			(4,324)
State Aid and Extraordinary Aid payments and (2008/2009) recognized for budgetary purposes not recognized for GAAP statements	390,019		-
State Aid and Extraordinary Aid payments and (2009/2010) recognized for budgetary purposes not recognized for GAAP statements	<u>(490,933)</u>		<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 25,851,161</u>	(B-2) \$	<u>756,208</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 25,025,787	(C-2) \$	760,532
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.	<u>-</u>		<u>(4,324)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 25,025,787</u>	(B-2) \$	<u>756,208</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**CEDAR GROVE PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	No Child Left Behind		IDEA		IDEIA		IDEIA		Totals Pg 1	Totals Pg 2	Grand Totals
	Title IIIA	Title IV	IDEIA Part B Basic	IDEIA Part B Carryover	IDEIA Part B Basic	IDEIA Part B Preschool ARRA	IDEIA Part B Basic	IDEIA Part B Preschool ARRA			
REVENUES											
Miscellaneous - Local	\$ 28,310	\$ 2,524	\$ 333,421	\$ 22,959	\$ 14,181	\$ 920	\$ 244,552	\$ 920	\$ 646,867	\$ 29,835	\$ 29,835
State Sources										83,830	83,830
Federal Sources										-	646,867
Total Revenues	\$ 28,310	\$ 2,524	\$ 333,421	\$ 22,959	\$ 14,181	\$ 920	\$ 244,552	\$ 920	\$ 646,867	\$ 113,665	\$ 760,532
EXPENDITURES											
Instruction:											
Salaries for Instruction			\$ 155,000				\$ 155,000		\$ 155,000	-	\$ 155,000
Purchased Prof. Educational Services					\$ 14,181		346,236		346,236	72,805	72,805
Other Purchased Services	\$ 4,188		\$ 332,055				4,188		4,188	-	346,236
Other Objects											4,188
General Supplies							18,105	\$ 920	19,025	2,133	21,158
Textbooks										11,025	11,025
Total Instruction	4,188	-	332,055	-	14,181	920	173,105	920	524,449	85,963	610,412
Support Services											
Salaries of Health Services										500	500
Personal Services - Employee Benefits							22,645		22,645	-	22,645
Purchased Professional Educational Services			1,366	\$ 22,959			1,802		24,325	-	24,325
Purchased Professional & Technical Services	14,000								15,802	-	15,802
Other Purchased Professional Services										1,100	1,100
Other Purchased Services	7,500								7,500		7,500
General Supplies	2,622	\$ 2,524							5,146	9,783	14,929
Total Support Services	24,122	2,524	1,366	22,959	-	-	24,447	-	75,418	11,383	86,801
Facilities Acquisition and Construction											
Construction Services							47,000		47,000	7,250	7,250
Instructional Equipment										9,069	56,069
Total Facilities Acquisition and Construction							47,000		47,000	16,319	63,319
Total Expenditures	\$ 28,310	\$ 2,524	\$ 333,421	\$ 22,959	\$ 14,181	\$ 920	\$ 244,552	\$ 920	\$ 646,867	\$ 113,665	\$ 760,532

CEDAR GROVE PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Non Public							Page 2 Totals
	Compensatory Education	Textbook	Examination/ Classification	Supplemental Instruction	Correct Speech	Transportation	Miscellaneous	
REVENUES								
Miscellaneous - Local	\$ 16,027	\$ 11,025	\$ 15,898	\$ 9,238	\$ 18,741	\$ 12,901	\$ 29,835	\$ 29,835
State Sources	-	-	-	-	-	-	-	83,830
Federal Sources	-	-	-	-	-	-	-	-
Total Revenues	\$ 16,027	\$ 11,025	\$ 15,898	\$ 9,238	\$ 18,741	\$ 12,901	\$ -	\$ 113,665
EXPENDITURES								
Instruction:								
Purchased Prof. Educational Services	\$ 16,027		\$ 15,898	\$ 9,238	\$ 18,741	\$ 12,901	\$ -	\$ 72,805
Purchased Professional Services								-
Other Purchased Service								-
General Supplies		\$ 11,025					\$ 2,133	2,133
Textbooks								11,025
Total Instruction	16,027	11,025	15,898	9,238	18,741	12,901	2,133	85,963
Support Services								
Salaries of Health Services							500	500
Purchased Professional Educational Services								-
Other Purchased Professional Services							1,100	1,100
General Supplies							9,783	9,783
Total Support Services	-	-	-	-	-	-	11,383	11,383
Facilities Acquisition and Construction								
Construction Services							7,250	7,250
Instructional Equipment							9,069	9,069
Total Facilities Acquisition and Construction	-	-	-	-	-	-	16,319	16,319
Total Expenditures	\$ 16,027	\$ 11,025	\$ 15,898	\$ 9,238	\$ 18,741	\$ 12,901	\$ 29,835	\$ 113,665

**CEDAR GROVE PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2010</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Renovations to the Elementary, High School & Middle School Addition	\$ 13,827,560	\$ 13,387,889	\$ 396,688	\$ 42,983
South End Roof Replacement	98,000	18,395	79,275	330
High School Fire Alarm	235,985	231,800	-	4,185
High School Heating System Replacement	186,000	-	174,072	11,928
	<u>\$ 14,347,545</u>	<u>\$ 13,638,084</u>	<u>\$ 650,035</u>	<u>\$ 59,426</u>
Reconciliation to GAAP:				
				\$ 59,426
				<u>116,327</u>
				<u>\$ (56,901)</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, 2010**

Revenues and Other Financing Sources

Interest Earned on Investments	\$ 4,111
Transfer In from Capital Outlay	<u>186,000</u>
Total Revenues	<u>190,111</u>

Expenditures and Other Financing Uses

Facilities Acquisition and Construction Services	607,960
Purchased Professional and Technical Services	36,385
Supplies and Materials	5,690
Transfer Out to General Fund	<u>4,111</u>
Total Expenditures	<u>654,146</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures (464,035)

Fund Balance, Beginning of Year - Budgetary Basis 523,461

Fund Balance, End of Year - Budgetary Basis \$ 59,426

Reconciliation to GAAP:

Project Fund Balances	\$ 59,426
Less: SDA Grant Revenue Net	
Realized Under GAAP	<u>116,327</u>

Fund Balance - Ending - GAAP \$ (56,901)

**CEDAR GROVE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS OF ELEMENTARY, HIGH SCHOOL AND MIDDLE SCHOOL ADDITION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 3,877,560		\$ 3,877,560	\$ 3,877,560
Bond Proceeds	9,950,000	-	9,950,000	9,950,000
	<u>13,827,560</u>	<u>-</u>	<u>13,827,560</u>	<u>13,827,560</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical services	124,330	\$ 31,433	155,763	155,763
Facilities Acquisition and Construction Services	13,262,046	359,565	13,621,611	13,621,611
Supplies & Materials	1,513	5,690	7,203	7,203
	<u>13,387,889</u>	<u>396,688</u>	<u>13,784,577</u>	<u>13,784,577</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 439,671</u>	<u>\$ (396,688)</u>	<u>\$ 42,983</u>	<u>\$ 42,983</u>

Additional Project Information:

Project Number	0760-050-01-1473-00	0760-058-01-1474-00
	0760-060-01-1475-00	0760-090-01-1476-00
	1387-100-09-1477-00	
Grant Date	8/10/2001	
Bonds Authorization Date	9/25/2001	
Bonds Authorized	\$ 9,950,000	
Bonds Issued	\$ 9,950,000	
Original Authorized Cost	\$ 13,287,560	
Change Orders	-	
Revised Authorized Cost	N/A	
Change Order Percentage	N/A	
Percentage Completion	99%	
Original Target Completion Date	9/1/2004	
Revised Target Completion Date	9/1/2004	

**CEDAR GROVE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
SOUTH END ROOF REPLACEMENT
FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from capital reserve	\$ 98,000		\$ 98,000	\$ 98,000
Total revenues	98,000	-	98,000	98,000
Expenditures and Other Financing Uses				
Purchased professional and technical services	18,395	\$ 275	18,670	18,670
Facilities Acquisition and Construction	-	79,000	79,000	79,000
Total Expenditures	18,395	79,275	97,670	97,670
Excess (deficiency) or revenues over (under) expenditures	79,605	\$ (79,275)	\$ 330	\$ 330
Additional project information:				
Project Number	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	98,000			
Additional Authorized Cost	-			
Revised Authorized Cost	98,000			
Percentage Increase over Original Authorized Cost	-			
Percentage completion	100.00%			
Original target completion date	9/1/2009			
Revised target completion date	9/1/2009			

**CEDAR GROVE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
INSTALLATION AND MAINTENANCE OF THE HIGH SCHOOL FIRE ALARM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Lease Proceeds	\$ 231,800		\$ 231,800	\$ 231,800
Interest Earnings	4,185	\$ -	4,185	4,185
	<u>235,985</u>	<u>-</u>	<u>235,985</u>	<u>235,985</u>
Expenditures and Other Financing Uses				
Facilities Acquisition and Construction Services	<u>231,800</u>	<u>-</u>	<u>231,800</u>	<u>231,800</u>
	<u>231,800</u>	<u>-</u>	<u>231,800</u>	<u>231,800</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,185</u>	<u>\$ -</u>	<u>\$ 4,185</u>	<u>\$ 4,185</u>

Additional Project Information:

Project Number	Not Available
Grant Date	Not Available
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 231,800
Change Orders	-
Revised Authorized Cost	\$ 231,800
Change Order Percentage	N/A
Percentage Completion	100%
Original Target Completion Date	12/31/2007
Revised Target Completion Date	12/31/2007

**CEDAR GROVE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL HEATING SYSTEM REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

Additional Project Information:

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

PROPRIETARY FUND

**CEDAR GROVE PUBLIC SCHOOLS
PROPRIETARY FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**CEDAR GROVE PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Agency Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 48,440	\$ 110,011	\$ 158,451
Total Assets	<u>\$ 48,440</u>	<u>\$ 110,011</u>	<u>\$ 158,451</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 109,979	\$ 109,979
Accrued Salaries and Wages		29	29
Due to Other Funds		3	3
Due to Student Groups	\$ 48,440	-	48,440
Total Liabilities	<u>\$ 48,440</u>	<u>\$ 110,011</u>	<u>\$ 158,451</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2010</u>
ELEMENTARY SCHOOLS				
Cedar Grove North End School	\$ 4,084	\$ 4,557	\$ 4,072	\$ 4,569
Cedar Grove South End School	<u>2,328</u>	<u>8,627</u>	<u>7,990</u>	<u>2,965</u>
Total Elementary Schools	<u>6,412</u>	<u>13,184</u>	<u>12,062</u>	<u>7,534</u>
MIDDLE SCHOOLS				
Cedar Grove Memorial School	<u>31,793</u>	<u>36,225</u>	<u>58,698</u>	<u>9,320</u>
SENIOR HIGH SCHOOL				
Cedar Grove High School Student Activities	<u>34,258</u>	<u>106,172</u>	<u>108,947</u>	<u>31,483</u>
OTHER				
Athletic Fund	<u>104</u>	<u>46,115</u>	<u>46,116</u>	<u>103</u>
TOTAL ALL SCHOOLS	<u>\$ 72,567</u>	<u>\$ 201,696</u>	<u>\$ 225,823</u>	<u>\$ 48,440</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Balance,</u> <u>July 1,</u> <u>2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30,</u> <u>2010</u>
Payroll Deductions and Withholdings	\$ 108,375	\$ 6,467,358	\$ 6,465,754	\$ 109,979
Accrued Salaries and Wages	2,094	8,729,214	8,731,279	29
Interfund Payable/Receivable	<u>8,787</u>	<u>4,741</u>	<u>13,525</u>	<u>3</u>
Total	<u>\$ 119,256</u>	<u>\$ 15,201,313</u>	<u>\$ 15,210,558</u>	<u>\$ 110,011</u>

LONG-TERM DEBT

CEDAR GROVE PUBLIC SCHOOLS
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Purpose	Date of Issue	Amount of Original Issue	Annual Date	Maturities Amount	Interest Rate	Balance	Balance
						July 1, 2009	June 30, 2010
Various Improvements	8/15/2002	\$ 9,950,000	8/15/10	\$ 430,000	3.90%		
			8/15/11	450,000	3.90%		
			8/15/12	470,000	3.90%		
			8/15/13	490,000	3.90%		
			8/15/14	515,000	3.90%		
			8/15/15	540,000	4.00%		
			8/15/16	565,000	4.10%		
			8/15/17	590,000	4.20%		
			8/15/18	620,000	4.30%		
			8/15/19	645,000	4.40%		
			8/15/20	675,000	4.50%		
			8/15/21	710,000	4.60%		
		8/15/22	745,000	4.70%			
						\$ 7,855,000	\$ 410,000
						\$ 7,855,000	\$ 7,445,000

**CEDAR GROVE PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2009</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2010</u>
Installation and Maintenance of High School Fire Alarm	\$ 231,800	\$ 80,290	-	\$ 80,290	\$ -
		<u>\$ 80,290</u>	<u>\$ -</u>	<u>\$ 80,290</u>	<u>\$ -</u>

EXHIBIT I-3

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 731,734		\$ 731,734	\$ 731,734	
Interest Income	-	-	-	124	\$ 124
Total Revenues	<u>731,734</u>	<u>-</u>	<u>731,734</u>	<u>731,858</u>	<u>124</u>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	410,000		410,000	410,000	
Interest	<u>322,475</u>	<u>-</u>	<u>322,475</u>	<u>322,475</u>	<u>-</u>
Total Expenditures	<u>732,475</u>	<u>-</u>	<u>732,475</u>	<u>732,475</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over Expenditures	(741)	-	(741)	(617)	124
Fund Balance, Beginning of Year	<u>1,577</u>	<u>-</u>	<u>1,577</u>	<u>1,577</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 836</u>	<u>\$ -</u>	<u>\$ 836</u>	<u>\$ 960</u>	<u>\$ 124</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 685,853	\$ 1,427,454	\$ 3,844,408	\$ 5,545,404	\$ 5,879,920	\$ 6,037,194	\$ 6,527,569	\$ 7,161,173
Restricted	3,803,536	4,231,243	2,304,077	157,756	155,660	162,634	148,654	357,050
Unrestricted	1,343,966	1,032,837	234,187	867,285	546,918	311,356	(205,980)	134,155
Total Governmental Activities Net Assets	\$ 5,833,355	\$ 6,691,534	\$ 6,382,672	\$ 6,570,445	\$ 6,582,498	\$ 6,511,184	\$ 6,470,243	\$ 7,652,378
Business-Type Activities								
Invested in Capital Assets	\$ 10,397	\$ 6,977	\$ 4,833	\$ 20,650	\$ 21,075	\$ 18,889	\$ 16,703	\$ 14,884
Unrestricted	9,496	10,242	16,202	13,595	(3,750)	3,390	14,513	24,854
Total Business-Type Activities Net Assets	\$ 19,893	\$ 17,219	\$ 21,035	\$ 34,245	\$ 17,325	\$ 22,279	\$ 31,216	\$ 39,738
District-Wide								
Invested in Capital Assets, Net of Related Debt	\$ 696,250	\$ 1,434,431	\$ 3,849,241	\$ 5,566,054	\$ 5,900,995	\$ 6,056,083	\$ 6,544,272	\$ 7,176,057
Restricted	3,803,536	4,231,243	2,304,077	157,756	155,660	162,634	148,654	357,050
Unrestricted	1,353,462	1,043,079	250,389	880,880	543,168	314,746	(191,467)	159,009
Total District Net Assets	\$ 5,853,248	\$ 6,708,753	\$ 6,403,707	\$ 6,604,690	\$ 6,599,823	\$ 6,533,463	\$ 6,501,459	\$ 7,692,116

Source: District Financial Records

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities								
Instruction								
Regular	\$ 6,159,021	\$ 6,471,357	\$ 9,291,347	\$ 9,737,479	\$ 10,589,555	\$ 10,125,563	\$ 10,232,195	\$ 10,398,112
Special Education	981,454	1,041,616	1,489,460	3,009,409	3,944,118	4,376,555	4,314,705	4,210,806
Other Instruction	132,507	158,585	237,275	283,387	300,594	306,581	184,617	187,397
School Sponsored Activities and Athletics	432,092	459,333	575,117	580,810	747,808	693,945	769,420	692,232
Support Services:								
Tuition	794,531	778,837						
Student & Instruction Related Services	1,949,448	2,202,867	3,558,195	2,127,108	2,386,928	2,476,246	2,124,334	2,225,426
Attendance And Social Work				41,981	44,289	52,044	50,877	61,448
Health Services				332,314	323,441	352,759	358,883	372,672
Educational Media/School Library				546,454	568,785	500,653	509,946	506,674
School Administrative Services	770,107	929,762	1,397,436	1,328,693	1,458,895	1,488,467	1,592,612	1,639,840
General Administration	4,072,658	4,557,501	839,833	686,741	733,974	925,050	933,567	872,431
Central Services				390,764	518,183	601,210	635,587	638,014
Plant Operations And Maintenance	1,809,592	1,995,566	2,456,759	2,675,216	2,932,421	2,798,509	2,941,303	2,930,600
Pupil Transportation	889,072	974,930	818,821	913,626	1,087,298	1,126,864	1,164,059	1,107,083
Interest On Long-Term Debt	223,393	406,130	615,256	490,163	284,149	355,595	337,469	318,468
Unallocated Depreciation	125,980	141,378	504,986	-	-	-	-	-
Total Governmental Activities Expenses	<u>18,339,855</u>	<u>20,117,862</u>	<u>21,784,485</u>	<u>23,144,145</u>	<u>25,920,438</u>	<u>26,180,041</u>	<u>26,149,574</u>	<u>26,161,203</u>
Business-Type Activities:								
Food Service	236,518	302,143	341,803	347,500	325,877	291,477	325,784	311,075
Total Business-Type Activities Expense	<u>236,518</u>	<u>302,143</u>	<u>341,803</u>	<u>347,500</u>	<u>325,877</u>	<u>291,477</u>	<u>325,784</u>	<u>311,075</u>
Total District Expenses	<u>\$ 18,576,373</u>	<u>\$ 20,420,005</u>	<u>\$ 22,126,288</u>	<u>\$ 23,491,645</u>	<u>\$ 26,246,315</u>	<u>\$ 26,471,518</u>	<u>\$ 26,475,358</u>	<u>\$ 26,472,278</u>
Program Revenues								
Governmental Activities:								
Charges For Services:								
Instruction (Tuition)		\$ 982						
Operating Grants And Contributions	\$ 372,242	454,115	\$ 304,203	\$ 3,250,861	\$ 4,262,329	\$ 4,229,861	\$ 3,282,444	\$ 3,793,494
Capital Grants And Contributions	-	-	-	84,148	-	-	271,430	-
Total Governmental Activities Program Revenues	<u>372,242</u>	<u>455,097</u>	<u>304,203</u>	<u>3,335,009</u>	<u>4,262,329</u>	<u>4,229,861</u>	<u>3,553,874</u>	<u>3,793,494</u>

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Business-Type Activities:								
Charges For Services								
Food Service	\$ 218,902	\$ 279,343	\$ 324,856	\$ 340,799	\$ 284,858	\$ 273,708	\$ 311,826	\$ 293,590
Operating Grants And Contributions	14,141	16,126	20,305	18,952	18,814	19,909	21,753	25,308
Total Business Type Activities Program Revenues	<u>233,043</u>	<u>295,469</u>	<u>345,161</u>	<u>359,751</u>	<u>303,672</u>	<u>293,617</u>	<u>333,579</u>	<u>318,898</u>
Total District Program Revenues	<u>\$ 605,285</u>	<u>\$ 750,566</u>	<u>\$ 649,364</u>	<u>\$ 3,694,760</u>	<u>\$ 4,566,001</u>	<u>\$ 4,523,478</u>	<u>\$ 3,887,453</u>	<u>\$ 4,112,392</u>
Net (Expense)/Revenue								
Governmental Activities	\$(17,967,613)	\$(19,662,765)	\$(21,480,282)	\$(19,809,136)	\$(21,658,109)	\$(21,950,180)	\$(22,595,700)	\$(22,367,709)
Business-Type Activities	(3,475)	(6,674)	3,358	12,251	(22,205)	2,140	7,795	7,823
Total District-Wide Net Expense	<u>\$(17,971,088)</u>	<u>\$(19,669,439)</u>	<u>\$(21,476,924)</u>	<u>\$(19,796,885)</u>	<u>\$(21,680,314)</u>	<u>\$(21,948,040)</u>	<u>\$(22,587,905)</u>	<u>\$(22,359,886)</u>
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Properly Taxes Levied For General Purposes, Net	\$ 13,983,513	\$ 15,568,647	\$ 16,729,321	\$ 18,195,715	\$ 19,647,375	\$ 19,930,988	\$ 20,904,871	\$ 21,914,106
Taxes Levied For Debt Service	275,000	716,130	667,141	722,573	722,228	725,226	727,109	731,734
Unrestricted Grants And Contributions	4,455,800	3,801,232	3,054,940	199,361	198,213	237,413	11,231	
Tuition Received		(180,719)						
Investment Earnings	156,707	56,815						
Donation of Capital Assets					163,851	4,492		
Loss on Disposal of Capital Asset						(3,126)		
Miscellaneous Income	643,910	562,839	720,018	879,260	942,495	985,473	911,548	904,004
Transfers	-	(4,000)	-	-	(4,000)	(1,600)	-	-
Total Governmental Activities	<u>19,514,930</u>	<u>20,520,944</u>	<u>21,171,420</u>	<u>19,996,909</u>	<u>21,670,162</u>	<u>21,878,866</u>	<u>22,554,759</u>	<u>23,549,844</u>
Business-Type Activities:								
Investment Earnings			458	959	1,285	1,214	1,142	699
Transfers	-	4,000	-	-	4,000	1,600	-	-
Total Business-Type Activities	<u>-</u>	<u>4,000</u>	<u>458</u>	<u>959</u>	<u>5,285</u>	<u>2,814</u>	<u>1,142</u>	<u>699</u>
Total District-Wide	<u>\$ 19,514,930</u>	<u>\$ 20,524,944</u>	<u>\$ 21,171,878</u>	<u>\$ 19,997,868</u>	<u>\$ 21,675,447</u>	<u>\$ 21,881,680</u>	<u>\$ 22,555,901</u>	<u>\$ 23,550,543</u>
Change in Net Assets								
Governmental Activities	\$ 1,547,317	\$ 858,179	\$ (308,862)	\$ 187,773	\$ 12,053	\$ (71,314)	\$ (40,941)	\$ 1,182,135
Business-Type Activities	(3,475)	(2,674)	3,816	13,210	(16,920)	4,954	8,937	8,522
Total District	<u>\$ 1,543,842</u>	<u>\$ 855,505</u>	<u>\$ (305,046)</u>	<u>\$ 200,983</u>	<u>\$ (4,867)</u>	<u>\$ (66,360)</u>	<u>\$ (32,004)</u>	<u>\$ 1,190,657</u>

Source: District Financial Records

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 516,993	\$ 817,566	\$ 1,316,687	\$ 1,392,966	\$ 688,348	\$ 348,169	\$ 392,760	\$ 964,110
Unreserved	1,276,193	848,403	455,695	336,175	655,398	791,252	245,559	317,694
Total General Fund	\$ 1,793,186	\$ 1,665,969	\$ 1,772,382	\$ 1,729,141	\$ 1,343,746	\$ 1,139,421	\$ 638,319	\$ 1,281,804
All Other Governmental Funds								
Reserved	\$ 3,014,336	\$ 289,454	\$ 267,767	\$ 267,766	\$ 399,069	\$ 676,575	\$ 445,657	\$ -
Unreserved	816,163	3,789,244	719,623	748,397	719,921	257,431	(36,946)	(55,941)
Total All Other Governmental Funds	\$ 3,830,499	\$ 4,078,698	\$ 987,390	\$ 1,016,163	\$ 1,118,990	\$ 934,006	\$ 408,711	\$ (55,941)

Source: District Financial Records

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2005 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Tax Levy	\$ 14,258,513	\$ 16,284,777	\$ 17,396,462	\$ 18,918,288	\$ 20,369,603	\$ 20,656,214	\$ 21,631,980	\$ 22,645,840
Tuition Charges		982	24,695					
Interest Earnings	156,707	56,815	51,355					
Miscellaneous	643,910	562,839	643,968	879,260	944,495	985,473	920,811	930,282
State Sources	4,597,536	3,934,536	3,000,550	3,142,458	4,010,567	4,064,527	3,172,193	3,121,116
Federal Sources	230,506	320,811	358,593	391,912	447,975	402,747	383,649	646,100
Total Revenue	19,887,172	21,160,760	21,475,623	23,331,918	25,772,640	26,108,961	26,108,633	27,343,338
Expenditures								
Instruction								
Regular Instruction	7,683,926	8,118,218	6,945,226	9,559,842	10,372,431	9,922,679	10,011,302	10,158,450
Special Education Instruction			1,136,934	2,980,753	3,912,548	4,331,633	4,275,026	4,174,266
Other Instruction			179,887	278,788	295,965	301,547	182,476	185,009
School Sponsored Activities and Athletics			456,242	571,618	736,279	681,807	755,997	680,510
Support Services:								
Tuition			951,771					
Student and Inst. Related Services	10,175,302	11,485,877		2,092,990	2,350,431	2,433,459	2,062,300	2,187,813
Health Services			2,186,890	326,002	317,572	351,646	352,065	365,384
Attendance and Social Work				41,489	43,323	44,948	49,071	60,284
Educational Media/School Library				538,108	560,197	491,700	501,066	497,287
General Administration			777,682	679,522	726,585	912,608	913,444	860,381
School Administrative Services			1,003,918	1,303,771	1,432,981	1,459,366	1,546,789	1,610,894
Central Services				383,046	509,602	587,096	613,367	623,989
Plant Operations And Maintenance			2,100,400	2,643,066	2,897,593	2,762,671	2,883,100	2,898,859
Pupil Transportation			818,821	913,626	1,087,298	1,126,864	1,164,059	1,107,083
Employee Benefits			4,099,141					
Capital Outlay	8,279,848	3,611,220	84,858	125,020	317,976	277,180	1,013,419	938,348
Debt Service:	223,393	716,130						
Principal			325,000	418,713	355,000	449,282	467,228	490,290
Interest and Other Charges	-	-	393,748	490,032	367,227	362,184	344,321	325,658
Total Expenditures	26,362,469	23,931,445	21,460,518	23,346,386	26,283,008	26,496,670	27,135,030	27,164,505
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	(6,475,297)	(2,770,685)	15,105	(14,468)	(510,368)	(387,709)	(1,026,397)	178,833
Other Financing Sources (Uses)								
Proceeds From Borrowing	9,950,000	3,000,000	3,000,000					
Capital Leases (Non-Budgeted)		76,386			231,800			
Payments To Bond Anticipation Note	(2,500,000)		(3,000,000)					
Transfers In				2,423		9,464	112,116	190,111
Transfers Out	-	(4,000)	-	(2,423)	(4,000)	(11,064)	(112,116)	(190,111)
Total Other Financing Sources (Uses)	7,450,000	3,072,386	-	-	227,800	(1,600)	-	-
Net Change in Fund Balances	\$ 974,703	\$ 301,701	\$ 15,105	\$ (14,468)	\$ (282,568)	\$ (389,309)	\$ (1,026,397)	\$ 178,833
Debt Service as a Percentage of								
Noncapital Expenditures	0.00%	0.00%	3.36%	3.91%	2.78%	3.09%	3.11%	3.11%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District Financial Records

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year Ended June 30,	Interest Earned	Building Rentals	Services for Other LEA's	Tuition	Miscellaneous	Total
2001	\$ 184,028	\$ 469,543	\$ 142,903	\$ 74,678	\$ 71,188	\$ 942,340
2002	80,370	474,256	101,667	22,308	89,351	767,952
2003	156,707	578,805	50,232	-	14,873	800,617
2004	56,815	443,869	-	982	118,970	620,636
2005	51,355	586,892	-	24,695	57,076	720,018
2006	76,454	617,784	-	17,663	163,962	875,863
2007	139,150	794,316	-	2,805	-	936,271
2008	115,460	735,465	-	1,945	132,603	985,473
2009	79,408	729,247	-	6,683	81,258	896,596
2010	40,324	720,492	-	8,000	130,953	899,769

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
2001	\$ 7,899,200	\$ 237,522,400	\$ 304,400		\$ 29,964,900	\$ 16,480,200	\$ 7,288,500	\$ 299,459,600		\$ 299,834,200	\$ 1,252,445,002	\$ 4.62
2002	7,869,100	240,589,600	304,400		29,251,200	16,308,700	7,288,500	301,611,500		301,973,500	1,406,770,056	4.72
2003	8,325,200	243,762,300	304,400		29,097,100	16,212,100	7,288,500	304,989,600		305,334,200	1,601,836,134	5.34
2004	11,580,500	245,436,100	304,400		29,178,400	15,842,200	7,288,500	309,620,100		309,915,700	1,770,269,297	5.62
2005	10,203,700	253,448,100	304,400		29,148,800	15,921,500	7,288,500	316,315,000		316,579,600	2,090,647,720	5.98
2006	9,998,700	262,959,100	304,400		28,863,500	15,598,100	7,288,500	325,012,300	\$ 228,100	325,240,400	2,250,798,616	6.26
2007	8,501,000	271,131,100	304,400		27,924,200	15,208,800	7,288,500	330,358,000	225,600	330,583,600	2,296,322,169	6.25
2008	8,045,000	273,563,000	304,400		27,517,000	15,701,900	6,929,200	332,060,500	229,500	332,290,000	2,478,063,433	6.51
2009	8,157,000	275,871,700	304,400		27,255,100	15,782,500	6,879,700	334,250,400	266,300	334,516,700	2,497,328,772	6.77
2010	51,020,900	1,890,266,300	1,256,500	3,200	187,836,600	104,809,700	48,860,000	2,284,033,200	1,950,500	2,286,003,700		1.027 *

Source: County Abstract of Rates

^a Tax rates are per \$100

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

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
		Township	County	Garbage District	
2001	\$ 4.620	\$ 1.450	\$ 2.620	\$ 0.270	\$ 8.960
2002	4.720	1.500	2.640	0.270	9.130
2003	5.340	1.650	2.730	0.270	9.990
2004	5.620	1.710	2.760	0.340	10.430
2005	5.980	1.760	2.760	0.340	10.840
2006	6.260	1.770	2.840	0.360	11.230
2007	6.250	1.860	2.660	0.390	11.160
2008	6.510	2.069	2.752	0.390	11.721
2009	6.770	2.116	2.827	0.400	12.113
2010	1.027	0.363	0.438	0.061	1.889 *

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)**

<u>Taxpayer</u>	<u>2010</u>		<u>2001</u>	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bradford Arms c/o S. Geltman & Co.	\$ 17,715,000	5.296%		
Grove Associates	16,835,000	5.033%		
Cedar Hill Realty Assoc. LLC	15,170,000	4.535%		
Health resources of Cedar Grove	12,215,000	3.652%		
Canterbury At Cedar Grove LLC	12,023,400	3.594%		Not Available
11 Cliffside Drive LLC	10,670,000	3.190%		
Contract Filling Inc	11,620,000	3.474%		
Cedar Grove Properties Inc	8,835,000	2.641%		
Diener Family Partnership LP	7,900,000	2.362%		
Pompton Avenue Associates	7,930,000	2.371%		
	<u>\$ 120,913,400</u>	<u>36.15%</u>		<u>0.00%</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	
2001	\$ 13,330,901	\$ 13,330,901	100.00%	-
2002	13,858,594	13,858,594	100.00%	-
2003	14,258,513	14,258,513	100.00%	-
2004	16,284,777	16,284,777	100.00%	-
2005	17,396,462	17,396,462	100.00%	-
2006	18,918,288	18,918,288	100.00%	-
2007	20,369,603	20,369,603	100.00%	-
2008	20,656,214	20,656,214	100.00%	-
2009	21,631,980	21,631,980	100.00%	-
2010	20,645,840	20,645,840	100.00%	-

Source: District Financial Records

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes				
2004	\$ 9,640,000	\$ 141,692	\$ 3,000,000	\$ 12,781,692	12,401	\$ 1,031	
2005	9,315,000	78,713	3,000,000	12,393,713	12,514	990	
2006	8,975,000		2,400,000	11,375,000	12,625	901	
2007	8,620,000	231,800		8,851,800	12,586	703	
2008	8,245,000	157,518		8,402,518	12,582	668	
2009	7,855,000	80,290		7,935,290	12,658	627	
2010	7,445,000	-	-	7,445,000	12,658 (A)	588	

Source: District financial records and NJ Department of Education

(A) - Estimated

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2004	\$ 9,640,000		\$ 9,640,000	.054%	\$ 777
2005	9,315,000		9,315,000	.044%	743
2006	8,975,000		8,975,000	2.76%	708
2007	8,620,000		8,620,000	2.61%	682
2008	8,245,000		8,245,000	2.48%	652
2009	7,855,000	\$ 1,577	7,853,423	2.35%	621
2010	7,445,000	960	7,444,040	0.33%	589

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

CEDAR GROVE PUBLIC SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2009
(Unaudited)

	<u>Net Debt</u>
Municipal Debt: (1)	
Cedar Grove Board of Education	\$ 7,445,000
Cedar Grove Township	<u>6,381,201</u>
	<u>13,826,201</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County (A):	
County of Essex - Township's Share	<u>8,373,088</u>
Total Direct and Overlapping Debt	<u>\$ 22,199,289</u>

Source:

(1) Cedar Grove's 2009 Annual Debt Statement

(A) The debt for this entity was apportioned to Cedar Grove by dividing the municipality's 2009 equalized value by the total 2009 equalized value for Essex County.

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

Legal Debt Margin Calculation for Fiscal Year 2010

		Equalized Valuation Basis									
		2009	2008	2007							
		\$2,520,742,081	2,478,063,433	2,411,372,263							
		<u>\$7,410,177,777</u>									
Average Equalized Valuation of Taxable Property		\$2,470,059,259									
Debt Limit (4 % of Average Equalization Value)		98,802,370 ^a									
Total Net Debt Applicable to Limit		<u>7,445,000</u>									
Legal Debt Margin		<u>\$ 91,357,370</u>									
		Fiscal Year									
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit		\$ 44,041,924	\$ 46,656,785	\$ 50,951,485	\$ 56,814,015	\$ 63,718,339	\$ 72,836,709	\$ 84,468,494	\$ 90,016,534	\$ 95,182,077	\$ 98,802,370
Total Net Debt Applicable to Limit		-	-	9,950,000	9,640,000	9,315,000	8,975,000	8,620,000	8,245,000	7,855,000	7,445,000
Legal Debt Margin		\$ 44,041,924	\$ 46,656,785	\$ 41,001,485	\$ 47,174,015	\$ 54,403,339	\$ 63,861,709	\$ 75,848,494	\$ 81,771,534	\$ 87,327,077	\$ 91,357,370
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		0.00%	0.00%	19.53%	16.97%	14.62%	12.32%	10.20%	9.16%	8.25%	7.54%

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 N.J.S.A. 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
2001	12,293	\$ 38,139	1.80%
2002	12,268	37,988	2.50%
2003	12,203	38,980	2.50%
2004	12,401	41,737	2.10%
2005	12,514	43,649	1.30%
2006	12,625	47,837	1.20%
2007	12,586	50,146	1.10%
2008	12,582	51,617	1.30%
2009	12,658	N/A	2.70%
2010	N/A	N/A	N/A

Source: New Jersey State Department of Education

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

	2010		2001	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular	91	108	94	97	112	108	117	122	108	129
Special Education	15	17	22	24	26	25	36	36	35	29
Other Instruction	2	3	3	3	2	3	2	1	1	1
Support Services:										
Student and Instruction Related Services										
General Administration	3	3	3	3	3	3	23	20	18	18
School Administrative Services	10	10	10	11	11	11	10	9	9	9
Other Administrative Services	4	4	-	-	-	-	4	3	3	3
Central Services	4	4	4	4	4	4	4	3	3	3
Administrative Information Technology	-	-	-	-	-	3	3	3	3	3
Plant Operations And Maintenance	23	23	21	22	24	24	24	22	22	20
Total	152	172	157	164	182	181	226	222	205	218

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School	School				
2001	1,397	\$ 15,788,234	\$ 11,302	0.54%	1,358	18.10	10.20	8.60	1,353	1,300	-1.60%	96.08%	
2002	1,448	16,563,065	11,439	1.21%	1,369	15.90	6.46	8.56	1,385	1,329	2.37%	95.96%	
2003	1,487	17,856,600	12,008	4.98%	1,421	18.00	8.61	8.78	1,426	1,362	2.96%	95.51%	
2004	1,566	19,607,038	12,520	4.26%	1,465	13.41	16.67	9.07	1,447	1,390	1.47%	96.06%	
2005	1,588	20,639,862	13,010	3.91%	1,545	15.87	13.50	11.34	1,554	1,489	7.39%	95.82%	
2006	1,543	22,500,586	14,286	9.81%	1,566	15.85	13.27	10.67	1,575	1,508	1.35%	95.75%	
2007	1,565	25,242,805	16,058	12.40%	1,577	13.26	12.00	9.86	1,572	1,504	-0.19%	95.67%	
2008	1,622	25,408,024	15,665	-2.44%	1,581	13.10	13.70	10.60	1,588	1,520	1.02%	95.72%	
2009	1,635	25,310,062	15,480	-1.18%	1,592	12.70	11.80	10.40	1,596	1,527	0.50%	95.68%	
2009	1,635	25,310,062	15,480	0.00%	1,592	12.70	11.80	10.40	1,596	1,527	0.00%	95.68%	
2010	1,666	25,410,209	14,834	-4.17%	1,594	11.40	10.90	10.30	1,631	1,565	2.43%	95.95%	

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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
District Building											
<u>Elementary</u>											
North End	35,265	35,265	35,265	35,265	35,265	35,265	35,265	35,265	35,625	35,625	35,625
Square Feet	303	303	303	303	303	303	303	303	303	303	303
Capacity (students)	361	378	392	309	309	326	307	307	334	341	323
Enrollment											
South End	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080
Square Feet	319	319	319	319	319	319	319	319	319	319	319
Capacity (students)	420	441	436	307	303	338	323	323	333	341	361
Enrollment											
<u>Middle School</u>											
Square Feet	70,221	70,221	70,221	70,221	70,221	70,221	70,221	70,221	70,221	70,221	70,221
Capacity (students)	628	628	628	628	628	628	628	628	628	628	628
Enrollment	225	209	225	464	484	485	489	489	515	497	515
<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	140,725
Capacity (students)	908	908	908	908	908	908	908	908	908	908	908
Enrollment	315	351	369	381	440	416	421	421	411	422	432
<u>Other</u>											
Leonard R Parks	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Square Feet											

Number of Schools at June 30, 2009

- 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)**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

<u>Project # (s)</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
School Facilities										
High School	\$ 46,247	\$ 54,444	\$ 66,579	\$ 82,989	\$ 101,920	\$ 116,134	\$ 110,850	\$ 129,149	\$ 128,736	\$ 116,825
North End School	11,589	13,644	16,684	20,797	25,541	29,102	39,254	34,578	34,467	37,994
South End School	12,843	15,119	18,489	23,046	28,304	32,250	43,501	38,131	38,009	41,678
Middle School	23,077	27,168	33,223	41,411	50,858	57,949	78,164	68,831	68,611	74,890
Leonard R. Parks	14,460	17,023	20,817	25,948	31,867	36,310	48,977	43,625	43,486	46,925
	-	-	-	-	-	-	-	-	-	-
Total School Facilities	<u>\$ 108,216</u>	<u>\$ 127,398</u>	<u>\$ 155,792</u>	<u>\$ 194,191</u>	<u>\$ 238,490</u>	<u>\$ 271,745</u>	<u>\$ 320,746</u>	<u>\$ 314,314</u>	<u>\$ 313,309</u>	<u>\$ 318,312</u>

Source: District Records

Note:

Beginning in fiscal year 2001, the New Jersey State Department of Education required Districts to report maintenance expenditures by location, therefore, ten years of data is not required or available.

CEDAR GROVE PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2010
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Building and Contents (All Locations)	\$ 56,512,454	\$ 5,000
Comprehensive General Liability	1,000,000 / 2,000,000	
Comprehensive Auto Liability	1,000,000	
Comprehensive Crime Liability	500,000	
Pollution Liability	1,000,000 / 2,000,000	5,000
Computers and Schedule Equipment		
Data Processing Equipment	2,500,000	5,000
Other	100,000	5,000
Musical Instruments	250,000	5,000
Boiler and Machinery		
Property Damage	25,000,000	5,000
Umbrella Liability		
Zurich	10,000,000	10,000 Retention
Fireman's Fund Cap	50,000,000	
School Boards Legal Liability		
Director's and Officer's	1,000,000	5,000
Sexual Abuse Sub Limit	No Sublimit	
Public Employees' Faithful Performance Bond		
Blanket	100,000	500
Business Administrator/Board Secretary	230,000	
Treasurer of School Monies	220,000	
Workers' Compensation and Employers Liability	2,000,000	

Source: District records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Grove Board of Education as of and for the fiscal year ended June 30, 2010, which collectively comprise the Cedar Grove Board of Education's basic financial statements and have issued our report thereon dated November 1, 2010. 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 Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cedar Grove Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cedar Grove Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cedar Grove Board of Education's internal control over financial reporting.

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 Cedar Grove Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

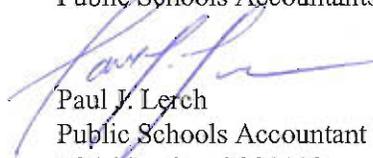
As part of obtaining reasonable assurance about whether the Cedar Grove Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a 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 Division of Finance, Department of Education, State of New Jersey.

However, we noted certain matters that we have reported to management of Cedar Grove Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial Compliance and Performance" dated November 1, 2010.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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



Paul J. Lerch
 Public Schools Accountant
 PSA Number CS01118

Fair Lawn, New Jersey
 November 1, 2010

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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REGISTERED MUNICIPAL ACCOUNTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the Cedar Grove Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Cedar Grove Board of Education's major federal and state programs for the fiscal year ended June 30, 2010. Cedar Grove Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Cedar Grove Board of Education's management. Our responsibility is to express an opinion on Cedar Grove Board of Education's compliance based on our audit.

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 Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Cedar Grove Board of Education's 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. Our audit does not provide a legal determination on Cedar Grove Board of Education's compliance with those requirements.

In our opinion, Cedar Grove Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

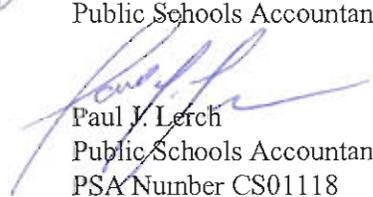
Management of Cedar Grove Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Cedar Grove Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or 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 federal or state program will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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


 Paul J. Lerch
 Public Schools Accountant
 PSA Number CS01118

Fair Lawn, New Jersey
 November 1, 2010

CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Project Number	Grant Period	Award Amount	Balance July 1, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2010	
											(Accounts Receivable)	Deferred Revenue
Enterprise Funds:												
U.S. Department of Agriculture												
Passed-through State Department of Education												
National School Lunch Program	10.555		9/1/08-6/30/09	\$ 7,231	\$ 1,148		\$ 1,148					
Non-Cash Assistance	10.555		9/1/09-6/30/10	11,152		\$ 11,152	9,816				\$ 1,336	
Cash Assistance	10.555		9/1/08-6/30/09	7,174	(559)	559						
Cash Assistance	10.555		9/1/09-6/30/10	8,715		8,103	8,715				\$ (612)	
Special Milk Program	10.556		9/1/08-6/30/09	6,904	(502)	502						
Special Milk Program	10.556		9/1/09-6/30/10	4,712		4,344	4,712				(368)	
Total U.S. Department of Agriculture					87	24,660	24,391				(980)	1,336
Special Revenue Funds:												
U.S. Department of Education												
Passed Through State Department of Education												
I.A.S.A. Consolidated Grant / NCLB Title IIA	84.367A	NCLB219010	9/1/09-8/31/10	28,310			19,329	28,310			(8,981)	
Title IIA, Carryover	84.367A	NCLB219009	9/1/08-8/31/09	29,452	(304)		304					
Title IV	84.186A	NCLB219010	9/1/09-8/31/10	2,524		2,227	2,524				(297)	
Title IV, Carryover	84.186A	NCLB219009	9/1/08-8/31/09	2,405	481							481
I.D.E.A. Part B, Basic	84.027	IDEA219010	9/1/09-8/31/10	360,454		\$ 7,103	252,167	333,421			(108,287)	34,136
I.D.E.A. Part B, Basic Carryover	84.027	IDEA219009	9/1/08-8/31/09	357,185	(70,664)	(7,103)	84,378	22,959			(16,348)	
I.D.E.A. Part B, Preschool	84.173	IDEA219010	9/1/09-8/31/10	14,564			14,181	14,181			(383)	
I.D.E.A. Part B, Preschool Carryover	84.173	IDEA219008	9/1/07-8/31/08	15,163	65							\$ 65
I.D.E.A. Part B, Preschool Carryover	84.173	IDEA219009	9/1/08-8/31/09	14,517	(6,521)		6,521					
I.D.E.A. ARRA Part B, Basic	84.391	ARRA219010	9/1/09-8/31/10	369,201			188,889	244,552			(180,312)	124,649
I.D.E.A. ARRA Part B, Preschool	84.392	ARRA219010	9/1/09-8/31/10	13,364			920	920			(12,444)	12,444
Total Special Revenue Fund					(76,943)	568,916	646,867				(327,052)	172,093
Total Federal Financial Assistance					\$ (76,856)	\$ 593,576	\$ 671,258			\$ -	\$ (328,032)	\$ 173,429
												\$ 65

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balance	(Accts. Receivable)	Balance June 30, 2010	Due to Grantor	Memorandum GAAP Receivable	Budgetary Expenditures
State Department of Education														
Transportation Aid	09-495-034-5120-014	7/1/09-6/30/09	\$ 273,845	\$ (23,305)		\$ 23,305	\$ 269,770			\$ (26,437)			\$ (26,437)	\$ 269,770
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	326,864			243,333								
Special Education Categorical Aid	09-495-034-5120-089	7/1/09-6/30/09	891,800	(79,448)		79,448								
Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	830,866			740,739								830,866
Security Aid	09-495-034-5120-084	7/1/09-6/30/09	117,058	(3,178)		3,178								
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	124,953			124,953								
Extraordinary Aid	09-100-034-5120-473	7/1/09-6/30/09	284,088	(284,088)		284,088								
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	370,764			370,764								370,764
Non-Public Transportation Aid	N/A	7/1/09-6/30/09	25,752	(25,752)		25,752								
Non-Public Transportation Aid	N/A	7/1/09-6/30/10	20,013			20,013								20,013
On-Behalf TPAF Pension System Contr. (Non-Budgeted)-NCCG	10-495-034-5095-007	7/1/09-6/30/10	34,215			34,215								34,215
Post Retirement Medical Contribution	10-495-034-5095-001	7/1/09-6/30/10	642,603			642,603								642,603
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	7/1/09-6/30/09	762,739	(38,562)		38,562								
Reimbursed TPAF Social Security Contributions	10-100-034-5095-002	7/1/09-6/30/10	845,016			804,740				(40,276)			(40,276)	845,016
Total General Fund				(454,333)		3,041,311	3,138,200			(551,222)			\$ (60,289)	3,138,200
State Department of Education														
New Jersey Non-Public Aid	10-100-034-5120-064	7/1/09-6/30/10	13,085			13,085								11,025
Textbook	10-100-034-5120-070	7/1/09-6/30/10	15,517			15,517						\$ 2,060		15,517
Nursing														
Auxiliary Services														
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	25,911			25,911			\$ 7,863					16,027
Compensatory Education	09-100-034-5120-067	7/1/09-6/30/09	31,850	7,863		12,901								12,901
Transportation	10-100-034-5120-068	7/1/09-6/30/10	12,901			12,901								12,901
Handicapped Services														
Examination	10-100-034-5120-068	7/1/09-6/30/10	25,401			25,401								15,898
Examination	09-100-034-5120-068	7/1/09-6/30/09	19,140	6,437		6,437								6,437
Supplemental Instruction	10-100-034-5120-068	7/1/09-6/30/10	11,150			11,150								9,238
Supplemental Instruction	09-100-034-5120-068	7/1/09-6/30/09	11,564	2,313		2,313								2,313
Corrective Speech	10-100-034-5120-068	7/1/09-6/30/10	22,418			22,418								18,741
Corrective Speech	09-100-034-5120-068	7/1/09-6/30/09	21,390	2,883		2,883								18,741
Total Special Revenue Fund				19,496		126,383	83,830		19,496			42,553		81,830
State of New Jersey Educational Facilities Construction and Financing														
Elementary and High School Renovations and Middle School Addition	0760-050-01-1475-00													
	0760-058-01-1474-00													
	0760-060-01-1475-00													
Transportation	0760-090-01-1476-00													
	1387-100-09-1477-00	8/1001	3,877,560	(523,473)						(639,800)	\$ 116,327		(639,800)	
Total Capital Projects Fund				(523,473)						(639,800)	116,327		(639,800)	
State Department of Agriculture														
National School Lunch Program	09-100-010-5023-067	7/1/09-6/30/09	792	(63)		63								917
National School Lunch Program	10-100-010-5023-067	7/1/09-6/30/10	917			848				(69)			(69)	
Total Enterprise Fund				(63)		911	917			(69)			(69)	917
Total State Financial Assistance				(958,373)		3,168,605	3,222,947		19,496	(1,191,091)	116,327	42,553	(700,158)	3,222,947
On-Behalf TPAF Pension System Contr. (Non-Budgeted)-NCCG	10-495-034-5095-007	7/1/09-6/30/10	34,215			34,215								34,215
Post Retirement Medical Contribution	10-495-034-5095-001	7/1/09-6/30/10	642,603			642,603								642,603
Total for State Financial Assistance Determination				(958,373)		2,491,787	2,546,129		19,496	(1,191,091)	116,327	42,553	(700,158)	2,546,129

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

**CEDAR GROVE BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$100,914 for the general fund and \$4,324 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,037,286	\$ 3,037,286
Special Revenue Fund	\$ 646,100	83,830	729,930
Food Service Fund	<u>24,391</u>	<u>917</u>	<u>25,308</u>
Total Financial Assistance	<u>\$ 670,491</u>	<u>\$ 3,122,033</u>	<u>\$ 3,792,524</u>

**CEDAR GROVE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$845,016 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010. The amount reported as TPAF Pension System Contributions – NCGI in the amount of \$34,215 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$642,603 represents the amount paid by the State on behalf of the District for the year ended June 30, 2010.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits 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 basic financial statements and the amount subject to State single audit and major program determination.

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unqualified

Internal control over financial reporting:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
<u>84.027</u>	<u>IDEA Part B</u>
<u>84.173</u>	<u>IDEA Preschool</u>
<u>84.391</u>	<u>ARRA-IDEA Part B</u>
<u>84.392</u>	<u>ARRA Preschool</u>

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

Auditee qualified as low-risk auditee? Yes X no

CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

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

(2) Significant deficiencies identified that are not considered to be material weakness(es) _____ yes X none reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 04-04? _____ yes X no

Identification of major state programs:

GMIS Number(s)	Name of State Program
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
100-034-5120-473	Extra-ordinary Aid
495-034-5120-014	Transportation Aid

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

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

**CEDAR GROVE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

THERE ARE NONE.

**CEDAR GROVE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**CEDAR GROVE PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.