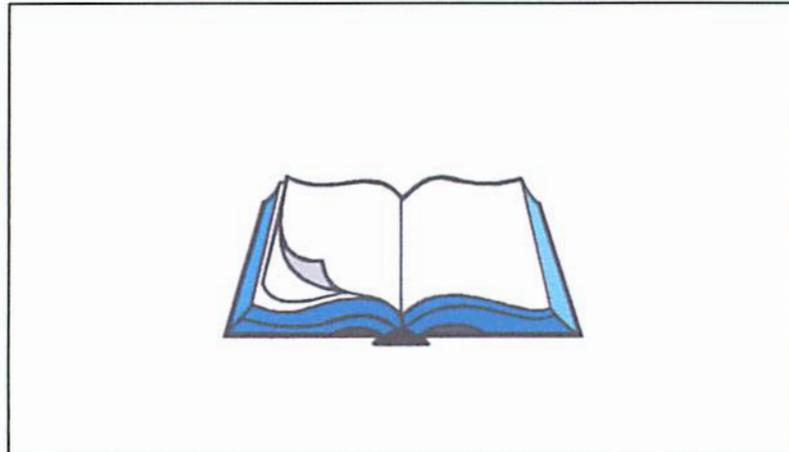


**SCHOOL DISTRICT  
OF  
CRANBURY**



**Cranbury Board of Education  
Cranbury, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2013**

**Comprehensive Annual  
Financial Report**

**of the**

**Cranbury Township Board of Education**

**Cranbury, New Jersey**

**For the Fiscal Year Ended June 30, 2013**

**Prepared by  
Cranbury Township Board of Education  
Finance Department**

# CRANBURY TOWNSHIP SCHOOL DISTRICT

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## **Introductory Section**

# Cranbury Township School District

## Cranbury School

23 North Main Street • Cranbury, NJ 08512  
Main Office: 609-395-1700 • Fax: 609-860-9655  
Web Site – [www.Cranburyschool.org](http://www.Cranburyschool.org)

*Dr. Susan L. Genco, Ed. D.*  
*Chief School Administrator/Principal*

*Joyce Picariello*  
*Board Secretary/Business Administrator*

September 20, 2013

Honorable President and  
Members of the Board of Education  
Cranbury Township School District  
23 North Main Street  
Cranbury, New Jersey 08512

Dear Members of the Board:

The Comprehensive Annual Financial Report (CAFR) of the Cranbury Township School District for the fiscal year ending June 30, 2013, 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. 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 the operations of the various funds and account groups 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 general purpose 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 of 1984 and the U.S. Office of Management and the Budget Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:**

Cranbury Township School District is an independent reporting entity within the criteria adopted by the GASB as established by the NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Cranbury Township Board of Education and the Cranbury Elementary School constitute the District's reporting entity.

The Cranbury Township School District is a comprehensive PK – 8 School District. High School students attend Princeton High School through a sending-receiving contract with the Princeton Regional School District. High School students include regular, vocational, and special education students. The school district completed the 2012-2013 fiscal year with a total enrollment of 813 students. Over the last seven years, the K-8 enrollment has been decreasing slightly, while during this same time period, the high school enrollment had been increasing until the last four years. The high school enrollment leveled off and in the most recent two years enrollment is beginning to decrease. A recent demographic study predicts this trend to continue through 2015. The following data illustrates the changes in student enrollment of the district over the past ten years.

**STUDENT ENROLLMENT**

<u>Fiscal Year</u>	<u>PK-8 Enrollment</u>	<u>Percent Change</u>	<u>High School Enrollment</u>	<u>Percent Change</u>	<u>Total Enrollment</u>
2003-2004	592	2.07%	215	9.14%	807
2004-2005	610	3.04%	220	2.33%	830
2005-2006	656	7.54%	239	8.64%	895
2006-2007	643	-1.98%	247	3.35%	890
2007-2008	639	-0.62%	250.5	1.42%	889.5
2008-2009	624	-2.35%	269	7.39%	893
2009-2010	614	-1.60%	269	0.00%	883
2010-2011	609	-.08%	270	.37%	879
2011-2012	581	-4.82%	266	-1.5%	847
2012-2013	557	-4.13%	256	-3.76%	813

**2. ECONOMIC CONDITION AND OUTLOOK:**

During the 2012-13 school year, the Cranbury Township School District received \$451,202 in State Aid which is 2.76% of the total budget. During the 2011-12 and after the budget process the State allocated an additional \$176,258. This non-recurring revenue was deferred for use in the 2012-13 school year. Thus the total state aid received in 2012-13 was \$627,460 or 3.8% of the budget. Given the economic climate and the fiscal state of the State, future budgets will most likely continue to be funded by the local tax payer. In the past several years, the Cranbury Township Board of Education has accomplished several initiatives to reduce operating expenditures. For example, debt refinancing has resulted in over \$300,000 in savings. Energy audits have been accomplished. Capital Projects are being completed that will provide operational savings. ROD Grants have provided about 40% subsidy to the district’s capital projects. As a result of the Cranbury Township Board of Education’s strong fiscal position, the district has been designated with a AAA credit rating since October 2010. This rating will benefit the district with lower costs on future financing.

**3. MAJOR INITIATIVES:**

Cranbury School continues to provide a sound professional development program that is data-driven, based on best instructional practices, collaborative in nature, and reflective. Curricula revised over the summer months include physical education/health, technology, art, world language, mathematics (sixth grade) and social studies through the Connected Action Roadmap (CAR) framework. Programs that support the Common Core State Standards in English/language arts include the introduction of new units of study using the Columbia writing program as well as purchasing resources that support literacy across the curriculum. Two textbooks will be introduced in September including sixth grade

mathematics and eighth grade social studies. A combination of embedded professional development, four district staff development days, and 15 additional staff training meetings are used to foster professionalism among teachers. Tools to support the development of 21<sup>st</sup> century skills as well as the transition to the PARCC assessment model include the addition of a technology laboratory, iPads, Chromebooks, and other handheld devices for student use. Moreover, the district technology plan provides for improvements in infrastructure and school security upgrades for 2013-2014. Finally, projects that were submitted to the State of New Jersey for ROD Grant funding include HVAC upgrades, security and communication system upgrades, primary pitched roof replacement, and the 2003 boiler replacement.

The district continues to offer high level programming for all students.

**4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a 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 a 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 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, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects 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. These amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2013.

**6. ACCOUNTING SYSTEM AND REPORT:**

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 and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

**7. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by statute as detailed in "Notes to the Financial Statements," Note 2. 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 in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

8. **RISK MANAGEMENT:**

The Cranbury Township School District carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

9. **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Inverso & Stewart, LLC was selected by the Board. In addition to meeting the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB, the auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. **ACKNOWLEDGEMENTS:**

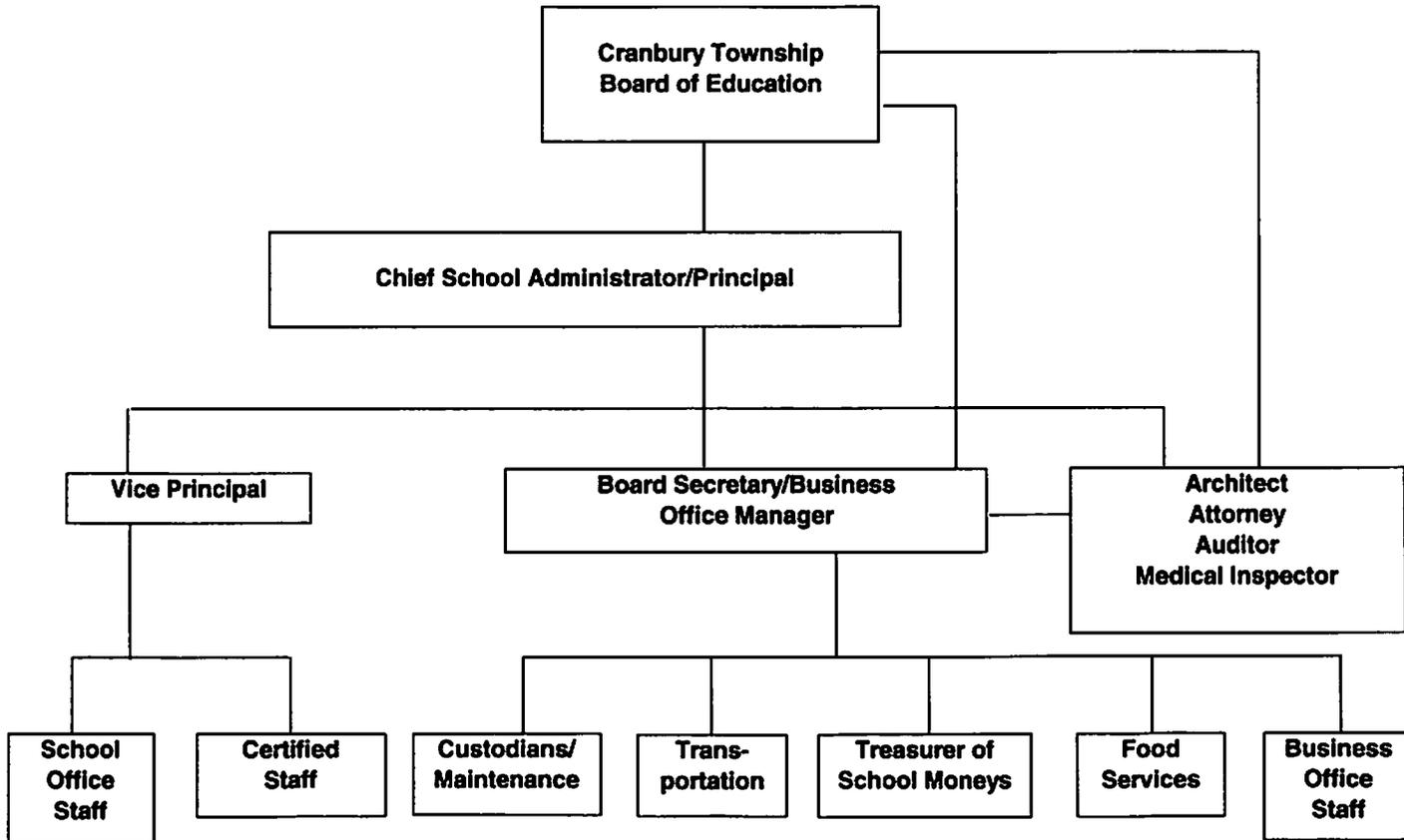
We would like to express our appreciation to the members of the Cranbury Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and, thereby, contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient, dedicated services of our financial and accounting staff.

Respectfully submitted:

  
Joyce Picariello  
Board Secretary/Business Administrator

  
Susan Genco, Ed.D.  
Chief School Administrator/Principal

**CRANBURY TOWNSHIP BOARD OF EDUCATION**  
**Organizational Chart**  
**(Unit Control)**



# CRANBURY TOWNSHIP SCHOOL DISTRICT

## Roster of Officials June 30, 2013

### Members of the Board of Education:

### Term Expires

Lynne Schwarz, President	2015
Jennifer Cooke, Vice President	2014
Karen Callahan	2015
Pramod Chivate	2016
Kevin Fox	2014
Dominique Jones	2015
Lindsay McDowell	2016
Linda Penney	2016
Evelyn Spann	2014

### Other Officials:

Dr. Susan Genco, Chief School Administrator/Principal  
Joyce Picariello, Business Administrator/Board Secretary  
Denise Marabello,, Treasurer of School Monies  
Anthony P. Sciarrillo, Esq. Solicitor

**CRANBURY TOWNSHIP SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

Inverso & Stewart, LLC  
12000 Lincoln Drive West, Suite 402  
Marlton, NJ 08053

**Attorney**

Anthony P. Sciarrillo  
Lindabury, McCormick, Estabrook & Cooper, PC  
PO Box 2369  
53 Cardinal Drive  
Westfield, NJ 07091

**Broker of Record**

Rue Insurance Agency  
3812 Quakerbridge Road  
PO Box 3006  
Trenton, NJ 08619

**Official Depositories**

First Constitution Bank  
Main Street  
Cranbury, NJ 08512

First Choice Bank  
669 Whitehead Road  
Lawrenceville, NJ 08648

**Financial Section**

**INVERSO & STEWART, LLC**  
Certified Public Accountants

12000 Lincoln Drive West, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: [lscpas@concentric.net](mailto:lscpas@concentric.net)

-Member of-  
American Institute of CPAs  
New Jersey Society of CPAs

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and Members  
of the Board of Education  
Cranbury Township School District  
County of Middlesex  
Cranbury, New Jersey

***Report on the Financial Statements***

I 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 Cranbury Township School District, in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Opinions***

In my 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 Cranbury Township School District, in the County of Middlesex, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

**Required Supplementary Information**

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

**Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cranbury Township School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements.

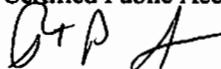
The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated August 30, 2013 on my consideration of the Cranbury Township School District's internal control over financial reporting and my 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 my 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* in considering the Cranbury Township School District's internal control over financial reporting and compliance.

**INVERSO & STEWART, LLC**  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
August 30, 2013

**INVERSO & STEWART, LLC**

Certified Public Accountants

12000 Lincoln Drive West, Suite 402  
 Marlton, New Jersey 08053  
 (856) 983-2244  
 Fax (856) 983-6674  
 E-Mail: [iscpas@concentric.net](mailto:iscpas@concentric.net)

-Member of-  
 American Institute of CPAs  
 New Jersey Society of CPAs

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and Members  
 of the Board of Education  
 Cranbury Township School District  
 County of Middlesex  
 Cranbury, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cranbury Township School District, in the County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated August 30, 2013.

***Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered the Cranbury Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Cranbury Township School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

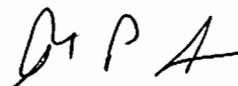
As part of obtaining reasonable assurance about whether the Cranbury Township School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

I noted certain matters that I reported to management of the Cranbury Township School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated August 30, 2013.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
August 30, 2013

**Required Supplementary Information - Part I**  
**Management's Discussion and Analysis**

**Cranbury School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013**

As management of the Board of Education of the Township of Cranbury, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$9,208,177 (*net position*).
- Governmental activities have unrestricted net position of \$47,618. The accounting treatments in the governmental funds for compensated absences payable, and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this minimal amount.
- The total net position of the School District increased by \$1,007,103, or a 12.28% increase from the prior fiscal year-end balance. The majority of the increase is attributable the payment of current debt obligations and the capital projects program.
- Fund balance of the School District's governmental funds increased by \$1,150,958 resulting in an ending fund balance of \$3,973,491. This increase was mainly the result of operations in the general fund.
- Business-type activities have unrestricted net position of \$26,102, which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Service Fund).
- The School District's long-term obligations decreased by \$685,433 which is the direct result of current year payments on existing debt obligations and the reduction in compensated absences payable.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities consolidate the Food Service Fund.

## Fund Financial Statements

*Fund financial statements* are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

*Governmental funds* account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the School District's programs.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

### **District-wide Financial Analysis**

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements, equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2013. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2013.

The assets of the primary government activities exceeded liabilities by \$9,173,307 with an unrestricted net asset balance of \$47,618. As mentioned earlier, the minimal unrestricted net position are primarily due to the accounting treatment for compensated absences payable and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The net position of the primary government does not include internal balances.

A net investment of \$5,446,903 in land, improvements, buildings and equipment which provide the services to the School District's public school students, represents 67.52% of the School District's net position. Net position of \$3,687,554 has been restricted as follows:

Restricted for Future Capital Projects	\$ 1,858,937
Restricted for Future Tuition Costs	500,000
Restricted for Future Debt Service Costs	
Restricted for Future Maintenance Costs	600,000
Restricted for Encumbrances	723,472
Restricted for Subsequent Year's Budget	5,145
	<u>\$ 3,687,554</u>

**Comparative Summary of Net Position  
As of June 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		District-Wide	
	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>						
Current assets	\$ 4,915,323	\$ 2,958,236	\$ 44,895	\$ 44,304	\$ 4,960,218	\$ 3,002,540
Capital assets	10,447,978	11,286,212	8,768	16,138	10,456,746	11,302,350
Total assets	<u>15,363,301</u>	<u>14,244,448</u>	<u>53,663</u>	<u>60,442</u>	<u>15,416,964</u>	<u>14,304,890</u>
<b>LIABILITIES</b>						
Current liabilities	1,750,792	822,396	18,793	13,712	1,769,585	836,108
Noncurrent liabilities	4,439,202	5,155,493			4,439,202	5,155,493
Total Liabilities	<u>6,189,994</u>	<u>5,977,889</u>	<u>18,793</u>	<u>13,712</u>	<u>6,208,787</u>	<u>5,991,601</u>
Net Position	<u>\$ 9,173,307</u>	<u>\$ 8,266,559</u>	<u>\$ 34,870</u>	<u>\$ 46,730</u>	<u>\$ 9,208,177</u>	<u>\$ 8,313,289</u>
Net Position Consists of:						
Net investment in						
Capital Assets	5,438,135	5,597,384	8,768	16,138	5,446,903	5,613,522
Restricted Assets	3,687,554	2,523,127			3,687,554	2,523,127
Unrestricted Assets	<u>47,618</u>	<u>146,048</u>	<u>26,102</u>	<u>30,592</u>	<u>73,720</u>	<u>176,640</u>
Net Position	<u>\$ 9,173,307</u>	<u>\$ 8,266,559</u>	<u>\$ 34,870</u>	<u>\$ 46,730</u>	<u>\$ 9,208,177</u>	<u>\$ 8,313,289</u>

**Cranbury School District**  
**Comparative Schedule of Changes in Net Position**  
**As of and for the Fiscal Year Ended June 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		District-Wide	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Charges for services			\$ 148,391	\$ 185,870	\$ 148,391	\$ 185,870
Operating Grants and contributions	\$ 1,239,441	\$ 1,032,394	29,593	22,282	1,269,034	1,054,676
Property taxes	15,987,576	15,822,231			15,987,576	15,822,231
State aid - unrestricted	776,383	364,687			776,383	364,687
Other revenues	150,021	115,792	13,298	251	163,319	116,043
<b>Total Revenues</b>	<b>18,153,421</b>	<b>17,335,104</b>	<b>191,282</b>	<b>208,403</b>	<b>18,344,703</b>	<b>17,543,507</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	4,991,557	5,063,636			4,991,557	5,063,636
Tuition	4,449,711	4,620,664			4,449,711	4,620,664
Related Services	1,066,856	1,026,639			1,066,856	1,026,639
Administrative Services	744,898	781,489			744,898	781,489
Operations and Maintenance	2,142,972	1,059,435			2,142,972	1,059,435
Transportation	651,928	685,262			651,928	685,262
Employee benefits	2,797,811	2,693,641			2,797,811	2,693,641
Interest on debt	219,440	239,847			219,440	239,847
Other	69,285	109,645			69,285	109,645
<b>Business-Type Activities:</b>						
Food Service			203,142	229,704	203,142	229,704
<b>Total Expenses</b>	<b>17,134,458</b>	<b>16,280,258</b>	<b>203,142</b>	<b>229,704</b>	<b>17,337,600</b>	<b>16,509,962</b>
Increase (Decrease) in Net Position before transfers	1,018,963	1,054,846	(11,860)	(21,301)	1,007,103	1,033,545
Adjustment to fixed assets Transfers		15,959		11,180	-	27,139
Change in Net Position	1,018,963	1,070,805	(11,860)	(10,121)	1,007,103	1,060,684
Net Position, July 1	8,154,344	7,195,754	46,730	56,851	8,201,074	7,252,605
<b>Net Position, June 30</b>	<b>\$ 9,173,307</b>	<b>\$ 8,266,559</b>	<b>\$ 34,870</b>	<b>\$ 46,730</b>	<b>\$ 9,208,177</b>	<b>\$ 8,313,289</b>

**Governmental Activities**

Governmental activities increased the net position of the School District by \$1,018,963 during the current fiscal year, thereby accounting for all of the total gain in the net position of the School District. Key elements of the increase in net position for governmental activities are as follows:

- A reduction in long term debt obligations in the amount of \$685,433

**Business-type Activities**

Business-type activities decreased the School District's net position by \$11,860, or 25.38%. Key elements of the decrease in net position for governmental activities are as follows:

- The Food Services Fund operated at a loss for this fiscal year.

## **Financial Analysis of the Governmental Funds**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds* - The focus of the School 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 School 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 of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$3,973,491, an increase of \$1,150,958 in comparison with the prior year. This increase is primarily the results of operations in the general fund.

The unassigned fund balance for the School District at the end of the fiscal year represents the General Fund unassigned fund balance of \$285,937 and the Capital Projects unassigned fund balance of \$166,565. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) restricted cash reserved for future capital outlay expenditures (\$1,692,372), 2) appropriated as a revenue source in the subsequent year's budget (\$5,145), 3) reserved for encumbrances (\$723,472), reserved for future maintenance costs (\$600,000) or reserved for future tuition payments (\$500,000).

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unassigned fund balance is due, primarily, to the accounting treatment of the June state aid payments as discussed in the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

### **General Fund Budgetary Highlights**

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$326,860, while total fund balance (budgetary basis) was \$3,276,264. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$16,331,691. Unassigned fund balance (budgetary basis) represents 2.00% of expenditures while total fund balance (budgetary basis) represents 20.06% of that same amount.

### **Capital Asset and Debt Administration**

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totaled \$10,456,746 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$845,604, or 7.48%. The decrease is due to the current year depreciation expense as well as an adjustment for construction in progress.

**Capital Asset (net of accumulated depreciation)  
June 30, 2013 and 2012**

	Governmental Activities		Business-Typel Activities		District-Wide	
	2013	2012	2013	2012	2013	2012
Land	\$ 451,596	\$ 451,596			\$ 451,596	\$ 451,596
Const. in Progress		1,152,724			-	1,152,724
Site Improvements	108,322	128,504			108,322	128,504
Building and Building Improvements	9,751,298	9,319,023			9,751,298	9,319,023
Equipment	136,762	234,365	\$ 8,768	\$ 16,138	145,530	250,503
<b>Net Assets</b>	<b>\$ 10,447,978</b>	<b>\$ 11,286,212</b>	<b>\$ 8,768</b>	<b>\$ 16,138</b>	<b>\$ 10,456,746</b>	<b>\$ 11,302,350</b>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

**Long-term debt** – During the fiscal year ended June 30, 2013, the School District had total bonded debt outstanding of \$5,009,843 backed by the full faith and credit of the School District. General obligation bonds for the School District decreased during the current fiscal year according to the normal schedule of payments. In addition the School District had \$139,202 in compensated absences payable as of June 30, 2013.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

**Economic Factors and Next Year's Budgets and Rates**

The following factors were considered and incorporated into the preparation of the School District's budget for the 2013-13 fiscal year:

- The 2013-14 maintains all programs and services and classroom aides. All areas of spending were maintained level or reduced from the prior year with the following exceptions: regular education salaries, out-of-district special education tuition, staff training, co-curricular and athletics and maintenance and operations.
- For the 2013-14 fiscal year, Cranbury Township Board of Education received \$451,203 in State Aid, which represents only 2.8% of the total budget. The tax levy of the district has decreased from the prior year by \$154,995. There was no change in the tax rate.

- **The Cranbury Township School district has committed itself to strong financial controls. The School District spends much time monitoring its budget, scrutinizing spending requests, and has been implementing even stronger internal controls. The School District commits itself to constantly reviewing the ways in which it conducts business, and making improvements whenever possible, in order to meet future challenges and minimize instructional spending.**

#### **Requests for Information**

**This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Cranbury School District Business Administrator, 23A North Main Street, Cranbury, New Jersey, 08755.**

**Basic Financial Statements**

**District-Wide Financial Statements**

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,047,250	\$ 40,428	\$ 2,087,678
Receivables, net	1,275,701	1,612	1,277,313
Inventory		2,855	2,855
<b>Restricted Assets:</b>			
Cash and Cash Equivalents	1,592,372		1,592,372
Capital Assets, net (Note 5)	<u>10,447,978</u>	<u>8,768</u>	<u>10,456,746</u>
<b>Total Assets</b>	<u>15,363,301</u>	<u>53,663</u>	<u>15,416,964</u>
<b>LIABILITIES:</b>			
Accounts Payable	35,824	11,475	47,299
Intergovernmental Payables	128		128
Accrued Interest Payable	99,117		99,117
Unearned Revenue	905,880	7,318	913,198
<b>Noncurrent Liabilities (Note 7):</b>			
Due within one year	709,843		709,843
Due beyond one year	<u>4,439,202</u>		<u>4,439,202</u>
<b>Total Liabilities</b>	<u>6,189,994</u>	<u>18,793</u>	<u>6,208,787</u>
<b>NET POSITION:</b>			
Net investment in Capital Assets	5,438,135	8,768	5,446,903
<b>Restricted for:</b>			
Capital projects	1,692,372		1,692,372
Other purposes	1,995,182		1,995,182
Unrestricted	<u>47,618</u>	<u>26,102</u>	<u>73,720</u>
<b>Total Net Position</b>	<u>\$ 9,173,307</u>	<u>\$ 34,870</u>	<u>\$ 9,208,177</u>

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

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 3,823,319				\$ (3,823,319)		\$ (3,823,319)
Special Education	887,449		\$ 174,624		(712,825)		(712,825)
Other instruction	280,789				(280,789)		(280,789)
<b>Support Services:</b>							
Tuition	4,449,711				(4,449,711)		(4,449,711)
Student & instruction related services	1,066,856		23,305		(1,043,551)		(1,043,551)
General administrative services	300,797				(300,797)		(300,797)
School administrative services	193,913				(193,913)		(193,913)
Central administrative services	250,188				(250,188)		(250,188)
Plant operations and maintenance	2,142,972				(2,142,972)		(2,142,972)
Pupil transportation	651,928				(651,928)		(651,928)
Employee benefits	2,797,811		1,041,512		(1,756,299)		(1,756,299)
Interest on long-term debt	219,440				(219,440)		(219,440)
Unallocated depreciation and amortization	69,285				(69,285)		(69,285)
<b>Total Governmental Activities</b>	<b>17,134,458</b>		<b>1,239,441</b>		<b>(15,895,017)</b>		<b>(15,895,017)</b>
<b>Business-Type Activities:</b>							
Food service	203,142	\$ 148,391	29,593			\$ (25,158)	(25,158)
<b>Total Business-Type Activities</b>	<b>203,142</b>	<b>148,391</b>	<b>29,593</b>			<b>(25,158)</b>	<b>(25,158)</b>
<b>Total Primary Government</b>	<b>\$17,337,600</b>	<b>\$148,391</b>	<b>\$1,269,034</b>		<b>(15,895,017)</b>	<b>(25,158)</b>	<b>(15,920,175)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes, net					15,091,151		15,091,151
Taxes levied for debt service					896,425		896,425
Federal and State aid not restricted					776,383		776,383
Investment Earnings					1,902	13,298	15,200
Miscellaneous income					148,119		148,119
<b>Special Items:</b>							
Adjustment for fixed assets							
<b>Total general revenues, special items, extraordinary items and transfers</b>					<b>16,913,980</b>	<b>13,298</b>	<b>16,927,278</b>
<b>Change in Net Position</b>					<b>1,018,963</b>	<b>(11,860)</b>	<b>1,007,103</b>
<b>Net Position - July 1, 2012 (Restated)</b>					<b>8,154,344</b>	<b>46,730</b>	<b>8,201,074</b>
<b>Net Position - June 30, 2013</b>					<b>\$ 9,173,307</b>	<b>\$ 34,870</b>	<b>\$ 9,208,177</b>

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

**Fund Financial Statements**

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

<b>ASSETS</b>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,621,668		\$ 425,582		\$ 2,047,250
Interfund receivable	13,476				13,476
Receivables, net					
State	37,655		1,218,448		1,256,103
Federal		19,470			19,470
Other		128			128
Restricted assets:					
Cash and cash equivalents	1,592,372				1,592,372
<b>Total Assets</b>	<u>\$ 3,265,171</u>	<u>\$ 19,598</u>	<u>\$ 1,644,030</u>	<u>\$ -</u>	<u>\$ 4,928,799</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 29,830	\$ 5,994			\$ 35,824
Intergovernmental payable:					
State		128			128
Interfund		13,476			13,476
Unearned revenues			\$ 905,880		905,880
<b>Total Liabilities</b>	<u>29,830</u>	<u>19,598</u>	<u>905,880</u>		<u>955,308</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital reserve	1,692,372				1,692,372
Tuition reserve	500,000				500,000
Maintenance reserve	600,000				600,000
<b>Assigned to:</b>					
Year-end encumbrances	151,887		571,585		723,472
Subsequent year's budget	5,145				5,145
Unassigned	285,937		166,565		452,502
<b>Total Fund Balances</b>	<u>3,235,341</u>		<u>738,150</u>		<u>3,973,491</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,265,171</u>	<u>\$ 19,598</u>	<u>\$ 1,644,030</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,424,729 and the accumulated depreciation is \$6,976,751. 10,447,978

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:

General Obligation Bonds	\$ (5,009,843)	
Compensated Absences Payable	(139,202)	
Accrued Interest Payable	<u>(99,117)</u>	
		<u>(5,248,162)</u>

Net position of governmental activities \$ 9,173,307

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

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$15,091,151			\$ 896,425	\$ 15,987,576
Interest earned on capital reserve	1,902				1,902
Miscellaneous	148,119				148,119
Total local sources	15,241,172			896,425	16,137,597
State sources	1,505,327	\$ 4,242	\$ 312,568		1,822,137
Federal sources		193,687			193,687
Total Revenues	16,746,499	197,929	312,568	896,425	18,153,421
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	3,514,447				3,514,447
Special education instruction	712,825	174,624			887,449
Other instruction	280,789				280,789
Support services and undistributed costs:					
Tuition	4,449,711				4,449,711
Student & instruction related services	1,043,551	23,305			1,066,856
General administrative services	278,274				278,274
School administrative services	193,913				193,913
Central administrative services	227,665				227,665
Plant operations and maintenance	1,042,209				1,042,209
Pupil transportation	645,234				645,234
Employee benefits	2,797,811				2,797,811
Capital outlay	676,410		43,270		719,680
Debt service:					
Principal				678,985	678,985
Interest and other charges				219,440	219,440
Total Expenditures	15,862,839	197,929	43,270	898,425	17,002,463
Excess (Deficiency) of Revenues over (under) Expenditures	883,660		269,298	(2,000)	1,150,958
<b>Other Financing Sources (Uses):</b>					
Transfers in			468,852		468,852
Transfers out	(468,852)				(468,852)
Total Other Financing Sources (Uses)	(468,852)		468,852		
Net Change in Fund Balances	414,808		738,150	(2,000)	1,150,958
Fund Balances - July 1, 2012	2,820,533			2,000	2,822,533
Fund Balances - June 30, 2013	\$ 3,235,341	\$ -	\$ 738,150	\$ -	\$ 3,973,491

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

**CRANBURY TOWNSHIP SCHOOL DISTRICT  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2013**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,150,958

Amounts reported for governmental activities in the statement of activities (A-2)  
 are different because:

Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense	\$ (457,151)	
Capital outlay additions	830,773	
Capital outlay adjustments	<u>(1,211,856)</u>	(838,234)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

678,985

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount is the net effect of the difference in the treatment of interest on long-term debt.

20,806

In the statement of activities, certain operating expenses, (e.g. compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)

6,448

Change in net position of Governmental Activities

\$ 1,018,963

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

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

	<u><b>Business-Type Activities Enterprise Funds</b></u>
	<u><b>Food Service Fund</b></u>
<b>ASSETS:</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 40,428
Intergovernmental receivables:	
State	92
Federal	1,428
Other	92
Inventories	<u>2,855</u>
<b>Total current assets</b>	<u>44,895</u>
<b>Noncurrent assets:</b>	
Machinery and equipment (net of accumulated depreciation)	<u>8,768</u>
<b>Total noncurrent assets</b>	<u>8,768</u>
<b>Total Assets</b>	<u>53,663</u>
<b>LIABILITIES:</b>	
<b>Current liabilities:</b>	
Accounts payable	11,475
Unearned revenue	<u>7,318</u>
<b>Total current liabilities</b>	<u>18,793</u>
<b>NET POSITION:</b>	
Net investment in capital assets	8,768
Unrestricted	<u>26,102</u>
<b>Total Net Position</b>	<u>\$ 34,870</u>

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

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Business-Type Activities Enterprise Funds</u>
	<u>Food Service Fund</u>
<b>Operating Revenues:</b>	
Charges for Services:	
Daily sales:	
Reimbursable programs	\$ 79,211
Non-reimbursable programs	66,487
Special functions	<u>2,693</u>
Total Operating Revenue	<u>148,391</u>
<b>Operating Expenses:</b>	
Salaries and fringe benefits	94,779
Management fee	14,673
Supplies and materials	10,945
Liability insurance	2,763
Other costs	18,070
Depreciation	7,370
Cost of sales	<u>54,542</u>
Total Operating Expenses	<u>203,142</u>
Operating Income (Loss)	<u>(54,751)</u>
<b>Non-Operating Revenues:</b>	
State sources:	
State school lunch program	1,258
Federal sources:	
Food distribution program	8,640
National school lunch program	19,695
Local sources:	
Miscellaneous	13,184
Interest earned	<u>114</u>
Total Non-Operating Revenues	<u>42,891</u>
Changes in Net Position	(11,860)
Net Position - July 1, 2012	<u>46,730</u>
Net Position - June 30, 2013	<u>\$ 34,870</u>

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

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Business-Type Activities Enterprise Funds</u>
	<u>Food Service Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Cash receipts from customers	\$ 155,642
Cash payments to employees for services	(117,131)
Cash payments to suppliers for goods and services	<u>(72,372)</u>
Net Cash Provided by (used for) Operating Activities	<u>(33,861)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash received from state sources	1,658
Cash received from federal sources	22,971
Miscellaneous	<u>13,185</u>
Net Cash Provided by (used for) Noncapital Financing Activities	<u>37,814</u>
<b>Cash Flow Provided by Investing Activities:</b>	
Interest on Cash Equivalents	<u>114</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,067
Cash and Cash Equivalents - July 1, 2012	<u>36,361</u>
Cash and Cash Equivalents - June 30, 2013	<u>\$ 40,428</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>	
Operating Income (Loss)	\$ (54,751)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (used for)	
Operating Activities:	
Depreciation	7,370
Federal Commodities	8,640
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivables	(24)
(Increase) Decrease in Inventories	(177)
Increase (Decrease) in Unearned Revenue	7,318
Increase (Decrease) in Accounts Payables	<u>(2,237)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (33,861)</u>
<b>Noncash Noncapital Financing Activities:</b>	
During the year the District received \$8,640 of food commodities from the U.S. Department of Agriculture.	

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

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

	<u>Trust Funds</u>		<u>Agency Funds</u>
	<u>Unemployment Compensation Insurance</u>	<u>Private Purpose Scholarship Fund</u>	
<b>ASSETS:</b>			
Cash and cash equivalents	<u>\$ 51,008</u>	<u>\$ 5,462</u>	<u>\$ 40,468</u>
 Total Assets	 <u>51,008</u>	 <u>5,462</u>	 <u>\$ 40,468</u>
 <b>LIABILITIES:</b>			
Payroll deductions and withholdings			\$ 18,343
Due to student groups	<u>          </u>	<u>          </u>	<u>22,125</u>
Total Liabilities	<u>---</u>	<u>---</u>	<u>\$ 40,468</u>
 <b>NET POSITION:</b>			
Held in trust for unemployment claims and other purposes	<u>\$ 51,008</u>		
Reserved for scholarships		<u>\$ 5,462</u>	

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

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Changes In Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Unemployment Compensation Insurance</b>	<b>Private Purpose Scholarship Fund</b>
<b>ADDITIONS:</b>		
Contributions:		
Employee	\$ 10,209	
Employer	40,000	
Total Contributions	50,209	
Investment earnings:		
Interest	38	\$ 5
Total Additions	50,247	5
<b>DEDUCTIONS:</b>		
Unemployment claims	39,080	
Scholarships awarded		400
Total Deductions	39,080	400
Change in Net Position	11,167	(395)
Net Position - July 1, 2012	39,841	5,857
Net Position - June 30, 2013	\$ 51,008	\$ 5,462

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

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Cranbury Township School District ("School District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 8. Students in grades 9 through 12 attend, on a tuition basis, the Princeton Regional High School District. The Cranbury Township School District has an approximate enrollment at June 30, 2013 of 554 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

**Component Units** – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. The following organization is considered to be a component unit; however, the School District has determined that it is not significant and, therefore, has not been included in the basic financial statements:

Cranbury Education Foundation  
P.O. Box 332  
Cranbury, New Jersey 08512

Requests for financial information should be addressed to the organization listed above.

**Basis of Presentation**

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

The School District's basic financial statements consists of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Statements** - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

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

**Basis of Presentation (Continued)**

**Government-wide Statements (Continued)** - The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

**General Fund** - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

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

**Proprietary Funds** - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

**Enterprise Funds** – The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's enterprise funds are:

**Food Service Fund** - This fund accounts for the financial transactions related to the food service operations of the School District.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into investment in capital assets, net of related debt, and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: trust funds and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has four fiduciary funds; an unemployment compensation trust fund, a private purpose scholarship fund, a student activity fund, and a payroll fund.

**Measurement Focus**

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position.

**Fund Financial Statements** – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

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

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days after fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as unearned revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Budgets/Budgetary Control** - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal 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 the one or more June state aid payments for budgetary purposes only and the special revenue fund. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

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

**Budgets/Budgetary Control (Continued)** - The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the 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 budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June state aid payments.

**Encumbrances** - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected in the balance sheet as unearned revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

**Tuition Receivable** - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2013 and 2012 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**Inventories** - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

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

**Inventories (Continued)** - The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

**Prepaid Expenses** - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Short-Term Interfund Receivables / Payables** - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Capital Assets** - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position. .

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

**Compensated Absences** - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

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

**Compensated Absences (Continued)**

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

**Unearned Revenue** - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

**Net Position** - Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

**Net investment in capital assets** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

**Restricted** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

**Unrestricted** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

**Fund Balance** - The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

**Nonspendable** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2013.

**Restricted** - This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

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

**Committed** – This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

**Assigned** – This fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

**Unassigned** – This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District's policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Operating and Non-Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses

**Interfunds** – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**New Accounting Standards Adopted** - During the fiscal year ended June 30, 2013, the School District adopted the following new accounting standards issued by the Government Accounting Standards Board (GASB):

**GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position**

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. This Statement also identifies net position as the residual of all other elements presented in a statement of financial position and amends the net asset reporting requirements in Statement No. 34, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by naming that measure as net position, rather than net assets.

This statement only impacted financial terminology as opposed to financial statement reporting for the fiscal year ended June 30, 2013.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

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

**GASB Statement No. 65, Items Previously Reported as Assets and Liabilities**

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as limiting the use of the term deferred in financial statement presentations.

Implementation of this statement affected the financial statements as noted in Note 18.

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17.9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District’s amount on deposit of \$4,134,622 as of June 30, 2013, \$250,000 was insured under FDIC and the remaining balance of \$3,884,622 was collateralized under GUDPA.

**3. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District for the accumulation of funds for use as 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 School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school 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 fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school 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.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Balance July 1, 2012		\$	1,334,962
Increased by:			
Interest Earned	\$ 1,902		
Board Resolution	841,343		
			843,245
			2,178,207
Decreased by:			
Budget Withdrawal			485,835
Balance June 30, 2013		\$	1,692,372

The June 30, 2013 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**4. ACCOUNTS RECEIVABLES**

Accounts receivables at June 30, 2013 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2013 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Fund	Total
Intergovernmental					
State	\$ 37,655		\$ 1,218,448	\$ 92	\$ 1,256,195
Federal		\$ 19,470		1,428	20,898
Other		128		92	220
<b>Total</b>	<b>\$ 37,655</b>	<b>\$ 19,598</b>	<b>\$ 1,218,448</b>	<b>\$ 1,612</b>	<b>\$ 1,277,313</b>

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Deletions/ Adjustments	Balance June 30, 2013
<b>Governmental Activities:</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 451,596			\$ 451,596
Construction in progress	1,152,724		\$ (1,152,724)	
Total capital assets not being depreciated	1,604,320		(1,152,724)	451,596
<i>Capital Assets, being depreciated:</i>				
Land Improvements	388,794			388,794
Building and Improvements	14,270,606	\$ 825,233		15,095,839
Equipment	1,493,820	5,540	(10,860)	1,488,500
Total capital assets being depreciated	16,153,220	830,773	(10,860)	16,973,133
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(260,290)	(20,182)		(280,472)
Building and Improvements	(4,951,583)	(389,227)	(3,731)	(5,344,541)
Equipment	(1,259,455)	(47,742)	(44,541)	(1,351,738)
Total accumulated depreciation	(6,471,328)	(457,151)	(48,272)	(6,976,751)
Total capital assets being depreciated, net	9,681,892	373,622	(59,132)	9,996,382
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 11,286,212</b>	<b>\$ 373,622</b>	<b>\$ (1,211,856)</b>	<b>\$ 10,447,978</b>
 <b>Business-Type Activities:</b>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 80,522			\$ 80,522
Less accumulated depreciation	(64,384)	\$ (7,370)		(71,754)
Total Capital Assets, being depreciated, net	16,138	(7,370)		8,768
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 16,138</b>	<b>\$ (7,370)</b>	<b>-</b>	<b>\$ 8,768</b>

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**5. CAPITAL ASSETS (Continued)**

Depreciation expense in the amount of \$457,151 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 315,320
Transportation	6,694
Administration	22,523
Business Services	22,523
Unallocated	90,091
Total depreciation expense	\$ 457,151

**6. INVENTORY**

Inventory in the food service fund at June 30, 2013 consisted of the following:

Food	\$ 1,813
Supplies	1,042
	\$ 2,855

**7. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2013, the following changes occurred in long-term obligations:

	Principal Outstanding June 30, 2012	Additions	Reductions	Principal Outstanding June 30, 2013	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 145,650		\$ 6,448	\$ 139,202	
General Obligation Bonds	5,688,828		678,985	5,009,843	\$ 709,843
	\$ 5,834,478	\$ -	\$ 685,433	\$ 5,149,045	\$ 709,843

**Bonds Payable** - Bonds and loans are authorized in accordance with State law by the voters of the School District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are as follows:

1993 Small Facilities Loan dated August 18, 1993 in the amount of \$4,757 due in annual installments through July 15, 2014, bearing interest rate of 1.50%.

1993 Small Projects Loan dated August 18, 1993 in the amount of \$20,086 due in annual installments through July 15, 2014, bearing interest rate of 5.288%.

2005 Refunding Bonds dated September 1, 2005 in the amount of \$1,135,000 due in annual installments through January 15, 2016, bearing interest rate of 3.00% to 5.00%.

2010 Refunding Bonds dated July 15, 2010 in the amount of \$3,850,000 due in annual installments through July 15, 2022, bearing interest rate of 3.00% to 4.00%.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**7. LONG-TERM OBLIGATIONS (Continued)**

As of June 30, 2013, principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 709,843	\$ 192,792	\$ 902,635
2015	710,000	167,925	877,925
2016	745,000	138,975	883,975
2017	355,000	106,700	461,700
2018	375,000	92,100	467,100
2019-2023	<u>2,115,000</u>	<u>217,700</u>	<u>2,332,700</u>
	<u>\$ 5,009,843</u>	<u>\$ 916,192</u>	<u>\$ 5,926,035</u>

As of June 30, 2013 the School District had no authorizations to issue additional bonded debt.

**Compensated Absences** - Compensated absences will be paid from the fund from which the employees' salaries are paid.

**8. OPERATING LEASES**

At June 30, 2013, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$63,977 for the fiscal year ended June 30, 2013. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 50,408
2015	47,693
2016	47,693
2017	47,693
2018	<u>7,949</u>
	<u>\$ 201,436</u>

**9. PENSION PLANS**

**Description of Plans** – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**9. PENSION PLANS (Continued)**

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

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2012 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years.

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

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2013	\$ 26,760	\$ 63,984	\$ 5,401	\$ 96,145
2012	35,038	70,075	6,697	111,810
2011	38,541	61,412	7,591	107,544

***Defined Contribution Retirement Program (DCRP)***

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**9. PENSION PLANS (Continued)**

***Defined Contribution Retirement Program (DCRP)***

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the School District's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions to the DCRP were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2013	\$ 7,695	\$ 2,716
2012	--	--
2011	--	--

**Related Party Investments** – The Division of Pensions and Benefits does not invest in securities issued by the School District.

**10. POST-RETIREMENT BENEFITS**

The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established to provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012 there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums 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 Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

The State establishes the contribution rate based 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 the 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 contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2013 was \$374,605, which equaled the required contributions. The State's contribution to the SHBP 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.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2013, the School District has recognized as revenues and expenditures \$331,289 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$335,618 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**12. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

**Property and Liability Insurance** - The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**Joint Insurance Pool** - The School District is a member of the New Jersey School Alliance Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

A complete schedule of insurance coverage can be found in the "Statistical Section" of this report.

The Fund publishes its own financial report which can be obtained by writing to: School Alliance Insurance Fund, c/o PEGAS, 51 Everett Drive, Lawrenceville, New Jersey, 08648.

**New Jersey Unemployment Compensation Insurance** - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

The following is a summary of School District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous three fiscal years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 40,000	\$ 10,247	\$ 39,080	\$ 51,008
2012	254	9,414	39,648	39,841
2011	40,437	6,326	20,057	69,821

**13. DEFERRED COMPENSATION**

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**14. COMPENSATED ABSENCES**

The School District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

School District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policy. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with the School District's agreements with the various employee unions.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2013, the liability for compensated absences in the governmental activities was \$139,202.

**15. INTERFUND BALANCES AND TRANSFERS**

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2014. The following interfund balances were recorded on the various balance sheets as of June 30, 2013:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 13,476	
Special		\$ 13,476
Total	<u>\$ 13,476</u>	<u>\$ 13,476</u>

**16. CONTINGENCIES**

The School District 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 School District may be required to reimburse the grantor government.

At June 30, 2013, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

**17. FUND BALANCES**

**RESTRICTED**

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**17. FUND BALANCES (Continued)**

**General Fund:**

**Capital Reserve** – As of June 30, 2013, the balance in the capital reserve account is \$1,692,372. Of this amount \$430,150 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2014 and \$1,262,222 is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

**Tuition Reserve** – In accordance with N.J.A.C. 6A:23-3.1(f)(8), the School District has restricted fund balance at June 30, 2013 in the amount of \$500,000 for tuition adjustments. Of this amount \$250,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2014. This reserve represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated cost of the respective contract year.

**Maintenance Reserve Account** – As of June 30, 2013, the balance in the maintenance reserve account is \$600,000. Of this amount \$200,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2014. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**ASSIGNED**

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund:**

**Other Purposes** – At June 30, 2013 the School District has \$723,472 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**Designated for Subsequent Year's Expenditures** – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2014, \$5,145 of general fund balance at June 30, 2013.

**UNASSIGNED**

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** – As of June 30, 2013, \$285,937 of general fund balance was unassigned.

**18. RESTATEMENT OF NET POSITION**

As a result of the implementation of *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*, net position as of June 30, 2012 has been restated as follows:

Net Position, June 30, 2012	\$	8,266,559
Expense of Bond Issuance Costs (1)		<u>(112,215)</u>
Net Position, June 30, 2012 (Restated)	\$	<u>8,154,344</u>

(1) Formerly reported as a deferred asset and amortized over the life of the related debt.

**Required Supplementary Information - Part II**

**Budgetary Comparison Schedules**

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local Tax Levy	\$ 15,091,151	\$ -	\$ 15,091,151	\$ 15,091,151	\$ -
Unrestricted Misc. Revenues	108,307		108,307	150,021	41,714
<b>Total local sources</b>	<b>15,199,458</b>		<b>15,199,458</b>	<b>15,241,172</b>	<b>41,714</b>
State sources:					
Special Education aid	375,997		375,997	375,997	
Security Aid	12,119		12,119	12,119	
Transportation Aid	63,086		63,086	63,086	
Extraordinary aid				12,982	12,982
Nonpublic transportation aid				8,409	8,409
Other state aid	176,258		176,258		(176,258)
On-behalf TPAF pension contrib.. (non-budgeted)				335,618	335,618
On-behalf TPAF post retirement med.. (non-budgeted)				331,289	331,289
Reimbursed TPAF social security contribution (non-budgeted)				374,605	374,605
<b>Total state sources</b>	<b>627,460</b>		<b>627,460</b>	<b>1,514,105</b>	<b>886,645</b>
<b>TOTAL REVENUES</b>	<b>15,826,918</b>	<b>-</b>	<b>15,826,918</b>	<b>16,755,277</b>	<b>928,359</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool/Kindergarten	210,313	(13,561)	196,752	184,652	12,100
Grades 1-5	1,647,211	21,062	1,668,273	1,668,273	
Grades 6-8	1,215,194	(7,500)	1,207,694	1,132,439	75,255
Regular Programs - Home Instruction:					
Salaries of teachers	6,000		6,000	299	5,701
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	73,994	(1,935)	72,059	59,050	13,009
Purchased technical services	198,050	18,135	216,185	206,876	9,309
General supplies	268,942	(13,700)	255,242	244,053	11,189
Textbooks	44,700		44,700	18,805	25,895
<b>Total - Regular Programs - Instruction</b>	<b>3,664,404</b>	<b>2,501</b>	<b>3,666,905</b>	<b>3,514,447</b>	<b>152,458</b>
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of teachers	118,700		118,700	115,392	3,308
Other salaries for instruction	139,255		139,255	130,765	8,490
General supplies	2,580		2,580	2,247	333
Textbooks	650		650	456	194
<b>Total learning and/or language disab.</b>	<b>261,185</b>		<b>261,185</b>	<b>248,860</b>	<b>12,325</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource room/resource center:					
Salaries of teachers	\$ 420,220	\$ -	\$ 420,220	\$ 415,976	\$ 4,244
General supplies	7,550		7,550	5,783	1,767
<b>Total resource room/resource center</b>	<b>427,770</b>		<b>427,770</b>	<b>421,759</b>	<b>6,011</b>
Preschool Disabilities - Part-Time:					
Salaries of teachers	89,810	(10)	89,800	30,289	59,511
Other salaries for instruction	18,360		18,360	9,112	9,248
General supplies	2,524	285	2,809	2,805	4
<b>Total preschool disabilities - part-time</b>	<b>110,694</b>	<b>275</b>	<b>110,969</b>	<b>42,206</b>	<b>68,763</b>
<b>Total Special Education - Instruction</b>	<b>799,649</b>	<b>275</b>	<b>799,924</b>	<b>712,825</b>	<b>87,099</b>
Basic Skills/Remedial - Instruction					
Salaries of teachers	175,895		175,895	146,935	28,960
General supplies	2,650	(275)	2,375	1,493	882
<b>Total basic skills/remedial - instruction</b>	<b>178,545</b>	<b>(275)</b>	<b>178,270</b>	<b>148,428</b>	<b>29,842</b>
School-Sponsored Cocurricular Act - Instruction:					
Salaries	43,606	305	43,911	38,141	5,770
Other objects	7,780		7,780	6,167	1,613
Transfers to cover deficit	5,500	(305)	5,195	3,230	1,965
<b>Total school-sponsored cocurr. act. - instruct.</b>	<b>56,886</b>		<b>56,886</b>	<b>47,538</b>	<b>9,348</b>
School-Sponsored Athletics - Instruction:					
Salaries	66,876		66,876	66,876	
Purchased services	10,000		10,000	5,715	4,285
Supplies and materials	12,845		12,845	12,232	613
<b>Total school-sponsored athletics - instruct.</b>	<b>89,721</b>		<b>89,721</b>	<b>84,823</b>	<b>4,898</b>
<b>Total Instruction</b>	<b>4,789,205</b>	<b>2,501</b>	<b>4,791,706</b>	<b>4,508,061</b>	<b>283,645</b>
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	3,820,232		3,820,232	3,820,232	
Tuition to other LEAs within the state - spec	360,579	(3,400)	357,179	301,270	55,909
Tuition to private school for the disabled - w/i	553,511		553,511	328,209	225,302
<b>Total undistributed expenditures - instruction</b>	<b>4,734,322</b>	<b>(3,400)</b>	<b>4,730,922</b>	<b>4,449,711</b>	<b>281,211</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Health Services:</b>					
Salaries	\$ 60,400	\$ 29,908	\$ 90,308	\$ 87,775	\$ 2,533
Purchased professional and technical services	121,728	(30,059)	91,669	86,848	4,821
Supplies and materials	4,500	151	4,651	4,627	24
Other objects	300		300	85	215
<b>Total health services</b>	<b>186,928</b>		<b>186,928</b>	<b>179,335</b>	<b>7,593</b>
<b>Speech, OT, PT, &amp; Related Services:</b>					
Salaries	131,800	(11)	131,789	128,950	2,839
Purchased professional educational services		3,400	3,400	3,400	
Supplies and materials	2,750	11	2,761	2,761	
<b>Total speech, ot, pt &amp; related services</b>	<b>134,550</b>	<b>3,400</b>	<b>137,950</b>	<b>135,111</b>	<b>2,839</b>
<b>Guidance:</b>					
Salaries of other professional staff	93,860		93,860	92,360	1,500
Supplies and materials	4,779		4,779	4,451	328
<b>Total guidance</b>	<b>98,639</b>		<b>98,639</b>	<b>96,811</b>	<b>1,828</b>
<b>Child Study Teams:</b>					
Salaries of other professional staff	343,806		343,806	337,146	6,660
Salaries of secretarial and clerical assistants	45,156		45,156	43,727	1,429
Supplies and materials	5,500		5,500	5,438	62
<b>Total child study teams</b>	<b>394,462</b>		<b>394,462</b>	<b>386,311</b>	<b>8,151</b>
<b>Improvement of Instructional Services:</b>					
Salaries supervisor of instruction	96,094	(1,012)	95,082	91,851	3,231
Salaries of secretarial and clerical assistants	49,643	(15)	49,628	47,643	1,985
Supplies and materials	2,500	377	2,877	2,877	
Other objects	7,047		7,047	3,040	4,007
<b>Total improvement of instructional services</b>	<b>155,284</b>	<b>(650)</b>	<b>154,634</b>	<b>145,411</b>	<b>9,223</b>
<b>Educational Media Services/School Library:</b>					
Salaries	78,345	(282)	78,063	76,345	1,718
Supplies and materials	17,827	282	18,109	15,699	2,410
<b>Total educational media services/school library</b>	<b>96,172</b>		<b>96,172</b>	<b>92,044</b>	<b>4,128</b>
<b>Instructional Staff Training Services:</b>					
Other purchased services	15,080		15,080	8,528	6,552
<b>Total instructional staff training services</b>	<b>15,080</b>		<b>15,080</b>	<b>8,528</b>	<b>6,552</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>General Administration:</b>					
Salaries	\$ 181,512	\$ -	\$ 181,512	\$ 180,453	\$ 1,059
Legal services	50,500	(9,179)	41,321	19,826	21,495
Audit fees	23,500	(308)	23,192	23,000	192
Other purchased prof. services	2,500	2,000	4,500	900	3,600
Communications / telephone	25,500	(1,580)	23,920	19,949	3,971
BOE other purchased services	3,000	(395)	2,605	2,395	210
General supplies	5,108	279	5,387	5,388	1
Miscellaneous expenditures	23,650	3,625	27,275	26,365	910
<b>Total general administration</b>	<b>315,270</b>	<b>(5,558)</b>	<b>309,712</b>	<b>278,274</b>	<b>31,438</b>
<b>School Administration:</b>					
Salaries of principals/assist. principals	104,721	2,609	107,330	107,330	
Salaries of secretarial and clerical assistants	80,055	2,926	82,981	82,981	
Other purchased services	350		350	350	
Supplies and materials	1,800		1,800	1,800	
Other objects	1,500		1,500	1,452	48
<b>Total school administration</b>	<b>188,426</b>	<b>5,535</b>	<b>193,961</b>	<b>193,913</b>	<b>48</b>
<b>Central services:</b>					
Salaries	200,543	1,440	201,983	201,983	
Supplies and materials	4,600	1,866	6,466	6,466	
Miscellaneous expenditures	21,850	(2,634)	19,216	19,216	
<b>Total central services</b>	<b>226,993</b>	<b>672</b>	<b>227,665</b>	<b>227,665</b>	
<b>Required Maintenance School Facilities:</b>					
Cleaning, repairs & maintenance services	106,791	10,664	117,455	104,430	13,025
<b>Total required maintenance school facilities</b>	<b>106,791</b>	<b>10,664</b>	<b>117,455</b>	<b>104,430</b>	<b>13,025</b>
<b>Custodial Services:</b>					
Salaries	375,037	(1,096)	373,941	358,416	15,525
Cleaning, repair and maintenance services	108,000	(34,272)	73,728	69,635	4,093
Other purchased property services	23,000	15,345	38,345	37,715	630
Insurance	53,930		53,930	53,930	
Miscellaneous purchased services	5,000		5,000	-	5,000
General Supplies	93,892	(1,499)	92,393	77,285	15,108
Energy (Electricity)	288,500	(16,653)	271,847	212,119	59,728
Energy (Natural Gas)	130,000	(36,145)	93,855	69,247	24,608
<b>Total custodial services</b>	<b>1,077,359</b>	<b>(74,320)</b>	<b>1,003,039</b>	<b>878,347</b>	<b>124,692</b>
<b>Care and Upkeep of Grounds:</b>					
Cleaning, repairs & maintenance services		61,155	61,155	59,432	1,723
<b>Total care and upkeep of grounds</b>	<b>-</b>	<b>61,155</b>	<b>61,155</b>	<b>59,432</b>	<b>1,723</b>
<b>Total operation &amp; maint. of plant services</b>	<b>1,184,150</b>	<b>(2,501)</b>	<b>1,181,649</b>	<b>1,042,209</b>	<b>139,440</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Student Transportation Services:</b>					
Salaries for Pupil Trans (between home and school) - Regular Ed.	\$ 9,842	\$ 1,555	\$ 11,397	\$ 11,397	\$ -
Salaries for Pupil Trans (between home and school) - Special Ed.	53,556	(1,555)	52,001	19,379	32,622
Contr. serv. (between home & sch) - vendor	330,500	(2,000)	328,500	287,555	40,945
Contr. serv. (not between home & sch) - vendor	34,500	3,800	38,300	29,717	8,583
Contr. serv. (between home & sch) - joint agree.	8,000	(1,800)	6,200	1,477	4,723
Contr. Serv. (Spl. Ed. Students) - vendors	260,255		260,255	236,835	23,420
Contr. Serv. (Spl. Ed. Students) - joint agree.	14,750		14,750		14,750
Contr. Serv. - aid in lieu of	58,750		58,750	42,432	16,318
Transportation supplies	30,000		30,000	16,442	13,558
<b>Total student transportation services</b>	<b>800,153</b>		<b>800,153</b>	<b>645,234</b>	<b>154,919</b>
<b>Unallocated Benefits - Employee Benefits</b>					
Social security contributions	130,021		130,021	113,290	16,731
Other retirement contributions - PERS	117,000		117,000	96,145	20,855
Other retirement contributions - reg.	2,500	1,700	4,200	3,667	533
Unemployment compensation		40,000	40,000	40,000	
Workmen's compensation	61,320	(1,000)	60,320	56,075	4,245
Health benefits	1,858,808	(69,273)	1,789,535	1,396,244	393,291
Tuition reimbursement	53,550		53,550	36,598	16,952
Other employee benefits	17,280		17,280	14,280	3,000
<b>Total unallocated benefits</b>	<b>2,240,479</b>	<b>(28,573)</b>	<b>2,211,906</b>	<b>1,756,299</b>	<b>455,607</b>
On-behalf TPAF pension contr. (non-budgeted)				331,289	(331,289)
On-behalf TPAF post retirement medical (non-budgeted)				374,605	(374,605)
Reimbursed TPAF social security contr. (non-budgeted)				335,618	(335,618)
<b>Total Undistributed Expenditures</b>	<b>10,770,908</b>	<b>(31,075)</b>	<b>10,739,833</b>	<b>10,678,368</b>	<b>61,465</b>
<b>Total General Current Expense</b>	<b>15,560,113</b>	<b>(28,574)</b>	<b>15,531,539</b>	<b>15,186,429</b>	<b>345,110</b>
<b>CAPITAL OUTLAY:</b>					
<b>Equipment</b>					
Grades 1-5		28,574	28,574	28,574	
<b>Total Equipment</b>	<b>-</b>	<b>28,574</b>	<b>28,574</b>	<b>28,574</b>	<b>-</b>
<b>Facilities acquisition and construction services</b>					
Construction Services	1,469,498	(468,852)	1,000,646	628,529	372,117
Other objects					
Assessment for Debt Service on SDA Funding	19,307		19,307	19,307	
<b>Total Facilities acquisition and construction</b>	<b>1,488,805</b>	<b>(468,852)</b>	<b>1,019,953</b>	<b>647,836</b>	<b>372,117</b>
<b>Total Capital Outlay</b>	<b>1,488,805</b>	<b>(440,278)</b>	<b>1,048,527</b>	<b>676,410</b>	<b>372,117</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

(Continued from prior page)	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
TOTAL EXPENDITURES	<u>\$ 17,048,918</u>	<u>\$ (468,852)</u>	<u>\$ 16,580,066</u>	<u>\$ 15,862,839</u>	<u>\$ 717,227</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(1,222,000)</u>	<u>468,852</u>	<u>(753,148)</u>	<u>892,438</u>	<u>1,645,586</u>
Other Financing Sources:					
Operating transfers out		(468,852)	(468,852)	(468,852)	
Operating transfers in					
Total Other Financing Sources		<u>(468,852)</u>	<u>(468,852)</u>	<u>(468,852)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(1,222,000)		(1,222,000)	423,586	1,645,586
Fund Balance - July 1, 2012	<u>2,852,678</u>		<u>2,852,678</u>	<u>2,852,678</u>	
Fund Balance - June 30, 2013	<u>\$ 1,630,678</u>	<u>\$ -</u>	<u>\$ 1,630,678</u>	<u>\$ 3,276,264</u>	<u>\$ 1,645,586</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 1,692,372	
Tuition reserve 2013-2014				250,000	
Tuition reserve 2014-2015				250,000	
Maintenance reserve				600,000	
Assigned Fund Balance:					
Year-end encumbrances				151,887	
Designated for subsequent year's budget				5,145	
Unassigned Fund Balance:				<u>326,860</u>	
				3,276,264	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(40,923)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,235,341</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 3,515	\$ 855	\$ 4,370	\$ 4,242	\$ (128)
Federal sources	153,865	39,822	193,687	193,687	-
<b>Total Revenues</b>	<b>157,380</b>	<b>40,677</b>	<b>198,057</b>	<b>197,929</b>	<b>(128)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	5,344	909	6,253	6,253	-
Purchased prof. - educational services	143,415	23,499	166,914	166,876	38
Textbooks	1,440	145	1,585	1,495	90
<b>Total Instruction</b>	<b>150,199</b>	<b>24,553</b>	<b>174,752</b>	<b>174,624</b>	<b>128</b>
Support Services:					
Salaries	7,181	8,539	15,720	15,720	-
Purchased professional - tech. services	-	7,585	7,585	7,585	-
<b>Total Support Services</b>	<b>7,181</b>	<b>16,124</b>	<b>23,305</b>	<b>23,305</b>	<b>-</b>
Facilities Acquisition and Construction Services:					
Instructional equipment	-	-	-	-	-
<b>Total Facilities Acq. and Const. Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>157,380</b>	<b>40,677</b>	<b>198,057</b>	<b>197,929</b>	<b>128</b>
<b>Total Outflows</b>	<b>157,380</b>	<b>40,677</b>	<b>198,057</b>	<b>197,929</b>	<b>128</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budgetary Comparison**  
**For the Fiscal Year Ended June 30, 2013**

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP  
Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 16,755,277	\$ 197,929
<b>Difference - budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	32,145	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(40,923)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 16,746,499</u>	<u>\$ 197,929</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 15,862,839	\$ 197,929
<b>Differences - budget to GAAP</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 15,862,839</u>	<u>\$ 197,929</u>

**Other Supplementary Information**

**Special Revenue Fund**

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year ended June 30, 2013**

	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Nursing	Title I	Title IIA	Title IIA Carryover	IDEA Basic	IDEA Preschool	Totals
<b>REVENUES:</b>									
State sources	\$ 1,495	\$ 550	\$ 2,197						\$ 4,242
Federal sources				\$ 7,181	\$ 15,039	\$ 1,085	\$ 164,129	\$ 6,253	193,687
<b>Total Revenues</b>	<b>1,495</b>	<b>550</b>	<b>2,197</b>	<b>7,181</b>	<b>15,039</b>	<b>1,085</b>	<b>164,129</b>	<b>6,253</b>	<b>197,929</b>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of teachers								6,253	6,253
Purchased professional - educational serv.		550	2,197				164,129		166,876
Textbooks	1,495								1,495
<b>Total Instruction</b>	<b>1,495</b>	<b>550</b>	<b>2,197</b>				<b>164,129</b>	<b>6,253</b>	<b>174,624</b>
Support Services:									
Salaries				7,181	8,539				15,720
Purchased professional - technical serv.					6,500	1,085			7,585
<b>Total Support Services</b>				<b>7,181</b>	<b>15,039</b>	<b>1,085</b>			<b>23,305</b>
Facilities Acquisition and Const. Serv.:									
Instructional equipment									
<b>Total Facilities Acq. and Const. Serv.</b>									
<b>Total Expenditures</b>	<b>1,495</b>	<b>550</b>	<b>2,197</b>	<b>7,181</b>	<b>15,039</b>	<b>1,085</b>	<b>164,129</b>	<b>6,253</b>	<b>197,929</b>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---

**Capital Projects Fund**

**CRANBURY TOWNSHIP SCHOOL DISTRICT  
Capital Projects Fund  
Summary Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year ended June 30, 2013**

<b>Revenues and Other Financing Sources:</b>	
Transfer from Capital Reserve	\$ 468,852
State Aid - SDA Grant	312,568
Total revenues	781,420
 <b>Expenditures and Other Financing Uses:</b>	
Purchased professional services	43,270
Construction services	
	43,270
Excess (deficiency) or revenues over (under) expenditures	738,150
Fund Balance - July 1, 2012	—
Fund Balance - June 30, 2013	\$ 738,150

**CRANBURY TOWNSHIP SCHOOL DISTRICT  
Capital Projects Fund  
Statement of Project Revenues, Expenditures, Project Balance,  
and Project Status - Budgetary Basis  
Casework and Electrical Upgrades  
From Inception and for the Fiscal Year ended June 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State sources - SDA Grant	\$ -	\$ 65,460	\$ 65,460	\$ 64,460
Transfer from Capital Reserve		98,191	98,191	98,191
<b>Total revenues</b>		<u>163,651</u>	<u>163,651</u>	<u>162,651</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional services				
Construction services				
Transfer to General Fund				
<b>Excess (deficiency) or revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 163,651</u>	<u>\$ 163,651</u>	<u>\$ 162,651</u>

**Additional project information:**

Project Number	#0970-030-10-2003
Grant Date	10/31/2010
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 163,651
Additional Authorized Cost	
Revised Authorized Cost	\$ 163,651
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	10.00%
Original target completion date	8/31/2013
Revised target completion date	N/A

**CRANBURY TOWNSHIP SCHOOL DISTRICT  
Capital Projects Fund  
Statement of Project Revenues, Expenditures, Project Balance,  
and Project Status - Budgetary Basis  
Repair Parking Lot and Install Curbs  
From Inception and for the Fiscal Year ended June 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State sources - SDA Grant		\$ 247,108	\$ 247,108	\$ 247,108
Transfer from Capital Reserve		370,661	370,661	370,661
<b>Total revenues</b>	<u>                    </u>	<u>617,769</u>	<u>617,769</u>	<u>617,769</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional services				
Construction services		43,270	43,270	43,270
Furniture and Equipment				
Transfer to Debt Service Fund				
	<u>                    </u>	<u>43,270</u>	<u>43,270</u>	<u>43,270</u>
<b>Excess (deficiency) or revenues over (under) expenditures</b>	<u>                    </u>	<u>\$ 574,499</u>	<u>\$ 574,499</u>	<u>\$ 574,499</u>
<b>Additional project information:</b>				
Project Number	#0970-030-10-2001			
Grant Date	3/11/2013			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost		\$ 617,769		
Additional Authorized Cost				
Revised Authorized Cost		\$ 617,769		
<b>Percentage Increase over Original Authorized Cost</b>				
Percentage Completion		10.00%		
Original target completion date		7/31/2013		
Revised target completion date		N/A		

**Proprietary Funds**

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Funds**  
**Statement of Net Position**  
**June 30, 2013**

	<u>Food Service Fund</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and cash equivalents	\$ 40,428
Accounts receivable:	
State	92
Federal	1,428
Other	92
Inventories	<u>2,855</u>
Total Current Assets	<u>44,895</u>
Noncurrent Assets:	
Equipment	80,522
Less - accumulated depreciation	<u>(71,754)</u>
Total Noncurrent Assets	<u>8,768</u>
Total Assets	<u>53,663</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	11,475
Unearned Revenue	<u>7,318</u>
Total Current Liabilities	<u>18,793</u>
<b>NET POSITION:</b>	
Net investment in capital assets	8,768
Unrestricted	<u>26,102</u>
Total Net Position	<u>\$ 34,870</u>

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Funds**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Food Service Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 79,211
Daily sales non-reimbursable programs	
Adult and a la carte sales	66,487
Special functions	<u>2,693</u>
Total Operating Revenues	<u>148,391</u>
<b>OPERATING EXPENSES:</b>	
Salaries and fringe benefits	94,779
Management fee	14,673
Supplies and materials	10,945
Liability insurance	2,763
Other costs	18,070
Depreciation	7,370
Cost of sales	<u>54,542</u>
Total Operating Expenses	<u>203,142</u>
Operating Income (Loss)	<u>(54,751)</u>
<b>Non-Operating Revenues:</b>	
State sources:	
State school lunch program	1,258
Federal sources:	
Food Distribution Program	8,640
National school lunch program	19,695
Local sources:	
Miscellaneous	13,184
Interest earned	<u>114</u>
Total Non-Operating Revenues	<u>42,891</u>
Changes in Net Position	(11,860)
Net Position - July 1, 2012	<u>46,730</u>
Net Position - June 30, 2013	<u>\$ 34,870</u>

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Food Service Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Cash receipts from customers	\$ 155,642
Cash payments to employees for services	(117,131)
Cash payments to suppliers for goods and services	<u>(72,372)</u>
Net cash provided by (used for) operating activities	<u>(33,861)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash received from state sources	1,658
Cash received from federal sources	22,971
Miscellaneous	<u>13,185</u>
Net cash provided by noncapital financing activities	<u>37,814</u>
<b>Cash Flow Provided by Investing Activities:</b>	
Interest on cash equivalents	<u>114</u>
Net increase (decrease) in cash and cash equivalents	4,067
Cash and cash equivalents - July 1, 2012	<u>36,361</u>
Cash and cash equivalents - June 30, 2013	<u>\$ 40,428</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)</b>	
<b>Operating Activities:</b>	
Operating income (loss)	\$ (54,751)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	7,370
Federal Commodities	8,640
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(24)
(Increase) decrease in inventories	(177)
Increase (decrease) in unearned revenue	7,318
Increase (decrease) in accounts payable	<u>(2,237)</u>
Net cash provided by (used for) operating activities	<u>\$ (33,861)</u>
<b>Noncash Noncapital Financing Activities:</b>	
During the year the District received \$8,640 of food commodities from the U.S. Department of Agriculture.	

**Fiduciary Funds**

**CRANBURY TOWNSHIP SCHOOL DISTRICT  
Fiduciary Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2013**

	<u>Trust Funds</u>		<u>Agency Funds</u>		
	<u>Unemployment Compensation Insurance</u>	<u>Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Totals</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 51,008	\$ 5,462	\$ 22,125	\$ 18,343	\$ 96,938
Investments					
Total Assets	<u>51,008</u>	<u>5,462</u>	<u>22,125</u>	<u>18,343</u>	<u>96,938</u>
<b>LIABILITIES:</b>					
Payroll deductions and withholdings				18,343	18,343
Due to student groups			<u>22,125</u>		<u>22,125</u>
Total Liabilities			<u>\$ 22,125</u>	<u>\$ 18,343</u>	<u>40,468</u>
<b>NET POSITION:</b>					
Held in trust for payment of claims	51,008				51,008
Held in trust for scholarships		<u>5,462</u>			<u>5,462</u>
Total Net Position	<u>\$ 51,008</u>	<u>\$ 5,462</u>			<u>\$ 56,470</u>

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended June 30, 2013**

	<u>McPhillips Memorial Scholarship Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals</u>
<b>ADDITIONS:</b>			
Interest on investments	\$ 5	\$ 38	\$ 43
Employee withholdings		10,209	10,209
Board Contribution		40,000	40,000
Total Additions	<u>5</u>	<u>50,247</u>	<u>50,252</u>
<b>DEDUCTIONS:</b>			
Unemployment compensation			
Insurance claims		39,080	39,080
Scholarships	400		400
Total Deductions	<u>400</u>	<u>39,080</u>	<u>39,480</u>
Change in Net Position	(395)	11,167	10,772
Net Position -- July 1, 2012	<u>5,857</u>	<u>39,841</u>	<u>45,698</u>
Net Position -- June 30, 2013	<u>\$ 5,462</u>	<u>\$ 51,008</u>	<u>\$ 56,470</u>

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Student Activity Agency Fund Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable</u>	<u>Balance June 30, 2013</u>
Elementary School	\$ 20,257	\$ 61,798	\$ 59,930		\$ 22,125
<b>Total</b>	<u>\$ 20,257</u>	<u>\$ 61,798</u>	<u>\$ 59,930</u>	<u>\$ -</u>	<u>\$ 22,125</u>

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payroll Agency Fund Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<b>ASSETS:</b>				
Cash and cash equivalents	<u>\$ 57,346</u>	<u>\$ 6,449,763</u>	<u>\$ 6,488,766</u>	<u>\$ 18,343</u>
Total Assets	<u>\$ 57,346</u>	<u>\$ 6,449,763</u>	<u>\$ 6,488,766</u>	<u>\$ 18,343</u>
 <b>LIABILITIES:</b>				
Net payroll		\$ 3,592,489	\$ 3,592,489	
Payroll deductions and withholdings	<u>\$ 57,346</u>	<u>2,857,274</u>	<u>2,896,277</u>	<u>\$ 18,343</u>
Total Liabilities	<u>\$ 57,346</u>	<u>\$ 6,449,763</u>	<u>\$ 6,488,766</u>	<u>\$ 18,343</u>

**Long-Term Debt Schedules**



**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 896,425		\$ 896,425	\$ 896,425	
<b>Total Revenues</b>	<u>896,425</u>		<u>896,425</u>	<u>896,425</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	219,440		219,440	219,440	\$ -
Redemption of principal	678,985		678,985	678,985	
<b>Total Expenditures</b>	<u>898,425</u>		<u>898,425</u>	<u>898,425</u>	
Excess (Deficiency) of revenues over (under) expenditures	<u>(2,000)</u>		<u>(2,000)</u>	<u>(2,000)</u>	
Other Financing Sources:					
Operating transfers in					
<b>Total Other Financing Sources</b>					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(2,000)		(2,000)	(2,000)	
Fund Balance - July 1, 2012	<u>2,000</u>		<u>2,000</u>	<u>2,000</u>	
Fund Balance - June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ (2,000)</u>	<u>\$ -</u>	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	<u>\$ -</u>

**Statistical Section**

**Cranbury Township School District  
Net Position by Component,  
Last Ten Fiscal Years  
(accrual basis of accounting)**

		Fiscal Year Ending June 30,									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>											
Net investment in capital assets	\$	2,587,377	2,907,198	4,579,888	5,077,257	3,548,504	3,671,608	3,819,569	4,266,215	5,597,384	5,438,135
Restricted for:											
Capital projects		167,598	140,634	207,994	45,289	1,046,100	1,063,163	1,353,579	1,333,193	1,334,962	1,692,372
Debt service		8,225	39,505	41,564	29,782	7	7	-	-	2,000	-
Other purposes		398,776	1,300,000	590,781	1,656,525	1,558,789	1,749,410	1,641,168	1,424,415	1,188,165	1,995,182
Unrestricted		173,226	(134,864)	(45,364)	9,071	(28,573)	(45,167)	7,857	171,931	146,048	47,618
<b>Total governmental activities net position</b>	<b>\$</b>	<b>3,335,202</b>	<b>4,252,473</b>	<b>5,374,863</b>	<b>6,817,924</b>	<b>6,124,827</b>	<b>6,439,021</b>	<b>6,822,173</b>	<b>7,195,754</b>	<b>8,268,559</b>	<b>9,173,307</b>
<b>Business-type activities:</b>											
Net investment in capital assets	\$	2,046	1,552	1,058	564	14,997	12,896	10,795	8,485	16,138	8,768
Unrestricted		5,475	482	379	54,293	51,565	64,372	63,187	48,366	30,592	26,102
<b>Total business-type activities net position</b>	<b>\$</b>	<b>7,521</b>	<b>2,034</b>	<b>1,437</b>	<b>54,857</b>	<b>66,562</b>	<b>77,268</b>	<b>73,982</b>	<b>56,851</b>	<b>46,730</b>	<b>34,870</b>
<b>District-wide:</b>											
Net investment in capital assets	\$	2,589,423	2,908,750	4,580,946	5,077,821	3,563,501	3,684,504	3,830,364	4,274,700	5,613,522	5,446,903
Restricted:											
Capital projects		167,598	140,634	207,994	45,289	1,046,100	1,063,163	1,353,579	1,333,193	1,334,962	1,692,372
Debt service		8,225	39,505	41,564	29,782	7	7	-	-	2,000	-
Other purposes		398,776	1,300,000	590,781	1,656,525	1,558,789	1,749,410	1,641,168	1,424,415	1,188,165	1,995,182
Unrestricted		178,701	(134,382)	(44,985)	63,364	22,992	19,205	71,044	220,297	176,640	73,720
<b>Total district net position</b>	<b>\$</b>	<b>3,342,723</b>	<b>4,254,507</b>	<b>5,376,300</b>	<b>6,872,781</b>	<b>6,191,389</b>	<b>6,516,289</b>	<b>6,896,155</b>	<b>7,252,605</b>	<b>8,313,289</b>	<b>9,208,177</b>

Cranbury Township School District  
 Changes in Net Position, Last Ten Fiscal Years  
 (accrual basis of accounting)

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	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 3,922,928	\$ 4,242,713	\$ 4,739,545	\$ 4,015,997	\$ 4,548,876	\$ 4,353,609	\$ 4,410,389	\$ 4,086,870	\$ 3,803,079	\$ 3,823,319
Special education	570,688	679,325	721,651	575,471	622,270	746,662	727,581	785,278	958,483	887,449
Other instruction	251,388	223,256	253,574	260,202	278,765	301,049	337,817	295,457	302,074	280,769
Support Services:										
Tuition	3,687,316	3,298,058	3,843,047	4,061,212	4,269,421	4,990,714	5,383,314	4,871,773	4,620,664	4,449,711
Student & instruction related services	739,355	899,802	862,875	866,486	1,078,933	1,126,456	1,149,898	1,098,149	1,026,639	1,066,856
School administrative services	241,039	266,731	273,597	200,997	225,175	206,745	220,007	219,886	210,825	193,913
General and business administrative services	303,647	684,353	707,432	605,199	654,682	633,678	608,220	618,270	570,864	550,985
Plant operations and maintenance	990,993	984,630	1,178,451	1,087,222	1,176,410	1,069,103	1,002,651	1,080,275	1,059,435	2,142,972
Pupil transportation	524,388	578,206	623,303	680,065	801,270	940,483	709,765	739,754	685,262	651,928
Business and other support services	292,249									
Unallocated employee benefits	428,752	447,490	549,254	2,306,090	2,273,273	2,404,642	2,553,488	2,661,493	2,693,641	2,797,811
Special schools	4,422	320								
Interest on long-term debt	478,170	685,155	373,029	389,399	365,811	348,877	322,067	274,544	239,647	219,440
Unallocated depreciation	64,312	66,539	40,224	76,664	94,114	515,089	717,813	15,064	109,645	69,285
Total governmental activities expenses	<u>12,499,645</u>	<u>13,066,678</u>	<u>14,265,982</u>	<u>15,124,994</u>	<u>16,389,000</u>	<u>17,627,107</u>	<u>18,143,110</u>	<u>16,748,813</u>	<u>16,260,258</u>	<u>17,134,458</u>
Business-type activities:										
Food service	129,285	144,431	163,001	197,061	224,557	207,779	219,295	210,856	229,704	203,142
Total business-type activities expense	<u>129,285</u>	<u>144,431</u>	<u>163,001</u>	<u>197,061</u>	<u>224,557</u>	<u>207,779</u>	<u>219,295</u>	<u>210,856</u>	<u>229,704</u>	<u>203,142</u>
Total district expenses	<u>\$ 12,628,930</u>	<u>\$ 13,201,109</u>	<u>\$ 14,428,983</u>	<u>\$ 15,322,055</u>	<u>\$ 16,613,557</u>	<u>\$ 17,834,886</u>	<u>\$ 18,362,405</u>	<u>\$ 16,957,669</u>	<u>\$ 16,509,962</u>	<u>\$ 17,337,600</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 14,333		\$ 18,000							
Operating grants and contributions	539,131	\$ 175,998	729,939	\$ 1,029,599	\$ 1,052,912	\$ 873,410	\$ 1,322,242	\$ 919,341	\$ 1,032,394	\$ 1,239,441
Capital grants and contributions			562,468							
Total governmental activities program revenues	<u>553,464</u>	<u>175,998</u>	<u>1,310,407</u>	<u>1,029,599</u>	<u>1,052,912</u>	<u>873,410</u>	<u>1,322,242</u>	<u>919,341</u>	<u>1,032,394</u>	<u>1,239,441</u>

(Continued)

Cranbury Township School District  
 Changes in Net Position, Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Business-type activities:</b>										
Charges for services:										
Food service	\$ 118,296	\$ 125,718	\$ 137,877	\$ 180,751	\$ 193,748	\$ 196,190	\$ 192,351	\$ 185,832	\$ 185,870	\$ 148,391
Operating grants and contributions	13,922	13,174	19,434	14,475	25,094	21,605	23,143	18,448	22,282	29,593
Capital grants and contributions										
<b>Total business-type activities program revenues</b>	<u>132,218</u>	<u>138,892</u>	<u>157,311</u>	<u>195,226</u>	<u>218,842</u>	<u>217,795</u>	<u>215,494</u>	<u>204,280</u>	<u>208,152</u>	<u>177,984</u>
<b>Total district program revenues</b>	<u>\$ 685,682</u>	<u>\$ 314,890</u>	<u>\$ 1,467,718</u>	<u>\$ 1,224,825</u>	<u>\$ 1,271,754</u>	<u>\$ 1,091,405</u>	<u>\$ 1,537,736</u>	<u>\$ 1,123,621</u>	<u>\$ 1,240,546</u>	<u>\$ 1,417,425</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (11,946,181)	\$ (12,860,660)	\$ (12,955,575)	\$ (14,095,395)	\$ (15,336,088)	\$ (16,753,697)	\$ (16,820,866)	\$ (15,827,472)	\$ (15,247,864)	\$ (15,895,017)
Business-type activities	2,933	(5,539)	(5,690)	(1,835)	(5,715)	10,216	(3,801)	(6,576)	(21,552)	(25,158)
<b>Total district-wide net expense</b>	<u>\$ (11,943,248)</u>	<u>\$ (12,866,219)</u>	<u>\$ (12,961,265)</u>	<u>\$ (14,097,230)</u>	<u>\$ (15,341,803)</u>	<u>\$ (16,743,481)</u>	<u>\$ (16,824,669)</u>	<u>\$ (15,834,048)</u>	<u>\$ (15,269,416)</u>	<u>\$ (15,920,175)</u>
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,716,656	\$ 11,673,613	\$ 12,385,568	\$ 13,832,437	\$ 14,630,991	\$ 15,216,230	\$ 15,465,852	\$ 14,662,679	\$ 14,941,270	\$ 15,091,151
Taxes levied for debt service	741,235	793,035	823,731	850,765	880,459	908,461	910,819	912,168	880,961	896,425
Unrestricted grants and contributions	730,591	1,235,405	717,705	748,748	759,345	786,086	647,470	100,991	364,687	776,383
Investment earnings	2,872	33,014	6,917		266		2,578	1,411	1,473	1,902
Miscellaneous income	76,086	62,884	149,024	181,506	106,427	157,114	177,301	512,814	114,319	148,119
Adjustments to fixed assets										
Transfers			(5,000)	(55,000)				11,000		
<b>Total governmental activities</b>	<u>12,267,440</u>	<u>13,797,951</u>	<u>14,077,965</u>	<u>15,538,456</u>	<u>16,377,488</u>	<u>17,067,891</u>	<u>17,204,020</u>	<u>16,201,053</u>	<u>16,318,669</u>	<u>16,913,930</u>
Business-type activities:										
Miscellaneous	139	52	93	255	888	490	515	445	251	13,298
Adjustments to fixed assets									11,180	
Transfers			5,000	55,000				(11,000)		
<b>Total business-type activities</b>	<u>139</u>	<u>52</u>	<u>5,093</u>	<u>55,255</u>	<u>888</u>	<u>490</u>	<u>515</u>	<u>(10,555)</u>	<u>11,431</u>	<u>13,298</u>
<b>Total district-wide</b>	<u>\$ 12,267,579</u>	<u>\$ 13,798,003</u>	<u>\$ 14,083,058</u>	<u>\$ 15,593,711</u>	<u>\$ 16,378,376</u>	<u>\$ 17,068,381</u>	<u>\$ 17,204,535</u>	<u>\$ 16,190,498</u>	<u>\$ 16,330,100</u>	<u>\$ 16,927,278</u>
<b>Change in Net Position:</b>										
Governmental activities	\$ 321,259	\$ 917,271	\$ 1,122,390	\$ 1,443,061	\$ 1,041,400	\$ 314,194	\$ 383,152	\$ 373,581	\$ 1,070,605	\$ 1,018,963
Business-type activities	3,072	(5,487)	(597)	53,420	(4,827)	10,706	(3,286)	(17,131)	(10,121)	(11,860)
<b>Total district-wide</b>	<u>\$ 324,331</u>	<u>\$ 911,784</u>	<u>\$ 1,121,793</u>	<u>\$ 1,496,481</u>	<u>\$ 1,036,573</u>	<u>\$ 324,900</u>	<u>\$ 379,866</u>	<u>\$ 356,450</u>	<u>\$ 1,060,684</u>	<u>\$ 1,007,103</u>

Cranbury Township School District  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

		Fiscal Year Ending June 30,									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:											
Restricted for:											
Capital reserve	\$	28,105	\$ 140,634	\$ 147,551	\$ 18,160	\$ 1,018,705	\$ 1,063,163	\$ 1,353,579	\$ 1,333,193	\$ 1,334,962	\$ 1,692,372
Future tuition payments		100,000	200,000	200,000	500,000	800,000	905,000	738,653	33,653	250,000	500,000
Maintenance reserve							250,000	250,000		200,000	600,000
Excess surplus		92,776		154,281	383,422	268,197					
Assigned for:											
Year-end encumbrances					638,822	73,170	198,213	285,307	1,153,834	728,663	151,887
Designated for subsequent year's budget		317,689	1,100,000	236,500	154,281	417,422	396,197	367,208	213,913	7,502	5,145
Unassigned		200,000	235,510	249,832	288,098	290,511	254,567	269,186	340,259	299,406	285,937
Total general fund	\$	<u>738,570</u>	<u>\$ 1,676,144</u>	<u>\$ 988,164</u>	<u>\$ 1,962,783</u>	<u>\$ 2,868,005</u>	<u>\$ 3,067,140</u>	<u>\$ 3,263,933</u>	<u>\$ 3,074,852</u>	<u>\$ 2,820,533</u>	<u>\$ 3,235,341</u>
All Other Governmental Funds											
Assigned for:											
Year-end encumbrances	\$	6,000							\$ 6,801		\$ 571,585
Unassigned, reported in:											
Capital projects fund		139,493		\$ 60,443	\$ 27,129	\$ 27,395					\$ 166,565
Debt service fund		8,225	\$ 39,505	41,564	29,782	7	\$ 7		16,214	\$ 2,000	
Total all other governmental funds	\$	<u>153,718</u>	<u>\$ 39,505</u>	<u>\$ 102,007</u>	<u>\$ 56,911</u>	<u>\$ 27,402</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 23,015</u>	<u>\$ 2,000</u>	<u>\$ 738,150</u>

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Note - District was not required to follow GASB 34 reporting format until fiscal year 2004.

**Cranbury Township School District**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Tax levy	\$ 11,457,891	\$ 12,466,648	\$ 13,209,319	\$ 14,683,202	\$ 15,511,450	\$ 16,124,691	\$ 16,376,671	\$ 15,574,847	\$ 15,822,231	\$ 15,987,576
Tuition charges	14,333		18,000							
Interest earnings	2,872	33,014	6,917				2,578	1,411	1,473	1,902
Miscellaneous	76,086	58,190	149,024	161,506	106,693	157,114	177,301	512,814	114,319	148,119
State sources	1,130,282	1,241,488	1,838,265	1,603,734	1,630,174	1,475,256	1,608,546	812,085	1,175,621	1,822,137
Federal sources	139,440	168,387	173,847	174,613	182,083	184,240	361,166	208,237	221,460	193,687
<b>Total revenue</b>	<b>12,820,904</b>	<b>13,967,727</b>	<b>15,393,372</b>	<b>16,623,055</b>	<b>17,430,400</b>	<b>17,941,301</b>	<b>18,526,282</b>	<b>17,109,394</b>	<b>17,335,104</b>	<b>18,153,421</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	3,051,188	3,348,411	4,497,381	3,792,358	4,202,282	4,073,060	4,144,820	3,778,079	3,498,330	3,514,447
Special education instruction	434,401	517,669	721,651	575,471	622,270	748,662	727,581	785,278	958,483	887,449
Other special instruction	225,077	223,256	253,574	260,202	278,765	301,049	337,817	295,457	302,074	280,789
Other instruction										
<b>Support Services:</b>										
Tuition	3,687,316	3,298,058	3,843,047	4,061,212	4,269,421	4,990,714	5,383,314	4,871,773	4,620,664	4,449,711
Student & instruction related services	589,478	756,632	962,875	866,486	1,078,933	1,126,456	1,149,998	1,098,149	1,026,639	1,066,856
School administrative services	176,249	201,458	273,597	200,997	225,175	206,745	220,007	219,886	210,625	193,913
General and business admin.services	480,930	540,281	673,204	570,971	611,728	590,886	565,347	575,398	523,730	505,939
Plant operations and maintenance	868,108	864,408	1,178,451	1,223,722	1,176,410	1,059,103	1,002,651	1,080,275	1,046,067	1,042,209
Pupil transportation	509,341	561,881	623,303	680,055	801,270	940,483	709,765	739,754	670,918	645,234
Other support services	1,658,144	1,739,353	549,254	2,306,090	2,273,273	2,404,642	2,553,488	2,661,493	2,693,641	2,797,811
Special Schools	4,422	320								
Capital outlay	711,387	310,826	1,615,841	238,421	104,926	421,300	623,862	284,964	1,166,092	719,680
<b>Debt service:</b>										
Principal	263,063	322,366	424,135	464,735	530,358	551,017	576,688	602,409	648,168	678,985
Interest and other charges	478,170	459,447	397,537	397,812	379,676	357,444	334,138	293,545	247,007	219,440
<b>Total expenditures</b>	<b>13,137,274</b>	<b>13,144,366</b>	<b>16,013,850</b>	<b>15,638,532</b>	<b>16,554,687</b>	<b>17,769,561</b>	<b>18,329,476</b>	<b>17,286,460</b>	<b>17,610,438</b>	<b>17,002,463</b>
Excess (Deficiency) of revenues over (under) expenditures	(316,370)	823,361	(620,478)	984,523	875,713	171,740	196,786	(177,066)	(275,334)	1,150,958
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing										
Accrued interest on sale of bonds										
Capital contribution										
Transfers in	362,538	133,721	989,496			27,395		11,000		
Transfers out	(362,538)	(133,721)	(994,496)	(55,000)		(27,395)				
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(5,000)</b>	<b>(55,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (316,370)</b>	<b>\$ 823,361</b>	<b>\$ (625,478)</b>	<b>\$ 929,523</b>	<b>\$ 875,713</b>	<b>\$ 171,740</b>	<b>\$ 196,786</b>	<b>\$ (166,066)</b>	<b>\$ (275,334)</b>	<b>\$ 1,150,958</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>5.97%</b>	<b>6.09%</b>	<b>5.71%</b>	<b>5.60%</b>	<b>5.53%</b>	<b>5.24%</b>	<b>5.14%</b>	<b>5.27%</b>	<b>5.44%</b>	<b>5.52%</b>

Source: District records

**Cranbury Township School District**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

<b>Fiscal Year Ending June 30,</b>	<b>Interest on Investments</b>	<b>Tuition</b>	<b>Tuition Refund</b>	<b>Prior Year Refunds</b>	<b>Rentals</b>	<b>Donations</b>	<b>Insurance Rebate</b>	<b>Miscellaneous</b>	<b>Total</b>
2004	\$ 18,328	\$ 14,332		\$ 57,396				\$ 1,245	\$ 91,301
2005	33,014			45,089				11,573	89,676
2006	84,998	18,000		56,831				14,112	173,941
2007	94,139			61,817				5,550	161,506
2008	82,711	5,625		5,991				12,366	106,693
2009	94,510	3,600		46,758			\$ 11,698	548	157,114
2010	58,532			43,280	\$ 77,501			566	179,879
2011	43,053		\$ 420,867	17,481	29,251			3,573	514,225
2012	30,000			667	63,572	\$ 12,060		9,493	115,792
2013	34,134			53,831	55,900	\$ 4,293		1,863	150,021
	<u>\$ 573,419</u>	<u>\$ 41,557</u>	<u>\$ 420,867</u>	<u>\$ 389,141</u>	<u>\$ 226,224</u>	<u>\$ 16,353</u>	<u>\$ 11,698</u>	<u>\$ 60,889</u>	<u>\$ 1,740,148</u>

Source: District records

**Cranbury Township School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Prop.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2004	\$ 26,794,715	\$ 217,415,450	\$ 9,485,800	\$ 1,971,800	\$ 103,224,300	\$ 184,813,500	\$ 400,000	\$ 544,105,565	\$ 1,223,865	\$ 545,329,430	\$ 20,350,800	\$ 2.194	\$ 1,094,188,448
2005	18,838,415	237,932,250	10,060,500	1,938,500	106,000,500	212,048,800	400,000	587,018,965	1,173,732	588,192,697	20,600,400	2.183	1,189,961,005
2006	13,330,700	253,671,065	10,077,400	1,905,200	100,306,400	239,686,200	400,000	619,376,965	949,773	620,326,738	20,926,400	2.250	1,472,704,845
2007 R	29,857,600	780,884,700	33,710,000	2,866,400	243,145,200	762,437,400	1,025,800	1,853,827,100	2,293,513	1,856,220,613	81,557,035	0.814	1,826,559,176
2008	15,432,100	775,832,000	34,174,400	2,956,000	253,948,400	785,257,900	904,000	1,848,504,800	2,439,568	1,850,944,368	62,673,854	0.854	1,835,142,955
2009	12,606,200	737,428,700	33,301,200	2,947,400	255,959,900	740,997,500	904,000	1,784,144,800	2,612,263	1,786,757,163	64,315,451	0.910	1,739,475,554
2010	11,279,100	715,612,000	31,438,600	2,946,100	252,113,300	679,084,600	671,800	1,693,145,500	2,540,869	1,695,686,369	63,296,451	0.943	1,704,948,271
2011	11,192,000	705,262,400	31,426,900	2,895,900	230,035,500	616,811,400	671,800	1,598,295,800	2,159,257	1,600,455,157	68,045,651	0.981	1,629,928,334
2012	10,709,900	703,781,100	29,370,000	2,802,000	230,407,700	563,190,100	671,800	1,540,932,600	2,077,235	1,543,009,835	68,590,751	1.031	1,610,737,319
2013	10,174,400	703,300,000	30,428,100	2,867,300	229,943,500	564,889,800	622,300	1,542,225,400	1,978,191	1,544,203,591	68,453,451	1.031	1,494,986,311

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

- a Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100 of assessed valuation.
- c Not available.
- R Revaluation

**Cranbury Township School District**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*

J-7

Fiscal Year Ended June 30,	CranburySchool District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Cranbury	Middlesex County	
2004	\$ 2.059	\$ 0.135	\$ 2.194	\$ 0.755	\$ 0.711	\$ 3.660
2005	2.048	0.135	2.183	0.797	0.620	3.600
2006	2.110	0.140	2.250	0.881	0.709	3.840
2007 R	0.768	0.046	0.814	0.371	0.285	1.470
2008	0.819	0.035	0.854	0.395	0.285	1.534
2009	0.859	0.051	0.910	0.395	0.298	1.603
2010	0.890	0.053	0.943	0.394	0.300	1.637
2011	0.926	0.055	0.981	0.414	0.343	1.738
2012	0.973	0.058	1.031	0.430	0.373	1.834
2013	0.973	0.058	1.031	0.429	0.372	1.832

**Source:** Municipal Tax Collector

R Revaluation

**Cranbury Township School District  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

J-8

Taxpayer	2013		Taxpayer	2004	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Keystone Properties, LLC	\$ 120,943,600	7.83%	One Continental, LLC	37,000,000	6.78%
Cedar Brook Corporate Center	120,872,200	7.83%	258 Prospect Plains Owner Corp.	28,161,100	5.16%
Prologis Development	72,791,700	4.71%	Morris Cranbury Assoc. LTD	18,187,000	3.34%
Sudler Management	54,601,400	3.54%	Caleast Industrial Investors, LLC	18,050,700	3.31%
Deka/Rock Exit 8A LTD Partnership	44,987,900	2.91%	Security Capital Industrial Trust	17,067,000	3.13%
Exeter 258 Prospect Plains, LLC	42,333,600	2.74%	Keystone N.J. Associates	13,533,800	2.48%
Kerzner Associates, LLC	40,112,600	2.60%	Teachers Insurance Annuity Assoc.	12,644,700	2.32%
RREEF America REIT Corp	35,719,800	2.31%	Prologis Dev. Services	11,445,700	2.10%
Morris Cranbury Assoc. Ltd.	30,529,500	1.98%	Armkel Cranbury, LLC	10,325,600	1.89%
Teachers Insurance Annuity Assoc.	28,389,700	1.84%	Keystone Cranbury West, LLC	9,092,900	1.67%
<b>Total</b>	<b>\$ 591,282,000</b>	<b>38.29%</b>		<b>\$ 175,508,500</b>	<b>32.18%</b>

Source: Municipal Tax Assessor

**Cranbury Township School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

J-9

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Calendar Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2004	\$ 11,457,891	\$ 11,457,891	100.00%	-
2005	12,466,648	12,466,648	100.00%	-
2006	13,209,319	13,209,319	100.00%	-
2007	14,683,202	14,683,202	100.00%	-
2008	15,511,450	15,511,450	100.00%	-
2009	16,124,691	16,124,691	100.00%	-
2010	16,376,671	16,376,671	100.00%	-
2011	15,574,847	15,574,847	100.00%	-
2012	15,822,231	15,822,231	100.00%	-
2013	15,987,576	15,987,576	100.00%	-

**Source: District records including the Certificate and Report of School Taxes (A4F form)**

a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statutes, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

**Cranbury Township School District  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years**

J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>b</sup>	Per Capita <sup>c</sup>
	General Obligation Bonds <sup>a</sup>	Unfunded Pension Liability	Capital Leases	Capital Leases				
2004	\$ 9,777,927	\$ 12,304	\$ -	\$ -	\$ 9,790,231	6.73%	\$ 2,668	
2005	9,449,339	6,152	-	-	9,455,491	5.96%	2,435	
2006	9,050,203	-	-	-	9,050,203	5.33%	2,358	
2007	8,585,468	-	-	-	8,585,468	4.69%	2,204	
2008	8,055,110	-	-	-	8,055,110	4.17%	2,063	
2009	7,504,093	-	-	-	7,504,093	4.08%	1,914	
2010	6,927,405	-	-	-	6,927,405	3.72%	1,794	
2011	6,336,996	-	-	-	6,336,996	3.32%	1,634	
2012	5,688,828	-	-	-	5,688,828	d	1,464	
2013	5,009,843	-	-	-	5,009,843	d	d	

**Sources:**

- a District Records
- b Personal Income has been estimated based upon the municipal population and per capita personal income.
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.
- d Unavailable

**Cranbury Township School District  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years**

J-11

<b>Fiscal Year Ended June 30,</b>	<b>General Bonded Debt Outstanding</b>			<b>Percentage of Net Assessed Valuation Taxable <sup>b</sup></b>	<b>Per Capita <sup>c</sup></b>
	<b>General Obligation Bonds</b>	<b>Deductions</b>	<b>Net General Bonded Debt Outstanding <sup>a</sup></b>		
2004	9,777,927	-	9,777,927	1.79%	2,665
2005	9,449,339	-	9,449,339	1.61%	2,434
2006	9,050,203	-	9,050,203	1.46%	2,358
2007	8,585,468	-	8,585,468	0.46%	2,204
2008	8,055,110	-	8,055,110	0.44%	2,063
2009	7,504,093	-	7,504,093	0.42%	1,914
2010	6,927,405	-	6,927,405	0.41%	1,794
2011	6,336,996	-	6,336,996	0.40%	1,634
2012	5,688,828	-	5,688,828	0.37%	1,464
2013	5,009,843	-	5,009,843	0.32%	d

**Sources:**

- a District Records
- b Net Assessed Valuation provided by Anstract of Ratables, County Board of Taxation
- c Per Capita Personal Inome Data provided by the NJ Dept. of Labor and Workforce.
- d Not Available.

**Cranbury Township School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of December 31, 2012**

**J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Township of Cranbury	\$ 18,363,995 (1)	100.000%	\$ 18,363,995
Middlesex County General Obligation Debt	681,870,515 (1)	1.577% (2)	10,437,698
Subtotal, overlapping debt			28,801,693
Cranbury School District Direct Debt			5,354,844
<b>Total direct and overlapping debt</b>			<b>\$ 34,156,537</b>

**Sources:**

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Township's share of the 2012 Equalized Valuation. The source for this computation was the 2012 County Abstract of Ratables, provided by the County Board of Taxation.

**Cranbury Township School District  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years  
 (dollars in thousands)**

**Legal Debt Margin Calculation for Fiscal Year 2013**

Equalized valuation basis (1)

2012	\$ 1,888,860,750
2010	1,660,049,751
2009	1,715,272,515
	<u>\$ 5,264,183,016</u>

Average equalized valuation of taxable property \$ 1,754,727,672

Debt limit (3% of average equalized valuation) (2)	52,641,830
Net bonded school debt (3)	<u>5,009,843</u>
Legal debt margin	<u>\$ 47,631,987</u>

**Fiscal Year**

66

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 25,088,680	\$ 28,689,418	\$ 34,594,478	\$ 42,328,450	\$ 49,667,564	\$ 54,254,375	\$ 54,563,287	\$ 53,429,100	\$ 51,568,549	\$ 52,641,830
Total net debt applicable to limit (3)	<u>9,777,927</u>	<u>9,449,339</u>	<u>9,050,203</u>	<u>8,585,468</u>	<u>8,055,110</u>	<u>7,504,093</u>	<u>6,927,405</u>	<u>6,336,996</u>	<u>5,688,828</u>	<u>5,009,843</u>
Legal debt margin	<u>\$ 15,310,753</u>	<u>\$ 19,240,079</u>	<u>\$ 25,544,275</u>	<u>\$ 33,742,982</u>	<u>\$ 41,612,454</u>	<u>\$ 46,750,282</u>	<u>\$ 47,635,882</u>	<u>\$ 47,092,104</u>	<u>\$ 45,879,721</u>	<u>\$ 47,631,987</u>
Total net debt applicable to the limit as a percentage of debt limit	38.97%	32.94%	26.16%	20.28%	16.22%	13.83%	12.70%	11.86%	11.03%	9.52%

**Sources:**

- (1) Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

**Cranbury Township School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

J-14

<b>Year</b>	<b>Population <sup>a</sup></b>	<b>Personal Income <sup>b</sup></b>	<b>Per Capita Personal Income <sup>c</sup></b>	<b>Unemployment Rate <sup>d</sup></b>
2004	3,669	145,508,871	39,659	1.9%
2005	3,883	158,527,358	40,826	2.1%
2006	3,838	169,654,952	44,204	2.1%
2007	3,896	183,076,936	46,991	1.9%
2008	3,905	193,156,920	49,464	2.5%
2009	3,921	183,941,952	46,912	4.0%
2010	3,861	186,316,416	48,256	4.0%
2011	3,878	190,809,234	49,203	3.9%
2012	3,886	e	e	3.9%
2013	e	e	e	e

**Source:**

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development
- <sup>b</sup> Personal income has been established based upon the municipal population and per capita personal income presented.
- <sup>c</sup> Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.
- <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development
- <sup>e</sup> Information not available

**Cranbury Township School District  
 Full-time Equivalent District Employees by Function/Program,  
 Last Ten Fiscal Years**

**J-16**

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction										
Regular	53	54	54	54	54	54	54	51	50	50
Special education	10	10	12	12	13	13	13	13	14	14
Support Services:										
Student & instruction related services	6	7	7	7	8	9	9	10	11	12
School administrative services	4	5	5	5	5	5	5	5	5	5
Plant operations and maintenance	6	6	7	7	7	7	7	7	7	7
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Business and other support services	4	4	3	3	3	3	3	3	3	3
<b>Total</b>	<b>84</b>	<b>87</b>	<b>89</b>	<b>89</b>	<b>91</b>	<b>92</b>	<b>92</b>	<b>90</b>	<b>91</b>	<b>92</b>

**Source:**  
 District Personnel Records

**Cranbury Township School District  
Operating Statistics,  
Last Ten Fiscal Years**

J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change In Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2004	610	\$ 11,684,654	\$ 19,155.17	8.94%	N/A	1:10	597.9	576.6	3.82%	96.44%
2005	670	12,051,727	17,987.65	-6.10%	N/A	1:10	610.1	592.3	3.82%	97.08%
2006	652	13,576,337	20,822.60	15.76%	N/A	1:10	654.0	627.9	2.04%	96.01%
2007	637	14,537,564	22,821.92	9.60%	N/A	1:10	638.1	615.8	6.01%	96.50%
2008	640	15,539,527	24,280.51	6.39%	N/A	1:10	636.3	615.2	-0.09%	96.70%
2009	624	16,439,800	26,345.83	8.51%	N/A	1:10	618.0	595.1	-3.27%	96.29%
2010	614	16,794,788	27,353.07	3.82%	N/A	1:10	600.3	580.2	-2.50%	96.65%
2011	609	16,105,542	26,445.88	-3.32%	N/A	1:10	601.8	582.0	0.31%	96.71%
2012	581	15,549,171	26,762.77	1.20%	N/A	1:10	579.8	562.3	-3.36%	96.98%
2013	554	15,384,358	27,769.60	3.76%	N/A	1:10	554.1	535.2	-4.82%	96.59%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

N/A Information not available

**Cranbury Township School District  
 School Building Information  
 Last Ten Fiscal Years**

J-18

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Cranbury Township Elementary (1982)										
Square Feet	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	610	670	652	637	640	624	614	609	581	554

**Number of Schools at June 30, 2013**

- Elementary = 1
- Middle School = 0
- Senior High School = 0
- Other = 0

**Source:** District Facilities Office

**Cranbury Township School District  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years**

J-19

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-xxx**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
<b>* School Facilities</b>											
Cranbury Public School	\$ 77,328	\$ 91,402	\$ 191,269	\$ 125,561	\$ 115,349	\$ 93,428	\$ 78,560	\$ 114,740	\$ 83,129	\$ 104,430	\$ 1,075,196
Project # (s)											
<b>Total School Facilities</b>	<b>\$ 77,328</b>	<b>\$ 91,402</b>	<b>\$ 191,269</b>	<b>\$ 125,561</b>	<b>\$ 115,349</b>	<b>\$ 93,428</b>	<b>\$ 78,560</b>	<b>\$ 114,740</b>	<b>\$ 83,129</b>	<b>\$ 104,430</b>	<b>\$ 1,075,196</b>

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\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**Cranbury Township School District  
Insurance Schedule  
June 30, 2013**

**J-20**

	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Deductible</u>
<b>School Package Policy (1)</b>			
<b>Building and Contents (All Locations)</b>			
Limits of liability per occurrence	\$ 250,000,000	\$ 100,000	\$ 1,000
General and automobile liability	5,000,000		1,000
Boiler and machinery	100,000,000		1,000
Workers' compensation	Statutory		1,000
Supplemental workers' compensation	Statutory		1,000
Crime coverage	500,000		1,000
School Leaders professional liability	5,000,000		5,000
Excess liability	10,000,000		
Employers liability	5,000,000		
Environmental impairment liability	25,000,000		
Pollution Liability	25,000,000		
<b>Surety Bonds (2)</b>			
Treasurer	205,000		
Board Secretary	205,000		

- (1) School Alliance Insurance Fund  
(2) Selective Insurance Company

**Source: District records**

**Single Audit Section**

**INVERSO & STEWART, LLC**  
**Certified Public Accountants**

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-Member of-  
 American Institute of CPAs  
 New Jersey Society of CPAs

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
 AS REQUIRED BY OMB CIRCULAR A-133  
 AND NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and Members  
 of the Board of Education  
 Cranbury Township School District  
 County of Middlesex  
 Cranbury, New Jersey

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

I have audited Cranbury Township School District (School District), in the County of Middlesex, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2013. The School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the School District's state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and State of New Jersey OMB's Circular 04-04 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major state program. However, my audit does not provide a legal determination of the School District's compliance.

### Opinion on Each Major State Program

In my opinion, the Cranbury Township School District, in the County of Middlesex, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2013.

### Report on Internal Control Over Compliance

Management of the Cranbury Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Cranbury Township's School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the New Jersey OMB's Circular 04-04. Accordingly, this report is not suitable for any other purpose.

**INVERSO & STEWART, LLC**  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
August 30, 2013

CRANBURY TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2012			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2013		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I:														
Fiscal Year 2013	84.010	NCLB097013	7,181	9/1/12 - 8/31/13				\$ 7,181	\$ (7,181)					
Title II A:														
Fiscal Year 2013	84.367	NCLB097013	15,039	9/1/12 - 8/31/13				7,811	(15,039)		\$ (7,228)			
Fiscal Year 2012	84.367	NCLB097012	15,902	9/1/11 - 8/31/12	\$ (10,462)	\$ 1,085		10,462	(1,085)					
I.D.E.A. Part B - Basic:														
Fiscal Year 2013	84.027	FT097013	164,129	9/1/12 - 8/31/13				153,147	(164,129)		(10,982)			
I.D.E.A. Part B - Preschool:														
Fiscal Year 2013	84.173	PS097013	6,253	9/1/12 - 8/31/13				4,983	(6,253)		(1,260)			
Total U.S. Department of Education					(10,462)	1,085		183,594	(193,687)		(19,470)			
<b>U.S. Department of Agriculture</b>														
Passed-through State Department of Education:														
Enterprise Fund:														
Food Distribution Program:														
Fiscal Year 2013	10.550	N/A	8,640	7/1/12 - 6/30/13				8,640	(8,640)					
National School Lunch Program														
Fiscal Year 2013	10.555	N/A	19,695	7/1/12 - 6/30/13				18,267	(19,695)		(1,428)			
Fiscal Year 2012	10.555	N/A	17,329	7/1/11 - 6/30/12	(1,251)			1,251						
Total U.S. Department of Agriculture					(1,251)			28,158	(28,335)		(1,428)			
Total Federal Awards					\$ (11,713)	\$ 1,085	\$ -	\$ 211,752	\$ (222,022)	\$ -	\$ (20,898)	\$ -	\$ -	

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

CRANBURY TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year ended June 30, 2013

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2012			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2013		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>State Department of Education</b>													
<b>General Fund:</b>													
Special Education Categorical Aid	13-495-034-5120-089	\$ 375,997	7/1/12- 6/30/13					\$ 341,895	\$ (375,997)		\$ (34,102)		
Special Education Categorical Aid	12-495-034-5120-089	352,517	7/1/11- 6/30/12	\$ (32,145)				32,145					
Transportation Aid	13-495-034-5120-014	63,088	7/1/12- 6/30/13					57,364	(63,088)		(5,722)		
Security Aid	13-495-034-5120-084	12,119	7/1/12- 6/30/13					11,020	(12,119)		(1,099)		
Extraordinary Special Education Costs	13-100-034-5120-473	12,982	7/1/12- 6/30/13						(12,982)		(12,982)		
Extraordinary Special Education Costs	12-100-034-5120-473	7,877	7/1/11- 6/30/12	(7,877)			7,877						
Nonpublic Transportation Aid	13-495-034-5120-014	8,409	7/1/12- 6/30/13						(8,409)		(8,409)		
Nonpublic Transportation Aid	12-495-034-5120-014	10,153	7/1/11- 6/30/12	(10,153)			10,153						
On-behalf TPAF Post Retirement Medical	13-100-034-5095-001	374,605	7/1/12- 6/30/13					374,605	(374,605)				
On-behalf TPAF Pension Contribution	13-100-034-5095-006	331,289	7/1/12- 6/30/13					331,289	(331,289)				
Reimbursed TPAF Social Security Contr.	13-100-034-5095-002	335,618	7/1/12- 6/30/13					319,354	(335,618)		(16,264)		
Reimbursed TPAF Social Security Contr.	12-100-034-5095-002	343,260	7/1/11- 6/30/12	(16,659)			16,659						
<b>Total General Fund</b>				<b>(66,834)</b>				<b>1,502,361</b>	<b>(1,514,105)</b>		<b>(78,578)</b>		
<b>Special Revenue Fund:</b>													
Nonpublic Textbook Aid	13-100-034-5120-064	1,585	7/1/13- 6/30/12					1,585	(1,495)			\$ 90	
Nonpublic Textbook Aid	12-100-034-5120-064	1,989	7/1/11- 6/30/12			\$ 16				\$ (16)			
Nonpublic Technology Aid	13-100-034-5120-373	585	7/1/13- 6/30/12					585	(550)			35	
Nonpublic Nursing Aid	13-100-034-5120-070	2,200	7/1/13- 6/30/12					2,200	(2,197)			3	
<b>Total Special Revenue Fund</b>						<b>16</b>		<b>4,370</b>	<b>(4,242)</b>	<b>(18)</b>		<b>128</b>	
<b>Total Department of Education</b>				<b>(66,834)</b>		<b>16</b>		<b>1,506,731</b>	<b>(1,518,347)</b>	<b>(16)</b>	<b>(78,578)</b>	<b>128</b>	
<b>New Jersey Economic Development Authority</b>													
<b>Capital Projects Fund</b>													
Mechanical Upgrades	SP#-0970-030-10-GOCF	401,432	8/30/10- 6/30/11				\$ (401,432)				(401,432)		
Windows and Exterior Doors	SP#-0970-030-10-GOCF	504,448	7/1/11- 6/30/12				(504,448)				(504,448)		
Casework and Electrical Upgrades	SP#-0970-030-10-GOCC	65,460	8/30/10- 6/30/13				(65,460)				(65,460)		
Site Improvements	SP#-0970-030-10-GOCE	247,108	3/1/13- 6/30/13				(203,838)		(43,270)		(247,108)		
							(1,175,178)		(43,270)		(1,218,448)		
<b>State Department of Agriculture</b>													
<b>Enterprise Fund:</b>													
<b>National School Lunch Program (State Share)</b>													
Fiscal Year 2013	13-100-010-3350-023	1,258	7/1/12- 6/30/13					1,166	(1,258)		(92)		
Fiscal Year 2012	12-100-010-3350-023	1,560	7/1/11- 6/30/12	(113)				113					
<b>Total Department of Agriculture</b>				<b>(113)</b>				<b>1,279</b>	<b>(1,258)</b>		<b>(92)</b>		
<b>Total State Financial Assistance</b>				<b>\$ (66,947)</b>	<b>\$ -</b>	<b>\$ 16</b>	<b>\$ (1,175,178)</b>	<b>\$ 1,508,010</b>	<b>\$ (1,562,875)</b>	<b>\$ (18)</b>	<b>\$ (1,297,118)</b>	<b>\$ -</b>	<b>\$ 128</b>

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

**Cranbury Township School District  
Notes to Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2013**

**I. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Cranbury Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on 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 Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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 the expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,778) for the general fund and \$-0-for the special revenue fund. See Exhibit C-3, 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 follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 1,505,327	\$ 1,505,327
Special Revenue	\$ 193,687	4,242	197,929
Capital Projects		43,270	43,270
Food Service	<u>28,335</u>	<u>1,258</u>	<u>29,593</u>
Total	<u>\$ 222,022</u>	<u>\$ 1,554,097</u>	<u>\$ 1,776,119</u>

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**Cranbury Township School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2013  
(Continued)**

**5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2013. TPAF Social Security Contributions 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, 2013.

**6. MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**7. ADJUSTMENTS**

Amounts reported in the column entitled "Adjustments" represent the following:

	State
Recording accounts receivable	\$ <u>1,175,178</u>





**CRANBURY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

***Section 2 -- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

None.

**CRANBURY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

***Section 3 – Schedule of Federal Awards and State Financial Assistance  
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.

**FEDERAL AWARDS**

A Federal single audit was not required.

**STATE AWARDS**

No findings and/or questioned costs identified.

**CRANBURY TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENED JUNE 30, 2013**

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with *Government Auditing Standards*, OMB Circular A-133 and State of New Jersey OMB's Circular 04-04.

**FINANCIAL STATEMENT FINDINGS**

There were no prior year audit findings.

**FEDERAL AWARDS**

A Federal single audit was not required.

**STATE AWARDS**

There were no prior year audit findings.